

ferrovial

ANNUAL
REPORT
2005

2005 IN FIGURES

	2005*	2004*	2003	2002	2001	2000	Million euro	
							%	CAGR%
							05/04	05/00
FINANCIAL DATA								
Net sales	8,989	7,254	6,026	5,040	4,240	3,598	24%	20%
Operating income	871.3	716.8	614.9	485.1	389	271	22%	26%
Net income	415.8	528.6	340.6	455.8	218	159	-21%	21%
Net income ⁽¹⁾	415.8	289.9	296.2	257.9				
Earnings per share	2.96	3.77	2.43	3.25	1.56	1.14	-21%	21%
Earnings per share ⁽¹⁾	2.96	2.07	2.11	1.84				
Total assets	21,412	15,161	14,552	11,267	10,981	8,821		
Equity	3,025	2,518	1,754	1,495	1,198	1,050		
Gross capital expenditure	1,665	389	862	541	430	367		
Net debt/(Cash)	272	(139)	591	(303)	287	417		
Total gross dividend	126.3	115.0	84.2	92.1	55.9	38.6		
Total gross dividend ⁽¹⁾		85.6		64.5				
OPERATING DATA								
Number of employees	57,247	49,892	34,347	28,454	23,522	24,208		
Construction backlog	7,500	6,721	6,106	5,922	5,599	5,283		
Real Estate pre-sales	788	694	720	655	603	601		
Services backlog	7,174 ⁽²⁾	4,973 ⁽²⁾	5,177 ⁽²⁾	816	718	729		
RATIOS								
EBIT margin	9.7%	9.9%	10.2%	9.6%	8.8%	7.5%		
Net margin	4.6%	7.3%	5.7%	9.0%	5.1%	4.4%		
ROE	20.6%	17.2%	20.0%	33.9%	19.4%	16.1%		
ROE ⁽¹⁾		19.4%	21.0%	20.7%				
Leverage	9%		34%		24%	39%		
Pay-out	30%	22%	25%	21%	26%	24%		
Pay-out ⁽¹⁾	30%	40%	28%	26%				
PER SHARE DATA								
Capitalisation	8,206	5,515	3,897	3,387	2,762	1,908		
Year-end share price	58.5	39.32	27.78	24.15	19.69	13.60		
Average daily trading volume (value)	27.5	12.7	12.0	10.2	6.3	4.6		
Gross dividend per share	0.90	0.82	0.60	0.67	0.41	0.28		
Gross dividend per share ⁽¹⁾		0.61		0.47				
Appreciation in the year	49%	42%	15%	23%	45%	-6%		
No. of shares at year-end	140,264,743	140,264,743	140,264,743	140,264,743	140,264,743	140,264,743		

⁽¹⁾ Excluding non-recurring income at Cintra due to the IPO (2004), reversal of provisions in 2003 and sale of 40% to Macquarie (2002)

⁽²⁾ Does not include the Tube Lines backlog

^(*) Data conform to IAS

SIGNIFICANT EVENTS 2005-2006

EXPANSION IN THE UNITED KINGDOM

Amey bought professional services firm Owen Williams.
February 2006

STRENGTHENED POSITION IN THE USA

Cintra was chosen as preferred bidder for the Indiana Toll Road, the second toll road to be privatised in the US.
January 2006

"BUILDING SCHOOLS FOR THE FUTURE" PROGRAMME

Amey was awarded the contract to build, refurbish, finance and maintain schools in Bradford, UK.
January 2006

ENTRANCE INTO THE ITALIAN INFRASTRUCTURE MARKET

Cintra provisionally awarded the Mantua-Cremona toll road concession (944 million euro).
December 2005

MORE TOLL ROADS IN IRELAND

Cintra selected as preferred bidder for the M3 toll road project in Ireland.
December 2005

CONSTRUCTION CONTRACT IN IRELAND

Design and execution of the extension of the Dublin M50 toll bypass, the country's main communication artery.
December 2005

INAUGURATION IN IRELAND

Cintra opened its first Irish toll road, the N4/N6, ten months ahead of schedule.
December 2005

DIVESTMENT OF ONO

Sale of a 9.6% stake in the telecommunications operator.
November 2005

MARKET LEADER IN WASTE MANAGEMENT IN CATALUÑA

Cespa awarded contract to manage Barcelona Ecopark IV.
November 2005

WEB SITE ACCESSIBILITY

Ferrovial and Cintra became the first companies in the world in their sector to have AA accessible web sites.
October 2005

FIRST ANNIVERSARY OF THE IPO

Cintra celebrated its first year on the stock market with an appreciation of 18%.
October 2005

SUSTAINABILITY INDEXES

For the fourth consecutive year, Ferrovial was included in the Dow Jones Sustainability Indexes, and it was selected for the FTSE4Good for the first time.
September 2005

CHICAGO SKYWAY

Cintra completed refinancing of the toll road and recovered 44% of the initial investment.
August 2005

ENTRANCE INTO THE US CONSTRUCTION MARKET

Ferrovial announced the acquisition of Webber, one of the leading construction companies in Texas, the second-largest infrastructure market in the US.
August 2005

AIRPORT SERVICES

Ferrovial acquired Swissport, the world's leading independent handling operator.
August 2005

C-VEHICLE CONTRACT IN THE UK

Amey obtained a Ministry of Defence maintenance contract worth 600 million pounds.
June 2005

ACTIVITY IN THE USA

Cintra began operating the Chicago Skyway. January 2005.
Signature of the Trans-Texas Corridor contract. March 2005

INCREASED STAKE IN TUBE LINES

Amey acquired another 33% (to own 66%) of the company managing the renovation and maintenance of three London Underground lines.
February 2006

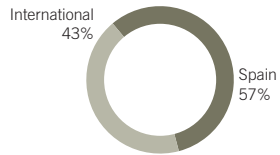
FAVOURABLE DECISION IN CANADA

The Ontario Superior Court ruled in favour of 407 ETR.
January 2005

INTERNATIONALISATION

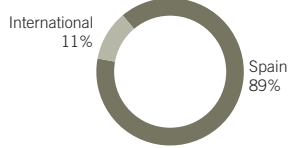
REVENUES 2005

8.9 billion euro



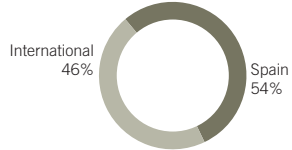
REVENUES 1998

2.4 billion euro



EBIT 2005

871 million euro



EBIT 1998

122 million euro



DIVERSIFICATION

CONSTRUCTION

Revenues	4,387.3
EBIT	204.8
EBIT margin (%)	4.8
Backlog	7,500
Operating cash flow	502

REAL ESTATE

Revenues	813.6
EBIT	156.0
EBIT margin (%)	19.2
Backlog	1,085
Operating cash flow	61

INFRASTRUCTURE

Revenues	760.3
EBIT	301.9
EBIT margin (%)	39.7
Committed investment	2,000
Operating cash flow	414

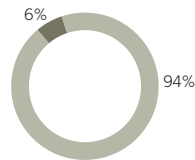
SERVICES

Revenues	3,200.1
EBIT	215.3
EBIT margin (%)	6.7
Backlog*	7,174
Operating cash flow	169

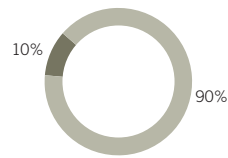
* Does not include Tube Lines backlog

Million euro

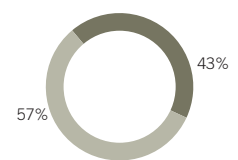
REVENUES 1998



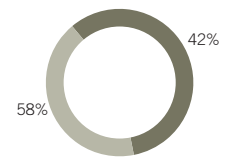
EBIT 1998



REVENUES 2005



EBIT 2005

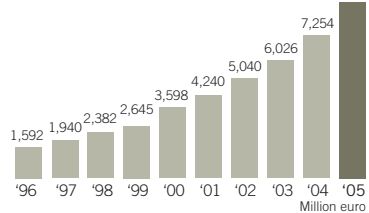


■ Recurring activities (infrastructure and services)
■ Cyclical activities (construction and real estate)

GROWTH AND PROFITABILITY

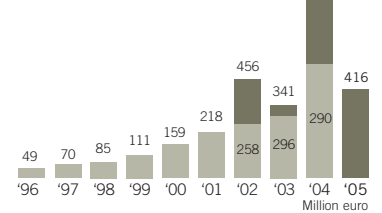
REVENUES

21% CAGR



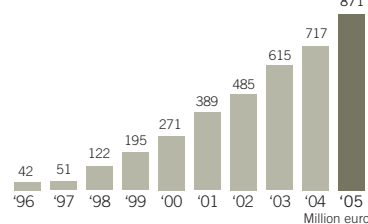
NET INCOME

27% CAGR



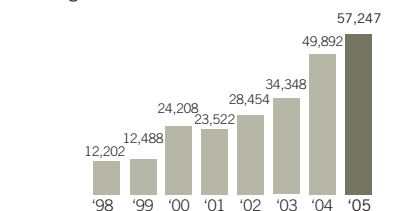
EBIT

40% CAGR



NO. OF EMPLOYEES

(average)



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For the fifth consecutive year, Ferrovial's Annual Report includes information on policies and actions in the field of corporate social responsibility.

Ferrovial does not produce a separate sustainability report because of its decision to integrate its commitment to responsible, sustainable development into its overall strategy in all areas of

action, ranging from finance to corporate governance, human capital, relations with customers and suppliers, the environmental impact of its activities, and the social development of the communities in which it operates.

Chairman's message



Dear shareholder,

Ferrovial had another very positive year in 2005. Once again, we maintained a high level of profitability and continued with an investment strategy that is leading to a profound change in the Group's business profile, now with greater international exposure and a business structure with more stable earnings.

In 2005, Ferrovial obtained 416 million euro in net profit, a 43% increase after adjusting for the extraordinary earnings on the 2004 Cintra IPO. Including those extraordinary results, 2005 profit was 21% lower. Cash flow in the year was a notable 1.151 billion euro, enabling us to end the year with just 272 million euro in debt despite investing a record 1.665 billion euro.

In construction, strong growth in Spain was accompanied by very positive performance in other countries, including a near-40% increase in revenues in Poland. The acquisition of Texan construction company Webber strengthens the Group's position in the United States, a market where we expect good results in the coming years. During the year, the backlog increased by 12% to 7.5 billion euro.

Growth in the infrastructure business was driven by three factors: consolidation in the North American market, intense bidding activity and a high success rate, and favourable decisions in the dispute between 407 ETR and the Province of Ontario. Four new concessions, in Spain, Italy, Ireland and the United States (the latter in 2006), refinancing of Chicago Skyway and Bristol airport, and sizeable improvements in operating variables at the infrastructure under management made for an extraordinary year at this division, as expressed by Cintra's 21% appreciation in the stock market during the year.

In Real Estate, revenues and earnings improved substantially, reinforcing Ferrovial's position as one of Spain's largest homebuilders. Incipient property development activities in Poland will shape this division's future growth.

There were two major events in the services division in 2005: we increased our stake in the 30-year contract to renovate and maintain three London Underground lines, and last summer we acquired Swissport, the world's largest independent airport handling company. Those acquisitions, plus the completion of Amey's restructuring, enabled the division to exceed 3.2 billion euro in revenues, positioning Ferrovial as one of Europe's leaders in street cleaning, municipal and industrial waste management and facility management, to which it has added airport handling.

Because of sustained growth and progress with diversification and internationalisation, our share price appreciated by 49% in 2005, the largest appreciation since the company was floated in 1999. Since then, Ferrovial has practically tripled its market capitalisation, compared with a 9% increase in the Ibex-35 index. The market clearly acknowledges Ferrovial's investment efforts (6 billion euro committed in the last nine years) and the dedication of its personnel at all levels of the organisation.

In 2005, the Group reinforced best practices in corporate governance and enhanced transparency. I am proud to mention the efforts made to implement voting and proxy-granting via means of distant communication at the Shareholders' Meeting, and the two prestigious corporate governance awards we received. Once again, the Annual Corporate Governance Report approved by the Board of Directors contains extensive, detailed information about this important aspect of our company's organisation and operations.

We are convinced that we still have a long way to go in terms of profitable development and growth of our business units, and in this process we are counting on your support, for which we are sincerely grateful.



Rafael del Pino y Calvo-Sotelo
Chairman of Ferrovial
March 2006

Board of Directors

CHAIRMAN

Rafael del Pino ●

CHAIRMAN OF THE BOARD OF DIRECTORS SINCE 2000

Civil engineer
MBA, Sloan School of Management, MIT
Director at Banesto
Chief Executive Officer of Grupo Ferrovial from 1992 and
Chairman since 2000

VICE-CHAIRMEN

Santiago Bergareche ●■▲

MEMBER OF THE BOARD OF DIRECTORS SINCE 1999

Degree in Economics and Law
(Deusto Commercial University)
Non-executive Chairman of Dinamia, S.A.
Director at Vocento
Former CEO of Grupo Ferrovial and
Chairman of Agromán

Jaime Carvajal ●▲

MEMBER OF THE BOARD OF DIRECTORS SINCE 1999

Law Degree (Madrid) and M.A. in Economics
(Cambridge University, UK)
Chairman of Advent Internacional (Spain), Ericsson España, ABB, S.A.
and Parques Reunidos, S.A., and Director at Lafarge Asland, Aviva
and Solvay Ibérica
Former Chairman of Ford España

CEO

Joaquín Ayuso ●

Civil engineer
Joined Ferrovial in 1982. General Manager of the group's
Construction arm from 1992 to January 2002

DIRECTORS

Fernando del Pino ●

MEMBER OF THE BOARD OF DIRECTORS SINCE 1999

Degree in Economics
Worked in Chase Manhattan Bank. Since 1998 has been involved in
asset management and has been a member of the management
team at the del Pino Family Office

Eduardo Trueba

MEMBER OF THE BOARD OF DIRECTORS SINCE 2000
(representing Portman Baela, S.L.)

Degree in Law and Business Administration (ICADE)
Has managed the del Pino Family Office since 1993

Juan Arena ▲

MEMBER OF THE BOARD OF DIRECTORS SINCE 2000

PhD in Engineering (ICA), Degree in Business Studies,
Degree in Psychology, Diploma in Tax Studies and AMP
(Harvard Business School)
Director of Bankinter since 1987, CEO since 1993
Chairman of Bankinter since 2002

Santiago Eguidazu ■▲

MEMBER OF THE BOARD OF DIRECTORS SINCE 2001

Degree in Economics and Business
Civil Service Economist and Trade Expert
Chairman of Nmás1
Formerly partner, CEO and Vice-Chairman of AB Asesores and
Vice-Chairman of Morgan Stanley Dean Witter

María del Pino ■

MEMBER OF THE BOARD OF DIRECTORS SINCE 2000
(representing Casa Grande, S.L.)

Degree in Economics and Management Development Programme
(Instituto de Estudios Superiores de la Empresa - IESE)
Vice-Chairwoman of Fundación Rafael del Pino
Trustee and member of the Executive Committee of Fundación Codespa

Gabriele Burgio ■

MEMBER OF THE BOARD OF DIRECTORS SINCE 2002

Degree in Law and MBA (INSEAD, Fontainebleau)
Executive President of NH Hoteles since 1999
Former CEO of Cofir, he worked for Bankers Trust in New York
and for Manufacturers Hanover in Italy

BOARD SECRETARY AND LEGAL COUNSEL

José M^a Pérez ●

MEMBER OF THE BOARD OF DIRECTORS SINCE 1992

Degree in Law
Council of State Lawyer and member of the Senior Civil Service
Former Secretary of the Board of Directors and Legal Counsel of
Instituto Nacional de Industria
General Secretary of Grupo Ferrovial since 1990

- Member of the Executive Committee
- Member of the Audit and Control Committee
- ▲ Member of the Nomination and Remuneration Committee

Management Committee

CEO

Joaquín Ayuso

Civil engineer. Born in 1955
Joined Ferrovial in 1982 and was
General Manager of the Construction
arm between 1992 and January 2002

GENERAL SECRETARY AND DIRECTOR

José M^a Pérez

Lawyer. Council of State Lawyer and
member of the Senior Civil Service
Born in 1952
Joined Grupo Ferrovial in 1990 as
General Secretary and was appointed
to the Board of the Group parent
company in 1992

CHIEF FINANCIAL OFFICER

Nicolás Villén

Industrial engineer. MBA (Columbia
University), MSc (University of Florida)
Born in 1949. Joined Ferrovial in 1993

GENERAL MANAGER
CONSTRUCTION

José Manuel Ruiz de Gopegui

Civil engineer. Born in 1954
Joined Ferrovial in 1981 and was
Aragon Regional Manager and Head
of Construction in Spain between 1999
and January 2006

GENERAL MANAGER
HUMAN RESOURCES

Jaime Aguirre de Cárcer

Degree in Law and Business
Administration (ICADE-ICAI)
Born in 1951
Joined Ferrovial in 2000

EXTERNAL RELATIONS AND
COMMUNICATIONS MANAGER

Amalia Blanco

Degree in Law and Business
Administration (ICADE)
Born in 1961
Joined Ferrovial in 2000

GENERAL MANAGER
INFRASTRUCTURE

Juan Béjar

Degree in Law and Business (ICADE)
Born in 1957
Joined Ferrovial in 1991; has been
Diversification Manager and General
Manager - Development. General
Manager of the Infrastructure Division
since 1998



GENERAL MANAGER
REAL ESTATE

Alvaro Echániz

Degree in Business. Born in 1960
Joined Ferrovial when it acquired
Agromán, where he was Chief Financial
Officer. Chief Financial Officer at Cintra
between 1999 and September 2002



GENERAL MANAGER
SERVICES

Iñigo Meirás

Degree in Law and MBA (Instituto de
Empresa). Born in 1963
Joined Ferrovial in 1992. General
Manager of Autopista del Sol and
Manager of Toll Roads at Cintra until
November 2000





DESCRIPTION OF GROUP

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Business strategy

Annual report 2005

HALF A CENTURY AFTER ITS FOUNDATION AS A CONSTRUCTION COMPANY, SIZEABLE CASH FLOW AND AN INVESTMENT POLICY AIMED AT GROWTH IN ITS FOUR STRATEGIC LINES OF BUSINESS HAVE ENABLED FERROVIAL TO BECOME ONE OF EUROPE'S LEADING SPECIALISTS IN THE DESIGN, CONSTRUCTION, FINANCING, MAINTENANCE AND MANAGEMENT OF TRANSPORT, MUNICIPAL AND SERVICES INFRASTRUCTURE.



Expansion has driven it to seek new markets, leading to the creation of a multinational group with a stable presence in over twelve countries in Europe, North America, Australia and Latin America.

Growth, which is a priority in Ferrovial's business strategy, is underpinned by a sizeable capital expenditure programme, mainly in transport infrastructure and services, with a clear objective of expanding internationally in OECD countries. In 2005, the Group invested 1.665 billion euro, of which 80% was allocated to infrastructure and services.

The policy of intense investments was made possible by the company's strong cash flow in recent years.

An analysis of the investments and payments made between 1997 and 2005, and the related sources of funding, shows that cash flow totalled over 6.461 billion euro; only on one occasion has the company had to resort to shareholders, and this was a 195 million euro capital increase on the occasion of the IPO in 1999.

Despite the intense pace of investment in 2005, Ferrovial had 272 million euro in debt with recourse, i.e. 9% gearing. Sizeable cash flow in the core business (construction) was complemented by strong cash flow from the more recurring activities, which accounted for 51% of the total operating cash flow in 2005. This circumstance enables Ferrovial to continue making sizeable investments while maintaining a solid balance sheet.

As a result, Ferrovial has changed profoundly, from being exposed primarily to cyclical activities (in 1998, construction and property development accounted for 94% of revenues and 90% of EBIT) to becoming a group with 44% of revenues and 58% of EBIT coming from infrastructure and services.

This gradual change in the business profile came in tandem with rapid growth: EBIT amounted to 871 million euro in 2005, which is 7 times the 1998 figure of 122 million euro; and revenues amounted to 8.989 billion euro, four times more than in 1998.

Ferrovial has also made significant strides in investments outside Spain. Of the total investment made in the last nine years, 55% was outside Spain. Only 11% of Ferrovial's revenues came from abroad in 1998, compared with the current 43% (mainly from the UK, Canada, the US, Australia, Central Europe, Poland, Ireland, Portugal and Chile). International activity accounted for 46% of total EBIT in 2005.

The latest transactions in the US (acquisition of toll roads in Chicago and Indiana, contract with the State of Texas and acquisition of Webber) and in Europe (acquisition of Swissport, the world's largest independent handling operator, and a larger stake in Tube Lines in the UK) will increase the weight of foreign revenues in the coming years. Ferrovial projects that nearly half of its revenues and over 60% of EBIT in 2006 will come from recurring activities, while foreign activities will account for half of revenues and EBIT.

ESTIMATED CASH FLOW 1997-2005 (IFRS)

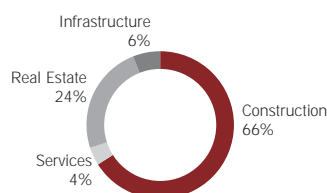
(excluding concession companies)

million euro	Funds obtained	Funds applied	
Initial net cash position (1996)	109	5,892	Gross capital expenditure 1997-2005
Final net debt position 2005	272	2,050	Land purchases 1997-2005
Capital increase at Ferrovial (1999)	195	1,210	Dividend - Interest - Taxes
Sale of 40% of Cintra (2002)	816		
Capital increase Cintra IPO (2004)	533		
Divestments 1997-2005	766		
Total	2,691	9,152	

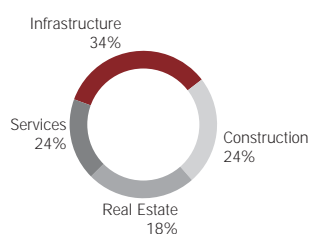
▼

6,461 Funds from operations 1997-2005

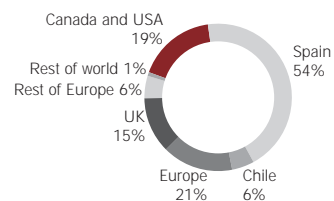
EBIT 1998



EBIT 2005



EBIT 2005 By region



Construction continues to be Ferrovial's mainstay for the future due primarily to the investment arising from the continuity of the various administrations' infrastructure investment plans, the development of a new 15-year infrastructure plan, a selective position in foreign growth markets, plus the sizeable cash flow which this area generates.

Ferrovial's medium-term strategy in this activity is to be actively involved in the development of infrastructure projects that require private initiative; this complementary formula is being introduced steadily worldwide.

Outside Spain, in the last few years the company has been positioning itself in markets with considerable growth potential, mainly Eastern Europe (acquisition in 2000 of Budimex, Poland's largest construction company) and the US (acquisition in the fourth quarter of 2005 of Webber, a construction group with a sizeable

presence in Texas, the second-largest infrastructure market in the US). This activity outside Spain will also continue to be linked to the development of other businesses that generate induced construction work (e.g. infrastructure concessions).

With close to 40 years' experience in the field, Ferrovial is now one of the world's largest private-sector transport infrastructure development groups, with a committed investment of over 2 billion euro in 21 toll roads (in Spain, Portugal, Ireland, Italy, Chile, Canada and the US), 4 airports (in Australia, the UK and Chile, which handle a combined total of over 36 million passengers per year), and over 238,200 parking spaces (mainly in Spain). Managed investments total 15 billion euro.

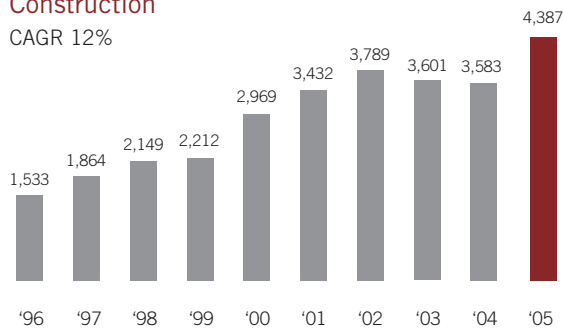
The infrastructure business is one of Ferrovial's key growth engines and is backed by an expanding market that continues to demand companies with experience and investment capacity to respond to numerous privately-financed infrastructure development projects worldwide. Ferrovial's objectives in this market are to create value through growth, actively manage its growing project portfolio, and capitalise on the opportunities afforded by expanding markets, especially in OECD countries.

The toll road and parking business is run by listed subsidiary Cintra, which has a market capitalisation of over 5 billion euro and a clear growth strategy that has reinforced its position mainly in Europe and North America. In 2005, Cintra obtained further concessions in Spain, Ireland and Italy and the only two toll road privatisations in the US: Chicago Skyway and Indiana Toll Road (the latter early in 2006).

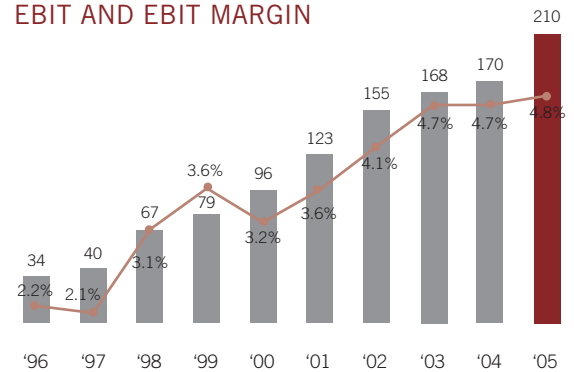
REVENUES

Construction

CAGR 12%



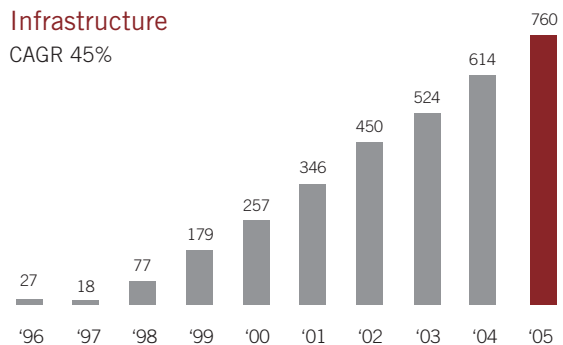
EBIT AND EBIT MARGIN



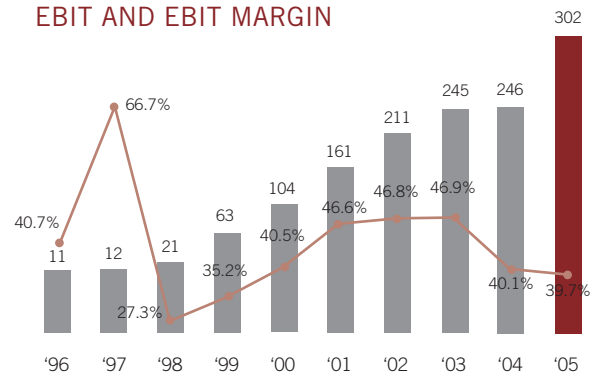
REVENUES

Infrastructure

CAGR 45%



EBIT AND EBIT MARGIN



million euro

Moreover, in March 2005 Cintra became a strategic partner of the State of Texas for 50 years in designing one of the most ambitious infrastructure projects ever undertaken there: the Trans-Texas Corridor.

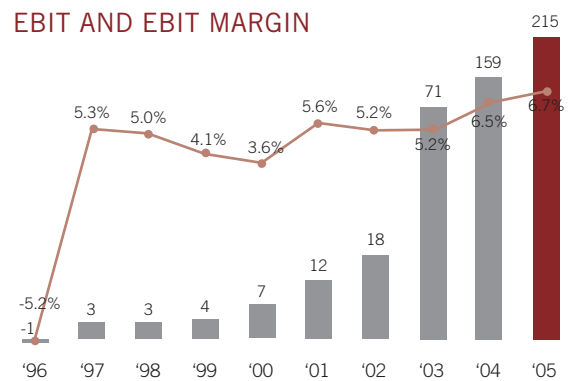
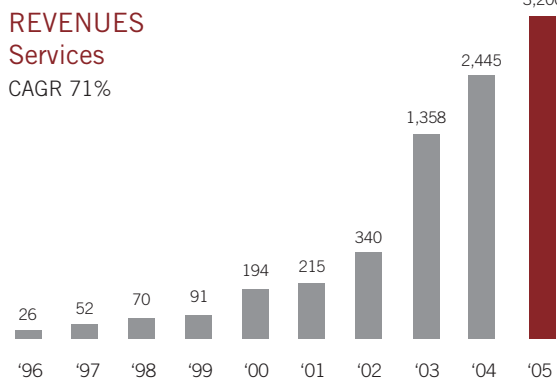
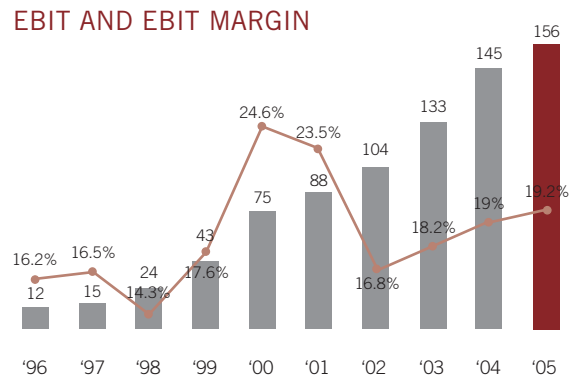
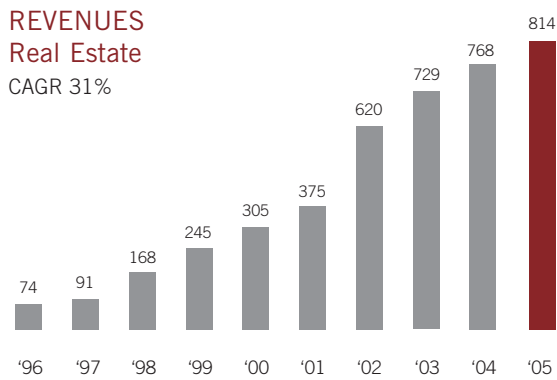
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Those principles are highlighted by a number of initiatives each year that position the company as one of the leading infrastructure groups in terms of corporate responsibility and governance. In 2005, for the fourth year running, Ferrovial was the only Spanish construction group to be selected for the Dow Jones Sustainability Indexes, one of the world's leading sustainability benchmarks. Ferrovial also joined the FTSE4Good index for the first time.



million euro

Expansion has driven it to seek new markets, leading to the creation of a multinational group with a stable presence in over twelve countries in Europe, North America, Australia and Latin America.

Growth, which is a priority in Ferrovial's business strategy, is underpinned by a sizeable capital expenditure programme, mainly in transport infrastructure and services, with a clear objective of expanding internationally in OECD countries. Between 1997 and 2005, the Group invested 1.665 billion euro, of which 80% was allocated to infrastructure and services.

The policy of intense investments was made possible by the company's strong cash flow in recent years.

An analysis of the investments and payments made between 1997 and 2005, and the related sources of funding, shows that cash flow totalled over 6.461 billion euro; only on one occasion has the company had to resort to shareholders, and this was a 195 million euro capital increase on the occasion of the IPO in 1999.

Despite the intense pace of investment in 2005, Ferrovial had 272 million euro in debt with recourse, i.e. 9% gearing. Sizeable cash flow in the core business (construction) was complemented by strong cash flow from the more recurring activities, which accounted for 51% of the total operating cash flow in 2005. This circumstance enables Ferrovial to continue making sizeable investments while maintaining a solid balance sheet.

