

## ANNEX 1

English translation for information purposes only. In the event of discrepancies between English and Spanish version, the Spanish version shall prevail.

### ANNUAL REPORT ON DIRECTORS' REMUNERATIONS FOR LISTED PUBLIC LIMITED COMPANIES

#### DETAILS OF THE ISSUER

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#### COMPANY NAME

FERROVIAL, S.A.

#### COMPANY ADDRESS

PRINCIPE DE VERGARA, 135 MADRID

## **MODEL FOR THE ANNUAL REPORT ON DIRECTORS' REMUNERATIONS FOR LISTED PUBLIC LIMITED COMPANIES**

### **A REMUNERATION POLICY FOR THE COMPANY FOR THE YEAR IN COURSE**

A.1 Explain the remuneration policy for the company. Within this section information will be included about:

- General principles and criteria of the remuneration policy.
  
- Most significant amendments to the remuneration policy in terms of the policy applied throughout the previous financial year, as well as the amendments that have been made throughout the year for the conditions of the financial year for options already awarded.
  
- Criteria used and composition of the groups of comparable companies whose remuneration policies have been examined in order to establish the company's remuneration policy.
  
- Importance in relation with the variable remuneration concepts compared with the fixed ones and criteria followed in order to determine the different components of the remuneration package for Directors (remuneration mix).

#### **Explain the remuneration policy**

A.1.1. General principles and criteria

The combination of the talent and engagement of our professionals constitutes one of the pillars of the Company and, to this end, the policy and practices relating to remuneration are so determined as to attract, retain and engage the best professionals and so meet the long-term objectives of the Company. In addition, the economic climate, the results of the Company, the strategy of the Group, statutory requirements and the best market practices are all taken into account to set the remuneration policy.

The remuneration policy is founded upon the following principles and criteria:

- Creation of long-term value, aligning the systems of reward with the strategic plan;
- Attraction and retention of the best professionals;
- External competitiveness in settling remuneration, with market references through analysis of comparable sectors and companies;
- Periodic participation in plans linked to the share price and to certain metrics of profitability;
- Responsible achievement of targets in accordance with the risk management policy of the Company;
- Maintenance of a reasonable balance between the different components of fixed (short-term) and variable (annual and long-term) remuneration, reflecting an appropriate assumption of risks combined with attainment of the targets defined;
- Transparency in the remuneration policy.

A.1.2. Most significant amendments to the remunerations policy concerning the policy applied throughout the previous financial year

Meaning that the policy for the financial year 2017 is referred to, the elements and characteristics

of this policy are maintained in similar terms to those that were applied in the financial year 2016.

i) Auditor qualifications: Variable annual remuneration, related to the results of the Company since it is accrued as a result, among others, of the fulfilment of certain quantitative targets, shall take into account any caveats recorded in the report of the external auditor which might impair the cited results.

ii) Share holding policy: in compliance with the recommendations of the Good Governance Code for the listed companies it establishes that, following the award of shares, share options or other rights on shares derived from the remuneration system, Directors may not transfer the ownership of a number of shares equivalent to twice their annual fixed remuneration, or to exercise their share options or other rights on shares for at least three years after their award. The above condition will not apply to any shares that the Director must dispose of, where applicable, to defray costs related to their acquisition.

iii) Reimbursement clauses: The contractual agreements of the Executive Directors include a clause which enables the Company to claim reimbursement of variable components of the remuneration if these were paid upon the basis of data whose inaccuracy has been subsequently accredited.

iv) Payments for termination of the Executive Directors' contracts: From the date of approval of the Good Governance Code for listed companies by the CNMV, and as part of the Company's Remuneration Policy, payment for termination of contracts that the Company may sign with its Executive Directors shall not exceed an amount equivalent to two years' total annual remuneration of that Executive Director. The rights acquired by the current CEO shall be retained, as expressly stipulated in the Remuneration Policy.

A.1.3. Criteria used in order to establish the company's remuneration policy The Board, with the proposal from the Nominations and Remunerations Committee, considers the following premises in order to establish the remuneration policy:

i) The applicable legal regulations.

ii) What is established in the Bylaws and Board of Directors Regulations for the Company: Article 56 of the Bylaws establishes that the members of the Board of Directors have the right to receive an annual amount, established completely and jointly for all members of the Board by the General Shareholders' Meeting. The maximum total amount for remuneration for belonging to the Board amounted in 2016 to 1,777.6 thousand € (applying the figure from 2015 the IPC for the said financial year, 0%) see E1.

Article 33 of the Board of Directors Regulations, with regards to the remuneration policy for directors, establishes that:

- Any remuneration that is paid to Directors for exercising or terminating their position and for performing their executive duties, will be in line with the remuneration policy for Directors that is applicable at all times, except for the remunerations that have been expressly approved by the General Meeting.

- In any case, the remuneration of Directors should be in due proportion to the importance of the Company, its financial situation at any given time, and the market standards for comparable companies.

It shall be as necessary to attract and retain Directors of the desired profile and to reward the dedication, qualification and responsibility demanded by the position, but not so high as to compromise the independence of judgement of the Non-Executive Directors.

- The Board of Directors shall be responsible for determining the remuneration of each Director as such, in accordance with the law and the Bylaws, and shall take into account for this purpose the remit and responsibility attributed to each Director, membership of Committees of the Board and such other objective circumstances as it may deem relevant.

- The Board of Directors shall be responsible for the remuneration of the Executive Directors in compliance with what is stipulated by law and in the remuneration policy for Directors approved by the General Meeting.

In addition to the foregoing:

- Executive Directors will be limited to the remuneration formulas consisting in the awarding of shares, options, instruments referenced to the value of the share or related with the

company's performance.

• The Board shall create an annual report on directors' remunerations in the terms established in the applicable regulations, which will be disseminated and subject to voting by the Board, on a consultative basis and as a separate point on the Agenda.

iii) The following internal criteria to establish the remuneration policy for executive directors:

- Breakdown of the remuneration as fixed and variable targets.
- Association with the variable part to the achievement of corporate targets.
- Alignment with Ferrovial's interests through:
- Periodic participation in plans linked to the share price and to certain metrics of profitability;
- Recognition, in certain cases, of a deferred remuneration concept.
- No commitments to pensions.

iii) The targets established in the group strategic plan, which allow, among others, metrics to be established with which annual variable remuneration is associated and medium/long-term.

v) Market information. See A2

A.1.4. Importance in relation with the variable remuneration concepts compared with the fixed ones. As far as directors are concerned in their standing as such, the remuneration policy, within the framework indicated before, aims to remunerate directors in a suitable way for their professional value and experience, as well as for their dedication and the responsibility taken on by them, without which the remuneration paid may compromise their independence. In this line, the remuneration of directors in their standing as such consists of a fixed allocation (fix plus supplementary fixed) and allowances for attending meetings. In addition, the total compensation of the Executive Directors consist of different remuneration elements that fundamentally are formed by: (i) a fixed remuneration, (ii) a variable short-term remuneration and (iii) a variable long-term remuneration.

As far as the remuneration mix is concerned (fixed remuneration plus short-term variable remuneration plus long-term incentives for the value it was awarded for), it can be indicated which, in a scenario for standard compliance with objectives, between 25/35% of the total remuneration of the Chairman and the CEO is of a fixed nature and 75/65% is of a variable nature.

