

2005 Annual Report

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE REPORT

180

Annual Corporate Governance Report

Annual Report 2005

| | |
|---|-----|
| Introduction | 182 |
| A. Ownership structure | 183 |
| I. Share capital | 183 |
| II. Significant stakes and control | 183 |
| III. Stakes owned by the Directors | 183 |
| IV. Stock options | 184 |
| V. Shareholders' agreements and concerted actions | 184 |
| VI. Relations between owners of significant stakes and the Company and among the owners themselves | 184 |
| VII. Own shares | 184 |
| 1. Own shares | 184 |
| 2. Shareholders' Meeting authorisation | 184 |
| 3. Own shares: policy and rules | 185 |
| 4. Information on own shares | 185 |
| VIII. Legal and bylaw restrictions on voting rights and on buying and selling shares | 185 |
| B. The Company's administrative structure | 186 |
| I. Composition of the Board of Directors | 186 |
| 1. Members of the Board of Directors | 186 |
| 2. Profile of the independent Directors | 187 |
| 3. Officers of the Board of Directors | 188 |
| 4. Offices held by the members of the Board of Directors in other Ferrovial Group companies | 188 |
| 5. Offices held by the members of the Board of Directors in other non-Ferrovial companies listed in Spain | 189 |
| 6. Board members who are also members of the board of directors or executives of companies with significant stakes in the Company | 189 |
| 7. Stakes of board members in companies with the same, similar or complementary activities to Grupo Ferrovial's corporate purpose. Positions or functions | 189 |
| 8. Other information | 190 |
| II. Directors' and senior managers' remuneration | 191 |
| 1. Process to establish the remuneration for Directors (Board of Directors Regulation) | 191 |
| 2. Bylaws and regulations governing directors' remuneration | 191 |
| 3. Remuneration system for the Board of Directors in 2005 | 191 |
| 4. Remuneration of senior management | 193 |
| 5. Remuneration system linked to the share price (2000/2001) | 193 |
| 6. Stock options plan (2004) | 194 |
| 7. Other information on remuneration | 194 |
| III. Composition of the Board Committees | 195 |
| 1. Executive Committee | 195 |
| 2. Audit and Control Committee | 195 |
| 3. Nomination and Remuneration Committee | 195 |
| IV. Selection, appointment and removal of Directors and assessment of the Board of Directors | 195 |
| 1. Selection of Directors | 195 |
| 2. Term of office | 196 |
| 3. Appointment of the CEO, Board Secretary, and members of the Board Committees | 196 |
| 4. Resignation of Directors | 196 |
| 5. Assessment of the Board of Directors | 196 |
| V. Responsibilities, organisation and working of the Board of Directors | 197 |
| 1. Responsibilities | 197 |
| a) General functions | 197 |
| b) Specific functions related to financial disclosure and financial statements | 197 |

| | |
|---|-----|
| 2. Organisation and functioning | 198 |
| a) Notice of meetings | 198 |
| b) Directors' right to be informed and obtain external advice | 198 |
| c) Proxies | 198 |
| d) Quorum | 198 |
| e) Third-party liability insurance | 198 |
| VI. Responsibilities, organisation and working of the Board Committees | 199 |
| 1. Board Committee Regulations | 199 |
| 2. Executive Committee | 199 |
| 3. Advisory Committees | 199 |
| a) Responsibilities of the Audit and Control Committee | 199 |
| b) Responsibilities of the Nomination and Remuneration Committee | 200 |
| VII. Board Regulation | 200 |
| VIII. Relationship between the Board of Directors and the markets, external auditors and financial analysts | 200 |
| 1. Dissemination of information about the Company | 200 |
| a) Actions by the Board of Directors | 200 |
| b) Regulation of price-sensitive information | 200 |
| c) Internal procedures for controlling information about significant transactions | 201 |
| 2. Relations with auditors and analysts | 201 |
| a) Audit and Control Committee | 201 |
| b) Internal procedures | 201 |
| c) Audit fees | 201 |
| d) Restrictions on hiring analysts | 201 |
| C. Related-party transactions | 202 |
| I. Transaction approval | 202 |
| II. Related-party transactions | 202 |
| 1. Significant shareholders | 202 |
| 2. Transactions with Directors and Senior Managers | 203 |
| 3. Transactions with group companies | 205 |
| III. Conflicts of interest | 205 |
| D. Risk control systems | 206 |
| I. Risk policy and risks covered by the system | 206 |
| II. Control systems | 206 |
| III. Risk occurrence in 2005 | 208 |
| IV. Bodies with responsibility for risks | 209 |
| V. Compliance processes | 209 |
| E. Shareholders' Meetings | 210 |
| I. Convening Shareholders' Meetings and adopting resolutions | 210 |
| 1. Attendance right | 210 |
| 2. Proxies | 210 |
| 3. Quorum | 210 |
| 4. Meeting Chairmanship | 210 |
| 5. Adopting resolutions | 210 |
| II. Shareholders' Meeting Regulation. | |
| Rights and participation of shareholders at Shareholders' Meetings | 210 |
| 1. Rights and participation of shareholders | 210 |
| 2. Shareholders' Meeting regulation | 212 |
| 3. Participation of institutional investors | 212 |
| III. Shareholders' Meetings in 2005 | 212 |
| 1. Attendance | 212 |
| 2. Resolutions adopted | 212 |
| IV. Corporate governance | 212 |
| F. Degree of compliance with corporate governance recommendations | 213 |
| I. Corporate governance responsibility | 213 |
| II. Compliance with the Olivencia and Aldama Reports | 213 |

INTRODUCTION

Ferrovial has a Board of Directors Regulation and an 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.