As a result, Ferrovial has changed profoundly, from being exposed primarily to cyclical activities (in 1998, construction and property development accounted for 94% of revenues and 90% of EBIT) to becoming a group with 44% of revenues and 58% of EBIT coming from infrastructure and services.

This gradual change in the business profile came in tandem with rapid growth: EBIT amounted to 871 million euro in 2005, which is 7 times the 1998 figure of 122 million euro; and revenues amounted to 8.989 billion euro, four times more than in 1998.

Ferrovial has also made significant strides in investments outside Spain. Of the total investment made in the last nine years, 55% was outside Spain. Only 11% of Ferrovial's revenues came from abroad in 1998, compared with the current 43% (mainly from the UK, Canada, the US, Australia, Central Europe, Poland, Ireland, Portugal and Chile). International activity accounted for 46% of total EBIT in 2005.

The latest transactions in the US (acquisition of toll roads in Chicago and Indiana, contract with the State of Texas and acquisition of Webber) and in Europe (acquisition of Swissport, the world's largest independent handling operator, and a larger stake in Tube Lines in the UK) will increase the weight of foreign revenues in the coming years. Ferrovial projects that nearly half of its revenues and over 60% of EBIT in 2006 will come from recurring activities, while foreign activities will account for half of revenues and EBIT.

ESTIMATED CASH FLOW 1997-2005 (IFRS)

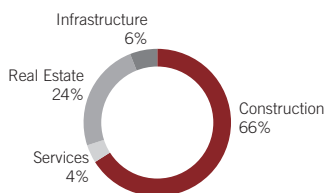
(excluding concession companies)

million euro

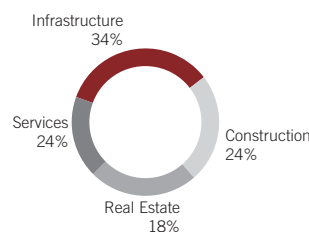
	Funds obtained	Funds applied	
Initial net cash position (1996)	109	5,892	Gross capital expenditure 1997-2005
Final net debt position 2005	272	2,050	Land purchases 1997-2005
Capital increase at Ferrovial (1999)	195	1,210	Dividend - Interest - Taxes
Sale of 40% of Cintra (2002)	816		
Capital increase Cintra IPO (2004)	533		
Divestments 1997-2005	766		
Total	2,691	9,152	

▼
6,461 Funds from operations 1997-2005

EBIT 1998

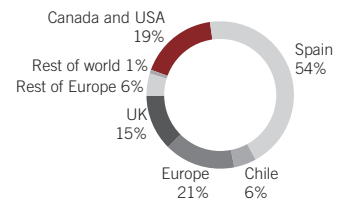


EBIT 2005



EBIT 2005

By region



Construction continues to be Ferrovial's mainstay for the future due primarily to the investment arising from the continuity of the various administrations' infrastructure investment plans, the development of a new 15-year infrastructure plan, a selective position in foreign growth markets, plus the sizeable cash flow which this area generates.

Ferrovial's medium-term strategy in this activity is to be actively involved in the development of infrastructure projects that require private initiative; this complementary formula is being introduced steadily worldwide.

Outside Spain, in the last few years the company has been positioning itself in markets with considerable growth potential, mainly Eastern Europe (acquisition in 2000 of Budimex, Poland's largest construction company) and the US (acquisition in the fourth quarter of 2005 of Webber, a construction group with a sizeable

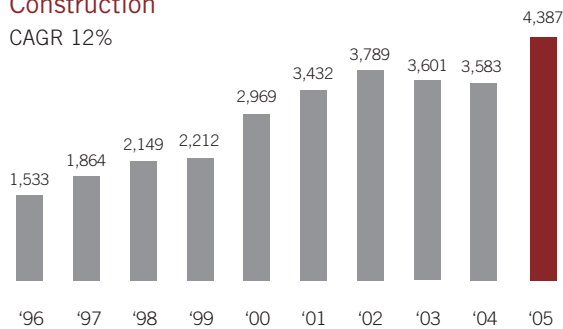
presence in Texas, the second-largest infrastructure market in the US). This activity outside Spain will also continue to be linked to the development of other businesses that generate induced construction work (e.g. infrastructure concessions).

With close to 40 years' experience in the field, Ferrovial is now one of the world's largest private-sector transport infrastructure development groups, with a committed investment of over 2 billion euro in 21 toll roads (in Spain, Portugal, Ireland, Italy, Chile, Canada and the US), 4 airports (in Australia, the UK and Chile, which handle a combined total of over 36 million passengers per year), and over 238,200 parking spaces (mainly in Spain). Managed investments total 15 billion euro.

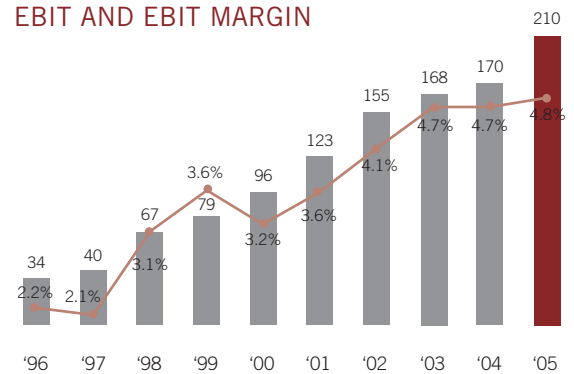
The infrastructure business is one of Ferrovial's key growth engines and is backed by an expanding market that continues to demand companies with experience and investment capacity to respond to numerous privately-financed infrastructure development projects worldwide. Ferrovial's objectives in this market are to create value through growth, actively manage its growing project portfolio, and capitalise on the opportunities afforded by expanding markets, especially in OECD countries.

The toll road and parking business is run by listed subsidiary Cintra, which has a market capitalisation of over 5 billion euro and a clear growth strategy that has reinforced its position mainly in Europe and North America. In 2005, Cintra obtained further concessions in Spain, Ireland and Italy and the only two toll road privatisations in the US: Chicago Skyway and Indiana Toll Road (the latter early in 2006).

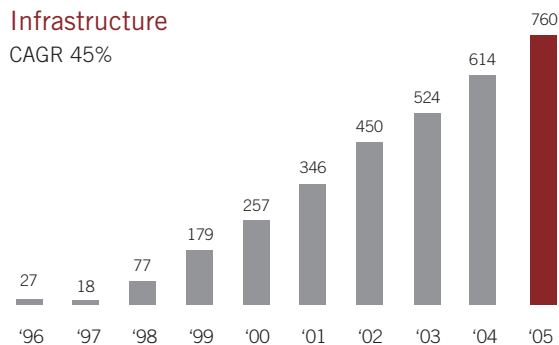
REVENUES
Construction
CAGR 12%



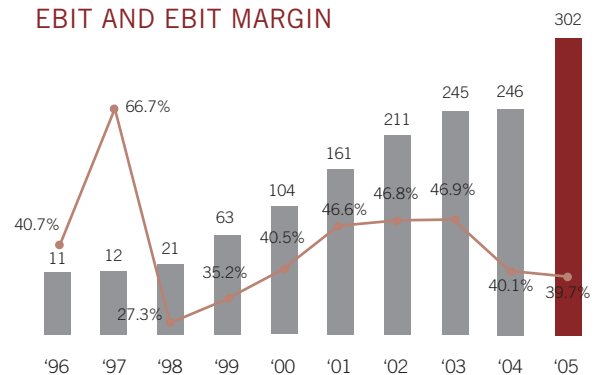
EBIT AND EBIT MARGIN



REVENUES
Infrastructure
CAGR 45%



EBIT AND EBIT MARGIN



million euro

Moreover, in March 2005 Cintra became a strategic partner of the State of Texas for 50 years in designing one of the most ambitious infrastructure projects ever undertaken there: the Trans-Texas Corridor.

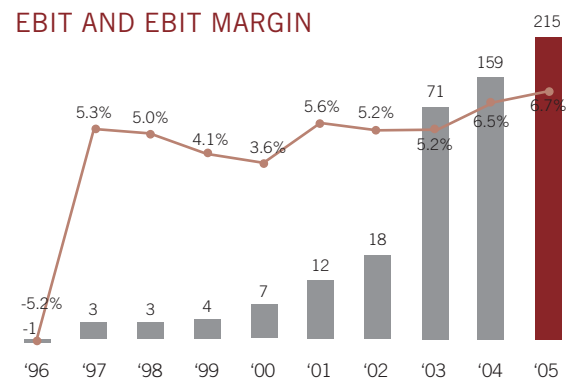
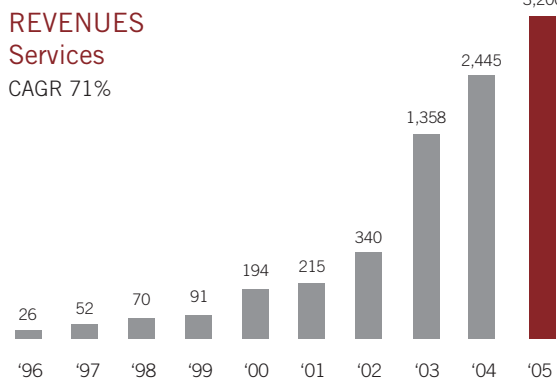
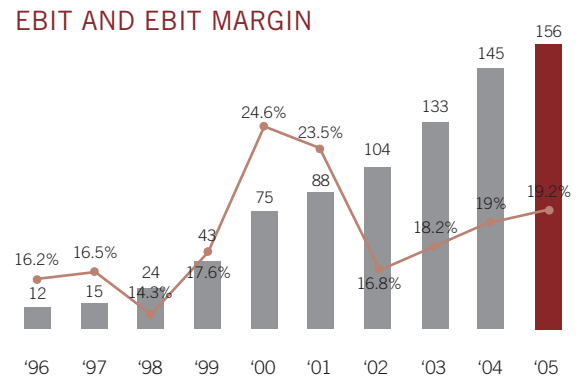
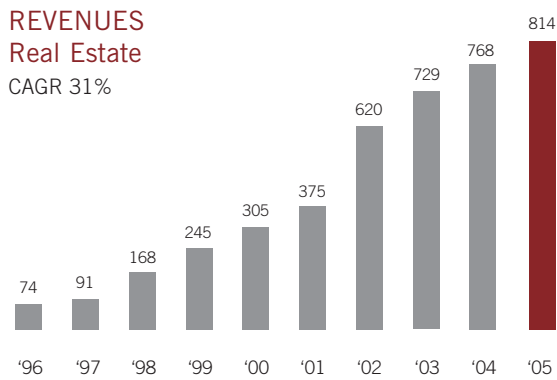
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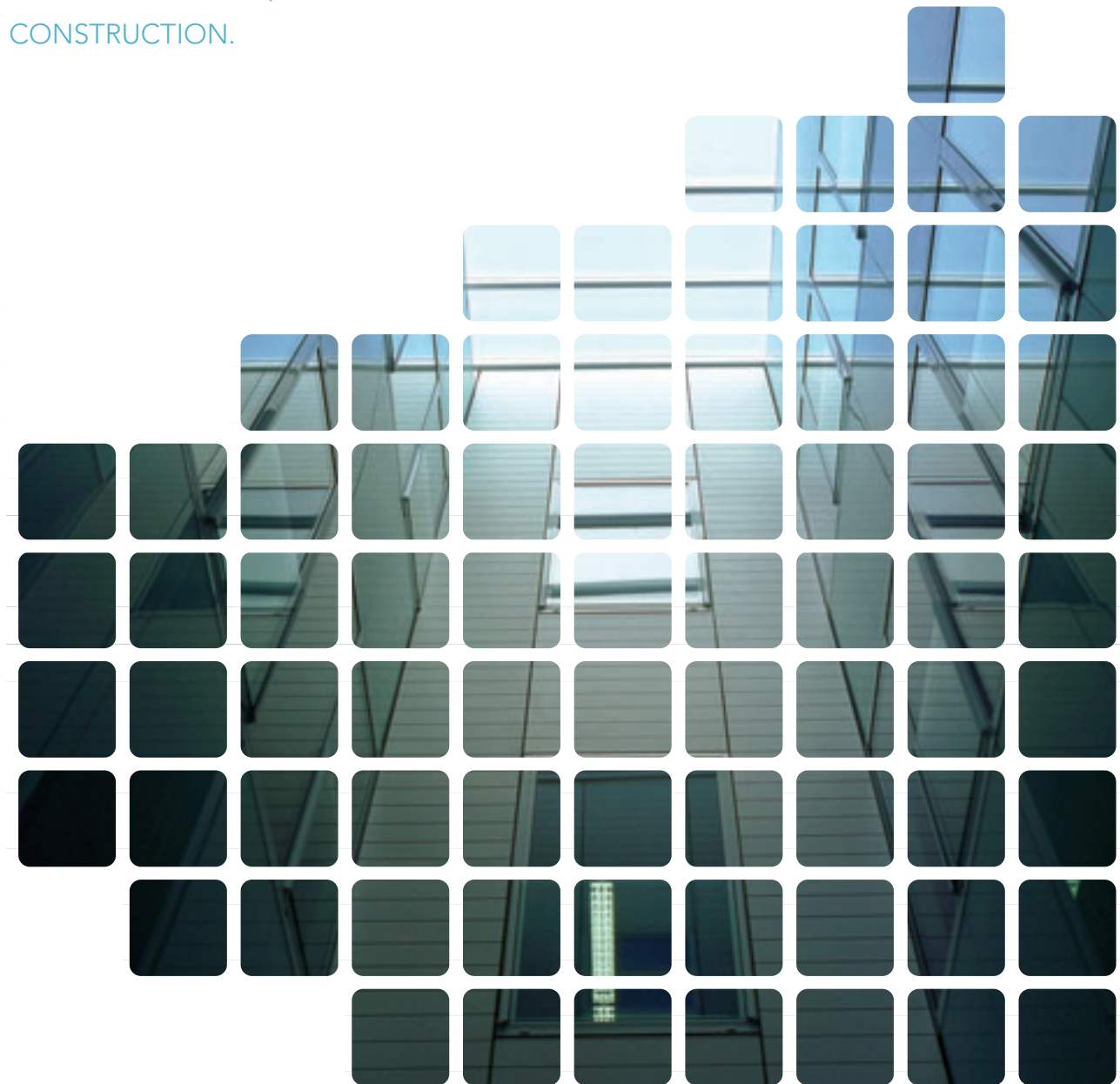


million euro

Construction

Annual Report 2005

AS A RESULT OF MAINTAINING THE PACE OF GROWTH IN SPAIN, EXPANDING IN STRATEGIC MARKETS AND FOCUSING ON PROFITABILITY AND CASH FLOW, FERROVIAL WAS ONCE AGAIN AMONG EUROPE'S LEADING CONSTRUCTION COMPANIES, WITH A PRESENCE IN ALL SEGMENTS: CIVIL ENGINEERING, BUILDING AND INDUSTRIAL CONSTRUCTION.



COMPETITIVE SITUATION

Spain

As has happened since 1997, construction was one of the Spanish economy's main growth engines in 2005 (over 17% of total GDP): the construction market grew by over 5%, several tenths of a point faster than Spain's economy as a whole.

This trend in the construction industry will foreseeably be sustained in the medium term: the outlook for 2006 suggests that the industry will grow by around 4%. Specifically, Spain's 2006 budget estimates a 3.8% increase and the more recent FUNCAS (Fundación de las Cajas de Ahorros) survey estimates 5.1% growth. The 2004-2008 Kingdom of Spain Stability Plan envisages that construction will continue to grow but at a more moderate pace.

This stable outlook is underpinned by several factors:

- The 2005-20 Strategic Transport Infrastructure Plan (PEIT), approved by the Spanish Cabinet in July 2005, with a planned investment of 249 billion euro. The size of the investments and the long period of execution lay the foundations for continued growth in the infrastructure sector.

In order to guarantee funding and deadlines and maintain budgetary stability, the Plan envisages that at least 20% of investments will be made by private initiative.

In addition to concession formulas, which involve demand risk, the PEIT envisages other formulas: PPP (Public Private Partnerships) and PFI (Private Finance Initiatives).

- The Environment Ministry's AGUA Programme, which includes an investment of 3.9 billion euro in the Mediterranean area. The main investment is to develop over 20 desalination projects worth over 1 billion euro, some of which were in the execution phase or were announced for early 2006 (e.g. a 6-plant project developed by state-owned company ACUAMED).

- Public administrations' budgetary stability and construction groups' financial soundness may offset the gradual decrease in other sources of infrastructure funding. The PEIT states that "it is envisaged, in principle, to offset the possible reduction in EU funds by increasing the allocation of funds in the General State Budget, subject to compliance with the current budgetary stability commitment".

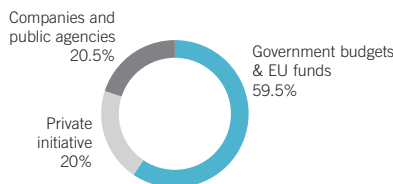
Once again, there was a significant increase in government contracts in 2005 (+25%), reaching a new record high of nearly 40 billion euro, again driven mainly by a large volume of contracts from regional and local authorities.

INFRASTRUCTURE PLAN 2005-2020

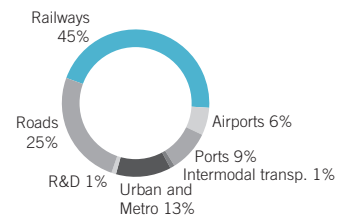
248.892 billion euro of investment

Source: Development Ministry

SOURCE OF FUNDING



APPLICATION OF THE BUDGET



7.500

billion euro
backlog

248.892

billion euro in investment
envisaged by Spain's
Infrastructure Plan

In order to guarantee funding and deadlines and maintain budgetary stability, the Plan envisages that at least 20% of investments will be made by private initiative.

Central government tenders rose 13% in 2005 after the logical slowdown due to the government changeover in March 2004. The increase was due mainly to greater activity by the Development Ministry (+14%) and Environment Ministry (+33%).

In 2005, residential building reached a record high of 800,000 of approved housing units, which ensure this segment's continuity in the medium-term, although growth (+5%) was more moderate than in previous years.

Public administrations, especially regional authorities, intensified their focus on privately-funded infrastructure projects in 2005: a large number of highway concessions were tendered under the shadow toll system and there was a growing number of non-residential projects (hospitals, conference centres, courts, police stations, etc.). This public-private collaboration is a complementary approach to infrastructure development since it increases efficiency in development and maintenance.

On 16 December 2005, the heads of the EU-25 states approved the 2007-13 budget which, though pending approval by the European Parliament, outlines how the structural and cohesion funds will be allocated between 2007 and 2013.

As expected, Spain will receive a smaller amount of structural and cohesion funds in that period, which might be offset with private initiative (around 20% of Spain's infrastructure projects in the last few years), in addition to budgetary financing. Nevertheless, this reduction in funds will not affect the construction industry in the short and medium term since the 2000-06 funds are applicable until 2008.

Moreover, Europe's construction companies are focusing on future growth in other markets (especially Eastern Europe, particularly Poland), which will receive significantly more funds to develop their infrastructure.

Other countries

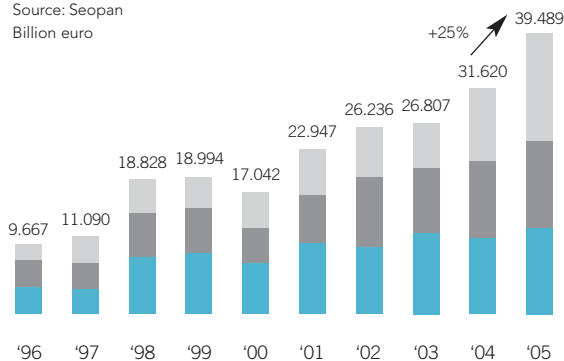
The recovery that commenced two years ago in the volume of new contracts outside Spain continued in 2005, boosted once again by the situation of Spain's natural markets (Mediterranean Europe and Latin America) and the opening of new markets with growth potential, such as Eastern Europe. In 2005, Spanish construction groups also increased their interest in the US market: Ferrovial acquired construction group Webber, one of the leading transport infrastructure companies in Texas.

As a result of the entry into the European Union of several Eastern European countries and their need to develop major infrastructure, that region has become one of the main expansion areas for European constructors. Ferrovial has concentrated part of its growth plans in Poland, where it acquired subsidiary Budimex in 2000.

Poland is the largest new EU member, it has a similar population to Spain, its GDP is just 25% of Spain's, and its construction market accounts for just 13% of Spain's. With these conditions, its growth potential is estimated to be high, boosted by structural funds and foreign direct investment.

GOVERNMENT TENDERS IN SPAIN

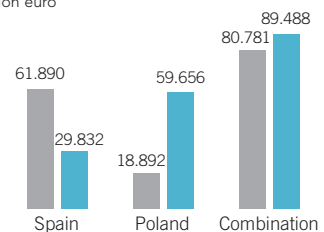
Source: Seopan
Billion euro



		As % of total				
		2001	2002	2003	2004	2005
Local governments (LG)	CG	41%	36%	42%	33%	30%
Autonomous Regional governments (AR)	AR	30%	36%	34%	34%	31%
Central Government (CG)	LG	28%	28%	24%	33%	39%

STRUCTURAL AND COHESION FUNDS

Source: EU Presidency
Billion euro



Legend:
 Grey bar: 2000-2006
 Blue bar: 2007-2013

After a severe recession in Poland's construction market, 2005 confirmed the recovery in the industry: the construction market grew around 7% in real terms and outperformed GDP for the first time since 1999. The projections suggest that this trend will continue in the future: Euroconstruct forecasts 8% growth in real terms between 2006 and 2008.

The main growth driver in Poland's construction industry will be civil engineering. Poland will receive practically three times more structural and cohesion funds in 2007-13 than in the previous 2000-06 plan, through the Instrument for Structural Policies for Pre-Accession (ISPA) and Phare. Poland's 2007-13 National Development Plan envisages that it will receive 134.472 billion euro, half of which will be used for transport infrastructure and the environment.

In 2005, Ferrovial also reinforced its construction activity in the United States. In September, Ferrovial reached an agreement to acquire Webber, one of Texas' largest construction groups in infrastructure civil engineering, aggregate recycling, and extraction and supply of sand.

Although the US construction market is mature (8.5% of GDP), it has significant prospects for infrastructure investment, driven by substantial growth envisaged in GDP, Federal funds for transportation, and new extra-budgetary methods for infrastructure financing.

Texas is the US's second-largest infrastructure market, with annual investment of around 65 billion euro (7.5% of the US total), of which approximately 15% corresponds to transportation and the environment. It is also the second-largest recipient of funds under SAFETEA (Safe, Accountable, Flexible and Efficient Transportation Equity Act), which approved a minimum budget of 286 billion dollars (244 billion euro) for the 2004-09 period, a 38% increase on the funds under its predecessor, TEA-21.

The largest investor in transport infrastructure in Texas, and Webber's largest customer, is the TxDOT (Texas Department of Transportation), which is in charge of building and maintaining highways and improving transport infrastructure (airports, public transport, etc.). Recently, the TxDOT was authorised to promote new alternatives for infrastructure financing and to issue bonds. The TxDOT's 2006 investment budget amounts to around 4.7 billion euro.

STRATEGIC POSITIONING

Ferrovial continues to focus on the construction market as a strategic activity, based on sound growth and profitability and its considerable capacity to generate cash flow with which to fund the group's diversification and international expansion.

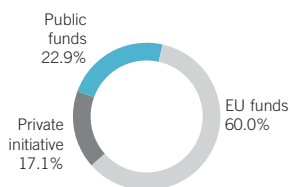
Ferrovial's main objectives in construction are as follows:

- maintain its leading position in the sector and seek greater growth based on:
 - controlled growth in projects and increasing the number of new contracts with private-sector customers;
 - increasing construction work through direct and indirect (other company businesses such as infrastructure and services) involvement in concession projects under the new private financing formulas;
 - expanding a stable international presence in markets chosen because of their stability and future growth capacity;
- improve profitability by:
 - carefully selecting projects, prioritising returns over volume;
 - seizing opportunities and synergies through coordination between the various construction businesses and the group's other activities;
 - creating value and gaining a competitive edge by providing solutions and technology;
 - improving productivity by using new technology;
 - always satisfying customer needs: improving quality in construction, environmental management, etc.

POLAND'S NATIONAL DEVELOPMENT PLAN 2007-2013

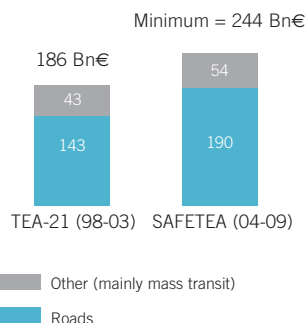
Source: Polish Government

SOURCE OF FUNDS



USA FEDERAL FUNDING FOR TERRESTRIAL TRANSPORT

Exchange rate: 1 US\$ = 0.85 EUR
Source: Ferrovial, based on SAFETEA data



Outside Spain, Ferrovial's construction activity is focused on: Eastern Europe, by becoming the leader in Poland; the US infrastructure market's potential, after acquiring Webber; maintaining a stable structure in other countries, mainly Portugal, Italy, Ireland, the UK, Chile and Puerto Rico; and entering new markets with growth potential by creating stable, sound local structures or making selective acquisitions.

Ferrovial's strategy for bidding and choosing markets is based on:

- selective bidding for contracts in stable countries and projects without default risk;
- entering the US, UK and other markets, following the company's expansion into the concession and PFI businesses;
- using Budimex's position in Poland to enter other East European countries and Webber's position to enter other markets in the US.

Budimex's immediate objectives are to maintain its position as Poland's largest construction company; reinforce its position in industrial works, environmental projects and railway infrastructure; establish a stable presence in neighbouring countries; and boost businesses that generate induced construction work (infrastructure and real estate), based on Ferrovial's know-how.

Webber's strategy is to continue being one of Texas' largest construction companies by taking advantage of the opportunities afforded by a growth market and participating in infrastructure concession projects headed by other group companies such as Cintra; reinforce its leading position in the highway segment by entering new types of projects in the medium term; take advantage of new opportunities in the stable, profitable recycled aggregate business and in other construction materials activities; and strengthen its growth and

profitability capacity through internal dimensioning and implementation of parent company practices.

SIGNIFICANT EVENTS

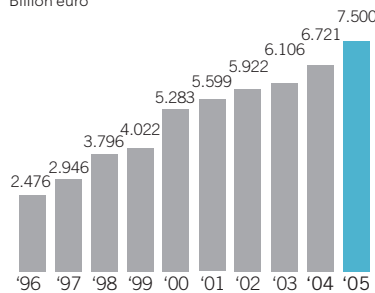
As a result of the pace of production and new contracts in Spain and elsewhere, Ferrovial continues to strengthen its position as a leading construction group. In 2005, production increased by 22%, boosted by the Spanish market (+14%) and other countries (+49%), especially Poland and the first-time consolidation of Webber (US) in the fourth quarter.

The backlog (one of the main barometers of future performance) ended 2005 with another record: 7.5 billion euro (+11.6% vs. 2004), ensuring 20 months' activity. The Spanish market accounts for 75% of Ferrovial's backlog. The backlog in other countries totalled 1.871 billion euro, primarily in Europe (60%) and, for the first time, in the United States (24%).

The main contracts in Spain include construction of the Ocaña-La Roda toll road in Toledo, re-routing through tunnels of the stretch of the M-30 road between the Segovia and San Isidro bridges (Madrid), the Polopos-Albuñol highway (Granada), Málaga airport terminal, two sections of the high-speed railway line in Galicia, between Lalín and Santiago and between Cerceda and Meirama (La Coruña), and the Abroñigal bypass sewer and the Valdebebas subdivision site development (both in Madrid).

BACKLOG

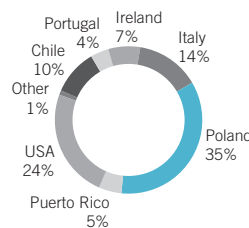
Billion euro



FOREIGN BACKLOG

Total=1.871

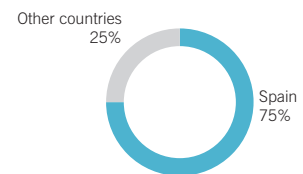
Amounts in billion euro



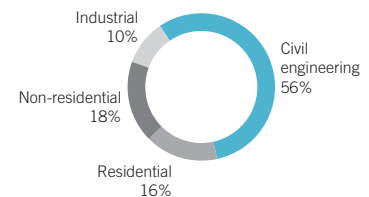
BACKLOG BY MARKET

Total=7.500

Amounts in billion euro



BACKLOG COMPOSITION BY TYPE OF WORK



Major projects outside Spain include the expansion of Dublin's M-50 ring road (Ireland) and the construction of the M1 crossborder motorway between Dundalk (Republic of Ireland) and Newry (Northern Ireland, UK). In Portugal, Ferrovial won contracts to build the Loureiro-Monte Novo canal and the Lisbon Music Conservatory; and in Chile, the Chillán bypass. Industrial construction projects include expansion of the Dhekelia desalination plant (Cyprus), the El Prat water treatment plant (Barcelona) and the expansion of the Munguía sewage treatment plant (Vizcaya).

In Poland, Budimex reinforced its position as the country's largest builder in terms of revenues, which grew by 37% to 672 million euro.

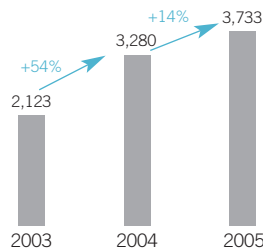
Collaboration with Cadagua (Ferrovial's water engineering subsidiary) resulted in Budimex obtaining the contract to build two major sewage and sludge plants (financed partly by ISPA funds). Budimex's real estate activity, which was small until now, will be boosted by the creation of a joint venture with Ferrovial's property subsidiary in order to develop and build residential projects in Poland's largest cities (Warsaw, Poznan and Krakow).

Budimex landed a significant number of new civil engineering and building contracts in 2005: the volume increased by 14% with respect to 2004. Budimex continued work on major projects such as the expansion of Warsaw airport (in cooperation with Ferrovial) and two sections of the A-2 highway, one of Poland's main road arteries, which links Warsaw with Berlin, Minsk and Moscow. The main contracts obtained in Poland include the construction of a sports centre in Krakow, the Trasa Siekierowska-Bora Komorowskiego road, the A-6 Klucz-Kijewo highway, a residential complex in Warsaw, and site development for the Sendzimir steelworks.

Budimex continued to internationalise by obtaining projects worth around 80 million euro, mainly in Germany and Russia.

BIDDING BY BUDIMEX

Figures in million euro
Exchange rate: 1PLN = 0.25 EUR



In September 2005, Ferrovial acquired Webber (one of Texas' largest construction companies) for 220 million dollars (179 million euro). The acquisition was highly strategic as it is a continuation of Ferrovial's strategy in international markets and is a new opportunity for growth in the United States.

Webber is one of the top three construction companies in Texas and is the leading producer and distributor of recycled aggregate. Webber, which posted 372.5 million dollars in revenues in 2005, has an excellent track record, a sound balance sheet and a lean, efficient organisation. Webber has good prospects for organic growth and will also provide synergy, market knowledge and support for Ferrovial's construction structure in future projects linked to subsidiary Cintra's operations in Texas, such as the Trans-Texas Corridor.

The company's two core businesses are civil engineering and production and distribution of recycled aggregate. Webber has good prospects, and its backlog grew 15% to a record high of 453 million euro in 2005.