A.2 Information about the preparatory work and the decision making process that has been followed in order to determine the remuneration policy and role to be performed, where appropriate, by the Remunerations Committee and other supervisory bodies in the configuration of the remuneration policy. This information will include, where appropriate, the term and composition of the Remunerations Committee and the identity of the external advisors whose services have been used to define the remuneration policy. Similarly the nature of the directors will be expressed whom, where appropriate, have intervened in the definition of the remuneration policy.

### **Explain the process to establish the remuneration policy**

A.2.1. Preparatory work and Decision making

During the financial year 2016 the analysis has been undertaken for the remuneration of the Directors in their standing as such and for the Executive Directors.

With respect to the remuneration of the Directors in their standing as such, the market information in Spain is analysed, in particular, in the IBEX35 companies.

In relation with the Executive Directors, the market that is taken as a reference point by the Committee to establish the different components for the remuneration is established based on the following criteria: (i) number of companies that are sufficient to obtain representative results that are reliable and solid statistics; (ii) dimension data: invoicing, market capitalisation, assets and

number of employees; (iii) scope of responsibility: companies mainly listed in the IBEX35; (iv) sectorial distribution: multi-sector sample with relevant weighting of the construction and services, energy and financial sectors.

As a result, the comparison group is formed, for 2016, by the following 24 companies: Abertis, Acciona, ACS, Balfour Beatty, BBVA, Carillion, Eiffage, Fraport, Gas Natural Fenosa, Iberdrola, Inditex, Indra, Kier, OHL, Paris CdG, Repsol, Santander, Serco, Skanska, SNC Lavalin, Strabag, Telefonica, Transurban and Vinci.

Ferrovial has decided to amend the existing comparison group of 17 companies, adding to the current one the member companies of the long-term incentive comparison group and disregarding some companies, which due to the changes produced in them or their domestic market no longer conform to the established criteria. This new comparison group more closely reflects the current reality of the company.

The Nominations and Remunerations Committee has undertaken the revision that is always done every year for the variable remuneration, subjecting the corresponding proposals to the Board.

In addition, among the matters that are to be discussed in the Nominations and Remunerations Committee, the following are notable:

- The information used by the General Management of Human Resources to establish fixed remuneration bands that are suitable for the position and duties undertaken as well as its competitive position on the market.
- The targets of a quantitative and qualitative nature with which the variable remuneration for the directors is associated with executive duties.
- The amount of variable remuneration for executive directors, expressed as a percentage of its fixed remuneration.
- The compliance criteria with which the assessment of variable remuneration is associated.
- Lastly, in those cases in which the law establishes so, the approval of the prescriptive matters is subject to the General Meeting, including the remuneration plans consisting of delivery of shares, rights of option for them or that refer to the value of the shares.

In the financial year 2016 the Nominations and Remunerations Committee has gathered on 5 occasions.

#### A.2.2. Committee of Appointments and Remunerations: Composition and Term

The current composition of this committee is as follows:

- José Fernando Sánchez-Junco Mans (Chairman), Independent Director.
- Santiago Bergareche Busquet, external directors.
- Santiago Fernández Valbuena, Independent Director

Among its most notable functions are:

- Propose the nomination of Independent Directors and to inform the rest of the Directors of the nomination proposals as well as the CEO.
- Report the appointment of the members that should form part of each one of the Committees.
- Analyse the process that allows the succession ordered by the Chairman and the CEO.
- Report on the appointment and removal of those managers who are directly responsible to the CEO.
- Propose the system and the amount of annual remuneration of the Directors.
- Report on the basic conditions of the contracts for senior managers.

During 2016 and until the date of approval of this report, the most important actions of this Committee have been related with:

- Remuneration proposal of the financial year 2015 of the directors, in their standing as such;
- Fixed remuneration proposal 2016 of the Executive Directors and report for the proposal of the Management Committee;
- Evaluation of the variable remuneration proposal 2015 payable in 2016;
- Proposal for the allocation of first cycle units for the Delivery of Shares Plan 2016-2018;
- Evaluation of the Board.

#### A.2.3. Committee of Appointments and Remunerations: External Advisors

The Company acts as reports created by external advisors, in 2016 Garrigues Human Capital Services and Willis Towers Watson, to carry out comparison with the external organisations of a similar size and structure and to guarantee that the remuneration of the Executive Directors was at a competitive level.

Egon Zehnder has worked as a consultant for the evaluation of the Board and the selection of a

new director.

A.3 Indicates the amount and the nature of the fixed components, with a breakdown, where appropriate, of the remunerations by the performance of duties of the addition remuneration as Chairman or member of any of the Board's committees, for allowances due to participation in the board and its committees or other fixed remunerations as a director, as well as an estimate of the annual fixed remuneration they give rise to. Identify other benefits that are not paid in cash and the fundamental parameters for which they are awarded.

#### **Explain the fixed components of the remuneration**

The remuneration of the directors in their standing as such is established taking into account the maximum limit that the General Meeting of Shareholders established in 2009 and the amendments made in the IPC. The total maximum for the year 2017 for remuneration due to belonging to the Board of Directors of the Company has been set at €1,806,021.27 by applying the CPI for 2016 equal to 1.6%.

The remuneration consists of the following remuneration elements:

a) Fixed emolument: Remuneration of the Board of Directors pursuant to the Bylaws, paid on a quarterly basis. The goal is the appropriate remuneration for the dedication demanded by the post, without reaching levels which compromise the independence of the Director. The amount per director amounts to €35,000.

b) Allowances:

- For effective attendance at the Board of Directors €6,000 /meeting
- For effective attendance at the Executive Committee €2,200 /meeting
- For effective attendance at the Audit and Control Committee €2,200 /meeting
- For effective attendance at Committee of Appointments and Remunerations: €1,650 /meeting

The amount of the attendance fees corresponding to the Chairmen of those bodies stands at twice the amounts indicated, in line with the remuneratory principle of reward upon the basis of the level of responsibility and professional background

c) Complementary fixed emolument Remuneration pursuant to the Bylaws which is paid in a single sum once the financial year is over.

- Chairman of the Board: €92,000 p.a.
- First Vice-chairman: €80,500 p.a.
- Second Vice-chairman: €57,500 p.a.
- Other Board members: €46,000 p.a.

The amounts corresponding with sections a, b, c mentioned will be able to be amended each year within the framework of Article 56 of the Bylaws and within the maximum amounts approved by the General Meeting.

If as a consequence of a number of meetings greater than that initially envisaged, or for some other reason, the amount of the attendance fees, added to that of the fixed components were greater than the total maximum remuneration fixed for membership of the Board for the year in course, the difference shall be deducted from the amount of the complementary fixed emolument, proportionally for each Director, depending on their standing

On the other hand, and as has previously been indicated, the directors receive, for the performance of executive duties within the company, a fixed remuneration that is established in accordance with the criteria expressed in section A.2.1, which is paid monthly.

The amounts for the financial year 2017 are as follows: Chairman: 1,455 thousand €; CEO: 1,200 thousand €. These amounts represent an increase of 0% on the amounts of 2016.

#### A.4 Explain the amount, the nature and the main characteristics of the variable components of the remuneration systems.

In particular:

- Identify each one of the remuneration plans of which the directors are beneficiaries, their scope, their date of approval, date of implementation, period of validity as well as their main characteristics. In the event of share option plans and other financial instruments, the general characteristics of the plan will include information on the conditions for the financial year of the said share options or financial instruments for each plan.
- Indicate any remuneration that has a participation in profits or premiums, and the reason why it is granted.
- Explain the fundamental parameters and fundamentals of any annual premium system (bonus system).
- The types of directors (executive directors, proprietary external directors, independent external directors or other external directors) that are beneficiaries of remuneration systems or plans that involve a variable remuneration.
- The fundamentals of the said remuneration systems, variable or plans, the performance evaluation criteria chosen, as well as the evaluation components and methods to determine if they have complied or not with the said evaluation criteria and an estimate of the complete amount of the variable remuneration that would give rise to the applicable remuneration plan, depending on the level of compliance of the hypothesis and objectives that are taken as reference.
- Where appropriate, it will inform others of the period of deferment or payment deferment that has been established and/or the period for retaining shares or other financial instruments if they exist.

