





# Corporate Governance in Grupo Ferrovial 2007 Business Year

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# Grupo Ferrovial S.A.

## Annual Corporate Governance Report

### for the 2007 Financial Year

#### Introduction

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Ferrovial has a set of Board of Directors Regulations, an Internal Code of Conduct and, since 2004, a set of Shareholders' Meeting Regulations that have been modified whenever necessary in order to bring them into line with successive legal requirements or Corporate Governance recommendations.

Ferrovial achieves internal regulation of its corporate governance through these Regulations: the principles that govern its courses of action, the organization and performance of its Board of Directors and the establishment of measures designed to guarantee a high level of transparency in relation to the market, besides introducing codes of conduct to ensure there is no interference in the Company's performance in the securities markets.

On 23 February 2007, the Board of Directors approved a new text for its Regulations and agreed to submit a modification of its Articles of Association and the Shareholders' Meeting Regulations to the Grupo Ferrovial Shareholders' Meeting, this being approved at the latter's meeting held on 30 March 2007. The aim of the modification was the adaptation of the wording of these regulations to the recommendations established in the Unified Code of Good Governance ("UCGG") approved through resolution of the Spanish Securities and Investment Board (Comisión Nacional del Mercado de Valores, or CNMV) Board Meeting dated 22 May 2006, after having carried out throughout 2006 a series of analyses aimed at the internal adoption of these recommendations.

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

- In relation to financial years 1999 to 2001, the document produced at that time gave detailed comments on the level of internal compliance with the recommendations contained in the "Annual Report by the Special Committee for studying a Code of Ethics for Boards of Directors", known as 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 for fostering transparency and security in the markets and in listed companies" (the Aldama Report).
- In 2004, the Company published the 2003 Annual 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.
- Regarding financial years 2004 to 2006, the Company published the Annual Corporate Governance Report now brought into line with the official form provided by the CNMV.
- In relation to the financial year ended on 31 December 2007, the Board of Directors approved the Annual Corporate Governance Report in accordance with the format approved by CNMV Circular 4/2007, dated 27 December, which has been modified in order to adapt it to the recommendations of the Unified Code of Good Governance. After notifying the CNMV, this Report was published and is available on the Company's website [www.ferrovial.com](http://www.ferrovial.com).  
The official form details the information contained in the following chapters.

## A. Corporate ownership structure

### I. Share capital

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

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

### II. Significant stakes and control

Based on the information available to the company at 31 December 2007, the owners of significant stakes in Grupo Ferrovial, S.A., were those listed in the following table:

	NO. OF SHARES	% OF SHARE CAPITAL
Portman Baela, S.L.	81,795,280	58.316%

According to the notification sent to the CNMV and to the Company itself on 8 November 2007, the "concerted family group" formed by Rafael del Pino y Moreno and his children (María, Rafael and Leopoldo del Pino y Calvo-Sotelo) indirectly controls (through Portman Baela S.L.) 58.316% of the share capital of Grupo Ferrovial, S.A.

No significant movements in the Company's shareholding structure have been recorded.

### III. Stakes owned by the directors

At 31 December 2007, the combined holdings of the Directors, including those corresponding to significant shareholders, amounted to 84,775,039 shares, which represented 60.439% of the corporate capital.

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

	SHARES		% CAPITAL
	DIRECT	INDIRECT	
Rafael del Pino y Calvo-Sotelo (*)	8,471	2,283,177	1.634%
Santiago Bergareche Busquet	608,978		0.434%
Jaime Carvajal Urquijo	12,969	390	0.010%
Joaquín Ayuso García	17,366		0.012%
PORTMAN BAELA, S.L., represented by Eduardo Trueba Cortés	81,796,280		58.316%
Juan Arena de la Mora	6,736		0.005%
Santiago Eguidazu Mayor	6,521	19,991	0.019%
Gabriele Burgio	6,462		0.005%
María del Pino y Calvo-Sotelo (*)	777		0.001%
José María Pérez Tremps (*)	6,921		0.005%
<b>TOTAL</b>			<b>60.439%</b>

(\*) As stated in the preceding section, these Directors form part of the "family group" that indirectly controls 58.316% of the share capital, through Portman Baela, S.L.

The combined holdings of the Board of Directors, excluding those corresponding to significant shareholders, amounted to 2,978,759 shares, representing 2.124% of the share capital.

### IV. Stock options

Listed below is the number of stock options held by the Company's executive directors as at 31 December 2007. These stock options were allocated to them as a result of the remuneration system described in Section B (The Company's Administrative Structure).

	STOCK OPTIONS	NO. OF EQUI-VALENT SHARES	% SHARE CAPITAL
Rafael del Pino y Calvo-Sotelo	2004 Plan: 300,000	300,000	0.214
	2006 Plan: 196,600	196,600	0.140
Joaquín Ayuso García	2004 Plan: 260,000	260,000	0.185
	2006 Plan: 196,600	196,600	0.140
José María Pérez Tremps	2004 Plan: 130,000	130,000	0.093
	2006 Plan: 70,000	70,000	0.050

## V. Shareholders' agreements and concerted actions

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The company has not been notified of any agreement of this nature having been reached among the Company shareholders.

However, and in accordance with the provisions of article 112.4 of the Securities Market Law, it is reported that on 5 October 2007 Portman Baela, S.L., Grupo Ferrovial, S.A.'s majority shareholder, informed the Company of the resolutions adopted by its shareholders. According to these resolution, both ownership of the capital and the voting rights of the Portman Baela shareholders who are corporate persons must fall to Rafael del Pino y Moreno and/or his direct descendants at all times. Also, the representatives of the above-mentioned corporate person shareholders accept, on behalf of the latter, that ownership of the capital and the voting rights of each of them fall to Rafael del Pino y Moreno and/or his direct descendants.

On the other hand, as stated earlier, according to the notification sent to the CNMV and to the Company itself on 8 November 2007, the "concerted family group" formed by Rafael del Pino y Moreno and his children María, Rafael and Leopoldo del Pino y Calvo-Sotelo, indirectly controls, through Portman Baela S.L., 58.316% of Grupo Ferrovial, S.A.'s share capital.

## VI. Relations between owners of significant stakes and the company and among the owners themselves

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In addition to the family ties stated in section II above, Portman Baela S.L. is a member of the Grupo Ferrovial, S.A.'s Board of Directors.

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

Rafael del Pino y Calvo-Sotelo has been Executive Chairman of Grupo Ferrovial, S.A. since 2000, and María del Pino y Calvo-Sotelo is also a member of the Board of Directors.

Leopoldo del Pino y Calvo-Sotelo is a Director of Cintra in Spain.

## VII. Own shares

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### 1. Own shares

Own shares as a percentage of the share capital moved from 0.095% at 31 December 2006 to the 0.214% existing at the close of 2007.

In 2007, there were no significant changes in own shares, in accordance with the meaning given in Royal Decree 1362/2007.

The aforementioned percentage at 31 December 2007 is equivalent to indirect ownership of 300,000 own shares. The average acquisition cost was 74.14 euros per share.

The net profit earned during 2007 through transactions with own shares amounted to 854 thousand euros.

## 2. Shareholders' Meeting authorization

On the date of this Report, the authorization to acquire own shares granted to the Board of Directors by the Shareholders' Meeting on 30 March 2007 was in force. Its full text is available on the corporate website [www.ferrovial.com](http://www.ferrovial.com)

### 3. Own shares: policy and rules

In accordance with article 8 of the Board Regulations, the Board of Directors is responsible for determining the Company's policy on own shares, and its limitations in particular, subject to the powers obtained at the Shareholders' Meeting.

The Internal Code of Conduct Regulations of Grupo Ferrovial, S.A. and its Group of companies on matters relating to the securities markets establish that the policy on own shares, which must be determined by the Board of Directors as already stated, shall be aimed at ensuring that the purchase and sale of own shares do not distort the process of market price discovery, and regulate the action guidelines in detail.

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

The acquisitions 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 carried out 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 website; this information is updated every month.

## VIII. Restrictions established by the articles of association and by law on voting rights and on buying and selling shares

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The articles of association do not place restrictions of any kind on the exercise of voting rights or on the acquisition or sale of stakes in share capital other than those generally established by company law.

## IX. Measures for neutralizing a takeover bid

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The Shareholders' Meeting held on 30 March 2007 did not adopt any measure for neutralizing any takeover bid.

## B. The Company's Administrative Structure

### I. Members of the Board of Directors

#### 1. Members of the Board of Directors

The Shareholders' Meeting held on 30 March 2007 adopted the resolution to modify the Articles of Association in order to bring the minimum number of Board members into line with the recommendations of the Unified Code of Good Governance.

Therefore, in accordance with the Articles of Association, the Board is formed by a minimum of five (5) and a maximum of fifteen (15) members. It had eleven members during 2007, although from July onwards the number of Board members was ten (10).

The Articles of Association and the Regulations establish 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. Independent Directors shall, as also approved in 2007, make up at least one third of the total number of Board Members.

The only variation experienced in the composition of the Board of Directors of Ferrovial, S.A. was the resignation of Fernando del Pino y Calvo-Sotelo, who notified his resignation in a document stating that this was due to his split, in economic terms, from the "family group" that indirectly controls the share capital of Grupo Ferrovial, S.A.

In short, the Board of Directors of Grupo Ferrovial, S.A., at 31 December 2007, is formed by the following Directors:

Chairman and Chief Executive Officer: Rafael del Pino y Calvo-Sotelo	Executive and proprietary
First Deputy Chairman: Santiago Bergareche Busquet	Independent
Second Deputy Chairman and Lead Director Jaime Carvajal Urquijo	Independent
Chief Executive Officer: Joaquín Ayuso García	Executive
<b>Directors:</b>	
PORTMAN BAELA S.L. Represented by Eduardo Trueba Cortés	Proprietary
Juan Arena de la Mora	Independent
Santiago Eguidazu Mayor	Independent
Gabriele Burgio	Independent
María del Pino y Calvo-Sotelo	Proprietary
Director and Secretary: José María Pérez Trempos	Executive

Each Director's status, based on the definitions contained in the Board Regulations, is indicated beside his/her name, respecting the meaning provided for each one by the Unified Code of Good Governance.

The following table shows the percentage that each category of Directors represents on the total of its members. Once again in accordance with the provisions of the UCGG, Directors who perform executive

functions simultaneously and represent a significant stakeholder represented on the Board have been considered to be Executive Directors:

	NO.	% OF THE TOTAL
Executive Directors	3	30%
Proprietary Directors	2	20%
Independent Directors	5	50%

The Board Regulations establish that on the occasion of the drafting and approval of the Annual Governance Report and, after verification by the Nomination and Remuneration Committee, the status attributed to the Directors shall be confirmed or, where appropriate, reviewed. This verification having been carried out, no reviews have been carried out on the status of any of them.

#### 2. Profile of the Independent Directors

##### Santiago Bergareche Busquet

- Member of the Board of Directors since 1999
- Degree in Economic and Law (Deusto Commercial University)
- Non-executive Chairman of Dinamia Capital Privado
- Director of Vocento and Gamesa Corporación Tecnológica S.A.
- Was CEO of Grupo Ferrovial, S.A. up until 2002 and Chairman of Agromán S.A.

##### Jaime Carvajal Urquijo

- Member of the Board of Directors since 1999
- Degree in Law (Madrid) and Master's Degree in Economics (Cambridge University, UK)
- Chairman of Advent Internacional (España); Ericsson Spain; ABB, S.A. Director of Aviva and Solvay Ibérica
- Former Chairman of Ford España S.A. and Director of Telefónica, Repsol and Unión Fenosa.

##### Juan Arena de la Mora

- Member of the Board of Directors since 2000
- PhD in Engineering (ICAI), Degree in Business Studies, Degree in Psychology, Diploma in Tax Studies and AMP (Harvard Business School)
- Director of Dinamia and Laboratorios Almirall
- Former CEO and Chairman of Bankinter and Director of TPI

##### Santiago Eguidazu Mayor

- Member of the Board of Directors since 2001
- Degree in Economics and Business Studies
- Civil Service Economist and Trade Expert
- Chairman of the Nmás1 Group

##### Gabriele Burgio

- Member of the Board of Directors since June 2002
- Degree in Law and MBA from INSEAD (Fontainebleau)
- Executive Chairman of NH Hoteles since 1999
- CEO of Jolly Hotels SpA since 2006
- Former CEO of Cofir, he worked for Bankers Trust in New York and for Manufacturers Hannover 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 him as Chairman of the Board of Directors while still remaining as top executive.

#### Deputy Chairmen

The two Deputy Chairmen of the board of Directors currently hold the status of Independent Directors.

#### Lead Director

Article 15 of the Board Regulations establishes that when the Chairman is also the top executive of the Company, one of the Independent Directors will assume coordination of the External Directors. In particular, that person will channel all matters and concerns that the External Directors notify him of and he may request the calling of a Board Meeting and the inclusion of items on the agenda.

The Lead Director must be an Independent Director.

The Board of Directors is responsible for his appointment at the proposal of the Nomination and Remuneration Committee.

At the Board Meeting held on 29 June 2007, Jaime Carvajal Urquijo was appointed Lead Director at the proposal of the Nomination and Remuneration Committee.

#### Chief Executive Officer

The Company has also had a Chief Executive Officer since February 1999, to whom all powers, with the exception of those that may not be delegated by law or by the Articles of Association, are delegated.

#### 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 reviewed regularly.

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

DIRECTOR	POSITION	COMPANY
Rafael del Pino y Calvo-Sotelo, Chairman	Chairman	Cintra Concesiones de Infraestructuras de Transporte S.A
		Ferrovial Infraestructuras S.A.
Joaquín Ayuso García, CEO	Chairman	Ferrovial-Agroman, S.A.
		Ferrovial Aeropuertos S.A.
		Ferrovial Servicios S.A.
		Ferrovial FISA S.L.
	Chairman and CEO	Ferrovial Telecomunicaciones S.A.
Deputy Chairman	Cintra Concesiones de Infraestructuras de Transporte S.A.	
	CEO	Ferrovial Infraestructuras S.A.
José María Pérez Tremps, Director and Secretary	Director	BAA Plc.
		Cintra Concesiones de Infraestructuras de Transporte S.A.
		Ferrovial Agromán S.A.
		Ferrovial Infraestructuras S.A.
		Ferrovial Aeropuertos S.A.
		Ferrovial FISA S.L.
		Ferrovial Servicios S.A.
		Ferrovial Telecomunicaciones S.A.
		Swissport International AG
	Joint Administrator	Ferrovial Inversiones S.A.

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

#### D. Rafael del Pino y Calvo-Sotelo:

- Independent Director of Banco Español de Crédito (Banesto).

#### D. Santiago Bergareche Busquet:

- Non-executive Chairman of Dinamia S.A.
- Director of Gamesa Corporación Tecnológica S.A.
- Director of Vocento S.A.

#### D. Juan Arena de la Mora:

- Director of Dinamia S.A.
- Director of Laboratorios Almirall S.A.

#### D. Gabriele Burgio:

- Executive Chairman of NH Hoteles S.A.
- Director of Sotogrande S.A.

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

D. Rafael del Pino y Calvo-Sotelo

- CEO of Portman Baela S.L.

María del Pino y Calvo-Sotelo

- Deputy Chairwoman of Portman Baela S.L.

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

Section 127 Ter., paragraph 4 of the Spanish Corporations Law 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 those comprising 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 those comprising the Company's corporate purpose.

In this regard, the following information given to the Company by Board members who held office on the Board of Directors of Grupo Ferrovial, S.A. at 31 December 2007 should be stated:

### Equity holdings:

- In the subsidiary Cintra, Concesiones de Infraestructuras de Transporte, S.A.
  - D. Joaquín Ayuso García: 0.002 %
  - D. Santiago Eguidazu Mayor: 0.002 %
  - D. José María Pérez Tremps: 0.001 %
- The members of the "family control group" and/or companies linked with them (see CORPORATE OWNERSHIP STRUCTURE) hold shares in POLÁN, S.A. (real estate activity).