The main contracts obtained by Webber after being acquired by Ferrovial are the refurbishment and expansion of the Hill County stretch of Interstate 35, south of Dallas, and the refurbishment and widening of road and structures on Interstate 45, south of Houston.



In September, Ferrovial acquired Webber, one of the leading construction groups in Texas, which is the second-largest infrastructure market in the United States.

Infrastructure

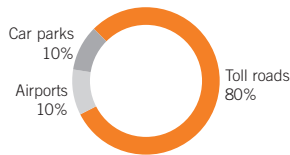
Annual Report 2005

FERROVIAL IS ONE OF THE WORLD'S LEADING PRIVATE-SECTOR DEVELOPERS OF TRANSPORT INFRASTRUCTURE, WITH OVER 2 BILLION EURO IN COMMITTED INVESTMENT IN CONCESSION COMPANIES' EQUITY. THIS ACTIVITY INVOLVES DEVELOPING AND MANAGING TOLL ROADS AND PARKING LOTS (THROUGH CINTRA) AND AIRPORTS.

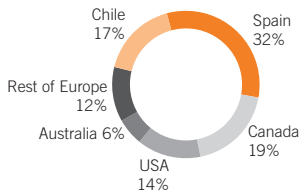


The infrastructure business is one of Ferrovial's key growth engines, supported by an expanding market that demands companies with experience, know-how and investment capacity so as to respond to a growing number of privately-financed infrastructure development projects (construction, finance and operation) worldwide.

INVESTMENT BY ACTIVITY



INVESTMENT BY REGION



2,000
million in committed investment

72%
of EBITDA generated outside Spain

TOLL ROADS

With nearly 40 years' experience and a growth strategy in this field, Ferrovial currently manages 18 toll roads (2,000 kilometres) in Spain, Portugal, Ireland, Italy, Chile, Canada and the United States and is pending final approval of three other concessions. In the US, the company is also a strategic partner of the State of Texas for 50 years in designing one of the most ambitious infrastructure projects ever undertaken there: the Trans-Texas Corridor.

Competitive situation

The number of new projects continued to increase in 2005, mainly in OECD countries, Cintra's investment target.

This trend was due to governments' decisions to use the private sector to fund infrastructure projects, not just because of the need to contain public spending but also because of a growing acknowledgement of the private sector's efficiency in this area. This is evident in the recommendations by European Commissioner Van Miert and the definition of Spain's new Strategic Transport Infrastructure Plan 2005-2020, with a budget of 248.892 billion euro, which envisages private-sector participation in at least 20% of the investments.

In Europe, some private toll road programmes were reactivated and other new ones were launched. The market continues to be segmented between projects with concession formulae based on low risk and lower value creation (payments for availability) and conventional toll road projects; the latter, the priority of Cintra's value creation strategy, grew considerably in 2005:

- after awarding its first two concessions in 2003, Ireland expanded its Toll Road Plan by inviting bids for the M3 Clonee-Kells project. Two other new projects in which Cintra has been shortlisted are expected to be awarded in 2006, representing a total investment of 1 billion euro;
- in Italy, bids were invited for two projects: the Asti-Cuneo and Mantua-Cremona toll roads; Cintra has been provisionally awarded the latter, which would be the first concession project in Italy to be managed by a foreign-led consortium;
- in Greece, the government implemented an ambitious concession programme: over 4 billion euro to be invested in six projects. The first bids were delivered early in 2006 and the process is expected to be completed during the year. Cintra will bid for three concession projects worth 2.6 billion euro;

Highlights: strengthened position in the USA, intense bidding activity, high success rate and favourable decisions in Canada.

- in Spain, local governments implemented an intense concession programme, mainly using the shadow toll road formula. The only explicit toll road project in 2005 was the M-203 toll road in the Madrid region, awarded to Cintra;

The central government reactivated its toll road programme, which may be put to tender in 2006: bids for the first one, the Málaga-Las Pedrizas toll road, were presented in February;

- in Portugal, the government reactivated the Azores shadow toll road project, for which Cintra was selected to present a best and final offer early in 2006;
- in France, the country's largest-ever concession privatisation process commenced: the government is selling stakes in the ASF, APRR and Sanef toll roads, worth over 14 billion euro. In just five months, the three assets (mature concessions) were awarded to two French consortia and one Spanish-led consortium. Cintra bid for two of the three toll roads in a consortium with financial investors but, despite presenting the best offer for one of the roads, it did not obtain the concession.

The US infrastructure development market, which has traditionally been closed to private initiative, has been favoured in the last two years by public administrations' growing interest in the added value of private ownership and management of concession assets and the private sector's ability to generate funds for other projects:

- state and local administrations are moving towards privatisation of existing assets: this trend, which commenced with the privatisation of the Chicago Skyway, continued in January 2006, with the Indiana Toll Road; both projects were awarded to Cintra-led consortia. Numerous US administrations are currently assessing

privatisation projects that may be awarded in coming years;

- administrations are also fostering initiatives for greater participation by private concession companies in new projects, a trend that commenced when the State of Texas selected Cintra as its strategic partner in the design and planning of the Trans-Texas Corridor. That trend may be boosted in the coming years, after a legislative initiative is implemented that will enable projects promoted by the private sector to raise finance via tax-free bonds.

The debt market was also favoured in 2005 due to the possibility of optimising gearing of toll road projects mainly as a result of:

- interest rate performance;
- investors' growing interest in the transport infrastructure sector since it is perceived as having low risk;
- the markets' willingness to accept longer financing terms and structures that delay debt servicing (bullets, zero coupons), providing a better fit to the projects' cash flow profile.

The operation that epitomises this trend was the refinancing of the Chicago Skyway in August 2005, which was hailed as "North American Project Bond Deal of the Year 2005" by Project Finance International. The deal included placing a 1.4 billion USD bond issue in the US, the largest-ever toll road bond issue in that country.

Strategic positioning

Ferrovial's toll road division's priority goal is value creation through the appreciation of its project portfolio; this strategy is underpinned by two key factors: growth and active management of its portfolio with the goal of optimising cash flow.

Cintra's investments focus on:

- concentrating commercial presence and bidding in OECD countries in order to minimise political, legal and financing risks (finance is arranged long term in the local currency);
- controlling stakes in projects, enabling the Group to apply active management in order to maximise value and cash flow. Cintra's average stake in its concession projects is 63.7%;
- focusing investment on projects with future value creation potential: new projects where management over the full term makes it possible to reduce risks and, therefore, increase returns and leverage;
- projects where it is possible to optimise the volume of debt and minimise the financial risks using project finance (i.e. without recourse to the shareholders) in local currency;
- projects with a size (at least 20 million euro in equity) that justifies the allocated funds and allows value creation; and project terms that are long enough (20 years) to offset the risks of the economic cycle.

Significant events

There were three significant events in 2005 in the toll road business: Cintra reinforced its presence in the US, a priority market in the group's expansion plans; it presented numerous bids and obtained a large number of them; and it continued to win legal battles in the dispute with the Province of Ontario in Canada.

In 2005, Cintra analysed 55 investment opportunities, of which only 22 passed the internal analysis phase. A total of 15 bids worth 2.95 billion euro were presented in the US, Poland, Italy, Spain, Finland and Ireland, and 7 other bids are being prepared. Cintra is also short-listed for 9 projects worth 7 billion euro in Ireland, Greece and the US.

As a result of this intense bidding, Cintra obtained four new projects; the concession agreement has already been signed for one of them (the M-203 toll road) while the other three are being processed.

One year after Cintra obtained the Chicago Skyway contract, the Indiana Finance Authority (IFA) selected the consortium in which Cintra has a 50% stake as preferred bidder for a 75-year concession to maintain and operate the Indiana Toll Road (ITR). The project will cost 3.85 billion dollars and must be approved by the Indiana Legislative Assembly (foreseeably in the first half of 2006).

Operational since 1956, the ITR is a 157-mile (253 kilometres) toll road that has two sections: the West section, along the line between Indiana and Illinois (23 miles or 37 kilometres) under a barrier system (flat tolls depending on type of journey); and the East section, along the line between Indiana and Ohio (134 miles or 216 kilometres) under a ticket system (payment on the basis of distance travelled).

ITR links Chicago with the largest cities on the eastern seaboard and it is the main route between the principal logistics hubs in the US: Chicago, New York-New Jersey. The connection route with the Chicago Skyway is used every day by many users as the entrance route to Chicago and reduces journey time and distance with respect to other alternative routes, which are mostly very congested and have highly variable traffic. The road has an attractive toll plan.

The Chicago Skyway (managed by Cintra since 24 January 2005) and the TTC-35 High Priority Trans-Texas Corridor contracts were also signed in 2005.

In its first concession year, the Chicago Skyway made significant advances:

- on 2 February 2005, tolls for passenger vehicles were increased by 25% to 2.5 US dollars;
- in June, a new electronic toll system (I-PASS) was implemented and is now used by 30% of drivers. Nearly three million drivers in the state of Illinois use I-PASS;
- in August, the concession company's 1.55 billion dollar refinancing was completed. This enabled Cintra to recoup 44% of its initial investment in the project: 206 million dollars.

In Spain, Cintra obtained the M-203, the only explicit toll road project awarded in 2005. The project comprises the construction and operation of a 12.3-kilometre toll road in the Madrid region between the R-3 in Mejorada del Campo and the A-2 in Alcalá de Henares. The road will cost an estimated 78.5 million euro and the concession runs for 30 years, with the possibility of a one-year extension based on road safety. Cintra signed the concession agreement in September 2005 and began construction work in December. The road is expected to be operational in the first quarter of 2008.

In Italy, Cintra was provisionally awarded its first toll road concession, between Cremona and Mantua in northern Italy. The 59.3-kilometre road, under a 55-year concession, represents an investment of 943.8 million euro. Phase I (36.1 kilometres) will become operational in 2011 while phases II and III (23.2 kilometres) will do so ten months later. The project allows an additional 20% and 25% toll increase in phases II and III, respectively, with respect to the year prior to their entry to service. The contract is expected to be finally awarded and signed in the early months of 2006.

In Ireland, a consortium led by Cintra was selected to negotiate a concession for the M3, a 50-kilometre toll road between Clonee and North of Kells, to the northwest of Dublin. It also includes the construction of a road between Kells and Carnaross (10 kilometres), the Kells bypass (3.5 kilometres) and related link roads. The project is estimated to cost approximately 600 million euro and the concession will run for 45 years.

On 12 December 2005, ten months ahead of schedule, Cintra opened the N4/N6 Kinnegad-Kilcock Motorway, its first toll road concession in Ireland, which runs for 30 years.

Also in 2005, some sections of the Norte Litoral toll road between Porto (Portugal) and the Spanish border became operational, and 66% of the Ocaña-La Roda toll road project was completed. In Spain, the R-4 toll road celebrated its first year, having registered its highest traffic in August and a record ADT (29,137 vehicles) on 29 April. There was a sharp increase in the use of automatic payment means on this road, reaching 45% in 2005. Moreover, the Burgos-Armiñón toll road (Europistas) obtained a 15-month extension of the concession contract to November 2018 in exchange for adding a third lane each way between Armiñón and Ameyugo.

In 2005, the 407 ETR concession company in Toronto (Canada) won a

number of legal rulings, which confirm the rights established in the concession contract:

- on 6 January, the Ontario Superior Court ratified that 407 ETR was entitled to raise tolls without needing prior authorisation from the Ontario Government;
- on 16 August, an arbitration tribunal confirmed that 2002 was the base year, i.e. from when tolls could be increased freely;
- on 7 November, the Ontario Divisional Court ordered the Ontario Registrar of Motor Vehicles to comply with its obligation to deny license plates to vehicles which refuse to pay 407 ETR tolls.

TOLL ROADS MANAGED BY CINTRA

	Km	Managed investment	Cintra stake	Committed investment	Status	Concession period
Spain						
Europistas (A1 Burgos-Armiñón)	84.0	361.2	32.5	44.1	Operational	1974-2018
Autema (Terrassa-St. Cugat)	48.3	219.0	76.3	62.9	Operational	1987-2037
Ausol I (Málaga-Estepona)	82.7	472.4	80.0	229.2	Operational	1996-2046
Ausol II (Estepona-Guadiaro)	22.5	198.0	80.0		Operational	1999-2054
Artxanda tunnel (Bilbao)*	2.9	96.0	16.2	2.4	Operational	1998-2048
M-45 (O'Donnell-N IV Madrid)	14.5	194.7	50.0	18.6	Operational	1998-2029
R 4 (Madrid-Ocaña)	98.0	763.5	53.1	75.5	Operational	2000-2065
Autopista Madrid - Levante	178.0	566.5	63.0	28.2	In construction	2004-2040
Alcalá-O'Donnell	12.3	69.5	100.0	3.8	In construction	2005-2035
USA						
Chicago Skyway	12.5	1,560.1	55.0	278.5	Operational	2005-2104
Trans-Texas Corridor**						
Indiana Toll Road	253		50.0		Pending final award	2006-2081
Canada						
407 ETR (Toronto)	108	2,972.2	53.2	388.4	Operational	1999-2098
Italy						
Cremona-Mantua	59.3		68.0		Pending final award	2005-2060
Portugal						
Scut Algarve	130	276.6	77.0	50.4	Operational	2000-2030
Scut Norte Litoral	113	382.0	75.5	76.1	In construction/Operational	2001-2031
Ireland						
N4/N6 Kinnegad Kilcock	36	335.6	66.0	28.1	Operational	2003-2033
M3 - Clonee-Kells	50		75.0		Pending final award	2005-2050
Chile						
Ruta 5 Talca-Chillán	193	332.5	43.4	2.8	Operational	1996-2015
Ruta 5 Temuco-Río Bueno	172	214.1	75.0	44.7	Operational	1998-2023
Ruta 5 Collipulli-Temuco	144	266.6	100.0	61.1	Operational	1999-2024
Ruta 5 Santiago-Talca	237	693.0	100.0	234.8	Operational	1999-2039
Total	2,051.0	9,963.6		1,629.7		

Amounts in million euro

* Held indirectly through Europistas.

** Contract as strategic partner of the State of Texas for 50 years to design and plan the project.

AIRPORTS

Since entering this market five years ago, Ferrovial has positioned itself as one of the leading private-sector airport developers in terms of both the volume of committed investment and the quality and diversification of the assets it manages. The company is currently involved in managing four airports – in the UK, Australia and Chile – which are used by over 36 million passengers per year.

In February 2006, Ferrovial announced that it was considering an offer for the entire share capital, issued and to be issued, of BAA plc (BAA) although, at that date, there was no certainty that an offer would actually be made. BAA is the world's largest airport operator: it operates seven airports in the UK and has airport holdings in the US, Australia and Hungary.

Competitive situation

The finance needed for heavy investment in airport infrastructure, the search for improved management and the lack of specialised capital have accelerated privatisation in the airport sector in recent years.

This market appeals to private-sector investment for a number of reasons:

- air traffic is expected to grow around 5.1% in the next 20 years;
- fast long-term growth, boosted by increased demand for commercial flights;
- revenue diversification through development of non-aviation revenues;
- less competition;
- value creation when projects mature: improved non-aviation revenues and optimisation of financial and operating costs and investments.

In 2005, the world aviation industry confirmed the growth trend, registering the highest levels of air travel ever, with a 7.6% increase in international traffic. According to IATA (International Air Transport Association), international air traffic grew worldwide, except the countries along the Pacific and Indian Oceans, which suffered the impact of the tsunami at the end of 2004, although they recovered rapidly (around 2.5% growth) immediately afterwards. Traffic grew by more than 10% in Latin America (+11.4%) and the Middle East (+13.1%). IATA expects passenger and freight traffic to increase by 5%-6% in 2006.

In tandem with the recovery in traffic, the industry has shown great resilience and an ability to adapt in order to restore stability and growth. Relationships between airports and airlines are now much more dynamic, and low-cost carriers have expanded rapidly. In general, airports have cut costs and diversified revenue sources. The latest economic study by Airports Council International (ACI) shows that 50% of an airport's total revenues currently come from non-aviation sources and management is more commercially-g geared than ever.

Strategic positioning

In 2005, Ferrovial reinforced its airport management strategy, focused mainly on seeking opportunities with the potential to add considerable value to its portfolio, either as a result of solid growth projections or through their position in markets with an acceptable level of risk.

Ferrovial's objective is to become one of the world's leading airport operators. Accordingly, it participates in all strategic decisions that affect the airport business's viability and profitability and compliance with concession contract commitments: definition and approval of business plans, budgets, investment plans, airport development programmes and negotiations with major customers.

As a result of the transactions in recent years, Ferrovial has attained a significant presence in the airport privatisation market, in terms of both the volume of capital invested (201.6 million euro) and the soundness of its investments. Its portfolio has good examples of profitability and diversification: one of the world's largest hubs (Sydney, Australia); and regional airports in the EU (Bristol and Belfast City).

Significant events

In its 75th year, Bristol International Airport had exceptional performance in terms of both quantitative growth (traffic +11.9% to 5.2 million passengers) and the number of projects, making it Europe's leading regional airport.

In May 2005, Continental Airlines began to operate a daily flight to New York; in Spain, only Madrid and Barcelona have daily connections to New York.

Low-cost traffic (60% of Bristol airport's total) grew by 17.3% while full-service traffic (14% of the total) increased by 11.4%, despite lower frequency by most of the companies that operate this type of service. For the second year running, charter traffic (a sector hurt by competition from budget airlines in the UK) beat expectations in Bristol and was higher than at the other UK airports.

Easyjet, the main airline operating at Bristol, extended its network (to include Pisa, Grenoble, Hamburg and Inverness, among others), enabling it to add an eighth aircraft at Bristol and carry passenger number 7 million. Other airlines, such as Air Southwest, also extended their network to include Newquay, Leeds, Bradford and Norwich, while British Airways extended its network to include Zurich and Milan.

There are currently 52 regular destinations and 53 available charter flights from Bristol airport.

In 2005, the airport commenced public consultation on a Master Plan. The airport also continued with the necessary investments to adapt its terminal to growth in passenger numbers: in April, it began to expand the check-in area (16 additional desks); in June, it opened the pick-up car park; and in November, it commenced a 7 million pound project to develop the commercial areas.

In May, refinancing of Bristol airport was completed by raising 515 million pounds, in tandem with ownership restructuring. That process enabled a special distribution of 88 million euro to Ferrovial. In the last four years, Ferrovial has collected 100 million euro from Bristol airport, i.e. 180% of the investment made in 2001.

In Northern Ireland, Belfast City Airport increased traffic by 7.1% to 2.2 million

passengers in 2005. The main growth driver was Flybe (nearly 60% of passenger traffic), which increased traffic by 16% due mainly to new routes (Liverpool, Norwich and Aberdeen) and positive performance by other routes (especially Glasgow and Edinburgh). Flybe has announced that it will start operating a route to Manchester in 2006, while Aer Arann will begin a Belfast-Cardiff service in March.

In 2005, the airport improved infrastructure by expanding the long stay car park and creating a noise management system. It is also working with Aviance to improve the quality of ground handling operations.

In the first half of 2005, applications commenced to review the limits on the airport's operations, focusing on the cap on the number of seats that can be offered (1.5 million arrival passengers). In October, the UK's Department of the Environment issued a communiqué recommending that such a cap should not form part of the airport's operational limits, commencing a six-month period for consultation.

In Australia, Sydney airport reached 28.6 million passengers in 2005 (4% more than in 2004 and 17% more than in 2003).

In 2005, new routes were opened, including four weekly routes to Nandi (Fiji) and two to Tonga (offered by Pacific Blue). Qantas is preparing a route to San Francisco for 2006 and will increase the number of weekly flights to Beijing to three. Jet Star has launched three weekly flights to Fraser Island (Queensland) while Air Tahiti now offers two weekly flights to Papeete (Tahiti).

Some infrastructure was also improved: the T1 building was refurbished (a Downtown Duty Free area was established); a 1,700-space car park is under construction; the check-in service was improved; the T2 building's commercial premises will be restructured (the design phase has been completed); and the installations were adapted for the A380. Car park management was outsourced in October.

In July 2005, 202 million Australian dollars (AUD) of B debt were refinanced by issuing 205 million AUD in CIBs (capital indexed bonds), which completed the refinancing undertaken at the end of 2004 with which the airport obtained 3.8 million AUD under better financial conditions.

AIRPORTS IN WHICH FERROVIAL HAS A STAKE

	Managed investment	Ferrovial stake	Committed investment	Concession period
United Kingdom				
Bristol International Airport	515.6	50.0	45.4	Unlimited
Belfast City Airport	68.4	100.0	33.5	2003-2114
Australia				
Sydney Airport	3,843.6	20.7	119.8	2002-2097
Chile				
Antofagasta Airport	9.7	100.0	2.9	2000-2010
Total	4,437.4		201.6	

Amounts in million euro

CAR PARKS

Through subsidiary Cintra Aparcamientos, Ferrovial is one of Spain's largest private-sector car park development companies and currently manages 238,200 spaces in more than 132 cities in Spain, Andorra and Puerto Rico.

It is present in all areas of the business: development and operation of off-street car parks; control and management of restricted on-street car parks; and construction and transfer of resident car parks; as well as other additional services, such as supply and maintenance of control equipment.

Competitive situation

The privately-owned car park business is well established; there are few large nationwide operators and a large number of small local and family firms with no plans to expand. This explains the difficulty in making large acquisitions and the need to focus expansion in this sector on organic growth, by bidding for new projects or management contracts and occasionally buying small firms or individual assets.

In 2005, there was a large number of new municipal projects and a sharp increase in the business volume commissioned by AENA (the Spanish airports authority).

In the last year, there has been increasing interest in car park development on the part of large industrial groups. However, this competition has not hampered growth by Cintra, an established player with an extensive range of end-to-end solutions.

Strategic positioning

Ferrovial's strategy in the car park sector is based on:

- expanding project management in Spain; considering opportunities in other countries if they are above a critical size and lend themselves to a standardised management model;
- reinforcing our leading position in the municipal car park market;
- developing and managing car parks outside the municipal market: tenders by public administrations and agencies to develop and manage their own car parks (airports, railway stations, ports, hospitals, etc.) or contracts from large private companies not related to the sector that manage car parks for their activity (shopping centres, hotel chains, etc.); and
- implementing new technologies in car park management: access control systems; license plate recognition systems in off-street car parks; centralised operation; and new technologies in restricted on-street parking services.

Significant events

In 2005, Ferrovial's car park division strengthened its growth strategy by attaining over 238,200 parking spaces in 132 cities in Spain, Andorra and Puerto Rico, i.e. a 14.8% increase on 2004 and a 12.1% rate of annual growth in the last 5 years.

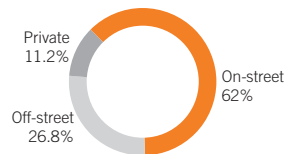
During the year, the company analysed 97 investment projects and made 67 bids. Of those, 55 contracts were awarded and Cintra obtained 33, i.e. a 60% success rate.

Cintra was awarded the contract to manage the new Terminal 4 and south car parks at Madrid Barajas airport, with over 14,000 new parking spaces, a contract which, combined with the contracts to operate the airport car parks in Granada, Almería, Madrid, Palma de Mallorca and Vigo, reinforces its position as Spain's largest airport car park operator.

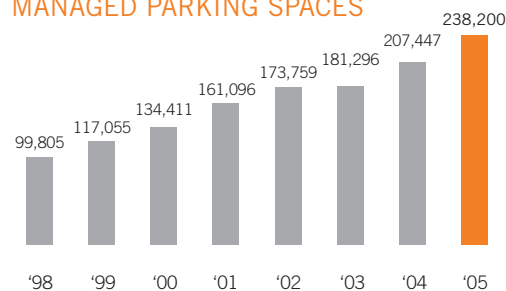
Cintra also obtained four off-street and fourteen private car park contracts directly or via municipal-private partnerships, including two car parks in Madrid with a total of 1,547 spaces, which account for 78% of the total private parking spaces tendered by the Madrid city government.

Cintra also obtained on-street car park concessions in Toledo, Pamplona, Fuengirola, San Fernando, Villanueva de la Serena, Chinchón and Barco de Valdeorras, and the car towing concession in Palencia.

PARKING SPACES BY TYPE



MANAGED PARKING SPACES



Real Estate

Annual Report 2005

WITH OVER 19,000 HOMES IN DEVELOPMENT AND A STABLE PRESENCE IN OVER 40 CITIES IN SPAIN, FERROVIAL'S REAL ESTATE DIVISION HAS BECOME ONE OF THE COUNTRY'S LARGEST PROPERTY DEVELOPERS IN RECENT YEARS. BASED ON AN INDUSTRIAL APPROACH TO THE BUSINESS, ACTIVITY IS FOCUSED ON THE RESIDENTIAL SEGMENT – MAINLY FIRST HOMES – AND PROPERTY BROKERAGE UNDER THE DON PISO BRAND.



COMPETITIVE SITUATION

In 2005, a new real estate scenario was confirmed: one that is more balanced, aligned with European trends and characterised by slow growth. A steady supply of new and second-hand homes combined with a relative deceleration in demand had two immediate consequences: homes took longer to sell and prices were less pressured (this may persist in 2006 with around 5% growth, faster than inflation).

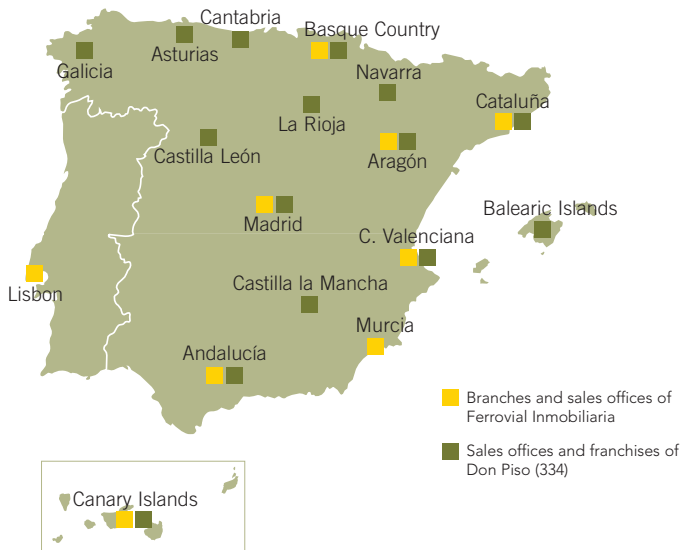
The steady price slowdown was more evident in regions with large cities (Madrid and Cataluña) and in areas of foreign tourism (mainly the Canary and Balearic Islands and Andalucía).

The demand for homes continued to be underpinned by sound factors (with no sign of a sharp adjustment in the sector), including higher real household incomes in Spain, steady employment growth rates and net immigration; all of this in a dynamic economic situation in Spain and Europe, where mortgage conditions continue to be favourable.

Those factors are as follows:

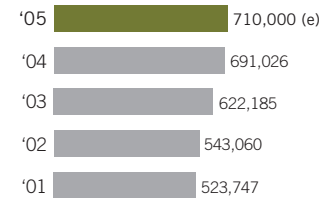
- economic: as in preceding years, the trend in economic factors in 2005 was decisive by enabling the sizeable demand generated by demographic factors and population structure to enter the market.

REAL ESTATE DIVISION PRESENCE



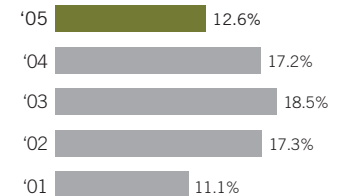
HOUSING STARTS IN SPAIN

Source: Housing Ministry



HOUSE PRICE INCREASE IN SPAIN

Source: Housing Ministry



2,327

homes sold

1.085

billion euro real estate backlog

The demand for homes continued to be underpinned by sound factors, including higher real household incomes in Spain, steady employment growth rates and net immigration; all of this in a dynamic economic situation where mortgage conditions continue to be favourable.

The two main macroeconomic variables that influence the market, GDP and unemployment, both performed well. The economy grew by 3.4%, i.e. faster than in previous years. And unemployment was stable with respect to the preceding years.

Another factor that influences demand, although not decisively, is interest rates. They increased moderately in the fourth quarter of 2005 and this trend is expected to continue in 2006. Moreover, mortgage repayment periods continue to be extended: the monthly mortgage repayment for 6,000 euro fell from 93 euro in 1990 to 27 euro in 2005.

- demographic: sizeable growth in the age bracket of first-home buyers (25-35) in the 1990s and early 2000s. Immigration will continue to be a determining factor for demand in the coming years: the experts estimate that 130,000 households will be created per year in 2005-2011;
- sociological: the number of persons per household has declined from 3.36 in 1991 to the current 2.86.

In the second home market, mainly along the coast, foreign demand continues to grow and domestic buying is stable. Tourist traffic decelerated but not the percentage of tourists buying a home.

In 2005, sales and prices of used homes increased, but not as fast as in previous years, so the medium-term trend is similar to that in new homes.

The property market continued to be fragmented: Spain's top ten developers account for less than 5% of the total market; and the structure is very local.

STRATEGIC POSITIONING

As a result of the new medium-term scenario for the property market, in which homes take longer to sell, there is less pressure from demand and home price growth is slower than in previous years, Ferrovial's Real Estate area is reorienting its business strategy in order to position itself adequately in a different framework so as to continue expanding with suitable returns.

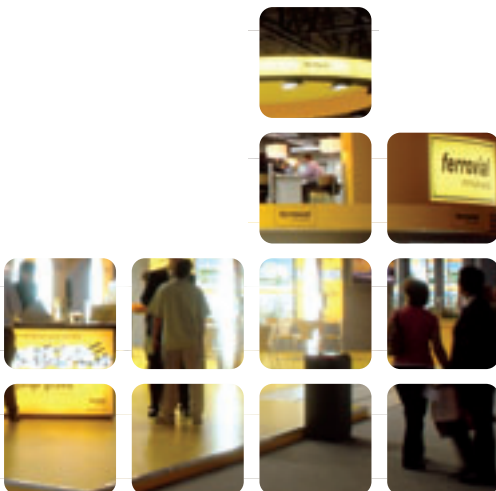
This strategy redefinition, which complements the company's strategy in the last decade, is based on:

- combining purchases of zoned land with acquisitions of land for development in the medium and long term in order to increase exposure to nearer-term development projects;
- positioning itself in markets that are in the initial phase of the property cycle and have growth potential, such as Eastern Europe, specifically Poland.

Ferrovial's business approach is to prioritise risk control; this determines the essential product of this activity (average-size mid-market first homes) and means that the company has considerable geographical diversification, mainly in Spain.

That strategy is rounded out by other action lines:

- an emphasis on sales by increasing sales channels (on-site offices, the Don Piso network, Ferrovial multi-product stores and offices in shopping malls);



Ferrovial's presence in over 40 cities in Spain makes it one of the country's leading property developers, with a significant foothold in Madrid, where it has a sizeable presence in one of the region's biggest urban developments: Parque de Valdebebas.

- efficient land selection, prioritising good locations;
- search for customer satisfaction, especially in after-sales, by improving quality in handing over homes and responding efficiently to complaints;
- optimisation of development times and strict cost control.

SIGNIFICANT EVENTS

In 2005, Ferrovial's real estate division sold 2,327 homes and handed over 2,603. Pre-sales amounted to 788 million euro (+13.3%) and the property backlog (units sold not yet handed over) to 1.085 billion euro (+8.6%), which ensure nearly 90% of revenues in 2006, 50% in 2007 and 13% in 2008.

