

Annual Corporate Governance Report

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INTRODUCTION

Since the IPO in May 1999, Ferrovial has regulated its corporate governance and the principles for the actions, organisation and performance of its Board of Directors, and it has established measures to ensure a high level of transparency and introduce codes of conduct to ensure there is no interference in the company's performance in the securities markets.

The rules are contained in the Board of Directors Regulation and the Internal Code of Conduct, which have been modified when necessary in order to adapt to legal requirements or corporate governance recommendations. On 25 July 2003, the Board of Directors approved the new text of both regulations.

The company also approved a Shareholders' Meeting Regulation in 2004.

Ferrovial has also published an annual corporate governance report since its stock market debut:

- Initially, the Company disclosed its compliance with the recommendations contained in the "Report by the Special Commission to study an ethical code for Boards of Directors" (the Olivencia Report).
- In 2003, Ferrovial published the corporate governance report on 2002, explaining its compliance with the recommendations of the "Report by the Special Commission to foster transparency and security in the markets and in listed companies" (the Aldama Report).
- In 2004, the Company published the 2004 corporate governance report detailing its compliance with Law 26/2003, dated 17 July, which amended the Securities Market Law and the Spanish Corporations Law in order to reinforce listed companies' transparency, and its implementing regulations.
- The Board of Directors of Grupo Ferrovial, S.A. has approved the 2004 corporate governance report in line with the Comisión Nacional del Mercado de Valores's official form which, after notifying the latter, was published and is available on the company's web site (www.ferrovial.com). The official form expands on the information contained in the following chapters.

A. Ownership structure

I. SHARE CAPITAL

Grupo Ferrovial, S.A.'s share capital amounts to 140,264,743 euros, divided into 140,264,743 shares each with a nominal value of one (1) euro. All the shares are of the same class and series.

The latest change in share capital was a reduction of 1,867,404 euro through the redemption of 1,867,404 own shares each with a nominal value of one (1) euro, based on a resolution by the Shareholders' Meeting dated 31 March 2000.

II. SIGNIFICANT AND CONTROLLING STAKES

Based on the information provided to the Company, at 31 December 2004 the owners of significant stakes in Grupo Ferrovial, S.A. were those listed in the next table:

	Number of shares	% of share capital
Portman Baela, S.L.	56,857,651	40.536
Casa Grande de Cartagena, S.L.	24,932,449	17.775

According to the notification to the Comisión Nacional del Mercado de Valores and to the Company itself, on 25 November 2004 the concerted family group formed by Rafael del Pino y Moreno and his children (María, Rafael, Joaquín, Leopoldo and Fernando del Pino y Calvo-Sotelo) indirectly controlled (through Portman Baela, S.L. and Casa Grande de Cartagena, S.L.) 58.311% of Grupo Ferrovial, S.A.'s share capital.

III. STAKES OWNED BY THE DIRECTORS

At 31 December 2004, the combined holdings of the Directors, including those corresponding to significant shareholders, amounted to 82,428,003 shares, i.e. 58.766% of capital.

The Board of Directors' stakes are broken down as follows:

	Shares		% of capital
	Direct	Indirect	
Rafael del Pino y Calvo-Sotelo (*)	3,238	---	0.002
Santiago Bergareche Busquet	604,285	---	0.431
Jaime Carvajal Urquijo	9,209	390	0.007
Joaquín Ayuso García	3,779	---	0.003
Fernando del Pino y Calvo-Sotelo (*)	2,996	---	0.002
PORTMAN BAELA, S.L., represented by Eduardo Trueba Cortés	58,857,651	---	40.536
CASA GRANDE DE CARTAGENA, S.L., represented by María del Pino Calvo-Sotelo (*)	24,932,449	---	17.775
Juan Arena de la Mora	3,734	---	0.003
Santiago Eguidazu Mayor	3,100	891	0.003
Gabriele Burgio	3,229	---	0.002
José María Pérez Tremps	3,052	---	0.002

(*) As stated in the section above, those Directors/representatives of Directors are part of the family group who indirectly control 58.311% of share capital, through Portman Baela, S.L. and Casa Grande de Cartagena, S.L.

The combined holdings of the Board of Directors, excluding those corresponding to significant shareholders, amounted to 637,903 shares, i.e. 0.455% of capital.

IV. STOCK OPTIONS

At 31 December 2004, the Company's executive directors owned the following stock options. Those stock options were allocated to them as a result of the remuneration system explained in Section B (Administrative Structure), which describes information such as the premium of one (1) euro per share charged to the beneficiary.

	Stock options	Number of equivalent shares	% of share capital
Rafael del Pino y Calvo-Sotelo	300,000	300,000	0.214
Joaquín Ayuso García	300,000	300,000	0.214
José María Pérez Tremps	130,000	130,000	0.093

V. SHAREHOLDERS' AGREEMENTS AND CONCERTED ACTIONS

The Company is not aware of any shareholders' agreements that regulate the exercise of voting rights at Shareholders' Meetings or which restrict or condition the free transfer of Company shares.

According to the notification to the CNMV and to the Company on 25 November 2004, and for the purposes of the provisions of Royal Decree 377/1991, a tacit agreement for concerted action is presumed to exist between PORTMAN BAELA, S.L. and CASA GRANDE DE CARTAGENA, S.L., since the aforementioned family group controls both of them.

VI. RELATIONS BETWEEN OWNERS OF SIGNIFICANT STAKES AND THE COMPANY AND AMONG THE OWNERS THEMSELVES

In addition to the family relations described in the preceding section, Portman Baela, S.L. and Casa Grande de Cartagena, S.L. are members of the Board of Directors of Grupo Ferrovial, S.A.

Rafael del Pino y Moreno, the Company's founder, is also its Honorary President.

Rafael del Pino y Calvo-Sotelo has been the Chairman of Grupo Ferrovial, S.A. since 2000 and is a Director. Fernando and María del Pino y Calvo-Sotelo are also Directors. The latter represents Casa Grande de Cartagena, S.L.

Leopoldo del Pino y Calvo-Sotelo is the CEO of subsidiary Cintra Aparcamientos, S.A.

VII. OWN SHARES

1. Own shares

Own shares accounted for 0.148% of capital at 31 December 2004, down from 0.828% at 31 December 2003.

In 2004, there were no significant changes in own shares, in accordance with the meaning given in Royal Decree 377/1991, dated 15 March.

The aforementioned percentage at 31 December 2004 represents 83,531 directly owned shares and 123,477 indirectly owned shares. The average acquisition cost was 15.50 euro per share.

Transactions with own shares amounted to a net result of 16,006 thousand euro.

2. Shareholders' Meeting authorisation

On the date of this report, the authorisation to acquire own shares granted to the Board of Directors by the Shareholders' Meeting on 26 March 2004 was in force. Its full text is available on Ferrovial's web site (www.ferrovial.com).

3. Own shares: policy and rules

a) Powers of the Board of Directors.

In accordance with article 8 of the Board Regulation, the Board of Directors shall determine the Company's policy on own shares, subject to the powers obtained at the Shareholders' Meeting.

b) Transactions with own shares.

The Internal Code of Conduct of Grupo Ferrovial, S.A. and its Group of Companies in matters relating to the Securities Markets establishes that the policy on own shares, as determined by the Board of Directors, shall be aimed at ensuring that the purchase and sale of own shares do not distort the process of market price discovery, and it regulates the action guidelines in detail.

The Company's Chief Financial Official is responsible for executing the specific acquisition plans and supervising ordinary transactions with the Company's shares.

The acquisition of the Company's own shares for subsequent transfer to the beneficiaries of plans involving the delivery of shares and of stock option plans approved by the Board of Directors are performed considering the particular features of this type of operation and in the form approved in those plans.

4. Information on own shares

Ferrovial provides information about own shares and their average acquisition price on its corporate web site, www.ferrovial.com; this information is updated every month.

VIII. LEGAL AND BYLAW RESTRICTIONS ON VOTING RIGHTS AND ON BUYING AND SELLING SHARES

There are no restrictions on the exercise of voting rights or on the acquisition or sale of stakes in share capital.

The Spanish Corporations Law establishes limits on voting by shareholders in default.

B. Administrative structure

I. COMPOSITION OF THE BOARD OF DIRECTORS

1. Members of the Board of Directors

The Bylaws and the Regulation state that the Board of Directors shall strive to ensure that external or non-executive Directors represent a broad majority of the Board. The Board must also strive to ensure that the majority group of external Directors includes proprietary Directors and independent Directors, with a significant proportion of the latter.

In 2004, the Board of Directors consisted of eleven members (between the minimum of six and maximum of fifteen permitted by the Bylaws).

The composition of the Board of Directors of Grupo Ferrovial, S.A. did not change in 2004 and it comprises the following directors:

Chairman and CEO

Rafael del Pino y Calvo-Sotelo	Executive and proprietary
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First Vice-Chairman

Santiago Bergareche Busquet	Independent (*)
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Second Vice-Chairman

Jaime Carvajal Urquijo	Independent
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CEO

Joaquín Ayuso García	Executive
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Directors

Fernando del Pino y Calvo-Sotelo	Proprietary
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PORTMAN BAELA S.L. represented by Eduardo Trueba Cortés	Proprietary
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CASA GRANDE DE CARTAGENA S.L. represented by María del Pino y Calvo-Sotelo	Proprietary
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Juan Arena de la Mora	Independent
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Santiago Eguidazu Mayor	Independent
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Gabriele Burgio	Independent
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Director and Secretary

José María Pérez Tremps	Executive
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(*) External until 17 December 2004.

