

*Report presented by the Board of Directors of Banco Bilbao Vizcaya Argentaria, S.A., in accordance with article 144 of the Companies Act (Consolidated Text, approved under Legislative Royal Decree 1564/1989, 22nd December) regarding the resolution to amend the Bylaws, referred to under Agenda Item Second of the Annual General Meeting called for 13th and 14th March 2008, at first and second summons, respectively.*

*This report is issued pursuant to article 144.1 a) of the Companies Act, regarding the proposal to amend article 34 of the BANCO BILBAO VIZCAYA ARGENTARIA, S.A. bylaws, which the Bank's board of directors is putting to the Annual General Meeting.*

*The BBVA Board of Directors conceives corporate governance as a dynamic process, that must be periodically analysed in the light of the Company's development, the results it has obtained in implementing its standards of corporate governance and recommendations made in Spain and world-wide regarding best practices in the market, adapted to the Company's actual conditions.*

*This proposal to amend the bylaws that BBVA's Board of Directors is presenting is the outcome of ongoing analysis and improvement of the Company's governance. It follows the recommendations and best practices in good governance prevailing in the markets where it operates.*

*The Unified Code of Good Governance, approved by a resolution of the CNMV board, 22<sup>nd</sup> May 2006, attached as Annex I to the report issued 19<sup>th</sup> May by the special working group on good governance amongst listed companies, recommends (Recommendation 9) that the board have no less than five nor more than fifteen members, so that it will be correctly sized to function efficiently and flexibly whilst maximising debate and participation.*

*The BBVA Board of Directors currently has fourteen members and is thus fully in line with good-governance standards and the recommendations of the unified code. However, the current bylaws determine that the minimum number of directors is 9 and the maximum 16. It is thus deemed advisable to amend said article 34 to reduce the minimum and maximum number of seats. This will not only reflect the standards and recommendations but also the real circumstances under which the BBVA board of directors operates.*

*Any such amendment is subject to first obtaining all legal or statutory permits. It is therefore proposed that the Board of Directors be granted sufficient powers to obtain said permits or any other authorisations that may be necessary. The Board must be empowered to adapt the wording of these amendments to any requirements the government authorities or the Company Registry may make in order to clear them and register them, provided it always reflects the terms of the proposed resolutions submitted to the AGM.*

*Finally, in compliance with company legislation, the entire wording of the proposed amendments is attached.*

**ENTIRE TEXT OF THE AMENDMENT TO THE CORPORATE BYLAWS OF BANCO BILBAO VIZCAYA ARGENTARIA, S.A., BEING PROPOSED UNDER THE AGENDA OF THE COMPANY'S ANNUAL GENERAL MEETING**

CURRENT TEXT	PROPOSED TEXT
<p><b>Article 34. Number and election.</b></p> <p>The Board of Directors shall be made up of a minimum of nine members, and a maximum of sixteen, elected by the shareholders at their General Meeting, with the exception contained in article 37 of these Bylaws.</p> <p>The General Meeting shall determine the exact number of Directorships, within the stipulated limits.</p>	<p><i>Article 34. Number and election.</i></p> <p><i>The Board of Directors shall be made up of a minimum of five members, and a maximum of fifteen, elected by the shareholders at their General Meeting, with the exception contained in article 37 of these Bylaws.</i></p> <p><i>The General Meeting shall determine the exact number of Directorships, within the stipulated limits.</i></p>

*Report presented by the Board of Directors of Banco Bilbao Vizcaya Argentaria, S.A., in accordance with article 144 of the Companies Act (Consolidated Text, approved under Legislative Royal Decree 1564/1989, 22nd December) regarding the resolution to amend the Bylaws, referred to under Agenda Item third of the Annual General Meeting called for 13th and 14th March 2008, at first and second summons, respectively.*

*This report is issued pursuant to article 144.1 a) of the Companies Act, regarding the proposal to amend article 36 of the BANCO BILBAO VIZCAYA ARGENTARIA, S.A. bylaws, which the Bank's board of directors is putting to the Annual General Meeting.*

*The BBVA Board of Directors conceives corporate governance as a dynamic process, that must be periodically analysed in the light of the Company's development, the results it has obtained in implementing its standards of corporate governance and recommendations made in Spain and world-wide regarding best practices in the market, adapted to the Company's actual conditions.*

*This proposal to amend the bylaws that BBVA's Board of Directors is presenting is the outcome of ongoing analysis and improvement of the Company's governance. It follows the recommendations and best practices in good governance prevailing in the markets where it operates.*

*There is a worldwide tendency for listed companies in English-speaking markets to limit their directors' terms of office below the maximum allowed under prevailing legislation.*

*It is important to evaluate the period of time directors need to gain a deep understanding of the company so that they can perform their duties efficiently and balance this against the need to submit their posts to a referendum from the shareholders at the General Meeting.*

*In order to ensure the Company's regulations continue to meet the highest standards of corporate governance, the Board intends to submit a proposal to the forthcoming General Meeting to amend article 36 of the Company bylaws. The proposal would reduce the current term of office for directors from five to three years. This is considered the ideal trade-off between the two aforementioned aspects.*