Ferrovial's presence in over 40 cities in Spain makes it one of the country's leading property developers, with a significant foothold in Madrid, where it has a sizeable presence in one of the region's biggest urban developments (Parque de Valdebebas).

At 2005 year-end, the company had land with permits for nearly 1.5 million square metres of buildings. In 2005, Ferrovial acquired land worth 339.2 million euro.

Ferrovial's Real Estate division does not rule out selectively increasing exposure in neighbouring countries or markets with growth potential.

As a result of this analysis, the company acquired land in 2005 for residential projects in the largest cities of Poland (Warsaw, Poznan and Krakow), where it will start developing in 2006 in conjunction with subsidiary Budimex, Poland's largest construction group. The objective is to become one of Poland's leading developers in the medium term.

Property brokerage is performed by Don Piso, which continued to expand in the year by opening company-owned and franchise offices to attain a total of 334 (134 offices and 200 franchises).

Company-owned stores were opened in Barcelona, East Coast, Andalucía, the Canary Islands and Zaragoza. Franchises were opened in nearly all the regions, except Cataluña, where Don Piso already has an extensive network. A total of 3,112 units were sold or brokered.

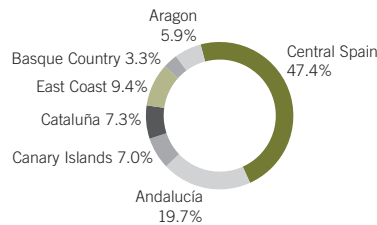
Marketing power is still one of the priorities of the real estate division, which signed more commercial agreements to expand the number of outlets.

In the last three years, Ferrovial has focused on increasing the number of house sales channels in shopping centres (Ferrovial pioneered an agreement with department store El Corte Inglés in 2001); in 2005, it focused on expanding the concept of multi-product stores by opening new offices in Madrid and Zaragoza. Ferrovial plans to expand this multi-product store concept in 2006 to the East Coast (Valencia), Málaga and the Canary Islands (Las Palmas).

Another focus is CRM (Customer Relationship Management), which links all the points of sale, including the various sales channels, enabling the company to monitor and manage real-time stock-to-sale more efficiently.

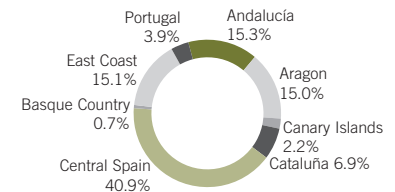
In the tertiary segment, Ferrovial continued to develop the Omega park project, a new concept of business park located in Arroyo de la Vega (Alcobendas, Madrid).

REAL ESTATE PRE-SALES 2005



LAND BANK 2005

1.5 million m²



KEY FIGURES IN 2005

	Million euro
Pre-sales	788
Units sold	2,327
Homes brokered	3,112
Homes delivered	2,603
Backlog	1,085
Investment in land	339.2

Services

Annual Report 2005

SERVICES ARE A STRATEGIC AREA FOR FERROVIAL SINCE THIS IS A STABLE BUSINESS WITH RECURRING EARNINGS AND SIGNIFICANT GROWTH POTENTIAL. FERROVIAL'S SERVICES STRATEGY IS TO GROW AND REINFORCE ITS THREE BUSINESS LINES (MUNICIPAL SERVICES, FACILITY MANAGEMENT AND INFRASTRUCTURE UPKEEP) AND TO EXPAND ITS INTERNATIONAL PRESENCE. AS A RESULT OF THAT STRATEGY, FERROVIAL ENTERED A NEW SEGMENT –AIRPORT SERVICES– BY ACQUIRING SWISSPORT, THE WORLD'S LARGEST INDEPENDENT HANDLING OPERATOR.



That deal enabled Ferrovial to continue the process of internationalisation and reinforce its position as one of Europe's leading services operators. In 2005, 63.5% of revenues and 59% of the services backlog were generated outside Spain.

COMPETITIVE SITUATION

Spanish market

Municipal services companies' actions are shaped by continuous development of new environmental regulations and by market trends. As a result of growing environmental awareness in Europe, new regulations have been implemented that are applicable to the sector.

Spain's municipal services market (i.e. grounds management, street cleaning and waste collection, industrial waste treatment and services) is very dynamic, with a steady flow of contracts and development potential. The outlook for 2006 suggests that the industry will grow by over 6%. However, grounds maintenance and services for private customers will grow slightly more slowly.

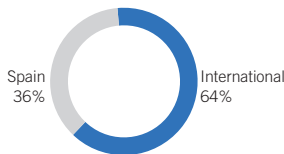
Large business groups are reinforcing their position in the industry, mainly in services that require major technical and financial capacity.

The facility management market (with over 6 billion euro in the building and industrial maintenance sector alone) continues to grow. The cleaning market is very fragmented: there are over 6,000 companies that generate revenues of approximately 4.6 billion euro and employ 420,000 people.

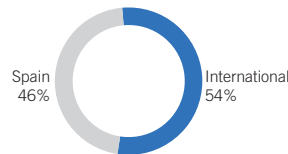
Eight large companies have 25% of the market and the necessary financial capacity to bid for large contracts. Those large companies have also started to diversify into other labour-intensive businesses in order to offset the market's maturity.

Infrastructure maintenance and upkeep is a mature market in Spain, with steady annual growth, since the central government and now, to a greater extent, regional, provincial and municipal governments are outsourcing those activities.

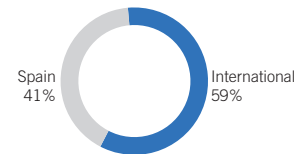
REVENUES 2005
3,200.1 million euro



EBITDA 2005
335.3 million euro



BACKLOG 2005*
7,174 million euro



* Not including the Tube Lines backlog (15 billion euro)

56%

of revenues were generated in the United Kingdom

935

million euro invested

The acquisition of Swissport – the world's largest independent handling operator – expanded the Services division and gave it a greater international footprint in more developed markets and markets with greater growth potential.

The need to undertake major improvements in Spain's road network in recent years has boosted public-private formulas, which have already been implemented in other European countries and have come to Spain as "road surfacing, upkeep and maintenance" contracts. This formula will be used by the Development Ministry in 2006 when awarding 20-year concessions for the surfacing and operation of first-generation roads. Other governments have implemented similar projects, such as Madrid Calle-30, a 35-year contract awarded to Ferrovial as part of a consortium in 2005.

Other countries

The UK services market, one of the world's most advanced, is characterised by long tender processes, with large associated costs, but with major investments and long concession terms, in most cases under PFI (Private Finance Initiatives) and PPP (Public Private Partnership), which favour close alliances between the various administrations and the private companies that execute those contracts. Within those general parameters, the progressive trend is that broader, custom solutions are being sought in order to bring more activities into the same contract so that services improve and management costs are eliminated.

The infrastructure maintenance market (central and local government contracts to manage roads and railway) includes a broad variety of services, ranging from conventional road maintenance to innovative solutions, including managing all the road transportation assets of a large city.

In recent years, the governments of England and Scotland have awarded trunk road maintenance contracts, dividing the country into 18 zones. In 2005, the second contract phase began in which there was an increase in the number of services to be provided (e.g. combining operating and professional services in the same contract).

Local authorities' investment plans continued to increase. The market expects significant growth in this segment due mainly to three reasons: growing social pressure regarding service levels; greater sophistication on the part of local authorities when awarding services contracts by grouping investment and maintenance and by lengthening contract terms, and growing pressure to manage funds efficiently, as set out in the "Gershon Agenda", fostered by the central government and justified by a foreseeable lower contribution of state funds to local authorities.

In the railway segment, the trend commenced by public-sector body Network Rail to in-source maintenance services continues. That strategy was changed somewhat in relation to track renewal services and other value-added services.

The UK has a long tradition in facility management, in which large groups linked to the construction sector and small services companies compete in an expanding market. Growth is expected due to rising demand by the private sector and the ambitious PFI development programmes, particularly in education.

In this segment, the governments of England and Scotland, in collaboration with local education authorities, have developed a number of improvement programmes, especially BSF ("Building Schools for the Future") in England and Wales, and the "Scottish Schools" programme. Both programmes are aimed at rebuilding and renewing primary and secondary schools to increase quality and incorporate technology into education. The programmes will be executed via PPP projects where local education authorities will collaborate with private companies. The first two projects were awarded in 2005 although the BSF programme aims to cover all schools in England in the next 10-15 years.

Airport handling services have always been linked to airlines or the airports themselves. This trend has been changing in recent years: handling services are now being outsourced to independent operators in order to improve efficiency and reduce costs.

The potential of this industry, with an estimated size of 26 billion euro, depends on the growth expected in air traffic in the coming years, on the worldwide liberalisation of handling services, and on the increasing trend of outsourcing by airlines.

The aviation industry has recovered worldwide in recent years: passenger numbers increased by 11% in 2004 and by 8% in 2005. Passenger and cargo traffic are projected to grow faster than GDP in the next 20 years. In recent years, the industry has consolidated, budget airlines have outperformed the industry average, and there is a clear trend towards outsourcing a larger number of services.

In that context, each region responds to its own development characteristics:

- Europe: a market experiencing progressive liberalisation (in line with EU Directives), greater outsourcing, and fierce competition between global operators;
- North America (over 35% of total air traffic): a market with low entry barriers, fierce competition, and still in the hands mainly of local traditional airlines (75% of passenger handling and 30% of cargo);
- Latin America: a market with little outsourcing, large local competitors, and uncertainty about future legislation;

- Asia: a market with greater growth projections, especially cargo; where contracts for the main airports are expected shortly; and where the main competitors are local airlines or associated companies;
- Africa: there is potential growth in South Africa and some countries in northern Africa.

STRATEGIC POSITIONING

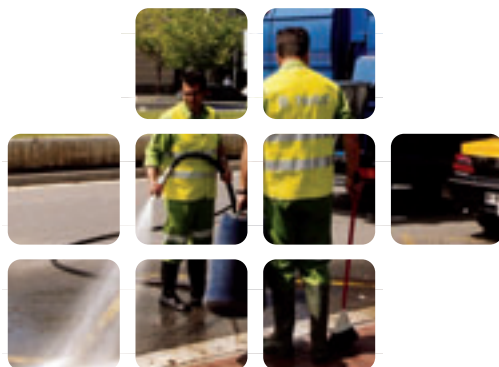
As one of Europe's leading services operators, Ferrovial's general strategy is to reinforce its position and expand in municipal services, facility management, end-to-end infrastructure upkeep and airport handling services, and to constantly analyse complementary business opportunities with growth potential.

Accordingly, in the fourth quarter of 2005, Ferrovial acquired Swissport, the world's largest airport handling operator.

That acquisition redimensioned the services area once again and increased its presence in developed markets with higher growth prospects.

Reinforcing and expanding the activities in which we operate, increasing the number of PFI services concessions, capitalising on synergy among activities, and seeking complementary business opportunities define the policy of an area with other specific objectives in the Spanish market:

- municipal and industrial services: maintain our leading position by increasing our market share; invest in RDI (research, development and innovation) and cutting-edge technologies in order to optimise processes; focus on long-term contracts and new types of administrative concessions; foster source sorting and specific treatment of waste, in line with EU guidelines; reinforce end-to-end service management for large industrial groups; and expand alternative treatments;
- facility management: in addition to PFI projects, promote vertical integration with customers; and focus on industrial maintenance;
- infrastructure maintenance: seek opportunities in emerging, complementary businesses and reap synergies among businesses in the markets where Ferrovial operates.



Strategy in the Spanish market: reinforce and expand the areas in which we operate, increase exposure to PFI services concessions, capitalise on synergy among activities, and seek complementary business opportunities.

Outside Spain, growth is a priority in the infrastructure maintenance and facility management business – conducted in the UK through Amey – via a greater variety of services and new business opportunities. The strategy in the business lines is as follows:

- infrastructure maintenance: build on competitive advantages in order to increase contract size and market penetration and to remain the leading end-to-end services company; and provide custom solutions in projects with local authorities;
- Tube Lines: accelerate investments and maintain high standards when meeting objectives. The investments are being made on schedule and within budget: around 36 million pounds are being invested every month at present, i.e. triple the historical amount invested in London Underground;
- facility management: maintain our market share in an expanding business, mainly with private customers and in education.

In airport handling services, Swissport's global presence, its broad product and service range, and the variety of its customer portfolio are key factors in maintaining its position as the world's largest airport handling operator.

Its leading position will be enhanced and reinforced by:

- diversifying its customer portfolio: Swiss customers accounted for 100% of revenues in 2002 and under 20% now;
- taking control of its main affiliates
- participating in the industry consolidation process in its three core business lines:
 - passenger and boarding ramp services (ground handling): maintaining the principal customers; developing collaboration formulas or joint ventures; providing regional outsourcing solutions or global service packages; and participating in the future liberalisation of the European and Asian markets;
 - cargo services: increasing capacity in key locations and entering selected areas in Western European and North America; operating in fast-growing markets in Asia, Latin America and Eastern Europe; and cooperating with cargo airlines in areas with greater business potential;
 - new businesses: selectively seeking opportunities in security, refuelling, aircraft maintenance and executive aviation services.

Recently, Swissport decided to restructure its organisation (effective April 2006), moving away from its previous geographical approach in favour of a product-based structure which, combined with increasing resources for business development, will expand its capacity to seize new market opportunities.

SIGNIFICANT EVENTS

Spanish market

Through subsidiary Cespa, Ferrovial's municipal services division serves a total of 795 municipalities in Spain, including A Coruña, Alicante, East Barcelona, Granada, Huelva, Madrid (several districts), Murcia, Pontevedra, Vigo, Vitoria and Zamora. In Portugal, the company serves Albufeira, Valongo, Terras Frias, Parque Expo, Torres Novas, Planalto Bairao and Quarteira. The division also maintains 26.8 million square metres of green areas in cities such as Barcelona, Bilbao, Burgos, Cádiz and Madrid (in Spain), and Porto and Cascais (in Portugal).

In 2005, the division bid for over 560 contracts totalling nearly 2.7 billion euro. A large number of waste collection, street cleaning and grounds maintenance contracts expired in 2005, practically all concessions were renewed, and the backlog exceeded 212 million euro: waste collection and street cleaning in Tortosa, Oiartzun, Santurtzi, Mancomunidad Alto Deba and Tomares; street cleaning in Canet de Mar, Vic (contract extension), Plentzia and Bailén; grounds maintenance in zone 5 of Madrid, Zaragoza University, Cerdanyola del Vallès and Valladolid; waste collection in Barakaldo and San Agustín de Guadalix; and bin cleaning in Huelva.

MUNICIPAL SERVICES

• Municipalities served in Spain	786
• Waste collection: population served	7.4 million in Spain and Portugal
• Street cleaning: population served	5.6 million in Spain and Portugal
• Municipal waste managed (conventional collection)	3 million tonnes in Spain and Portugal
• Non-hazardous waste landfills	33 in Spain and Portugal
• Industrial services - private clients	over 11,000
• Non-hazardous waste transfer centres	32 in Spain and Portugal
• Green spaces: population served	10 million in Spain and Portugal
• Grounds maintenance	26.8 million m ² in Spain and Portugal

New contracts were also obtained, including street cleaning in Sant Vicent del Raspeig and Tudela; waste collection in Consell Comarcal de l'Alt Camp, l'Ampolla and Consorcio As Mariñas; waste collection and street cleaning in Sarria; and selective waste collection in Humanes.

In 2005, Cespa became the leading waste treatment company in Cataluña after obtaining the Ecopark IV contract, with a backlog of 550 million euro and committed investments of over 68 million euro. The project, which is in addition to the other two that Cespa has in Cataluña, will be built in the Els Hostalets de Pierola installations, and will provide end-to-end waste management, from sorting and composting to final elimination (300,000 tonnage of waste per year are estimated).

Other contracts obtained were as follows: waste treatment and transportation in Huelva province, with a backlog of 100 million euro and committed investments of over 13 million euro; operation of the Soria province waste treatment centre; and operation of the MSW sorting and composting centre in Ulea. Those contracts enable Cespa to increase its capacity to manage household waste by approximately 41% with respect to the tonnage received in 2004.

Ecopark III in Greater Barcelona was completed in 2005 and became operational in January 2006, as did the composting and biomethanisation plant in Tarrassa and the biomethanisation plant in Vitoria.

Outside Spain, Cespa became Portugal's second-largest private-sector waste manager. One of the largest contracts in this market was the REN (Rede Eléctrica Nacional) end-to-end waste management concession between 2006 and 2008.

In 2005, Ferrovial reinforced its position as one of the leading facility management companies, with 20% growth, boosted mainly by maintenance of industrial facilities. In Spain alone, subsidiary Ferroser manages 2,700 buildings (over 4.4 million square metres), including hospitals, museums, universities, prisons, shopping malls, sports facilities, factories, offices and landmark buildings.

In 2005, the company obtained over 20% of the contracts it bid for, and significantly increased the backlog. Moreover, the backlog is balanced: 57% is public-sector customers and 43% private customers.

Highlights:

- the company reinforced its position in the prison market: it now has prison concessions in Galicia, Asturias, Cantabria, the Basque Country, Aragón, Navarra, La Rioja, Castilla y León, Madrid, Castilla-La Mancha, Andalucía, Valencia, Extremadura and the Balearic Islands;

- it assessed the status of the schools that the central government devolved to the Castilla-La Mancha government: technical auditing of schools, analysis and prioritisation of investments to be made, and drafting of school evacuation plans;

- the industrial business—one of the area's priorities—grew considerably: maintenance contracts with DaimlerChrysler, John Deere, Faurecia, Bridgestone, TRW Automotive and L'Oreal.

Cleaning subsidiary Eurolimp maintained the number of contracts awarded and improved profitability. The main contracts obtained were as follows: cleaning of the Agbar tower (Barcelona), cleaning and maintenance of Almería airport, cleaning of the Valme hospital (Sevilla) and Virgen de la Luz hospital (Cuenca), and specialised industrial cleaning of factories of Celéstica (Valencia), TRW (Navarra) and Bridgestone (Basque Country).

With more than 25 years' experience, Grupisa is the leading Spanish company in its sector (15% market share). It specialises in end-to-end infrastructure maintenance, manufacture and installation of marking and signage on roads, at airports and in cities, plus road traffic management.

MAIN CONTRACTS IN 2005 - INFRASTRUCTURE MAINTENANCE

- Madrid Calle-30
- Upkeep and maintenance: Southwest Highway. Cáceres
- Upkeep and maintenance: A-45. Málaga
- Upkeep and maintenance: Espejo-Limi road. Córdoba province
- Upkeep and maintenance: A-44. Granada
- Routine repair and winter maintenance. Northern Madrid
- Comprehensive upkeep of the provincial road network. Eastern Álava province
- Special traffic measures. Server Catalá de Transit. Cataluña
- Maintenance of road markings and signage. City of Sevilla

In 2005, the company provided comprehensive maintenance on 7,840 kilometres of roads in Spain and it installed over 49,000 road, city and airport signs and more than 14,000 square metres of traffic signs. In addition to its core businesses, it entered other areas by developing and implementing traffic light controllers using proprietary technology. It has developed latest-generation traffic light controllers, which are already in place in Aranjuez (Madrid) and should enable the company to make significant inroads into this market.

The main contract obtained in 2005 was the Madrid Calle-30 concession. In a joint venture, Ferrovial acquired 20% of the concession company (the remaining 80% is owned by the Madrid city government) that will manage the reform, upkeep and operation of the M-30 road over 20 years.

In Portugal, Ferrovial continued to reinforce its position as a leader in the markets in which it operates: road upkeep, machinery repair and maintenance, and the manufacture of bituminous emulsions.

International market

Since February 2005, Amey owns 66% of Tube Lines, after acquiring an additional 33% for 139 million euro, and manages the entire contract to provide technical assistance in operating and maintaining the lines managed by this concession company. Tube Lines has a 30-year contract to manage the refurbishment and maintenance of London Underground's Jubilee, Northern and Piccadilly lines, representing a total projected investment of 2.2 billion pounds in the first phase. Tube Lines manages 100 stations and 335 km of track, which carry 246 trains and 1.75 million passengers every day. The company has 2,590 employees.

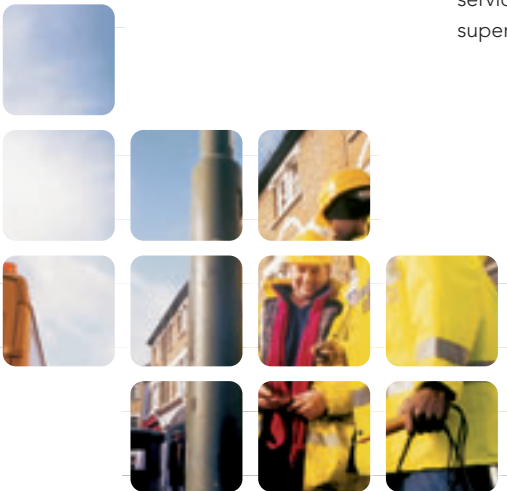
In 2005, Tube Lines implemented the following improvements: an extra carriage was added to each train on the Jubilee Line, thus increasing the daily capacity by 60,000 passengers; ten stations were improved and the Wembley Park station's capacity was increased by 70% in order to meet the demands of the new national stadium; improvements on the Piccadilly Line have reduced infrastructure failures by 50%; and the time taken to replace most of the escalators was halved.

In July, London Underground suffered terrorist attacks that caused numerous deaths and property damage and which interrupted service on the lines maintained by the two operators (Tube Lines and Metronet). Tube Lines experts played a major role in restoring the service on the affected lines under the supervision of Transport for London.

In 2005, Amey maintained its leading position in the road infrastructure maintenance sector, where it has five of England's nine maintenance contracts, representing 25% of the total value of its projects. Amey has 50% of the Scottish market. Amey is also one of the top ten suppliers to the railway industry, with contracts in excess of 200 million pounds.

Amey's activity was also affected in 2005 by three other factors:

- financial completion of the C-Vehicles contract (600 million pounds and a 15-year concession): the contract includes maintaining the British Army's vehicle and construction machinery fleet worldwide;
- award of the Bradford contract as part of the "Building Schools for the Future" (BSF) programme: a pioneer project in education, which strengthens Amey's position in this market and is Ferrovial's first construction project in the UK; worth 400 million pounds, it includes a first phase to design, finance and build three schools, and provide services over 30 years;



Major contracts in Spain include the Madrid Calle-30 concession. In the United Kingdom, Amey attained 66% of Tube Lines and was awarded the Bradford PFI contract as part of the pioneering "Building Schools for the Future" (BSF) programme.

- reinforcement of Amey's position in the infrastructure market with local authorities, through the Bedfordshire and Cumbria contracts. The latter contract involved the transfer of employees from Cumbria County Council's Contract Services Construction Unit to Amey, which will provide new business opportunities. The contract increased Amey's backlog by 110 million pounds and marks a strategic improvement in its presence in the local authorities market.

Other projects were obtained in 2005:

- roads and railway: Ebbw Valley Project (to design, manage and reinstate rail lines in South Wales); the trunk roads network in South-West Scotland (a second 5-year concession to manage and maintain those roads for 150 million pounds); 1-year extension to three contracts with the Highways Agency and one with the Scottish Executive, worth 85 million pounds;
- education: Renfrewshire Schools (PPP for 10 new schools); Northampton Schools (a 250 million pound contract to manage services at 41 schools over 32 years); EduAction (the contract was extended until March 2008);
- facility management in the private sector: QinetiQ (a 5-year extension to the Total Facilities Management contract for 30 establishments in the UK).

In January 2006, Amey acquired professional services group Owen Williams in order to enhance its ability to provide comprehensive support services, from design through management to O&M. The acquisition reflects a growing desire from public sector procurement professionals in the highways, rail and central government sectors to work with one-stop-shop support services companies in long-term contracts. Backed by over 80 years of heritage, Owen Williams is a leading professional support services provider to a wide range of public sector bodies. Its track record includes some of the UK's landmark projects, such as Wembley Stadium, and the Daily Express Buildings in London, Manchester and Glasgow,

In October 2005, Ferrovial acquired Swissport, the world's leading independent handling operator (not associated with any airline or airport), which operates at 175 airports in 41 countries. The company provides services to around 70 million passengers travelling on over 650 airlines worldwide. The cargo division handled over three million tonnes of cargo in 2005.

The transaction valued Switzerland-based Swissport at 1.002 billion CHF (646 million euro): Ferrovial paid 520.8 million CHF (336 million euro) for Swissport's shares and assumed debt of 481.2 million CHF (310 million euro). The acquisition positioned Ferrovial in an industry with strong growth potential and was a major step forward in internationalisation, mainly in Europe and the US, which account for over 90% of Swissport's revenues.

In 2005, Swissport reinforced its leading position in passenger and boarding ramp services and cargo handling, and continued to develop other related services.

In 2005, new passenger and boarding ramp services commenced in Europe (Glasgow, Rome, Milan, Rhodes and Cyprus), Asia (Singapore and Seoul), Canada (Toronto, Vancouver, Montreal) and Mexico. Commercial agreements were also signed with airlines to manage their handling services: First Choice Airways in the UK, and EasyJet in Basel, Geneva and Paris. A global partnership programme was signed with Air France-KLM and the company obtained the third handling licence at Singapore Changi airport.

In the cargo segment, Swissport's global agreements with Swiss WorldCargo, ABC and Air France show that the general trend is towards greater collaboration between airlines and independent handling operators. New operations were also established in Amsterdam, Seoul and Singapore airports.

In new services, refuelling operations commenced at Newcastle airport and private aviation services began in Málaga airport (Spain). Swissport implemented new solutions and systems such as on-line check-ins and self-service check-in kiosks in close collaboration with SITA, and made major progress in passenger biometric identification systems.



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2005 Management Report

Grupo Ferrovial, S.A. and subsidiaries

I. BUSINESS PERFORMANCE IN 2005

1. KEY AGGREGATES

Ferrovial's net income amounted to 415.8 million euro, showing a 21.3% decrease with respect to 2004.

Excluding the result associated with the Cintra IPO in 2004, net income increased by 43.5%.

Operating income increased by 21.6%, up to 871.3 million euro.

Changes in key financial and operating variables are shown below:

Financial figures

	Dec-05	Dec-04	Chg. (%)
Net income	415.8	528.6	-21.3
Net income pro forma	415.8	289.8	43.5
EBITDA	1,301.1	1,065.5	22.1
Operating income	871.3	716.8	21.6
Net turnover	8,989.1	7,254.0	23.9
Net financial debt	-271.8	139.0	
Leverage	9%	-	
Gross investment	1,664.6	389.3	

Operating figures

	Dec-05	Dec-04	Chg. (%)
Construction backlog	7,500	6,721	11.6
Real estate pre-sales	788	694	13.5
Real estate backlog	1,085	999	8.6
Services backlog	7,174	4,973	44.3
Amey	4,223	2,822	49.6
Ex Amey and Swissport	2,950	2,151	37.2
Toll road traffic performance (ADT)			
Autema	19,586	18,326	6.9
Ausol I	19,973	19,340	3.3
Ausol II	18,286	16,565	10.4
ETR 407 (Km travelled 000)	2,064.1	1,959.5	5.3
Chicago Skyway	48,241		
Performance airport traffic (pax. 000)			
Sydney	28,654	27,531	4.1
Bristol	5,154	4,607	11.9
Belfast	2,210	2,064	7.1
Car parks	238,200	207,447	14.8

(*) Income figures are in million euro unless stated otherwise

2. ANALYSIS OF INCOME

2.1 Pro-forma income statement

Note: to avoid distortion and make the figures homogeneous and comparable between periods, the results of the Cintra IPO in 2004 have been deducted. Appendix II contains the comparative statutory income statement for the two years in which this elimination is not made.

	Dec-05	Dec-04	Chg. (%)
SALES	8,989.1	7,254.0	23.9
Other operating revenues	76.5	68.3	12.0
Increase in inventories of finished products and work-in-progress	142.7	79.9	78.6
Total operating revenues	9,208.3	7,402.2	24.4
External and operating expenses	6,000.1	4,800.4	25.0
Staff expenses	1,907.1	1,536.6	24.1
GROSS OPERATING INCOME	1,301.1	1,065.5	22.1
Operating margin	14.5%	14.7%	
Non-current assets depreciation and amortisation	332.5	244.2	36.3
Change in trade provisions	97.3	104.5	-6.8
Total operating expenses	8,337.0	6,685.5	24.7
OPERATING RESULTS	871.3	716.8	21.6
Operating margin	9.7%	9.9%	
Financial results	-390.5	-350.2	11.5
Financial result – concession companies	-375.1	-339.4	10.5
Financial result – other companies	-15.3	-10.8	42.5
Share of results of equity-consolidated companies	7.6	-2.2	
Other profit and loss	73.0	-28.5	
CONSOLIDATED INCOME BEFORE INCOME TAX	561.4	335.9	67.1
Income tax	-173.3	-108.7	59.3
CONSOLIDATED INCOME FOR THE YEAR	388.1	227.2	70.8
Income attributed to minority interests	27.7	30.8	-10.2
CONSOLIDATED INCOME FROM CONTINUING OPERATIONS	415.8	258.0	61.2
Net income from discontinued operations	0.0	31.8	
INCOME FOR THE YEAR ATTRIBUTED TO PARENT COMPANY	415.8	289.8	43.5

2.2 Sales

Sales have increased during the year by 23.9%. Excluding the effect of the consolidation of Swissport and Webber and the additional 33% of Tubelines, the increase would have been 13.6%.

The individual business lines, in terms of sales, performed as follows:

Sales	Dec-05	Dec-04	Chg. (%)
Construction	4,387.3	3,583.0	22.4
Real estate	813.6	768.1	5.9
Infrastructure	760.3	614.0	23.8
Services	3,200.1	2,444.5	30.9
Adjustments (*)	-172.2	-155.6	
Total	8,989.1	7,254.0	23.9

(*) consolidation adjustments for intra-group billings

The main reasons for the changes are as follows:

- Inclusion within the scope of the consolidation of the additional 33% of Tubelines (February) and of Webber (15 September) and Swissport (1 October).
- Major growth of the construction division, both at national level (13.9%) and internationally (49.5%). The inclusion of Webber has resulted in an increase in billings of 89 million.
- In services, the division which has recorded the highest growth in sales, the loss of maintenance contracts with Network Rail is offset by significant organic growth and the broadening of the scope of the consolidation with the inclusion of an additional 33% of Tubelines and the inclusion of Swissport, which account, respectively, for billings of 396 and 261 million.
- In infrastructure, mention should be made of the favourable performance of traffic figures, the inclusion in the scope of the consolidation of the Chicago Skyway toll-roads and three further months of the R-4, as well as the change in the consolidation of Eguisa in parking lots¹.

The geographical breakdown of sales is as follows:

	Dec-05	%	Dec-04	%	Chg. %
Spain	5,099	57%	4,577	63%	11.4%
United Kingdom	1,834	20%	1,441	20%	27.3%
Canada and USA	411	5%	237	3%	73%
Poland	711	8%	499	7%	42.5%
Chile	253	3%	166	2%	52.0%
Other European countries	638	7%	298	4%	114.2%
Other countries	42	0%	36	0%	17.7%
International total	3,890	43%	2,677	37%	45.3%
TOTAL	8,989	100%	7,254	100%	23.9%

International sales grew by 45.3% due mainly to the consolidation of additional revenues from London Underground, Webber and Swissport, which accounted for a combined total of 746.6 million euro in revenues. Excluding the main changes consolidation, sales would have grown 17.4%.