### Positions or functions (the positions or functions in Grupo Ferrovial companies stated earlier are not included):

- **D. Rafael del Pino y Calvo-Sotelo:** Chairman of Cintra Concesiones de Infraestructuras de Transporte S.A. and Ferrovial Infraestructuras. Also, Leopoldo del Pino y Calvo-Sotelo, a Related Party according to the provisions of section 127 Ter. 5 of the Spanish Corporations Law, holds the following positions or functions: Manager for Spain in Cintra Concesiones de Infraestructuras de Transporte S.A., Director of Sociedad Municipal de Aparcamientos y Servicios S.A., Autopista del Sol S.A., Aparcamient Escaldes Centre S.A., Autopistas Tarrasa Manresa S.A., Autopista Madrid Sur S.A., and Inversora de Autopistas del Sur S.L., Chairman of Autopista Madrid Levante S.A.; of Inversora de autopistas de Levante S.L., and Autopista Alcalá O'Donell; Joint Administrator of Cintra Aparcamientos S.A., Dornier S.A.; Deputy Chairman of Estacionamientos Urbanos de León S.A. and Autopista Trados M-45.

- **D. Joaquín Ayuso García:** Chairman of Ferrovial Agromán, S.A., Ferrovial Aeropuertos S.A., Ferrovial Servicios S.A., Ferrovial FISA S.L., Chairman and CEO of Ferrovial Telecomunicaciones S.A.; Deputy Chairman of Cintra Concesiones de Infraestructuras de Transporte S.A.; CEO of Ferrovial Infraestructuras.

- **D. José María Pérez Tremps:** Director of BAA Plc., Cintra Concesiones de Infraestructuras de Transporte S.A., Ferrovial Agromán S.A.; Ferrovial Infraestructuras S.A., Ferrovial Aeropuertos S.A., Ferrovial FISA S.L.; Ferrovial Servicios S.A., Ferrovial Telecomunicaciones S.A., Swissport International AG; Joint Administrator of Ferrovial Inversiones S.A.

- **D<sup>a</sup>. María del Pino y Calvo-Sotelo** is Chairwoman of Polán S.A.

### Activities performed for their own account or that of third parties

No information has been received in this regard.

## 8. Other information

In 2003, the investment made by Casa Grande de Cartagena, S.L., a company that has shareholding links with members of the "family control group", in an investment company created by N más Uno Agencia de Valores, was notified to the Board of Directors and disclosed in the Corporate Governance Report for that year and also in those of subsequent years. Mr. Eguidazu is Chairman of N más Uno IBG, S.A., the parent company of the group. In view of the nature of the brokerage services provided by Nmás 1 and the amount of fees that it is likely to represent as a proportion of the revenues of this firm, the Board of Directors 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 Regulations in force at that time. Voting was held with the abstention of the interested party, Mr. Santiago Eguidazu Mayor.

In 2007, Mr. Eguidazu informed the Company of the existence of new relations of a professional nature through Nmás Uno Agencia de Valores with the Company's "family control group" and with firms linked with the latter. The Director Mr. Eguidazu is Chairman of N más Uno IBG S.A., the parent company of the group. In this case, the transaction consisted of providing consultancy prior to taking up stakes in various companies. The Nomination and Remuneration Committee examined details of the business relationship and decided that it was not important enough to compromise Mr. Eguidazu's independence, in accordance with the binding definition given in the Unified Code of Good Governance as included in the Board Regulations approved on 23 February 2007.



## II. Directors' and Senior Managers' Remuneration

### 1. Preparation of the Remuneration Report

With regard to 2007, and in accordance with the provisions of article 34.5 of its Regulations, the Board of Directors has drawn up a Remuneration Report, after a report by the Nomination and Remuneration Committee, in which the following, among other issues, are described in detail:

- Aspects relating to remuneration policy: approval; the criteria it includes; statutory and regulatory clauses that regulate the remuneration of Board members.
- Remuneration system for the Board of Directors in 2007, with separation of the different items that comprise Executive Directors
- New policy items in respect of previous years.
- Policy for 2008 and subsequent years.
- Other information of interest.

The Remuneration Report was made available to all shareholders on the occasion of the convening of the Shareholders' Meeting and may be consulted in the chapter covering Corporate Governance in the Company's Annual Report, as well as on the website ([www.ferrovial.com](http://www.ferrovial.com))

The Report included in the Company's annual accounts also provides information regarding Directors' and Senior Managers' remuneration.

### 2. Remuneration system for the Board of Directors in 2007

The remuneration system for 2007 will be the same, in structure and application, as the one that was formed in 2004 and has been applied since then.

#### Description

The Board of Directors' remuneration system consists of establishing annually a total fixed sum as remuneration corresponding to per diem and statutory duty allowances for all directors, provided it falls within the maximum limit of 3% of the year's consolidated earnings attributable to the Company (in accordance with article 25 of the Articles of Association), once the annual accounts are approved.

This fixed sum has been established at 1,300,000 euros for 2007, this being the first time its value has been reviewed since 2004.

#### Settlement

This sum is settled as follows:

- Per diem attendance allowances are paid in respect of meetings of the Board of Directors and its delegate or advisory Committees, in accordance with the following amounts, which have not been modified since 2004:

For attending Board Meetings	€3,250/meeting
For attending Executive Committee Meetings	€2,000/meeting
For attending Audit and Control Committee Meetings	€1,500/meeting
For attending Nomination and Remuneration Committee Meetings	€1,500/meeting

The value of the per diem allowances accrued by the Chairmen of the three Committees, Executive, Audit and Control, and Nomination and Remuneration, is double the stated sums.

The amount paid by way of per diem allowances in 2007 totalled 562,000 euros.

- Of the fixed sum agreed for 2007, i.e. 1,300,000 euros, the amounts paid by way of per diem allowances have decreased, resulting in a residue of 738,000 euros. The resulting sum is divided by 13, applying to the quotient the following factors in the allocation of individualized sums: Chairman of the Board: \*2; First Deputy Chairman: \*1.75; Second Deputy Chairman: \*1.25, and the remaining Directors: \*1.
- The following table shows, in individualized form, the statutory remuneration of members of the Board of Directors accrued during 2007 (\*):

	2007			2006		
	PER DIEMS: BOARD, EXECUTIVE COMMITTEE AND ADVISORY COMMITTEES	ALLOCATIONS OF REMAINDER	TOTAL	PER DIEMS: BOARD, EXECUTIVE COMMITTEE AND ADVISORY COMMITTEES	ALLOCATIONS OF REMAINDER	TOTAL
Rafael del Pino y Calvo-Sotelo	67,750.00	118,269.23	186,019.23	67,000.00	92,961.54	159,961.54
Santiago Bergareche Busquet	59,250.00	103,485.58	162,735.58	63,750.00	81,341.35	145,091.35
Jaime Carvajal Urquijo	59,500.00	73,918.27	133,418.27	65,000.00	58,100.96	123,100.96
Joaquín Ayuso García	51,750.00	59,134.62	110,884.62	53,000.00	46,480.77	99,480.77
Fernando del Pino y Calvo-Sotelo (**)	13,000.00	28,384.62	41,384.62	42,500.00	46,480.77	88,980.77
PORTMAN BAELA S.L., represented by Eduardo Trueba Cortés	44,750.00	59,134.62	103,884.62	38,750.00	46,480.77	85,230.77
Santiago Eguidazu Mayor	56,750.00	59,134.62	115,884.62	58,750.00	46,480.77	105,230.77
Juan Arena de la Mora	44,500.00	59,134.62	103,634.62	46,000.00	46,480.77	92,480.77
Gabriele Burgio	61,250.00	59,134.62	120,384.62	57,000.00	46,480.77	103,480.77
María del Pino y Calvo-Sotelo	51,750.00	59,134.62	110,884.62	20,250.00	11,620.19	31,870.19
José María Pérez Tremps	51,750.00	59,134.58	110,884.58	55,000.00	46,480.77	101,480.77
Casa Grande de Cartagena, S.L.				28,750.00	34,860.58	63,610.58
<b>TOTAL</b>	<b>56,000.00</b>	<b>738,000.00</b>	<b>1,300,000.00</b>	<b>595,750.00</b>	<b>604,250.00</b>	<b>1,200,000.00</b>

(\*) In line with a criterion of actual payment, the gross statutory remuneration paid to the Board of Directors during 2007 was 1,126,000 euros.

(\*\*) Receives from the residue the part that is proportional to the months of the year during which he performed his duties of office (6 months). The remainder is distributed among the other members of the Board, again in accordance with the above-mentioned formula, although the divisor is adjusted to the number of Directors remaining after his departure.

The total remuneration for per diem and statutory duty allowances paid to the members of the Board of Directors as a whole represents 0.18% of the profit attributed to the dominant company.

### Compulsory investment in Company shares

Since 2003, all Directors are under the obligation to devote their remuneration (per diem and statutory duty allowances) to the acquisition of shares in the Company itself. Such acquisitions are carried out through purchases made in the market on pre-established dates, and specifically on the first stock exchange business day session immediately following each date established by the CNMV as the deadline for sending periodic economic information. The shares acquired in the same calendar year can only be sold by the interested party three full years after acquiring them, as agreed by the Board of Directors in 2004.

### Remuneration of Executive Directors

In addition to the per diem and statutory duty allowances received as Directors, the three Executive Directors accrued the following remuneration in 2007:

Thousands of euros	2007	2006
Fixed remuneration	2,128	1,712
Variable remuneration	3,829	3,248
Exercise of monetary remuneration plans linked to the share price		12,777
Exercise of stock options and/or other financial instruments	1,843	

### Remuneration of members of governing bodies of other group, multi-group or associated companies

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 companies did not accrue any remuneration for this concept in 2007 (it was 52,000 euros in 2006).

### Pension Funds and Plans or life insurance premiums

As in 2006, no amounts were paid in 2007 in favour of former or current members of the Company's Board of Directors in connection with pension funds or plans, nor were any obligations for these items arranged during the year.

As regards life insurance premiums, the Company has arranged death benefit insurance policies that involved the payment of 8,200 euros for policies to cover the Executive Directors. It paid 7,200 euros for this item in 2006.

No contributions were made or obligations arranged with regard to pension funds and plans for Directors of Grupo Ferrovial, S.A. who belong to the boards of directors and/or senior management of group, multi-group or associated companies. No life insurance premiums were paid either.

### Advances and loans

At 31 December 2007, the Company had not provided any advances or loans to its Directors or by virtue of their membership of other boards of directors and/or senior management of group, multi-group or associated companies.

## Stock options

The following table shows the number of stock options owned by the Executive Directors of the Company at 31 December 2007, allocated in application of the two remuneration plans approved in 2004 and 2006, further details of which are given in subsequent sections.

	STOCK OPTIONS	NO. OF EQUIVALENT SHARES	% SHARE CAPITAL
Rafael del Pino y Calvo-Sotelo	2004 Plan: 300,000	300,000	0.214
	2006 Plan: 196,600	196,600	0.140
Joaquín Ayuso García	2004 Plan: 300,000	300,000	0.214
	2006 Plan: 196,600	196,600	0.140
José María Pérez Tremps	2004 Plan: 130,000	130,000	0.093
	2006 Plan: 70,000	70,000	0.050

## 3. 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 the 2007 business year:

Thousands of euros	2007	2006
Fixed remuneration	2,941	1,966
Variable remuneration	2,333	1,833
Exercise of monetary remuneration plans linked to the share price		428
Exercise of stock options and/or other financial instruments [see description in the heading below]	2,890	3,504
Remuneration as members of the governing bodies of other group, multi-group or associated companies	25	11
Contributions to pension funds or plans or obligations incurred for these concepts	0	0
Insurance policy premiums	12	11

During 2007, the Company did not grant loans to any Senior Managers and repayments to the value of 222,000 euros were made. The balance of these loans at 31 December 2007 amounted to 265,000 euros.

The above-mentioned remunerations correspond to the persons holding the following positions:

- Chief Financial Officer
- General Manager of Human Resources
- General Manager of Construction
- Co-Chief Executive Officer
- General Manager of Services, although the person holding this post changed in May 2007
- General Manager of Airports, a position created in May 2007
- Audit Manager
- Quality and Environment Manager

- Communications Manager
- Information Systems Manager, since May 2007
- Market Studies and Analysis Manager, since July 2007

Remuneration for Senior Managers who are also Executive Directors is not included since it is indicated above.

## 4. Stock options plan (2004)

On 26 March 2004, the Shareholders' Meeting authorized the application of a remuneration system consisting of 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.

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.

The premium to be paid by the beneficiary is one (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 CNMV was informed of the system and the individual allocations on 26 and 31 March and 7 May 2004.

## 5. Stock options plan (2006)

On 31 March 2006, the Shareholders' Meeting approved the application of a remuneration system consisting of a Stock Options Plan applicable to Executive Directors and to members of Senior Management, in practically identical terms to those of the Options Plan approved in 2004, as described in the preceding section.

The system 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 2009. This right is conditional upon attainment of a minimum rate of return on consolidated equity. Each option corresponds to one share.

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 65.92 euros.

The premium to be paid by the beneficiary of this Plan is two (2) euros per share.

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

The CNMV was informed of the system and the individual allocations on 31 March; 10 and 12 May, and 3 November 2006.

## 6. Other information on remuneration

As regards the members of Senior Management, including two Executive Directors, the contracts signed between the Company and Senior Management expressly provide for the right to receive indemnities in the event of unfair dismissal, as established in article 56 of the Workers' Statute.

Also as regards this section, it should be mentioned that in order to enhance their loyalty and permanence, deferred remuneration has been granted to eight Senior Managers, including two Executive Directors. This is an extraordinary remuneration item that is effective only when one of the following circumstances occurs:

- 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 1,965,000 euros in 2007 (1,619,000 euros in 2006).

## III. Composition of the Board Committees

### 1. Executive Committee

The Board of Directors established an Executive Committee in accordance with the provisions of the Articles of Association, to which it has expressly delegated all the powers corresponding to the Board of Directors, except for the powers whose delegation is prohibited by law or by the Articles of Association.

The composition of the Executive Committee, which did not undergo any change during 2007, was as follows:

Rafael del Pino y Calvo-Sotelo	Executive and proprietary
Santiago Bergareche Busquet	Independent
Jaime Carvajal Urquijo	Independent
Joaquín Ayuso García	Executive
Santiago Eguidazu Mayor	Independent
María 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 of the Board of Directors.

### 2. Audit and Control Committee

The composition of this Committee was as follows during the whole of 2007:

Gabriele Burgio Chairman	Independent
Santiago Eguidazu Mayor	Independent
PORTMAN BAELA S.L. represented by Eduardo Trueba Cortés	Proprietary
Juan Arena de la Mora	Independent

As a result, all the members of the Committee continue to be External Directors and its chairmanship falls to an Independent Director, as required by the Board of Directors Regulations.

### 3. Nomination and Remuneration Committee

The composition of this Committee, which did not undergo any change during 2007, is as follows:

Jaime Carvajal Urquijo Chairman	Independent
Santiago Bergareche Busquet	Independent
Juan Arena de la Mora	Independent
Gabriele Burgio	Independent

All its members continue to be Independent Directors, in accordance with the stipulations of the Board of Directors Regulations in this respect.

## IV. Selection, Appointment and Dismissal of Directors and Assessment of the Board of Directors

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### 1. Selection of Directors

The Board of Directors Regulations establishes a procedure for the appointment and re-appointment of Directors. When applied for selecting new Board members, this process has been carried out with the involvement of external firms.

The powers of the Nomination and Remuneration Committee include the drafting of the candidate selection criteria. According to article 26 of the Regulations, appointments or re-appointments of Directors must be preceded by:

- The proposal from the Appointment and Remuneration Committee, in the case of Independent Directors.
- A prior report, in the case of all other Directors.