Each director's status, based on the definitions contained in the Board Regulation, is indicated beside his/her name:

Executive directors: The Managing Directors of Grupo Ferrovial, S.A. and all the directors of the Company who hold an executive or management position in the Company or in its subsidiaries and, in any case, those who have a stable contractual relationship of a civil, labour, mercantile or similar type with the Company or its subsidiaries other than their position as director, and those with any decision-making capacity relating to some part of the Company's or group's business through stable delegations or empowerments granted by the Board or other echelons of the Company or its subsidiaries.

External or non-executive directors: Directors who are not executive directors in accordance with the preceding definition.

Proprietary directors: Directors of Grupo Ferrovial, S.A. who are proposed by shareholders, individually or in group, owning a stable holding in the share capital which, regardless of whether or not it entitles them to a seat on the governing body, the Board believes is sufficiently significant, taking account of the holdings by non-stable shareholders in the Company, to appoint them or propose their appointment to the Shareholders' Meeting.

Independent directors: External directors of acknowledged professional prestige who may contribute their experience and knowledge to corporate governance and, although they are not executive or proprietary, are appointed as directors because they meet the conditions determined in this Regulation.

In any case, independent directors must not:

- Have or have recently had a stable, direct or indirect relationship: (i) of a professional, employment or commercial nature; (ii) that is significant in terms of the amount or nature of the provided services; (iii) with Ferrovial, the proprietary directors or companies whose interests they represent, credit institutions that participate in the financing of Ferrovial, or organizations that receive economic contributions from Ferrovial.
- Be a director of another company that has proprietary directors in the Company.
- Be related up to the third degree of consanguinity or second degree of affinity or be linked in any other way of similar significance to executive directors, proprietary directors or members of the Company's senior management.
- Directly or indirectly own over 2% of the Company's capital.

If any of the independent directors, or any persons proposed as such, are subject to any of the circumstances described above, the Board of Directors may consider an exemption based on a report by the Nomination and Remuneration Committee, disclosing the circumstance in the annual report.

2. Profile of the independent directors

- Santiago Bergareche Busquet
 - Member of the Board of Directors since 1999
 - Degree in Economics and Law (Deusto Commercial University)
 - Non-executive Chairman of Dinamia, S.A.
 - Director of Vocento
 - Former CEO of Grupo Ferrovial, S.A. and Chairman of Agromán, S.A.
- Jaime Carvajal Urquijo
 - Member of the Board of Directors since 1999
 - Law Degree (Madrid) and M.A. in Economics (Cambridge University, UK)
 - Chairman of Advent Internacional (España), Ericsson España, S.A., ABB, S.A. and Parques Reunidos, S.A., and Director at Lafarge Asland, Aviva and Solvay Ibérica
 - Former Chairman of Ford España, S.A.
- Juan Arena de la Mora
 - Member of the Board of Directors since 2000
 - PhD in Engineering (ICAI), Degree in Business Studies, Degree in Psychology, Diploma in Tax Studies and AMP (Harvard Business School)
 - Director of Bankinter since 1987 and CEO since 1993
 - Chairman of Bankinter since 2002
- Santiago Eguidazu Mayor
 - Member of the Board of Directors since 2001
 - Degree in Economics and Business
 - Civil Service Economist and Trade Expert
 - Chairman of Nmás1
 - Formerly partner, CEO and Vice-Chairman of AB Asesores and Vice-Chairman of Morgan Stanley Dean Witter
- Gabriele Burgio
 - Member of the Board of Directors since June 2002
 - Degree in Law and MBA by Insead (Fontainebleau)
 - Executive Chairman of NH Hoteles since 1999
 - Former CEO of Cofir, he worked for Bankers Trust in New York and for Manufacturers Hanover in Italy

3. Officers of the Board of Directors

- Chairman

Since 1992, the company's top executive has been Rafael del Pino y Calvo-Sotelo. On 29 June 2000, the Board of Directors resolved to appoint Rafael del Pino y Calvo-Sotelo Chairman of the Board of Directors.

- Vice-Chairmen

The current Vice-Chairmen of the Board of Directors are not executives.

- Chief Executive Officer

The Company appointed a CEO in February 1999, who has been granted all the Board's powers except for those that cannot be delegated by law or the company's bylaws.

- Director and Secretary

The Board Secretary is also a Director. His mission is to supervise the formal and material legality of the Board of Directors' actions and to ensure that the procedures and rules of governance are respected and regularly revised.

4. Offices held by the members of the Board of Directors in other Ferrovial Group companies

Director	Position	Company
Rafael del Pino y Calvo-Sotelo Chairman	Chairman	Cintra Concesiones de Infraestructuras de Transporte S.A. Ferrovial Infraestructuras S.A. Ferrovial Aeropuertos S.A.
Santiago Bergareche Busquet First Vice-Chairman	Director	Ferrovial Aeropuertos S.A. Ferrovial Infraestructuras S.A.
Joaquín Ayuso García CEO	Chairman and CEO	Ferrovial-Agroman, S.A. Ferrovial Inmobiliaria S.A. Ferrovial Servicios S.A. Ferrovial Telecomunicaciones S.A.
	Vice-Chairman	Cintra Concesiones de Infraestructuras de Transporte S.A.
	CEO	Ferrovial Infraestructuras S.A. Ferrovial Aeropuertos S.A.
José María Pérez Tremps Director and Secretary	Director	Amey UK Plc. Amey Plc. Cintra Concesiones de Infraestructuras de Transporte S.A. Ferrovial Agromán S.A. Ferrovial Infraestructuras S.A. Ferrovial Aeropuertos S.A. Ferrovial Inmobiliaria S.A. Ferrovial Servicios S.A. Ferrovial Telecomunicaciones S.A. Autopista del Sol S.A. Autopista Madrid Levante S.A. Autopista Madrid Sur S.A. Inversora de Autopistas del Sur. Inversora de Autopista Madrid Levante S.A.
	Joint administrator Director	Ferrovial Inversiones S.A. Habitaria Cintra Concesiones de Infraestructuras de Transporte de Chile Limitada

5. Offices held by the members of the Board of Directors in other companies listed in Spain

- Rafael del Pino y Calvo-Sotelo: Independent Director at Banesto.
- Santiago Bergareche Busquet: Non-executive Chairman of Dinamia, S.A.
- Juan Arena de la Mora
 - Chairman of the Board of Directors of Bankinter, S.A.
 - Independent Director at Telefónica, Publicidad e Información, S.A.
- Gabriele Burgio
 - Chairman of NH Hoteles, S.A.
 - Non-executive Chairman of Sotogrande, S.A.

- José María Pérez Tremps
 - Director at Europistas Concesionaria Española, S.A.

6. Board members who are also directors or executives of companies with significant stakes in the Company

- Rafael del Pino y Calvo-Sotelo
 - CEO of Portman Baela, S.L.
 - Director at Casa Grande de Cartagena, S.A.
- María del Pino y Calvo-Sotelo (representing CASA GRANDE DE CARTAGENA, S.L.)
 - Vice-Chairwoman and General Manager of Portman Baela, S.L.
 - Vice-Chairwoman of Casa Grande de Cartagena, S.L.
- Eduardo Trueba Cortés (representing Portman Baela, S.L.)
 - CEO of Casa Grande de Cartagena, S.L.

7. Stakes of board members in companies with the same, similar or complementary activities to Grupo Ferrovial's corporate purpose. Positions or functions

Article 127 ter, paragraph 4 of the Corporations Law, amended by Law 27/2003, dated July 18, on changes to the Securities Market Law and to the Corporations Law to reinforce the transparency of listed companies, imposes on directors the duty to notify the Company of stakes they own in companies activities that are the same, analogous or complementary to its corporate purpose, and their positions or functions in them, and the performance for their own account or for third parties of activities that are the same, analogous or complementary to the Company's corporate purpose:

At 31 December 2004, this information was as follows:

Stakes:

- In subsidiary Cintra, Concesiones de Infraestructuras de Transporte, S.A.
 - Joaquín Ayuso García: 0.0012 %
 - Santiago Eguidazu Mayor: 0.0016%
 - José María Pérez Tremps: 0.0007%
- Santiago Bergareche Busquet:
 - 0,003% en Fomento de Construcciones y Contratas S.A. (Construcción)
 - 0,00283% en el capital social de Acciona S.A. (Construcción)
- POLÁN, S.A., which has ownership links with persons who belong to the controlling family group referred to in the section on Ownership Structure.
 - 5.218% in Grupo Inmocaral, S.A. (Real Estate)

The Board of Directors meeting on 30 October 2003 addressed this acquisition.

Positions or functions (excluding positions in Group companies)

- POLÁN, S.A.: Director of Grupo Inmocaral, S.A.

Performance for own or for third party account

No information has been received regarding this matter.

8. Other information

The Company was informed in 2003, and reported it in the 2003 corporate governance report, of the investment made by Casa Grande De Cartagena, S.L. in an investment company created by Nmás1, whose Executive Chairman is an independent director of Ferrovial, Santiago Eguidazu Mayor. This was notified to the Board of Directors which, in view of the nature of the brokerage services provided by Nmás1 and the amount of fees that is likely to represent as a proportion of the revenues of this firm, concluded, after a report by the Nomination and Remuneration Committee, that the transaction did not alter the conditions of the Director's independence in accordance with the Regulation. The votes were made with the abstention of the interested party, Mr. Eguidazu Mayor.