2.3 Gross operating income (EBITDA)

Gross operating income (EBITDA) grew 22.1% in line with the growth in turnover. Were it not for the principal changes to the scope of the consolidation, growth would have been 14.1%. The EBITDA over sales margin fell slightly (from 14.7% to 14.5%) owing to the inclusion of Webber and Swissport, whose activities report lower margins (9.9% and 5.6% respectively).

The individual business lines performed as follows:

Gross operating income	Dec-05	Dec-04	Chg. (%)
Construction	314.5	293.0	7.3
Real estate	169.4	149.5	13.3
Infrastructure	479.5	384.0	24.9
Services	335.3	237.5	41.2
Adjustments	2.4	1.5	
Total	1,301.1	1,065.5	22.1

Attention is drawn to the importance of recurrent business lines, which account for 63% of EBITDA, with 31% growth, as compared with the 9% growth in the EBITDA of business lines of a more cyclical nature (construction and real estate).

(1) Eguisa is now consolidated 100%, following the acquisition of 57.1% of the company in October 2004. Prior to this change, the results of Eguisa were accounted for by the equity method.

During 2005, the contribution to EBITDA of business activities outside Spain increased to 47%, with inter-annual growth of 30%, as compared with growth of approximately 16% in EBITDA from activities in the Spanish market.

The geographical distribution of EBITDA is as follows:

	Dec-05	%	Dec-04	%	Chg. %
Spain	683.8	53%	591.0	55%	15.7%
United Kingdom	191.8	15%	124.8	12%	53.7%
Canada and USA	247.6	19%	172.4	16%	43.7%
Poland	8.1	1%	49.8	5%	-83.8%
Chile	74.1	6%	65.4	6%	13.3%
Other European countries	92.6	7%	60.7	6%	52.5%
Other countries	3.2	0%	1.5	0%	112.0%
International total	617.4	47%	474.5	45%	30%
TOTAL	1,301.1	100%	1,065.5	100%	22.1%

2.4 Depreciation, amortisation and provisions

Depreciation and amortisation increased by 36% with respect to the previous year while provisions fell slightly, mainly in Budimex.

2.5 Operating result (EBIT)

Operating result (EBIT) increased by 21.6% in line with the increase in net sales. The margins in construction, real estate and services have improved, despite the inclusion in the services division of Swissport, which reports an EBIT margin (1.7%) far lower than the average for the division. Were it not for the principal changes to the scope of the consolidation, growth would have been 14.9%.

The individual business lines performed as follows:

Net Operating Income	Dec-05	Dec-04	Chg. (%)
Construction	209.8	169.8	23.6
Real estate	156.0	144.9	7.7
Infrastructure	301.9	246.1	22.7
Services	215.3	158.9	35.5
Adjustments	-11.7	-2.9	
Total	871.3	716.8	21.6

The contribution made by **recurrent businesses** (services and infrastructure concessions) amounts to **58% of operating income**, with **annual growth of 28%**, as compared with 16% growth in business lines of a more cyclical nature (construction and real estate).

During 2005, the contribution to operating income of businesses outside Spain increased to 46%, with inter-annual growth of 35%, as compared with growth of approximately 12% corresponding to activities in the Spanish market.

The distribution of EBIT by geographical areas is as follows:

	Dec-05	%	Dec-04	%	Chg. %
Spain	467.5	54%	417.7	58%	11.9%
United Kingdom	133.6	15%	90.6	13%	47.5%
Canada and USA	162.2	19%	119.9	17%	25.8%
Poland	-2.3	0%	-7.1	-1%	-67.4%
Chile	55.9	6%	47.5	7%	17.7%
Other European countries	48.8	6%	45.8	6%	6.6%
Other countries	5.6	1%	2.5	0%	124.9%
Internacional total	403.8	46%	299.1	42%	35.0%
TOTAL	871.3	100%	716.8	100%	21.6%

2.6 Financial result

	Dec-05	Dec-04
Concession companies	-375.1	-339.4
Rest of group	-15.3	-10.8
Financing result	-20.8	-26.1
Other financial result	5.5	15.3
Total	-390.5	-350.2

Concession companies

The increase in financial expenses of Concession companies in relation to 2004 may be attributed to the following:

Positive impact:

- Non-recurring revenues owing to the elimination of the provision recorded (40 million euro) in relation to the Maipo toll road. This provision was set up for the purpose of covering future payments under the Exchange Hedge Mechanism (Spanish acronym MCC). This mechanism established a fluctuation band of +/-10% with respect to the exchange rate established with the State. This fluctuation band has been eliminated with the signing, on May 17 last, of a new cross-currency swap, which also established the setting of an exchange rate more favourable to the concession company. The cancellation of the exchange hedge mechanism in respect of the Maipo toll road implies no additional cost for the concession company since there existed the option of eliminating it at any time and at no cost.

Negative impact:

- Increased indebtedness owing to the inclusion of debt corresponding to the new R-4 and Chicago Skyway toll roads and the re-leveraging of Bristol airport and the Chicago Skyway toll road, such toll road contributing financial expense of 56.6 million euro in 2005.
- Expenses deriving from the early repayment of the initial debt corresponding to the Chicago Skyway toll road, which amounted to 14 million euro. These financial costs are non-recurring.

Rest of Group

The Financing result decreased with respect to December 2004 owing to the improved net debt position maintained throughout the year.

The **Other financial income** heading includes items such as default interest collections, surety expenses, mortgages etc. The decrease in financial income in 2005 may be attributed primarily to the decrease in default interest collected in 2005 (17.4 million, as opposed to 23.2 million in 2004), owing to the exceptional collection of 7 million euro in respect of a single project in 2004.

2.7 Share of results of equity-consolidated companies

The income corresponding to companies consolidated by the equity method amounts to 7.6 million euro, as compared with a negative figure of 2.2 million in 2004. The difference is explained primarily by the improved result from Sydney airport, which has gone from contributing a loss in 2004 to generating income of 4.4 million euro in 2005.

2.8 Other profit and loss

Non-recurring income for the period amounts to 73 million euro, deriving to a great extent from the sale of the holding in Ono (45.7) and from the sale of 5% of Ausol (31.4).

2.9 Income Tax

The book expense for taxes amounts to 173.3 million euro, representing a tax rate of 30.9%, which is slightly lower than the 32.4% rate recorded in 2004.

2.10 Net income from discontinued operations

In accordance with international accounting standards, this heading records income from businesses in the process of disinvestment. The income of 31.8 million recorded for 2004 reflects the sale in September 2004 of the water business in the services division. This amount therefore includes the net capital gain generated on the sale and the net income received up to the sale date.

2.11 Income for the year attributed to parent company

Income for the year attributed to parent company for 2005 amounts to 415.8 million euro, up 43.5% on pro forma net income for 2004,

which totalled 289.8 million euro.

Income for the year attributed to parent company per statutory accounts for 2004, including the income from the Cintra IPO, amounted to 528.6 million euro. For statutory purposes, income for 2005 was therefore down 21.3% with respect to 2004.

If for both years we exclude non-recurring income, the growth in net income would be 31.6%, as analysed below:

	Dec-05	Dec-04	Chg. (%)
Total net income	415.8	528.6	-21.3
Cintra IPO		238.8	
Pro forma net income	415.8	289.8	43.5
Non-recurring net income	75.7	31.4	
Sale 5% of Ausol	16.9		
Release Maipo financial provision	19.9		
Sale of ONO	38.9		
Sale of water business		31.4	
Pro forma net income excluding non-recurring	340.1	258.4	31.6

3. ANALYSIS BY BUSINESS AREAS

3.1 Construction

	Dec-05	Dec-04	Chg. (%)
Sales	4,387.3	3,583.0	22.4
Gross operating income	314.5	293.0	7.3
Gross margin	7.2%	8.2%	
Operating income	209.8	169.8	23.6
Operating margin	4.8%	4.7%	
EBT	241.2	212.6	13.5
EBT margin	5.5%	5.9%	
Backlog	7,500	6,721	11.6
Investment	288	31	

During 2005 there has been an major increase in billings, which are up 22.4% due to the favourable performance of this line of business both at national level, with 14% growth, and abroad, with 49.5% growth. The following have contributed to international growth:

- The contribution of Budimex (+37%) owing to the increase in the backlog in 2004 (+51%)
- The high rate of activity in Chile, Ireland and Portugal. It should be noted that this rate of execution made it possible to open the N4-N6 toll road in Ireland ten months ahead of schedule.
- The inclusion of Webber, which contributed 89 million euro.

The distribution of sales by geographical areas and type of construction work may be analysed as follows:

	Dec-05	%	Dec-04	%	Chg. %
National	2,993	68%	2,629	73%	13.9%
Civil Engineering	1,578	36%	1,223	34%	29.0%
Residential building	828	19%	791	22%	4.7%
Non-residential building	588	13%	615	17%	-4.4%
Industrial	104	2%	98	3%	5.9%
International	1,290	29%	863	24%	49.5%
Budimex	674	15%	489	14%	37.8%
Webber	89	2%			
Other international	526	12%	373	10%	43.6%
Total	4,387	100%	3,583	100%	22.4%

Growth in gross operating income has been more limited than the growth in sales owing to the fact that less income has been obtained in Budimex. This also has an impact on the margin on sales, which has fallen by 100 base points. Excluding the impact of Budimex, the operating profitability would be similar to that recorded for 2004.

The operating margin is 4.8%, which is higher than the 4.7% margin recorded in 2004, despite the greater weight corresponding to Budimex in total sales, the increased depreciation of machinery and increased bidding expenses.

The backlog amounts to 7,500 million euro, up 11.6%. This represents 20 months' activity. The backlog contributed by Webber amounts to 453 million euro. If we eliminate Webber, the backlog in terms comparable to 2004 has grown by 4.9%. This growth is particularly noteworthy in a year in which sales, excluding the contribution of Webber, have grown by 20%, which is the highest rate of organic growth since the IPO.

The distribution of the backlog by geographical areas and by type of construction work is as follows:

	Dec-05	%	Dec-04	%	Chg. %
Spain	5,001	67%	4,360	65%	14.7%
Civil engineering	2,972	40%	2,531	38%	17.4%
Residential building	1,121	15%	1,059	16%	5.8%
Non-residential building	909	12%	769	11%	18.1%
Industrial	661	9%	678	10%	-2.5%
International	1,838	25%	1,684	25%	9.1%
Budimex	547	7%	617	9%	-11.4%
Webber	453	6%	-	-	-
Other international	838	11%	1,067	16%	-21.5%
Total	7,500	100%	6,721	100%	11.6%

The figure for investment includes the purchase of Webber (179 million) and the acquisition of heavy machinery, mainly tunnel-boring machines.

Figures for construction excluding Budimex and Webber

	Dec-05	Dec-04	Chg. (%)
Sales	3,623.8	3,093.7	17.1
Gross operating income	295.7	257.7	14.7
Gross margin	8.2%	8.3%	
Operating income	205.0	172.8	18.6
Operating margin	5.7%	5.6%	
EBT	234.3	207.0	13.2
EBT margin	6.5%	6.7%	
Backlog	6,500	6,104	6.5

Budimex figures

	Dec-05	Dec-04	Chg. (%)
Sales	674.2	489.3	37.8
Gross operating income	10.0	35.3	-71.7
Gross margin	1.5%	7.2%	
Operating income	0.3	-3.0	-110.0
Operating margin	0.0%	-0.6%	
EBT	2.8	5.6	-50.0
EBT margin	0.4%	1.1%	
Backlog	547	617	-11.4

Webber figures (from 15 September 2005)

	Dec-05	Dec-04	Chg. (%)
Sales	89.3		
Gross operating income	8.8		
Gross margin	9.9%		
Operating income	4.5		
Operating margin	5.0%		
EBT	4.1		
EBT margin	4.6%		
Backlog	453		

3.2 Real Estate

	Dec-05	Dec-04	Chg. (%)
Sales	813.6	768.1	5.9
Gross operating income	169.4	149.5	13.3
Gross margin	20.8%	19.5%	
Operating income	156.0	144.9	7.7
Operating margin	19.2%	18.9%	
EBT	118.7	103.7	14.5
EBT margin	14.6%	13.5%	
Pre-sales	788	694	13.5
Backlog	1,085	999	8.6
Land purchases	339	213	

Total sales increased slightly, due primarily to the sale of land, which was 2.5 times greater than in 2004; this offset a slight fall in development sales and the reduced activity in the tertiary sector.

The growth in percentage terms of gross operating income was higher than the growth in sales, due mainly to the impact of income on the sale of land, which generates a margin higher than other activities.

Commercial data for pre-sales and backlog have increased by 13.5% and 8.6% respectively, overcoming the slight deceleration of last year, in which both of these figures fell by approximately 4%.

The high backlog figure guarantees that the level of activity shall be maintained for the forthcoming sixteen months.

Inflation in land prices has led to the company purchasing land with longer development periods. Gross purchases of land have increased significantly with respect to 2004 (+ 60%). If this figure is adjusted to reflect sales of land made in both years (154.6 as opposed to 61.7), net land purchases show an increase of only 34 million euro. Mention should be made of the commencement of investment in land in Poland, such investment amounting to 35.8 million euro.

The change in the rate of growth of this activity over the last three years and a change in land purchase and turnover policy have been reflected in the generation of flow of operations. In 2002, with a 65% increase in sales, the figure for flow of operations was a negative balance of 185 million euro. The figure for cash flow from operating activities for 2005 is a positive balance of 61 million euro.

An analysis by business lines is provided below:

	Dec-05	Dec-04	Chg. (%)
Total development			
Sales	534.0	571.3	-7
Gross income	122.1	145.3	-16
% sales	22.9%	25.4%	
Sale of land			
Sales	154.6	61.7	151
Gross income	54.9	13.1	319
% sales	35.5%	21.2%	
Brokerage (Don Piso)			
Sales	119.7	108.4	10
Gross income	17.0	14.4	18
% sales	14.2%	13.3%	
Tertiary			
Sales	5.3	26.8	-80
Gross income	4.0	6.8	-41
% sales	75.5%	25.4%	
Intercompany adjustments			
Sales	0.0	-0.1	
Gross income	0.0	0.0	
Operating expenses	-42.0	-34.7	21
Operating income	156.0	144.9	8
% operating margin	19.2%	18.9%	

3.3 Infrastructure

The main financial figures are set out below:

	Dec-05	Dec-04	Chg. (%)
Sales	760.3	614.0	23.8
Gross operating income	479.5	384.0	24.9
Gross margin	63.1%	62.5%	
Gross margin	301.9	246.1	22.7
Operating margin	39.7%	40.1%	
EBT	-18.2	-73.0	-75.1
EBT margin	-2.4%	-11.9%	
Projects capital investment	430	193	

Billings increased by 23.8%. The inclusion of the Chicago toll road, the opening to traffic of the R-4 toll road as from April 2004, the favourable performance of traffic figures for toll roads and airports, and the growth in parking lots have made this growth possible.

Income before taxes includes the non-recurring income from the sale of 5% of Ausol (31.6 million) and the elimination of the provision (40 million euro) corresponding to the Maipo toll road covering future payments under the Exchange Hedge Mechanism.

The investment in project capital has increased significantly due to the disbursement of 375 million euro corresponding to the stake in the capital of the Chicago Skyway toll road.

Toll roads

	Dec-05	Dec-04	Chg. (%)
Sales	579.4	456.4	27.0
Gross operating income	422.2	328.9	28.4
Gross margin	72.9%	72.1%	
Gross margin	267.4	210.8	26.9
Operating margin	46.2%	46.2%	

Billings in respect of toll roads have increased by 27% due primarily to the contribution made by the Chicago Skyway toll road, which contributed sales of 40.7 million euro. If we eliminate this impact, growth would be 18%.

Attention is drawn to the favourable performance of traffic figures, especially on the 407-ETR toll road, where there has been an increase both in the number of vehicles and the average distance travelled. The 407 ETR toll road increased its rates as from 7 February 2005. The rates in force in 2005 were 7.2% higher at peak times (increase up to 14.95 cents Canadian dollar per kilometre). Despite this increase, a 5.3% increase in kilometres travelled was recorded between January and December 2005.

The rate approved for 2006, which came into force in February, represents a 8.7% increase for light vehicles at peak times.

Performance of the main toll roads:

ETR 407

	Dec-05	Dec-04	%	Chg. in local currency
Sales	280.5	237.2	18.3	10.5
Gross operating income	213.0	172.7	23.3	
Gross operating margin	75.9%	72.8%		
Traffic				
Trips per day	283,855	271,892	4.4	
Km. travelled (mill)	2,064.1	1,959.5	5.3	
Exchange rate	1.4983	1.6147	7.2	

Chicago Skyway

	Dec-05	Dec-04	%	Chg. in local currency
Sales	40.7	-	-	-
Gross operating income	29.9	-	-	
Gross operating margin	73.5%	-	-	
Traffic				
Trips per day	48,241	-	-	
Exchange rate	1.2392	-	-	

Ausol			
Ausol Total	Dec-05	Dec-04	%
Sales	57.3	52.8	8.5
Gross operating income	49.4	42.8	15.4
Gross operating margin	86.2%	81.1%	
Ausol I			
Sales	46.2	43.0	7.4
Gross operating income	40.9	35.4	15.5
Gross operating margin	88.5%	82.3%	
ADT	19,973	19,340	3.3
Ausol II			
Sales	11.2	9.8	14.3
Gross operating income	8.5	7.4	14.9
Gross operating margin	75.9%	75.5%	
ADT	18,286	16,565	10.4
Autema			
	Dec-05	Dec-04	%
Sales	36.7	33.7	8.9
Gross operating income	29.2	25.9	12.7
Gross operating margin	79.6%	76.9%	
ADT	19,586	18,326	6.9
M-45			
	Dec-05	Dec-04	%
Sales	22.6	21.1	7.1
Gross operating income	21.5	20.5	4.9
Gross operating margin	95.1%	97.2%	
ADT	79,368	80,280	-1.1
R-4			
	Dec-05	Dec-04	%
Sales	13.4	8.4	59.5
Gross operating income	4.5	3.6	25.0
Gross operating margin	33.6%	42.9%	
ADT	7,268	6,419	13.2
Algarve			
	Dec-05	Dec-04	%
Sales	31.8	30.2	5.3
Gross operating income	27.2	26.2	3.8
Gross operating margin	85.5%	86.8%	
ADT	18,677	17,959	4.0
Chilean toll roads			
	Dec-05	Dec-04	%
Sales	88.9	76.1	16.8
Gross operating income	63.5	54.2	17.2
Gross operating margin	71.4%	71.2%	

Cintra recovered 44% of the initial investment made in the Chicago Skyway toll road following the closure of the operation for the refinancing of the concession, executed in August, for a sum of 1,550 million US dollars. Cintra obtained a total of 206 million US dollars (approximately 166 million euro) through a special distribution. The operation will make it possible to bring the IRR (Internal Rate of Return) for the shareholder up to above 150 base points.

The refinancing has included the placement of a bond issue on the US market for a sum of 1,400 million US dollars, the largest ever made in the country by a toll road concession company, and the obtaining of a subordinated loan of 150 million US dollars. The operation took place seven months after the acquisition of the Chicago Skyway toll road and five months after closure of the syndication of the senior non-recourse credit line of 1,190 US dollars arranged for the purposes of the acquisition.

The bonds are in two series: Series B, amounting to 961 million US dollars with a 21-year term, and Series A bullet, for 439 million US dollars with a 12-year term. The issue made is of FRNs (variable-rate bonds) which are to be converted to fixed rate (both series) and

zero coupon (series B) through the contracting of swaps. This structure will also allow for greater flexibility in future refinancing. The bond issue has been rated Aaa by Moody's and AAA by Standard & Poor's (S&P). Payment of the coupon and principal of the bond issue is secured by the FSA monoline underwriter.

Airports

The accounts for this division result from the full consolidation of 100% of Belfast and Cerro Moreno airports, the proportional consolidation of 50% of Bristol airport and the consolidation by the equity method of Sydney Airport.

	Dec-05	Dec-04	Chg. (%)
Sales	65.8	60.0	9.7
Gross operating income	24.1	22.9	5.2
Gross margin	36.6%	38.2%	
Operating income	16.5	13.1	26.0
Operating margin	25.1%	21.8%	

The most significant event of the year has been the refinancing of Bristol airport, in May, with a credit line of 515 million pounds sterling (770 million euro).

The airports business contributed positive net income of 7.4 million euro, compared with losses of 3.5 million in 2004. This is due primarily to the improvement in Sydney, accounted for by the equity method, which contributes income of 4.4 million as opposed to the 2 million in losses in the previous year.

The performance of the main airports is analysed as follows:

Sydney

	Dec-05	Dec-04	%	Chg. in local currency
Sales	384.2	337.6	13.8	9.6
Gross operating income	313.9	272.5	15.2	
Gross operating margin	81.7%	80.7%		
Operating income	228.3	186.2	22.6	
Operating margin	59.4%	55.2%		
Passengers (000)				
International	18,832	18,207	3%	
National	9,822	9,324	5%	
Total	28,654	27,531	4%	

Bristol

	Dec-05	Dec-04	%	Chg. in local currency
Sales	36.0	33.3	8.0	8.6
Gross operating income	20.9	19.6	6.6	
Gross operating margin	58.1%	58.9%		
Operating income	18.6	17.4	6.9	
Operating margin	51.7%	52.3%		
Passengers (000)				
International	1,394	1,306	7%	
National	3,760	3,301	14%	
Total	5,154	4,607	12%	
Exchange rate	0.6831	0.6793	1%	

Belfast

	Dec-05	Dec-04	%	Chg. in local currency
Sales	27.4	24.6	11.4	12.0
Gross operating income	3.5	0.5	-	
Gross operating margin	12.8%	2.0%		
Operating income	3.5	0.5	-	
Operating margin	12.8%	2.0%		
Passengers (000)				
International	-	-	-	
National	2,210.0	2,064.0	7%	
Total	2,210.0	2,064.0	7%	
Exchange rate	0.6831	0.6793	1%	

Car parks

	Dec-05	Dec-04	Chg. (%)
Sales	119.9	101.4	18.2
Gross operating income	41.7	33.2	25.6
Gross margin	34.8%	32.7%	
Operating income	26.5	23.1	14.7
Operating margin	22.1%	22.8%	
Car parks	238,200	207,447	14.8

The high growth in revenues (+18.2%) is explained primarily by the improvement of the ORA service and the full consolidation of Eguisa. The number of parking spaces has increased significantly due primarily to the adjudication in October of the parking lot for the new Terminal 4 at Barajas airport, with 14,000 parking spaces under exploitation.

3.4. Services

	Dec-05	Dec-04	Chg. (%)
Sales	3,200.1	2,444.5	30.9
Gross operating income	335.3	237.4	41.2
Gross margin	10.5%	9.7%	
Operating income	215.3	158.9	35.5
Operating margin	6.7%	6.5%	
EBT	179.2	101.8	76.0
EBT margin	5.6%	4.2%	
Backlog	7,174	4,973	44.3
Investment	935	120	

Major events in 2005 have been the purchase of an additional 33% of Tubelines, the company entrusted with the management of three London underground lines, and the commencement of airport handling activities, with the purchase of Swissport. These companies were incorporated into the results of Ferrovial as from February and October 2005 respectively.

Ferrovial acquired 100% of the company Swissport, one of the leading airport handling operators worldwide, present in 40 countries and in over 170 airports. The business of Swissport was valued for the purposes of the operation at 1,002 million Swiss francs (641.6 million euro). Ferrovial paid 339 million euro for the shares of the Swiss company and assumed a debt amounting to 302.6 million euro.

Figures for 2005 do not include the Network Rail maintenance contracts which were included in 2004, the services in question being discontinued as from June 2004. Neither do they include the water business, which was sold in September 2004. If we exclude the main effects in relation to the scope of consolidation, the growth in sales is 7%.

The improvement in margins, which is greater than the improvement in sales, is attributable primarily to Tubelines, although the margins for Swissport are lower than the average for the division.

There has been a 44.3% increase in the backlog owing to the entry in 2005 of major contracts such as Cumbria, C-Vehicles and Bedford Shire. This figure does not include the backlog corresponding to the London underground which would contribute an increase of approximately 15,000 million.

Amey

	Dec-05	Dec-04	Chg. (%)
Sales	1,771.1	1,382.9	28.1
Gross operating income	165.6	99.7	66.1
Gross margin	9.4%	7.2%	
Operating income	114.4	74.8	52.9
Operating margin	6.5%	5.4%	
EBT	97.1	58.6	65.7
EBT margin	5.5%	4.2%	
Backlog	4,223	2,822	49.6

The major increase in sales is attributable to a great extent to the inclusion of the additional 33% of Tubelines. Were we to exclude this effect and the loss in 2004 of Network Rail maintenance contracts, the growth in sales would have been 3%.

There has been a major increase in gross operating income, attributable to the greater contribution made by the London underground. In 2004, non-recurring income had been generated, amounting to 20 million euro, at gross income level, corresponding

to earnings on the refinancing of the London underground and compensation received from Network Rail owing to the loss of rail maintenance contracts, following its decision to internalise these services.

The major growth in the backlog is attributable to the entry in 2005 of important contracts such as Cumbria (364 million), C-Vehicles (242 million), Bedfordshires (168 million).

Post balance-sheet events in the division include, most notably, the following:

- The Amey contract in January for the construction, refurbishment, financing and operation or maintenance of schools in Bradford, Yorkshire, UK. The concession, valued at 586 million euro, is for a 30-year term.
- The acquisition of Owen Williams, a civil engineering company specialising in project design and management and the provision of consulting services in relation to the use of road and railway infrastructure, for 35.2 million euro.

Swissport

	Dec-05	Dec-04	Chg. (%)
Sales	261.2		
Gross operating income	14.7		
Gross margin	5.6%		
Operating income	4.4		
Operating margin	1.7%		
EBT	0.8		
EBT margin	0.3%		

Services excluding Amey and Swissport

	Dec-05	Dec-04	Chg. (%)
Sales	1,167.8	1,061.6	10.0
Gross operating income	155.0	137.7	12.6
Gross margin	13.3%	13.0%	
Operating income	96.5	84.1	14.7
Operating margin	8.3%	7.9%	
EBT	81.3	43.2	88.2
EBT margin	7.0%	4.1%	
Backlog	2,950	2,151	37.2

Attention is drawn to the increase in sales combined with the increase in backlog.

4. CONSOLIDATED BALANCE SHEET AT 31-12-05 AND OTHER FINANCIAL AGGREGATES

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	Dec-05	Dec-04
Due from shareholders for uncalled capital		
NON-CURRENT ASSETS	11,230.4	7,343.9
Intangible assets	157.0	85.6
Investment in Concession assets	8,556.6	5,697.8
Property, Plant and Equipment	727.9	563.3
Equity-Consolidated Companies	171.3	172.5
Financial Investment	1,465.1	756.2
Long-term loans	26.2	1.0
Accounts receivable from concession holder companies	824.1	270.6
Other financial assets	614.8	484.5
Derivative financial instruments at fair value	152.4	68.4
GOODWILL ON CONSOLIDATION	1,995.6	1,278.2
DEFERRED TAX ASSETS	444.0	345.7
CURRENT ASSETS	7,741.8	6,193.2
Inventories	1,843.3	1,568.1
Trades and other receivables	3,551.1	2,576.0
Cash and Cash equivalents	2,295.4	2,031.5
Concession companies	723.2	609.9
Other companies	1,572.2	1,421.6
Other assets	51.9	17.6
TOTAL ASSETS	21,411.9	15,160.9
SHAREHOLDER'S EQUITY INCLUDING MINORITY INTERESTS	3,024.9	2,518.4
CAPITAL & RESERVES ATTRIBUTABLE TO THE COMPANY'S EQUITY HOLDERS	2,132.8	1,838.2
MINORITY INTERESTS	892.1	680.2
DEFERRED REVENUES	255.6	202.4
PROVISIONS FOR LIABILITIES AND CHARGES	375.3	254.9
NON-CURRENT LIABILITIES	10,138.2	6,748.2
Borrowings	9,569.2	6,500.7
Concession companies	8,694.4	5,884.6
Other companies	874.9	616.2
Other liabilities	317.1	178.4
Derivative financial instruments at fair value	251.8	69.1
DEFERRED TAX LIABILITIES	338.7	258.0
CURRENT LIABILITIES	6,946.9	4,864.0
Short-term payables	1,748.0	845.6
Concession companies	752.8	178.2
Other companies	995.3	667.5
Trade accounts payable	4,402.3	3,337.3
Other short-term payables	748.3	632.9
Other liabilities	48.3	48.2
TRADE PROVISIONS	332.3	314.9
TOTAL LIABILITIES	21,411.9	15,160.9

4.1 Net cash position at 31-12-05

	Ferrovia	Concession companies	Total
Debt	1,870.1	9,447.2	11,317.3
Long term	874.9	8,694.4	9,961.9
Short term	995.3	752.8	1,355.4
Cash and cash equivalents	1,598.4	723.2	2,321.6
Net position	-271.8	-8,723.9	-8,995.7
% of total	3%	97%	100%
Leverage	9%		

Analysed below are changes in net cash position by divisions:

	Dec-05	Dec-04	Chg.
Concession companies	-8,723.9	-5,452.8	-3,271.2
Other companies	-271.8	138.9	-410.7
Construction	1,938.3	1,781.0	157.3
Real estate	-706.0	-730.5	24.6
Infrastructure	429.3	421.0	8.3
Services	-1,469.3	-695.0	-774.3
Corporation	-572.2	-608.5	36.4
Other	108.0	-29.0	137.1

Changes in cash during the year have been as follows:

Cash at beginning of 2005	139.0
Cash flow from operating activities	1,150.5
Cash flows from investing activities	-1,407.8
Investments	-1,626.3
Desinvestments	218.5
Cash flows from of shareholders and minority interests	-153.4
Dividends paid and other	-132.6
Financing income	-20.8
Debt at end of 2005	-271.8

The investment figure and figure for generation of cash flows from operating activities for 2005 are the highest since the IPO in 1999.

Despite this investment effort, net debt results in leverage of only 9%.

4.2 Cash flow by divisions (with concession companies consolidated by the equity method)

	Dec-05	Dec-04
Cash flows from operating activities	1,150.5	650.4
Construction	501.8	269.8
Infrastructure	414.3	135.6
Real estate	61.4	17.0
Services	169.4	187.1
Corporation/Rest	3.6	40.9
Cash flows from investing activities	-1,407.9	-313.2
Construction	-237.7	-23.6
Infrastructure	-376.6	-229.9
Real estate	-21.1	4.5
Real estate	-915.2	-52.7
Corporation/Rest	142.7	-11.4
Cash Flow from activity	-257.4	337.2

The cash flow from operating activities is net of taxes and includes payments made for land, which in 2005 amounted to 234 million euro.

The cash flow of infrastructure activity includes amounts received by way of dividends and reimbursements of capital.

Attention is drawn in 2005 to the cash flows obtained thanks to the re-leveraging of the Chicago Skyway toll road and Bristol airport, which have contributed amounts of 116.2 and 87.6 million euro to the flow of operations.

The rest of the cash flow for the infrastructure division corresponds primarily to the flow generated by the parking lot activity (approximately 47 million).