Through those Regulations, Ferrovial regulates its corporate governance, the actions, organisation and performance of its Board of Directors, and the establishment of 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.

Subsequently, the Company approved the Shareholders' Meeting Regulation in 2004 which regulates matters such as the Shareholders' Meeting and safeguards the rights attributed to the shareholders on the occasion of the Meeting.

In order to provide further details about corporate governance to shareholders, investors and the public in general, Ferrovial has also published an annual corporate governance report since its stock market debut:

- Between 1999 and 2001, 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 2002 Corporate Governance Report, 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 2003 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.
- In 2005, Ferrovial published the 2004 corporate governance report in accordance with the official form provided by the Comisión Nacional del Mercado de Valores (CNMV).

The Board of Directors approved the 2005 Corporate Governance Report in line with the CNMV's official form which, after notification to the latter, was published and is available on the company's web site (www.ferrovial.com).

The official form details 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 euro, 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 stakes and control

Based on the information available to the Company, at 31 December 2005 the owners of significant stakes in Grupo Ferrovial, S.A. were those listed in the next table:

| | No. of shares | % of share capital |
|--------------------------------|---------------|--------------------|
| Portman Baela, S.L. | 56,859,157 | 40.537 |
| Casa Grande de Cartagena, S.L. | 24,934,169 | 17.777 |

According to the notification to the Comisión Nacional del Mercado de Valores and to the Company itself, on 24 November 2005 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.) 58.314% of the share capital of Grupo Ferrovial, S.A.

III. Stakes owned by the Directors

At 31 December 2005, the combined holdings of the Directors, including those corresponding to significant shareholders, amounted to 82,446,147 shares, i.e. 58.779% of capital.

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

| | Shares | | % Capital |
|---|------------|----------|-----------|
| | Direct | Indirect | |
| Rafael del Pino y Calvo-Sotelo (*) | 5,551 | | 0.004 |
| Santiago Bergareche Busquet | 606,372 | – | 0.432 |
| Jaime Carvajal Urquijo | 10,813 | 390 | 0.008 |
| Joaquín Ayuso García | 5,476 | – | 0.004 |
| Fernando del Pino y Calvo-Sotelo (*) | 4,384 | | 0.003 |
| PORTMAN BAELA, S.L., represented by Eduardo Trueba Cortés | 56,859,157 | – | 40.537 |
| CASA GRANDE DE CARTAGENA, S.L., represented by María del Pino y Calvo-Sotelo (*) | 24,934,169 | – | 17.777 |
| Juan Arena de la Mora | 5,044 | – | 0.004 |
| Santiago Eguidazu Mayor | 4,607 | 891 | 0.004 |
| Gabriele Burgio | 4,545 | – | 0.003 |
| José María Pérez Tremps | 4,758 | – | 0.003 |

(*) As stated in the preceding section, those Directors/representatives of Directors are part of the family group who indirectly control 58.314% 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 652,821 shares, i.e. 0.465% of capital.

IV. Stock options

There were no changes with respect to 2004.

At 31 December 2005, the Company's executive directors owned the following stock options. Those stock options were allocated to them as a result of the remuneration system described in Section B (Administrative Structure).

| | 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 24 November 2005, 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 ties stated in the preceding paragraph, Portman Baela, S.L. and Casa Grande de Cartagena, S.L. are also members of Grupo Ferrovial, S.A.'s Board of Directors.

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 2005, the same as at 31 December 2004.

In 2005, 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 2005 represents 83,531 directly-owned shares and 123,477 indirectly-owned shares. The average acquisition cost was 21.09 euro per share.

Transactions with own shares generated a loss of 37,200 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 18 March 2005 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 is in charge of determining the Company's policy on own shares, subject to the powers obtained at the Shareholders' Meeting.

b) Execution of 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, which must be 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 Officer 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; this information is updated every month.

VIII. Legal and bylaw restrictions on voting rights and on buying and selling shares

There are no types of restrictions on the exercise of voting rights or on the acquisition or sale of stakes in share capital other those established by law.

B. THE COMPANY'S 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 2005, 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 2005 and it comprises the following directors:

Chairman and CEO

| | |
|--------------------------------|---------------------------|
| Rafael del Pino y Calvo-Sotelo | Executive and proprietary |
|--------------------------------|---------------------------|

First Vice-Chairman

| | |
|-----------------------------|-------------|
| Santiago Bergareche Busquet | Independent |
|-----------------------------|-------------|

Second Vice-Chairman

| | |
|------------------------|-------------|
| Jaime Carvajal Urquijo | Independent |
|------------------------|-------------|

CEO

| | |
|----------------------|-----------|
| Joaquín Ayuso García | Executive |
|----------------------|-----------|

Directors

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

Director and Secretary

| | |
|-------------------------|-----------|
| José María Pérez Tremps | Executive |
|-------------------------|-----------|

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: (ii) of a professional, labour or commercial nature; (ii) that is significant in terms of the amount or nature of the services provided; and (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 in the sections 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 Capital Privado
 Director of Vocento and Gamesa Corporación Tecnológica, S.A.
 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 (Spain), Ericsson Spain, ABB, S.A. and Parques Reunidos, S.A., and Director at Lafarge Asland, Aviva and Solvay Ibérica. Senior Adviser at Morgan Stanley
 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)
 Independent Director at Telefónica Publicidad e Información, S.A. (TPI)
 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
 Director at Vocento
 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 as Chairman of the Board of Directors.

Vice-Chairmen

The two Vice-Chairmen of the Board of Directors are independent.