##### **Explain the variable components of the remuneration systems.**

On the date of issue of this report, the remuneration policy only attributes elements of variable components to the Executive Directors.

i) Annual variable remuneration:

These are linked to individual performance and to the attainment of specific economic-financial, industrial and operational targets, which are predetermined, quantifiable and aligned with the corporate interest as envisaged in the strategic plans of the Company. All of the foregoing without prejudice to the possibility of weighting other targets, in particular, relating to corporate governance and corporate social responsibility, and which may be of a quantitative or qualitative nature.

The quantitative targets shall have a minimum weight of 50% within the entire incentive. They are made up of metrics which guarantee an appropriate balance between the financial and operational aspects of management of the Company. More specifically, for the financial year 2017, these targets will have a weight of 50% for the Chairman and 60% for the CEO and are as follows:

- 55% Net Result;
- 45% Cash Flow;

The Company excludes those extraordinary results that could introduce distortions in the evaluation criteria, being adapted to the result in a like for like manner.

The qualitative targets shall have a minimum weight of 30% within the entire incentive. These are principally linked to the evaluation of the individual performance of the Executive Directors.

More specifically, for the financial year 2017, these targets will have a weight of 50% for the Chairman and 40% for the CEO.

In the case of the Chairman, the following will be taken into account:

- Operation of the Board and the Executive Committee;
- Corporate Governance;
- Strategic plan;
- Succession Plan;
- Institutional representation.

In the case of the CEO, the following will be taken into account:

- Compliance of the strategic plan;
- Health and safety for employees, measured by means of the accidents index of the Company;
- Boost Innovation and Corporate Social Responsibility-Sustainability;
- Development of professional teams that guarantees the stability in the management and attainment of strategic targets of the organisation;
- Suitability and monitoring of the procedures associated with the taking on of controlled risk;
- Relations with stakeholders.

The amount that is the subject of annual variable remuneration for the Executive Directors, in other words, that which corresponds with a standard level of attainment of the targets, is equivalent to 125% of Fixed Remuneration, both for the Chairman and the CEO. The quantitative targets are associated with a scale that allows for compensation for exceeding the anticipated attainment of targets up to a limit, meaning that the annual variable remuneration can be achieved up to 225% of the Fixed Remuneration for the Executive Directors.

#### ii) Long-Term Incentive Plan.

The Executive Directors participate in a long-term variable remuneration system based on delivery of share plans. They are structured into multi-year cycles (currently 3 years) overlapping, allocations of units being carried out each year, which turn into shares at the end of the cycle (currently 3 years). So that this can happen, certain targets need to be complied with, in addition to remaining at the Company for a certain period (currently 3 years), such targets are related with internal or external metrics that reflect economic and financial targets and/or creation of value for the company. Each metric is associated with a scale of achievement that establishes a minimum level of compliance, under which no incentives are paid, as well as there being a maximum.

At present plan 2013-2015 and plan 2016-2018 are in force.

For these applicable plans the metrics are:

- Gross operating income on Net Operating Assets (plans 2013 and 2016); The consolidated Gross Operating Income of the Company will be considered as the operating income before amortisation, adding thereto the gross operating income of companies included by the equity method in the process of preparing the consolidated financial statements, at that percentage of ownership that is held for them.

Regarding the concept of Net Operating Assets, these shall be the total amount of assets shown on the Company, consolidated balance sheet, excluding non-remunerated assets that are allocated to projects in course of construction. The value of the Net Operating Assets of the companies carried by the equity method multiplied by the corresponding percentage stake owned by Ferrovial shall be added to the result, excluding in all cases that part corresponding to the revaluation of companies derived from divestment processes with loss of control.

- Cash flow (plan 2013); and

- Total return for the shareholder in comparison with a group of 17 companies (plan 2013 and 2016). The comparison group is formed by: ACS, OHL, FCC, Abertis, Paris CdG, Fraport, Serco, Carillion, Bilfinger Berger (plan 2013), Eiffage, Vinci, Strabag, Skanska, Balfour Beatty, Transurban y SNC Lavalin, Kier (plan 2016) and AENA (plan 2016).



In 2017 the second allocation within the plan 2016-2018 will be made, with the weight in relation with the metrics mentioned, 70% for gross operating income on productive net assets and 30% for return for the shareholder.

In the case of the gross operating income on productive net assets, the maximum will be attained for this incentive, for the awarding of 2017, if this ratio exceeds 10.5 %, not being paid under 9%.

For the return for the shareholder, the maximum will be attained for this incentive, for the awarding of 2017, if by the end of the three years, the situation of Ferrovial with regards to the comparison group is among the first 5 places, not being paid under the median of the said group.

For Executive Directors, the approximate maximum value, at awarding prices, can reach up to 125% with its fixed remuneration.

The long-term incentive for the allocation of 2014, which will be paid in 2017, has an approximate value (at the date of allocation) of between 85% and 115% of the fixed remuneration.

On the approval date of this report the Option Plans on previous actions have ended. Until 2008 Ferrovial would granted Stock share plans, of which what was granted in 2008 is still applicable (approved in the Meeting on 28/03/2008). The financial year can only happen after 3 years of its concession and before 8 years have passed. In addition, certain tasks must be complied with, calculated between the comparison of the gross operating income on productive net assets.

iii) Share holding policy: In compliance with the Directors Remuneration Policy, it establishes that, following the award of shares, share options or other rights on shares derived from the remuneration system, Directors may not transfer the ownership of a number of shares equivalent to twice their annual fixed remuneration, or to exercise their share options or other rights on shares for at least three years after their award. The above condition will not apply to any shares that the Director must dispose of, where applicable, to defray costs related to their acquisition.

A.5 Explain the main characteristics of the long-term savings systems, including retirement and any other survivor benefits, financed partially or completely by the company, whether they be provided internally or externally, with an estimated amount or equivalent annual amount, indicating the type of plan, if it is in contributions or as defined benefit, the consolidation conditions of the economic rights in favour of the directors and their compatibility with any type of compensation as a result of early termination or termination of the contractual relationship between the company and the director.

Also indicate the contributions in favour of the director to pension plans of defined contributions; or the increase in consolidated rights of the director, when contributions to defined benefit plans are involved.

#### **Explain the long-term savings systems**

Ferrovial does not have obligations contracted or for pensions with any member of the Board of Directors.

The CEO takes part in a remuneration scheme of a deferred nature that was established at the time of their inclusion in the company's senior management. This is extraordinary deferred remuneration, which will only be made effective once the relationship with the Company terminates by mutual agreement, upon attainment of a certain age, with no other consolidated rights existing. The fifty percent of the extraordinary remuneration shall be conditional upon compliance with the post-contractual non-competition agreement of two years' duration, agreed between the executive director and the Company.

To cover this, the Company makes annual contributions to a collective savings insurance policy, of which the Company itself is policy holder and beneficiary, quantified according to a certain percentage that has been established, for 2017, as 20% or the annual total remuneration (fixed remuneration plus variable target of 125%) of the executive director.