4.3 Gross investments for the period

	Dec-05
Construction	287.7
Webber	179.0
Real estate (without land)	9.6
Infrastructure	430.4
Chicago	374.8
Services	934.8
33% Tubelines	137.8
Swissport	641.6
Other	2.2
Total	1,664.6

In addition, the real estate division has made gross purchases of land amounting to 339.3 million.

In relation to disinvestments, mention should be made of the sale of the holding in the telecommunications operator ONO (145.0 million) and the sale of 5% of the holding in Ausol (39.7 million).

II. DEVELOPMENTS IN ENVIRONMENTAL ACTIVITIES

Environmental policy occupies a position of prominence among Ferrovial's various corporate responsibility commitments.

The requirements and commitments established under this policy include the following:

- The steady improvement of the environmental aspects of its production activities, through studies – based on technical and economic criteria - of best practices applicable to its activity sectors.
- Optimisation in the use of natural resources and the introduction of criteria of maximum energy efficiency.
- Compliance with environmental legislation applicable to its activities.
- The putting in place of environmental management systems certified by recognised bodies, in those business areas which involve significant environmental risks.
- Active communication with the Public Administration, NGOs and social organisations, contributing solutions for the protection of the environment and to prevent pollution.

The operation of these policies is reflected, specifically, in the use of environmental management systems in Ferrovial's business activities.

The extent to which targets in this area are met is defined by establishing objective indicators and monitoring factors in respect of environmental performance.

The annual report published by the company provides detailed information on developments in all these indicators in 2005.

III. DEVELOPMENTS IN HUMAN RESOURCE ACTIVITIES

Human resource policies, like environmental policies, are fundamental among Ferrovial's corporate social responsibility commitments.

The Human Resource activities of Ferrovial are geared towards meeting two objectives: guaranteeing the sustained growth of the organisation and developing employees' potential so as to increase the company's competitiveness in the market.

The annual report published by the company provides detailed information on developments in 2005 in Human Resource activities and in the principle indicators in this area.

IV. PRINCIPAL RISKS AND UNCERTAINTIES FACING THE COMPANY

The activities of Ferrovial take place in different countries, with different socio-economic environments and regulatory frameworks. The risks deriving from the businesses and sectors in which the company operates are therefore of a varied nature.

As a general rule, Ferrovial regards as significant those risks which may compromise the economic profitability of its activity, the financial solvency of the company involved or the Group, its corporate reputation and the integrity of its employees. The main risks are the following:

- Risks relating to deficiencies or delays in the execution of work or performance of services provided to customers and users.
- Environmental risks.
- Financial risks.
- Risks deriving from damages caused.
- Risks relating to workers' health and safety.
- The risk of damage to group company property and assets.

The Company has in place control systems designed to identify, measure, assess and prioritise risks. These systems generate sufficient information of a reliable nature, enabling the various units and bodies with competence in the area of risk management to decide in each particular case whether the risk should be assumed in controlled conditions, reduced or avoided.

The Annual Corporate Governance Report sets out the information mentioned above in the section entitled "Risk Control Systems".

V. BUSINESS OUTLOOK

Ferrovial has maintained throughout 2005 its strategy of expansion and diversification in all the sectors to which its activities extend, beginning the new year well positioned to maintain its leadership, growth and profitability.

Construction activity in Spain is expected to continue growing in 2006, although at a slower rate than in 2005. Whereas the growth rate for 2005 was 5.9%, analysts' estimates, on average, set growth for 2006 at 4.5%. This deceleration in growth is explained by a major decrease in building (2.2% as opposed to 3.5%), despite the maintaining in 2006 of growth in public works (5.5% as opposed to 5.4%). Against this backdrop, Ferrovial will attempt to maintain its market position, placing emphasis on the competitiveness of its bids, yet at the same time maintaining adequate levels of profitability.

In its Construction activity and at international level, Ferrovial will continue with its international diversification strategy, supported by the increasing global experience built up by Ferrovial Agromán and the Infrastructure business which can be contributed by the other Group Divisions, particularly in the developed markets of OECD countries and markets of difficult access, such as the United States. This is reflected in the increased weight, this year, of international activity, with billings accounting for 43.3% of the total turnover of Ferrovial, 46.4% of its operating income and 19.6% of net income (as opposed to 36.9%, 41.7% and 4.6% respectively in 2004).

During 2005, Ferrovial has consolidated its presence in the United States through the acquisition of the Webber construction company, active in public works infrastructure development sectors, the recycling of aggregates and the extraction and supply of sand in the State of Texas. For 2006, the State of Texas envisages a 22% increase in invitations to tender, from US\$ 4.53 billion in 2005 to US\$ 5.51 billion in 2006. We should recall that historically, the level of compliance with forecasts in respect of invitations to tender in Texas has been extremely high, (101% in 2005), and this reduces considerably the level of uncertainty.

In addition, Budimex continues to be a company of reference in the Polish construction market, where growth of 10% is forecast for 2006, as opposed to 8% last year, with increases in both public works (14.0% in 2006 as opposed to 12.0% in 2005) and in building (7.5% in 2006 as opposed to 4.5% in 2005). This has favoured the expansion of the real estate business, through the joint venture formed during this year by Budimex and Ferrovial Inmobiliaria for the purpose of exploiting the synergies between the two sectors.

In the Infrastructure division, the situation of many major projects, which are at the initial stages, and the favourable development of those more mature projects forming part of the division's backlog, imply for Ferrovial major potential for the creation of value. Mention should be made, in relation to 2005, of the opening to traffic of the N4/N6 toll road in Ireland, and the consolidation of those toll roads opened to traffic in the previous year, such as the R4 Madrid radial road and the Euroscut Algarve in Portugal. The Ocaña-La Roda toll road in Spain and Euroscut North toll road in Portugal are expected to open in 2006.

In this sector, the most important breakthrough in terms of Transport Infrastructure projects worldwide has been in the United States. In response to this opportunity, Ferrovial has reaffirmed in 2005 its diversification strategy and presence in the US market through the consolidation of concession contracts acquired in 2004 (Chicago Skyway), and participation in new projects. Attention is drawn to its naming as 'strategic partner' for a period of 50 years for the design and planning of an intermodal infrastructure corridor in Texas, the largest ever developed in the US.

Forecasts for 2006 in the US are highly favourable, as we see from the recent adjudication of the Indiana project (with a total investment of 3,173 million euro, of which 635 million euro correspond to capital pending disbursement). They are also favourable in Europe, where developments in 2005 include the adjudication of the Mantova-Cremona project (with an investment of 944 million euro).

Lastly, in the Parking Lots area, the number of parking spaces has increased in 2005 by 30,753 (+ 14.8% with respect to 2004). The outlook for 2006 is also favourable, with growth expected in the number of spaces, primarily in the off-street (rotación) and on-street controlled (zona azul) businesses.

On the other hand, the attractiveness of the airports business continues to increase, both in the public and in the private sectors. The recovery following the 11th September crisis, Asian pneumonia and the Iraq war, demonstrates the market's capacity for regeneration and adaptation. Traffic forecasts, moreover, continue to grow. According to the IATA, average growth of 5.6% in the number of passengers and of 6.3% in flights is forecast for the period 2006-2010, with growth in all areas. In 2005, the growth in passenger numbers in the airports in which Ferrovial is present has exceeded these forecasts, with variances of 12.2% in Antofagasta (Chile), 11.9% in Bristol, 7.1% in Belfast and 4.1% in Sydney.

In the Services area, the process of absorption of the businesses acquired in 2003 (Grupo Cespa in Spain and Amey in the United Kingdom) has been completed, and these businesses are now full integrated in terms of the Group's philosophy and strategy. Over these first few years of management, these businesses have made a major contribution both to income in these areas and to the generation of cash flows, and this contribution is expected to increase over the next few years. Attention is also drawn to the agreement reached with Jarvis in January 2005 for the acquisition of a further 33% of Tubelines, the company which manages the maintenance and upgrading of the London underground. This operation has permitted the control of Tubelines, bringing the ownership percentage up to 66%.

In the United Kingdom, the PFI/PPP sector - projects for the development and private financing of infrastructure and services - has matured and consolidated its position. Growth forecasts, which are still significant, and the natural process of improvement and selection of competitors - in which connection the favourable progress of the overhaul of Amey in comparison with the difficulties being encountered by other operators is highly indicative - point to a positive future for those businesses able to contribute value through their management. An example of Ferrovial's focus on this market is the announcement made at the beginning of the year of the acquisition, by Amey, of the professional services company Owen Williams. This is strategic to the focus on long-term comprehensive service contracts, building up the capacity to offer comprehensive support services, from design through to management and maintenance/operation. The acquisition is the response to a growing trend in public tendering in the road, rail and local government sectors, which are demanding companies capable of providing a complete range of support services. With more than eighty years' experience, Owen Williams is the main supplier of professional support services to a wide range of public bodies. Attention is drawn to its participation in some of the most emblematic projects in the United Kingdom, such as the Wembley Stadium and the Daily Express offices in London, Manchester and Glasgow.

Forecasts for the urban services sector in the short- and medium- terms indicate that growth will be maintained, the total value of the market possibly reaching a 6.4% growth rate in 2006, bringing it up to 3,810 million euro. The entry of new companies is envisaged over the forthcoming years although at a slower rate than in the past given that new concessions are dwindling in number, and in view also of the solid position enjoyed by the three main groups following the mergers which have taken place over the last two years (Ferrovial Services, FCC and Urbaser). The five main companies in the sector (the three named above plus Tecmed and Lipasam) account for a market share at 2005 of 71.7%.

In the case of maintenance and cleaning, short- and medium-term forecasts indicate an annual average growth rate of 8%. Attention is also drawn to the trend towards replacement of the old facility management arrangements, with PPP and PFI contracts.

In the area of infrastructure maintenance, the presence of Ferrovial has been reinforced through the acquisition of 20% of the capital of Madrid Calle 30. This company's corporate purpose is the management of services for the upgrading, maintenance and exploitation of the M-30 urban roadway, through the formation of a mixed finance (public-private association) company, for a period of 20 years. Growth in this market in 2006 may also be significant, the tendering of contracts for the maintenance and refurbishment of the network of dual carriage-ways in Spain being envisaged for this year.

In relation to its handling activity, Ferrovial has established itself as a company of reference for the sector through the acquisition of Swissport, a world leader in the independent management (associated with no airline or airport) of airport handling services. Swissport has two main lines of business: passenger and ramp services (ground handling) and cargo handling, and occupies a leading position in both. The company also provides other airport services such as fuelling, security, management of cargo containers for aviation, and executive aviation services.

Swissport has expanded rapidly into other countries since the late 1990s by setting up operations in new airports and acquiring local companies with leading market shares. The company currently operates at more than 170 airports in 40 countries, handling around 70 million passengers and servicing over 650 airlines worldwide. The passenger and cargo handling business, traditionally associated with the airlines and airports themselves, is estimated to be worth 26,000 million euro in annual revenues. The business is projected to expand rapidly, at over 5% per year in the coming years. Growth in air traffic (both passenger and cargo), worldwide liberalisation of airport management and the growing trend towards outsourcing of handling by airlines support this favourable forecast.

In relation to the real estate sector, 2005 has seen continued growth despite pessimistic reports of saturation in the sector and the debate with respect to the reasonableness of housing prices. Price levels have increased by up to 160% since 1997 and the number of homes on which work has commenced has reached 700,000 / year for each of the last two years.

The change in demographic and social model (increase in the number of second homes in Spain owned by foreigners, immigration, the number of divorces) would appear not to be significant enough to counteract this trend; the forecasts for homes commenced per year between 2006 and 2010 remain within the 550,000-600,000 range. Moreover, whereas in the first nine months of 2004 prices grew by 17%, in 2005 this rate has fallen to 13%. This situation may get worse, due to the slight increases in interest rate forecasts and limited growth of GDP / employment at around 3%. This deterioration may be nevertheless be lessened thanks to the facilities offered by the mortgage market (increases in the duration of mortgage loans and in the financing limit).

The strategy of Ferrovial, based on focusing its residential development activity under an industrial concept of the business, risk control and efficient selection of land, together with comprehensive commercial management and the diversification of marketing channels - in which context we find the extensive Don Piso sales network, through which it has continued to develop its brokerage activity - place Ferrovial Inmobiliaria in a highly favourable position from which to take on the new challenges and brave the less favourable climate which it may encounter in the coming year.

The backlog of committed sales at the 2005 year end, which exceeds 1 billion euro, continues to provide a solid base guaranteeing a favourable performance by this division in the short term.

Ferrovial's strategy of international diversification is also clearly evident in this sector, in its penetration of the Polish market through Budimex. In the Polish market, the number of homes commenced between 2002 and 2005 has gone from 77,000 to 106,000, and this trend is likely to continue (growth over the last year has been over 8%).

The information provided with respect to the different businesses and markets in which Ferrovial is present, confirm its vocation as a multi-national, highly-diversified group, its strategy and management approach to date having been established as the correct routes, now to be explored in greater depth. Based on such information, the outlook for 2006 also appears favourable, with foreseeable results and quality of results which are to a great extent guaranteed by the major backlogs of contracts won and sales already made.

VI. TECHNOLOGICAL ACTIVITIES

Ferrovial has continued throughout 2005 to develop its technological activities in the different areas in which it operates:

In the infrastructure area, Cintra has positioned itself as a forerunner in the application of the most advanced technical solutions in the development of its activity. An example are the toll roads whose exploitation is based on free-flow, fully automatic tele-toll systems, such as that in use in the 407-ETR Toronto toll road, which is most advanced toll-paying system in the world. Cintra also participates actively in the main technological initiatives in its sector in those countries in which it is present, particularly projects of continental scope backed by the European Commission.

In 2005, the most important introduction of systems in the concessions area has been in the N4 (Kinnegad-Kilcock) toll road in Ireland, in which both conventional and tele-toll systems have been put in place. The transactions information system developed for the N4 is an upgraded version of the "Back office" system introduced in the Madrid Radial 4 roadway, adapted to the Irish legal and administrative context. Like the Radial 4 system, it is installed on standard hard- and software platforms which are not manufacturer-owned.

In the Chicago Skyway toll road, a concession won during the previous year and which was accepted in January 2005, improvements have been made to the toll system consisting of the adaptation of "back office" functions to increase internal control and reporting capacity, and inter-operable tele-toll equipment and antennae have been installed.

In Portugal, the control systems for the North Coast toll road, operated under a shadow toll system, started up during the period June to November of 2005. These systems include 36 traffic counters with capacity to transmit data and images, and detection systems in the two tunnels corresponding to the concession.

In terms of innovation projects, Cintra has been developing in 2005 a pilot project for the detection and management of queues in toll-paying areas, which will be operational in Ausol as from next Spring. The purpose of this system is to facilitate decision-making by concession companies to prevent the formation of queues.

In Parking Lots, in the aforementioned infrastructure area, the technological activity in 2005 has included, most notably, the "FREE" project. This is a centralised system integrated with the control equipment of various suppliers, which makes it possible to provide in real time via the Internet, data on free parking spaces in the central parking lots of Madrid. Such data can also be accessed using electronic organizers (PDAs).

In the area of Construction, the technical offices have continued work on the development of new construction techniques through Ferrovial Agromán, S.A., and on aspects relating to water treatment, specifically through the R&D area of Cadagua, S.A. The Ferrovial Agromán Group remains at the forefront in the application of the most advanced techniques in the construction sector, participating in research and development activities which further its progress towards this objective. Maintaining its commitment towards quality and the environment, it has continued to apply in its activity the production and management processes in respect of which the AENOR certification was awarded for compliance with standards ISO 9,001 and 14,001.

Finally, in the Services area, and in relation, specifically, to waste management and treatment, Cespa has been engaged in various projects involving new computer technologies for the management of contracts in its area of activity, the biological assessment of waste, and the reutilization of toxic waste.

VII. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Detailed information with respect to these policies is provided in the notes to the consolidated group financial statements.

VIII. SHARE PERFORMANCE, TREASURY STOCK AND MAJOR SHAREHOLDERS

The Ibx-35 index ended the year up 18.21%, at 10,733.9 points, the third consecutive year in which an increase has been recorded. The profitability of the Spanish index is around average for European equities; this is far higher than the American average (20% as opposed to 1%).

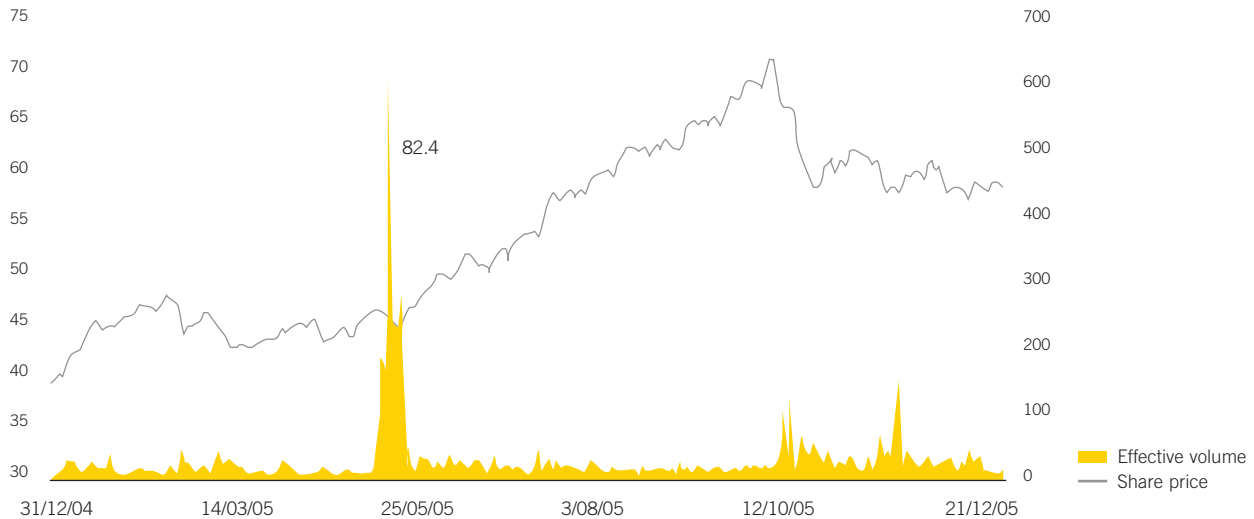
The stock exchange in 2005 has surpassed expectations at the beginning of the year, boosted mainly by the lack of alternatives to equities, against a backdrop of low interest rates. Various obstacles were overcome during 2005, such as the increase in interest rates on both sides of the Atlantic (this happened in the US before Europe), the historic record in oil prices, the terrorist attacks on London, and the depreciation of the euro with respect to the dollar.

This has been Ferrovial's fifth consecutive year of increase in the stock market value of its shares, with annual appreciation of 49%, the highest since it was first listed on the Stock Exchange in 1999. The Company reached its all-time record share price on 4 October, with a price of 71.45 euro, implying annual appreciation of 82%. The price of its shares fell during the last quarter, ending the year on 58.50, with stock market capitalisation amounting to 8,206 million euro.

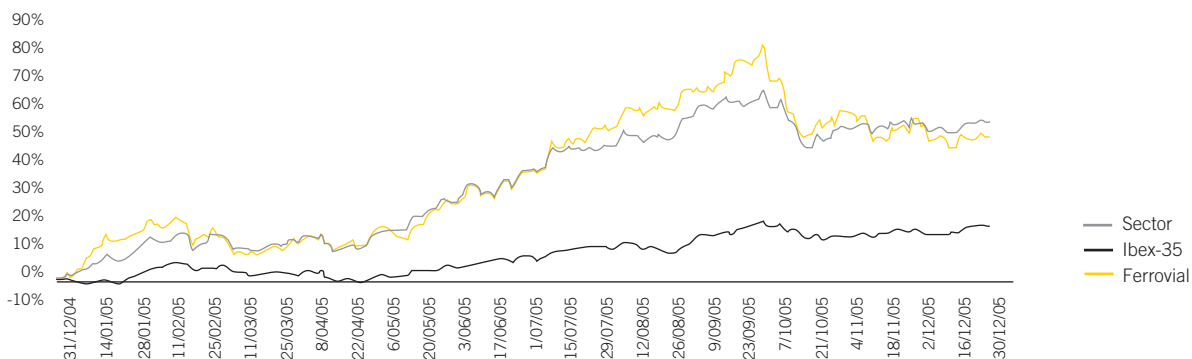
Performance by Ferrovial, Ibx 35 and the Sector index: 1999-2005

	1999	2000	2001	2002	2003	2004	2005	1999-2005
FER	-37%	-6%	45%	23%	15%	42%	49%	163%
IBEX	18%	-22%	-8%	-28%	28%	17%	18%	9%
Sector	-26%	-7%	26%	4%	25%	27%	54%	120%

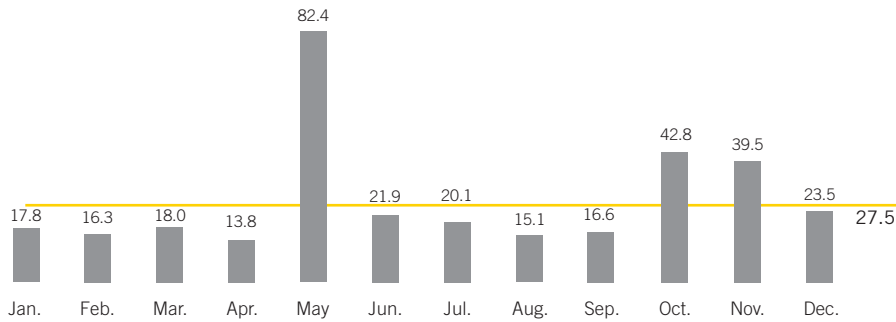
SHARE PERFORMANCE AND TRADING VOLUME IN 2005



PERFORMANCE BY FERROVIAL, IBEX 35 AND THE SECTOR INDEX IN 2005



AVERAGE DAILY TRADING (AMOUNT)



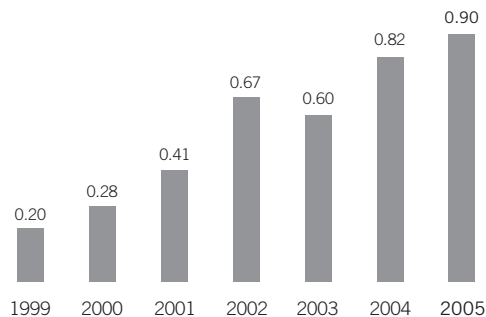
Share data (in euro)

	2005 IAS	2004 IAS	2004	2003	2002	2001	2000	1999
Closing price	58.5	39.32	39.32	27.78	24.15	19.69	13.6	14.4
High	71.45	39.8	39.8	28.29	28.95	22	18.35	23.55
Low	39.07	27.6	27.6	21.91	19.7	13.53	11.75	14.2
Weighted average	52.15	34.02	34.02	24.62	24.7	18.58	14.23	20.17
Trading volume in year (million euro)	7,038.6	4,307.48	4,307.48	3,007.60	2,539.49	1,587.50	1,144.80	1,143.90
No. of shares traded (in year)	134,968,415	126,599,317	126,599,317	122,158,971	102,641,026	85,425,146	80,475,919	56,710,300
Average daily volume (million euro)	27.5	17.2	17.2	12	10.2	6.3	4.6	6.8
Capital rotation	96%	90%	90%	87%	73%	61%	57%	40%
Capitalisation (million euro)	8,205	5,515	5,515	3,897	3,387	2,762	1,908	2,047
Capital stock (no. of shares)	140,264,743	140,264,743	140,264,743	140,264,743	140,264,743	140,264,743	140,264,743	142,132,147
Share par value	1 euro	1 euro	1 euro	1 euro	1 euro	1 euro	1 euro	1 euro
Gross dividend per share*	0.90	0.82	0.82	0.60	0.67	0.41	0.28	0.20
Share multiples								
Earnings per share (EPS)*	2.97	3.78	3.97	2.43	3.25	1.56	1.14	0.78
Book value per share	21.57	17.95	16.06	12.5	10.66	8.54	7.48	6.53
Price/book value	2.71	2.19	2.45	2.22	2.27	2.31	1.82	2.21
P/E (share price/EPS)*	19.73	10.40	9.90	11.44	7.43	12.62	11.93	18.41
Total shareholder return (%)	51.07%	44.50%	44.50%	17.50%	26.10%	47.80%	-3.60%	-36.40%

* These figures were affected significantly in 2002, 2003 and 2004 by extraordinary results.

As can be seen from the following graph, the amount of dividends distributed by the group has increased considerably since Grupo Ferrovial was first listed on the Stock Exchange in 1999.

DIVIDENDS



Treasury stock

The situation with respect to treasury stock at 31 December is as follows:

	Dec-05	Dec-04	2003
No. of shares	207,008	207,008	1,161,637
% of capital	0.15%	0.15%	0.83%
Cost per books	4,364 thousand euro	3,209 thousand euro	14,949 thousand euro
Cost per share	21.09 euro	15.50 euro	15.15 euro

During 2005, 89,134 treasury stock shares have been bought and sold, there being no change in the closing balance for the year. The impact generated amounted to 37 thousand euro in reserves.

Body of shareholders (*)

Shareholder	Country	No. shares	% capital
Controlling shareholders	Spain	81,789	58.3%
Fidelity management and research company	USA	1,284	0.9%
William Blair and company	USA	1,161	0.8%
Schroder Investment management Ltd	UK	1,150	0.8%
DIT	Germany	652	0.5%
Santiago Bergareche Busquet	Spain	606	0.4%
AIM Management Group	USA	593	0.4%
Julius Baer Investment management Inc	USA	559	0.4%
Northwestern Mutual	USA	432	0.3%
Templeton Investment	USA	378	0.3%
American Century	USA	370	0.3%

(*) Source: Bloomberg – February 2006

Indices in which Ferrovial is included:

IGBM
 Madrid Stock Exchange Construction index
 IBEX-35
 Ibex Industrial and sundry
 Bloomberg European 500
 Bloomberg European 500 Construction and Engineering
 Bloomberg European Industrials Index
 DJ Euro Stoxx Price Index
 DJ Euro Stoxx Construction
 DJ Stoxx 600
 DJ Stoxx Construction
 Morgan Stanley Capital International (MSCI)
 FTSE Eurotop 300
 S&P 350

Corporate social responsibility indexes

DJSI – Dow Jones Sustainability World Index
 DJSI – Dow Jones Sustainability Stoxx Index
 FTSE4Good Europe Index
 FTSE4Good Global Index
 Ethibel
 ASPI Eurozone

IX. REPORT OF THE AUDIT AND CONTROL COMMITTEE

COMPOSITION AND FUNCTIONS

The composition of the Audit and Control Committee in 2005 has remained unchanged with respect to the 2004. All committee members therefore continue to be External Directors, in accordance with the stipulations of the Board of Directors Regulations.

Neither has there been any change in its functions. This Committee, in accordance with the Board of Directors Regulations, is attributed duties in relation, primarily, to external auditors, the management of internal audits, financial information, corporate governance, and risk control. These areas of competence are described in detail in the Annual Corporate Governance Report.

The Committee met five times during 2005.

ACTIVITIES

Economic-financial information

The Audit and Control Committee assists the Board of Directors in ensuring that the financial information which the Company is required to report on a regular basis is correct and reliable.

Prior to examination by the Board of Directors and presentation to the appropriate authorities or markets, the Committee therefore analyses both the annual financial statements and quarterly and half-yearly data, in collaboration with the General Economic and Financial Management.

External audit

The Company's external auditors appeared before the Committee in relation to the presentation of the annual accounts for 2004. During this meeting, they provided information with respect to the scope of the audits undertaken, the methods and time-scales used, the accounting principles and standards employed in the preparation of the accounts, and other issues relating to their duties.

The external auditors of other Group companies informed the Committee similarly in both manner and content.

In this connection, the Audit and Control Committee has proposed to the Board of Directors - which in turn will refer the matter for consideration by the General Meeting in 2006 -, that the appointment of the Company's external auditor be renewed.

International Accounting Standards

In 2005 the Commission has been informed with respect to the advances made in the introduction, at internal level, of new accounting rules, and the main changes to the financial statements resulting from such introduction, the financial statements having been drawn up under these new rules in respect of the Company's consolidated group for the first time.

Corporate governance

The Committee has performed various functions in the area of corporate governance:

- It examined the Annual Corporate Governance Report for 2004 prior to its submission to the Board of Directors.
- It analysed the new legal rules in relation to the manner of presenting information on related-party transactions.
- It reported on transactions taking place between directors and senior management and the Company and group companies, for subsequent approval by the Board of Directors.

Risk analysis and risk control systems

The examination of risk analysis work and risk control systems, undertaken by this Committee on a regular basis, has continued throughout 2005.

The Quality and Environmental Management has informed the Committee with respect to modifications arising in relation to information previously provided, most notably the inclusion in the analysis of new Group companies, the introduction of new evaluation processes, and the improvement of the policy with respect to insurance.

Control procedures

A project for the examination of control procedures in place within the Group has been started up during 2005 and is expected to be concluded in 2006. This study focuses on the systematisation and description of current controls and consideration shall be given to the introduction of other new control procedures, based either on regulatory criteria or comparative experiences.

Other activities

The Committee has analysed other issues with the collaboration of the Company's different management units. It requested the undertaking of a study on environmental information, to verify the quality of the data of this kind prepared by the Company, the findings of such study being favourable. It has also examined in detail information of other kinds issued by Ferrovial externally, for the purpose of analysing, among other issues, the information reaching Board members.

Lastly, it should be mentioned that work has commenced on two projects for the specific examination, during 2006, of the risks present, on the one hand, in the Group's different areas and activities, and on the other hand, in its information systems.

Consolidated Financial Statements

Grupo Ferrovial, S.A. and Subsidiaries

CONSOLIDATED BALANCE SHEET FOR 2005 AND 2004

			Thousand euro		
A S S E T S	NOTE	2005	2004		
NON-CURRENT ASSETS		11,230,440	7,343,857		
Intangible assets	4	157,041	85,621		
Investments in concession assets	5	8,556,601	5,697,776		
Property, plant and equipment	6	727,928	563,319		
Equity-consolidated companies	7	171,343	172,535		
Financial investments	8	1,465,131	756,176		
Accounts receivable from concession holder companies		824,120	270,646		
Available-for-sale financial assets		6,920	101,719		
Other financial assets		634,091	383,811		
Derivative financial instruments at fair value	9	152,396	68,430		
GOODWILL ON CONSOLIDATION	10	1,995,646	1,278,229		
DEFERRED TAX ASSETS	22	444,035	345,663		
CURRENT ASSETS		7,741,756	6,193,167		
Inventories	11	1,843,302	1,568,055		
Trade and other receivables		3,551,132	2,576,014		
Trade receivables for sales and services	12	2,988,215	2,184,334		
Trade receivables from associates		1,790	800		
Other receivables	13	482,182	403,912		
Current deferred tax assets	22	232,220	142,368		
Provisions	14	-153,275	-155,400		
Cash and cash equivalents	19	2,295,378	2,031,507		
Concession-holder companies		723,208	609,939		
Rest of companies		1,572,170	1,421,568		
Other assets		51,944	17,591		
TOTAL ASSETS		21,411,877	15,160,916		
			Thousand euro		
LIABILITIES AND EQUITY		2005	2004		
EQUITY		3,024,949	2,518,401		
CAPITAL AND RESERVES ATTRIBUTABLE TO THE COMPANY'S EQUITY HOLDERS	15	2,132,802	1,838,205		
Share capital and share premium		333,457	333,457		
Revaluation surplus		-2,667	5,095		
Retained earnings and other reserves		1,802,012	1,499,653		
MINORITY INTEREST	16	892,147	680,196		
DEFERRED INCOME	17	255,572	202,361		
PROVISIONS FOR LIABILITIES AND CHARGES	18	375,291	254,919		
NON-CURRENT LIABILITIES		10,138,170	6,748,248		
Borrowings		9,569,241	6,500,740		
Bonds and other negotiable securities issued by concession holder companies	19	5,251,963	3,553,569		
Bank borrowings, concession holder companies	19	3,442,405	2,330,987		
Bank borrowings, rest of companies	19	848,235	614,519		
Other borrowings		26,637	1,665		
Other liabilities	20	317,143	178,410		
Derivative financial instruments at fair value	9	251,786	69,098		
DEFERRED TAX LIABILITIES	22	338,652	258,026		
CURRENT LIABILITIES		7,279,243	5,178,961		
Borrowings		1,748,049	845,641		
Bonds and other negotiable securities issued by concession holder companies	19	517,291	43,443		
Bank borrowings, concession holder companies	19	235,496	134,716		
Bank borrowings – rest of companies	19	993,133	661,267		
Other borrowings		2,129	6,215		
Trade and other payables		5,150,609	3,970,243		
Accounts payable to associates	21	106,893	95,331		
Trade payables	21	4,295,450	3,241,981		
Current deferred tax liabilities	22	260,056	164,212		
Other non-trade payables	21	488,210	468,719		
Trade provisions	14	332,310	314,920		
Other liabilities		48,275	48,157		
TOTAL LIABILITIES AND EQUITY		21,411,877	15,160,916		

Notes 1 through 43 form part of the Consolidated Financial Statements at 31 December 2005.