CEO

In 1999, the Company appointed a CEO, who has been granted all the Board's powers except for those whose delegation is prohibited 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. Ferrovia Infraestructuras S.A. Ferrovia Aeropuertos S.A. |
| Santiago Bergareche Busquet First Vice-Chairman | Director | Ferrovia Aeropuertos S.A. Ferrovia Infraestructuras S.A. |
| Joaquín Ayuso García, CEO | Chairman and CEO | Ferrovia-Agroman, S.A. Ferrovia Inmobiliaria S.A. Ferrovia Servicios S.A. Ferrovia Telecomunicaciones S.A. |
| | Vice-Chairman CEO | Cintra Concesiones de Infraestructuras de Transporte S.A. Ferrovia Infraestructuras S.A. Ferrovia Aeropuertos S.A. |
| José María Pérez Tremps Director and Secretary | Director | Cintra Concesiones de Infraestructuras de Transporte S.A. Ferrovia Agromán S.A. Ferrovia Infraestructuras S.A. Ferrovia Aeropuertos S.A. Ferrovia Inmobiliaria S.A. Ferrovia Servicios S.A. Ferrovia Telecomunicaciones S.A. Swissport International AG |
| | Joint administrator | Ferrovia Inversiones S.A. |

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

Rafael del Pino y Calvo-Sotelo

Independent Director at Banco Español de Crédito (Banesto).

Santiago Bergareche Busquet

Non-executive Chairman of Dinamia, S.A.

Independent Director at Gamesa Corporación Tecnológica, 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. (investee)

6. Board members who are also members of the board of 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 (representante del Consejero 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 26/2003, 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 with 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 2005, this information was as follows:

Equity holdings:

In subsidiary Cintra, Concesiones de Infraestructuras de Transporte, S.A.

| | |
|-------------------------|----------|
| Joaquín Ayuso García | 0.0012% |
| Santiago Eguidazu Mayor | 0.0016% |
| José María Pérez Tremps | 0.00066% |

POLÁN, S.A. (a company with ownership links to persons belonging to the family group which indirectly controls 58.314% of Grupo Ferrovial, S.A. through Portman Baela, S.L. and Casa Grande de Cartagena, S.L.):

5.218% in Grupo Inmocaral, S.A. (real estate)

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

Positions or functions:

| | Position or function | Company |
|--|--|--|
| Rafael del Pino y Calvo-Sotelo | Chairman | Cintra, Concesiones de Infraestructuras de Transporte S.A. |
| | Chairman | Ferrovial Aeropuertos, S.A. |
| | Chairman | Ferrovial Infraestructuras, S.A. |
| Related parties, according to the definition of article 127 ter, paragraph 5, of the Corporations Law: | Administrator | |
| * Leopoldo del Pino y Calvo-Sotelo | Joint administrator | Cintra Aparcamientos, S.A. |
| | Joint administrator | Dornier S.A. Sociedad Unipersonal |
| | Director | Sociedad Municipal de Aparcamientos y Servicios, S.A. |
| | Director | Autopista del Sol, CESA |
| | Chairman | Aparcamient Escaldes Centre, S.A. |
| * María del Pino y Calvo-Sotelo | Vice-Chairman | Estacionamientos Urbanos de León, S.A. |
| | Chairman | Polán S.A. |
| Santiago Bergareche Busquet | Director | Ferrovial Infraestructuras, S.A |
| | Director | Ferrovial Aeropuertos, S.A. |
| | Vice-Chairman | Túneles de Artxanda |
| Joaquín Ayuso García | Vice-Chairman | Cintra Concesiones de Infraestructuras de Transporte S.A. |
| | CEO | Ferrovial Aeropuertos, S.A. |
| | Chairman and CEO | Ferrovial Agromán, S.A. |
| | CEO | Ferrovial Infraestructuras, S.A. |
| | Chairman and CEO | Ferrovial Inmobiliaria, S.A. |
| | Chairman and CEO | Ferrovial Servicios, S.A. |
| | Chairman and CEO | Ferrovial Telecomunicaciones, S.A. |
| José María Pérez Tremps | Company Secretary | Grupo Ferrovial, S.A. |
| | Director and member of the Audit and Control Committee | Cintra Concesiones de Infraestructuras de Transporte, S.A. |
| | Director and member of the Audit and Control Committee | Europistas Concesionaria Española, S.A. |
| | Director | Ferrovial Aeropuertos, S.A. |
| | Director | Ferrovial Agromán, S.A. |
| | Director | Ferrovial Infraestructuras, S.A. |
| | Director | Ferrovial Inmobiliaria, S.A. |
| | Joint administrator | Ferrovial Inversiones, S.A. |
| | Director | Ferrovial Servicios, S.A. |
| | Director | Ferrovial Telecomunicaciones, S.A. |
| | Director | Swissport International AG |

Activities performed for their own account or that of third parties

No information has been received regarding this matter.

8. Other information

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, was notified to the Company in 2003 and disclosed in the 2003 corporate governance report. 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 it 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. Santiago Eguidazu Mayor.

II. Directors' and senior managers' remuneration

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 or stock options or 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 with respect to 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 2005

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

The 2005 remuneration system was not changed with respect to 2004, which was approved by the Board of Directors on 26 March 2004 based on a report by the Nomination and Remuneration Committee.

The system consists of per diems and bylaw-mandated fixed annual remuneration for all the directors amounting to 1,200,000 euro (as in 2004), 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 (the same as in 2004):
 - 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) is double the amount established for the other members.

The amount paid under this heading in 2005 totalled 644,000 euro. In 2004, the amount totalled 593,000 euro.