The Company strives to ensure that persons appointed as directors are of acknowledged ability, competence and experience, particular care being taken over the persons who are called to cover positions as Independent Director, who must comply with the provisions established in the Regulations for this purpose.

With regard to Proprietary Directors, the Board Regulations establish that they may not personally maintain stable and significant commercial, economic, labour or professional relations, either directly or indirectly, with Ferrovial, with the exception of the professional relations inherent in the positions of Chairman and Chief Executive Officer of the Company.

The Board Regulations do not establish any specific requirement for being appointed Chairman of the Board.

According to the provisions of the Board Regulations, the Company will establish a programme for guiding new Directors, with the aim of giving them a general, sufficient view of Ferrovial, including its corporate governance rules.

Directors affected by appointment, re-appointment or removal proposals shall abstain from participating in the deliberations and voting at which they are discussed. Voting in these cases will be secret.

### 2. Term of office

In accordance with the Articles of Association and Board of Directors Regulations, a Director's term of office is three years, with the possibility of re-appointment.

Independent Directors must tender their resignation to the Board and, should the latter consider advisable, formally present their resignation, when they have been Board members for twelve (12) years, without prejudice to their possible continuation as Directors on a different basis.

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

The nomination and Remuneration Committee must:

- Give its report prior to the appointment and removal of the CEO and also, at the proposal of the Chairman, of the Board Secretary.

- Propose the members who are to form part of the different Committees.

### 4. Resignation/dismissal of Directors

The Board Regulations also establish a system for regulating the removal of Directors that covers the reasons for which a Director must tender his/her resignation. In addition to resigning when the period for which they were appointed ends or when the Shareholders' Meeting so decides, the Regulations also envisage, besides the limitation stated above for Independent Directors, the following causes:

- Executive Directors, when the Board sees fit.
- Proprietary Directors, upon full disposal of the stake in the Company that enabled them to be appointed as such. They shall also resign, in the appropriate number, when that stake decreases to a level that demands a reduction in the number of its Proprietary Directors.
- When Directors incur any of the causes 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 Deputy Chairman (if Executive), the CEO and Secretary of the Board must resign at the age of 65, but may continue as Directors and hold the office of Chairman or Deputy Chairman if they are not executive.
- 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. In particular, if the Director should be indicted or become involved in oral proceedings for any of the cases provided for in section 124 of the Corporations Law, the Board shall analyse the circumstances of the case without delay and the appropriateness of whether he/she should continue in the post, reporting on the criterion adopted in the Annual Corporate Governance Report.

With regard to Independent Directors, the Board Regulations establish that the Director will not tender his/her resignation before completing the term of office, unless there is just cause noticed by the Board, after the report of the Appointment and Remuneration Committee. Just cause is understood to exist, in particular, if the Independent Director violates his/her duties, incurs in incompatibility or if any of the causes listed above occurs.

The resignation of Independent Directors may also be proposed if, as a result of takeover bids, mergers or other operations of this kind occur in the share capital structure of the company, thereby making it advisable to review the criteria of proportionality established by good governance recommendations.

### 5. Assessment of the Board of Directors

In accordance with the Board of Directors Regulations, the Board will make an annual assessment of the following:

- Its functioning and the quality and efficiency of its work.
- The performance of the Company's Chairman and CEO, after the report of the Appointment and Remuneration Committee.
- The functioning of its Committees, on the basis of the report submitted by them.

The 2007 business year saw the completion of the work commenced during 2006 for making an assessment of the Board as a collective body, analysing its organization and functioning in the light of the most widespread market recommendations and practices, besides an individualized assessment in respect of each of its members and an appraisal of the performance of the Chairman and the CEO.

As on other occasions, this process was assisted by the collaboration of a specialist outside firm that appeared before the Board to report on the results of its work.

The Board of Directors also made an assessment of the functioning of the Appointment and Remuneration Committee and the Audit and Control Committee, on the basis of the report drawn up by each of them. In both cases, the result of the assessment is that their functioning is correct and that both Committees satisfactorily fulfil the duties assigned to them.

## V. Responsibilities, Organization and Functioning 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, this being understood to be maintaining its economic value at maximum, sustained levels and treating all shareholders in the same way.

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

- Approval of strategic policies, management targets and Ferrovial's annual budget.
- Control of performance and assessment of the Directors.
- Approval of Directors' remuneration and the additional remuneration corresponding to the executive functions of the Directors who perform them.
- Incorporation of new companies and acquisition or sale of stakes in existing companies, where the latter imply 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.
- Strategic investments or operations and the performance of investment, disinvestment, financing or guarantee transactions involving

- substantial group assets or for amounts above specific thresholds.
- Approval of the incorporation and acquisition (or similar) transactions of stakes in companies domiciled in tax havens, and also in special purpose companies when, because of their nature, purpose, accounting or financial treatment or any other circumstance, these latter might damage the transparency of the group.
- Policy of disclosure and reporting to shareholders, markets and public opinion.

#### b) Policy fixing

Besides the above functions, the new Regulations confer on the Board the power to approve Company policy on the following matters:

- Investments and financing
- Corporate structure of the group
- Corporate Governance
- Corporate social responsibility
- Remuneration
- Risk control and management, and the periodic follow-up of internal information and control systems
- Shareholder remuneration
- Own shares

#### c) Specific function related to financial disclosure and financial statements

- Powers of the Board of Directors and the Audit and Control Committee
- One of the Board of Directors' powers that is specifically regulated is the monitoring of the Company's financial statements at least every quarter, and supervising 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.

On the other hand, the Audit and Control Committee has the following functions in relation to financial information and financial statements:

- To 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. Also to inform the Board of changes in accounting criteria and of any possible risks.
- To supervise the information that the Board of Directors must approve and include in the Company's annual public documentation.
- To 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 applicable regulations, and to report on this prior to its approval by the Board.

To this end, the Regulations establish that the Audit and Control Committee may, in the terms regulated in the Regulations themselves, request assistance from experts when it deems that Ferrovial's technical resources are not sufficient for reasons of independence or specialization. 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 Management Report, makes reference to the meetings held with the external auditor.

### **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 2007 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.

### **Provisions specifically regulating the auditors' report**

Regarding the function of drafting the financial statements, the Board Regulations state 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, both the Chairman of the Audit and Control Committee and, if required, the external auditors, will publicly explain the content and scope of the discrepancy.

## **2. Organization and functioning**

### **a) Notice of meetings**

The Board normally meets on a monthly basis. Its Chairman holds initiative for convening such meeting whenever he/she sees fit for the efficient performance of its functions and the good operation of the Company.

Besides this, the Chairman must convene a meeting of the Board when at least two of its members request this.

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

The Board drafts an annual schedule of dates and matters in respect of its ordinary meetings.

The Board held eleven (11) meetings in 2007, all of which were attended by the Chairman.

### **b) Information and external advice for Directors**

The Board of Directors Regulations permit Board members to freely request information from Senior Management, informing the Company's Chairman of this, and to request whatever additional information they may reasonably need from the Chairman, the Chief Executive Officer or the Secretary of the Board.

The Board of Directors Regulations also establish that, in order to assist them in discharging their duties, 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

Chairman, and the Board of Directors may only reject the request in limited circumstances.

Lastly, there is a specific statutory 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 Articles of Association and the Board of Directors Regulations, 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 meeting is validly convened when at least half of its members are present or represented.

Unless a legal or statutory provision establishes other quorums, resolutions are adopted by absolute majority of those in attendance.

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

### **e) Progress of meetings and minutes of the session**

The Board of Directors Regulations confer on its Chairman the mission of stimulating the debate and active participation of Board members during its meetings, ensuring that they are free to adopt positions and express opinions.

When drafting the minutes, the Board Secretary shall place on record the concerns expressed by the Directors or by the Secretary over any specific proposal or on the smooth running of the Company and which have remained unresolved at the meeting.

### **f) Third-party liability insurance**

The Company has arranged third-party liability insurance for the Directors and other parties.

## **VI. Responsibilities, Organization and Working of the Board Committees**

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### **1. Board Committee Regulation**

The Executive Committee is regulated in article 18.1 of the Board of Directors Regulations 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 regulated in the Articles of Association.

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

## 2. Executive Committee

As stated earlier, all the powers corresponding to the Board of Directors have been delegated to the Executive Committee, with the exception of powers whose delegation is prohibited by law or by the Articles of Association. It is entrusted with proposing and overseeing Ferrovial's financial, commercial and investment strategies.

However, article 18.1 of the Board of Directors Regulations establishes that every effort shall be made to ensure that the decisions it lists are only adopted by the Executive Committee in cases of urgency, and that in such a case they are ratified subsequently by the Board.

The rules governing the composition and working of this Committee follow the same principles as those governing the Board of Directors and, as stated earlier, are included in the corresponding Regulations.

The appropriate minutes shall be taken at Executive Committee meetings and shall be sent to all members of the Board, in order to inform them of the matters that were discussed and the resolutions adopted in that respect.

The Executive Committee held eight (8) meetings in 2007.

## 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.

Both Committees comprise External Directors only, in accordance with the Board of Directors Regulations, and they have the power of information, advice, supervision and proposal in the matters of their respective authorities. Their 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 Regulations, a decision that clashes with a Committee's recommendations can only be adopted with a resolution by the Board of Directors.

In accordance with the Board Regulations, 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 Regulations, which must be between four and six.

The minutes of the Advisory Committee meetings are distributed to all Directors. In addition, the matters they have discussed are reported on at the first Board meeting to be held after each meeting.

### a) Responsibilities of the Audit and Control Committee

The main functions of this Committee are as follows:

#### As regards the external auditors:

- To propose the appointment of the external auditors, as well as the conditions for engaging them, to the Board of Directors for subsequent presentation to the Shareholders' Meeting.
- To decide the scope of the Company's group companies in relation to which the auditors must accept responsibility for auditing the accounts.
- To act as a liaison between the Board of Directors and the external auditors, and assess the results of each audit. To receive regular information from them about their work, verifying that Senior Management

adopts the auditors' recommendations. To maintain relations with the external auditors for receiving information from them on whatever issues may jeopardize their independence.

- To establish measures for monitoring the provision of advisory and consultancy services by external auditing firms.

#### As regards financial information:

- To be fully aware of the financial reporting process and internal control systems. To inform the Board of any changes in accounting criteria.
- To supervise the information that the Board of Directors must approve and include in the Company's annual public documentation.
- To assist the Board in its mission of ensuring the accuracy and reliability of periodic financial information.

#### As regards internal audit:

- To propose the selection, appointment, re-appointment or replacement of the internal audit manager, as well as the budget for this.
- To supervise internal audit services, approve and verify compliance with the audit plan. To be aware of the degree of compliance with corrective measures recommended to Senior Management by the internal audit.

#### Other functions:

- To analyse and evaluate the main business risks and the systems established for managing and controlling them.
- To establish and supervise a system that permits any employee to notify, in confidence and, if necessary, anonymously, any inefficient situations, inappropriate conduct or possible violations that could have particularly far-reaching effects.
- To supervise compliance with internal regulations covering corporate governance and conduct in the security markets. In particular, to report on exemptions and authorizations in matters relating to Directors' duties, and also on Company transactions with shareholders, Directors and Senior Management that are subject to Board approval.

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

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

The Audit and Control Committee held six (6) meetings in 2007.

### b) Responsibilities of the Nomination and Remuneration Committee.

Its main functions include:

- Making proposals for the appointment of Independent Directors and informing about proposals for the appointment of the remaining Directors.
- To advise on the appointment of the CEO and the Board Secretary.
- To propose the members that must form part of each of the Committees.
- To propose the Lead Director.
- To propose the system and amount of annual remuneration for directors



and report on the annual remuneration of the Executive Directors and other conditions of their contracts.

- To advise on the appointment or dismissal of directors who report directly to the CEO.
- To report on the contracts and remuneration system for Senior Management.
- To analyse the process that permits the smooth transition from one Chairman to the next and from one CEO to the next.

The Nomination and Remuneration Committee held five (5) meetings in 2007.

## VII. Board of Directors Regulations

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The Board of Directors Regulations are available for consultation on Ferrovial's website, [www.ferrovial.com](http://www.ferrovial.com).

On 23 February 2007, the Board of Directors approved a new text for the Regulations with the aim of bringing their wording into line with the recommendations of the UCGG as accepted by the Company, and which needed to be included in the internal regulations.

The approval of these new Regulations was reported to the shareholders at the Shareholders' Meeting held on 30 March 2007.

## VIII. Relations Between the Board of Directors and the Markets, External Auditors and Financial Analysts

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### 1. Dissemination of information about the Company

#### a) Action taken by the Board of Directors

In accordance with the Board Regulations, the Board of Directors has adopted the necessary measures for making information about the Company known to the shareholders, investors and the market in general, using the most efficient means available, so that the information is transmitted equally, immediately and without hindrance to the recipients.

Besides this, another of the Board's functions is to establish appropriate regular information exchange mechanisms with institutional investors which, in accordance with the Board Regulations, 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

On the other hand, the Internal Code of Conduct of Grupo Ferrovial, S.A. establishes the obligation to notify the CNMV of price-sensitive information (as defined in the Securities Market Law) before disseminating it via any other means and immediately after the circumstances making such notification compulsory have arisen.

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

It is the task of the Chairman, CEO, Board Secretary, Chief Financial Officer and Communications Manager to confirm or deny public information about circumstances considered to be Price-sensitive Information.

### c) Internal procedure for controlling information relating to significant transactions

In order to comply with the obligations established in section 83 Bis of the Securities Market Law, brought in by Law 44/2002, dated 22 November, on measures for reforming 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's Secretariat. These 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

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.

Under no circumstances may the Audit and Control Committee propose that the Board of Directors engage an audit firm where the fees it plans to pay, under all headings, exceed five (5) per cent the firm's total revenues in the last business year.

### 3. Internal procedures

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

Besides this, the Company has an internal procedure, modified in 2007, by virtue of which the hiring of any professional consultancy or advisory service from any auditing firms and any entity related to the latter, irrespective of the fact that they may or may not have been entrusted with auditing the annual consolidated and individual accounts of Grupo Ferrovial, S.A. or its group companies, shall require the prior authorization of the Audit and Control Committee or the Financial Department according to whether the value of the services exceeds certain amounts or otherwise. In addition, every six months the Audit and Control Committee will receive a summary of the contracts of this nature that have actually been entered into.

### 4. Audit fees

The current audit firm of the Company and its consolidated group, which has audited the financial statements for the last five years (of the nineteen in which Grupo Ferrovial has been subject to statutory audit) also performed other work.

The following table shows the audit firm's fees in 2007:

	2007		
	COMPANY	GROUP	TOTAL
Fees for work other than auditing (thousands of euros)	212	8,709	8,921
Fees for work other than auditing/ Total fees billed by the audit firm (%)	1.63%	67.09%	68.72%

## 5. Restrictions on hiring analysts

As regards analysts, the Nomination and Remuneration Committee is responsible for establishing measures for checking 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. At the initiative of the Nomination and Remuneration Committee, the Company has gone ahead with the implementation of new measures with this aim in view.

## C. Related-Party Transactions

### I. Transaction Approval

In accordance with the Board of Directors Regulations, all professional or commercial transactions with Grupo Ferrovial, S.A. or its subsidiaries entered into by the persons stated below require Board authorization, based on a report by the Audit and Control Committee. In the case of ordinary transactions with Ferrovial, it shall be sufficient for the Board of Directors to approve the lines of operations generically. Authorization is not required, however, in transactions that simultaneously fulfil the following three conditions:

1. That they are carried out pursuant to contracts with standard conditions and are applied en masse to a large number of customers.
2. That they are carried out at prices or rates that are established generally by whoever acts as supplier of the commodity or service in question.
3. That their value does not exceed 1% of the Company's annual earnings.