CONSOLIDATED INCOME STATEMENT FOR 2005 AND 2004

		Thousand euro	
	NOTE	2005	2004
Sales		8,989,093	7,254,011
Increase in inventories of finished products and work in progress		142,660	79,862
Other operating revenue		76,284	67,539
TOTAL OPERATING REVENUE	24	9,208,037	7,401,412
Materials consumed and other external expenses		4,942,181	3,958,168
Staff expenses	25	1,907,094	1,536,578
a) Wages, salaries and similar compensation		1,577,986	1,251,138
b) Staff welfare expenses		329,108	285,440
Non-current asset depreciation and amortisation		332,516	244,253
Change in trade provisions		97,316	104,473
Other operating expenses		1,057,635	841,176
TOTAL OPERATING EXPENSES		8,336,742	6,684,648
OPERATING RESULTS	27	871,295	716,764
Financial results, concession holder companies		-375,127	-339,394
Financial results, rest of companies		-15,333	-10,758
Financial results, financing		-20,789	-26,100
Financial results, other items		5,456	15,342
FINANCIAL RESULTS	28	-390,460	-350,152
SHARE OF RESULTS OF EQUITY-CONSOLIDATED COMPANIES		7,587	-2,219
OTHER PROFIT AND LOSS	29	72,998	311,946
CONSOLIDATED INCOME BEFORE INCOME TAX	30	561,420	676,339
Income tax	22	173,231	169,110
CONSOLIDATED INCOME FROM CONTINUING OPERATIONS	31	388,189	507,229
NET INCOME FROM DISCONTINUED OPERATIONS	32	0	31,779
CONSOLIDATED INCOME FOR THE YEAR		388,189	539,008
INCOME ATTRIBUTED TO MINORITY INTEREST	16	27,663	-10,456
INCOME FOR THE YEAR ATTRIBUTED TO PARENT COMPANY		415,852	528,552
EARNINGS PER SHARE	33		
From continuing operations		2.97	3.55
Basic		2.97	3.55
Diluted			
From discontinued operations		—	0.23
Basic		—	0.23
Diluted			

Notes 1 through 43 form part of the Consolidated Financial Statements at 31 December 2005.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AT 31 DECEMBER 2004 AND 2005

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AT 31 DECEMBER 2004 AND 2005

(Thousand euro)

	BALANCE	Distribution of results		Change	Parent	Change in	Exchange	Hedges	Other	Interim	2004	BALANCE
	AT 01-01-04	Dividends	Reserves	in treasury	company	provision for	differences					profit
Share capital (note 15.1)	140,265											140,265
Treasury shares (note 15.1)	-14,949			11,809								-3,140
Share premium (note 15.1)	193,192											193,192
Legal reserve (note 15.1)	28,053											28,053
Treasury share provision (note 15.1)	12,060				-13,352	2,634						1,342
Parent company share provision (note 15.1)	2,889				-1,091							1,798
Other provisions (note 15.1)	534,733		52,132		13,352							600,217
Value adjustments in equity (note 15.2)	3,991							1,104				5,095
Reserves in consolidated companies (note 15.3)	153,072		204,545		1,091				20,926			379,634
Exchange gains/(losses) (note 15.3)	0						-1,759					-1,759
Interim dividend	-30,646	30,646								-35,045		-35,045
Profit	340,584	-83,907	-256,677								528,552	528,552
CAPITAL AND RESERVES ATTRIBUTABLE TO THE COMPANY'S EQUITY HOLDERS	1,363,244	-53,261	0	11,809	0	2,634	-1,759	1,104	20,926	-35,045	528,552	1,838,204
MINORITY INTEREST (note 16)	466,382											680,197
TOTAL EQUITY	1,829,626											2,518,401

STATEMENT OF CHANGES IN EQUITY AT 31 DECEMBER 2005

(Thousand euro)

	BALANCE	Distribution of results		Change	Parent	Change in	Exchange	Hedges	Other	Interim	2005	BALANCE
	AT 01-01-05	Dividends	Reserves	in treasury	company	provision for	differences					profit
Share capital (note 15.1)	140,265											140,265
Treasury shares (note 15.1)	-3,140			-251								-3,391
Share premium (note 15.1)	193,192											193,192
Legal reserve (note 15.1)	28,053											28,053
Treasury share provision (note 15.1)	1,342				1,206	-956						1,592
Parent company share provision (note 15.1)	1,798											1,798
Other provisions (note 15.1)	600,217		64,832		-1,206							663,843
Value adjustments in equity (note 15.2)	5,095							-7,762				-2,667
Reserves in consolidated companies (note 15.3)	379,634		348,771						6,833			735,238
Exchange gains/(losses) (note 15.3)	-1,759						1,439					-320
Interim dividend	-35,045	35,045								-40,653		-40,653
Profit	528,552	-114,949	-413,603								415,852	415,852
CAPITAL AND RESERVES ATTRIBUTABLE TO THE COMPANY'S EQUITY HOLDERS	1,838,204	-79,904	0	-251	0	-956	1,439	-7,762	6,833	-40,653	415,852	2,132,802
MINORITY INTEREST (note 16)	680,197											892,147
TOTAL EQUITY	2,518,401											3,024,949

Notes 1 through 43 form part of the Consolidated Financial Statements at 31 December 2005.

CONSOLIDATED CASH FLOW STATEMENT FOR 2005 AND 2004

	Thousand euro	
	2005	2004
Income for the year attributed to parent company	415,852	528,552
Adjustments to results	865,377	550,250
Minority interest	-27,663	-10,456
Depreciation and amortisation/provisions	429,802	348,711
Results of equity-consolidated companies	-7,586	1,657
Results from financing	395,916	365,503
Income tax	173,889	169,103
Own work capitalised	-25,983	-12,784
Other profit and loss	-72,998	-311,484
Income tax payment	-121,796	-72,526
Change in receivables, payables and other	22,185	-50,841
Dividends from concession holder companies	37,964	52,982
Cash flows from operating activities	1,219,580	1,008,417
Investments in Property, Plant and Equipment and intangible assets	-320,024	-87,820
Investment in concession assets	-2,324,315	-736,602
Financial investments	-913,763	-222,113
Divestment	218,467	130,067
Cash flows from investing activities	-3,339,635	-916,467
Cash flows from activities	-2,120,054	91,949
Proceeds from capital and minority interest	318,547	492,302
Payment of dividends to parent company	-120,921	-88,729
Payment of minority interest dividends to associates	-178,047	-13,287
Other movements in shareholders' equity	-265	13,720
Cash flows from shareholders and minority interest	19,314	404,006
Interest paid	-503,388	-469,928
Increase in bank borrowings	4,256,609	3,777,552
Decline in bank borrowings	-1,490,167	-2,935,819
Interest received	79,758	75,587
Cash flows from financing activities	2,362,125	851,398
Change in cash and cash equivalents	-243,894	-940,806
Opening cash and cash equivalents	2,032,605	1,095,128
Closing cash and cash equivalents	2,321,662	2,032,604
<i>Impact of exchange rates on cash and cash equivalents</i>	<i>-45,164</i>	<i>3,330</i>

1. THE COMPANY'S BUSINESS AND SCOPE OF CONSOLIDATION

1.1 Companies comprising the Group and their business operations

The Ferrovial Group, hereinafter the Ferrovial Group or Ferrovial, comprises Grupo Ferrovial, S.A., which is the Parent Company, and its subsidiaries and associated companies, which are detailed in Exhibit I.

Through these companies the Group carries out its business in the following areas of activity which, in turn, constitute the primary information segments in accordance with IAS 14.

a. **Construction** and execution of all types of public and private works in Spain and abroad, operating mainly through Ferrovial Agromán, S.A., the company that heads this business division. The international business carried out through Budimex, S.A. and subsidiaries, the leading construction company in that market listed on the Warsaw stock market, and in which the Group holds a 59.06% interest, is notable as is the business carried out in the United States (Texas) through the Webber Group, which is wholly owned by Ferrovial due to the acquisition finalised this year.

b. **Infrastructure.** This business consists of the development, financing and execution of toll highway concessions, parking lots and airports in Spain and abroad, mainly through concession agreements.

The lead infrastructure company is Ferrovial Infraestructuras, S.A. which, in turn, holds a 62.03% interest in Cintra, S.A. The latter company is listed on the Madrid stock market and builds highways and parking garages and also wholly owns Ferrovial Aeropuertos, S.A., a leading company in airport construction. Europistas, S.A., another company involved in this business, is also listed on the Madrid stock market.

c. **Real estate** in Spain and abroad, condominium management and real estate brokerage. These activities are performed through Ferrovial Inmobiliaria, S.A. and its investees.

d. **Services.** This division is divided into the following areas:

- Infrastructure maintenance. Carried out through Grupisa, S.A. in Spain and Amey, Plc. in the UK.
- Building and facility maintenance and integral management. Carried out mainly through Ferrovial Services, S.A. in Spain and Amey, Plc. in the UK.
- Urban services, particularly waste collection and treatment. This business is mainly carried out through Cespa, S.A.
- One of the most notable businesses carried out by Amey, Plc, is its shareholding in Tube Lines, Ltd, which holds a 30-year administrative concession for maintaining, repairing and renovating three lines of the underground network in London. This shareholding is consolidated on a proportional basis. All the points in these notes to the financial statements making reference to this shareholding therefore cover 66% of the company's balances.
- Airport handling, a business started in 2005 due to the full acquisition of Swissport Group by Ferrovial Servicios, S.A.

Further to the description of the Group's business, it is important to note, for the purpose of understanding these financial statements, that a significant part of the business carried out by the Infrastructure and Service divisions is obtained through administrative concessions. The agreements are established under long-term contracts in which the concession-holder, in which the Group normally participates together with other partners, finances the construction or rehabilitation of public infrastructure and subsequently operates and maintains the infrastructure, recovering the investment by collecting a toll regulated by the granting authority (Infrastructure division) or maintains the structure and renders related services, in accordance with the requirements of the granting authority, and recovers the investment through fixed and variable payments based on the services rendered, the quality of these services and the availability of the asset for use (Service division).

This projects are principally financed through loans secured by the flows generated by the projects themselves (thereby separated from the financial structure of the rest of the Group) and, to a lesser extent, by share capital increases that must be financed using the Group's financial structure.

Based on the above, and in order to permit a greater understanding of the Group's financial development, the accompanying financial statements separately break out the impact of these types of contracts in non-current assets, borrowings and cash flows generated.

1.2 Changes in the scope of consolidation

2004

The main changes in the scope of consolidation in 2004 were as follows:

a. Infrastructure

On 27 October 2004 the Company Cintra, Concesiones de Infraestructuras de Transporte, S.A. started to be traded on the Madrid Stock Market and up until that time Ferrovial Group held a 60% stake in the Company through its subsidiary Ferrovial Infraestructuras, S.A.

Within the framework of this operation the following corporate transactions took place, which gave rise to modifications in the scope of consolidation applied by Ferrovial Group:

Prior to the above-mentioned entry into the stock market, Cintra, S.A. concluded a swap with Macquarie Group concerning a 13.87% shareholding in the company 407 ETR International, Inc., in which Cintra, S.A. received 11.99% of its own shares in compensation and therefore the interest held by Cintra, S.A. in this company fell from 67.10% to 53.23%.

In addition, Cintra, S.A. reached an agreement with Ferrovial Infraestructuras, S.A. concerning a swap of 7.72% and 0.15% of its own shares, receiving as compensation 99.92% of Cintra Aparcamientos, S.A. and subsidiaries (Cintra Aparcamientos Group) and 50% of the company Inversora de Autopistas del Levante, S.L. (Autopista Oca_a- La Roda), respectively.

Cintra, S.A. sold the remaining 4.12% of its own shares deriving from the above-mentioned transactions through a Public Offering, as well as a Public Share Subscription Offering equivalent to 8.60% of its share capital.

In conclusion, the entry of Cintra into the stock market, gave rise to the following changes in the scope of consolidation for Ferrovial Group:

- Ferrovial Group increased its shareholding in Cintra, S.A. from 60% to 62.03%.
- The interest held by Ferrovial Group in Cintra Aparcamientos, S.A. changed from 100% of 99.92% through Ferrovial Infraestructuras, S.A. to 62.03% of 99.92% through Cintra, S.A.
- The percentage interest in the company 407 Internacional, Inc. decreased as the percentage controlled by Cintra, S.A. fell from 67.10% to 52.23%.

In addition, the following changes in the scope of consolidation took place in this division:

The Company Autopista Madrid Levante, C.E.S.A., to which the concession for the toll highway between Ocaña-La Roda was granted, was consolidated for the first time. Through Cintra, S.A. Ferrovial Group controls 63.70% of this company.

In April of this year, the shareholding in the Sydney airport was increased by 0.22% for 3,026 thousand euro, thereby raising the Group's total shareholding in the airport to 20.89%.

In that same month, the 24.5% shareholding held by Ferrovial Group, S.A. in the company Inversiones Técnicas Aeroportuarias, S.A., the concession holder for the airports in Southeast Mexico, was sold for 23,660 thousand euro.

In July 2004 Cintra Concesiones de Infraestructuras de Transporte, S.A. acquired a 10% interest in Autopista del Sol, C.E.S.A. from Europistas, S.A.. The purchase price amounted to 50,000 thousand euro, plus the 30% interest that Cintra, S.A. held in Túneles de Artxanda, S.A.

In September 2004 Cintra, Concesiones de Infraestructuras de Transporte, S.A. increased its interest in the company Estacionamientos Guipuzcoanos from 42.96% to 100%. This change in shareholdings, as well as the change in the consolidation method from the equity method to the full consolidation method took effect in October 2004.

b. Services

In January 2004, the acquisition of the Company Trasa, S.A. for 14,561 thousand euro was concluded as a continuation of the process of acquiring Cespa Group. This company holds 25% of the company Ecocat, S.L., which engages in the treatment of special industrial waste. The direct and indirect shareholding held by Ferrovial Group therefore rises to 50% and for this reason the method used to consolidate this subsidiary changed from the equity method to the proportional method.

In July 2004 the sale of the water supply and distribution business ((Helguina, S.A. and Aguanorbe, S.L.) was concluded with Grupo Aguas de Barcelona, S.A. for 43,303 thousand euro. The sale was definitively closed in September 2004 and these companies were consequently excluded from the scope of consolidation and therefore this is considered to be a discontinued business in 2004.

In 2004 this division underwent a corporate restructuring, whereby the historic urban services rendered by Ferrovial Servicios, S.A. became part of Cespa's structure as a result of the merger carried out in 22 June 2004 of Marliara, S.A. into Cespa Group.

2005

The main changes in the scope of consolidation in 2005 were as follows:

a. Infrastructure

On 15 October 2004 Cintra was awarded the concession for the toll highway "Chicago Skyway Toll Bridge System". As a result the following companies entered into the scope of consolidation: Cintra US Corp. and Cintra Skyway LLC, which are wholly owned and Skyway Concession Company Holdings and Skyway Concession Company, in which a 55% interest is held. The concession was formalised on 24 January 2006, as from which time these companies entered into the scope of consolidation of Ferrovial Group.

In June 2005, Cintra Concesiones de Infraestructura de Transporte, S.A. sold 5% of the interest it held in Autopista del Sol to Unicaja, S.A., thereby reducing its shareholding to 80%.

In 11 March 2005 an agreement was concluded to develop the TTC-35 High Priority Trans Texas Corridor project over the coming fifty years. The scope of consolidation has expanded to include Cintra Texas Corp. and Cintra Developments, LLC, which are wholly owned by Cintra and Cintra Zachry GP, LLC and Cintra Zachry, LP in which an 85% interest is held.

In July Cintra was awarded with a concession for the M-203 toll highway through the wholly owned subsidiary Autopista Alcalá-O'Donnell, which entered into consolidation in September.

b. Services

In January 2005, Amey Plc, acquired an additional 33% in Tube Lines Limited, which holds a 30-year administrative concession regarding the maintenance, repair and renovation of three underground lines in London, thereby raising its stake to 66%. This shareholding is consolidated using the proportional method as the consideration is that there is joint control together with another consortium partner, the US Group Bechtel.

On 20 August a 100% stake was acquired in Swissport Group, which is the largest airport handling company in the world with a presence at more than 170 airports in 40 countries. This Company entered into consolidation on 1 October as this was the date on which control was exercised.

Ferrovial Servicios acquired 10% of Madrid Calle 30, which manages the services relating to the maintenance, repair and operation of the M-30 urban highway in Madrid. This shareholding is consolidated using the equity method since October.

c. Construction

In September 2005 the Company acquired 100% of the Texas-based Webber Group, which is specialised in completing civil works projects and the recycling of soils and the extraction and supply of sand in the State of Texas. This company entered into consolidation on 1 October.

Note 10.2 of these Notes to the Financial Statements provides detailed accounting information relating to the above-mentioned acquisitions, which are considered to be business combinations in accordance with IFRS 3.

2. SUMMARY OF THE MAIN ACCOUNTING POLICIES

2.1 General principles

The consolidated information presented in these consolidated financial statements prepared under International Financial Reporting Standards (hereinafter IFRS) approved by the European Union at the year end, have been prepared mainly bearing in mind the following policies:

- The Company has made the following choices in cases in which IFRS allows for alternatives:
 - a. IAS 32 and 39 and IFRS 2 are applied as from the date of transition to IFRS (1 January 2004).
 - b. The draft interpretations issued by the IFRIC (D12, D13 and D14) regarding concession businesses that are pending approval at the year end have not been applied. However, the toll highway concession business has taken into consideration the impact of not capitalising financial costs relating to toll highways after the construction period and the straight-line application of amortisation, despite there not being a final interpretation resolution. This matter has been analysed in further detail in Note 2.4 of these notes to the Financial Statements, as it relates to the accounting policies applied by the infrastructure area.

- c. Measurement of Property, plant and equipment and intangible assets at cost.
- d. Existing companies under joint control and joint ventures are consolidated using the proportional method.
- e. As permitted by Law, business combinations have not been reconstructed after 1 January 2004.
- f. Currency translation differences accumulated at the transition date have been attributed to reserves.
- g. Non-current assets restated in accordance with local legislation, as is mentioned in the accounting policies, maintain the restatements as is permitted by IFRS 1.
- h. The Group has taken into consideration, with respect to the application of IAS 19, actuarial losses and/or gains existing at the transition date and the application of the "corridor method" within the alternative procedures existing for the treatment of Pension Funds, as is mentioned in Note 2.4.17 of these Notes to the Financial Statements.
- The consolidated financial statements for 2004 presented in these consolidated financial statements have been restated in accordance with these standards in order to make both years comparable.

These financial statements were approved by the Board of Directors on 22 February 2006 and it is considered that they will be approved by the Shareholders' Meeting on 31 March 2006 without any changes.

New accounting standards (IFRS) and interpretations (IFRIC) have been approved and published and are expected to enter into force in the financial years commencing 1 January 2006 or after that date. Ferrovial Group is evaluating the potential impact of these items.

(a) IFRS 6, Exploration for and Evaluation of Mineral Resources

(b) IFRS7, Financial Instruments: Disclosures

(c) Amendment to IAS 39 - Cash flow hedges of forecast intragroup transactions

(d) Amendment to IAS 39 – Fair value option

(e) IAS 39 and amendment to IFRS 4—Financial guarantee contracts

(f) IFRIC 4, Determining whether an Arrangement contains a Lease

(g) IFRIC 5, Decommissioning, Restoration and Environmental Rehabilitation Funds

(h) IFRIC 6, Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment

(i) IFRIC 7, Applying the Restatement Approach under IAS 29

(j) Clarification and amendments to IAS 21 - The Effects of Changes in Foreign Exchange Rates

The 2005 individual financial statements of the consolidated companies and the accompanying consolidated financial statements have not yet been approved by the respective Shareholders' Meetings. However, the companies' Directors expect them to be approved without any changes.

2.2 Consolidation policies

During 2005 and 2004 the closing date for the individual financial statements of all the companies included in the scope of consolidation is the same or have been temporarily aligned to coincide with the closing date applied by the parent company.

The consolidated financial statements have been prepared on the following policies:

a. Subsidiarie

Subsidiaries are all those companies in which Ferrovial Group, S.A. holds a direct or indirect shareholding exceeding 50% of share capital and/or exercises effective control over management. When evaluating whether or not the Group controls another company, the existence and the effect of potential voting rights that may be exercised or are convertible are taken into effect.

When accounting for the acquisition of these companies, the following method is used:

- The acquisition cost is the fair value of the assets transferred, equity instruments issued and any liabilities incurred or assumed at the transaction date.
- Identifiable assets acquired and identifiable contingencies assumed in a business combination is initially valued at their fair value at the acquisition date.

- Excess acquisition cost over the fair value of the Group's shareholding in the identifiable net assets acquired is recognised as goodwill.
- If the fair value of the net identifiable assets of the acquired subsidiary exceeds the acquisition cost, the difference is recognised directly in the consolidated income statement.

Exhibit I to these Notes to the financial statements breaks out the information identifying the subsidiaries included in the scope of consolidation using the full consolidation method. These companies are included in the scope of the Group's consolidation as from the time at which effective control of the subsidiary is formally acquired.

The equity of minority interests in the net worth and results for the year of the fully consolidated subsidiaries is presented under the "Minority Interest" caption in the consolidated balance sheet and the "Income Attributed to Minority Interests" caption in the consolidated statement of income, respectively.

The financial statements of subsidiaries, whose accounting records are denominated in a currency other than the euro, included in the consolidation, are translated to euros by applying the year- end exchange rates to the assets and liabilities, except for the equity of and investments in Group and associated companies, which are stated at the exchange rate prevailing when they joined the Group . Income is translated at the average exchange rate for the year. The difference resulting from the translation process as described above is recorded under Shareholders' Equity as " Currency translation differences " .

b. Associates

Associates are considered to be all those companies in which the direct or indirect shareholding is equal to or less than 50% and when significant management influence is exercised.

These companies are presented in the consolidated balance sheet in accordance with the Shareholding method, whereby the percentage interest in the equity of the company is recorded as "Reserves in associates" and the share in profit for the year that appears in the income statement under "Interest in equity-consolidated companies".

Exhibit I to these Notes to the financial statements breaks out the identification of the associates included within the scope of consolidation.

c. Jointly controlled entities

Jointly controlled entities are considered to be those in which the management of investee companies is carried out by both the parent company and unassociated third parties, without any having higher control than the others. The financial statements for jointly controlled entities are consolidated using the proportional method.

The assets and liabilities assigned to jointly controlled entities, or those that are controlled jointly together with other partners are presented in the consolidated balance sheet classified in accordance with the specific nature of the existing shareholding. Similarly, income and expenses originating from jointly controlled entities are presented in the consolidated income statement in accordance with the nature of the interest held.

Exhibit I to these Notes to the financial statements breaks out the identification of the jointly controlled entities included within the scope of consolidation.

The most representative companies consolidated using the proportional method are Tube Lines, Boremer, S.A., Delta Ferroviar, Autopista Trados 45, S.A., Bristol Internacional Airport y Cintra Airports Ltd.

The main amounts contributed by jointly controlled entities to the consolidated balance sheet and income statement are as follows:

Items	Thousand euro	
	2005	2004
Total assets	2,718,152	1,249,399
Non-current assets	1,753,709	696,837
Current assets	964,443	552,562
Total liabilities	2,718,152	1,249,399
Non-current liabilities	1,964,935	1,086,772
Current liabilities	753,217	162,627
Net sales	891,832	430,920
Net income	63,521	21,054

d. Joint Ventures

A joint venture is considered to be any entity without a separate legal personality which establishes a business co-operation mechanism between different companies (partners) during a period of time to develop or execute a project, service or supply, in which the understanding is that there is joint control of the entity together with the partners concerned.

The financial statements of the parent company and its subsidiaries include the effect of the proportional inclusion of the joint ventures in which they participate.

The joint ventures were included proportionally in each Group company's relevant balance sheet and income statement captions, based on each company's percentage of ownership therein.

The main amounts contributed by the joint ventures to the consolidated balance sheet and statement of income were as follows:

Items	Thousand euro	
	2005	2004
Total assets	900,653	768,516
Non-current assets	100,528	27,007
Current assets	800,125	741,509
Total liabilities	900,653	768,516
Non-current liabilities	52,937	46,410
Current liabilities	847,716	722,106
Net sales	757,706	662,023
Net income	44,286	43,926

Exhibit I to these Notes to the financial statements breaks out the identification of the joint ventures included within the scope of consolidation.

e. Balances and transactions with Group companies

Balances and transactions between Group companies are eliminated during the consolidation process.

However, the balances and transactions relating to construction projects carried out by the construction division for infrastructure companies holding concessions are not eliminated during the consolidation process since the consideration is that these transactions have involved third parties, to the extent that the work is being executed.

This consideration is based on the fact that on the consolidated level, as is indicated in Note 2.4.2 of these Notes to the financial statements, these contracts are classified as construction contracts in which the Group carries out work for the granting authority and receives in exchange the right to operate the infrastructure in accordance with the conditions established by the granting authority. The granting authority thus has control over the asset from the start and grants the above-mentioned right in exchange for the work performed, such that the conclusion may be reached that at the Group level the work was performed for the authority and therefore for third parties.

This is the policy currently defended by the IFRIC (International Financial Reporting Interpretation Committee), which is the interpretation body of the IASB, in a draft interpretation regarding concession businesses that is currently being debated.

As regards the transactions mentioned above with respect to 2005, the Ferrovial Group's construction segment billed 520,395 thousand euro (465,970 thousand euro in 2004) to the infrastructure division for work carried out, prepayments for this work and recognised sales relating to this work totalling 470,398 thousand euro (444,774 thousand euro in 2004).

The profit obtained from these operations, which is assigned to the shareholding that Ferrovial Group maintains in the companies holding concessions that have received the services, net of taxes and minority interests, totalled 14,947 thousand euro (13,982 thousand euro in 2004).

f. Uniformity of items

In order to uniformly present the items included in the accompanying consolidated financial statements, uniform accounting policies were applied to the individual financial statements of the consolidated companies.

2.3 Comparability

In accordance with the requirements of IFRS 1, the information contained in these Notes to the consolidated financial statements concerning 2004 is presented for the purposes of comparison with the 2005 figures and, therefore, does not constitute the Group's consolidated financial statements for 2004.

The consolidated financial statements presented in these consolidated financial statements relating to 2004 have been restated in accordance with these standards in order to make both years comparable.

In addition, all necessary reclassifications have been recorded to adapt these figures and make them comparable to those for this year.

2.4 Accounting policies applied to the consolidated balance sheet and income statement

2.4.1 Intangible assets

The items included in the heading "intangible assets" in the accompanying consolidated balance sheet are stated at their acquisition or production cost. The Group does not apply the alternative adjustment to fair value permitted by IAS 38.

Research and development expenses

The costs deriving from research projects are expensed in the year they are incurred.

The heading "Development expenses" records all expenses incurred for specific individual projects the financing for which is reasonably ensured, the attribution of associated costs clearly established, have a high probability of technical success and offer commercial profitability. These conditions are reviewed annually during the life of the project. If these conditions are not met these items are recognised as an expense for the year they are incurred and are not subsequently capitalised.

Amortisation

Assets with an indefinite useful life are considered to be those that are expected to indefinitely contribute to the generation of profits. All other intangible assets are considered to have a finite useful life.

Intangible assets with an indefinite useful life are not amortised and therefore are subjected to an impairment test on at least an annual basis in accordance with the same policies established for goodwill (see Note 10).

Intangible assets with a finite useful life are amortised on a straight-line basis, concessions are amortised over the term of the concession concerned and all other assets are amortised over their useful lives, up to a maximum of five years.

2.4.2 Investments in concession assets

This heading includes the investments made by concession holders for infrastructure being operated (mainly toll highways and airports) increasing their value by both the construction and associated costs (technical studies, expropriations and finance costs accrued during the construction period).

These investments are classified in the accompanying balance sheet separately as they have special characteristics that differentiate them from other types of non-current assets:

- These assets are mostly owned by the granting authority from the time of construction.
- In principle it is the granting authority that controls or regulates which service must be rendered by the concession holder with respect to the infrastructure, to whom the service may be rendered and under what conditions (mainly price) the service must be rendered.
- The assets are operated by the concession holder in accordance with the policies established by the granting authority during the operation period and, once this period has ended, the assets continue to have significant value which is controlled by the granting authority without the concession holder retaining any rights whatsoever regarding the assets.

Based on these characteristics, it may often be considered that under these types of contracts the concession holder carries out work for the granting authority and receives in exchange a right to operate the asset concerned in accordance with pre-established conditions set by the granting authority.

This consideration is leading the IFRIC (International Financial Reporting Interpretation Committee), the interpretation body of the IASB, to classify these types of assets as intangible assets in the draft interpretation of concession businesses currently being debated.

Another issue to be taken into consideration when identifying these assets separately in the balance sheet is that they are a source of cash flows supporting the debt associated with the projects identified separately in the balance sheet (See note 19 relating to the cash position).

The amortisation of these items is recorded based on the term of the concession. The main toll highway concession contracts and their terms are indicated below:

Concession Holder	Concession term
Autopista Collipulli Temuco	25
Autopista Temuco Río Bueno	25
Autopista Santiago Talca	25
Autopista Talca-Chillán	19
407 ETR International Inc.	99
Autopista del Sol (Tramo I)	50
Autopista del Sol (Tramo II)	55
Europistas (A1: Burgos-Armiñón)	43
Europistas (Túneles de Artxanda)	50
Autopista Terrasa-Manresa	51
Autopista Trados M-45	31
Autopista Madrid-Sur	65
Autopista Madrid-Levante	36
Euroscut Norte Litoral	30
Euroscut Algarve	30
Eurolink Motorway	30
M-203 Alcalá O'Donnell	30
Skyway Concession Co.	99

2.4.3 Property, plant and equipment

The items included under the heading "Property, plant and equipment" in the accompanying consolidated balance sheet are stated at their acquisition or production cost, less any existing provisions and depreciation for these items. The Group does not apply the alternative adjustment to fair value permitted by IAS 16.

