BROCHURE EXPLAINING

THE PURCHASE OFFER MADE BY

DURO FELGUERA, S.A.

FOR ITS OWN SHARES

Gijón, 22 July 2013

In conformity with what is set forth in Law 24/1988, dated 28 July, concerning the Stock Market, in Royal Decree 1066/2007, dated 27 July, concerning Offers to Purchase Shares, and in other applicable legislation

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INTRODUCTION

This explicative brochure (hereinafter the "**Brochure**") contains the terms of the public offer to voluntarily and purchase certain shares (hereinafter the "**Offer**") made by DURO FELGUERA, S.A. (hereinafter "**Duro Felguera**" or the "**Company**") for a maximum of 15,346,472 shares accounting for 9.59% of the capital, which together with the 653,528 own shares held by the Company as of the date of the Brochure, account for 10% of Duro Felguera's capital stock. The Offer is addressed to all Duro Felguera shareholders.

The Offer is voluntary, in accordance with what is set forth in clause 61 and other concordant clauses in Law 24/1998, dated 28 July, concerning the Stock Market (hereinafter the "**LMV**"), in clause 13 and other concordant clauses of Royal Decree 1066/2007, dated 27 July, concerning Public Offers to Purchase Shares (hereinafter "**RD 1066/2007**") and in other applicable legislation.

The purpose of the Offer is to enable shareholders to make use of a specific liquidity device for the possible transfer of their shares under suitable conditions of transparency and equality, likewise drawn up as a procedure for additional compensation for shareholders who do not transfer their shares as they will benefit from the growth of their shareholding in the Company and taking part in the results thereof in proportion to the own shares purchased by Duro Felguera.

The Company has decided that now is a good time to launch the Offer, among other factors because of the situation of the market and the existence of a significant treasury surplus, which enables the Company to undertake the repurchase of shares with no need for recourse to external financing.

The end purpose of the shares purchased by the Company within the context of the Offer is set forth in section IV.1.a of this Brochure.

Duro Felguera has made this Offer by virtue of the agreement adopted by the Company's Annual General Shareholders' Meeting held on 25 April 2013, as explained in section I.2.a of the Brochure.

The price offered is 5.53 Euros per share, determined in conformity with what is set forth in section II.2 of this Brochure. As it is a voluntary Offer, the price of the Offer is not subject to the regulations for fair prices as set forth in clause 9 of RD 1066/2007. The Offer is for sale and purchase, and all compensation shall be paid in cash at the time of liquidation.

The Offer is not subject to any conditions. In particular, the Offer is not subject to a minimum number of acceptances, hence it shall be valid and effective regardless of the number of acceptances at the end of the period of acceptance described in section III.1.a of this Brochure.

If the total number of shares included in the declarations of acceptance exceeds the maximum limit of the Offer, the rules of distribution and apportionment set forth in section II.1.b shall be applied.

It is expressly stated that the Offer is not an exclusion Offer as regulated in clauses 34 of the LMV and 10 of RD 1066/2007, neither is it a public purchasing Offer by capital reduction via the purchase of own shares as regulated in clause 12 of RD 1066/2007.

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CHAPTER I

I.1 PEOPLE RESPONSIBLE FOR THE BROCHURE

In conformity with what was stated in the Introduction to this Brochure, the company making the voluntary Offer for Company shares is Duro Felguera itself.

Responsibility for the content of this Brochure lies with the Chairman of the Board of Directors and Chief Executive Officer of the Company, Ángel Antonio del Valle Suárez, of legal age, of Spanish nationality, resident for this purpose at c/ Ada Byron 90 (Parque Científico y Tecnológico), Gijón (Asturias) and bearing Spanish ID Card No. 10.831.085-V. He underwrites this Brochure not only as Chief Executive Officer, but also by virtue of the powers expressly granted for this purpose by the Company's Board of Directors in the meeting held on 25 April 2013.

In accordance with what is set forth in clause 92 of the LMV, it is stated that the incorporation of this Brochure and the documents that accompany it into the records of the National Stock Market Commission (hereinafter the "**CNMV**"), shall only imply the acknowledgement that these documents contain all the information required under the regulations that establish their content and under no circumstances shall they imply the CNMV's responsibility for any false information contained therein.

Ángel Antonio del Valle Suárez, on behalf of Duro Felguera, hereby declares that (i) the data and information contained in this Brochure is truthful, (ii) there is no data or information contained therein that might give rise to misunderstandings, and (iii) nothing that might alter the content thereof has been omitted.

I.2 AGREEMENTS, SCOPE AND APPLICABLE LEGISLATION

I.2.a <u>Agreements and decisions taken by the company to draw up the Offer and the authorization of the people responsible for the Brochure</u>

On 15 March 2013, the Company's Board of Directors unanimously agreed to call the Annual General Shareholders' meeting to propose thereto the discussion and possible approval, among other agreements, of making this voluntary Offer for Duro Felguera shares, in conformity with what is set forth in clause 134 and similar clauses of RD 1066/2007.

On 25 April 2013, the Annual General Shareholders' Meeting, validly constituted, agreed to make the Offer at the price of 5.53 Euros per share, and also agreed on the addressees of the Offer, that the Offer should not be subject to any conditions, drawing it up as a sale and purchase operation for cash, and to delegate onto the Board of Directors with the right to further delegate onto any of its members the necessary powers to fix the terms and conditions for the Offer when not already established by the Annual Meeting and to execute and carry out the Offer. Said agreements were approved at said Annual Meeting with the votes in favour of 113,503,437 shares (equivalent to 83.77% of the capital stock present and 70.94% of the total capital stock), and votes against of 21,735,888 shares (equivalent to 16.04% of stock present and 13.58% of the total stock) and the abstention of 256,222 shares (equivalent to 0.19% of the stock present and 0.16% of the total stock).

On 25 April 2013, the company's Board of Directors, exercising the Powers delegated onto them by the above-mentioned Annual General Meeting, unanimously agreed to make the Offer effective, determining the maximum number of shares it should be addressed to and the period for acceptance, and likewise to expressly confer upon Ángel Antonio del Valle Suárez, Chairman of the Board of Directors and Chief Executive Officer of the Company, and upon Secundino Felgueroso Fuentes, Secretary of the Board of Directors, powers so that either of them, acting jointly or individually, on behalf of the Company, may effect any legal business and adopt as many decisions as may be necessary or convenient in order to draw up and execute the Offer, fixing and drawing up each and every condition thereof when not expressly covered by the Annual General Meeting, to request the corresponding authorization for the Offer, to sign, draw up and present the Brochure, any document that may modify it and any other supporting documentation that may be necessary by virtue of what is set forth in RD 1066/2007, including all pertinent actions, declarations and management, both before the CNMV and before any other competent entity for the purposes of the Offer.

The documents showing the Company's agreements to make the Offer and to authorize the people responsible for the Brochure are attached to the Brochure as Annex 1.

I.2.b Scope of the Offer, applicable legislation and competent authority

In conformity with what is stated in the Introduction to the Brochure, this Offer is voluntary, made by Duro Felguera and addressed to all the company's shareholders up to a maximum of 15,346,472 shares accounting for 9.59% of the capital. Together with the 653,528 own shares held by the Company as of the date of the Brochure, this accounts for 10% of Duro Felguera's capital stock.

Duro Felguera shares have been quoted on the Stock Markets of Madrid, Barcelona and Bilbao and negotiated through the Spanish Inter-Stock Market System (hereinafter the "**SIBE**") since 29 May 1989. Duro Felguera shares cannot be negotiated on any other market, either regulated or unofficial and unregulated, in any member state of the European Union or in any other country.