The following must comply with this system:

- Directors of Grupo Ferrovial, S.A. The person requesting authorization must leave the board room while the Board discusses and votes on the request, the person in question not being permitted to exercise or delegate his/her voting right.
- Controlling shareholders.
- Natural persons who represent corporate person Directors.
- Senior Management.
- Other managers who the Board of Directors designates individually.
- Related parties of persons in the foregoing categories, as defined in the Regulations.

### II. Related-Party Transactions

The transactions carried out in 2007 on an arm's length basis as part of the Company's and Group's normal transactions are listed below.

In this document, the Company provides information about related-party transactions, in accordance with the definitions and criteria stated in the Ministry of Economy and Finance Order EHA/3050/2004, dated 15 September, and the CNMV Circular 1/2005, dated 1 April.

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

## 1. Significant shareholders

Individualized details of the most significant transactions carried out during 2007 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) or with entities that have a shareholding link with persons forming part of that “controlling family group”, are shown in the section on the COMPANY’S OWNERSHIP STRUCTURE:

NAME/ DENOMINATION	GRUPO FERROVIAL COMPANY	NATURE OF TRANSACTION	TYPE OF TRANSACTION	2007		2006	
				AMOUNT	PROFIT OR LOSS	AMOUNT	PROFIT OR LOSS
				(THOUSANDS OF €)		(THOUSANDS OF €)	
Members of the “controlling family group”/ Their related parties	Ferrovial Servicios S.A./ subsidiaries	Commercial	Provision of integral management services for a building in Madrid and conservation, maintenance and repair activities	183	23	480	67
	Ferrovial Servicios S.A. / subsidiaries	Commercial	Provision of integral management services in offices in Madrid	180	55	342	91
	Ferrovial Conservación S.A.	Commercial	Lease to Ferrovial of offices in Madrid owned by the shareholders	180	(*)	176	(*)
	Ferrovial Agromán S.A. / Subsidiaries	Commercial	Construction work	3,138	157	2,699	145
	Ferrovial Servicios S.A. / Subsidiaries	Commercial	Provision of integral management services for offices in Madrid	315	39	181	15
	Ferrovial Servicios S.A. / Subsidiaries	Commercial	Maintenance, conservation and repair activities	135	6		

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

Besides the individualized operations stated above, there were two minor transactions with significant shareholders, which consisted of carrying out minor alterations or repairs and maintenance services at homes or headquarters, of a non-material amount and duration, and always under market conditions, the aggregate amount of which was 15,000 euros and which generated an overall profit of 10 euros. In 2006, these transactions amounted to 43,000 euros and generated a total profit of 1,300 euros.

## 2. Transactions with Directors and Senior Management

The transactions carried out in 2007 with Directors and Senior Management of the company are listed in the table below. Also, the transactions with Banesto, NH Hoteles, Bankinter, Ericsson, Lafarge Asland, Asea Brown Boveri and Aviva are disclosed in accordance with section 2 of Order EHA/3050/2004, since certain Directors are, or have been at some time during 2007, members of the Board of Directors of the companies stated:

NAME / DENOMINATION	GRUPO FERROVIAL COMPANY	NATURE OF TRANSACTION	TYPE OF TRANSACTION	2007		2006	
				AMOUNT	PROFIT OR LOSS	AMOUNT	PROFIT OR LOSS
				(THOUSANDS OF €)		(THOUSANDS OF €)	
Rafael del Pino y Calvo-Sotelo	Ferrovial Agromán S.A. / Sub-sidiaries	Commercial	Works management consultancy	80	4	17	0.9
Santiago Eguidazu Mayor	Grupo Ferrovial / Sub-sidiaries	Commercial	Advance payment for property purchase	66	(#)	-	-
Banesto	Grupo Ferrovial companies	"	Collection of business commissions and settlement of collective derivative transactions	28,254	28,254(')	25,315	25,315 (')
		"	Payment of commissions for derivative transactions	8,431	(*)	14,753	(*)
		"	Interest paid	4,261	4,261 (')	4,398	4,398 (')
		"	Interest paid	22,934	(*)	10,380	(*)
		"	Outstanding balance of guarantee lines	288,100	(*)	323,900	(*)
		"	Outstanding balance of confirming lines and documentary credit lines	27,500	(*)	47,800	(*)
		"	Outstanding balance of credit lines	336,400	(*)	518,200	(*)
Ericsson	Ferrovial Servicios S.A. / Sub-sidiaries	"	Provision of integral management services	6,421	1,755	6,611	1,438
Aviva	Grupo Ferrovial companies	"	Insurance policies	2,266	(*)	1,729	(*) (
Bankinter	Grupo Ferrovial companies	"	Payment of miscellaneous commissions	9	(*)	173	(*)
		"	Interest paid	1,284	1,284 (')	1,730	1,730(')
		"	Interest paid	828	(*)	1,490	(*)
		"	Outstanding balance of credit lines	18,700	(*)	38,600	(*)
		"	Confirming provided	55,900	(*)	62,100	(*)
		"	Guarantee lines provided	1,600	(*)	40,200	(*)
NH Hoteles and its group companies	Grupo Ferrovial companies		Hotel/catering services provided by NH Hoteles and its group companies	103	(*)	111	(*)
Almirall	Ferrovial Servicios S.A. / Sub-sidiaries		Provision of integral management services	106	-0.1	8	1
Lafarge Asland	Grupo Ferrovial companies		Purchases of goods	128	(*)	5,186	(*)
	Ferrovial Servicios S.A. / Sub-sidiaries		Provision of waste product collection services	388	39	223	20
Asea Brown Boverly	Ferrovial Agromán S.A. / Sub-sidiaries		Receipt of equipment repair and conservation services	709	(*)	-	-

Corresponds to advance payments that do not generate any result.

(\*) 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 item (paid commission and interest).

In addition to the above transactions, nine transactions with Directors and Senior Managers, directly or through linked parties, were recorded in 2007 for a joint total of 108,000 euros, for the receipt and/or carrying out of minor works on houses or head offices; the provision of facility assembly, repair, maintenance services and the provision of waste product collection services, all of which were for an insignificant duration and amount and carried out under market conditions. These transactions generated a total profit of 21,000 euros. In 2006, transactions of this type amounted to 66,000 euros and yielded a profit of 2,000 euros.

Information about remunerations and loan transactions carried out with Directors and Senior Management is shown in the heading on "Directors' and Senior Managers' remuneration".

### 3. Transactions between group companies

Mentioned below are transactions carried out between Grupo Ferrovial companies which, since they form part of normal operations as regards their purpose and conditions, have not been eliminated for the following reason when drawing up the consolidated financial statements of the Company.

As explained in detail in Note 2.2.d) of the Company Report, balances and transactions relating to construction work performed by the construction division for the infrastructure concession companies are not eliminated in the above-mentioned process of drawing up the consolidated financial statements since, at a consolidated level, these types of contract are rated as being construction contracts in which the works are understood as being carried out, insofar as these works are being executed, for third parties, since the final owner of the work performed, from both an economic and legal standpoint, is the granting administration.

In 2007, Grupo Ferrovial's construction division invoiced the infrastructure division for the work performed, and for advances related to that work, a total of 451,595,000 euros (383,911,000 euros in 2006), recognizing 229,206,000 euros as sales for that work (490,036,000 euros in 2006).

The profit on these transactions that was not eliminated upon consolidation, which is attributable to the percentage of Grupo Ferrovial's stake in the concession companies that received the services, amounted to 8,476,000 euros in 2007, net of taxes and minority interests. In 2006, the amount was 32,568,000 euros.

## III. Conflicts of Interest

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The Board of Directors Regulations 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.

These obligations also apply to controlling shareholders, Senior Management and persons related to them.

In particular, the Regulations state 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. The obligation to refrain from participating in the adoption of the corresponding resolutions is also established in these cases.

In 2007, the Director Santiago Eguidazu Mayor made known to the Company a potential conflict of interest on the occasion of the hiring of N más Uno Corporate Finance by Promociones Habitat, S.A. for reorganizing the debt of that company, in which Grupo Ferrovial, S.A. has a shareholding stake. Mr. Eguidazu is Chairman of N más Uno IBG S.A., the group's parent company. Just as he did in 2006, when N más Uno Corporate Finance provided consultancy to one of the companies that presented bids at that time for the acquisition of the Real Estate division of Grupo Ferrovial, Mr. Eguidazu left the meetings of the Board of Directors and the Executive Committee in which there were debates or reports on Ferrovial's investment in Habitat were being discussed.

## IV. Relations with Spanish Subsidiaries whose Stocks are Listed on the Securities Markets

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The stocks of Cintra Concesiones de Infraestructuras de Transporte, S.A. (henceforth, Cintra), a subsidiary that is partly controlled indirectly by Grupo Ferrovial, S.A., are listed on the Spanish securities markets.

On the occasion of its going public in 2004, Grupo Ferrovial, S.A. and Ferrovial Agromán, S.A. (a subsidiary that operates in the construction business), on the one hand, and Cintra, on the other, signed and made public a Framework Agreement with the aim of regulating the relations between Grupo Ferrovial and its dependent companies, on the one hand, and Cintra and its dependent companies, on the other, in relation to the following two matters:

### Development of highway transport infrastructure and car park projects

In this respect, the Framework Agreement regulates the tasks and obligations of Cintra and the Grupo Ferrovial companies in relation to any tendering for the award of construction and operation, maintenance and/or operation of highway transport infrastructures and car parks. In connection with these projects, generally speaking and with certain exceptions, Cintra will deal with their operation and the Grupo Ferrovial companies with their construction.

### Provision of intra-group services.

The Framework Agreement also establishes the general regulation applicable to the services provided by Grupo Ferrovial companies to Cintra, and viceversa.

As regards both matters, the Framework Agreement plans that Cintra's Related-party Transactions Committee should perform certain supervisory and informative functions, paying special attention to matters relating to Cintra's corporate governance and the prevention of conflicts of interest. The above-mentioned Related-party Transactions Committee is responsible, in particular, for supervising compliance with the Framework Agreement.

## D. Risk Control Systems

### I. The Company's Risk Policy and Risks Covered by the System

#### Introduction

Since 2003, Ferrovial has operated using a global risk management (GRM) system that covers all its business activities around the world, including the activity of affiliated companies over which it has management capacity.

In a dynamic, highly competitive environment, this system is an important tool for the strategic management of business and contributes to the appropriate handling of the factors that can condition the achievement of medium- and long-term economic and operative targets. Ferrovial believes that a responsible, active risk policy designed from a global perspective helps to create value for the Company's activities, both for the shareholders and for the rest of the significant interest groups.

The risk policy and the management system that emanates from it are governed by the following principles:

- The final aim of risk management is to contribute to generating sustainable profit in all business areas and activities.
- The management system is designed from a global perspective; in other words, it integrates all the strategic and operative factors that shape the Ferrovial risk profile, including economic, regulatory and legal, socio-political, labour and environmental factors.
- Risk management involves decision-making individuals at all levels of the organization, including Senior Management and the Board of Directors committees.
- The functions arising from maintenance of the system and the reporting of risks are separate from the business lines, although the latter do provide their knowledge for analysing risks and establishing the most suitable management models in each case.
- The system renders decision-making easier from a balanced, multi-criteria perspective, as it maintains standard, comparable measurement units regardless of the nature of the risk assessed.

#### The Company's main risks

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 safety of its employees, the profitability of its activities, the financial solvency of the company involved or the Group and the corporate reputation.

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

#### 1. Quality risks related to deficiencies or delays in executing work or providing services to customers and users

Quality management systems, which are described in detail below, have been introduced into all business areas. The systems perform continuous follow-up of key indicators, which measure the quality levels of the work delivered (Construction), or the service provided to users (Services, Toll Roads and Car Parks, and Airports), with the aim of establishing preventive measures and early courses of action to reduce the probability of risk emergence.

In addition, satisfaction surveys are carried out by independent experts, with a view to identifying the critical areas of customer and user dissatisfaction and setting in motion measures designed to solve these deficiencies.

#### 2. Environmental risks

- a) Risks arising from practices that may generate a significant environmental impact, mainly as an effect of construction work, waste product management or processing, transport infrastructure operation 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 regulations.
- c) Risks of environmental pollution and damage related to the new European liability system (Directive 2004/35/EC). Although these liabilities are limited in some business areas (Construction), this is considered a significant risk in the activities carried out by Services (basically at waste product management facilities) and, to a lesser extent, at Airports, on Toll Roads and in Car Parks (for example, spills from fuel tanks and other ecotoxic substances).

Environmental risk management procedures have been introduced into these business areas. In addition, according to the new environmental liability system the European Union member states may, from 2012 onwards at the latest, demand financial guarantees from operators in order to remedy these types of risk. For this reason Ferrovial has adopted the decision to anticipate events, and in 2007 it signed an insurance policy for covering these risks in the terms established in this European regulation.

Similarly, and in order to ensure adequate knowledge of environmental regulations, in 2005 Ferrovial introduced an on-line information system (SIGMA) that can be consulted via the corporate intranet.

On the other hand, the Quality & Environment Department performs continuous monitoring of environmental legislation that is at the design stage, keeping in close contact with the legislators and participating in consultation groups for putting the new regulations into practice, in order to be ahead of changes in regulations that could affect the activities of Grupo Ferrovial.

Similarly, the business areas with the greatest environmental risk (Construction and Services) have implemented and had certified the environmental management systems that are described in Section II. 1. b). The Toll Roads and Car Parks division has moved ahead during 2007 with the introduction of an environmental management system that complies with the ISO 14001 standard, which is expected to be certified early in 2008, both in the Spanish and Portuguese toll road concession companies and in the Car Parks activity.

### 3. Regulatory and socio-political risks, particularly in Airports and Toll Roads and Car Parks activity

- a) Risks of regulatory framework changes that could have a negative effect on forecast revenue or on profit margins, mainly in the airport business.

The British airports subsidiary (BAA) maintains permanent relations with the regulatory authorities (Regulation Steering Group), with a view to being ahead of possible regulatory changes.

- b) Risk of buy-back of the concession without payment of compensation (linked to the so-called "country risk").
- c) Social movements against transport infrastructure construction or expansion, besides movements organized by interest groups favouring the suppression of toll-road charges or any others linked with concession contracts.

Regarding action taken by these interest groups, the corporate and business division Managements are in permanent contact with them in order to meet their expectations and anticipate any possible impact on the company.

In relation to other socio-political risks, Ferrovial's investment focuses mainly on OECD countries since their political, social and economic conditions and legal certainty are considered to be stable and sound. In this context, the risk that the government will denationalize the concessions is sufficiently hedged by the clauses that guarantee indemnity and compensation to concession holders.

In any case, the Financial and Legal departments perform constant follow-up of the evolution of these socio-political and regulatory risks.

### 4. Financial risks, the following being highlighted as the most significant

- a) Variation in interest rates, as well as exchange rate fluctuations in activities carried out abroad.
- b) Customer non-payment or default.

### 5. Risks from causing damage

- a) Liability arising from causing damage to third parties during service provision.

1. Damage to third parties because of the poor state of the highway in Toll Roads activity: Liabilities arising from road accidents and incidents caused by a poor state of highway maintenance.

The quality system implemented performs continuous monitoring of the level of highway servicing, which allows the appropriate preventive measures to be carried out.

In addition, the Corporate Insurance Department maintains a Public Liability programme with covers and compensation limits that are in line with the assessment of this risk.

2. Incidents or accidents involving aircraft at airports managed by Ferrovial.

3. Incidents that may affect the safety of airport users, including those arising from terrorist threat.

The British airports subsidiary (BAA) performs systematic follow-up of compliance with all airport safety rules published by the CAA (British authority) and the ICAO (international body). In addition, the airports

managed by Ferrovial have introduced the best practices from the MATRA (Multi-Agency Threat and Risk Assessment) process, which is a mechanism protected by public institutions (TRANSEC programme), based on collaboration and the exchange of information between different agencies (government departments, local authorities, emergency services, the police, etc.).