*Any such amendment is subject to first obtaining all legal or statutory permits. It is therefore proposed that the Board of Directors be granted sufficient powers to obtain said permits or any other authorisations that may be necessary. The Board must be empowered to adapt the wording of these amendments to any requirements the government authorities or the Company Registry may make in order to clear them and register them, provided it always reflects the terms of the proposed resolutions submitted to the AGM.*

*Finally, in compliance with company legislation, the entire wording of the proposed amendments is attached.*

**ENTIRE TEXT OF THE AMENDMENT TO THE CORPORATE BYLAWS OF  
BANCO BILBAO VIZCAYA ARGENTARIA, S.A., BEING PROPOSED UNDER  
THE AGENDA OF THE COMPANY'S ANNUAL GENERAL MEETING**

CURRENT TEXT

PROPOSED TEXT

**Article 36. Term of office and renewal**

The term of office of members of the Board of Directors shall be five years. They may be re-elected one or more times for terms of the same maximum duration.

***Article 36. Term of office and renewal***

*The term of office of members of the Board of Directors shall be three years. They may be re-elected one or more times for terms of the same maximum duration.*

*Report presented by the Board of Directors of Banco Bilbao Vizcaya Argentaria, S.A., in accordance with articles 144, 153, 159, 282 and following of the Companies Act (Consolidated Text, approved under Legislative Royal Decree 1564/1989, 22nd December) and 319 of the Companies Registry Regulations, regarding the resolution to confer authority to the Board of Directors to issue securities that may be convertible and/or exchangeable for BBVA equity and to exclude the right of pre-emptive subscription and increase the share capital by the required amount, referred to under agenda item six of the Annual General Meeting called for 13th March and 14<sup>th</sup> March, at first and second summons, respectively.*

*Some of the proposals to be put to the AGM are intended to expedite the operations by which the Bank can raise funding on the markets, making it possible to use instruments allowing it to access the most suitable sources of finance, best adapted to market requirements at any time.*

*The Board of Directors has thus included amongst its proposals to the AGM, a proxy to the Board of Directors pursuant to article 319 of the Company Registry Regulations and the general regulations governing the issue of debentures, and by analogy applying articles 153.1.b and 159.2 of the Companies Act, authorising it to issue bonds, that may be convertible and/or exchangeable for Company equity. The Board also requires powers to decide at the time of each issue whether or not it is advisable to exclude pre-emptive subscription rights and resolve to increase capital by the amount needed to redeem the convertible and/or exchangeable securities deriving from each issue. This requires amendment of article 5 of the Company bylaws.*

*The authorisation of powers to exclude the pre-emptive subscription rights of shareholders or holders of convertible and/or exchangeable securities is granted to the Board so that it may resolve, in each case, whether said exclusion is necessary in order to raise finance on the international markets or in whatever manner the Company's best interests may require. Should the Board decide to suppress the pre-emptive subscription rights on a specific issue of convertible bonds that it may decide to make under this authorisation, it will put out a report in due time to be able to approve the issue. Said report shall detail the specific reasons of corporate interest underlying this suppression, which shall also require a report from the accounts auditor referred to in article 159.2 of the Companies Act.*

*Such issues are necessary given the current situation in financial markets, where constant and rapid changes make it impossible to foresee with certainty all the possibilities and circumstances that may arise. This is especially true in the light*

*of the deep changes that have occurred in our environment that mean it becomes vital to have the widest possible range of instruments for the Company to be able to most efficiently take advantage of any business opportunities that may be considered during the year.*

*Consequently, the Board of Directors deems it necessary to have instruments that provide access under favourable conditions to those financial markets, whose depth and flexibility may raise large volumes of funding under very favourable conditions at specific moments, provided the product is available that best matches the markets' varying requirements. To such end, significant flexibility is needed to be able to design the product offering and to choose the timing of its placement.*

*To take advantage of such opportunities on the capital markets, it must be possible to make each issue as quickly as possible, for the reasons given above, placing it with investors on domestic and international markets in minimum time. This means the Board has to be able to assess which markets and which investors to target with each issue and thus whether or not it is advisable to maintain shareholders' rights to pre-emptive subscription established under articles 293 and 158 of the Companies act.*

*The issue is being considered on the basis and with the terms and conditions stated in the corresponding proposed resolutions to which this report is attached, regarding which we highlight the following:*

*The securities to be issued are fixed-income notes, convertible and/or exchangeable for the Bank's own equity, for a maximum sum of €9,000,000,000 (NINE BILLION EUROS) or its equivalent in other currency, with the general guarantees established in the Companies Act with respect to its terms and conditions, within the basic limits and modalities that the AGM may approve.*

*The proposed resolution put to the AGM includes the empowerment of the Board to determine the conversion rate (fixed or variable) and the limits detailed below, as well as the timing of the conversion (which may be limited to a predetermined period), ownership entitlements of the conversion rights (which may be allocated to the Bank or the bond holders or both) and, in general, such limits and conditions as may be necessary or advisable for the issue.*