Consequently, given that Duro Felguera is based in Spain and its shares are quoted on Spanish stock markets, in conformity with what is set forth in clause 1 of RD 1066/2007, the competent authority for inspecting the Brochure and authorizing the Offer is the CNMV, and the terms and conditions thereof are those established in this Brochure and in the complementary documentation thereto.

This Offer is made in accordance with what is set forth in clauses 61 and similar of the LMV, in clauses 13 and similar of RD 1066/2007, in the dispositions of Royal Legislative Decree 1/2010, dated 2 July, approving the rewritten text of the Law of Capital Companies (hereinafter the "**LSC**") and in any other regulations that may be applicable.

I.2.c Markets where the Offer is made

This Offer is made exclusively for the Spanish market, the only one where Duro Felguera shares are quoted.

I.2.d The domestic legislation governing the contracts signed by the company and shareholders as a result of the Offer and the competent jurisdictional entities

All contracts signed as a result of the Offer between the Company and the Company shareholders who accept the Offer shall be interpreted and governed by Spanish legislation, and the Courts of Spain shall be competent to deal with any matters arising from the Offer.

I.3 INFORMATION ABOUT DURO FELGUERA IN ITS DUAL CONDITION AS THE COMPANY MAKING THE OFFER AND THE COMPANY AFFECTED BY THE OFFER

I.3.a Business name and registered address

The company making the Offer, which is also the company affected by the Offer, is DURO FELGUERA, S.A., a public limited company with registered offices at c/ Ada Byron 90 (Parque Científico y Tecnológico), Gijón (Asturias), and bearing Spanish VAT No. A-28004026. The Company was constituted for an indefinite period of time in a public deed signed on 22 April 1900 in the presence of the Notary from Oviedo Secundino de la Torre, and its corporate by-laws were adapted to current regulations in a deed signed in the presence of the ex-Notary of Posada de Llanera, Inocencio Figaredo de la Mora, under number 725 of his protocol, registered in the Business Registry of Asturias in volume 1.966, folio 1, sheet AS-14658. The company's fiscal year runs from 1 January to 31 December each year.

The corporate by-laws of Duro Felguera can be consulted by shareholders on the company's corporate web site (www.dfdurofelguera.com).

According to the Fourth Clause of the current corporate by-laws of Duro Felguera, the company mission statement is as follows:

Clause Four – Corporate Mission

The company's mission shall be:

- *Construction, manufacturing and assembly in the fields of metallurgy, sheet metal, casting and capital goods, with turnkey contracts.*
- *Providing sales, distribution, construction and installation services in the fields of energy, solid and liquid fuels, electronics and maritime transport.*
- *The promotion and creation of industrial, commercial and service companies, their extension, development and modernization both domestically and internationally, within the activities that constitute their corporate mission.*

The activities that make up the corporate mission may be carried out indirectly, whether wholly or partially, via the ownership of shares or stakes in companies with an identical or similar corporate mission.

The Company is the ruling company of the Duro Felguera Group, which is made up of the companies listed in Annex 2 to this Brochure.

I.3.b Capital stock

The capital stock of Duro Felguera is 80,000,000 Euros, divided up into 160,000,000 ordinary shares with a face value of 0.50 Euros each, totally underwritten and paid up, represented by account entries and registered in the accounts register of Sociedad de Gestión de Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (hereinafter "**Iberclear**") and its participating entities.

The shares the Offer is addressed to are ordinary shares, of one sole series and kind, and which grant their holders the same economic and political rights under the terms set forth in the LSC.

In accordance with what is set forth in the Eleventh Clause of the Company's by-laws, each share in Duro Felguera confers upon its holder the right to vote at the Annual General Meeting.

All Duro Felguera shares are quoted on the Stock Markets of Madrid, Barcelona and Bilbao, all negotiated through the SIBE.

The Company has not issued any rights of subscription, shares without vote, special shares, bonds that can be converted into shares or any other similar instruments that could give a direct or indirect right to the underwriting or acquisition of Duro Felguera shares.

Notwithstanding the above, it was agreed at the Duro Felguera Annual General Meeting held on 25 April 2013 to delegate onto the Board of Directors the power to issue convertible and/or redeemable bonds up to a maximum of 150,000,000 Euros with a maximum conversion of 10% of the current capital stock, i.e. 8,000,000 Euros by delegation, for a period of 5 years and with the possibility of suspending the right to preferential stock.

As of the date of this Brochure, the Board of Directors has not adopted any agreement or taken into consideration any initiative concerning a possible issue of convertible and/or redeemable bonds under the delegation expressed above, and there are no plans to issue any other Duro Felguera bonds or bonds related to any of the Group companies.

In any case, the Board of Directors shall not make use of the above-mentioned power delegated onto them to issue convertible and/or exchangeable bonds before the liquidation of the Offer.

I.3.c <u>Structure of the administration, management and control bodies</u>

By virtue of what is set forth in the LSC and the Duro Felguera by-laws, the Board of Directors represents the Company with the broadest possible powers for the management, administration and governance of the company in all matters related thereto. In accordance with Clause Twenty of the by-laws, the Board shall be made up of at least six and no more than twelve members (currently nine members plus a secretary who is not a member).

Within the Board there is an Auditing Committee, an Appointments and Compensation Committee and a Contracting, Investment and Projects Committee.

The members of the Duro Felguera Board of Directors hold the positions and responsibilities shown in the following table, and hold the following amounts of capital stock in the Company:

Name	Position	Nature	Total shares held	
			Shares	%
Ángel Antonio del Valle Suárez	Chairman	Executive	98,809[1]	0.062
Acacio Faustino Rodríguez García	Member	Independent external	33,704	0.021
Carlos Solchaga Catalán	Member	Independent external	1,000	0.001
Francisco Javier Valero Artola	Member	Independent external	19,377	0.012
Inversiones Somio, S.L. *(represented by Juan Gonzalo Álvarez Arrojo)*	Member	Proprietary *(proposed by Inversiones Somio, S.L[2].)*	Cf. Inversiones El Piles, S.L.	-
Construcciones Obras Integrales Norteñas, S.L. *(represented by Marta Aguilera Martínez)*	Member	Proprietary *(proposed by Residencial Vegasol, S.L[3].)*	996	0.001

[1] Ángel Antonio del Valle Suárez holds 52,913 shares directly and has been assigned 45,896 indirectly, via one of his descendants.

[2] This company is owned by Juan Gonzalo Álvarez Arrojo in accordance with what is set forth in section I.3.d.

[3] This company is owned by José Antonio Aguilera Izquierdo in accordance with what is set forth in section I.3.d.

Inversiones El Piles, S.L. *(represented by Javier Sierra Villa)*	Member	Proprietary *(proposed by Juan Gonzalo Álvarez Arrojo)*	39,039,191[4]	24.399
Inversiones Río Magdalena, S.L. *(represented by Ramiro Arias López)*	Member	Proprietary *(proposed by Construcciones Termoracama, S.L[5].)*	15,353,716	9.596
Residencial Vegasol, S.L. *(represented by José Antonio Aguilera Izquierdo)*	Member	Proprietary *(proposed by José Antonio Aguilera Izquierdo)*	12,251,381	7.657
Secundino Felgueroso Fuentes	Secretary, not board member	_	_	_
66,798.174	**41.75**			

Furthermore, the stake held by the individuals on the Board of Directors and the legal entities in the Company stock is as follows:

- Marta Aguilera Martínez, individual representative of the board member Construcciones Obras Integrales Norteñas, S.L, holds 11,253 Company shares, accounting for 0.007% of the capital stock.
- Javier Sierra Villa, individual representative of the board member Inversiones el Pîles, S.L, does not hold any Company shares.