The right to earn extraordinary remuneration on behalf of the executive director will be

incompatible with the payment of any compensation that they may be entitled to as a director, as a result of the termination of their relationship with the company.

**A.6 Indicate any compensation agreed on or paid in the event of the termination of the duties as a director.**

**Explain the compensation**

The payment of any type of compensation to directors in the event of the termination of their duties is not contemplated as such.

**A.7 Indicate the conditions that should be respected by the contracts, in terms of who exercises senior management duties like executive directors. Among others, it will inform about the duration, the limits to the amounts of compensation, the duration clauses, the notice periods, as well as the payment as replacement of the cited notice period, and any other such clauses in relation with recruitment bonuses, as well as compensation or shielding due to early termination or termination of the contractual relationship between the company and the executive director. Include, among others, the non-competence, exclusivity, duration or loyalty agreements, as well as post-contractual non-competence.**

**Explain the conditions of the contracts of the Executive Directors**

The most important conditions are described below:

a) Notice period: in the event of termination resulting from causes that are attributable to the Company, they should inform the CEO of the termination with at least three (3) months' notice with regards to the date of termination. Should this period not be complied with, the Company must disburse a sum equivalent to the remuneration corresponding to the notice period remaining.

b) Duration: the contracts subscribed with the Executive Directors are of indefinite duration.

c) Causes for termination and compensation:

In the case of the Chairman, the extinction of their contract for any reason shall not entitle them to receive compensation of any kind.

In the case of the CEO, the Company has agreed that, in the event of their release from their duties by decision or unilateral desistance by the Company (unless this is motivated by a serious breach of their obligations) or for economic, organizational, productive or technological reasons, or released because of substantial modification to the conditions of provision of their services, the Director shall be entitled to draw the greater of the two following sums:

(i) the obligatory statutory compensation envisaged in general in the Workers' Statute effective upon the date of incorporation to the post of executive director, or (ii) the sums accumulated in the extraordinary remuneration system mentioned in the previous A.5 section. In the event that, due to a significant change in the ownership of the Company which has as effect a renewal of the governing bodies of the Company or in the content and approach to its principal activity, a substantial modification of the conditions for provision of their services should take place, the CEO may decide to extinguish their relationship with the Company during the six months following the advent of these changes, and shall be entitled in such a case to draw the same compensation as would have been due in the event of release by unilateral decision by the Company.

d) Exclusivity: the contracts held by the Executive Directors include the obligation to provide services exclusively to the Company, the Director not being permitted to sign contracts with other competitor companies of Ferrovial in their own name, nor through intervening persons, whether these are family members are not, which might entail effective competition with the activities of

Ferrovial.

e) Non-competition: in accordance with article 41.3 of the Regulations of the Board of Directors, the Director who loses that standing may not provide services to any company in effective competition with the Company and its Subsidiaries for a period of two years, whenever those services are of particular transcendence in relation to the activities in question in which the Company and its Subsidiaries also engage. Nor may the Director be an administrator of the same for a period of two years after leaving the Board. These prohibitions may be waived by the Board of Directors.

The contracts signed with the Executive Directors contain an obligation of post-contractual non-competence for a period of two years.

In the case of the Chairman, he will receive, in return for the non-competence agreement, an economic compensation that is two times his fixed annual remuneration.

In the case of the CEO, 50% of the sum to be drawn in the event of release is subject to compliance with the post-contractual non-competition agreement.

f) Reimbursement clause: the contractual agreements of the Executive Directors include a clause which enables the Company to claim reimbursement of variable components of the remuneration if these were paid upon the basis of data whose inaccuracy has been subsequently accredited.

#### A.8 Explain any supplementary remuneration accrued by the directors as compensation for the services provided other than those related with their position.

##### **Explain the supplementary remuneration**

On the date of issue of this report, there is no supplementary compensation accrued to the Directors as compensation for the services provided other than those related with their position.

#### A.9 Indicate any remuneration in the form of advance payments, credits and guarantees granted, indicating the type of interest, its essential characteristics and the amounts eventually returned, as well as the obligations assumed by them as surety bonds.

##### **Explain the advance payments, credits and guarantees conceded**

On the date of issue of this report, advance payments, credits or guarantees have not been granted to the Directors on behalf of the Company due to their standing as Directors of the Board of Ferrovia or of other management committees from other Group companies.

#### A.10 Explain the main characteristic of the remuneration in kind.

##### **Explain remuneration in kind**

Each year, from the financial year 2005 onwards, the General Meeting of Shareholders approves the possibility that the Directors with executive duties can earn a part of their annual remuneration in shares of Ferrovia, with the aim to associate part of their remuneration with the evolution of the value of Company shares.

The General Meeting of Shareholders, held on 27 March 2015, approved the participation of the members of the senior management and the members of the Board of Directors with executive duties in a remuneration system consisting of the payment of part of their remuneration corresponding with the financial years 2015 to 2019 that can be made by means of the delivery of Company shares.

The maximum limit for remuneration to be earned in shares is €12,000 per shareholder or which

eventually can be established in a modification of Article 42.2.f) of Law 35/2006, from 28 November, for Income Tax, or in the precept that replaces it.

Additionally, the Company implemented a flexible remuneration system, called the "Flexible Remuneration Plan", which provides employees with the chance to voluntarily amend their remuneration package in line with their personal needs, replacing part of the fixed remuneration with the delivery of certain remuneration in kind. Among these products is a collective life insurance and savings policy associated with retirement. Participants can request that part of their annual gross remuneration is paid by the Company, as a premium, to a collective life insurance and savings policy associated with retirement. During the financial year 2016, no notifications have been made to the Company on behalf of any Executive Director so that part of their remuneration is paid as a premium to the aforementioned insurance.

The Company has subscribed life assurance policies to cover the risk of demise or incapacity of the Executive Directors.

A.11 Indicate the remuneration accrued by the director in virtue of the payments that the company makes contributed to a third party entity in which the director is provided with services, when the said payments are aimed at remunerating the services of such director in the company.

**Explain the remuneration accrued by the director in virtue of the payments that the company makes contributed to a third party entity in which the director is provided with services.**

On the date of issue of this report, no type of remuneration has been accrued of this nature.

A.12 Any other remuneration concept other than those mentioned above, regardless of their nature or the group entity that pays it, especially when it has the consideration as an associated transaction or its issuing distorts the faithful image of the total remuneration accrued by the director.

**Explain other remuneration concepts**

On the date of issue of this report, no other remuneration concepts has been contemplated in the remuneration system for Directors in relation with those explained in the previous sections.

In the event that Executive Directors of Ferrovial should draw fixed emoluments fees for attendance at meetings of the Boards and Committees of other companies of the Group, the sums drawn for this item shall be reduced from the variable annual remuneration of the Director.

A.13 Explain the actions taken by the company in relation with the remuneration system and to reduce the exposure to excessive risk and to adapt it to the long-term targets, values and interests of the company, which will include, where appropriate, a reference to: measures anticipated to guarantee that the long-term results of the company are considered in the remuneration policy, measures that establish a suitable balance between the fixed and variable remuneration components, measures adopted in relation with those personnel categories whose professional activity has material repercussions on the risk profile of the entity, repayment formulas or clauses to be able to reclaim the return of variable remuneration components based on the results when such components have been paid by virtue of information, the inaccuracy of which has subsequently been demonstrated and manifested, and measures anticipated to avoid conflicts of interests, where appropriate.