- DISTRIBUTION OF REMAINDER: Per diems were deducted from the fixed amount that was established, 1,200,000 euro, leaving 556,000 euro. That remainder was divided by 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 individual amounts¹ for each of the members are as follows:

| | 2005 | | | 2004 | | |
|----------------------------------|---|----------------------------|---------------------|---|----------------------------|---------------------|
| | Per diems: Board, Executive Committee and Advisory Committees | Allocation of remainder | Total | Per diems: Board, Executive Committee and Advisory Committees | Allocation of remainder | Total |
| Rafael del Pino y Calvo-Sotelo | 78,250.00 | 85,500.00 | 163,750.00 | 69,750.00 | 93,384.62 | 163,134.62 |
| Santiago Bergareche Busquet | 71,750.00 | 74,812.50 | 146,562.50 | 75,750.00 | 81,711.54 | 157,461.54 |
| Jaime Carvajal Urquijo | 59,500.00 | 53,437.50 | 112,937.50 | 62,750.00 | 58,365.38 | 121,115.38 |
| Joaquín Ayuso García | 60,250.00 | 42,750.00 | 103,000.00 | 55,750.00 | 46,692.31 | 102,442.31 |
| Fernando del Pino y Calvo-Sotelo | 58,250.00 | 42,750.00 | 101,000.00 | 54,500.00 | 46,692.31 | 101,192.31 |
| Portman Baela S.L. | 42,250.00 | 42,750.00 | 85,000.00 | 32,500.00 | 46,692.31 | 79,192.31 |
| Casa Grande de Cartagena S.L. | 49,750.00 | 42,750.00 | 92,500.00 | 40,000.00 | 46,692.31 | 86,692.31 |
| Juan Arena de la Mora | 51,000.00 | 42,750.00 | 93,750.00 | 47,500.00 | 46,692.31 | 94,192.31 |
| Santiago Eguidazu Mayor | 63,250.00 | 42,750.00 | 106,000.00 | 56,750.00 | 46,692.31 | 103,442.31 |
| Gabriele Burgio | 49,750.00 | 42,750.00 | 92,500.00 | 40,000.00 | 46,692.31 | 86,692.31 |
| José María Pérez Tremps | 60,250.00 | 42,750.00 | 103,000.00 | 57,750.00 | 46,692.31 | 104,442.31 |
| TOTAL | 644,250.00 | 555,750.00 | 1,200,000.00 | 593,000.00 | 607,000.00 | 1,200,000.00 |

1. The bylaw-mandated remuneration actually paid to the Board of Directors in 2005 amounted to 1,258,000 euro.

The sum of the bylaw mandated remuneration, including per diems, of all the members of the Board of Directors accounts for 0.288% of profit attributed to the parent company. That percentage in 2004 was 0.216% (excluding the net profit attributable to the Cintra IPO, that percentage would be 0.349%).

- REMUNERATION ALLOCATED TO BUYING COMPANY SHARES: The obligation to allocate directors' remuneration (per diems and bylaw-mandated attendance fees) to the acquisition of shares of the company continued in 2005. The shares acquired in the same calendar year can only be sold by the interested party three full years after acquiring them.

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 2005:

| Thousand euro | 2005 | 2004 |
|--|---------|-------|
| Fixed remuneration | 1,411 | 1,411 |
| Variable remuneration | 2,956.5 | 2,113 |
| Stock options and/or other financial instruments: exercise of remuneration rights linked to the share price [see section 5] | 0 | 5,299 |

c) Remuneration of members of governing bodies of other group, multi-group 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 80,000 euro.

That amount was 94,000 euro in 2004.

d) Pension funds and plans or life insurance premiums

As in 2004, no amounts were paid in 2005 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 2005, it paid 7,600 euro for policies to cover the executive Directors. It paid 6,000 euro for this item in 2004.

No contributions were made or obligations arranged with regard to 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. The situation was the same in 2004.

e) Advances and loans

At 31 December 2005, the Company had not provided any advances or loans to its directors or to directors and/or senior management of group, multigroup or associated companies. The situation was the same at 31 December 2004.

4. Remuneration of senior management

The Senior Management of the Company, who report immediately to the Chairman or the Chief Executive Officer, jointly accrued the following remuneration during financial year 2005:

| Thousand euro | 2005 | 2004 |
|--|-------|-------|
| Fixed remuneration | 1,752 | 1,957 |
| Variable remuneration | 1,661 | 1,279 |
| Stock options and/or other financial instruments: exercise of remuneration rights linked to the share price [see section 5] | 7,142 | 7,708 |
| Remuneration as members of governing bodies of other group, multigroup or associated undertakings | 42 | 44 |
| Insurance premiums | 9 | 8 |

Senior managers did not receive any loans in 2005. They received loans totalling 650,000 euro in 2004.

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 Real Estate
- General Manager of Services
- Head of External Relations and Communications
- 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 of 267,516 shares and those allocated to the other senior managers of 250,764 shares were in force. At 31 December 2005, the rights allocated to executive directors of 267,516 shares and those allocated to the other senior managers of 10,000 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, and the reference price was established at 13.85 euro in the plan approved in 2000 and 17.60 euro in the 2001 plan.

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.

In 2005, that system resulted in no payments 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. That table also includes the 2004 data.

The share price appreciated by 189% between 31 December 2000 and 31 December 2004 and by 330% between 31 December 2000 and 31 December 2005.

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 who report directly 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 amount was established at 33.65 euro.

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

In order to offset 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, 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 totalled 1,442,000 euro in 2005 and 1,517,000 euro in 2004.