The members of the Board of Directors belong to the following Commissions:

Auditing Committee

- Acacio Faustino Rodríguez García (Chairman)
- Ángel del Valle Suárez
- Francisco Javier Valero Artola

[4] Inversiones el Piles S.L. holds 10,974 shares directly and has been assigned 39,028,217 indirectly, via its 100% owned subsidiaries “Promotora de Inversiones y Estudios S.L.” (10,974 shares), and “Inversiones Somió S.L.” (39,017,243) shares.

[5] This company is owned by Ramiro Arias López in accordance with what is set forth in section I.3.d.

- Construcciones Obras Integrales Norteñas, S.L.
- Secundino Felgueroso Fuentes (secretary, not member)

Appointments and Compensation Committee

- Inversiones Río Magdalena S.L. (Chairman)
- Ángel del Valle Suárez
- Carlos Solchaga Catalán
- Residencial Vegasol S.L.
- Secundino Felgueroso Fuentes (secretary, not member)

Contracting, Investment and Project Committee

- Ángel del Valle Suárez (Chairman)
- Francisco Javier Valero Artola
- Inversiones Río Magdalena S.L.
- Residencial Vegasol S.L.
- Secundino Felgueroso Fuentes (secretary, not member)

I.3.d Shareholder structure and parasocial pacts

As of today, the shareholder structure of Duro Felguera, according to available public information and notifications sent by shareholders to the Company, is as follows:

Shareholder	Direct stake		Indirect stake		Total stake	
	Shares	% capital stock	Shares	% capital stock	Shares	% capital stock
Juan Gonzalo Álvarez Arrojo	–	–	39,039,191[6]	24.399	39,039,191	24.399
José Antonio	11,445	0.011	12,252,377[7]	7.658	12,252,377	7.658

[6] Via “Inversiones el Pîles S.L.”, which holds 10,974 shares directly and 39,028,217 indirectly via its 100% owned subsidiaries “Promotora de Inversiones y Estudios S.L.” (10,974 shares), and “Inversiones Somió S.L.” (39,017,243) shares.

[7] Via “Residencial Vegasol S.L.” (7.657%) and “Construcciones Obras Integrales Norteñas S.L.” (0.001%).

Aguilera Izquierdo						
TSK Electrónica y Electricidad, S.A.	15,660,052	9.787	10,971[8]	0.006	15,671,023	9.794
Ramiro Arias López	–	–	15,353,716[9]	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
Free float					75,259,012	47.038

According to the information in possession of the Company, as of the date of this Brochure no shareholder, either alone or in agreement with others, either directly or indirectly, exercises control over Duro Felguera as set forth in clauses 4 of the LMV, 4 of RD 1066/2007 and 42 of Royal Decree dated 22 August 1885, regulating the Code of Commerce.

Furthermore, no parasocial agreements (agreements between significant shareholders) have been signed in accordance with clauses 530 and similar of the LSC, in order to determine policies concerning the management of the Company or to influence said management in a significant way, or any other agreement to regulate the right to vote on the Board of Directors, and the Company is not aware of any joint action as described in clause 5 of RD 1066/2007.

I.3.e <u>Limits on the right to vote and access restrictions to the administration bodies contemplated in the company by-laws</u>

In conformity with what is set forth in Clause Ten of Duro Felguera's by-laws, only shareholders who individually or jointly hold at least 400 duly registered Company shares shall be entitled to attend the Annual General Shareholders' Meeting.

Clauses Twenty-one and Twenty-five of the by-laws state that the appointment of Board members corresponds to the Annual General Shareholders' Meeting. There are no restrictions − beyond the legal ones − on the identity of potential board members, who can be individuals or entities, shareholders of the Company or not (without prejudice to what is set forth for cases of appointment by cooption), and their position is compatible with any other function within the Company.

Except for generic legal restrictions, Duro Felguera's by-laws do not contain any other limits on the right to vote or restrictions to access to the Company's administration body.

I.3.f <u>Agreements related to the application of neutralization measures and compensation foreseen by the company</u>

The company has not adopted any of the measures set forth in clauses 60c of the LMV or 29 of RD 1066/2007, concerning the application of optional neutralization measures.

[8] Via "PHB Weserhütte, S.A."
[9] Via "Construcciones Termoracama, S.L." and in turn via "Inversiones Río Magdalena, S.L." (15,353,716 shares).

There are no restrictions in Duro Felguera's corporate dispositions to the free transferability of the shares or to the exercise of voting rights, nor are there any agreements among shareholders to incorporate previsions of this kind.

I.4 AGREEMENTS CONCERNING THE OFFER AND DURO FELGUERA

I.4.a Description of the agreements between Duro Felguera and the shareholders who are members of the company's administration, management and control bodies and the benefits reserved by the company for said members

Duro Felguera expressly declares that (i) there is no agreement or pact of any kind between the company and its shareholders or their partners or members of the administration, management and control bodies of all the above in relation to this Offer, and (ii) the Company has not reserved any privileges for shareholders or members of the administration, management and control bodies.

The Duro Felguera board members have manifested their intention to accept the Offer or not as indicated in the following table:

Name	Intention to accept the Offer		Number of shares they wish to sell
	Yes	No	
Ángel Antonio del Valle Suárez		X	
Acacio Faustino Rodríguez García		X	
Carlos Solchaga Catalán		X	
Francisco Javier Valero Artola		X	
Inversiones Somio, S.L. *(represented by Juan Gonzalo Álvarez Arrojo)*		X	
Construcciones Obras Integrales Norteñas, S.L. *(represented by Marta Aguilera Martínez)*	X		996
Inversiones El Piles, S.L. *(represented by Javier Sierra Villa)*		X	
Inversiones Río Magdalena, S.L. *(represented by Ramiro Arias López)*		X	
Residencial Vegasol, S.L. *(represented by José Antonio Aguilera Izquierdo)*	X		12,251,381

Likewise, Marta Aguilera Martínez, the individual representative of the board member Construcciones Obras Integrales Norteñas S.L., has manifested her intention to accept the Offer for all the shares she holds, i.e. 11,253 Company shares, accounting for 0.007% of the capital stock.

Finally, the latter shareholders who own the companies that are members of the Company's Board of Directors have manifested their intention to accept the Offer or not as indicated in the following table:

Name	Intention to accept the Offer		Number of shares they wish to sell
	Yes	No	
Juan Gonzalo Álvarez Arrojo		X	
José Antonio Aguilera Izquierdo	X		12,252,377
Ramiro Arias López		X	

The Company is not currently aware of the intentions of the other significant shareholders of Duro Felguera who are not represented on the Board of Directors in relation to the Offer.

In accordance with the above, and for the purpose of better understanding the changes that the Company's free float might undergo as a result of the Offer, below are two possible scenarios for accepting the Offer, although it should be pointed out that the amounts indicated therein are approximate and so it is possible that they do not coincide exactly with the definitive shareholding situation after the Offer.

Scenario 1

In this scenario it is assumed that only the Board Members who have manifested their intention to accept the Offer actually do so, i.e. Residencial Vegasol S.L. with 12,251,381 shares and Construcciones Obras Integrales Norteñas S.L. with 996 shares, and Marta Aguilera Martínez (the individual representative of Construcciones Obras Integrales Norteñas S.L.) who has also manifested her intention to accept the Offer with 11,253 shares as pointed out above.

In this scenario, therefore, a total number of 12,263,630 shares would be sold (i.e. the sum of the shares mentioned in the previous paragraph) and the Company's own shares would increase from 653,258 to 12,917,158 shares, accounting for 8.07% of the capital stock. Given that the number of shares sold under the Offer would be less than the number of shares it is addressed to (i.e. 15,346,472 shares), there would be no need to apply the rules for distribution and pro rata as set forth in clause 38.1 of RD 1066/2007.

In this case, given that the stakes of Residencial Vegasol S.L. and Construcciones Obras Integrales Norteñas S.L. do not form part of the free float (cf. section I.3.d above), this would remain the same and the Offer would not affect it.