II. REMUNERATION OF THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT

1. Process to establish the remuneration for Board of Directors members (Board of Directors Regulation).

The Nomination and Remuneration Committee proposes the system and annual amount of directors' remuneration to the Board of Directors.

The proposal is submitted for approval by the Board of Directors and, where legally necessary, by the Shareholders' Meeting.

2. Bylaws and regulations governing directors' remuneration

Article 25 of the Company Bylaws regulates directors' remuneration:

1. *"For performing their duties, the members of the Board of Directors shall receive an amount equivalent to 3% of consolidated earnings attributable to the Company in the year. The Board may decide not to appropriate its full share in any given year, in which case the Directors shall not accrue any rights on the part not appropriated. In any case, that share in Company earnings can only be allocated after compliance with the requirements established in article 130 of the Spanish Corporations Law.*

Within the limits of the preceding paragraph, remuneration formulae may be established that comprise the delivery of shares, stock options or options that are referenced to the share price.

2. *The Board of Directors shall determine the form and amount of the distribution among its members each year, which can be done individually based on the participation of each director in the Board's tasks.*

3. *The remuneration envisaged in this article shall be compatible with, and independent of, salaries, other remuneration, indemnities, pensions, stock options or compensation of any type established generally or individually for members of the Board of Directors who perform executive functions, whatever the nature of their relationship with the company, whether employment (ordinary or special Senior Management contracts), mercantile or on a provision of services basis, which relationships shall be compatible with their status as members of the Board of Directors.*

4. *The Company may arrange third-party liability insurance for its directors."*

Additionally, article 31 of the Board of Directors Regulation states:

- To calculate the percentage of Board remuneration over the year's earnings and check that it is within the maximum established, any qualifications made by external auditors whose impact on the profit and loss account in the corresponding year is deemed to be significant should be considered.
- The Board may establish objective criteria to determine the remuneration and require that part or all of it be used to acquire Company shares; this was done as a result of resolution adopted on 26 February 2003 and partially amended on 26 March 2004.

3. Remuneration system for the Board of Directors in 2004

a) Bylaw-mandated remuneration (per diems and attendance)

The 2004 system, approved by the Board of Directors after a report by the Nomination and Remuneration Committee, consists of per diems and bylaw-mandated fixed annual remuneration for all the directors amounting to 1,200,000 euro, provided that it is within the maximum limit of 3% of the year's consolidated earnings attributable to the company (in accordance with article 25 of the Bylaws), once the financial statements are approved.

That amount is settled as follows:

- PER DIEMS: Allowances for attending the meetings of the Board of Directors, Executive Committee and Advisory Committees:
 - 3,250 euro gross for attending a meeting of the Board of Directors;
 - 2,000 euro gross for attending a meeting of the Executive Committee;
 - 1,500 euro gross for attending a meeting of the Audit and Control Committee or the Nomination and Remuneration Committee.
 - The allowance for the Chairmen of the three committees (Executive, Audit and Control, and

Nomination and Remuneration) was double the amount established for the other members.

- DISTRIBUTION OF REMAINDER: Per diems are deducted from the fixed amount that was established, 1,200,000 euro, leaving 607 thousand euro. That remainder was divided into 13, applying to the resulting quotient the following factors in the allocation of individual amounts: Board Chairman: *2; First Vice-Chairman *1.75; Second Vice-Chairman *1.25 and other Board members *1.

- The amounts¹ accrued by each Director are as follows:

	Per diems of Board, Executive Committee and Advisory Committees	Allocation of remainder	Total
Rafael del Pino y Calvo-Sotelo	69,750	93,384.62	163,134.62
Santiago Bergareche Busquet	75,750	81,711.54	157,461.54
Jaime Carvajal Urquijo	62,750	58,365.38	121,115.38
Joaquín Ayuso García	55,750	46,692.31	102,442.31
Fernando del Pino y Calvo-Sotelo	54,500	46,692.31	101,192.31
Portman Baela S.L.	32,500	46,692.31	79,192.31
Casa Grande de Cartagena S.L.	40,000	46,692.31	86,692.31
Juan Arena de la Mora	47,500	46,692.31	94,192.31
Santiago Eguidazu Mayor	56,750	46,692.31	103,442.31
Gabriele Burgio	40,000	46,692.31	86,692.31
José María Pérez Tremps	57,750	46,692.31	104,442.31
TOTAL	593,000	607,000.00	1,200,000.00

The sum of the bylaw mandated remuneration, including per diems, of all the members of the Board of Directors accounts for 0.216% of profit attributed to the parent company (excluding the net profit attributable to the Cintra IPO, that percentage would be 0.349%).

- REMUNERATION ALLOCATED TO BUYING COMPANY SHARES:** In 2004, the obligation to allocate directors' remuneration (per diems and bylaw-mandated) to acquiring company shares was maintained, although the Board of Directors changed the obligatory system at its 26 March 2004 meeting so that the shares acquired in a given calendar year can be sold by the interested party three full years after the purchase.

b) Remuneration of executive directors

In addition to the per diems and bylaw-mandated remuneration received as Directors, the three executive Directors accrued the following remuneration in 2004:

	Thousand euro
Fixed remuneration	1,411
Variable remuneration	2,113
Stock options and/or other financial instruments: exercise of remuneration rights linked to the share price [see section 5]	5,299

c) Remuneration for belonging to other governing bodies of group, multigroup or associated undertakings.

The executive and external Directors of Grupo Ferrovial, S.A. who are also members of the governing bodies of other group, multi-group or associated undertaking received a combined total of 94 thousand euro.

d) Pension funds and plans or life insurance premiums.

In 2004, no amounts were paid in favour of former or current members of the Company's Board of Directors in connection with pension funds or plans. Also, no obligations for these items were arranged in the year.

The Company has arranged death benefit insurance policies; in 2004, it paid 6,000 euro for policies to cover the executive Directors.

No contributions were made or obligations arranged in terms of pension funds and plans for company directors who belong to the boards of directors and/or senior management of group, multigroup or associated companies. No life insurance premiums were paid.

e) Advances and loans.

At 31 December 2004, the Company had not provided any advances or loans to its directors as such or in their status as directors and/or senior management of group, multigroup or associated companies.

4. Remuneration of senior management

The Senior Management of the Company, who report immediately to the Chairman or the Chief Executive Officer, jointly accrued during financial year 2004 the following remuneration:

	Thousand euro
Fixed remuneration	1,957
Variable remuneration	1,279
Stock options and/or other financial instruments: exercise of remuneration rights linked to the share price [see section 5]	7,708
Remuneration as members of governing bodies of other group companies, multigroup or associated undertakings	44
Insurance premiums	8

(1) The bylaw-mandated remuneration actually paid to the Board of Directors in 2004 amounted to 1,148 thousand euro.

Senior managers received loans totalling 650 thousand euro.

The remuneration is payable to the persons holding the following positions:

- Chief Financial Officer
- General Manager of Human Resources
- General Manager of Construction
- General Manager of Infrastructure, although this includes only the fixed remuneration and the insurance premiums until 1 October 2004, when Cintra Concesiones de Infraestructuras de Transporte, S.A. began to pay his remuneration.
- General Manager of Real Estate
- General Manager of Services
- Manager of External Relations and Communication
- Audit Manager
- Manager of Quality and Environment

Remuneration for senior managers who are also executive directors is not included since it is indicated above.

5. Remuneration system linked to the share price (2000/2001)

A system of remuneration linked to the value of the Company's shares is provided for the Senior Management of the Company, including the members of the Board of Directors with executive duties. At 31 December 2004, the rights allocated to executive directors over 267,516 shares and those allocated to the other senior managers over 250,764 shares were in force.

This system results from the execution of the resolutions adopted by the Board of Directors which were approved by the Shareholders' Meetings on 31 March 2000 and 30 March 2001. The maximum number of shares for the purposes of calculating the directors' remuneration authorised by the General Shareholders' Meeting is 1,702,647, equivalent to 1.213% of share capital.

This system consists of granting the right to receive the amount by which the share price appreciates between the date the right is granted and the date it is exercised, which must be between three and six years after the date the right was granted. This right and the specific amount to be received is conditional upon attainment of a minimum rate of return on consolidated equity.

The Comisión Nacional del Mercado de Valores was duly informed of the approval of the system and the rights assigned to each beneficiary.

At 31 December 2004, that system resulted in the payment of the amounts stated in the section on "Stock options and/or financial instruments" in the tables on remuneration of executive directors and senior managers.

The share price appreciated 189% between 31 December 2000 and 31 December 2004.

In order to offset the possible impact on the company's net worth of exercising those (or other) remuneration systems, the company arranged equity swaps with financial institutions to ensure that, when the remuneration had to be paid, the company would receive an amount equal to the share appreciation, so the remuneration payments have not had any impact on company earnings.

6. Stock options plan (2004)

On 26 March 2004, the Shareholders' Meeting approved a stock options plan applicable to Board members with executive functions and to senior managers directly answerable to the Board or to its delegate bodies.

The plan consists of granting stock options of Grupo Ferrovial, S.A., which can only be exercised between three and six years after granting, so they cannot be exercised until 2007. This right is conditional upon attainment of a minimum rate of return on consolidated equity.

Each option corresponds to one share and the total number of options that can be granted under the plan cannot exceed 1,700,000, equivalent to 1,700,000 shares (1.21% of capital of Grupo Ferrovial, S.A.).