III. Composition of the Board Committees

1. Executive Committee

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 whose delegation is prohibited by 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 external 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 post of 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 inform 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, upon disposal of the stake in the Company that enabled them to be appointed as such.
- When directors incur any of the cases of incompatibility or prohibition envisaged by law or by the internal regulations.
- At the Board's request, because the director has violated his/her obligations.
- When the director's continuance on the Board may jeopardize 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 as 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 quality.

The assessment that commenced in 2004 was completed in 2005, the aim being to provide a detailed analysis of each member of the Board and its Committees by comparing their organisation and functioning with market recommendations and practices. The assessment continued and expanded upon the one performed in 2003 and, like that one, it was performed by an external specialist firm.

A new feature was that questionnaires were also drafted which were completed by each Board member and analysed on an individual basis.

The external firm explained the results to the Board of Directors. Overall, the results were very positive and nearly all the items received high scores.

V. Responsibilities, organisation and working 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 meets 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' powers 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 informed of the Company's financial reporting process and internal control systems, monitoring 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 senior management.

The Audit and Control Committee's report, which is included in the Company's directors' 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 2005 financial statements will be certified by Rafael del Pino y Calvo-Sotelo, Chairman of the Board of Directors; Joaquín Ayuso García, Chief Executive Officer, and Nicolás Villén Jiménez, 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 as 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 or at the Chairman's initiative whenever the latter sees fit, or whenever at least two Board members so request.

The Board of Directors held thirteen (13) meetings in 2005, 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 extraordinary circumstances.

The Board drafts an annual schedule of meetings.

Also, the Board of Directors Regulation allows directors to request information directly from senior management, giving notice of this to the Chairperson, and 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 validly convened 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 working of the 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 whose delegation is prohibited 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 Executive Committee held nine (9) meetings in 2005.

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 Directors' Report.

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

The Audit and Control Committee held five (5) meetings in 2005.

b) Responsibilities of the Nomination and Remuneration Committee

Its main functions are:

- 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.
- Proposing 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 four (4) meetings in 2005.

VII. Board Regulation

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

The Board Regulation was not changed in 2005.

VIII. Relationship 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, investors and markets, 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 price-sensitive 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 unit responsible for managing significant transactions in coordination with the Company Secretariat. Those measures refer to limits on access to information, book-keeping, rules on filing, reproduction and distribution of information, and share price monitoring, among 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 not, in any event, propose that the Board of Directors 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. or its subsidiaries or an entity related to the audit firm of any professional consulting or advisory service 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 three years (of the seventeen in which Grupo Ferrovial has been subject to statutory audit) also performed other work.

The following table shows the audit fees:

| | 2005 | | | 2004 | | |
|---|---------|---------|---------|---------|--------|--------|
| | Company | Group | Total | Company | Group | Total |
| Fees for work other than auditing (thousand euro) | 76 | 769 | 845 | 0 | 702 | 702 |
| Fees for work other than auditing/Total fees billed by the audit firm (%) | 2.520% | 25.497% | 28.017% | 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 appoints individually.
- Related parties of persons in the foregoing categories, as defined in the Regulation.

II. Related-party transactions

Below are the transactions made in 2005 on an arm's-length basis as part of the company's and group's normal transactions.

The Company provides information about related-party transactions in accordance with the definitions and criteria stated in Ministry of Economy and Finance Order EHA/3050/2004, dated 15 September, and CNMV Circular 1/2005, dated 1 April. That new framework logically means significant differences in criteria with respect to the information in the 2004 Corporate Governance Report, so this must be taken into account when analysing or comparing the 2004 information with the 2005 information.

When the profit or loss from a transaction cannot be indicated because it correspond to the provider, this circumstance is indicated with an asterisk (*).

1. Significant shareholders

Details of the transactions made in 2005 with significant shareholders, with members of the controlling family group (except those members who are also Company Directors, whose information is stated in the following section) and with entities closely linked to that group, in accordance with the section on the COMPANY'S OWNERSHIP STRUCTURE:

| Name | Ferrovial Group company | Nature of transaction | Type of transaction | 2005 | | 2004 | |
|--|--|-----------------------|---|---------------------------|----------------|---------------------------|----------------|
| | | | | Amount (Thousand euro) | Profit or loss | Amount (Thousand euro) | Profit or loss |
| Casa Grande de Cartagena S.L. | Ferrovial Servicios S.A. / Subsidiaries | Commercial | Facility management in Madrid | 474 | 35 | 135 | 49 |
| Casa Grande de Cartagena S.L. | Ferrovial Agromán S.A. / Subsidiaries | " | Construction work | - | - | 116 | 5 |
| Members of the controlling family group /their related parties | Ferrovial Servicios S.A. / Subsidiaries | " | Provision of real estate management services for developments in Madrid | 356 | 24 | 321 | 85 |
| | Ferrovial Conservación S.A. | " | Lease to Ferrovial of offices in Madrid owned by the shareholders | 167 | (*) | 162 | (*) |
| | Ferrovial Inmobiliaria S.A. / Subsidiaries | " | Provision of real estate management services for developments in Madrid | 110 | 107 | 110 | 61 |
| | Ferrovial Group companies | " | Lease of private means of transport for use by Company management | 44 | (*) | 54 | (*) |
| | Ferrovial Agromán S.A. / Subsidiaries | " | Construction work | - | - | 25 | 1 |
| | Ferrovial Servicios S.A. / Subsidiaries | " | Provision of home upkeep, maintenance and repair work | 102 | 7 | 16 | 1.04 |

(*) Profit or loss is not stated because this corresponds to the provider.