BAA has also introduced management systems at corporate and business levels that include audit processes through which technical follow-up of the degree of compliance with these matters is performed. Lastly, the Corporate Insurance Department maintains Public Liability and Damage programmes that include cases of terrorist threat, with covers and compensation limits that are in line with the assessment of this risk.

- b) Physical damage to infrastructures promoted or managed by Grupo Ferrovial, mainly due to natural disasters.

There are covers for Damage to Infrastructures and Loss of Profit that cover impact caused by natural disasters or other less intensive risks.

### 6. Other risks

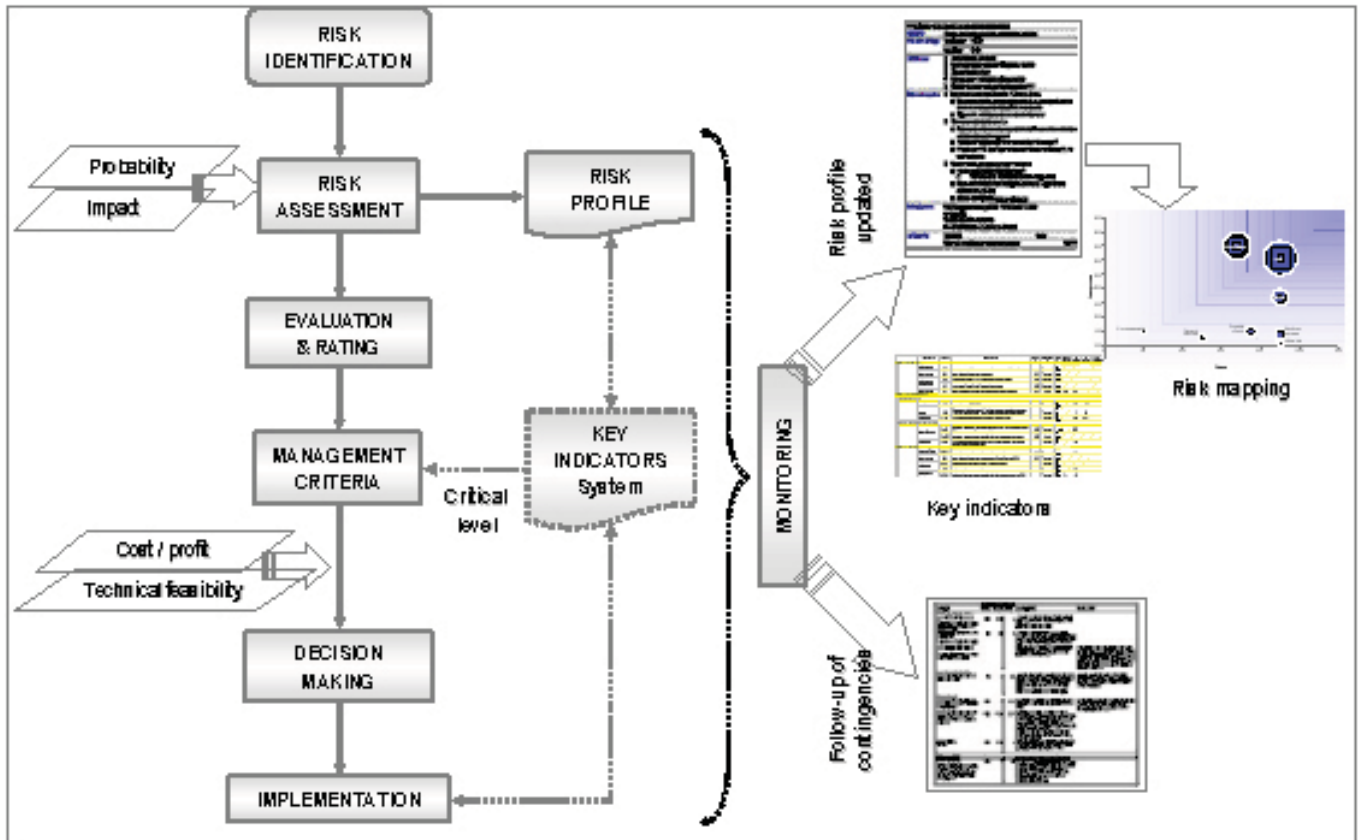
In addition to the foregoing, although more generic or less specific, labour risks and, in particular, those related to employee health and safety (particularly significant in Construction activity) and those involving damage to goods and assets belonging to group companies, are also risks that are managed by the system.

Irrespective of the special features described in this section, the management systems described in heading II below have been designed from the perspective of global risk management, and affect all areas of Grupo Ferrovial's activity and all corporate spheres.

The control systems have been designed for the effective identification, measurement, assessment and prioritization of risks. These systems generate sufficient reliable information for enabling the various units and bodies holding powers in risk management to decide in each case whether risks are assumed under controlled conditions, are reduced 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 global risk management standards (IRM, AIMC, ALARM. 2002).

The information used by the system is generated through a small work-team that includes the heads of the Finance, Quality & Environment, Human Resources and Legal departments, directly supervised by the General Manager. All members of the team belong to management.

The risks that are detected are assessed and prioritized by a standardized semi-qualitative procedure based on a system of relevant reliable indicators, describing in each case 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 Board's Audit and Control Committee. In order to facilitate the identification of the main trends and decision making, the system has a graphic output that integrates all the information in a comparable format (risk map).

### 1. Quality management systems

All the business areas have implemented ISO 9001-compliant quality management systems certified by accredited bodies. In all cases, these 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 for detecting systematic errors and designing corrective or preventive measures in order to prevent or mitigate errors in the future.

The most significant variables in the quality systems of the various businesses are grouped in indicators, the Management Committee of Ferrovial being informed periodically of their evolution.

### 2. Environmental management systems

The business areas have implemented environmental management systems that comply with at least the ISO 14001 standard, these systems having been certified by accredited bodies. The Toll Roads and Car Parks area has implemented the system, which will be certified early in 2008. At production centres, these 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.

Likewise, activities are subjected to a continuous system of environmental assessment and audit of processes, applicable environmental practices and the level of compliance with legislation. This monitoring is the responsibility of an independent technical department of the production line.

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 University in Madrid) and recognized by UNESCO's Environmental Chair. The EPI has been implemented and validated in the Construction and Services areas. Therefore, all 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.

An environmental risk analysis and management procedure, based on the continuous monitoring of business activities, with special emphasis on the industrial facilities that are subject to the liability system mentioned earlier, was introduced in the Services area during 2007. The procedures for assessment of environmental risks and their subsequent management are based on the UNE 150008 standard.

Lastly, and as mentioned earlier, in order to ensure adequate knowledge regarding prevailing regulations on the matter, in 2005 Ferrovial developed an on-line information system (SIGMA) that can be consulted via the corporate intranet, which summarizes the legal requirements in environmental matters for all the production centres in a detailed, simple way and is constantly updated.

### 3. Other preventive procedures

#### Occupational safety systems

Occupational safety systems have been applied in accordance with Law 31/1995 and its implementing regulations in all areas and in the corporate sphere. 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 access on-site safety measures, including all outsourced activities. The system was co-developed with the Spanish National Institute for Safety and Hygiene in the Workplace (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 centralized through the Finance Department on the basis of 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.
- Intra-group loans to foreign subsidiaries.
- Cash of foreign subsidiaries.
- Payments to suppliers in foreign currency.

##### Exposure to interest rate variations:

The objective when financing infrastructure 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, in its different forms (depending on the situation and on the investment volume).

Regarding the Grupo Ferrovial'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 evolution of the Group's financial structure towards a net debt position has given rise to the contracting of cover instruments for recently issued debt. Such cover covers the risk of nominal rates, and in some cases the risk of real rates, because income from the assets they finance is updated through inflation.

##### 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 signing 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.

#### Crisis notification and management procedures

The general risk supervision and control system (global risk management system, GRM) is closely linked to the crisis management and business continuity procedures.

In the corporate sphere, risk profile is the basis for identifying unexpected situations they may trigger a crisis with significant consequences for the company. Such risks are identified in itemized catalogues for each business activity that are permanently updated and accessible at all levels of the organization where such situations may occur.

As part of these procedures, there is a protocol for internal and external communication whose aim is, given a crisis situation, for all decision-making levels of the organization to have access to reliable, adequate information in the shortest possible time.

Similarly, there are specific procedures in the business area management systems that include the measures to be implemented at all levels affected by the crisis in order to lessen any harm to people or the environment, besides reducing its economic impact and making it easier for business activity to be resumed in the shortest possible time.

## Risk cover systems

The Ferrovial corporate policy is to arrange insurance for all the business areas through the Corporate Insurance Unit (organically and functionally, this department is situated in the global risk management area), in order to take advantage of the risk profile of the group through technical and economic optimization of the insurance policies subscribed by Grupo Ferrovial.

Company policy requires that, in general, insurance cover be arranged for damage to own goods and infrastructure built by group companies, and for third-party liability.

Under this common policy, risks that can be transferred totally or partially via insurance policies are monitored continually, since the company analyses and reviews cover, indemnity caps, exclusions and premium costs.

The process of optimizing the covers and premiums of the policies subscribed in the different programmes in the international sphere continued throughout 2007, taking advantage of the volume and variety of the exposure to risk of all the businesses and activities, particularly Services, Toll Roads and Car Parks, and Airports.

## III. Risk Occurrence in 2007

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In 2007, 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 materialize, the prevention, information and control mechanisms were found to work effectively, as did the crisis management procedures, and the Company therefore believes that its risk management systems and resources have worked satisfactorily.

## IV. Bodies with Responsibility for Risks

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A Quality & Environment Department was created in 2003 and 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, which was created in 2004 with the functions described above, forms part of the Quality & Environment Department.

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.

Lastly, the Board of Directors Regulations state that 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 who also attend its meetings.

## V. Compliance Processes

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### Quality & Environment Department

The quality, environmental and occupational safety management systems are continually being assessed and audited internally. The scope of the audit plans affects both central services and the production centres. In all cases, central services audit both the business areas and the corporate sphere, 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 Chairman 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, organization models and management variables of the main areas of Grupo Ferrovial, including the projects within the various business lines and aspects of the various support departments. The conclusions are then reported to the heads of the areas assessed and the Group's Senior Management, including, where appropriate, recommendations for specific actions designed for implementing possible improvements.

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

Lastly, it should be mentioned that in order to perform these functions, the Audit Department has the knowledge and experience accumulated from continuous direct contact with the various businesses, and draws on assistance from leading external advisors whenever 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 the performance of their activities.

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

In parallel, the company has also established a procedure for proposing improvements, making comments and criticisms, and reporting inefficient situations, inappropriate conduct, possible cases of non-compliance with the Code of Business Ethics and other matters, all of which can be done anonymously. The new Board of Directors Regulations, which were approved on 23 February 2007, confer responsibility for supervising this mechanism on the Audit and Control Committee.

## Procedure for protecting Grupo Ferrovial's assets by preventing internal fraud

An internal procedure, whose aim is to protect the corporate assets through the prevention of conduct that could mean internal fraud, has been current in Grupo Ferrovial since 2005.

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 jeopardize 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 Regulations and the Articles of Association, all shareholders who own at least one hundred (100) shares may attend the Shareholders' Meeting, and the shares can be grouped to reach that figure.

Other than that minimum, the Articles of Association do stipulate any restrictions on attendance.

#### 2. Proxies

Shareholder representation at Shareholders' Meetings is regulated by articles 15 of the Articles of Association and 12 and 13 of the Shareholders' Meeting Regulations. This regulation is considered appropriate for guaranteeing shareholders' rights to be represented at the Meeting and delegate their vote.

#### 3. Quorum

The provisions of the Articles of Association and the Shareholders' Meeting Regulations relating to the quorum reproduce the legal regime established in sections 102 and 103 of the Spanish Corporations Law, summarized as follows:

	AT FIRST CALL	AT 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. Chairmanship of the Meeting

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

The Shareholders' Meeting Regulations are considered to be appropriate for guaranteeing the correct functioning 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 related functions, such as helping to organize the round of questions as the Meeting decides, and take note of or look after the literal statements that the shareholders wish to make.

#### 5. Adopting resolutions

There were no changes in the legal system for adopting resolutions, the Articles of Association and the Shareholders' Meeting Regulations establishing that resolutions shall be adopted by a majority unless the law states otherwise.

## II. Shareholders' Meeting Regulations. Rights and Participation of Shareholders at Shareholders' Meetings

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### 1. Rights and participation of shareholders

The Shareholders' Meeting Regulations regulate shareholders' rights in relation to Shareholders' Meetings and, in addition to the provisions established in the Spanish Corporations Law, they envisage the following:

#### Powers of the Shareholders' Meeting.

- Adopting UCGG recommendations, the Shareholders' Meeting Regulations extend the powers of the latter to being informed of transactions that entail transformation of the Company into a holding company through the "affiliation" or incorporation into dependent companies of essential activities hitherto performed by the Company itself and those other transactions that might have an effect equivalent to liquidation of the Company.

#### Announcement of meetings

- As soon as the likely date of the Meeting is known, the Board may post it on the Company's website or disseminate it by any other means it considers appropriate.
- 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 of Directors may consider the suggestions or proposals made in writing by shareholders and bearing a relation to the Company's activities or interests which it considers to be of interest for the Meeting.

#### Right to be informed

- The Company will post on its website the text of all the resolutions proposed by the Board of Directors with regard to the items on the Agenda, with an explanation of the reasons for each one.
- The Company will post on its website the replies given to shareholders in response to the questions they raise on the exercise of their right to be informed.

#### Attendance of external auditors

- The external auditors must attend the Shareholders' Meetings.

#### Audit and Control Committee participation

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

#### Voting

- Proposals for substantially independent resolutions and, in particular

the appointment or ratification of Board members and modifications to the Articles of Association may be voted on separately.

- The Company allows the financial brokers who act on behalf of various customers to split their vote.

#### Shareholder participation

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

The Shareholders' Meeting Regulations contain 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 next Shareholders' Meeting, it can communicate this through the company's website or via any other means it considers appropriate.
- Shareholders will be told, in the notice, that the Meeting is more likely to be held at first call or at second call on the scheduled dates.
- In order to draw up the Agenda, the Board may consider the suggestions and proposals made in writing by the shareholders and 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 distance communication means enabling shareholders to vote and/or grant proxy while ensuring the identity of the person exercising the right to vote or, if by proxy, the identities of the proxy and shareholder, and whether the use of such means is feasible.
- Shareholders with attendance rights may attend the General Meeting by using distance communication methods, if the Board of Directors considers, on the occasion of each call to meeting, that the technical resources and legal grounds permitting and guaranteeing this form of attendance exist.
- The Company shall post the text of all the proposed resolutions, and the documents and reports that are mandatory
- G14
- Zzx 7147 or are determined by the Board of Directors in each case, on the website. Proposed resolutions must be accompanied by an explanation of their justification and appropriateness.
- The Company's website shall contain all the information deemed to be useful for enabling 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 via remote communication 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 Service Department.
- Shareholders may be allowed to follow the Meeting at a distance via audiovisual means.
- The possibility of simultaneous translation mechanisms is envisaged.
- 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 consider appropriate regarding 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 Regulations

As already stated, the current Shareholders' Meeting Regulations were approved by the shareholders on 26 March 2004, and were registered at the Madrid Companies Registry after being notified to the CNMV.

The Shareholders' Meeting Regulations were modified through resolution of the Shareholders' Meeting held on 30 March 2007 in order to include the UCGG recommendations adopted by the Company and which directly affected these regulations. The changes occurred in articles 5 and 22, regarding the powers of the Shareholders' Meeting and voting on proposed resolutions, respectively, and also in the introduction to the Regulations.

## 3. Participation of institutional investors

The Company has not been notified of institutional investors' policy on their participation or otherwise in Company decisions.

## III. Shareholders' Meetings in 2007

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In 2007, the Board of Directors convened one Shareholders' Meeting, which was held on 30 March 2007.