### **Explain the actions taken to reduce the level of risk**

A.13.1. The remuneration policy of Ferrovial is designed in consideration of the strategy and the long-term results of the Company:

a) The total compensation of the Executive Directors consist of different remuneration elements that fundamentally are formed by: i) a Fixed remuneration, ii) Variable Annual Remuneration, and iii) Long-Term Incentive Plans. For the Executive Directors, under standard circumstances of compliance with targets, this long-term element has an approximate weighting of 25-35% of the total direct remuneration (fixed + variable annual + long-term incentive).

b) The Long-Term Incentive Plans form part of a pluriannual framework to guarantee that the process of evaluation is based upon the long-term results and that it takes into account the underlying economic cycle of the Group. This remuneration is conceded and paid in the form of shares upon the base of the creation of value, in such a way that the interests of managers are aligned with those of the shareholders. In addition, these are overlapping cycles which as a general rule are chained

c) together indefinitely, keeping a permanent focus on the notion of 'long-term' in all the decisions.

d) Ferrovial has an integrated risk management system called Ferrovial Risk Management (henceforth, FRM) in place. This system, directed at an association of the risks analyzed with the objectives which those risks jeopardize, is applied to all the lines of business of the Group, including those investee companies in which management capacity is held. The Risks Department is the unit responsible for coordinating the application and benefits of FRM.

In accordance with Article 38 (3) of the Company's Articles of Association, it is for the Board to determine the Risks Control and Management Policy. The Board has established that the policy of Ferrovial in this area manifests itself in the following principles:

- Awareness and proportionality of the risk assumed.
- Protection of the health and safety of people.
- Respect for the Corporate Code of Ethics.
- Definition and delegation of responsibilities.
- Transmission of information.
- Valuation of risks.
- Integration and coordination with other systems.

The remuneratory systems for the Executive Directors described above implicitly include measures of control over excessive risk in their design.

On the one hand, the qualitative objectives (40% of the annual variable remuneration of the CEO) implicitly include a performance evaluation of the assumption of risks and compliance with the policies established for these purposes. On the other hand, as has been said, the overlapping of the long-term variable remuneration cycles produces interlinkage of the results of each year in, currently, three (3) years of long-term variable incentive, so acting as a catalyst for alignment with the long-term interests of the Company and for prudence in adopting decisions.

A.13.2. The remuneration policy of Ferrovial establishes an appropriate balance between the fixed and variable components of the remuneration:

a) The design of the remuneration scheme shows a balanced and efficient relationship between the fixed components and the variable ones: under standard circumstances of compliance with targets linked to variable remuneration, the fixed element for the Executive Directors represents around 25-35% of the total compensation (fixed + variable annual + long-term incentive). This proportion is considered sufficiently high and not excessive.

b) The variable components of the remuneration have sufficient flexibility to allow their modulation to the extent that it could be possible for their value to be nil. Under circumstances where the objectives linked to variable remuneration are not met, the Executive Directors will only draw the fixed remuneration.

The Appointment and Remuneration Committee consists of three members, one of whom is also a member of the Audit and Control Committee. The intersecting membership of these two Committees favors taking into consideration the risks associated to the remuneration in the deliberations of the

cited Committees and in their proposals to the Board, both in determining and in the evaluation process for the annual and pluriannual incentives.

A.13.3. With regard to the reimbursements clauses or formulas, in order to be able to claim refund of the variable components of the remuneration if these were paid upon the basis of data whose inaccuracy has been subsequently manifestly accredited, and the measures in place to avoid conflicts of interest, we must consider that:

- (i) The Nominations and Remunerations Committee is empowered to propose, to the Board of Directors, the cancellation of the payment of the variable remuneration in circumstances of this kind.
- (ii) In addition, the Nominations and Remunerations Committee shall assess whether exceptional circumstances of this type could even prompt the extinction of the relationship with the corresponding person(s) responsible. proposing to the Board of Directors that the measures which may be appropriate be adopted.
- (iii) Reimbursement clause: the contractual agreements of the Executive Directors include a clause which enables the Company to claim reimbursement of variable components of the remuneration if these were paid upon the basis of data whose inaccuracy has been subsequently accredited.

## **B REMUNERATION POLICY ENVISAGED FOR FUTURE FINANCIAL YEARS**

Repealed.

## **C OVERALL SUMMARY OF HOW THE REMUNERATION POLICY WAS APPLIED DURING THE FINANCIAL YEAR NOW CLOSED**

C.1 Explain in summary form the principal features of the structure and concepts of the remuneration policy applied during the financial year now closed, which gave rise to the detailed individual remuneration drawn by each of the Directors as reflected in section D of the present report, as well as a summary of the decisions taken by the Board for the application of the said concepts.

### **Explain the structure and concepts of the remuneration policy applied during the financial year**

During 2016, the Company has applied its remuneration policy in accordance with the principles, foundations and criteria expounded in section A.1 of the present report, following the regulatory modifications relating to transparency and good governance, which both the Spanish Securities Market Commission (CNMV) and other entities have been publishing.

1) Relating to Directors in their standing as such:

As from 1 July 2014, the totality of the remuneration of the Directors in their standing as such is either on a fixed basis or for attendance, and is linked exclusively to their level of responsibility and dedication, while their independence and long-term commitment are guaranteed.

The maximum total remuneration approved for 2016 for all items, for membership of the Board of Directors of the Company, stands at 1,777.58 thousand €. The variation over 2015 is a consequence of the application of the IPC, which stood at 0%. See details in section E.

(i) Fixed emolument: in 2016 the aggregated fixed emolument stood at 377 thousand €.

(ii) Complementary fixed emolument: in 2016, the complementary fixed emolument reached 588 thousand €.

(iii) Attendance fees: the Directors receive a fixed sum for attending meetings of the Board of Directors and of its delegated or advisory Committees. Details of the sums received per meeting in 2016 are given hereunder:

- For attendance at the Board of Directors €6,000 /meeting
- For attendance at the Executive Committee €2,200 /meeting
- For attendance at the Audit and Control Committee €2,200 /meeting
- For attendance at the Nominations and Remunerations Committee: €1,650 /meeting
- In total, the amount of attendance fees paid in 2016 reached 699 thousand €.
- The total amount due for Board attendance to the Directors in their standing as such in 2016 has been 1,663 thousand €

2) With respect to the Executive Directors, the structure and concepts of the remuneration policy applied during the financial year 2016 are detailed hereunder.

(i) Fixed remuneration the amount of the fixed remuneration for the Executive Directors corresponding to financial year 2016 reached an overall total of 2,655 thousand €, 1,455 thousand € for the Chairman and 1,200 thousand € for the CEO.

(ii) Variable Annual Remuneration. As regards to the remuneration, the level of achievement of the targets for the financial year 2016 was 124% of the target (69.1% of the maximum possible) for the Chairman and 125% of the target (69.3% of the maximum possible) for the CEO. These levels of achievement involve a payment of 155.4% and 156% of the fixed salary respectively.

The breakdown of the degree of achievement of the different targets were as follows:

Quantitative:

- Chairman and CEO Net income targets: on target
- Chairman and CEO Cash flow targets: above the target
- Chairman and CEO Compliance targets of the strategic plan: on target

Qualitative:

- Chairman: Overall assessment of the Board: above the target

CEO:

- Overall assessment of the results: above the target
- Suitability and monitoring of the procedures associated with the taking on of controlled risk: on target
  - Improvements in terms of health and safety for employees, measures by means of the ratio of accidents for the Company: on target
- Development of professional teams that guarantees the stability in the management and attainment of strategic targets of the organisation: on target
- Innovation and corporate social responsibility: above the target

The breakdown of the amounts to be drawn by the Executive Directors in 2017, corresponding to the objectives set for 2016, is as follows: Chairman: 2,261 thousand €; CEO: 1,872 thousand €.