The option's strike price is the average share price in the twenty stock market sessions prior to the date on which the options were granted.

The premium to be paid by the beneficiary is 1 euro per share.

In order to hedge future appreciation in the Company's share value, a hedge was arranged with a financial institution.

The Comisión Nacional del Mercado de Valores was informed of the system on 26 and 31 March and 7 May 2004.

The percentage of options allocated to those persons with respect to the total number of options granted varies between a minimum of 0.95% and a maximum of 18.95%.

7. Other information on remuneration

Eight of the contracts between the company and senior managers, including two executive directors, envisage the right to receive indemnities in the event of unfair dismissal as established in article 56 of the Workers' Statute.

In order to enhance their loyalty and permanence, deferred remuneration has been granted to seven senior managers. This is an extraordinary remuneration item that is effective only when one of the following circumstances occur:

- A senior manager leaves by mutual agreement upon reaching a certain age.
- Unfair dismissal or severance without just cause prior to the date on which the senior manager reaches the age initially agreed upon, if the amount is higher than that resulting from applying the Workers' Statute.
- Death or disability of a senior manager.

To cover this incentive, the company makes annual contributions to a group savings insurance policy, in which the company is both the policyholder and beneficiary; they are quantified according to a certain percentage of the total monetary remuneration of each senior manager. The amount paid for this item in 2004 totalled 1,517 thousand euro.

III. COMPOSITION OF BOARD COMMITTEES

1. Executive Committee

In July 2000, in accordance with the Bylaws, the Board of Directors established an Executive Committee to which it expressly delegated all the powers corresponding to the Board of Directors, except the powers that cannot be delegated under the law or the Bylaws.

The Executive Committee currently comprises the following Directors:

Rafael del Pino y Calvo-Sotelo	Executive and proprietary
Santiago Bergareche Busquet	Independent
Jaime Carvajal Urquijo	Independent
Joaquín Ayuso García	Executive
Fernando del Pino y Calvo-Sotelo	Proprietary
José María Pérez Tremps	Executive

The Executive Committee is chaired by the Chairman of the Board of Directors and the Committee's Secretary is the Secretary to the Board of Directors.

2. Audit and Control Committee

The current composition of the Nomination and Remuneration Committee is as follows:

Santiago Eguidazu Mayor <i>Chairman</i>	Independent
Santiago Bergareche Busquet	Independent
CASA GRANDE DE CARTAGENA S.L., represented by María del Pino y Calvo-Sotelo	Proprietary
Gabriele Burgio	Independent

3. Nomination and Remuneration Committee

The current composition of the Nomination and Remuneration Committee is as follows:

Juan Arena de la Mora <i>Chairman</i>	Independent
Santiago Bergareche Busquet	Independent
Jaime Carvajal Urquijo	Independent
Santiago Eguidazu Mayor	Independent

IV. SELECTION, APPOINTMENT AND REMOVAL OF DIRECTORS AND ASSESSMENT OF THE BOARD OF DIRECTORS

1. Selection of Directors

The Board of Directors Regulation establishes a procedure for the appointment and re-appointment of Directors. When applied, this process has been carried out with the involvement of specialist selection firms.

The Nomination and Remuneration Committee drafts the candidate selection criteria, which are submitted for Board of Directors approval.

The Company strives to ensure that persons appointed as Directors are of acknowledged ability, competence and experience.

The Board of Directors Regulation states that the persons meeting any of the conditions described in section B.I.1 cannot be appointed as independent Directors.

The Board of Directors Regulation also states that proprietary Directors cannot have stable significant commercial, economic, labour or professional relations, directly or indirectly, with Ferrovial, except those inherent to the posts as Chairman or CEO.

The Board Regulation does not establish any specific requirement for appointing the Board Chairman.

2. Term of office

In accordance with the Company's Bylaws and the Board Regulation, a Director's term of office is three years, with the possibility of re-appointment.

There is no term limit for independent directors.

3. Appointment of the CEO, Board Secretary, and members of the Board Committees

The Nomination and Remuneration Committee must also advise the Board of Directors about the appointment of the CEO and Secretary, and propose the members of each committee.

4. Resignation of Directors

The Regulation also establishes the reasons for which a Director must tender his/her resignation to the Board of Directors. In addition to resigning when the period for which they were appointed ends or when the Shareholders' Meeting so decides, the following causes are also envisaged:

- Executive directors, when the Board sees fit.
- Proprietary directors, when the stake in the Company that enabled them to be appointed as such is disposed of.
- In the event of infringement of any of the incompatibility regulations or prohibitions established by law or by the internal regulations.
- Upon request by the Board of Directors due to breach of the Director's obligations.
- When the Director's position on the Board of Directors may jeopardise Ferrovial's interests.
- When directors reach the age of 70. The Chairman and Vice-Chairman (if executive), the CEO and Secretary of the Board must resign at 65, but may continue as Directors and hold the office of Chairman or Vice-Chairman if they are not executives.
- When there are significant changes in their professional situation or in the conditions by virtue of which they were appointed Directors.
- When, because of events attributed to the director, the Board considers that his/her continuance on the Board causes serious damage to the Company's net worth or reputation.

5. Assessment of the Board of Directors

In accordance with the Board of Directors Regulation, at least one of the meetings held each year must be dedicated to assessing the Board's functioning and the quality of its work.

In 2004, an assessment procedure was organised and implemented and will culminate in the first half of 2005; as in 2003, a specialist outside firm will be involved.

The assessment continues and expands upon the one performed in 2003, which was explained in the 2003 corporate governance report, and the aim is to provide detailed analysis of the Board and its Committees by comparing their organisation and functioning with market recommendations and practices. Each board member will also be assessed.

V. RESPONSIBILITIES, ORGANISATION AND PERFORMANCE OF THE BOARD OF DIRECTORS

1. Responsibilities

a) General functions

The function of the Board of Directors of Grupo Ferrovial S.A. is to manage, represent and supervise as may be necessary so as to ensure that the Company attains its corporate purpose, while seeking to protect the Company's general interests and create value to the benefit of all the shareholders.

Without prejudice to the powers delegated to it, the Board, directly or through its Committees, has exclusive powers regarding a number of matters, including:

- Appointment, remuneration and, where appropriate, removal of senior managers.
- Approval and oversight of the strategies established for the Company's development.
- Oversight and evaluation of the executives' conduct of business.
- Incorporation of new companies and acquisition or sale of stakes in existing companies, where the latter imply the obtainment or loss of a majority stake, exceeding certain percentages of ownership, or the commencement or abandonment of business lines.
- Mergers, spin-offs or concentrations involving the company or any of its direct investees.
- Investment, divestment, financing or guarantee transactions involving substantial group assets or for amounts above specific thresholds.
- Policy of disclosure and reporting to shareholders, markets and public opinion.

b) Specific functions related to financial disclosure and financial statements

(i) Powers of the Board and the Audit and Control Committee

One of the Board of Directors's power that is specifically regulated is to monitor the Company's financial statements, at least every quarter, and supervise the information that is provided periodically to the markets or supervisory authorities, ensuring that the information is drafted in accordance with the same principles as the financial statements and that it is equally reliable.

For this purpose, the assistance of the external auditors or any Ferrovial executive may be called upon.

The Audit and Control Committee has the following functions in relation to financial information and financial statements:

- Be aware of the company's financial information process and the internal control systems and monitor compliance with the legal requirements and the correct application of generally-accepted accounting principles. Inform the Board of changes in accounting criteria and of any possible risks.
- Supervise the information that the Board of Directors must approve and include in the company's annual public documentation.
- Assist the Board of Directors in its task of ensuring the accuracy and reliability of the financial information that the Company must provide periodically to the markets, investors and authorities, in accordance with the applicable regulations.

In accordance with the Regulation, the Audit and Control Committee may request assistance from experts when it deems that Ferrovial's technical resources are not sufficient for reasons of independence or specialisation. The Committee may also request assistance from any member of the senior management.

The Audit and Control Committee's report, which is included in the Company's management report, makes reference to the meetings held with the external auditor.

(ii) Certification of financial statements

The financial statements submitted for the Board's approval must be certified beforehand by the Company's Chairman, Chief Executive Officer and Chief Financial Officer.

The 2004 financial statements will be certified by Rafael del Pino y Calvo-Sotelo, as Chairman of the Board of Directors, Joaquín Ayuso García, as Chief Executive Officer, and Nicolás Villén Jiménez, as Chief Financial Officer.

(iii) Provisions specifically regulating the auditors' report

Regarding the function of drafting the financial statements, the Board Regulation states the following:

- The financial statements shall be drafted in such a way to avoid any qualifications from the auditor.
- Nevertheless, if there is a qualification and the Board believes that its position is sound, it must publicly explain the content and scope of the discrepancy.

2. Organisation and functioning

a) Notice of meetings

The Board normally meets on a monthly basis at the Chairman's initiative whenever the latter sees fit, or whenever at least two Board members so request.

The Board of Directors held eleven (11) meetings in 2004, all of which were attended by the Chairman.

b) Directors' right to be informed and obtain external advice

Board of Directors meetings are convened by written notice addressed personally to each director, with the necessary documentation about the agenda, at least one day before the date of the meeting, except in the event of extraordinary circumstances.

The Board drafts an annual meeting schedule.

Also, the Board of Directors Regulation allows directors to request information directly from senior management, giving notice of this to the Chairperson, and to request information that they may reasonably need from the Chairperson, CEO or Board Secretary.