Scenario 2

In this scenario it is assumed that the people referred to in scenario 1 accept the Offer together with all the shareholders in the free float with all their respective shares.

In this scenario, therefore, a total number of 87,511,389 shares would be sold, accounting for c. 54.70% of the capital stock, corresponding to the sum of the Company's free float (47.04%) plus the shares held by Residencial Vegasol S.L. and Construcciones Obras Integrales Norteñas S.L. (7.66%).

Given that the number of shares sold under the Offer would exceed the number of shares it is addressed to (i.e. 15,346,472 shares), it would be necessary to apply the rules for distribution and pro rata as set forth in clause 38.1 of RD 1066/2007.

In this case, the Offer would be entirely covered, and the Company's own shares would go up to 10% of the capital stock, and the free float would go down from the current 47.04% to c. 38%.

Whatever the result of the Offer is and regardless of what happens to the shares, as a result of the Offer no shareholder in the Company, including in particular Juan Gonzalo Álvarez Arrojo, would reach or exceed 30% of the right to vote, calculated in accordance with what is set forth in clause 5 of RD 1066/2007.

I.5 SHARES OF THE COMPANY AFFECTED BELONGING TO THE COMPANY MAKING THE OFFER

As of today, Duro Felguera holds 653,528 own shares, accounting for 0.410% of the Company's capital stock.

The Company is not aware of the existence of any person or entity acting on behalf of or in agreement with the Company who is a shareholder of Duro Felguera or holds bonds or instruments that confer the right to purchase or exchange the same.

Furthermore, the members of the Duro Felguera Board of Directors hold, as of today, the shares accounting for the Company's capital stock shown in section I.3.c above.

I.6 OPERATIONS WITH DURO FELGUERA SHARES

I.6.a Operations carried out by the company making the Offer and its administrators in the period of time consisting of the 12 months immediately before the announcement of the Offer and the date of the Brochure

Below are the purchase operations carried out by the Company in the 12 months before the publication of the relevant fact consisting of the agreement taken by the Company's Board of Directors calling the Annual General Meeting expressed in section I.2.a above, i.e. from 19 March 2012 to 19 March 2013. No operations with own shares have been carried out from this latter date to the date of this Brochure (hereinafter, the period of time from 19 March 2012 to the date of this Brochure, both included, shall be referred to as the "**Reference Period**"):

Date	Type of operation	Number of shares involved	Highest price paid per share (€)	Own shares accumulated	% of capital accumulated in own shares
07/05/2012	Purchase	25,559	4.46	25,559	0.015
08/05/2012	Purchase	11,254	4.46	36,813	0.023
09/05/2012	Purchase	178,468	4.51	215,281	0.134
10/05/2012	Purchase	62,803	4.56	278,084	0.173
11/05/2012	Purchase	28,102	4.51	306,186	0.191
15/05/2012	Purchase	47,342	4.41	353,528	0.220
17/05/2012	Purchase	150,000	4.53	503,528	0.314
18/05/2012	Purchase	50,000	4.52	553,528	0.345
24/05/2012	Purchase	100,000	4.51	653,528	0.408

Over the Reference Period, the Company has not carried out any operations with shares issued by the Company itself or with bonds involving the right to underwrite or purchase and that directly or indirectly confer the right to vote, either directly or indirectly through companies belonging to the Group or via any person acting on behalf of the Company, in agreement with such person or in any other way, that is not shown in the table above.

The members of the Duro Felguera Board of Directors and the Group companies have carried out the following operations with Company shares while holding their position and during the Reference Period:

- On 17 July 2012 Ángel Antonio del Valle Suárez bought 10,000 Company shares, accounting for 0.006% of the capital stock, for 4.3 Euros per share, and on 17 December 2012 he bought 10,000 Company shares, accounting for 0.006% of the capital stock, for 4.5 Euros per share.

- In the Reference Period Residencial Vegasol S.L. sold 12,579,502 Company shares, accounting for 7.86% of the capital stock, at a maximum price of 5.52 Euros per share and a minimum price of 4.17 Euros.

- On 28 December 2012 Residencial Vegasol S.L. bought 20 Company shares, accounting for 0.00001% of the capital stock, for 4.86 Euros per share.

- On 28 February 2013 Inversiones Río Magdalena S.L. bought 1,600,092 Company shares, accounting for c. 1% of the capital stock, for five (5) Euros per share.

Besides the operations described in the table above, neither the Duro Felguera administrators nor their majority owned partners or companies carried out any operations with Company shares, whether directly or indirectly, in the Reference Period.

The Company, from the date of this Brochure to the liquidation of the Offer, undertakes not to purchase or transfer Duro Felguera shares, either directly or indirectly, for cash, in instalments or using financial instruments, either for itself or for intermediaries, outside the actual Offer process. In this regard, the own shares have been locked until the liquidation of the Offer, as is evident in the Certificate for the legitimization of locking of said shares, attached thereto as Annex 3.

After the liquidation of the Offer, the Company shall be entitled to purchase its own shares within the limits set by clause 509 of the LSC and as authorized by the Company's Annual General Meeting.

I.7 DURO FELGUERA'S ECONOMIC ACTIVITY AND SITUATION

I.7.a <u>Information concerning Duro Felguera's economic activity and situation (individual and consolidated) corresponding to the last fiscal year closed and audited, specifying the company's equity, turnover, total assets, net financial debt and results, with express reference to any relevant exception or aspect included in the audit reports</u>

Both the individual annual accounts of Duro Felguera and the consolidated annual accounts of the Duro Felguera Group, audited and closed on 31 December 2012, together with the corresponding auditors' reports drawn up by Pricewaterhouse Coopers Auditores, S.L. are available in the CNMV public registries and on the Duro Felguera corporate web site (www.dfdurofelguera.com).

Said annual accounts, both individual and consolidated, were approved by the Company's Annual General Meeting held on 25 April 2013.

The auditors' reports concerning the individual and consolidated accounts of Duro Felguera closed on 31 December 2012 do not contain any relevant exceptions or notes.

The main figures of these audited financial statements corresponding to fiscal year 2012 are as follows:

Individual figures (in thousands of Euros)	31 December 2012	31 December 2011
Net equity	267,333	235,169
Turnover	318,540	374,447
Total assets	680,890	829,324
Net financial position[10]	228,278	349,100
FY profits	113,330	117,246

Consolidated figures (in thousands of Euros)	31 December 2012	31 December 2011
Net equity	296,925	266,890
Turnover	916,292	801,246
Total assets	1,153,091	1,325,377
Net financial position	347,820	413,227
FY profits	115,928	99,655

[10] "Net financial position" is the difference between the positive balance of the items "Cash and other equivalent liquid assets" and "Short-term financial investment" and the negative balance of the item "Debt with credit entities", both short and long term.

I.7.b <u>Data concerning the preliminary financial statements after the close of the fiscal year to the extent that they have been made public (in the same detail as pointed out in section I.7.a above)</u>

After 31 December 2012 the intermediate management statement was published for the Company and its subsidiaries in accordance with what is set forth in clause 35.3 of the LMV, corresponding to the first quarter of 2013. The main financial figures are as follows:

Consolidated figures (in thousands of Euros)	31 March 2013
Net equity	314,455
Turnover	165,414
Total assets	1,088,769
Net financial position	307,371
FY profits	17,843

The most recent financial figures published are the ones given above.

CHAPTER II

II.1 SHARES THE OFFER IS ADDRESSED TO

II.1.a Number and description of shares the Offer is addressed to

This Offer is addressed to all Duro Felguera shareholders up to a maximum of 15,346,472 Company shares, accounting for 9.59% of the capital stock, which together with the 653,528 own shares the Company holds accounts for 10% of the shares making up Duro Felguera's capital stock.