### 1. Attendance

The Shareholders' Meeting held on 30 March 2007 was attended by 70.28% of the share capital, with 60.06% present and the remaining 10.22% by proxy.

### 2. Resolutions adopted

Included among the items put to the vote, besides those relating to approval of the individual and consolidated financial statement, distribution of the results and approval of corporate management, were the re-appointment of directors and auditors; modification of the Articles of Association and the Shareholders' Meeting Regulations in order to include the UCGG recommendations adopted by the Company into their text; approval of a remuneration system applicable to Executive Directors and Senior Management, consisting of the payment of part of their variable remuneration through the delivery of Company shares; and authorization for direct or indirect acquisition of own shares.

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

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

## IV. Information about Corporate Governance

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The Company's website, [www.ferrovial.com](http://www.ferrovial.com), has a home page link giving access to the Corporate Governance section.

The Corporate Governance section can also be accessed from the "Information for Shareholders and Investors" section.

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

## F. Degree of Compliance with Corporate Governance Recommendations

### I. Corporate Governance Responsibility

In accordance with the Board of Directors Regulations, the Secretary of the Board is responsible, among other things, for verifying the Company's compliance with the corporate governance regulations and making proposals for their improvement and, specifically, for issuing its prior report on privileges and other authorizations that the Board of Directors may grant on the subject of Directors' duties, besides reporting on Company transactions carried out with shareholders, directors and senior management which, according to the Regulations, require approval.

On the other hand, the Board of Directors Regulations confer on the Secretary of the Board, among other functions, responsibility for verifying compliance with the regulations on corporate governance and their interpretation, besides considering the recommendations made on this matter which the Company decides to adopt, and to analyse those that arise at any time for their possible inclusion in the Company's internal regulations.

### II. Compliance with the Unified Code of Good Governance

A detailed comment on the Company's compliance with the Unified Code of Good Governance recommendations is made below.

#### ARTICLES OF ASSOCIATION AND SHAREHOLDERS' MEETING

##### Limitations imposed by the Articles of Association

1. "That the Articles of Association of listed companies do not limit the maximum number of votes that one and the same shareholder may cast, neither do they contain other restrictions that hinder control of the company being taken over through the acquisition of its shares in the market".

The Company complies

##### Listing of companies integrated into groups

2. "That when the parent company and a dependent company are listed, they both publicly define exactly:
  - a) The respective areas of activity and possible business relations between them, as well as those of the listed dependent company with the other group companies;
  - b) The mechanisms envisaged for settling any possible conflicts of interest that may arise".

The Company complies

##### Powers of the Shareholders' Meeting

3. "That, even though not expressly required by company law, they submit transactions that entail a structural modification of the company and, in particular, the following, to the approval of the Shareholders' Meeting:
  - a) The transformation of listed companies into holding companies through the "affiliation" or incorporation into dependent companies of essential activities hitherto performed by the company itself, even though the latter maintains full ownership of the former;
  - b) The acquisition or disposal of essential operative assets, when this entails an effective modification of the corporate purpose;
  - c) Transactions whose effect is equivalent to liquidation of the company".

The Company complies partially

It is assumed, and this has been included in its Regulations, that the powers of the Shareholders' Meeting include that of expressing its opinion on the subject matter of this Recommendation, with the exception of its paragraph b), since it is considered that its adoption would mean a significant difficulty in the possible performance of corporate transactions, besides which it is understood that the concept "effective modification of the corporate purpose" carries with it an element of lack of security and definition.

##### Prior reporting on proposed resolutions

4. "That the detailed proposals of resolutions to be adopted at the Shareholders' Meeting, including the information referred to in recommendation 28, be made public at the time of publishing the announcement convening the Shareholders' Meeting".

The Company complies.

##### Separate voting of items

5. "That the items that are substantially independent be voted on separately at the Shareholders' Meeting, so that the shareholders may exercise their voting preferences separately. And that this rule be applied, in particular:
  - a) To the appointment or ratification of Board members, which must be voted on individually;
  - b) In the case of modifications to the Articles of Association, to each article or group of articles that are substantially independent".

The Company complies.

##### Vote splitting

6. "That companies permit vote-splitting so that the financial brokers who appear legitimated as shareholders, but act on behalf of different customers, may cast their votes in accordance with instructions received from the latter".


The Company complies.

## BOARD OF DIRECTORS

### Company interests

7. "That the Board perform its functions with unity of purpose and independence of criterion, treating all shareholders alike, and be guided by the interests of the company, this being understood as maximizing in a sustained manner the economic value of the firm.

And that it also endeavour to ensure that in its relations with interest groups (stakeholders), the Company respects the laws and regulations; fulfils its obligations and contracts in good faith; respects the customs and good practices of the sectors and territories in which it performs its activity; and observes whatever additional principles of corporate responsibility it may have accepted voluntarily".

The Company complies. 

### Powers of the Board of Directors

8. "That the Board of Directors accept, as the nucleus of its mission, responsibility for approving corporate strategy and the organization necessary for putting the former into practice, as well as for supervising and endeavouring to ensure that its Management complies with the objectives established and respects the corporate purpose and interests of the company. And that to this end, the plenary session of the Board reserves the right to approve:

a) The general policies and strategies of the company, and in particular:

i) The strategic or business plan, as well as the annual management targets and budget.

ii) The investment and financing policy.

iii) The definition of the structure of the group of companies.

iv) The corporate governance policy.

v) The corporate social responsibility policy.

vi) The policy for remuneration and evaluation of the performance of senior managers.

vii) The risk control and management policy, as well as the periodic monitoring of internal information and control systems.

viii) The dividends policy and that relating to own shares and, in particular, their limits.

b) The following decisions:

i) At the proposal of the top executive of the company, the appointment and possible removal from office of senior managers, as well as their indemnity clause.

ii) The remuneration of directors, as well as, in the case of executive directors, the additional remuneration for reasons of their executive duties and other conditions that their contracts must respect.

iii) The financial information which, because of its listed nature, the company must publish periodically.

iv) The investments or transactions of any kind which, because of

their high value or special characteristics, are of a strategic nature, unless the Shareholders' Meeting is responsible for their approval.

v) The creation or acquisition of equity holdings in special purpose companies or companies domiciled in countries or territories regarded as tax havens, as well as any other transactions or operations of a similar nature which, because of their complexity, might put the transparency of the group at risk.

c) The transactions that the company carries out with directors, significant shareholders or shareholders represented on the Board, or with persons related to them ("related-party transactions"). This authorization by the Board shall not, however, be understood to be necessary in the related-party transactions that simultaneously fulfil the following three conditions:


1. That they be carried out pursuant to contracts with standard conditions that are applied 'en masse' to a large number of customers;

2. That they be carried out at prices or rates established generally by whomsoever acts as supplier of the commodity or service in question;

3. That their value does not exceed 1% of the annual earnings of the company.

It is recommended that the Board approve linked-party transactions on the basis of the favourable report issued by the Audit Committee or, where appropriate, by whatever other committee has been entrusted with that function; and that, in addition to refrain from exercising or delegating their voting right, the directors affected by them leave the meeting room while the Board debates and votes on the matter.

It is recommended that the powers assigned here to the Board be assigned as non delegable, except for those mentioned under letters b) and c), which may, in cases of urgency, be adopted by the Delegate Committee and ratified subsequently by the Board in full session"

The Company complies.. 

However, in relation to the provisions of section b.i) the Board of Directors considers that the decision regarding the appointment and possible dismissal of senior managers should be, and should continue being, the responsibility of the Company's Chief Executive Officer. Despite this, the Board of Directors Regulations confer powers on the Nomination and Remuneration Committee for drawing up reports prior to the appointment and removal from office of directors who report directly to the Chief Executive Officer.

### Size

9. "That the Board be of the necessary size for achieving efficient functioning with the participation of all its members, which makes it advisable for its size to be no less than five and no more than fifteen members".

The Company complies. 


## Functional structure

10. "That the external proprietary and independent directors form a broad majority of the Board and that the number of executive directors be the minimum necessary, bearing in mind the complexity of the corporate group and the percentage of stakes held in the corporate capital by the executive directors".

The Company complies. 

## Other board members

11. "That if there is any external director who cannot be considered either proprietary or independent, the company explain such circumstance and his/her links, whether with the company or its directors, or with its shareholders".

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## Ratio between proprietary and independent directors

12. "That within the external directors, the ratio between the number of proprietary and independent directors reflect the ratio existing between the corporate capital represented by the proprietary directors and the rest of the capital. This criterion of strict proportionality may be attenuated, so that the weight of the proprietary directors is greater than that which would correspond to the total percentage of capital they represent:

1. In companies with high capitalization in which the shareholding stakes considered by law to be significant are either very few or nil, but where there are shareholders possessing shareholding packages with a high absolute value.
2. In the case of companies in which a plurality of shareholders are represented on the Board but who are totally unconnected with one another".

The Company complies. 

## Sufficient number of independent directors

13. "That the number of independent directors represent at least one third of the total number of Board members".

The Company complies. 

## Explanation of the nature of the directors

14. "That the nature of each director be explained by the Board of Directors to the Shareholders' Meeting which must carry out or ratify their appointment, and confirm or, where appropriate, review this each year in the Annual Corporate Governance Report, after due verification by the Nomination Committee. And that in the aforementioned Report the reasons why proprietary directors have been appointed at the request of shareholders

whose shareholding stake is less than 5% of the capital also be explained; and that the reasons for having turned down, where appropriate, formal requests for presence on the Board received from shareholders whose shareholding stake is equal to or over that of others at whose request proprietary directors have been appointed, be stated.

The Company complies. 

## Gender diversity

15. "That when the number of female directors is very small or nil, the Board of Directors explain the reasons for this and the initiatives adopted for correcting such a situation; and that, in particular, the Nomination Committee endeavour to ensure that when new vacancies occur:

- a) The selection procedures do not contain any implicit bias standing in the way of the selection of female directors;
- b) The company deliberately seek out, and include among the potential candidates, women who embody the professional profile sought".

The Company complies. 


There is, among its ten members, one female Director on the Board of Directors at present. On the other hand, one of the functions of the Nomination and Remuneration Committee is to endeavour to ensure that when any selection procedure commences, it does not contain any implicit bias standing in the way of the potential appointment of Directors for reasons of their personal circumstances.

## Chairman

16. "That the Chairman, as the officer responsible for the efficient functioning of the Board, ensure that the directors receive sufficient prior information; stimulate the debate and active participation of the directors during Board meetings, safeguarding their freedom to adopt positions and express their opinions; and organize and coordinate with the relevant Committee chairmen on the periodic assessment of the Board's performance as well as, where appropriate, that of the Chief Executive Officer or top executive officer".

The Company complies. 

17. "That, when the Chairman of the Board is also the top executive officer of the company, he/she empower one of the independent directors for requesting call to meeting of the Board or the inclusion of new items on the agenda; for coordinating and echoing the concerns of the external directors; and for guiding the Board in the assessment of its Chairman".

The Company complies, although it does not confer on the Lead Director the function of guiding the Board in the assessment of its Chairman. 



## Secretary

18. "That the Secretary of the Board strive in particular to ensure that the actions taken by the Board:

- a) Be in line with the letter and spirit of the law and its regulations, including those approved by regulatory bodies;
- b) Be in accordance with the company's Articles of Association and the Shareholders' Meeting Regulations, the Board Regulations and with any other regulations the Company may have.
- c) For them to bear in mind the recommendations regarding good governance as contained in this Unified Code, which the company has accepted.

And that, in order to safeguard the independence, impartiality and professionalism of the Secretary, that his/her appointment and removal from office be reported on by the Appointment Committee and approved by the plenary meeting of the Board; and that such procedure for appointment and removal from office be placed on record in the Board of Directors Regulations".

The Company complies.

## Progress of meetings

19. "That the Board meet as often as may be necessary in order to perform its functions efficiently, following the schedule of dates and items established at the start of the business year, each Director being enabled to propose other agenda items that were not envisaged initially".

The Company complies.

20. "That the non attendance of directors be reduced to unavoidable cases and be quantified in the Annual Governance Report. And that, if the use of proxy should be indispensable, then it be conferred with instructions included"

The Company complies.

21. "That when the Board members or the Secretary state their concerns on any proposal or, in the case of Board members, on the smooth running of the company, and such concerns are not settled at the Board Meeting, this shall be placed on record in the minutes at the request of whoever may have expressed them".

The Company complies.

## Periodic assessment

22. "That the plenary meeting of the Board assess once each year:

- a) The quality and efficiency of the functioning of the Board;
- b) On the basis of the report presented to it by the Appointment Committee, the performance of the duties carried out respectively by the Chairman of the Board and the top executive officer of the company;
- c) The functioning of its Committees, based on the reports they have respectively submitted to the Board".

The Company complies.

## Information supplied to the directors

23. "That all the directors be able to exercise their right to request the additional information they consider necessary concerning matters that fall under the authority of the Board. And that, unless the Articles of Association or the Board of Directors Regulations establish otherwise, to address their request to the Chairman or Secretary of the Board"

The Company complies.

24. "That all the directors have the right to obtain from the company the advice necessary for performing their duties. And that the company organize the appropriate channels for this right to be exercised which may, in special circumstances, include external consultancy paid for by the Company".

The Company complies.

25. "That companies establish a guidance programme for new directors to provide them with the opportunity of familiarizing themselves quickly and efficiently with company, as well as with its corporate governance rules. And which also offer the directors programmes for updating their knowledge when circumstances make this advisable"

The Company complies.

## Dedication

26. "That companies require their directors to dedicate the necessary time and effort to their function in order to perform it efficiently and, as a result:

- a) That directors inform the Nomination Committee of their other professional obligations, in case these might interfere with the required dedication;
- b) That companies establish rules concerning the number of boards their directors may form part of".

The Company complies partially.

The Board of Directors does not consider it necessary to adopt the recommendation that urges the Company to limit the number of Boards to which a Director may belong, since it understands that control over this matter is sufficiently well preserved with the function performed by the Nomination and Remuneration Committee for reviewing the professional commitments of each Board Member.

## CONCERNING DIRECTORS

### Selection, appointment and re-appointment

27. "That the proposals for appointment or re-appointment of directors that are submitted by the Board for consideration by the Shareholders' Meeting, and also their provisional appointment through co-option, be approved by the Board:

- a) At the proposal of the Nomination Committee, in the case of independent directors.
- b) On the basis of the prior report issued by the Nomination Committee, in the case of the remaining directors".

The Company complies.

### Información pública sobre consejeros

28. "That companies publish through their website, and keep updated, the following information about their directors:

- a) Professional and biographical profile;
- b) Other boards of directors to which they belong, whether these be listed companies or otherwise;
- c) An indication of the director category to which they belong, as applicable, stating, in the case of proprietary directors, the shareholder they represent or with which/whom they hold links.
- d) Date of their first appointment as director of the company, as well as those of subsequent re-appointments, and;
- e) Company shares, and options over them, that they own."

The Company complies.

### Rotation of independent directors

29. "That independent directors not remain as such for an uninterrupted period of over 12 years".

The Company complies.

### Dismissal and resignation

30. "That proprietary directors tender their resignation when the shareholder they represent sells the whole of its shareholding stake. And that they act likewise, in the appropriate number, when the above-mentioned shareholder reduces its shareholding stake to a level that requires a reduction in the number of its proprietary directors".

The Company complies.

31. "That the Board of Directors refrain from proposing the dismissal/resignation of any independent director before the statutory term for which the latter was appointed has expired, except when there is just cause, noticed by the Board on the basis of the report by the Nomination Committee. It shall, in particular, be understood that just cause exists when the director has failed to

comply with the duties inherent in his/her post or has incurred any of the circumstances described in heading 5 of section III of the definitions related to this Code.

The dismissal/resignation of independent directors may also be proposed as a result of Takeover Bids, mergers or similar company transactions that involve a change in the share capital structure of the company when such changes in the structure of the Board are caused by the proportionality criterion stated in Recommendation 12".