The Board of Directors Regulation establishes that, in order to assist them in discharging their duties, external directors may request the engagement, at the Company's expense, of legal, accounting and financial consultants and other experts for major, complex problems. The request for the engagement of external consultants must be made to the Company Chairperson and the Board of Directors can reject the request only in limited circumstances.

There is a specific provision that enables members of the Audit and Control Committee to be assisted by experts in the discharge of their duties.

c) Proxies

In accordance with the Bylaws and the Board of Directors Regulation, if a Director cannot attend a meeting, he/she must try to grant a special written proxy to another Board member that includes the appropriate instructions, if the agenda allows.

d) Quorum

The Board is quorate when at least half of its members are present or represented.

Unless a legal provision states otherwise, resolutions are adopted by absolute majority of those in attendance.

In the event of a tie on any issue, the chairperson has the casting vote.

e) Third-party liability insurance

The Company has arranged third-party liability insurance for its directors and other parties.

VI. RESPONSIBILITIES, ORGANISATION AND PERFORMANCE OF BOARD COMMITTEES

1. Board Committee Regulations

The Executive Committee is governed by the Board Regulation and, where applicable, by the rules laid down for the Board of Directors.

The composition, positions, functioning rules and powers of the Audit and Control Committee are governed by the Bylaws.

Moreover, the Board of Directors Regulation establishes that the advisory committees shall regulate their own function and, where there are no specific provisions, the rules of functioning established by the Regulation in relation to the Board shall apply, provided that they are compatible with the committee's nature and purpose.

2. Executive Committee

The Executive Committee has been expressly delegated with all the powers corresponding to the Board of Directors, except the powers that cannot be delegated under law or the Bylaws.

It is entrusted with proposing and overseeing Ferrovial's financial, commercial and investment strategies.

The rules governing the Executive Committee are based on the principles that govern the Board of Directors and are included in the corresponding Regulation.

At the Board of Directors meeting immediately subsequent to a meeting of the Executive Committee, the Board members are notified of the resolutions approved at the Executive Committee meeting and are supplied with a copy of the corresponding minutes.

The Committee's ordinary meetings are held at least once a month.

The Executive Committee held eleven (11) meetings in 2004.

3. Advisory Committees

The Advisory Committees to the Board of Directors are the Audit and Control Committee and the Nomination and Remuneration Committee, which were created in 1999.

These Committees comprise external Directors only, in accordance with the Board Regulation, and they have the powers of information, advice, supervision and proposal in the matters of their respective competence. The committees' powers of proposal do not preclude the possibility of the Board deciding on such matters on its own initiative, while duly consulting the corresponding committee.

According to the Board Regulation, a decision which clashes with a Committee's recommendations can only be adopted with a resolution by the Board of Directors.

In accordance with the Board Regulation, the Chairmen of both Committees are independent Directors. They also share the same limits as to minimum and maximum number of members, as established by the Board Regulation: between four and six.

a) Responsibilities of the Audit and Control Committee

The main functions of the Audit and Control Committee are as follows:

- Supervising compliance with the legal requirements and the correct application of generally accepted accounting principles.
- Liaising between the Board of Directors and the external auditors, and assessing the results of each audit.
- Supervising the information which the Board of Directors must approve and include in its annual public documentation.
- Assisting the Board in its mission of ensuring the correctness and reliability of periodical financial information.
- Advising on the procedure to appoint and replace the internal audit manager.
- Analysing and evaluating the main business risks and the systems established to manage and control them.
- Advising on the exemptions and authorisations in matters relating to Directors' duties.
- Advising on Company transactions with shareholders, Directors and Senior Management subject to Board approval.

The Audit and Control Committee drafts an annual report on its activities that is included in the Company's management report.

Its Chairperson also informs the Shareholders' Meeting of this Committee's activities.

The Audit and Control Committee held six (6) meetings in 2004.

b) Responsibilities of the Nomination and Remuneration Committee

The main functions of the Nomination and Remuneration Committee are as follows:

- Advising on the proposals for the appointment of Directors and of the CEO.
- Proposing the members of each Committee.
- Advising on the system and amount of annual remuneration for Directors.
- Advising on the appointment or dismissal of the executives who report directly to the CEO.
- Advising on the system and amount of annual remuneration for Directors.
- Advising on the contracts and remuneration system for Senior Management.

The Nomination and Remuneration Committee held six (6) meetings in 2004.

VII. BOARD REGULATION

The Board of Directors Regulation text is available on Ferrovial's web site (www.ferrovial.com).

On 28 May 2004, the Board of Directors resolved to amend the Board of Directors Regulation in order to unify all corporate governance powers in the Audit and Control Committee, except for the powers referring specifically to appointments or remuneration, which will continue to depend on the Nomination and Remuneration Committee.

That amendment will be fully addressed at the forthcoming Shareholders' Meeting.

VIII. RELATIONS BETWEEN THE BOARD OF DIRECTORS AND THE MARKETS, EXTERNAL AUDITORS AND FINANCIAL ANALYSTS

1. Dissemination of information about the Company

a) Actions by the Board of Directors

In accordance with the Board Regulation, the Board of Directors has adopted the necessary measures so that the information about the company is made known to the shareholders and the general investment community, using the most efficient means available so that the information is transmitted equally, immediately and without hindrance to the recipients.

One of the Board's functions is to establish appropriate regular information exchange mechanisms with institutional investors which, in accordance with the Board Regulation, must not have access to information that might place them in a privileged situation or give them an advantage over other shareholders.

b) Regulation of significant information

The Internal Code of Conduct of Grupo Ferrovial, S.A. establishes the obligation to notify the CNMV of significant information (as defined in the Securities Market Law) before disseminating it via any other means and immediately after the circumstances making that notification obligatory have arisen.

Whenever possible, significant information is notified when the market is closed in order to avoid distortions in trading.

The Chairperson, CEO, Board Secretary, CFO and the External Relations and Communications Manager have the function to confirm or deny public information about circumstances considered to be significant information.

c) Internal procedures for controlling information about significant transactions

To comply with the obligations in article 83 bis of the Securities Market Law as amended by Law 44/2002, dated 22 November, on measures to reform the financial system, the Company established an internal procedure for the control measures that must be implemented in the organisation that has the responsibility to manage significant transactions in coordination with the Company Secretariat. Such measures refer to the limits on access to information; book-keeping; regulations on filing, reproduction and distribution of information; share price monitoring; and others.

2. Relations with auditors and analysts

a) Audit and Control Committee

Another function of the Audit and Control Committee is to propose the appointment, conditions of engagement, extent of professional mandate and, where appropriate, revocation or non-renewal, of the auditor.

The Audit and Control Committee can never propose to the Board of Directors to engage an audit firm where the fees it plans to pay, under all headings, exceed 5% of the firm's total revenues in the last business year.

b) Internal procedures

According to the Company's internal procedures, the Financial Department is responsible for engaging external auditors when companies are acquired (due diligence) or other special work is performed that requires external auditors.

Moreover, the engagement from the external auditor of Grupo Ferrovial, S.A., its subsidiaries or an entity related to the audit firm of any professional consulting or advisory service other than the review of the financial statements must be authorised beforehand by the CFO.

c) Audit fees

The current audit firm of the Company and its consolidated group, which has audited the financial statements for the last two years (of the fifteen in which Grupo Ferrovial has been subject to statutory audit) also performed other work. The next table shows those fees, a significant part of which correspond to work related to the IPO of Cintra Concesiones de Infraestructuras de Transporte, S.A.:

Thousand euro	Company	Group	Total
Fees for work other than auditing	0	702	702
Fees for work other than auditing/ Total fees billed by the audit firm (%)	0	42.18%	40.67%

d) Restrictions on hiring analysts

The Nomination and Remuneration Committee establishes measures to check that Ferrovial does not hire, as employees or senior managers, persons who have covered the company at a rating agency in the two years after leaving such agency.

C. Related-party transactions

I. TRANSACTION APPROVAL

In accordance with the Board of Directors Regulation, all professional and commercial transactions with Grupo Ferrovial, S.A. or its subsidiaries require Board authorisation, based on a report by the Audit and Control Committee. In the case of ordinary transactions, the Board of Directors may approve general guidelines.

The following must comply with this system:

- Directors of Grupo Ferrovial, S.A.
- Controlling shareholders.
- Individuals who represent Directors that are legal persons.
- Senior Management.
- Other managers who the Board of Directors designates individually.
- Related persons of all the foregoing, as defined in the Regulation.

II. RELATED-PARTY TRANSACTIONS

Below are the transactions made in 2004 on an arm's length basis as part of the company's and group's normal transactions.

1. Significant shareholders

Details of the transactions made in 2004 with significant shareholders, with members of the controlling family group and with entities closely linked to that group, in accordance with the section on the COMPANY'S OWNERSHIP STRUCTURE:

- Facility management in Madrid by Ferrovial Servicios, S.A. and subsidiaries: 321 thousand euro.
- Office rental in Madrid by Ferrovial Conservación: 162 thousand euro.
- Real estate services in Madrid: 110 thousand euro.
- Lease of vehicles for use by Company management: 54 thousand euro.
- Construction contracts by Ferrovial Agromán and subsidiaries: 25 thousand euro.
- Conservation, maintenance and repair of homes: 16 thousand euro.
- Casa Grande de Cartagena, S.L.: Construction work by Ferrovial Agromán, S.A. and subsidiaries: 116 thousand euro.
- Casa Grande de Cartagena, S.L.: Facility management in Madrid by Ferrovial Servicios, S.A. and subsidiaries: 135 thousand euro.