The capital stock of Duro Felguera is 80,000,000 Euros, divided up into 160,000,000 ordinary shares with a face value of 0.50 Euros each. Each share confers upon its holder the right to vote at the Annual General Meeting.

All Duro Felguera shares are quoted on the Stock Markets of Madrid, Barcelona and Bilbao, all negotiated through the SIBE.

The Company has not issued any rights of subscription, shares without vote, special shares, bonds that can be converted into shares or any other similar instruments that could give a direct or indirect right to the underwriting or acquisition of Duro Felguera shares. Hence there are no other Company shares different from the Offer shares that in accordance with applicable regulations the Offer should be addressed to.

Should the shares that wish to enter into the Offer exceed the threshold referred to in the first paragraph of section II.1.a above, the distribution system set forth in clause 38.1 of RD 1066/2007 and detailed in section III.1.b. of this Brochure shall be applied.

The conditions of the Offer are identical for all shareholders and shares it is addressed to. The compensation offered is described in section II.2 below.

II.1.b Rules for distribution and pro rata

In conformity with what is set forth in clause 38 of RD 1066/2007, if the total number of shares included in the declarations of acceptance exceeds the maximum limit of the Offer indicated in section I.2.b of the Brochure − i.e. 15,346,472 shares, accounting for 9.59% of Duro Felguera's capital stock − the following rules shall be applied for the liquidation of the operation:

1 Linear distribution: an equal number of shares shall be assigned to each acceptance. This number shall be obtained by dividing 25% of the total Offer by the number of acceptances. Acceptances that involve a number of shares lower than in the above paragraph shall be accepted in their entirety.

2 Distribution of excess: the amount not assigned in accordance with the above rules shall be distributed in proportion to the number of shares included in each acceptance.

The Governing Bodies of the Stock Markets of Madrid, Barcelona, Bilbao and Valencia shall coordinate their action in order to determine the number of shares to be assigned to each acceptance if the above-mentioned rules for distribution and pro rata are to be applied, and the procedure for pro rata shall be carried out by the Governing Body of the Stock Market of Madrid.

In any case, different declarations of acceptance made by the same individual or legal entity, whether directly or indirectly, shall be considered as one sole acceptance.

If, as a result of the pro rata, the number of shares to sell corresponding to each acceptance is not a whole number, but rather one with decimal places, said number shall be (i) rounded up if the decimal figure is half a whole number or more than half (i.e. 0.5 or more) and (ii) rounded down if the decimal figure is less than half a whole number (less than 0.5). Nevertheless, if as a result of said rounding off, the total number of shares to be purchased by the Company exceeds the maximum number of shares the Offer is addressed to i.e. 15,346,472 shares, the rounding off system shall not be used, and only whole numbers of shares to be purchased shall be taken into account, deleting the decimal places. If as a result of the rounding off or as a result of only taking whole numbers of shares into account the total number of shares to be purchased by the Company is less than the maximum number of shares the Offer is addressed to, each unassigned share shall be assigned to one of the acceptances until none are left to assign, starting with the person accepting who has offered most shares that have not been assigned, followed by the person accepting with the second highest number of shares that have not been assigned, and so on (if two or more people who have accepted the Offer have the same number of shares offered that have not been assigned, the assignation among these people shall be done in alphabetical order).

II.2 COMPENSATION OFFERED

II.2.a Compensation offered for each share and manner of payment

The Offer is a purchase offer. Company shareholders who accept the Offer will receive as compensation the amount of five Euros and fifty-three cents (€ 5.53), which shall be paid entirely in cash.

The compensation offered and described in section II.2.a above was determined in conformity with the price resulting from the average share quotation over the 15 stock market working days before the Board of Directors Meeting that agreed to call the Annual General Shareholders' Meeting that approved the Offer, with a 5% increase, and is higher than the maximum amount paid per share in own share purchasing operations carried out by the Company in the twelve-month period described in section I.5.a of this Brochure.

Said compensation shall be paid regardless and without prejudice to the dividend agreed by the Annual General Meeting held on 25 April 2013. Consequently, the compensation for the Offer was not adjusted by the amount of the complementary dividend paid on 14 June 2013 at € 0.10 per share.

No dividend shall be paid before the liquidation of the Offer and the Company's dividend policy referred to in section IV.1.g of this Brochure as of the date of the liquidation of the Offer shall therefore be adjusted as necessary. In this regard and as far as the dividend is concerned that in previous years was paid in the month of September or October, it is not foreseen that it will be paid until after the liquidation of the Offer.

The compensation involved in the Offer shall be paid in cash on liquidation, in accordance with what is set forth in Chapter III of this Brochure.

II.3 CONDITIONS THE OFFER IS SUBJECT TO

II.3.a Description of the conditions the Offer is subject to

This Offer is not subject to any conditions. In particular, the Offer is not subject to a minimum number of acceptances, and so it shall be valid regardless of the number of acceptances that have been received at the end of the acceptance period described in section III.1.a of this Brochure.

II.4 GUARANTEES AND FINANCING OF THE OFFER

II.4.a Type of guarantees constituted by Duro Felguera for the liquidation of the offer, the identity of the financial entities they have been constituted with and the amount

In conformity with what is set forth in clause 15 of RD 1066/2007, Duro Felguera, in order to guarantee the execution and payment of the compensation offered, has presented the CNMV with a credit guarantee issued by the Banco Santander, S.A. for 84,865,990.16 Euros, which covers all the Company's obligations for payment that may arise from the Offer.

A copy of said guarantee is attached to this Brochure as Annex 4.

II.4.b Sources of financing for the Offer and the main characteristics and conditions in said financing

If the Offer is accepted by all the shares it is addressed to, Duro Felguera would have to make a maximum payment of 84,865,990.16 Euros. This amount is obtained by multiplying the maximum number of shares the Offer is addressed to, i.e. 15,346,472, by the unit price per share, i.e. 5.53 Euros.

The payment of this amount, or any other lesser amount if the whole Offer is not covered, shall be paid entirely with the Company's cash surplus. For this purpose, as of the date of the Brochure, Duro Felguera has approximately 218,406,000 Euros in its treasury, deposited for the most part in the Banco Santander, BBVA, La Caixa, Barclays Bank, Banco Popular and Banco Sabadell, and so there will be no need to have recourse to external financing.

II.4.c Effects of the financing on Duro Felguera

The payment of the Offer under the conditions set forth in section II.4.b above does not imply any changes in the business or business project of Duro Felguera, or in any investment planned by the Company or by any of the companies in the Duro Felguera Group. Once the Offer is liquidated, the Company will still have sufficient cash to keep on implementing its business in the same way as up to now.

CHAPTER III

III.1 PROCEDURES FOR ACCEPTANCE AND LIQUIDATION

III.1.a Deadline for accepting the Offer

The period for accepting the Offer is forty-five (45) calendar days from the first stock market working day after the publication of the first of the announcements referred to in clause 22 of RD 1066/2007 in the Official Bulletins of the Stock Markets of Madrid, Barcelona, Bilbao and Valencia, and in a national newspaper. The deadline for acceptance shall expire in any case at midnight on the last day of said period.

The date of publication of the announcements in the Official Bulletins shall be the date of the stock market session they refer to.

For the purposes of calculating the above-mentioned period of 45 calendar days, both the first and last days of said period shall be included. If the first day of the period is not a working day for the purposes of negotiation (i.e. if the SIBE is not working), said period shall start on the next working day. Likewise, if the last day of the period is not a working day for the purposes of negotiation (i.e. if the SIBE is not working), said period shall be prolonged to the end of the next working day.

The announcement that will be published in said Stock Market Bulletins and in a national newspaper is attached to this Brochure as Annex 5.