The Company complies.

32. "That companies establish rules obliging their directors to report on and, where appropriate, tender their resignation in cases that may damage the company's credit and reputation and, in particular, obliging them to inform the Board of any criminal proceedings in which they appear as accused, as well as their subsequent procedural changes of circumstance.

That if charges should be brought against a director or the commencement of hearing proper be pronounced against him/her for any of the offences stated in section 124 of the Spanish Corporations Law, the Board examine the case as soon as possible and, in the light of his/her specific circumstances, decide whether or not it is fitting for the director to continue in his/her post. And that the Board give due, reasoned account of all this in the Annual Corporate Governance Report".

The Company complies.

33. "That all directors clearly express their opposition when they consider that any proposed resolution presented to the Board may be contrary to the interests of the company. And that, in particular, the independent and other directors who are not affected by the potential conflict of interest do likewise, in the case of decisions that may jeopardize the shareholders not represented on the Board.

And that when the Board adopts significant or repeated resolutions regarding those on which the director has drawn up serious reservations, this latter reach the appropriate conclusions and, should he/she opt to resign, to explain the reasons in the letter referred to in the next recommendation below. This Recommendation also extends to the Board Secretary, even though he/she may not hold director status".

The Company complies.

34. "That when, whether through resignation or for any other reason, a director ceases to hold office prior to expiry of his/her term of office, he/she explain the reasons in a letter that shall be sent to all Board members. And that, without prejudice to the fact that this dismissal/resignation is communicated as a relevant event, the reason for the dismissal/resignation be reported on in the Annual Corporate Governance Report".

La Sociedad cumple.

## REMUNERATION

### System for approval and transparency

35. "That the remuneration policy approved by the Board pronounce at least on the following questions:
- a) Value of the fixed components, with breakdown, where appropriate, of the per diem allowances for participating in meetings of the Board and its Committees and an estimate of the fixed annual remuneration they give rise to;
  - b) Remuneration concepts of a variable nature, including, in particular:
    - i) Kinds of director to whom they apply, as well as an explanation of the relative importance of the variable remuneration concepts in respect of those that are fixed;
    - ii) Criteria for evaluating the results on which any right to remuneration in shares, share options or any variable component is based;
    - iii) Basic parameters and foundation of any annual bonus system or other benefits not settled in cash; and
    - iv) An estimate of the absolute value of the variable remuneration that the proposed remuneration plan will give rise to, according to the degree of compliance with the hypotheses or objectives it takes as a reference.
  - c) Main characteristics of benefits systems (for example, supplementary pensions, life insurance and similar items), with an estimate of their value or equivalent annual cost.
  - d) Conditions to be respected by the employment contracts of those who perform senior management functions as executive directors, which shall include the following:
    - i) Duration;
    - ii) Advance notice periods; and
    - iii) Any other clauses relating to contract bonuses, besides indemnities or protection against early termination or the severance of contractual relations between the company and the executive director".

The Company complies partially. 

The Board of Directors considers that to anticipate the estimated value of variable remuneration may be an unnecessary, disturbing constriction factor, when it comes to the actual defining of the variable remuneration payable to Executive Directors.


### Guidance criteria

36. "That remuneration through the delivery of company or group company shares, share options or instruments linked to the share value, variable remuneration linked to the performance of the company or benefit systems, be limited to executive directors. This recommendation shall not extend to the delivery of shares when this is conditional upon the directors keeping them until they cease in the performance of their functions as directors".

The Company complies. 

However, in order to avoid confusion, it must be pointed out that since 2003 the Company has been operating a system whereby the per diem and statutory duty allowances received by the Directors must compulsorily be invested in Company shares. This system, which is not, therefore, a delivery of shares in the sense indicated by the Recommendation, permits disinvestment of the shares when three full business years have elapsed since the year in which their acquisition occurred.

37. "That the remuneration of external directors be whatever is necessary in order to reward them for the dedication, qualification and responsibility their position requires; but not so high as to compromise their independence•"

The Company complies 

38. "That the remuneration related to company profits take account of possible reservations that appear in the external auditor's report and reduce these profits"

The Company complies in its internal regulations, to the extent provided for in these Recommendations, although the situation in which its application would be appropriate has not arisen to date

39. "That in the case of variable remuneration, the remuneration policies include the necessary technical precautions in order to ensure that such remuneration is in keeping with the professional performance of its beneficiaries and does not arise simply from general market evolution or the evolution of the company's activity sector or from other similar circumstances".

The Company complies 

### Consultative voting by the Shareholders' Meeting

40. "That the Board present for voting on by the Shareholders' Meeting, as a separate item on the agenda, and on a consultative basis, a report on the remuneration policy for directors. And that this report be made available to the shareholders, whether separately or in any other way considered appropriate by the company. This report shall focus particularly on the remuneration policy approved by the Board for the current year and also, as appropriate, that proposed for future years. It shall deal with all issues referred to in Recommendation 34, with the exception of the points that may entail the disclosure of sensitive business information. It shall place emphasis on the most significant changes in such policies concerning the one applied during the past year to which the Shareholders' Meeting refers. It shall also include an overall summary of how the remuneration policy was applied in that past year. That the Board also report on the role played by the Remuneration Committee in drafting the remuneration policy and, if it has used external consultancy, the identity of the external consultants that have provided this".

The Company complies partially. 

The Board of Directors Regulations establish that the Board of Directors shall draw up a Report on the remuneration policy it has approved; the policy planned, where appropriate, for future years; the most significant changes that have occurred in respect of previous years and other points of interest that it considers appropriate. This report, which was drawn up for the first time in relation to remuneration in 2007, will be put before the shareholders on the occasion of the convening of the Shareholders' Meeting that is to take place in 2008.

However, the Board of Directors considers that this recommendation means, as regards voting on a consultative basis, introducing a distortion of attributions of powers between the Shareholders' Meeting and the Board of Directors and represents a potential element of confusion.

### Transparency of individual remuneration

41. "That the Report give details of the individual remuneration paid to directors during the business year and include:

a) The individualized breakdown of the remuneration paid to each director, which shall, where appropriate, include:

- i) The per diem attendance allowances and other fixed remuneration received as director;
  - ii) The additional remuneration received as chairman or member of a Board committee;
  - iii) Any remuneration by way of profit-sharing or bonuses, and the reason why they were granted;
  - iv) Contributions to defined contribution pension plans in favour of the director; or the increase of consolidated rights of the director, in the cases of contributions to defined benefit plans;
  - v) Any indemnities agreed or paid in the event of the director ceasing to perform his/her duties;
  - vi) The remuneration received as director of other group companies;
  - vii) Remuneration for the performance of senior management functions by executive directors;
  - viii) Any other remunerative concept that is different from the above, whatever its nature or the group company paying it, particularly when is a linked-party transaction or its omission distorts the true image of the total remuneration paid to the director.
- b) The individualized breakdown of possible deliveries to directors of shares, share options or any other instrument linked to the share value, with details of:
- i) Number of shares or options granted during the year, and conditions for their exercise;
  - ii) Number of options exercised during the year, with an indication of the number of shares affected and the exercise price;
  - iii) Number of options pending exercise at year-end, with an indication of their price, date and other requirements for exercise;
  - iv) Any modification made during the year to the conditions for exercising options already granted.
- c) Information on the ratio, in the past business year, between the remuneration received by the executive directors and the results or other corporate performance measurements"

The Company complies partially. 

The Report includes information on the remunerative concepts stated

in the Recommendation, and individualizes the amounts corresponding to per diem and statutory duty allowances paid to Directors. However the remuneration corresponding to the performance of Senior Management functions by Executive Directors is not presented in an individualized form, since it is understood that relevant information for shareholders and the market in general is that relating to the remunerative cost of the management team and not necessarily the individualized remuneration paid to each one of its component members.

### CONCERNING COMMITTEES

#### Delegate Committee

42. "That when a Delegate or Executive Committee (henceforth, "Delegate Committee") exists, the participation structure of the different categories of director be similar to that of the Board itself and that its secretary be the Secretary of the Board"

The Company complies. 

43. "That the Board be aware at all times of the matters discussed and the resolutions adopted by the Delegate Committee and that all members of the Board receive a copy of the minutes of Delegate Committee meetings".

The Company complies. 

#### Supervision and control committees

44. "That, besides the Audit Committee required by the Securities Market Law, the Board of Directors form from among its members one Nomination and Remuneration Committee, or two separate committees of this type.  
That the rules for the composition and functioning of the Audit Committee and the Nomination and Remuneration Committee(s) appear in the Board of Directors Regulations, and include the following:

- a) That the Board designate the members of these Committees, bearing in mind the knowledge, abilities and experience of the directors and each Committee's mission; that it debate their proposals and reports; and that they must report before it at the first plenary session of the Board held after their meetings, on their activity and answer for the work carried out;
- b) That the above-mentioned Committees be formed exclusively by external directors, with a minimum of three. The foregoing is understood to be without prejudice to the attendance of executive directors or senior managers, when this is expressly agreed by the Committee members.
- c) That their Chairmen be independent directors.
- d) That they be permitted to request external advice, whenever they consider this necessary for the performance of their functions.
- e) That minutes of their meetings be written up and a copy of same sent to all members of the Board."

The Company complies. 

45. "That supervision of compliance with the internal codes of conduct and the corporate governance rules be a responsibility conferred on the Audit Committee, the Nomination Committee or, should they exist separately, on the Compliance or Corporate Governance Committees".

The Company complies.

#### Comité de Auditoría

46. "That the members of the Audit Committee and, in particular its chairman, be appointed bearing in mind their knowledge and experience in accounting, auditing or risk management matters".

The Company complies.

47. "That listed companies possess an internal audit function which, under the supervision of the Audit Committee, strives to ensure the good functioning of the internal information and control systems".

The Company complies.

48. "That the officer responsible for the internal audit function present to the Audit Committee his/her annual work plan; that he/she inform it directly of the incidents that occur in its performance; and that he/she present it with an activities report at the end of each business year"

The Company complies.

49. "That the risk control and management policy identify at least:  
a) The different types of risk (operative, technological, financial, legal, relating to reputation, etc.) that the company faces, including contingent liabilities and other risks outside the balance sheet among the financial or economic risks;  
b) The establishing of the risk level that the company considers acceptable;  
c) The measures envisaged for mitigating the impact of identified risks, in the event they should materialize;  
d) The internal information and control systems used for monitoring and managing the above-mentioned risks, including contingent liabilities or risks outside the balance sheet".

The Company complies.

50. "That the Audit Committee be responsible:

1. In relation to internal information and control systems:

- a) For supervising the drafting process and completeness of the financial information relating to the company and, where appropriate, the group, reviewing compliance with regulatory requirements, the appropriate delimitation of the consolidation perimeter and the correct application of accounting criteria.  
b) For periodic review of the internal risk control and management systems, so that the main risks are identified, managed and suitably reported on.

c) Safeguarding the independence and efficiency of the internal audit function; proposing the selection, appointment, re-appointment and dismissal/resignation of the internal audit service manager; proposing the budget for this service; receiving periodic information about its activities; and checking that senior management takes the conclusions and recommendations of its reports into account.

d) Establishing and supervising a mechanism that allows employees to communicate, in confidence and, if considered appropriate, anonymously, any potentially far-reaching irregularities, particularly of a financial and accounting nature, that they notice occurring inside the company.

2. In relation to the external auditor:

- a) For submitting to the Board of Directors its proposals for selection, appointment, re-appointment and replacement of the external auditor, and also the contract conditions for the latter.  
b) For receiving regular information from the external auditor about the audit plan and the results of its execution, and for verifying that senior management takes its recommendations into account.  
c) For ensuring the independence of the external auditor, and to this end:  
i) That the company notify the CNMV of the change of auditor as a relevant event, attaching a statement of the possible existence of disagreements with the outgoing auditor and, if there were any, explaining their contents;  
ii) That it make certain that the company and the auditor respect prevailing regulations on the provision of services other than those of an auditing nature and, in general, all other regulations established for guaranteeing the independence of the auditors;  
iii) That in the case of resignation of the external auditor, it examine the circumstances giving rise to this.  
d) In the case of groups, for encouraging the group's auditor to take responsibility for auditing the companies that comprise it".

The Company complies partially.

In relation to accepting the recommendation concerning the possible existence of disagreements with the outgoing auditor and, if any, explaining them, the Board of Directors considers that this statement represents a strain factor in possible episodes involving a change of auditor and a restricting element in the decision-making capacity of the company in respect of changing its external auditor.

51. "That the Audit Committee be able to call on any company employee or director, and even order them to appear without any other director being present"

The Company complies.

52. "That the Audit Committee inform the Board, prior to the latter adopting the corresponding resolutions, about the following matters stated in Recommendation 7:

- a) The financial information that, because it is listed, the company

must publish periodically. The Committee must strive to ensure that the intermediate accounts are drawn up using the same accounting criteria as for the annual statements and, to this end, to consider the suitability of a limited review by the external auditor.

b) The creation or acquisition of equity holdings in special purpose companies or firms domiciled in countries or territories regarded as tax havens, as well as any other transactions or operations of a similar nature that, because of their complexity, might put the transparency of the group at risk.

c) Related-party transactions, unless that prior reporting function has been conferred on another supervision and control Committee”.

The Company complies.

53. “That the Board of Directors endeavour to present the accounts to the Shareholders’ Meeting without reservations or qualifications in the audit report and that, in the exceptional cases where they exist, both the Chairman of the Audit Committee and the auditors clearly explain to the shareholders the contents and scope of such reservations or qualifications”.

The Company complies.

## Nomination and Remuneration Committees

### Nomination Committee

54. “That the majority of the members of the Nomination – or Nomination and Remuneration – Committee, should they be just one – be independent directors”

The Company complies.

55. “That besides the functions stated in the foregoing Recommendations, the Nomination Committee be responsible for the following:

a) Assessing the abilities, knowledge and experience necessary on the Board, defining, therefore, the functions and aptitudes necessary in the candidates who must cover each vacancy, and evaluating the time and dedication necessary for them to be able to carry out their mission well.

b) Examining or organizing, in the manner considered appropriate, who is to succeed the Chairman and the top executive officer and, where appropriate, making proposals to the Board, so that this succession may take place in an orderly and well planned manner.

c) Informing on the appointments and dismissals/resignations of senior managers proposed to the Board by the top executive officer.

d) Informing the Board about issues of a varied nature as indicated in Recommendation 14 of this Code”.

The Company complies, although the powers of the Nomination and Remuneration Committee on the subject of the Chairman’s and CEO’s succession refer to the process that permits the orderly succession of the

Chairman and the CEO (smooth transition).

56. “That the Nomination Committee consult the Chairman and the top executive officer of the company, particularly in cases of matters relating to executive directors. And that any director be enabled to request the Nomination Committee to consider potential candidates, in the event they should be deemed suitable, for covering directorship vacancies”.

The Company complies.

### Remuneration Committee

57. “That besides the functions stated in the foregoing Recommendations, the Remuneration Committee be responsible for the following:

a) Proposing to the Board of Directors:

i) The remuneration policy for directors and senior managers;

ii) The individual remuneration of executive directors and other conditions of their contracts.

iii) The basic conditions of senior managers’ contracts.

b) Ensuring the observance of the remuneration policy established by the company”.

The Company complies partially.

It should be mentioned that in relation to the function of proposing the individual remuneration of Executive Directors to the Board, besides other conditions of their contracts, this must continue to be the responsibility of the Chairman or, where appropriate, the Chief Executive Officer and that, as a result, the function of the Nomination and Remuneration Committee must continue to be that of providing information.

58. “That the Remuneration Committee consult the Chairman and the top executive officer of the company, particularly on matters relating to executive directors and senior managers”.

The Company complies.

# Report on Remuneration Paid to the Board of Directors of GRUPO FERROVIAL S.A.

## I. Preparation of the Remuneration Report

The Grupo Ferrovial S.A. Board of Directors Regulations, which were approved on 23 February 2007, establish that the Board must draw up a report on various aspects of the remuneration paid to its members. This report will also be made available to the shareholders.