In addition to those transactions, there was a minor transaction with significant shareholders which consisted of providing assembly, repair and maintenance services at homes or headquarters of a nonmaterial amount and duration and always on an arm's length basis, the aggregate amount of which was 1,000 euro.

2. Transactions with Directors and Senior Managers

In 2004, the following transactions were made with Directors and Senior Management of the Company:

- Rafael del Pino y Calvo-Sotelo: Construction work at homes by Ferrovial Agromán and subsidiaries: 1,389 thousand euro.
- Rafael del Pino y Calvo-Sotelo: Maintenance services at homes by Ferrovial Servicios, S.A. and subsidiaries: 3 thousand euro.
- Santiago Bergareche Busquet: Maintenance services at homes by Ferrovial Servicios, S.A. and subsidiaries: 1 thousand euro.
- Joaquín Ayuso García: Minor construction work at homes by Ferrovial-Agromán, S.A. and subsidiaries: 3 thousand euro.
- Joaquín Ayuso García: Acquisition of a home under development in Madrid from Ferrovial Inmobiliaria, S.A. and subsidiaries: 234 thousand euro.

- Nicolás Villén Jiménez: Acquisition of a home under development in Madrid from Ferrovial Inmobiliaria, S.A. and subsidiaries: 170 thousand euro.
- Álvaro Echániz Urcelay: Acquisition of a home under development in Madrid from Ferrovial Inmobiliaria, S.A. and subsidiaries: 45 thousand euro.
- Amalia Blanco Lucas: Acquisition of a home under development in Madrid from Ferrovial Inmobiliaria, S.A. and subsidiaries: 62 thousand euro.

In accordance with the Company's Board Regulation, which establishes that the companies in which its directors have an executive position are related parties, we provide information on transactions made with Bankinter, S.A., whose Executive Chairman is the director Juan Arena del Mora, and with NH Hoteles, S.A., whose Chairman is the director Gabriele Burgio.

- Transactions with BANKINTER, S.A., whose Chairman is the director Juan Arena de la Mora:
 - Banking services provided by Ferrovial (commissions): 55 thousand euro.
 - Credit facilities or loans: 74,300 thousand euro (drawn: 52,540 thousand euro)
 - Mortgage limit: 39,440 thousand euro.
 - Bank guarantee lines: 70,210 thousand euro (drawn: 17,910 thousand euro).
- Transactions with NH HOTELES, S.A., whose Chairman is the director Gabriele Burgio:
 - Hospitality services provided by NH HOTELES: 87 thousand euro.
 - Maintenance services provided to NH HOTELES by Ferrovial Servicios, S.A. and subsidiaries: 13 thousand euro.

In addition to those transactions, there were transactions with directors and senior managers totalling 3,000 euro for provision of assembly, repair and maintenance services at homes of a nonmaterial amount and duration and always on an arm's length basis.

Information about loans is provided in Section B (Administrative Structure) in the section on remuneration.

3. Transactions with group companies

Below are the significant transactions between the companies that belong to Grupo Ferrovial which form part of the company's normal operations with regard to their purpose and conditions and have not been eliminated in consolidation.

As detailed in Note 2.c), balances and transactions relating to construction work performed by the construction division for the infrastructure concession companies are not eliminated upon consolidation since, in accordance with article 38 of Royal Decree 1851/1991, on regulations for drafting consolidated financial statements, since those transactions are understood to be performed for third parties since the final owner of the work performed is the granting administration from both an economic and legal standpoint.

In 2004, Grupo Ferrovial's construction division billed the infrastructure division for the work performed, and for advances related to that work, a total of 465,970 thousand euro and recognised 444,774 thousand euro as revenue for that work.

The profit on those transactions that was not eliminated upon consolidation, which is attributable to Grupo Ferrovial's stake in the concession companies that received the services, amounted to 13,982 thousand euro, net of taxes and minority interests.

III. CONFLICTS OF INTEREST

The Board of Directors Regulation establishes that, among other obligations, Directors must strive to avoid situations that might involve a conflict of interest and must provide the Board Secretary with due advance notice of any such situations.

If required, the matter is submitted to the Board of Directors.

In any case, Directors must not attend or intervene in the debates on matters in which they have a personal interest.

Those obligations also apply to controlling shareholders, senior management and persons related to them.

In particular, the Regulation also states that proprietary Directors must inform the Company of any situations that may involve a conflict of interest between the shareholders who proposed their appointment and Ferrovial. In these cases, they must not participate in adopting the corresponding resolutions.

At 31 December 2004, the Company was not aware of any conflicts of interest between the company and its directors.

D. Risk control systems

I. RISK POLICY AND RISKS COVERED BY THE CONTROL SYSTEM

Grupo Ferrovial performs all types of activities (construction, infrastructure concessions, real estate, municipal services and facility management) in many countries; therefore, it deals with different social and economic situations and regulatory frameworks. In this context, a range of risks are generated that are inherent to Grupo Ferrovial's activities.

In general, Grupo Ferrovial believes that significant risks are those that may compromise the personal safety of its employees, the profitability of its activities, the financial solvency of the company or group, and the corporate reputation.

In particular, the most significant risks specific to Ferrovial's activities are as follows:

1. Risks related to deficiencies or delays in executing work or providing services.
2. Environmental risks:
 - a) Risks arising from practices that may generate a significant environmental impact, mainly as a result of construction work, waste management or treatment, and the provision of other services.
 - b) Risk of failing to comply with current regulations, specifically those related to adapting the group's new activities to the latest environmental and planning legislations.
3. Financial risks, especially:
 - a) Changes in interest rates and exchange rates for activities outside Spain.
 - b) Non-payment or default of customers.
4. Risks due to damage:
 - a) Liability for damage to third parties while providing services.
 - b) Damage to infrastructure developed or managed by Grupo Ferrovial, due basically to natural disasters.

Additionally, other more generic or less specific occupational risks are also covered, specifically the health and safety of employees (especially in construction) and damage to goods and assets of group companies.

The management systems described in section II below are based on global risk management and cover all Grupo Ferrovial's areas of activity and corporate spheres.

The control systems were conceived for the effective identification, measuring, assessment and prioritisation of risks. Those systems generate sufficient reliable information for the various units and bodies with risk management powers to decide in each case if they should be assumed in controlled conditions, mitigated or avoided.

II. CONTROL SYSTEMS

Risks are identified and control measures are established in all corporate and business spheres via a system based on international global risk management standards (IRM, AIMC, ALARM. 2002).

The information used by the system is generated in each business area through a small workteam that includes the heads of the finance, quality & environment, human resources, and legal departments, directly supervised by the General Manager of the corresponding area. All members of the workteam belong to management.

The risks that are detected are assessed and prioritised by a standardised semi-qualitative procedure based on a system of significant reliable indicators; in each case, the control and management measures established are described. This information is transmitted periodically to the corporate level, where it is compiled and cross-checked before notifying the bodies and units detailed in section IV.

Our control systems are as follows.

1. Management systems

a) Quality management systems

All the business areas have implemented ISO 9001-compliant quality management systems certified by accredited bodies. In all cases, those systems have been implemented at the production centre via quality plans developed specifically for each one and they ensure (a) prior planning of the relevant processes for the quality of the product or service; (b) systematic, documented control of such processes; and (c) sufficient feedback in order to detect systematic errors and design corrective or preventive measures to avoid or mitigate those errors in the future.

In 2004, the Real Estate and Construction areas developed and implemented a new tool to control the quality of homes handed over (the "Inca" system), which includes identifying critical points in the process and activating improvement projects to increase the quality of the product delivered to the customer and after-sales service.

b) Environmental management systems

The business areas with significant environmental risks (mainly, Construction and Services) have implemented environmental management systems that comply with at least the ISO 14001 standard. In all cases, the systems have been certified by accredited bodies. In the production centres, those systems are adapted to the site via an environmental management plan that envisages the systematic planning and control of the processes that involve environmental risk, the applicable legal requirements, and the establishment of quantified objectives for improving environmental performance of the production centre.

The activities are subject to ongoing environmental assessment of the processes, the applicable environmental practices, and compliance with the legislation.

Grupo Ferrovial has an innovative environmental risk control and monitoring tool called EPI (environmental performance index), which has been validated by a government-sponsored research centre (King Juan Carlos I University in Madrid) and recognised by UNESCO's Environmental Chair. The EPI has been implemented in the Construction area and is being developed in the Services area, where it will be fully operational in 2005.

c) Other preventive measures:

• Occupational safety systems

In all the areas and in the corporate sphere, occupational safety systems have been applied in accordance with Law 31/1995 and its implementing regulation. Safety systems are periodically audited by external bodies accredited for this purpose.

The areas with most significant occupational risks, particularly Construction, have health and safety plans specifically designed for each project and are continuously monitored by central services. Monitoring visits assess on-site safety measures, including all outsourced activities. In 2004, the Construction area implemented a new, more effective safety system, with a broader scope, developed in collaboration with Instituto Nacional de Seguridad e Higiene en el Trabajo.

• Financial risk control mechanisms

Exchange rate fluctuations:

In general, management of this risk is centralised through the Finance Department based on non-speculative criteria.