In addition to those transactions, there were two minor transactions with significant shareholders which consisted of providing assembly, repair and maintenance services at homes or headquarters of a non-material amount and duration and always on an arm's-length basis, the aggregate amount of which was 5,000 euro, and which generated a profit of 300 euro. In 2004, those transaction amounted to 5,000 euro and generated a profit of 260 euro.

2. Transactions with Directors and Senior Managers

The transactions that were made in 2005 with Directors and Senior Management of the Company are listed in the table. Also, the transactions with Banesto, NH Hoteles, Bankinter, Ericsson, TPI and Aviva are disclosed, in accordance with section 2 of Order EHA/3050/2004, since certain directors are members of the Board of Directors of the following companies:

| Name | Ferrovial Group company | Nature of transaction | Type of transaction | 2005 | | 2004 | |
|--------------------------------|--|-----------------------|---|---------------------------|----------------|---------------------------|----------------|
| | | | | Amount (Thousand euro) | Profit or loss | Amount (Thousand euro) | Profit or loss |
| Rafael del Pino y Calvo-Sotelo | Ferrovial Agromán S.A. / Subsidiaries | Commercial | Homebuilding | 692 | 26 | 1,389 | 57 |
| | Ferrovial Agromán S.A. / Subsidiaries | " | Repair work | 14 | 0.1 | - | - |
| | Ferrovial Servicios S.A. / Subsidiaries | " | Maintenance services at a home | 18 | 2 | 12 | 1 |
| Joaquín Ayuso García | Ferrovial Inmobiliaria S.A. / Subsidiaries | " | Acquisition of a home under development in Madrid | - | - | 234 | 77 |
| Nicolás Villén Jiménez | Ferrovial Inmobiliaria S.A. / Subsidiaries | " | Acquisition of a home under development in Madrid | 48 | 16 | 170 | 56 |
| Pedro Buenaventura Cebrián | Ferrovial Inmobiliaria/ Subsidiaries | " | Acquisition of a home under development in Poland | 17 | 5 | - | - |

| Name | Ferrovial Group company | Nature of transaction | Type of transaction | 2005 | | 2004 | |
|------------------------|--|-----------------------|--|---------------------------|----------------|---------------------------|----------------|
| | | | | Amount (Thousand euro) | Profit or loss | Amount (Thousand euro) | Profit or loss |
| Juan Bejar Ochoa | Ferrovial Servicios S.A. / Subsidiaries | Commercial | Facility maintenance | 33 | 2.2 | - | - |
| Alvaro Echániz Urcelay | Ferrovial Inmobiliaria S.A. / Subsidiaries | " | Acquisition of a home under development in Madrid | 37 | 12 | 45 | 15 |
| Amalia Blanco Lucas | Ferrovial Inmobiliaria S.A. / Subsidiaries | " | Acquisition of a home under development in Madrid | - | - | 62 | 20 |
| Banesto | Ferrovial Group companies | " | Collection of business commissions and settlement of collected derivatives | 1,765 | 1,765 (°) | 13 | 13 (°) |
| | | " | Payment of commissions for derivatives | 1,980 | (*) | - | - |
| | | " | Interest paid | 1,835 | 1,835 (°) | 1,386 | 1,386 (°) |
| | | " | Payment of credit and mortgage interest | 1,575 | (*) | 681 | (*) |
| | | " | Outstanding balance of credit lines | 316,600 | (*) | 221,800 | (*) |
| | | " | Outstanding balance of confirming lines | 50,000 | (*) | 50,700 | (*) |
| | | " | Outstanding balance of mortgage loans and credit lines | 166,000 | (*) | 82,100 | (*) |
| Ericsson | Ferrovial Servicios S.A. / Subsidiaries | " | Facility management | 22,347 | 1.952 | 3,024 | 454 |
| | Ferrovial Group companies | " | Audiovisual installation | 79 | (*) | 92 | (*) |
| Aviva | Grupo Ferrovial S.A. | " | Insurance policies | 1,783 | (*) | 1,568 | (*) |
| Bankinter | Ferrovial Group companies | " | Collection of brokering commissions | 54 | 54 (°) | 55 | 55 (°) |
| | | " | Payment of miscellaneous commissions | 65 | (*) | 33 | (*) |
| | | " | Interest paid | 739 | 739(°) | 511 | 511 (°) |
| | | " | Interest paid for credits and mortgage loans | 1,094 | (*) | 565 | (*) |
| | | " | Outstanding balance of mortgage loans and credit lines | 39,600 | (*) | 50,930 | (*) |
| | | " | Outstanding balance of confirming lines | 52,300 | (*) | 41,040 | (*) |
| | | " | Advertising services | 30,000 | (*) | 17,910 | (*) |
| TPI | Grupo Ferrovial companies | " | Advertising services | 178 | (*) | 2 | (*) |
| NH Hoteles | Grupo Ferrovial companies | " | Hospitality services provided by NH Hoteles | 58 | (*) | 87 | (*) |
| | Ferrovial Servicios S.A. / Subsidiaries | " | Maintenance services provided to NH Hoteles | 8 | 1 | 13 | 2 |

(*) Profit or loss is not stated because this corresponds to the provider.

(°) The full amount of the transaction is considered to be a profit in these types of items (paid commissions and interest).

In addition to those transactions, transactions with directors and senior managers totalled 6,000 euro in 2005 for the provision of assembly, repair, maintenance services and minor work at homes of a non-material amount and duration and always on an arm's-length basis. Those transactions generated a total profit of 900 euro. In 2004, those transactions amounted to 7,000 euro and generated a profit of 400 euro. In 2005, the Company received advisory services amounting to 4,000 euro provided by persons related to directors and senior management.