(iii) Long Term Incentive Plan: Plans for delivery of shares.

En 2016, the first cycle of the Share Delivery Plan 2013-2015 concluded. The Committee has carried out the evaluation process to determine the degree of attainment of the objectives. In this process, the Committee has been able to avail of the support of Finance, responsible for management control of the Group, which facilitates the financial results of the Group duly audited, and verified by the Audit and Control Committee. The award made in 2013 was paid in March 2016 The degree of compliance with the various metrics were as follows:

RBE/ANP: target of 10% has been exceeded.

Activity flow: The target set to exceed by 5% the budget for this accumulated item based on three years of measurement has been exceeded.

RTA: Ferroviaria has been placed in 2nd position in the comparison group of 17 companies.

The set of the different combined metrics provides a joint compliance of 100% which involves the payment of 100% of the incentive anticipated which means, at award prices, 85% of the fixed annual remuneration of the Chairman and 103% of the fixed annual remuneration of the CEO.

(iii) Long-Term Incentive Plan: Share option plan

In the financial year 2016, the Executive Directors who retained options awarded under the above mentioned Option Plan on 2008 Stock have exercised these as the 100% degree of achievement has meant that the options can be exercised in full, for following amounts: Chairman: 9,383 thousand €; CEO 170 thousand €.

As with all Option Plans or those linked to the share value granted by Ferrovial since 2000, the Executive Chairman has exercised his option right in the last quarter before the expiration of the plan.

(iv) Deferred remuneration plan for the CEO

The contributions made under this heading in 2016, including costs, stood at 542 thousand €, the accumulated total at the date of closure of this report being 5,696 thousand €.



**D DETAIL OF THE INDIVIDUAL REMUNERATION ACCRUED BY EACH OF THE DIRECTORS**

<b>Name</b>	<b>Type</b>	<b>Period of accrual financial year 2016</b>
SANTIAGO BERGARECHE BUSQUET	Another External	From 01/01/2016 until 31/12/2016.
JOAQUÍN AYUSO GARCÍA	Another External	From 01/01/2016 to 31/12/2016.
ÍÑIGO MEIRÁS AMUSCO	Executive	From 01/01/2016 until 31/12/2016.
JUAN ARENA DE LA MORA	Another External	From 01/01/2016 until 31/12/2016.
MARÍA DEL PINO CALVO-SOTELO	Proprietary	From 01/01/2016 until 31/12/2016.
SANTIAGO FERNÁNDEZ VALBUENA	Independent	From 01/01/2016 until 31/12/2016.
JOSÉ FERNANDO SÁNCHEZ-JUNCO MANS	Independent	From 01/01/2016 until 31/12/2016.
JOAQUÍN DEL PINO CALVO-SOTELO	Proprietary	From 01/01/2016 until 31/12/2016.
ÓSCAR FANJUL MARTÍN	Independent	From 01/01/2016 until 31/12/2016.
RAFAEL DEL PINO CALVO-SOTELO	Executive	From 01/01/2016 until 31/12/2016.
PHILIP BOWMAN	Independent	From 29/07/2016 until 31/12/2016.
LEOPOLDO DEL PINO CALVO-SOTELO	Independent	From 01/01/2016 until 21/01/2016.
HOWARD LEE LANCE	Independent	From 15/02/2015 until 14/04/2016.

D.1 Complete the following tables with regard to the individual remuneration of each one of the Directors (including the recompense for the exercise of their executive duties) accrued during the financial year.

**a) Remuneration accrued in the Company which is the object of the present report:**

**i) Remuneration in cash (thousand €)**

Name	Salaries	Fixed remuneration	Attendance fees.	Short-term variable remuneration	Long-term variable remuneration	Remuneration for membership of Board Committees	Compensation	Other items	Total year 2016	Total year 2015
RAFAEL DEL PINO CALVO-SOTELO	1,455	35	114	2,261	0	0	0	92	3,957	3,608
SANTIAGO BERGARECHE BUSQUET	0	35	74	0	0	0	0	81	190	182
JOAQUÍN AYUSO GARCÍA	0	35	59	0	0	0	0	58	152	160
ÍÑIGO MEIRÁS AMUSCO	1,200	35	57	1,872	0	0	0	46	3,210	3,074
JUAN ARENA DE LA MORA	0	35	56	0	0	0	0	46	137	147
MARÍA DEL PINO CALVO-SOTELO	0	35	57	0	0	0	0	46	138	135
SANTIAGO FERNÁNDEZ VALBUENA	0	35	78	0	0	0	0	46	159	131
JOSÉ FERNANDO SÁNCHEZ-JUNCO MANS	0	35	68	0	0	0	0	46	149	145
JOAQUÍN DEL PINO CALVO-SOTELO	0	35	48	0	0	0	0	46	129	26
ÓSCAR FANJUL MARTÍN	0	35	63	0	0	0	0	46	144	53
PHILIP BOWMAN	0	15	12	0	0	0	0	20	47	0
LEOPOLDO DEL PINO CALVO-SOTELO	0	2	0	0	0	0	0	3	5	26
HOWARD LEE LANCE	0	10	12	0	0	0	0	13	35	111

## ii) Share-based remuneration systems

RAFAEL DEL PINO CALVO-SOTELO Share option plan (2008)												
Date of implementation	Ownership of options at opening of financial year 2016						Options assigned during financial year 2016					
	No. options	Affected shares	Exer. price (€)	Exercise term			No. options	Affected shares	Exer. price (€)	Exercise term		
28/03/2008	1,179,600	1,179,600	11.69	8 years			0	0	0.00	-		
Conditions: See section A.4												
Shares delivered during financial year 2016			Options exercised in the financial year 2016				Op. expired and not exercised	Options at the end of the financial year 2016				
No. of shares	Price	Amount	Exer. price (€)	No. options	Affected shares	Gross profit (m€)	No. options	No. options	Affected shares	Exer. price (€)	Exercise term	
0	0.00	0	11.69	1,179,600	1,179,600	9,383	0	0	0	0.00	-	
Other requirements for exercise:-												

RAFAEL DEL PINO CALVO-SOTELO Performance-linked share delivery plan (2013)												
Date of implementation	Ownership of options at opening of financial year 2016						Options assigned during financial year 2016					
	No. options	Affected shares	Exer. price (€)	Exercise term			No. options	Affected shares	Exer. price (€)	Exercise date		
15/02/2013	0	104,650	0.00	3 years			0	0	0.00	-		
Conditions: See section A.4												
Shares delivered during financial year 2016			Options exercised in the financial year 2016				Op. expired and not exercised	Options at the end of the financial year 2016				
No. of shares	Price	Amount	Exer. price (€)	No. options	Affected shares	Gross profit (m€)	No. options	No. options	Affected shares	Exer. price (€)	Exercise term	
104,650	18,32	1,918	0.00	0	0	0	0	0	0	0.00	-	
Other requirements for exercise:-												

**RAFAEL DEL PINO CALVO-SOTELO**  
**Performance-linked share delivery plan (2014)**

Date of implementation	Ownership of options at opening of financial year 2016				Options assigned during financial year 2016			
	No. options	Affected shares	Exer. price (€)	Exercise term	No. options	Affected shares	Exer. price (€)	Exercise term
15/02/2014	0	78,500	0.00	3 years	0	0	0.00	-