In compliance with this obligation, which takes its inspiration from the Recommendations of the Unified Code of Good Governance (UCGG), and which comprises a new item in respect of the previously valid text, the Board of Directors draws up this Remuneration Report which, through resolution adopted by the Board, will be supplied to the Company's shareholders on the occasion of the convening of the next Shareholders' Meeting and disseminated through the Web page ([www.ferrovial.com](http://www.ferrovial.com)).

This Report was examined by the Nomination and Remuneration Committee before being drawn up by the Board of Directors.

## II. Grupo Ferrovial's Remuneration Policy

### A. Approval of the remuneration policy

In accordance with articles 8 and 34 of the Board of Directors Regulations, the Board is responsible for approving Company policy on remuneration matters, which shall, in all cases, respect the stipulations of the law in this respect, as well as the provisions of the Articles of Association and article 35 of the Regulations, which are mentioned later on.

### B. Criteria of the current policy

The Company has defined a series of criteria that it considers comprise its policy on this matter and on which the remunerative formulas for the Board of Directors are based. These criteria are the following and are included in article 34 of the Board of Directors Regulations:

- The remuneration of the External Directors shall be that necessary for suitably rewarding the dedication their position requires, but without reaching quantitative levels that may compromise the independence of the Director.
- If variable formulas are established, they shall be designed in such a way as to guarantee their relationship with the professional performance of the beneficiaries and not depend simply on external factors such as the general evolution of the market or the activity sectors in which Ferrovial operates.
- The remuneration formulas consisting of the delivery of shares or share options in the Company, instruments linked to the share price or systems linked to the performance of the Company, shall be limited to

Executive Directors. This paragraph does not extend to the compulsory investment of remuneration in Company shares, which the Company currently has established in the terms described in detail later on.

## C. Clauses in the Articles of Association and in the Regulations regarding remuneration of the Board of Directors

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Article 25 of the Articles of Association regulates the remuneration of the directors.

1. *“Members of the Board of Directors shall receive, for the performance of their functions, an overall amount equivalent to 3% of the consolidated results of the business year attributable to the company. The Board may refrain from applying the whole of the profit-sharing in the years it deems appropriate, in which case no rights shall accrue for the directors on the part that is not applied. In any case, this participation in the company profits may only become effective after the requirements established in section 130 of the Spanish Corporations Law have been complied with.*

*Within the limits of the foregoing paragraph, remuneration formulas consisting of the delivery of shares or option rights over them or which are linked to the share price may be established.*

2. *The Board of Directors shall be responsible for establishing the manner and amount in which the participation, as fixed, shall be distributed among its members in each business year, and this may be done in an individualized manner according to the participation of each Director in the tasks of the Board.*

3. *The income provided for in this article shall be compatible with and separate from the salaries, remunerations, indemnities, pensions, share options or compensations of any kind established on a general or exceptional basis for those members of the Board of Directors who perform executive duties, whatever the nature of their relationship with the company, whether labour – common or special in senior management – mercantile or through the provision of services, these relationships necessarily being compatible with the status of member of the Board of Directors.*

4. *The company may subscribe a third-party liability insurance policy for its Directors”.*

Besides the foregoing, it must be mentioned that article 31 of the Board of Directors Regulations specifies:

- That in order to calculate the percentage that remuneration of the Board means in respect of the results for the year and verify that it falls within the maximum established limits, the qualifications that may possibly be recorded in the external auditor’s report and whose impact on the operating statement for the corresponding year is considered significant shall, in any case, be considered.
- And that the Board may establish objective criteria for determining remuneration and its total or partial use for the purchase of shares in the Company, which was done through resolution adopted on 26 February 2003, and was partially modified on 26 March 2004.

## D. Process for establishing the remuneration of members of the Board of Directors (Board of Directors Regulations)

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The Nomination and Remuneration Committee is responsible for proposing to the Board of Directors the system and amount of the annual remuneration of directors. In respect of the additional remuneration of Board members for reasons of their executive functions, its consideration by the Board must be preceded by the report issued by this same Committee.

The decision falls to the Board of Directors in both cases and, in respect of the points that are compulsory by law, it is also submitted for approval by the Shareholders’ Meeting.

## III. Remuneration System for 2007

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### A. Per diem and statutory duty allowances

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The remuneration system for 2007 continues to be, both in structure and application, the same as that which was formed in 2004 and has been applied ever since.

#### Description

This system respects the principles of Grupo Ferrovial’s remuneration policy, which have been transcribed earlier, and consist of the annual establishment of a fixed total amount as remuneration corresponding to per diem and statutory duty allowances for all directors, provided it falls within the maximum limit of 3% in respect of the financial year’s consolidated results attributable to the company (in accordance with the provisions of article 25 of the Articles of Association) after approval of the annual accounts.

For 2007, this fixed amount was established at 1,300,000 euros, this being the first time its value has been reviewed since 2004.

#### Settlement

Settlement of this amount is made in the following way:



- Per diem allowances for attendance at meetings of the Board of Directors and its delegate or advisory Committees are paid in accordance with the following amounts, which have not been modified since 2004:

For attending Board of Directors meetings	€3,250/meeting
For attending Executive Committee meetings	€2,000/meeting
For attending Audit and Control Committee meetings	€1,500/meeting
For attending Nomination and Remuneration Committee meetings	€1,500/meeting

The value of the per diem allowances accrued by the Chairmen of the three Committees, Executive, Audit and Control and Nomination and Remuneration, is double the stated sums.

The amount paid by way of per diem allowances in 2007 totalled 562,000 euros.

- Of the fixed sum agreed for 2007, i.e., 1,300,000 euros, the amounts paid by way of per diem allowances have decreased, resulting in a residue of 738,000 euros. The resulting sum is divided by 13, applying to the quotient the following factors in the allocation of individualized sums: Chairman of the Board: \*2; First Deputy Chairman: \*1.75; Second Deputy Chairman: \*1.25, and the remaining Directors: \*1.
- The following table shows, in individualized way, the statutory remuneration of members of the Board of Directors accrued during 2007 (\*):

	2007		
	PER DIEMS: BOARD, EXECUTIVE COMMITTEE AND ADVISORY COMMITTEES	ALLOCATIONS OF THE REMAINDER (**)	TOTAL (*)
Rafael del Pino y Calvo-Sotelo	67,750.00	118,269.23	186,019.23
Santiago Bergareche Busquet	59,250.00	103,485.58	162,735.58
Jaime Carvajal Urquijo	59,500.00	73,918.27	133,418.27
Joaquín Ayuso García	51,750.00	59,134.62	110,884.62
Fernando del Pino y Calvo-Sotelo (**)	13,000.00	28,384.62	41,384.62
PORTMAN BAELA S.L., represented by Eduardo Trueba Cortés	44,750.00	59,134.62	103,884.62
Santiago Eguidazu Mayor	56,750.00	59,134.62	115,884.62
Juan Arena de la Mora	44,500.00	59,134.62	103,634.62
Gabriele Burgio	61,250.00	59,134.62	120,384.62
María del Pino y Calvo-Sotelo	51,750.00	59,134.62	110,884.62
José María Pérez Tremps	51,750.00	59,134.58	110,884.58
<b>TOTAL</b>	<b>562,000.00</b>	<b>738,000.00</b>	<b>1,300,000.00</b>

(\*) In line with a criterion of actual payment, the gross statutory remuneration paid to the Board of Directors during 2007 was 1,126,000 euros.

(\*\*) Fernando del Pino y Calvo-Sotelo receives from the residue the part that is proportional to the months of the year during which he was in office (6 months). The remainder is distributed among the other members of the Board, again in accordance with the above-mentioned formula, although the divisor is adjusted to the number of Directors remaining after his departure.

The total remuneration for per diem and statutory duty allowances paid to the members of the Board of Directors as a whole represents 0.18% of the profit attributed to the dominant company.

## Compulsory investment in Company shares

Since 2003, all Directors are under the obligation to devote their remuneration (per diem and statutory duty allowances) to the acquisition of shares in the Company itself. Such acquisitions are carried out through purchases made in the market on pre-established dates, and specifically on the first stock exchange business day session immediately following each date established by the Spanish Securities and Investments Board as the deadline for sending periodic economic information. The shares acquired in the same calendar year can only be sold by the interested party three full years after acquiring them, as agreed by the Board of Directors in 2004.

## B. Remuneration of Executive Directors

### General criteria

The remuneration of Directors who hold executive functions falls within the policy established for Senior Management as a whole, founded on the following criteria:

- Breakdown of remuneration into fixed and variable components.
- Linking of the variable part to the achievement of targets, making a distinction between business or combined business/corporate targets.
- Encouragement of loyalty, permanence and alignment with the objectives of the Company through:
  - Periodic participation in share-linked plans (stock options), at a cost to the beneficiary and without the implementation of these plans carrying with it shareholder dilution.
  - Recognition, in certain cases, of a deferred remunerative concept.
- No use of protection or guaranteed remuneration clauses for cases of dismissal or a change in the Company's control, with the exception of pre-existing pacts in the event of new companies joining Ferrovial.
- No use of remunerative mechanisms based on the assumption of pension commitments by the Company.

### Remuneration amounts

The remuneration, configured in accordance with the above-mentioned criteria, accrued by the three Executive Directors, in addition to the per diem and statutory duty allowances to which they are entitled as Directors, were as follows in 2007:

Thousands of euros	2007
Fixed remuneration	2,128
Variable remuneration	3,829
Exercise of options over shares and/or other financial instruments.	1,843

## C. Remuneration for belonging to other boards of directors in group, multi-group or associated companies

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 companies, did not accrue any remuneration for this concept in 2007.

## D. Pension Funds and Plans or life insurance premiums

No amounts were paid in 2007 in favour of former or current members of the Company's Board of Directors in connection with pension funds or plans, nor were any obligations for these items arranged during the year.

As regards the payment of life insurance premiums, the Company has arranged death benefit insurance policies that involved the payment of 8,200 euros in 2007 to cover the Executive Directors.

No contributions were made or obligations arranged with regard to Pension Funds and Plans for Directors of Grupo Ferrovial, S.A. who are members of the boards of directors and/or senior management of group, multi-group or associated companies. No life insurance premiums were paid either.

## E. Advances and loans

At 31 December 2007, the Company had not provided any advances or loans to its Directors or by virtue of their membership of other boards of directors and/or senior management of group, multi-group or associated companies.

## F. Stock options

The following table shows the number of stock options owned by the Executive Directors of the Company at 31 December 2007, allocated in application of the two remuneration plans approved in 2004 and 2006, further details of which are given in subsequent sections.

	STOCK OPTIONS	NO. OF EQUIVALENT SHARES	% SHARE CAPITAL
Rafael del Pino y Calvo-Sotelo	2004 Plan: 300,000	300,000	0.214
	2006 Plan: 196,600	196,600	0.140
Joaquín Ayuso García	2004 Plan: 260,000	260,000	0.185
	2006 Plan: 196,600	196,600	0.140
José María Pérez Tremps	2004 Plan: 130,000	130,000	0.093
	2006 Plan: 70,000	70,000	0.050

## Stock Options Plan (2004)

The first of these plans was approved by the Shareholders' Meeting on 26 March 2004 and consists of granting purchase options on Grupo Ferrovial, S.A. shares, 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.

In order to determine the price for exercising the option, the value of the Company shares that is taken as a reference is the listed price, this understood as being the arithmetical average of the average weighted changes in the twenty stock market sessions prior to the date on which the options were granted. The amount was established at €33.65.

The system carries with it a premium of one (1) euro per share, to be paid by the beneficiary.

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

The Spanish Securities and Investments Board was informed of this system and the individual allocations on 26 and 31 March and 7 May 2004.

## Stock Options Plan (2006)

On 31 March 2006, the Shareholders' Meeting approved the application of a remuneration system consisting of a Stock Options Plan applicable to Executive Directors and to members of Senior Management, in practically identical terms to those of the Options Plan approved in 2004, as described in the above section.

The system consists of granting purchase options on Grupo Ferrovial, S.A. shares, which can only be exercised between three and six years after granting, so they cannot be exercised until 2009. This right is conditional upon attainment of a minimum rate of return on consolidated equity. Each option corresponds to one share.

In order to determine the price for exercising the option, the value of the Company shares that is taken as a reference is the listed price, this understood as being the arithmetical average of the average weighted changes in the twenty stock market sessions prior to the date on which the options were granted. The amount was established at €65.92.

The system carries with it a premium of two (2) euros per share, to be paid by the beneficiary.

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

The Spanish Securities and Investments Board was informed of this system and the individual allocations on 31 March; 10 and 12 May and 3 November 2006.

## G. Other information on remuneration

- As regards the members of Senior Management, including two Executive Directors, the contracts signed between the Company and Senior Management expressly provide for the right to receive indemnities in the event of unfair dismissal, as established in article 56 of the Workers' Statute.

- In order to encourage their loyalty and permanence, deferred remuneration has been granted to eight Senior Managers, including two Executive Directors. This is an extraordinary remuneration that is effective only when one of the following circumstances occurs:
  - 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. These contributions are quantified according to a certain percentage of the total monetary remuneration of the Executive Director / Senior Manager.

## IV. New Policy Items in Respect of Previous Years

The Ferroviale remuneration policy has not undergone any changes in respect of previous years.

### Statutory remuneration of the Board of Directors

As stated earlier, the structure of the Board of Directors' statutory remuneration has not undergone any changes since it was introduced in 2004.

In respect of the annual fixed amounts, and also as stated earlier, there have been no modifications since 2004, when it was set at 1,200,000 euros, until the 2007 financial year, when it was reviewed and established at 1,300,000 euros.

As regards the amounts for per diem allowances, these remain the same as those fixed in 2004.

### Remuneration of Directors for performing executive functions

The structure of the Directors' remuneration has not undergone any modification in this respect either in comparison with previous years.

The following table shows the aggregate remuneration accrued by the Executive Directors in the last three years. As can be seen, the most relevant differences occur in the amounts that come from the exercise of remuneration plans linked to the share price, which are, logically, conditioned by quotation in the markets:

Thousands of euros	2007	2006	2005
Fixed remuneration	2,128	1,712	1,411
Variable remuneration	3,829	3,248	2,965.5
Exercise of monetary remuneration plans linked to share value.		12,777	0
Exercise of options over shares and/or other financial instruments.	1,843		

## V. Remuneration Policy Proposed for 2008 and Subsequent Financial Years

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The remuneration policy for 2008 in respect of the Board of Directors will, predictably, continue along the line established to date and which has been explained throughout this Report.

However, the Board of Directors has decided, in relation to its statutory remuneration, that from 2008 onwards, the decrease in the number of Directors to below eleven (11) will mean a reduction of one thirteenth, weighted according to the time during which the vacancy remains open, of the total fixed amount established for the year in question.

## VI. Other Information of Interest

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### A. External consultancy

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In forming the remunerative structure of the management team, the Executive Directors among them, the Company has sought external advice and consultancy whenever this has been necessary for analysing formulas or schemes that make the remuneration of Ferrovial's senior management appropriate, the aim being always to attract and retain talent.

On the other hand, the Company uses reports drawn up by external consultants for making comparisons with outside firms with a similar size and structure, and for guaranteeing that the remuneration offered by Ferrovial is competitive.

### B. Reference to the Annual Corporate Governance Report and the Company Report

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The Annual Corporate Governance Report and the Company Report also include information on remuneration matters.

This is the Report that the Board of Directors of Grupo Ferrovial, S.A. draws up in compliance with article 34 of the Board of Directors Regulations, which will be made available to the Company shareholders together with the other documentation and information that will be provided when the next Ordinary Shareholders' Meeting is held.

Madrid, 25 February 2008

D. José María Pérez Tremps  
Director and Secretary of Grupo Ferrovial, S.A.