Information about loans to directors and senior management is shown in the section on "Directors' and senior management remuneration".

3. Transactions with group companies

Below are detailed 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 2.2.e), balances and transactions relating to construction work performed by the construction division for the infrastructure concession companies are not eliminated upon consolidation since those transactions are understood to be construction contracts performed for third parties since the final owner of the work performed, from both an economic and legal standpoint, is the granting administration.

In 2005, Grupo Ferrovial's construction division billed the infrastructure division for the work performed, and for advances related to that work, a total of 520,395 million euro (465.97 million euro in 2004) and recognised 470.398 million euro as revenue for that work (444.774 million euro in 2004).

In 2005, 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 14.957 million euro, net of taxes and minority interests. In 2004, the amount was 13.982 million euro.

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 2005, the Company was not aware of any conflicts of interest with its directors.

D. RISK CONTROL SYSTEMS

I. Risk policy and risks covered by the system

Ferrovial operates in countries with different social and economic situations and regulatory frameworks. In this context, a range of risks arise that are considered to be inherent to Ferrovial's businesses and sectors.

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

In particular, the most significant risks covered by the system are as follows:

1. Risks related to deficiencies or delays in executing work or providing services to customers and users.
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 by 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.

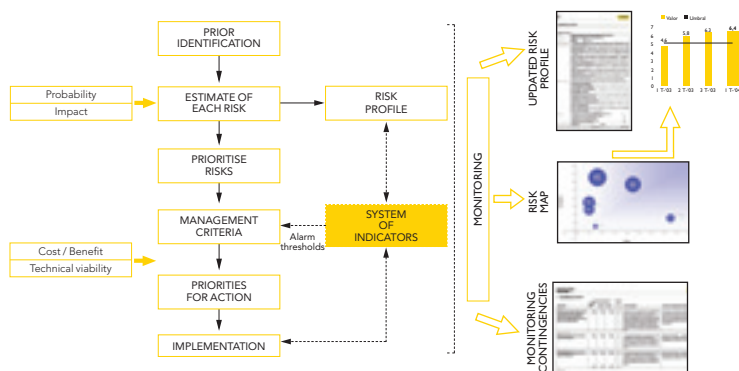
Additionally, other more generic or less specific occupational risks are also covered, specifically the health and safety of employees (especially in construction) and damage to goods and assets of group companies.

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, measurement, 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 using the system shown in the following diagram:



The procedure is based on international risk management standards (IRM, AIMC, ALARM 2002).

The information used by the system is generated 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 team belong to management.

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

The business's most significant risks are managed and controlled by the following specific systems:

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 are implemented at the production centres through quality plans developed specifically for each one which ensure: (a) prior planning of the relevant processes for product and service quality; (b) a systematic, documented control of such processes; and (c) sufficient feedback to detect systematic errors and design corrective or preventive measures in order to prevent or mitigate errors in the future.

The most significant variables of the businesses' quality systems are grouped in indicators, which are reported to Ferrovial's Management Committee.

In 2004, the Real Estate and Construction divisions co-developed an innovative tool to measure the quality of delivery of homes built by Ferrovial (the Inca system).

This tool, which includes identifying critical points in the process and triggering improvement projects to increase the quality of the product delivered to the customer, was implemented in 2005 at the new residential buildings and is providing its first results.

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. At production sites, 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 the production site's environmental performance.

The businesses are subject to ongoing environmental assessment and audit systems, the applicable environmental practices, and degree of compliance with the legislation.

In order to ensure adequate knowledge of the current regulation on the matter, in 2005 Ferrovial developed an on-line information system (SIGMA) that can be consulted via the corporate intranet, which summarises the legal requirements in environmental matters for all the production centres in a detailed, simple way and is constantly updated.

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 was implemented in the Construction area in 2005 and the index designed for the Services area was completed. Therefore, the activities with the highest environmental risk have an environmental performance indicator throughout the process and the results are reported periodically to the Management Committee and the Audit and Control Committee.

In the Infrastructure area, an ISO 14001-compliant environmental management system was designed in 2005 and will be implemented progressively during 2006.

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 audited periodically 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. The system was co-developed with Instituto Nacional de Seguridad e Higiene en el Trabajo under the framework of an agreement signed between Ferrovial Agromán and this body in 2004.

- Financial risk control mechanisms

Exposure to exchange rate fluctuations:

In general, management of this risk is centralised through the Finance Department based on hedging mechanisms. In order to ensure that projected cash flows are not affected by exchange rate fluctuations, the following are hedged:

- Multi-currency projects (awarded or in the bidding process)
- Income from foreign subsidiaries and dividends or refunds of capital expected to be received from foreign subsidiaries.
- Cash of foreign subsidiaries.
- Payments to suppliers in foreign currency.

Exposure to interest rate variations:

This is a very significant risk in the Infrastructure area. The objective when financing those projects is to obtain a fixed interest rate when closing the deals with the financiers. When this is not possible, the company considers hedging that risk during the entire financing term (depending on the situation and on the investment volume).

Regarding the Group's floating-rate debt, the Finance Department monitors any market changes in order to take advantage of lower interest rates. Although the trend in previous years was to be exposed to interest rates, the Group's change towards a net debt position means that it is reviewing this policy in order to partly or fully hedge that risk.

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 risk that the government will renationalise the concessions is 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 the signature of the contract. The contractual requirements are supervised by the legal and financial departments in order to ensure that they establish sufficient guarantees in the event of non-payment, including halting the work. During the performance of the work, the finance department continually monitors the certificates and collection documents, and their effective payment.