Conditions: See section A.4

Shares delivered during financial year 2016			Options exercised in the financial year 2016				Op. expired and not exercised	Options at the end of the financial year 2016			
No. of shares	Price	Amount	Exer. price (€)	No. options	Affected shares	Gross profit (m€)	No. options	No. options	Affected shares	Exer. price (€)	Exercise term
0	0.00	0	0.00	0	0	0	0	0	78,500	0.00	3 years

Other requirements for exercise:-

**RAFAEL DEL PINO CALVO-SOTELO**  
**Performance-linked share delivery plan (2015)**

Date of implementation	Ownership of options at opening of financial year 2016				Options assigned during financial year 2016			
	No. options	Affected shares	Exer. price (€)	Exercise term	No. options	Affected shares	Exer. price (€)	Exercise date
15/02/2015	0	69,800	0.00	3 years	0	0	0.00	-

Conditions: See section A.4

Shares delivered during financial year 2016			Options exercised in the financial year 2016				Op. expired and not exercised	Options at the end of the financial year 2016			
No. of shares	Price	Amount	Exer. price (€)	No. options	Affected shares	Gross profit (m€)	No. options	No. options	Affected shares	Exer. price (€)	Exercise term
0	0.00	0	0.00	0	0	0	0	0	69,800	0.00	3 years

Other requirements for exercise:-

**RAFAEL DEL PINO CALVO-SOTELO**  
**Performance-linked share delivery plan (2016)**

Date of implementation	Ownership of options at opening of financial year 2016				Options assigned during financial year 2016			
	No. options	Affected shares	Exer. price (€)	Exercise term	No. options	Affected shares	Exer. price (€)	Exercise term
15/02/2016	0	0	0.00	-	0	74,000	0.00	3 years

Conditions: See section A.4

Shares delivered during financial year 2016			Options exercised in the financial year 2016				Op. expired and not exercised	Options at the end of the financial year 2016			
No. of shares	Price	Amount	Exer. price (€)	No. options	Affected shares	Gross profit (m€)	No. options	No. options	Affected shares	Exer. price (€)	Exercise term
0	0.00	0	0.00	0	0	0	0	0	74,000	0.00	3 years

Other requirements for exercise:-

**ÍÑIGO MEIRÁS AMUSCO**  
**Share options plan (2008)**

Date of implementation	Ownership of options at opening of financial year 2016				Options assigned during financial year 2016			
	No. options	Affected shares	Exer. price (€)	Exercise term	No. options	Affected shares	Exer. price (€)	Exercise term
28/03/2008	20,000	20,000	11.69	8 years	0	0	0.00	-

Conditions: See section A.4

Shares delivered during financial year 2016			Options exercised in the financial year 2016				Op. expired and not exercised	Options at the end of the financial year 2016			
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No. of shares	Price	Amount	Exer. price (€)	No. options	Affected shares	Gross profit (m€)	No. options	No. options	Affected shares	Exer. price (€)	Exercise term
0	0.00	0	11.69	20,000	20,000	170	0	0	0	0.00	-

Other requirements for exercise:-

**ÍÑIGO MEIRÁS AMUSCO**  
**Performance-linked share delivery plan (2013)**

Date of implementation	Ownership of options at opening of financial year 2016						Options assigned during financial year 2016				
	No. options	Affected shares	Exer. price (€)	Exercise term			No. options	Affected shares	Exer. price (€)	Exercise date	
15/02/2013	0	104,650	0.00	3 years			0	0	0.00	-	

Conditions: See section A.4

Shares delivered during financial year 2016			Options exercised in the financial year 2016				Op. expired and not exercised	Options at the end of the financial year 2016				
No. of shares	Price	Amount	Exer. price (€)	No. options	Affected shares	Gross profit (m€)	No. options	No. options	Affected shares	Exer. price (€)	Exercise term	
104,650	18,32	1,918	0.00	0	0	0	0	0	0	0.00	-	

Other requirements for exercise:-

**ÍÑIGO MEIRÁS AMUSCO**  
**Performance-linked share delivery plan (2014)**

Date of implementation	Ownership of options at opening of financial year 2016						Options assigned during financial year 2016				
	No. options	Affected shares	Exer. price (€)	Exercise term			No. options	Affected shares	Exer. price (€)	Exercise date	
15/02/2014	0	78,500	0.00	3 years			0	0	0.00	-	

Conditions: See section A.4

Shares delivered during financial year 2016			Options exercised in the financial year 2016				Op. expired and not exercised	Options at the end of the financial year 2016				
No. of shares	Price	Amount	Exer. price (€)	No. options	Affected shares	Gross profit (m€)	No. options	No. options	Affected shares	Exer. price (€)	Exercise term	
0	0.00	0	0.00	0	0	0	0	0	78,500	0.00	3 years	
Other requirements for exercise:-												

**INIGO MEIRÁS AMUSCO**  
[Performance-linked share delivery plan \(2015\)](#)

Date of implementation	Ownership of options at opening of financial year 2016				Options assigned during financial year 2016			
	No. options	Affected shares	Exer. price (€)	Exercise term	No. options	Affected shares	Exer. price (€)	Exercise date
15/02/2015	0	69,800	0.00	3 years	0	0	0.00	-

Conditions: See section A.4

Shares delivered during financial year 2016			Options exercised in the financial year 2016				Op. expired and not exercised	Options at the end of the financial year 2016				
No. of shares	Price	Amount	Exer. price (€)	No. options	Affected shares	Gross profit (m€)	No. options	No. options	Affected shares	Exer. price (€)	Exercise term	
0	0.00	0	0.00	0	0	0	0	0	69,800	0.00	3 years	
Other requirements for exercise:-												

**INIGO MEIRÁS AMUSCO**  
[Performance-linked share delivery plan \(2016\)](#)

Date of implementation	Ownership of options at opening of financial year 2016				Options assigned during financial year 2016			
	No. options	Affected shares	Exer. price (€)	Exercise term	No. options	Affected shares	Exer. price (€)	Exercise term
15/02/2016	0	0	0.00	-	0	74,000	0.00	3 years

Conditions: See section A.4

Shares delivered during financial year 2016			Options exercised in the financial year 2016				Op. expired and not exercised	Options at the end of the financial year 2016			
No. of shares	Price	Amount	Exer. price (€)	No. options	Affected shares	Gross profit (m€)	No. options	No. options	Affected shares	Exer. price (€)	Exercise term
0	0.00	0	0.00	0	0	0	0	0	74,000	0.00	3 years

Other requirements for exercise:-



JOAQUÍN AYUSO GARCÍA Share option plan (2008)												
Date of implementation	Ownership of options at opening of financial year 2016						Options assigned during financial year 2016					
	No. options	Affected shares	Exer. price (€)	Exercise term			No. options	Affected shares	Exer. price (€)	Exercise term		
28/03/2008	200,000	200,000	11.69	8 years			0	0	0.00	-		
Conditions: See section A.4												
Shares delivered during financial year 2016			Options exercised in the financial year 2016				Op. expired and not exercised	Options at the end of the financial year 2016				
No. of shares	Price	Amount	Exer. price (€)	No. options	Affected shares	Gross profit (m€)	No. options	No. options	Affected shares	Exer. price (€)	Exercise term	
0	0.00	0	11.69	200,000	200,000	1,616	0	0	0	0.00	-	
Other requirements for exercise:-												

### iii) Long-term savings systems

Name	Contribution during financial year by Company (thousand €)		Amount of funds accumulated (thousand €)	
	Financial year 2016	Financial year 2015	Financial year 2016	Financial year 2015
ÍÑIGO MEIRÁS AMUSCO	542	496	5,696	4,973

iv) Other benefits (in thousands of €)