The letter sent by Duro Felguera to the CNMV concerning the publication of this Offer is attached to this Brochure as Annex 6.

Duro Felguera is entitled to prolong the period of acceptance of the Offer up to a maximum of seventy (70) calendar days, in accordance with what is set forth in clause 23 of RD 1066/2007, provided they notify the CNMV thereof in advance. Said prolongation, if there is one, shall be announced in the same media as the Offer announcement was published in, at least three (3) calendar days before the end of the initial period of acceptance, and the reasons for the prolongation shall be given.

III.1.b Formalities that Offer addressees must comply with in order to manifest their acceptance; the manner and deadline for receiving the compensation

(i) Revocable and unconditional acceptance

By virtue of what is set forth in clause 34 of RD 1066/2007, declarations of acceptance of the Offer by Duro Felguera shareholders shall be admitted from the first day of the period of acceptance (cf. section III.1.a of the Brochure for the calculation of the period of acceptance), shall be revocable at any time before the last day of said period, and shall not be valid if subject to any condition.

(ii) Procedure for accepting the Offer

All Duro Felguera shareholders who wish to accept the Offer should address the entity where their shares are deposited. Declarations of acceptance of the Offer shall be sent to the Governing Bodies of the Stock Markets of Madrid, Barcelona, Bilbao or Valencia, as corresponds, via the deposit entities forming part of Iberclear where the corresponding shares are deposited. Said Governing Bodies shall receive said acceptances in writing and be responsible for the ownership and holding of the shares said acceptances refer to, and for the absence of burdens, encumbrances or third party rights that may limit the political or economic rights of said shares or their free transferability.

Company shareholders' declarations of acceptance shall be accompanied by sufficient documentation for the transfer of the shares to take place, and should include all the identification data required by the legislation applicable to this kind of operation.

During the period of acceptance of the Offer, members and participants in Iberclear which receive said declarations of acceptance shall send the data concerning the number of shares included in the declarations presented by the Company's shareholders on a daily basis to Duro Felguera, via the representative appointed for this purpose, and to the Governing Bodies of the Stock Markets of Madrid, Barcelona, Bilbao and Valencia.

Duro Felguera and the Governing Bodies of the Stock Markets shall provide the CNMV with information about the number of acceptances that they are aware have been presented and not revoked whenever the CNMV so requests.

Members of the market who intervene in the operation on behalf of the shareholders who accept and on behalf of the Company itself and the entities where the shares are deposited are hereby reminded that in accordance with what is set forth in clause 34.2 of RD 1066/2007, they should send the respective Governing Bodies and the Company information concerning the acceptances received on a daily basis.

The Company representative for the purposes of said notification is the following entity:

Santander Investment, S.A.
Avenida de Cantabria s/n
Ciudad Grupo Santander, Edificio Encinar, Planta 1
28660 Boadilla del Monte (Madrid), Spain
To: Ignacio Algora Weber / Angel Pablo Corral Jiménez

In order for all shareholders to enjoy the same information concerning the provisional number of acceptances of the Offer and so that they can see it at the same time, once the period of acceptance opens, the Company shall publish the acceptances received to date as a relevant fact in the CNMV registers on each of the seven (7) last working days of the Offer acceptance period.

The shares the Offer is addressed to should be transferred (i) free from burdens, encumbrances or third party rights that may limit the political or economic rights of said shares or their free transferability, (ii) by a person authorized to transfer them in conformity with the corresponding account book entry, in such a way that the ownership of the shares purchased by Duro Felguera is irrecoverable in accordance with clause 9 of LMV, and (iii) together with all their corresponding political and economic rights.

Under no circumstances shall the Company accept shares whose registry references are dated after the last day of the Offer acceptance period. Shares which are offered for sale should therefore have been purchased by the shareholder who wishes to accept the Offer no later than the last day of said acceptance period.

Shareholders accepting the Offer may do so with all their shares or with part of them, without prejudice to the possible need of making use of the pro rata system established in section III.1.b.(v) of the Brochure. In any case, all declarations of acceptance from shareholders should include at least one (1) Duro Felguera share.

(iii) Publication of the result of the Offer

Within five (5) working days of the end of the acceptance period described in section III.1.a of this Brochure, the Governing Bodies of the Stock Markets of Madrid, Barcelona, Bilbao and Valencia shall notify the CNMV of the total number of Duro Felguera shares that have accepted the Offer via the respective declarations of acceptance.

Within two (2) working days of being made aware of the total number of acceptances, the CNMV shall inform the Governing Bodies of the Stock Markets of Madrid, Barcelona, Bilbao and Valencia, the Stock Market Company and Duro Felguera of the result of the Offer.

The Governing Bodies shall publish said result with its specific scope in the Price Bulletin corresponding to the stock market session in which it receives said notification. The date of the publication of the result of the Offer shall be understood to be the date of the session the above-mentioned Price Bulletins refer to.

(iv) Auditing and liquidation of the Offer

The purchase of the shares the Offer is addressed to shall be liquidated by the Banco Santander, S.A. and audited by Santander Investment Bolsa S.V., S.A., as a member of the Stock Markets of Madrid, Barcelona, Bilbao and Valencia, intermediary in the operation in behalf of the Company and participating entity in Iberclear.

Liquidation and payment for the compensation offered for the shares shall be carried out following the procedure established for this purpose by Iberclear. For this purpose, the date when the corresponding stock market operation is contracted shall be deemed to be the date of the session referred to by the Official Price Bulletins of Madrid, Barcelona, Bilbao and Valencia that publish the result of the Offer.

III.1.c Distribution of expenses for accepting and liquidating the Offer

Duro Felguera shareholders who accept that the Offer intermediary is Santander Investment Bolsa S.V., S.A., in conformity with what is set forth in section III.1.d of the Brochure, shall not bear any broker's fees for the operation, or any liquidation fees for Iberclear or any Stock Market contracting fees, as said expenses will be borne by the Company.

If any other market agent different from Santander Investment Bolsa S.V., S.A. is involved in the operation, all broker fees and other expenses to be paid by the seller shall be borne by the person accepting the Offer, including the liquidation fees for Iberclear and Stock Market contracting fees.

Under no circumstances shall Duro Felguera bear any possible commission or expense charged by the deposit and administration entities for handling orders derived from accepting the Offer.

Any other expenses different from those mentioned above shall be borne by the person who incurs them.

III.1.d Appointment of the financial entities or intermediaries acting on behalf of the Company in the acceptance and liquidation procedure

Duro Felguera has appointed Santander Investment Bolsa S.V., S.A., with registered offices at Avenida de Cantabria s/n, Ciudad Grupo Santander, Edificio Encinar, Planta 1ª, Boadilla del Monte (Madrid), bearing Spanish VAT No. A-79204319 and registered in the Business Register of Madrid, in volume 14.471, section 8, sheet M-84468, as the entity responsible for auditing the Company share purchase operations that may result from this Offer.

A copy of the letter from said entity accepting its appointment to carry out the above-mentioned tasks is attached to the Brochure as Annex 7.

Likewise, Duro Felguera has appointed Banco Santander, S.A., with registered offices at Paseo de Pereda 9-12, Santander (Cantabria), bearing Spanish VAT No. A-3900013 and registered in the Business Register of Cantabria, on folio 64, sheet 286, book 5 of companies, as the entity responsible for liquidating the Company share purchase operations that may result from this Offer.

A copy of the letter from said entity accepting its appointment to carry out the above-mentioned tasks is attached to the Brochure as Annex 8.

III.1.e Formalities that shareholders must comply with in order to request the compulsory purchase of shares if the conditions under clause 47 of Royal Decree 1066/2007 take place

The forced sale described in clause 47 of RD 1066/2007 shall not be applicable to this Offer as it is not addressed to all the Company's shares.