In order to ensure that projected cash flows are not affected by exchange rate variations, the following are hedged:

- Multi-currency projects
- Income of foreign subsidiaries and dividends or refunds of capital expected to be received from foreign subsidiaries.
- Cash of foreign subsidiaries.
- Remittance of funds for investments in projects.
- Payments to suppliers in foreign currency.

Interest rate fluctuations:

Infrastructure project financing, which is linked to the project cash flow and does not have any guarantees from shareholders, is either arranged at a fixed interest rate or is hedged against interest rate fluctuations (the latter is usually imposed by lenders).

In other Group activities, the Company is rethinking the possibility of partially or fully hedging its interest rate exposure due mainly to changes in the group's financial structure and the macroeconomic variables.

Management of country-risk in investments outside Spain (Infrastructure area):

Grupo Ferrovial's investment capacity is focused mainly in OECD countries since their political, social and economic conditions and legal certainty are considered to be sufficient and sound. In this context, the risks that the government will repossess the concessions are sufficiently hedged by the clauses that guarantee indemnity and compensation to concession holders.

Non-payment or default:

The risk of non-payment by private customers, mainly in the Construction area, is mitigated by a study of their solvency prior to signing the contract. The contractual requirements are supervised by the legal and financial departments in order to ensure that they provide sufficient guarantees of response in the event of non-payment, including halting the work. During the performance of the work arranged, the financial department continually monitors the certificates and collection documents, and their effective payment.

2. Risk coverage systems

Grupo Ferrovial has a corporate insurance policy for all its activities. The risks that can be laid off via insurance policies (including damage to company-owned goods and infrastructure built by group companies) are continually monitored since the company analyses and revises coverage, indemnity caps, exclusions, and premium costs.

In 2004, Grupo Ferrovial redefined its insurance policy in order to increase efficiency in terms of coverage and costs. Among other items, the company reinforced its organisational structure by creating a Corporate Insurance Unit, whose functions include identifying risks, defining corporate insurance policies, and optimising insurance policy arrangement and management conditions.

III. RISKS IN 2004

In 2004, there were no risks other than those caused by the normal development of Grupo Ferrovial's various activities, which did not have significant adverse effects on the company.

In fact, when there has been a situation in which a risk could materialise, the prevention, information and control mechanisms worked effectively; therefore, the company believes that its risk management systems and resources have worked satisfactorily.

IV. BODIES RESPONSIBLE FOR RISKS

A Quality & Environmental Department was created in 2003 that is directly accountable to the CEO; its powers include most of those related to coordinating and monitoring the group's risk profile.

The Corporate Insurance Unit was created in 2004; its functions are described in section II, and it forms part of the Quality & Environmental Department.

The Audit Department, also part of the corporate unit, plans and works on the basis of the identified risks in order to assess the efficacy of the measures established for risk management.

In accordance with the Board of Directors Regulation, the Audit and Control Committee's powers include periodically analysing and assessing the businesses' main risks and the systems established for their management and control. The Committee spends most of its meeting schedule on this function and is periodically assisted by the heads of the aforementioned corporate departments.

V. COMPLIANCE PROCESSES

The quality, environmental and occupational safety management systems are continually being assessed and audited internally. The audit plans affect both central services and the production centres. In all cases, audits are performed by central services of both the business areas and the corporate department, with the cooperation of qualified technicians who know the business but are independent of the production line.

Internal audit

The Audit Department, which reports directly to the Chairperson and is at the disposal of the Board of Directors through the Audit and Control Committee, contributes to managing the risks the group faces in meeting its objectives.

The Audit Department continually analyses the control procedures and systems, organisation models and management variables of the group's main areas, including the projects within the various business lines and aspects of the various support departments. The conclusions are then reported to the heads of the areas assessed and the group's senior management, including specific recommendations aimed at implementing improvements.

The Audit Department also collaborates in investment and post-investment processes, it actively participates in fraud prevention and control, and it settles differences in internal relations between the various group companies.

To perform the aforementioned functions, the Audit Department has the knowledge and experience to enable it to have ongoing direct contact with the various businesses, and it draws on prestigious external advisors when necessary.

Code of Business Ethics

In 2004, the Board of Directors of Grupo Ferrovial, S.A. approved a Code of Business Ethics that establishes the basic business ethics principles and commitments that all its companies, employees and executives must respect and comply with in their activities.

The document complies with the company's commitment to ensure that relations between the company, its employees and other stakeholders adhere to the principles of respect for the law, ethical integrity and respect for human rights.

In parallel, the company also established a procedure for proposing improvements, making comments and criticisms, and reporting inefficient situations, inappropriate behaviour, non-compliance with the Code of Business Ethics and other matters, all of which can be done anonymously.

E. Shareholders' Meeting

I. CONVENING SHAREHOLDERS' MEETINGS AND ADOPTING RESOLUTIONS

1. Attendance right

In accordance with the Shareholders' Meeting Regulation and Bylaws, all the shareholders who own at least 100 shares can attend the Shareholders' Meeting and shares can be grouped to reach that figure.

Other than that minimum, there are no bylaw restrictions on attendance.

2. Proxies

Proxies at Shareholders' Meetings are governed by article 12 of the Bylaws and articles 12 and 13 of the Shareholders' Meeting Regulation. This regulation is considered appropriate for guaranteeing shareholders' rights to be represented at the Meeting and delegate their vote.

3. Quorum

The provisions in the Bylaws and Shareholders' Meeting Regulation relating to the quorum reproduce the legal regime established in articles 102 and 103 of the Spanish Corporations Law, summarised as follows:

	First call	Second call
Quorum	25%	No minimum
Special cases established by law	50%	25%. If less than 50%, resolutions must be adopted by two-thirds of the capital present or represented

4. Meeting Chair

The Chairman of the Shareholders' Meeting is the Chairman of the Board of Directors.

The Shareholders' Meeting Regulation is considered to be appropriate for guaranteeing the transactions of the Shareholders' Meeting.

Since the company was floated on the stock exchange, Grupo Ferrovial, S.A. has requested the presence of a notary to minute the Shareholders' Meeting and perform the related functions, such as helping to organise the round of questions as the Meeting decides and minute or custody the literal statements desired by the shareholders.

5. Adopting resolutions

There were no changes in the legal system for adopting resolutions; in accordance with the Bylaws and the Shareholders' Meeting Regulation, resolutions are adopted by a majority, unless the law provides otherwise.

II. SHAREHOLDERS' MEETING REGULATION. RIGHTS AND PARTICIPATION OF SHAREHOLDERS AT SHAREHOLDERS' MEETINGS

1. Rights and participation of shareholders

The Shareholders' Meeting Regulation, which was approved by the Shareholders' Meeting on 26 March 2004, regulates shareholders' rights in relation to shareholders' meetings and, in addition to the provisions established in the Spanish Corporations Law, it envisages the following:

Announcement of meetings

- As soon as the likely date of the Meeting is known, the Board may post it on the Company's web site or disseminate it by any other means it sees fit.
- The governing body shall consider the advisability of disseminating the notice of meeting via a larger number of media.

Drafting of agendas

- The Board may consider suggestions or proposals made in writing by shareholders and bearing relation to the Company's activities or interests which it deems of interest for the Meeting.

Right to be informed

- The Company will post on its web site the text of all the resolutions proposed in the Agenda, with an explanation of the reasons for each one.
- The Company will post on its web site the replies given to shareholders in response to the questions they raise.

Attendance of external auditors

- The external auditors must attend the Shareholders' Meeting.

Audit and Control Committee participation.

- The Chairman of the Audit and Control Committee must participate in Ordinary Shareholders' Meetings.

Shareholder participation

In accordance with the Board of Directors Regulation, one of the Board's functions is to encourage shareholder participation and adopt all appropriate measures to enable the Shareholders' Meeting to effectively perform its functions. The Board must strive to ensure that shareholders have all the necessary information so as to form an accurate opinion about the Company's performance.

The Shareholders' Meeting Regulation contains several provisions that encourage shareholders to participate:

- The Board must consider the advisability of disseminating the notice of meeting via a larger number of media.
- When the governing body is aware of the likely date of the Shareholders' Meeting, it can communicate this through the Company's web site or via any other means it deems fit.
- Shareholders must be told that the Meeting is more likely to be held at first call or at second call.
- To draft the Agenda, the Board must consider the suggestions and proposals made in writing by the shareholders which bear a relation to the Company's activities and interests and which it deems to be of interest to the Meeting.
- On occasion of giving notice of the Shareholders' Meeting, the Board must assess whether there are distance means of communication enabling shareholders to vote and/or grant proxy while duly ensuring the identity of the person exercising the right to vote or, if by proxy, the identities of the proxy and shareholder, and if the use of such means is feasible.
- The Company must post the text of all the proposed resolutions, and the documents and reports that are mandatory or are determined by the Board of Directors, on the web site. Proposed resolutions must include a justification.
- The Company's web site must contain all the information deemed to be useful to enable shareholders to attend and participate in the Shareholders' Meeting, including the procedure to obtain the attendance card; instructions on how to vote or grant proxy at a distance through the means of communication envisaged in the notice, if appropriate; information on the Meeting venue and how to get there; information on any systems or procedures that enable shareholders to follow the Meeting; and information about the Investor Relations Department.
- Shareholders can follow the Meeting at a distance via audiovisual means.
- Simultaneous translation mechanisms are possible.
- The company will study measures to enable disabled shareholders to access the Meeting room.
- The round of questions at the Shareholders' Meeting is regulated in detail, in addition to taking the floor, shareholders may verbally request any information or clarification they see fit about the items on the Agenda.
- Shareholders are guaranteed the right to be informed before or during the Meeting, in accordance with the Spanish Corporations Law.