RAFAEL DEL PINO CALVO-SOTELO			
Remuneration in form of advances or credits conceded			
Rate of interest of the operation		Essential characteristics of the operation	Amounts finally refunded
0.00		N/A	N/A
Life assurance premiums		Guarantees constituted by the Company to the Directors	
Financial year 2016	Financial year 2015	Financial year 2016	Financial year 2015
8	6	N/A	N/A

ÍÑIGO MEIRÁS AMUSCO			
Remuneration in form of advances or credits conceded			
Rate of interest of the operation		Essential characteristics of the operation	Amounts finally refunded
0.00		N/A	N/A
Life assurance premiums		Guarantees constituted by the Company to the Directors	
Financial year 2016	Financial year 2015	Financial year 2016	Financial year 2015
4	3	N/A	N/A

**b) Remuneration accrued by the directors of the Company for their membership of boards in other companies of the Group:**

**i) Remuneration in cash (thousand €)**

Name	Salaries	Fixed remuneration	Attendance fees	Short-term variable remuneration	Long-term variable remuneration	Remuneration for membership of Board Committees	Compensation	Other items	Total year 2016	Total year 2015
JOAQUÍN AYUSO GARCÍA	0	0	0	0	0	36	0	0	36	31
HOWARD LEE LANCE	0	0	0	0	0	24	0	0	24	31

**ii) Share-based remuneration systems**

**iii) Long-term savings systems**

**c) Summary of remuneration (thousand €):**

The summary should include the amounts corresponding to all the remuneratory items included in the present report drawn by the Director, in thousands of euros.

In the case of the long-term savings systems, the contributions or endowments made to this kind of system shall be included:

Name	Remuneration accrued in the Company				Remuneration accrued in companies of the Group				TOTAL		
	Total Remuneration in cash	Amount of shares granted	Gross profit from the options exercised	Total financial year 2016 Company	Total Remuneration in cash	Amount of shares delivered	Gross profit from the options exercised	Total financial year 2016 Group	Total financial year 2016	Total financial year 2015	Contribution to savings systems during the financial year
RAFAEL DEL PINO CALVO-SOTELO	3,957	1,918	9,383	15,258	0	0	0	0	15,258	5,931	0
SANTIAGO BERGARECHE BUSQUET	190	0	0	190	0	0	0	0	190	182	0
JOAQUÍN AYUSO GARCÍA	152	0	1,616	1,768	36	0	0	36	1,804	3,876	0
ÍÑIGO MEIRÁS AMUSCO	3,210	1,918	170	5,298	0	0	0	0	5,298	8,872	542
JUAN ARENA DE LA MORA	137	0	0	137	0	0	0	0	137	147	0
MARÍA DEL PINO CALVO-SOTELO	138	0	0	138	0	0	0	0	138	135	0
SANTIAGO FERNÁNDEZ VALBUENA	159	0	0	159	0	0	0	0	159	131	0
JOSÉ FERNANDO SÁNCHEZ-JUNCO MANS	149	0	0	149	0	0	0	0	149	145	0
JOAQUÍN DEL PINO CALVO-SOTELO	129	0	0	129	0	0	0	0	129	26	0
ÓSCAR FANJUL MARTÍN	144	0	0	144	0	0	0	0	144	53	0
PHILIP BOWMAN	47	0	0	47	0	0	0	0	47	0	0
LEOPOLDO DEL PINO CALVO-SOTELO	5	0	0	5	0	0	0	0	5	26	0
HOWARD LEE LANCE	35	0	0	35	24	0	0	24	59	142	0
<b>TOTAL</b>	<b>8,452</b>	<b>3,836</b>	<b>11,169</b>	<b>23,457</b>	<b>60</b>	<b>0</b>	<b>0</b>	<b>60</b>	<b>23,517</b>	<b>19,666</b>	<b>542</b>

**D.2 Report on the relationship between the remuneration obtained by the Directors and the results or other measures of performance of the entity, explaining, where applicable, how the changes in the performance of the Company may have influenced the variation in the remuneration of the Directors.**

The variable remuneration of the Executive Directors and senior managers of the Company is linked to various metrics of results and profitability, both corporate and for the business area, during this period. With regard to the Executive Directors, compliance with the objectives of results and profitability established at the beginning of financial year 2016 have permitted disbursement of an aggregate total variable remuneration of 4,133 thousand €.

The detail and breakdown of the amounts disbursed individually can be found in the foregoing section D.1.

**D.3 Report on the result of the consultative vote by the General Meeting on the Annual Report on Directors' Remuneration for the preceding financial year, indicating the number of negative votes cast, if applicable:**

	<b>Number</b>	<b>% of total</b>
<b>Votes cast</b>	409,439,337	55,92%

	<b>Number</b>	<b>0% of total</b>
<b>Votes against</b>	9,912,134	2.42%
<b>Votes in favor</b>	394,392,946	96.33%
<b>Abstentions</b>	5,134,257	1.25%

## **E OTHER INFORMATION OF INTEREST**

Should there be any other relevant aspect of the remuneration of the Directors which it has not been possible to set out in the remaining sections of the present report, but which it may be necessary to include to provide more complete and justified information about the structure and remunerative practices of the Company in relation to its Directors, give brief details.

The General Shareholders' Meeting of 22 October 2009 established an annual fixed remuneration for the entirety of the members who at that moment formed part of the Board of Directors of 1,772,772€, adjustable according to any variations that might take place in the number of Directors and on the basis of the time served in post of the incoming and outgoing Directors. In addition, the same General Shareholders' Meeting determined that, in successive financial years, the amount set in 2009 would be revised automatically in terms of the variation experienced in the year-on-year rate for the month of December of each financial year corresponding to the official inflation rate (IPC) published by the National Statistical Institute (INE). As a consequence, the joint annual fixed remuneration for the Directors, determined by the General Shareholders' Meeting of the Company, takes as reference the amount for the preceding financial year, revised according to the IPC and adjusted according to changes in the composition of the Board which may have taken place during the financial year.

Mr. Joaquín Ayuso García ceased to perform executive duties on 29 November 2012. At the date of this report he no longer retains options assigned under the option plans mentioned from 2008, resulting from his performance of executive duties having exercised his remaining options during 2016. The corresponding amounts are reflected in table D.1.c

Table D.1.a.i) lists in the "Other items" field, the amount of the fixed Complementary Allocation (see A.3).

Balancing note for the data 2015 in the tables of section D:

Due to the departure from the Board during 2015 of the Directors, Mr. Jaime Carvajal Urquijo, Portman Baela and Karlovy the details for the total remuneration of the Board for 2015 reported in the IRC of 2015 (19,938 thousand €) does not match with the details reported in IRC of this 2016 (19,666 thousand €). The difference corresponds to the amounts received by these directors in 2015, for which is not possible to report on in the 2016 table as there were not directors during that year.

Ferrovial has arranged a Directors and Officers civil responsibility insurance that covers Administrators and executives of all group companies for which Ferrovial S.A is the parent company. The Directors of Ferrovial are included in those insured.

The amount due for the aforementioned insurance was 578 thousand euros in 2016.

The small differences which may arise with respect to the data included in note 6.6 of the management report are due to rounding by the computer program Cifradoc and are not significant.

This Annual Report on Directors' Remuneration was approved by the Board of Directors of the Company at its meeting on 27/02/2017.

Indicate whether there are Directors who may have voted against or abstained, in relation to the approval of the present report.

Yes

No

X