CHAPTER IV

IV.1 THE PURPOSE OF THE OPERATION

IV.1.a <u>The purpose of the purchase</u>

The purpose of the Offer is to enable Duro Felguera shareholders to enjoy a specific liquidity device for the possible transfer of part of their shares under suitable conditions of transparency and equality, without prejudice to the possible application of the distribution and pro rate rules referred to in section II.1.b of this Brochure. In particular, the above-mentioned liquidity device, which is in addition to the stock market liquidity derived from maintaining the Company shares quoted on the Stock Markets, will enable the possible disinvestment of significant blocks of shares without distorting the quote.

As long as the Company maintains the own shares purchased, the Offer is to be seen as an additional compensation process for shareholders who do not sell and those who do not sell all their shares, who will benefit from the growth in their stake in the Company and in its results in proportion to the own shares purchased by Duro Felguera. This compensation effect will not be felt if the Company makes a different use of the shares. The Company has not taken any decisions concerning the final destiny of the shares, as explained below.

The Company has decided to launch the Offer at this time taking into account, among other factors, the situation of the market and the existence of a significant cash surplus, which enables the company to take on the repurchase project with no need for external financing.

The shares purchased are not subject to any further amortization obligation, and the Board of Directors may at any time, in accordance with the powers conferred by the Annual General Meeting held on 25 April 2013, decide to maintain them in their portfolio, deliver them to employees or administrators of the company or group (when there is a recognized right thereto, either directly or as a result of the exercise of option rights which they hold), sell them on the market, transfer or distribute them within the framework of shareholder compensation programmes and/or under any other formula, including assignation in exchange for convertible and/or redeemable bonds that may be issued by the Company, as the Board of Directors is authorized to issue convertible and/or redeemable bonds, as agreed by the Annual General Meeting held on 25 April 2013.

The Annual General Meeting held on 25 April 2013 agreed to reduce the capital stock in order to amortize the own shares purchased within the framework of the Offer, and delegated onto the Board of Directors the execution of said agreement, with the power to determine the amount and conditions thereof, in order to carry it out on one or more occasions, or even not to implement said agreement for capital reduction. In this regard, exercising the powers conferred as described above, on 22 July 2013 the Board of Directors agreed the following:

“Exercising the powers conferred as described above, the Board of Directors agreed not to implement the agreement for capital reduction adopted by the Annual General Meeting held on 25 April 2013. Likewise, subject to and without prejudice to the legal obligations of the administrators and the Annual Meeting’s corporate interest and its own powers and competences, and in accordance with what was requested by the National Stock Market Commission within the framework of the Public Purchase Offer referred to above, the Board hereby declares its decision not to propose to the company's Annual General Meeting the adoption of a capital reduction agreement in order to amortize the own shares purchased thereunder within the two years following the liquidation of the Offer".

In any case, as of the date of this Brochure, the Company has not taken any decision and nothing can be specified concerning the use to be made of the shares purchased under the Offer. There are no agreements with third parties, whether shareholders of the Company or not, for the transfer of said shares.

IV.1.b Strategic plans and intentions for future activities and the location of Duro Felguera and group activity centres

Once the Offer is finalized, Duro Felguera and the Group companies intend to keep on carrying out the same activities and business lines that they have been doing to date within the framework of regular management. Neither the Offer itself nor the result thereof imply any changes in the business plans or investment programmes in force.

The maximum amount to pay under this Offer does not place future activity, the fulfilment of the business plan or the Company's investment programmes at risk.

Likewise, Duro Felguera plans to maintain the current work centres of the Company and the Group.

IV.1.c. Strategic plans and intentions for maintaining personnel and management work posts at Duro Felguera and group

Duro Felguera plans to maintain work posts and working conditions for both staff and managers in the Company itself and in the Group companies. The Offer does not imply any changes thereto.

IV.1.d Plans for the use or disposal of Duro Felguera assets and variations foreseen in net financial debt

Neither Duro Felguera nor any of the Group companies have any plans, previsions or intentions to use or dispose of their assets outside the regular course of business.

Likewise, neither Duro Felguera nor any of the Group companies have any plans, previsions or intentions to increase or reduce their net debt outside the regular course of business.

In this regard, the Company would like to point out that once the Offer is finalized, it will enjoy a stable financial position that enables it to face up to the current economic situation, implement the projects forecast in its business plan and even contemplate the possibility of new projects.

IV.1.e <u>Plans for the issuing of shares of any kind by Duro Felguera and group</u>

The Duro Felguera Annual General Meeting held on 25 April 2013 agreed to delegate onto the Company's Board of Directors the power to issue bonds that can be converted and/or redeemed for shares up to a maximum of 150,000,000 Euros and for a maximum conversion of 10% of the current capital stock, i.e. 8,000,000 Euros in the field of delegation for a period of 5 years and the possibility of cancelling the right to preferential underwriting.

As of the date of this Brochure, the Board of Directors has not adopted any agreement or taken into consideration any initiative concerning a possible issue of convertible and/or redeemable bonds under the delegation expressed above, and there are no plans to issue any other Duro Felguera bonds or bonds related to any of the Group companies.

There are no plans to issue any other Duro Felguera securities or from the Group companies.

IV.1.f <u>Company restructuring foreseen of any kind</u>

The Duro Felguera Annual General Meeting held on 25 April 2013 agreed on the merger by absorption of Duro Felguera (the absorbing company) and Duro Felguera Plantas Industriales, S.A.U., Felguera Grúas y Almacenaje, S.A.U. and Felguera Parques y Minas, S.A.U. (the absorbed companies). Said merger was duly registered at the Company Registry and is therefore valid under its own terms.

Without prejudice to and except for the above, Duro Felguera has no intention of carrying out any kind of merger, demerger, segregation or any other kind of similar company restructuring outsider the regular course of business or that would have a significant impact on the situation of its finance or equity or on the finance or equity of the Group companies. Neither does the Company have any plans to sell assets, business lines or capital stock of its subsidiaries or companies it holds a stake in.

IV.1.g <u>Dividend policy</u>

The practice adopted by the Company for the distribution of dividends in recent years is to distribute them regularly four times per year, coinciding in general with the months of March, June/July, September/October and December.

Duro Felguera has no plans to change the policy employed to distribute dividends and pay shareholders. As far as the dividend is concerned that in previous years was paid in the month of September or October, it is not foreseen that it will be paid this year until after the liquidation of the Offer.

IV.1.h. <u>Plans for the structure, composition and functioning of the administration, management and control bodies of Duro Felguera and group</u>

The Duro Felguera Annual General Meeting held on 25 April 2013 agreed to reduce the number of members of the Board of Directors to nine.

Without prejudice to and except for the above, Duro Felguera has no intention of changing the structure, composition and functioning of either its current administration, management and control bodies or the management team.

IV.1.i Previsions related to the maintenance or modification of the Duro Felguera and Group entity by-laws

Duro Felguera has no plans to change the Company's corporate by-laws or those of the entities in the Group that are currently in force.

IV.1.j Intentions for maintaining Duro Felguera shares on the stock market

The Company's intention is to maintain its shares quoted on the Spanish Stock Markets. In this regard, it should be made clear that this Offer is not an exclusion Offer or a public purchase Offer by capital reduction via the purchase of own shares for amortization, and that the price offered is not subject to and has not been fixed by evaluation criteria as set forth in clause 10 of RD 1066/2007.

Whatever the acceptance of the Offer is, in accordance with the scenarios described in section I.4.a above, as a result of the Offer the free float will not be reduced to under 38%, hence there are no plans to take any action on the Stock Market.

IV.1.k Intention to apply or not the right of forced sale in accordance with clause 47 of Royal Decree 1066/2007

The compulsory sale described in clause 47 of RD 1066/2007 shall not be applicable to this Offer as it is not addressed to all the Company's shares.