*If the issue is made at a fixed exchange and/or conversion rate, the corresponding share conversion and/or exchange price shall not be lower than whichever is higher of (i) the arithmetic average of the closing prices on the continuous market over a period to be specified by the Board of Directors (not exceeding three months and not less than two weeks) prior to the Board meeting that makes use of this authorisation to approve the issue of convertible and/or exchangeable securities, or (ii) the closing share price on the continuous market the day prior to the Board meeting that makes use of this authorisation to approve the issue of convertible and/or exchangeable securities.*

*If the issue has a variable exchange and/or conversion rate, the share price for conversion and/or exchange shall be the arithmetic mean of the closing share prices on the continuous market over a period to be specified by the Board of Directors, not exceeding three months and not less than five days prior to the conversion or exchange date, including a premium or, where applicable, a discount on said share price. The premium or discount may be different for each conversion or exchange date, provided they do not exceed 30% of said share price*

*For the purpose of conversion and/or exchange, the value of the share shall never drop below its nominal value. Likewise, the valuation for conversion and/or exchange of each security into shares may include accrued interest that has not been paid at the time of their conversion and/or exchange.*

*At the same time as approving a securities issue under the authorisation proposed, the Board of Directors shall issue a report detailing the specific basic features and modalities of the conversion applicable to said issue, which shall also be the subject of a report from the account auditors referred to under article 292 of the Companies Act.*

*If the securities are converted, this shall be done with capital issues up to the maximum required, in compliance with the terms and conditions established for such purpose under the Companies Act and the Company bylaws. In due time, an association will be constituted for the defence or syndication of the securities holders and a commissioner will be appointed, pursuant to art. 282 and following of the Company Act in relation to the company registry regulations.*

*Since when putting the authorisation to AGM approval, the Board cannot know when the most suitable market conditions may arise, it is also proposed to authorise the Board of Directors such that, within the five-year term established under the resolution, should market circumstances make it advisable, it may fix the dates of the issue resolution and other issue terms and conditions not established by the AGM, and determine whether the securities are convertible or exchangeable, drawing up the basic features and modalities of the conversion and/or exchange established by the AGM, fixing and detailing any issues not regulated therein, and even resolve to totally or partially refrain from making the issue. As of said deadline, this authorisation will be deemed to have expired and have no value or effect. It is also understood that the Board of Directors is empowered to refrain from partially or totally executing this resolution.*

*Report presented by the Board of Directors of Banco Bilbao Vizcaya Argentaria, S.A., in accordance with articles 144 and 164 of the Companies Act (Consolidated Text, approved under Legislative Royal Decree 1564/1989, 22nd December) regarding the resolution to confer authority for the Company to directly or indirectly acquire its treasury stock and, where applicable, reduce its share capital, referred to under agenda item seven of the Annual General Meeting called for 13th and 14th March 2008, at first and second summons, respectively.*

*Articles 74 and subsequent of the Companies Act allows Spanish companies to hold in their portfolio, either directly or through subsidiaries, shares that they themselves issued. However, they must comply with the requirements of said Act.*

*Once the derivative acquisition of treasury stock has taken place, there are various legally established mechanisms to reduce or write it off: one possibility is to redeem the shares and another is to sell the shares on the market.*

*When deciding which mechanism to use, market conditions must be taken into account, since they may at times be unfavourable to directly divesting treasury stock onto the market.*

*Given that it is impossible to determine a priori which mechanism is more opportune, and since there are no objective benchmarks to be able to come to a decision at this moment regarding the method that may be more suitable at any time, it is proposed that the Board of Directors be authorised to evaluate and decide on these issues when they arise.*

*Should the treasury stock be redeemed, this would require the AGM to pass a resolution to reduce share capital.*

*Given that the advisability and timeliness of this financial operation must be decided in light of changing circumstances influencing the securities market, the socio-economic context, the financial situation and the objectives and policy of the Company itself, and the consequent fact that it is not possible at the moment to*

*determine specific conditions, the resolution to reduce capital must be conceived with broad criteria, conferring various authorisations on the Board of Directors in order to make this possibility, offered by legislation, feasible. These authorisations must include the powers to decide the amount of the reduction, and whether this be used to provision restricted reserves, as provided under number 3 of article 167 of the Companies Act, or unrestricted reserves, in which case the legally demandable requirements to guarantee creditors' rights must be satisfied.*

*In accordance with Companies Act, the resolution envisages the possibility that treasury stock acquired be given to the Company's employees, management and/or directors when they have a recognised entitlement, either directly or as a consequence of option rights that they may hold.*

*Thus, treasury stock may be used to comply with Company's commitments to grant shares to their employees, management and directors under remuneration plans already approved by the AGM or that may be set up in the future.*

*Finally, it should be pointed out that this resolution is intended to provide the company with suitable instruments to operate on national and international financial markets under equal conditions as other financial institutions operating on them, thereby safeguarding the best interests of the Company and its shareholders.*

*This report is issued pursuant to articles 144 and 164 of the Companies Act.*