2. Shareholders' Meeting Regulation

The current Shareholders' Meeting Regulation was approved by the Shareholders on 26 March 2004 and was registered at the Madrid Mercantile Registry and notified to the CNMV.

Since its approval and until year-end, it had not been amended.

3. Participation of institutional investors

The company has not been notified of institutional investors' policy of participation in company decisions.

III. SHAREHOLDERS' MEETINGS IN 2004

In 2004, the Board of Directors convened one Shareholders' Meeting, which was held on 26 March 2004.

1. Attendance

The Shareholders' Meeting on 26 March 2004 was attended by 71% of share capital: 60.190% present and 10.69% by proxy.

2. Resolutions adopted

In addition to voting on the approval of the individual and consolidated financial statements and the distribution of income, the Meeting was asked to vote on the approval of the Shareholders' Meeting Regulation and the Stock Options Plan for executive directors and senior management.

All the resolutions proposed by the Board of Directors were approved.

The full text of the resolutions and voting results are available on Ferrovial's web site.

IV. INFORMATION ON CORPORATE GOVERNANCE

The home page of the company's web site (www.ferrovial.com) has a link to the corporate governance section.

Furthermore, the corporate governance section can also be accessed from the "Information for shareholders and investors" section.

The web site is adapted to the form and content required by the CNMV Circular 1/2004, dated 17 March.

F. Degree of compliance with corporate governance recommendations

I. CORPORATE GOVERNANCE RESPONSIBILITY

In accordance with the Board of Directors Regulation, the Secretary is in charge of verifying the Company's compliance with the corporate governance regulations and of interpreting them, as well as analysing corporate governance recommendations with a view to their possible inclusion in the company's internal regulations.

In accordance with the Board Regulation, the Audit and Control Committee supervises compliance with the corporate governance regulation and proposes improvements and, specifically, since the Regulation was amended in 2004, comments beforehand on exemptions and other authorisations that the Board of Directors may grant with regard to directors' duties, and on company transactions with shareholders, directors and senior management which require the prior approval of the Board in accordance with the Regulation.

II. APPLICATION OF THE OLIVENCIA AND ALDAMA REPORTS

Since the IPO, Grupo Ferrovial, S.A. has sought to transmit information on corporate governance to the market and its shareholders through the corresponding corporate governance reports.

Since the publication of the "Report of the Special Commission to study a code of ethical conduct on companies' boards of directors" (Olivencia Code), Ferrovial has applied its recommendations, making detailed, individualised comments on each one, and it has also included the following corporate governance recommendations suggested in the "Report of the Special Commission for the promotion of transparency and reliability on securities markets and listed companies" (Aldama Report) in its internal regulations (mainly, the Board of Directors Regulation and the Internal Code of Conduct):

- **Composition of Board of Directors:**

- Definition of the various types of Directors:
- Inclusion of the incompatibilities of external Directors with regard to commercial or professional relations with the Company.
- Definition of independent Directors and the requirements for being appointed as such.
- Regulation of external Directors not classified as proprietary or independent Directors.
- Provision that proprietary and independent Directors cannot be removed.
- Inclusion of a significant proportion of independent Directors in the Board of Directors.

- **Directors' duties:**

- Inclusion, in the internal regulation, of a procedure for the Shareholders' Meeting or the Board to exempt Directors from certain duties.

- Extension of duties of loyalty to controlling shareholders and senior executives.
 - Regulation of conflicts of interest between the shareholder who proposes a proprietary Director and the Company.
 - Directors' right to contact Senior Management for the purposes of information and to be assisted by external professionals and obtain information from the Secretary (among others) to perform their functions.
 - Directors' obligation to notify the company of share acquisitions or sales within 48 hours.
 - Prohibition on holding executive positions in competing companies
 - Directors' duty to inform the company of claims against them.
- **Board functions:**
 - Obligation of the Board to analyse Ferrovial's budget and strategic guidelines and to monitor the Company's financial statements, at least every quarter, and supervise periodic public reporting.
 - Presentation of a triple balance sheet: economic, social and environmental.
 - Obligation of the Chairman, CEO and CFO to certify the correctness and completeness of the content of the financial statements.
 - Obligation of Board to draft the accounts clearly and accurately.
 - Obligation of the Board to ensure that shareholders have all the necessary information to make an informed opinion about the Company's performance.
 - **Board Committees:**
 - Obligation of the Audit and Control Committee to issue an Annual Report about its activities.
 - Empowerment to the Nomination and Remuneration Committee to establish measures to check that Ferrovial does not hire, as employees or senior managers, persons who have covered the company at a rating agency in the two years after leaving such agency.
 - Empowerment to the Audit and Control Committee to appoint or replace the internal audit manager.
 - Empowerment to the Audit and Control Committee to inform the Board regarding changes in accounting methods.
 - **Board remuneration:**
 - Consideration of any qualifications in the external auditors' report that have a significant impact on the corresponding year's profit and loss account when determining Directors' remuneration based on Company earnings.
 - Itemised disclosure of individual Directors' remuneration.

Other measures were also adopted to promote transparency and corporate governance:

- Extension of the Audit and Control Committee's powers to propose to the Board, for submission to the Shareholders' Meeting, the appointment of the external auditors of the company and its consolidated group.
- Implementation of a procedure for the Audit and Control Committee to assess the external auditor's competitiveness.
- Empowerment to the Audit and Control Committee to monitor internal audits, check the internal audit plan and, where appropriate, establish measures so that internal audit units can investigate irregularities and non-compliance, as set out in the Board Regulation.
- Prohibition of directors from being directors or executives of a competing company.
- Prohibition of directors from providing representation or consultancy services to competing companies unless they obtain authorisation from the Board based on a report by the Audit and Control Committee.
- Prohibition of directors from providing services of special importance to, and from being a director of, a competing company within the two years after they cease to be members of the Board, unless exempted.
- Obligation of Directors to inform the Company of other Directorships or Senior Management positions that they hold at other companies which are not competitors.
- Extension of directors' duties, as well as those of senior management and controlling shareholders, to individuals representing directors which are legal entities and other managers individually appointed by the Board.

There were no significant changes with respect to the recommendations not included in the internal corporate governance regulation made public in the 2003 report:

- Submission of some business decisions to the Shareholders' Meeting. It was considered appropriate not to introduce changes in the allocation of responsibilities between the Board and the Shareholders' Meeting. It was also considered very appropriate to ensure that the Company has, at all times, the ability to make decisions rapidly, which is sometimes incompatible with complying with the time periods involved in convening a Shareholders' Meeting.

In any case, Ferrovial maintains and will maintain complete transparency with shareholders regarding significant transactions and projects, and not only through the Shareholders' Meeting.

- Convening of the Shareholders' Meeting with more advance notice than required by law. The Company's objective is to hold the Ordinary Shareholders' Meeting as early as possible so that it can transmit its previous year's earnings to the market promptly and be ready to dedicate its resources to managing the current year as soon as possible. It is considered that this is a priority from the standpoint of efficiency and value creation, but that it is not always compatible with the commitment to establish periods longer than those legally established for holding the Shareholders' Meeting.

Nevertheless, the company undertakes to unofficially announce the date planned for the Meeting before the formal announcement.

- Possibility of shareholders proposing items on the Agenda and proposing alternative resolutions. Giving regulatory force to these initiatives is not considered to be fully compatible with the need for on-going advance information necessary for shareholders to exercise their rights.

In any case, the Shareholders' Meeting Regulation expressly states that the Board may consider the suggestions and proposals made in writing by shareholders, provided that they bear relation to the company's activities and that the Board believes them to be in the company's interest.

- Definition and dissemination of the policy for institutional investor participation. Ferrovial considers that these obligations should not be regulated specifically by issuers because they would lead to a disparity of conditions with respect to institutional investors.
- Creation of a Strategy and Investment Committee. As the Board of Directors has an Executive Committee, Ferrovial believes that it is not necessary to create another committee specialising in this matter since those functions are correctly performed by the Executive Committee.
- Rules governing golden handshakes in the event of dismissal or changes in control. Adoption of any such measures in favour of Senior Management requires a prior report by the Nomination and Remuneration Committee. In accordance with the Board Regulation, one of the Board's functions is to approve the remuneration policy and the remuneration for Senior Management. It was not considered to be necessary to submit such matters for approval by the Shareholders' Meeting. Apart from that, the Company undertakes to inform the market on those matters.
- Book provisions in the balance sheet for excess indemnities envisaged in golden handshake clauses. Ferrovial does not consider it necessary to implement a special, specific imperative regulation for provisions.

Ferrovial believes that its provision accounting correctly and completely reflects the net worth situation in all respects.

In any case, we refer to Section B.II.7 on directors' remuneration, which explains extraordinary remuneration and the circumstances when it is paid.

Standardisation of attendance cards for Shareholders' Meetings is recommended from the standpoint of good governance. As it disclosed in 2003, Grupo Ferrovial believes that it is not able to intervene in the process of issuance of attendance cards by depositaries although the next Shareholders' Meeting will study the viability of the company issuing its own card that facilitates remote proxy-granting or voting, once it has been checked that this does not impede or hinder due accreditation of the identity of the person delegating or voting and of his/her position as shareholder; such a card would not replace the one issued by depositaries.