IV.1.l Intentions related to the transmission of Duro Felguera shares, indicating if there are agreements with third parties in this respect

The Company has not taken any decision concerning the transfer of the shares purchased under the Offer, although among the possible uses to be decided by the Board of Directors exercising the powers conferred by the Annual General Meeting is the transfer thereof under the terms indicated in section IV.1.a above.

IV.1.m Impact of the Offer and its financing on the main financial figures of Duro Felguera

(i) Impact on the Company's financial statements

The impact of the Offer and its financing on the Company's main balance sheet figures as of 31 December 2012 is summarized in the following table (amounts in thousands of Euros):

Individual

	Before purchase of own shares	Dividend and attendance premium	Amount of own share purchase	End value
Net equity	267,333	(34,731)	(84,866)	147,736
Unrestricted reserves	120,400	-	(84,866)	35,534
Gross cash flow	242,414	(34,731)	(84,866)	122,817
Debt[11]	14,136	-	-	14,136
Net financial position	228,278	(34,731)	(84,866)	108,681
Working capital	138,224	(34,731)	(84,866)	18,627

Consolidated

	Before purchase of own shares	Dividend and attendance premium	Amount of own share purchase	End value
Net equity	296,925	(34,731)	(84,866)	177,328
Unrestricted reserves	135,070	-	(84,866)	50,204
Gross cash flow	433,025	(34,731)	(84,866)	313,428
Debt	85,737	-	-	85,737
Net financial position	347,288	(34,731)	(84,866)	227,691
Working capital	202,090	(34,731)	(84,866)	82,493

The above tables assume that the Offer is accepted by all the shares it is addressed to and include a dividend payment of 16,000,000 Euros in March and another complementary payment of the same amount in June, as was agreed by the Annual General Meeting held on 25 April 2013, together with attendance fees of € 0.02 for each share present at said meeting.

As for the Company's P&L sheet, the impact consists of the loss of financial income and provided that the own shares are maintained in the portfolio, currently paid at 2%. The operation would therefore imply an annual loss of 1.7 million Euros before tax, which considering the tax effect would be 1.2 in the annual results – said effect is practically irrelevant as can be seen in the following table:

Individual

	FY 2012	FY 2012 after the Offer[12]
Profit before tax	103,627	101,927
Profit after tax	113,330	112,140

[11] Debt with credit entities after deducing temporary financial investment (TFI).

[12] Assuming that the Offer is accepted by all the shares it is addressed to.

Consolidated

	FY 2012	FY 2012 after the Offer[13]
Profit before tax	121,559	119,859
Profit after tax	115,928	114,738

We can therefore conclude that if the Offer is accepted by all the shares it is addressed to, the impact thereof on the Company's main financial figures would be insignificant. In this regard, the existence of additional cash flow in the company after paying the above-mentioned dividends and attendance premium, together with the existence of a much greater cash flow in the 100% owned subsidiaries, mean that the impact of buying own shares is very little and does not imply any problem for the implementation of the Offer.

(ii) Impact on the Company's own funds and those of the Group

If the Offer is accepted by all the shares it is addressed to, the Company's own funds would go down from 228,598,000 Euros to 143,732,000 Euros; and the own consolidated funds would consequently go down from 262,194,000 Euros to 177,328,000 Euros.

(iii) Impact on the Company's financial structure (assuming that the Offer is accepted by all the shares it is addressed to)

Individual

	Before the Offer	After the Offer
Financial debt / Equity	6.08%	9.57%
Net financial position / Equity	83.21%	73.56%

Consolidated

	Before the Offer	After the Offer
Financial debt / Equity	32.7%	48.35%
Net financial position / Equity	119.21%	128.4%

[13] Assuming that the Offer is accepted by all the shares it is addressed to.

(iv) Impact on the profits per Company share (assuming that the Offer is accepted by all the shares it is addressed to)

- If the own shares are maintained in the portfolio[14]

Individual

	Before the Offer	After the Offer
Profit per share (diluted)[15]	0.711	0.779

Consolidated

	Before the Offer	After the Offer
Profit per share (diluted)[16]	0.728	0.797

- If the own shares are not maintained as such the profit per share would not vary.

[14] As pointed out in section IV.1.a the Company has no plans to amortize the shares, although the impact would be identical to that described if they are maintained.

[15] Using the distributed profit from FY 2012 as the basis and 159,356,472 shares before the Offer and 144,000,000 shares after the Offer (i.e. discounting the shares maintained in portfolio) and assuming that the shares are maintained in portfolio.

[16] Using the distributed profit from FY 2012 as the basis and 159,356,472 shares before the Offer and 144,000,000 shares after the Offer (i.e. discounting the shares maintained in portfolio) and assuming that the shares are maintained in portfolio.

CHAPTER V

V.1 AUTHORIZATIONS AND OTHER INFORMATION AND DOCUMENTS

V.1.a Possibility that the result of the Offer is affected by applicable regulations for the defence of competition and actions derived from said effect

This Offer is not subject to the obligation to notify the European Commission or the National Competition Commission by virtue of what respectively set forth in (EC) Regulation 139/2004, dated 20 January, concerning the Supervision of Company Concentration Operations, and in Law 15/2007, dated 3 July, concerning the Defence of Competition.

V.1.b Administrative authorizations or verifications different from those corresponding to the CNMV, obtained before the Offer is made

Duro Felguera believes it is not under the obligation to notify any Spanish or foreign authority or to obtain authorization from any other Spanish or foreign authority different from the CNMV in order to carry out this operation.

V.1.c Places where the Brochure can be consulted and the documents that accompany it

In conformity with what is set forth in clause 22.3 of RD 1066/2007, the Brochure explaining this Offer and the documentation that accompanies it shall be available for Duro Felguera shareholders from the day after the publication of the first announcement referred to in clause 22.1 of RD 1066/2007 in the following places:

(i) At the offices of the Governing Bodies of the Stock Markets of Madrid (Plaza de la Lealtad 1, Madrid), Barcelona (Paseo de Gracia 19, Barcelona), Bilbao (c/ José María Olavarri 1, Bilbao) and Valencia (c/ Libreros 2-4, Valencia),

(ii) At the CNMV offices (c/ Edison 4, Madrid y Paseo de Gracia 19, Barcelona),

(iii) At Duro Felguera's registered offices (c/ Ada Byron 90, Gijón), and

(iv) At Santander Investment, S.A.'s registered offices (Avda. de Cantabria s/n, Ciudad Grupo Santander, Edificio Encinar, Planta 1ª; 28660 Boadilla del Monte-Madrid).

Likewise, the Brochure without the Annexes will be available on the CNMV web site (www.cnmv.es) and the Duro Felguera corporate web site (www.dfdurofelguera.com) from the day after the publication of the first announcement referred to in clause 22.1 of RD 1066/2007.

V.2 TERRITORIAL RESTRICTION

The Offer is made in Spain only and is addressed to all Duro Felguera shareholders under the terms set forth in this Brochure. The Brochure and its content do not constitute an extension of the Offer to the United States of America or to any other jurisdiction where the Offer may require the distribution and/or registration of any further documentation in addition to this Brochure. The Offer is not addressed either directly or indirectly to the United States of America by any other means or instrument (including mail, fax, telex or telephone), without prejudice to Duro Felguera shareholders' right to accept the Offer under the terms contained in this Brochure regardless of their nationality and country of residence. No copies of this Brochure, its annexes or the acceptance of the Offer shall be sent by mail, and under no circumstances shall they be distributed or sent within the United States of America, and nobody who receives said documents shall distribute or send them to the United States of America.

Gijón, 22 July 2013

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Ángel Antonio del Valle Suárez,
Chairman of the Board of Directors and
Chief Executive Officer of Duro Felguera, S.A.