2. Risk coverage systems

Grupo Ferrovial policy is to arrange insurance for all its activities through the Corporate Insurance Unit. Company policy requires that insurance coverage be arranged for damage to own goods and infrastructure built by group companies and for third-party liability.

The risks that can be laid off via insurance policies are monitored continually since the company analyses and revises coverage, indemnity caps, exclusions, and premium costs.

As a result of redefining the insurance policy in 2004, the insurance coverage and premiums arranged in the various programmes in the international sphere were optimised in 2005, taking advantage of the volume and variety of the exposure of all the businesses and activities, particularly Services and Infrastructure.

III. Risk occurrence in 2005

In 2005, there were no risks other than those caused by the normal conduct 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 liable for risks

A Quality & Environmental Department was created in 2003 that reports directly 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, as part of the Quality & Environmental Department. Its functions are described in section II.2.

The Audit Department, also part of the corporate structure, 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 devotes most of its meeting schedule to 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, central services audit 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, and specific recommendations are made with regard to implementing improvements.

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

To perform these functions, the Audit Department has the knowledge and experience accumulated from ongoing direct contact with the various businesses, and it draws on leading external advisors when necessary.

Code of Business Ethics

Since 2004, Grupo Ferrovial, S.A. has a Code of Business Ethics, approved by the Board of Directors, 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.

Procedure to protect Grupo Ferrovial's assets by preventing internal fraud

In 2005, an internal procedure was applied to protect corporate assets by preventing fraudulent behaviour.

The procedure implements the corresponding principle of the Code of Business Ethics and establishes the right and obligation to inform of behaviour or actions that may jeopardise Group assets either to a superior or via a system through which employees can make a report (signed or anonymous).

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 the 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 15 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 Chairperson of the Shareholders' Meeting is the Chairperson 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 minuting or guarding the literal statements submitted 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 states 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:

In relation to those rights, Law 19/2005 of European Corporations domiciled in Spain, dated 14 November, amended several provisions of the Spanish Corporations Law relating to Shareholders' Meetings. The Board of Directors will ask the 2006 Shareholders' Meeting to approve a reform of the Bylaws and Shareholders' Meeting Regulation in order to add the legal changes regarding the publication of a supplement to the agenda at the request of certain shareholders, and the possibility of attending via means of distance communication and announcing the meeting date before the formal notice is given.

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 the agenda

- 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 Board 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 will be told, in the notice, 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 giving notice of the Shareholders' Meeting, the Board shall assess whether there are means of distance 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 shall 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 be accompanied by a justification.
- The Company's web site shall contain all the information deemed to be useful to enable shareholders to attend and participate in the Shareholders' Meeting, including the procedure for obtaining the attendance card; instructions on how to cast or delegate votes at a distance as 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 Shareholder Relations Department.
- Shareholders may be able to 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' rights to be informed before or during the Meeting are guaranteed, 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 2005

In 2005, the Board of Directors convened one Shareholders' Meeting, which was held on 18 March 2005.

1. Attendance

The Shareholders' Meeting on 18 March 2005 was attended by 74.36% of share capital: 1.81% present and 72.57% 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 re-appointment of directors and approval of the remuneration plan for executive directors and senior management consisting of a variable part comprising the delivery of Company shares.

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. Corporate governance

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 conforms to the form and content required by the CNMV Circular 1/2004, dated 17 March.

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, advises 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. Compliance with the Olivencia and Aldama Reports

As stated in the Introduction, since the IPO, Grupo Ferrovial, S.A. has sought to transmit information on corporate governance to the market and its shareholders through the corporate governance reports.

- In the years following the publication of the "Report by the Special Commission to study an ethical code for Boards of Directors" (the Olivencia Report), a detailed analysis of each recommendation has been made.
- Those recommendations were subsequently complied with when most of the governance recommendations contained in the "Report by the special commission to foster transparency and security in the markets and in listed companies" (the Aldama Report) were added to internal regulations.

In short, the following corporate governance recommendations were included in the Board of Directors Regulation, the Internal Code of Conduct in Matters Relating to the Securities Markets, and the Shareholders' Meeting Regulation:

- **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 authorise the accounts clearly and accurately.
- Obligation of the Board to ensure that shareholders have all the information so that they can 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 criteria.

- **Board and senior management 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.
- Itemised disclosure of individual senior management 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 report 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.

Certain recommendations have not been included in the internal corporate governance regulation for the following reasons.

There were some developments with respect to the factors published in previous years' reports.

- Standardisation of attendance cards: Grupo Ferrovial believes that it is not capable of intervening in the process of issuance of attendance cards by depositories. Nevertheless, as it disclosed in the 2004 corporate governance report, on occasion of the 2005 Shareholders' Meeting, it issued its own card in order to facilitate remote proxy-granting or voting, once it had 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 depositories. The company intends to continue this practice, while complying with those requirements.
- Convening of the Shareholders' Meeting with more advance notice than required by law: The Law on European Corporations domiciled in Spain (Law 19/2005, dated 14 November) amended the Spanish Corporations Law, including, among other factors, convening the Shareholders' Meeting with more advance notice. Therefore, although this recommendation may still be in force, the legal context has changed significantly. Nevertheless, to complement the content of those legal obligations, the company undertakes to unofficially announce the date planned for the Meeting before the formal announcement.

- 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 deadlines for 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.

- 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 performed appropriately by the Executive Committee.
- Rules governing protection measures 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. The need for a resolution for approval by the Shareholders' Meeting was not considered to be necessary. Apart from that, the Company undertakes to inform the market on those matters.
- Book provisions in the balance sheet for excess indemnities envisaged in protection 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.

The section on Board remuneration (Section B.II.7) provides supplementary information on this matter.