Some Group assets may be restated, if appropriate, under the provisions of Royal Decree – Law 7/1996 and Vizcaya Regional Law 3/1991 (21 March) which adapts the Vizcaya tax system to the New Financial Treaty between the National Government and the Basque Country and Vizcaya Regional Law 6/96 (21 November) regarding the restatement of balance sheets. IFRS 1 allows these restatements to be maintained in accordance with the previous legislation in force.

The net increase in value resulting from the 1996 revaluation is being depreciated over the tax periods remaining in the useful lives of the revalued assets. The effect on depreciation in each year is not material.

Regular upkeep, maintenance and repair expenses are expensed currently. The costs of property, plant and equipment renewals, expansion or improvements are capitalized only if they lead to increased capacity or productivity or to a lengthening of the useful lives of the assets.

In-house work on property, plant and equipment is valued, for each investment, by adding to the price of the materials used the direct or indirect costs allocable to the investment.

Finance costs incurred during the construction or production period prior to the time the assets enter into service are capitalised as an increase in their value.

The finance costs capitalised originate from specific financing expressly obtained to acquire the non-current assets, and sources of general financing with the limit that capitalised expenses may not exceed those incurred during the year by each company.

The gain or loss obtained on divestments or adjustments to the value of assets included under "Property, plant and equipment" are recorded in the consolidated income statement under "ordinary profit/(loss)".

When calculating the depreciation of assets recorded under property, plant and equipment, Group companies use the most adequate system to reflect the effective technical depreciation of each asset and their estimated useful lives.

The consolidated companies depreciate their property, plant and equipment basically over the following years of useful life:

	Years of Useful Life
Buildings and other structures	10-50
Machinery, plant and tooling	2-25
Furniture and fixtures	2-15
Vehicles	3-20
Other non-current assets	2-20

2.4.4 Impairment losses

In the case of assets with an indefinite useful lives, or those that are not in operation for some reason, the Group applies annual impairment tests. In the case of assets subject to depreciation, at each financial year end the Group evaluates the possible existence of permanent impairments to value that would require a reduction in the carrying amount in the event that their recoverable value is less than the carrying amount.

The recoverable value is the larger of fair value (arm's length basis between independent parties less the associated costs) and the value in use. Value in use is calculated based on future estimated cash flows, less a percentage that reflects the present market value compared with the cash value and the specific risks associated with the asset.

If it is deemed that the recoverable value of an asset is less than its carrying amount, the latter is reduced to the recoverable value and the relevant write-off is recognised.

If an impairment loss is subsequently recovered, the carrying amount of the asset is increased up to the limit of the original value at which the asset was stated prior to recognising the value impairment.

Impairments are calculated for each individual asset. If this is not possible, the impairment is determined for the smallest identifiable group of assets that give rise to the collection of cash independent of such payments received from other assets (cash generating units).

2.4.5 Leases

Leases are classified as finance leases provided their conditions substantially transfer the risks and benefits deriving from ownership to the Group and which habitually offer the option of acquiring the asset at the end of the lease in accordance with the terms agreed when the contract is concluded. All other leases are classified as operating leases.

Finance leases

The Group recognises finance leases as assets and liabilities in the balance sheet at the start of the lease at the lower of market value of the leased asset or the present value of the minimum lease instalments. To calculate the present value of lease instalments the interest rate agreed in the lease agreement is applied.

The cost of the assets acquired under finance leases is presented in the accompanying balance sheet in accordance with the nature of the asset covered by the lease.

Finance costs are distributed over the lease period in accordance with financial criteria.

Operating leases

In operating lease arrangements, ownership of the leased asset and all substantial risks and benefits deriving from the asset remain with the lessor.

When the Group is the lessee, lease costs are taken to the income statement on a straight-line basis. In the event that the lessor has established incentives in the lease consisting of payments corresponding to the lessee but fulfilled by the lessor, the income deriving from these incentives is taken to the income statement by reducing the cost of the lease on a straight-line basis, as is the case for the lease costs.

2.4.6 Financial investments

a. Financial investments at fair value through profit and loss

This heading includes all assets that were acquired with the main aim of obtaining a profit from changes in their value.

They are stated at their fair value and any fluctuations directly affecting the consolidated income statement are recorded.

The assets in this category are classified as current assets if expected to be realised within 12 months after the balance sheet date.

b. Available-for-sale financial assets

This heading records acquired securities that will not be immediately traded and relate mainly to shareholdings in companies not included in Group consolidation.

The assets are stated at their fair value and any fluctuations directly affecting equity until the asset is sold are recorded, provided that it is possible to determine the fair value.

The assets in this category are classified as ordinary assets if expected to be realised within 12 months after the balance sheet date.

c. Investments held to maturity

This category includes all items recorded under financial investments under "Accounts receivable from concession holders" and "Other Financial assets" relating to investments providing fixed payments or those that mature on a set date, for which the Group companies have the intention and capacity to hold until maturity.

Both investments held to maturity and loans granted are initially stated at their acquisition value and subsequently stated at their amortised cost in accordance with the effective interest method. This effective interest is the rate that exactly equals the flows expected from future receivables up until the asset matures based on the asset's present value.

Deposits and guarantees are stated at the amounts paid.

The assets in this category are classified as current assets if expected to be realised within 12 months after the balance sheet date.

The heading "Other financial assets" include an account called "Investments in Economic Interest Groups" which relates to assets giving rise to receivables of a certain amount that are not traded on an active market and relate to certain tax advantages obtained as a result of investments in economic interest groups that lease assets under the direction of another company not associated with Ferrovial Group and retains most earnings and is exposed to the risks associated with the activity. This transaction has been carried out by Ferrovial Group, which obtains the tax benefits in accordance with the special system established by additional provision fifteen of the Spanish Corporate Income Tax Act.

The results obtained from these transactions, in accordance with their nature described above, have been recorded under the heading Income tax in the profit and loss account on a straight-line basis over the period in which profits were obtained and under no circumstances was income recorded in advance of the time the funds deriving from the investment were received.

2.4.7 Derivative financial instruments at fair value

The financial derivative transactions carried out by Ferrovial Group are in line with the risk management policy described in Note 3 of these financial statements.

The financial information relating to financial derivatives is presented in accordance with IAS 32 and 39, and the relevant accounting treatment is as follows

- Transaction costs: They are recognised in the consolidated income statement at the time they are incurred.
- Derivative hedges are stated at their market value at the contract date. Any subsequent fluctuations in market value are recorded as follows:

1. Cash flow hedges:

The hedged risk is exposure to highly likely changes in the value of transactions to be carried out such that there is a reasonable expectation of these changes that are attributable to a specific risk.

The gain or loss obtained on the hedging instrument is, with respect to the inefficient portion, recorded in the consolidated profit and loss account while the efficient portion is recognised directly in Shareholders' equity in the consolidated balance sheet. The deferred amount in equity is not recognised in the income statement until the gain or loss on hedged transactions is recorded in the income statement or until the transaction concerned matures.

2. Hedging of the fair value of assets or liabilities recognised in the consolidated balance sheet:

The hedged risk is exposure to changes in the value of an asset or liabilities recognised in the balance sheet, a part of which is attributable to a specific risk or firm commitment regarding transactions yet to be carried out.

The loss or gain on the hedging instrument, as well as the loss or gain affecting the hedged asset or liability, is recorded in the consolidated income statement.

3. Hedging of risks relating to investments in consolidated foreign companies.

The hedged risk is exposure to changes in the value of consolidated foreign investments, flows or dividends deriving from such investments.

Gains or losses are taken to equity.

- Speculative transactions: losses or gains are recorded in the consolidated income statement.

2.4.8 Goodwill on consolidation

Goodwill is defined as the positive difference between the cost of an investment and the underlying book value at the date of the investee's inclusion in the Group, net of the amount of asset revaluations or liability value adjustments and/or the generation of liabilities directly allocated to the subsidiaries or associated company's assets and liabilities.

Goodwill generated on the acquisition of associated companies taking place after the entry into force of the IFRS is considered to be an increase in the value of the shareholding. Goodwill generated before 1 January 2004 is also considered to be an increase in the value of the shareholding.

In accordance with IFRS 3, goodwill on consolidation is not amortised. In this connection, at the end of each year, or whenever there are any indications of a loss in value, the Group applies an impairment test to estimate any permanent losses in value that reduce the recoverable value of goodwill to an amount less than the net cost recorded. If this is the case a write-off is applied. Recorded write-offs are not subsequently reversed.

To perform the impairment test all goodwill is assigned to one or more cash generating units. The recoverable value of each cash generating unit is the higher of the value in use and the selling price that would be obtained from a transaction.

2.4.9 Inventories

The cost of raw and other materials acquired from third parties are valued at the lower of their average acquisition cost and net realisable value.

In the case of assets whose acquisition price or production cost cannot be identified on an individual basis the average weighted price method is applied in general.

The net realisable value is an estimate of the selling price less all estimated sale and distribution costs.

The Group determines the net realizable value of inventories and records all necessary provisions in those cases in which their cost exceeds the net realisable value.

The main investment under the "Inventories" caption relates to real estate developments. Below is a detailed description of the methods followed for the inclusion of the main cost items in the value of real estate inventories.

Land

The acquisition price includes, in addition to the amount paid for the land, all costs incurred on the sale (notary, registry, taxes, etc.), conditioning expenses such as fences, excavation, utilities work and demolition of buildings when necessary for new construction.

Construction

Production cost includes certificates and invoices relating to the construction work (including all permanent fixtures and elements), rates inherent in construction work, design and site management fees and settlement of expenses required for the declaration of new construction work and horizontal division.

Finance costs

The capitalization of interest costs accrued in relation to the acquisition of land and the construction of housing is permitted provided that the following conditions are met:

- Capitalisation may only take place during the construction period. Thus capitalisation may only start at the time the building permit is requested (which requires prior approval of the building plan) and must end when the construction work is completed. In no case may interest expenses on land not incurred during the construction period be capitalized.
- The capitalised finance costs may originate from specific financing and sources of general financing with the limit that capitalised costs may not exceed those incurred during the year by each company.

Sales costs

As a general rule, any sales costs, including advertising expenses or those relating to sales management, are recorded in the income statement on an accruals basis and, accordingly, are not treated as an increase in the value of inventories.

The recognition of sales fees in the income statement may only be deferred at the time of delivery of the housing unit, provided that these fees consist of a fixed sum per unit sold and that there are sufficient guarantees as to their recovery should the asset not be delivered.

2.4.10 Trade and other receivables

These financial assets are recorded initially at their fair value and subsequently at their amortised cost in accordance with the effective interest rate method, as is described in Note 2.4.19, less the provision for impairment losses.

The amount of the provision is the difference between the carrying amount of the asset and the present value of estimated future cash flows, discounted to the effective interest rate.

2.4.11 Cash and cash equivalents

Cash and cash equivalents include cash, demand deposits at credit institutions and other highly liquid short-term investments maturing within three months or less and not subject to relevant exchange risks.

2.4.12 Non-current assets classified as held for sale and discontinued business

a. Non-current assets classified as held for sale

Non-current assets are classified as being held for sale when it is considered that their carrying amount will be recovered through a sale instead of through continuous use. This condition is only met when the sale is highly probable, the asset is available for immediate sale in its current condition and the sale is expected to be completed within one year after the classification date.

Non-current assets classified as being held for sale are stated at the lower of their carrying amount and their fair value less the cost of sale. At the time the assets in this heading are classified, the Group ceases to record depreciation for them.

b. Discontinued operations

Discontinued operations are those that the Group has sold or is considering selling and represent a line of business or geographical area of operations, form part of a single plan or is a subsidiary acquired exclusively for resale.

Discontinued operations are recorded at their fair value less the cost of sale.

2.4.13 Equity attributed to the Company's equity holders

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are presented under equity as a deduction, net of taxes.

When any Group company acquires shares in the parent company (treasury shares), the compensation paid, including any incremental cost directly attributable (net of income tax) is deducted from equity attributable to the Company's equity holders. When these shares are sold or are subsequently issued, any amount received net of any incremental costs arising in the transaction that is directly attributable, and income tax effect, is included under equity attributable to the parent company's equity holders.

Currency translation differences deriving from investments in foreign companies are classified under equity and taken to the income statement when the investment is sold.

2.4.14 Deferred subsidies and income

Subsidies are recognised at their fair value when the Company is reasonably sure they will be received and the Group will comply with all conditions established. Official subsidies relating to costs are deferred and are recognised in the consolidated income statement during the period necessary to match them with the costs they are intended to offset. Official subsidies related to the acquisition of non-current assets are recorded under non-current liabilities as deferred official subsidies and taken to the consolidated income statement on a straight-line basis over the expected useful lives of the assets concerned.

In addition, the deferred income heading in the accompanying consolidated balance sheet records all income received that is taken to the income statement over several financial years in accordance with the nature of the income.

2.4.15 Provisions for liabilities and charges

The Group records a provision for liabilities and charges when there is a commitment or obligation to a third party to comply with the following requirements: a present obligation that arises as a result of past events, the settlement of which is expected to require the application of resources and whose amount or timing is not known with certainty but may be reasonably estimated.

2.4.16 Obligations to employees

Under current labour regulations and certain employment contracts, Group companies are required to pay severance to employees terminated under certain conditions.

The Group follows the policy of recording, at the time a restructuring plan is approved by management, made public and reported to employees, all necessary provisions for future payments deriving from the application of these plans in accordance with the best cost estimates available in accordance with the relevant actuarial studies.

2.4.17 Pension obligations

For the purposes of their accounting treatment, defined contribution plans under which the company's obligation consists solely of contributing an annual amount must be differentiated from defined benefit plans under which employees are entitled to a specific benefit on the accrual of their pensions

a. Defined contribution plans

The accrued amounts relating to defined contribution plans are recognised on an annual basis as an expense.

b. Defined benefit plans

Consolidated balance sheet

The liability recorded in the balance sheet with respect to defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date, less the fair value of the assets covered by the plan and any cost for past services that are not recognised, as adjusted for unrecognised actuarial gains and losses.

Defined benefit obligations are calculated on an annual basis by independent actuaries using the projected credit unit method.

The present value of the obligation is calculated by discounting the outgoing effective future cash flows estimated at interest rates applied to government bonds in the currency in which the benefits will be paid and applying maturity dates similar to those of the relevant bonds.

Actuarial gains and losses

Actuarial gains and losses that arise from adjustments deriving from experience and changes in the actuarial assumptions are charged or credited to the income statement by applying the so-called "corridor method", under which the consolidated income statement recognises the actuarial differences that exceed the higher of the following amounts:

- 10% of the present value of pension obligations.
- 10% of the fair value of the assets linked to the plan.

The excess is taken to the income statement systematically over the average residual employment period.

Modifications to the characteristics of the Plan

In the case of modifications to the characteristics of the plan, if as a result of the changes to commitments the relevant rights are automatically vested, the cost of past services are recognised immediately in the consolidated income statement. If, to the contrary, they may be revoked or are not vested, the cost is recognised on a straight-line basis over the average period remaining until finally vested.

Plan reductions and liquidation

If there is any reduction or liquidation of the plan any gains or losses deriving from the plan for the following are recorded at that time: changes in the actuarial value of the fund (bonds and assets linked to the plan) and the costs of past services if they have not been previously recognised and vested at that time.

2.4.18 Share-based compensation

a. Share-based compensation systems settled in cash

When these systems are implemented they are initially stated using a financial method based on a binomial model adjusted by taking into account the exercise price, volatility, the term during which the benefits may be exercised, expected dividends, a risk-free interest rate and the realised assumptions concerning the expected early exercise of the benefits.

The above-mentioned value is taken to the income statement in accordance with IFRS 2 and recorded under Staff costs during the period established as the vesting requirement for the employee to exercise these benefits on a proportional basis over the period concerned. The balancing entry is a liability to the employee. In addition, each year the initial value is re-estimated and the portion relating to that year and the portion relating to prior years is recognised under profit for the year.

Subsequently, once the above-mentioned vesting period for the employee to exercise rights granted under these systems has elapsed, the income statement records the difference between the liquidation value and the liability recognised in accordance with the above description for settled transactions. For active operations at the year end, the income statement includes the difference between the liability recognised at that date and the relevant value restatement.

Finally, and as is described in further detail in Note 41 of the Notes to the Financial Statements, to cover these compensation systems the company has obtained several financial swap contracts that may only be liquidated in cash, are considered to be derivatives and are intended to cover future cash flows necessary to liquidate these compensation systems. These derivatives are treated for accounting purposes in accordance with the general rules applicable to such instruments (Note 2.4.7).

b. Stock option based compensation systems

As is the case with the systems described above, at the time these are implemented they are stated initially using the above-mentioned financial method applied to share-based compensation systems.

These systems are also recorded under Staff costs when their value is taken to the income statement on a proportional basis over the vesting period established for employees to exercise their rights. The balancing entry in this case is recorded under equity and no re-estimate of the initial value is made in accordance with the provisions of IFRS 2.

Finally, and as is described in further detail in Note 41 of the Notes to the Financial Statements, to cover these compensation systems the company has obtained several financial swap contracts that may only be liquidated in cash, are considered to be derivatives and are intended to cover future cash flows necessary to liquidate these compensation systems. These derivatives are treated for accounting purposes in accordance with the general rules applicable to such instruments (Note 2.4.7).

2.4.19 Financial liabilities

These debts are initially recorded at the fair value of the consideration received and are subsequently recorded at their amortised cost in accordance with the effective interest method. This effective interest is the rate that exactly equals the flows expected from future payments up until the liability matures based on the liability's present value.

In the event that existing debt is renegotiated, no substantial modifications to financial liabilities are deemed to exist if the following condition is met:

- The present cash value, including the cost of issue and associated formalities, in accordance with the effective interest method does not differ by more than 10% of the present value of the cash flows pending payment with respect to the original liability calculated using this same method.

2.4.20 Current assets and liabilities

In general, assets and liabilities are classified as current or non-current based on their operation cycle. However, given the diversity of businesses carried out by the Group, in which the operating cycle varies from one to another, in general current assets and liabilities are considered to be all those that mature in twelve months or less as from their date, and all items maturing after that time are deemed to be non-current.

However, in the real estate business segment the operating cycle exceeds 12 months and therefore the Inventory heading relating to this segment includes amounts relating to assets that will be completed and delivered in more than one year after the balance sheet date. Similarly, the heading also includes mortgage loans associated with these assets even if they mature in more than one year.

2.4.21 Corporate income tax and deferred tax liabilities

The Ferrovial Group has been filing consolidated tax returns since 1993.

The accrued corporate income tax expense for companies included in the scope of consolidation on an individual basis is calculated based on book profits before taxes, adjusted to reflect any permanent differences that arise from the application of tax policies and the elimination, if appropriate, of any tax consolidation adjustments, bearing in mind any applicable tax credits and deductions.

Accrued corporate income tax expense reflected in the consolidated accounts is calculated by aggregating the expense recorded by each company included in the scope of consolidation, modified, as appropriate, by the elimination of consolidation accounting adjustments.

Deferred tax assets and liabilities are calculated in accordance with the liability method based on timing differences that arise between the tax bases for the assets and liabilities and their carrying amount in the consolidated financial statements. However, deferred tax liabilities are not recorded with respect to any transaction not involving a business combination that has no effect at the time of occurrence on accounting results or the tax base.

Deferred tax assets and liabilities are calculated using the tax rates in force at the balance sheet date that are expected to be applicable during the period in which the asset is realised or the liability settled. Deferred tax assets and liabilities are charged or credited to the income statement, unless they relate to items that are taken directly to equity, in which case the deferred tax assets and liabilities are charged or credited to the equity accounts.

No tax liability is recognised for subsidiary profits not distributed when the Group controls the reversal of timing differences and it is not likely that they will reverse in the foreseeable future.

Deferred tax assets and tax credits deriving from tax-loss carryforwards are recognised when it is likely that the Company may recover them in the future, regardless of the time they will be recovered and when the recovery is expected within the period established by law. Deferred tax assets and liabilities are not discounted and are classified as a non-current asset (liability) in the balance sheet.

At the time each financial year is closed, the deferred tax assets and liabilities are reviewed in order to verify that they remain in force and all necessary adjustments are made in accordance with the results of the analyses performed.

2.4.22 Recognition of revenues and expenses

Revenues and expenses are recognized on an accruals basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises. Specifically, the income is calculated at the fair value of the consideration to be received and represents the income receivable for the assets delivered and the services rendered in accordance with the framework of the ordinary activity, less discounts, returns, value added tax and other taxes levied on sales.

Below is a specific breakdown of the policy followed for the recognition of results in each segment in which Ferrovial Group operates.

2.4.22.1 Construction business

When recognising the results obtained from the construction business, the Company follows the criteria established by IAS 11.

In accordance with IAS 11, paragraph 22, when the results from a construction contract may be reliably estimated, ordinary income and associated costs from the contract concerned must be recorded in the income statement as such, making reference to the percentage of completion.

Of the methods established by IAS 11, paragraph 30 to determine the percentage of completion of a contract, the Company normally follows the policy of examining the completed work (paragraph 30b).

This method may be used since all contracts generally include:

- a definition of each project unit that must be executed to complete the whole project;
- measurement of each of these project units and
- the price at which each unit is certified.

In order to put this method into practice at the end of each month, a measurement of completed units is measured for each project. The resulting total is the amount of the construction work performed at the contractual price that should be recognized as project revenue from the inception. The difference with respect to the corresponding figure a month earlier gives the production for the month, which is the figure that is recorded as income.

Construction work costs are recognized for accounting purposes on an accruals basis, and the expenses actually incurred in the execution of the project units completed and those that, although they may be incurred in the future, have to be allocated to the project units now completed, are recognized as expense.

As is indicated in IAS 11, paragraph 29, the application of this income recognition method is combined with the preparation of a budget made for each construction work contract by project unit. This budget is used as a key management tool in order to maintain detailed monitoring, project unit by project unit, of fluctuations between actual and budgeted figures.

In those exceptional cases in which it is not possible to estimate the margin for the entire contract, the total costs incurred are recognised and the income is deemed to be sales that are reasonably ensured with respect to the completed work (IAS 11, p.32).

Recognition of changes to the main contract

During performance of construction work unforeseen events not envisaged in the primary contract may occur that increase the volume of work to be performed.

These changes to the contract initially entered into require the customer's technical approval and subsequent financial approval. This approval permits, from that moment, the issuance of certificates for and collection on this additional work.

The policy followed by Ferrovial Group in this respect is in line with the matters indicated in IAS 11, paragraph 14, and the income for this additional work is not recognised until approved is reasonably ensured by the customer (paragraph 13 (a)) and the amount that is likely to be accepted by the customer may be measured with sufficient reliability (paragraph 13 (b)).

However, the costs associated with these project units are recognized when they arise regardless of the degree of customer approval of the work.

Late-payment interest

The recognition of late-payment interest deriving from delays in collecting for certificates is carried out in accordance with the provisions of IAS 18, p.29, when it is likely the late-payment interest will be received and, in addition, their amount may be reliably measured.

Depreciation of machinery

As regards the depreciation of site machinery, the Ferrovial Group distinguishes between the following:

- Machinery and other non-current assets acquired for a construction project whose useful life only covers the duration of the project. These assets are depreciated over the life of the project in accordance with the expected consumption of the financial benefits of the asset, where the degree of completion of the project is considered to be the most correct usage criteria. This section includes mainly light construction machinery, tooling and tools, as well as permanent construction structures. In those cases where the contract ensures the repurchase of the asset at a certain price, that amount is considered to be the residual value of the asset concerned.
- Machinery acquired for central management from the machinery pool. This heading includes mainly large-scale civil engineering machinery. These assets are depreciated in accordance with technical criteria based mainly on the nature of the machinery using the accelerated declining-balance method and, accordingly, the depreciation is greater in the initial years of asset life.

Prepaid expenses

This heading includes the initial construction expenses deriving from the following:

- Obtaining of the primary contract (bidding expenses)
- Machinery relocation expenses (when owned by the Company)
- Acquisition of third-party projects
- Third-party services and studies
- Construction insurance
- Fencing
- Other initial construction expenses (not general)

In accordance with IAS 11, paragraph 27, these expenses are recorded as assets provided that they are likely to be recovered in the future and are recognised as an expense in accordance with the development of actual progress planned in each contract.

Prepaid expenses relating to concluding or obtaining a certain contract that has not been awarded at the year end are taken to the income statement unless there is an express possibility of billing them to the granting authority, in which case they are recognised as a receivable from that authority. (IAS 11, p. 21).

Other provisions

These include most notably:

a. Provisions for deferred charges

Provisions for deferred charges cover the payments that will arise for such items as guarantees for the primary contract, the removal of construction machinery, removal of installations, expenses arising between the end of construction and settlement and repairs falling within warranty periods. These provisions relate to an existing obligation stated in the contract (IAS 37 14a)), on the basis of which it is likely that the company will apply resources to fulfil the obligation (IAS 37 14 (b)), and which may be reliably estimated (IAS 37 14 (c)).

These payments normally take place once the construction work has been completed and the relevant income has been recorded. For this reason provisions are recorded in accordance with the best possible estimates and the characteristics of the project, based on initial estimated work according to the budget, which in general cannot be modified until the contract is fulfilled.

Notwithstanding the above, the initial percentage mentioned above may be modified in the event that the initial estimate is inappropriate based on the fulfilment of the contract. In this case the provision is adjusted as soon as the situation becomes known, and the adjustment is considered to be a change in the original estimate.

When the project covered by the contract is handed over and, based on the updated estimate the excess provision, if any, is reversed into the relevant income accounts these provisions may only be subsequently used for the intended purpose and remain on the liability side of the balance sheet while risks relating to the construction project persist.

b. Provisions for budgeted losses

In accordance with the content of IAS 11, paragraph 26, when it is likely that the final result of a project will be the recognition of a loss, it must be immediately recorded in the financial statements.

In order to determine this probability, uniform criteria established by type of customer or project are followed, based on accumulated historic experience and project budget management policies.

c. Provisions for doubtful trade receivables

Trade receivables with an estimated due date exceeding one year are stated in accordance with the amortised cost method.

In addition at each balance sheet closing date, an evaluation is carried out on whether or not there is objective evidence that a trade receivable is impaired (IAS 39, p. 58).

In general, a full loss of a trade receivable is deemed to exist in cases of suspension of payments, bankruptcy, court claim or any failure to pay trade bills, promissory notes or cheques.

In cases in which the above conditions are not met but there is a delay in payment exceeding 6 months, a detailed study is carried out and a provision is recorded based on the estimated risk deriving from this analysis.

2.4.22.2 Infrastructure business

The three industries in which Ferrovial's Infrastructure Division operates are toll highways, airports and car parks.

a. Toll highways

The IFRIC (IASB interpretation body) is currently debating an interpretation of the accounting treatment to be afforded concession agreements. The IFRIC has issued draft interpretation documents called D-12, D-13 and D-14, which have yet to be approved and are subject to change.

The toll highway contracts managed by Ferrovial Group fall within the scope of application of this legislation.

The key point considered by IFRIC to determine the accounting treatment of this type of contract is the nature of the assets under management. Further details of the nature of these assets are set out in Note 2.4.3 of these Notes to the Financial Statements.

In accordance with the content of these drafts, the assets may be classified as intangible assets (D-14) or receivables from the granting authority (D-13).

The separation between both models lies, in the current drafts, in who pays the tolls deriving from the concession (intangible if paid by users and receivable if paid by the granting authority).

The accounting treatment for the purposes of the income statement is totally different in each model.

While waiting for the final interpretation decision from the IFRIC and subsequent approval by the European Union, the policy followed by the Company when preparing these financial statements is as follows:

- The non-current assets linked to the long-term investment in these contracts is classified under a separate balance sheet heading called "Concession assets" (see Note 5).

As there is no definitive policy regarding the separation between the intangible model and the receivable model, the Company has decided to apply, in general, the policy of recognising the results of the intangible model, which basically means:

- The concession assets are depreciated over the term of the concession on a straight-line basis, except for concession assets in Chile, for which an agreement has been concluded with the Chilean authorities whereby the concession term is variable and ends at the time a certain amount of income has been obtained. For these toll highways a depreciation policy based on projected income volume over the term of the concession, which is based on the volume of income in each year, is being applied.
- Accrued finance costs are capitalised during the construction period.

- The finance costs accruing after the asset enters into use are recognised directly in the profit and loss account.
- Toll income received is recognised based on accrual, which is normally linked to the use of the infrastructure by drivers.
- Operating costs are also recognised in accordance with the accruals principle.

b. Airports

The accounting treatment applied to these types of assets is similar to that applied to toll highways. However, contrary to the case of toll highways, many times the assets are owned by the Company and there is no obligation for reversal at the end of the concession period. Accordingly, the main matters to note with respect to the accounting treatment are:

- Finance costs are charged to the income statement based on their accrual by the interest method, except for those costs accrued during the construction period, which are capitalized.
- Non-current assets are depreciated on a straight-line basis over the useful life of the asset concerned.

c. Car parks

The parking business covers three areas of activity:

- Car parks for local residents
- On-street car parks
- Off-street car parks

Car parks for local residents

Results are recognised in the same manner as for the real estate development business.

On-street car parks

This is a public service rendered to local authorities, which mainly concerns the management of public parking and the collection of the fees charged by municipalities for these services.

The income is normally a price for the public service payable by the Municipality and therefore the accounting treatment is similar to that applied to service businesses.

Off-street car parks

In this case revenues arise from the use of parking garage spaces owned by the company or held under an administrative concession for the term of the concession.

The accounting treatment applied in this case is similar to that applied to the toll highway business.

2.4.22.3 Real Estate business

The main activity carried out by the Real Estate Division consists of the sale of homes and land to individuals. This activity is considered to be the sale of assets in accordance with the provisions of IAS 18.

The recognition of results obtained on the sale of assets must take place when the significant risks and rewards deriving from ownership of the assets have been transferred to the buyer (IAS 18 p.14).

As is indicated in paragraph 15 of IAS 18, in most cases the transfer of the risks and rewards of ownership coincide with the transfer of legal title or the transfer of possession to the buyer. Specifically, in the Spanish real estate market the transfer of risks and rewards relating to the asset is understood to take place when the property is delivered to the buyer which, in most cases, coincides with the execution of the public deed and, therefore, this is the time at which the income relating to the sales is recognized.

As a balancing entry to the recognition of the sale, at this time the expense is recognized through the reduction in value of inventories being sold. The accounting measurement of these inventories is carried out in accordance with the provisions of IAS 2, including the capitalization of finance costs during the construction period (see Note 2.4.9 of these Notes to the Financial Statements).

Finally, at the time housing is delivered, a provision to cover the expenses that may arise from repairs relating to the delivered housing is recorded as soon as an actual obligation is assumed by the Company under which it is likely that a future financial payment may arise and provided that a reliable estimate of this payment can be prepared. (IAS 37 p (14)).

2.4.22.4 Service business

Recognition of income

Urban and Maintenance Services and Integral Management

In general, these consist of service contracts that may last for more than one year but, contrary to construction contract, do not cover the execution of a project but rather the continuous rendering of repetitive services at prices established in the contracts. The relevant income is therefore recognized on a monthly basis in accordance with the work carried out during the month at the agreed prices, simultaneously recognizing the associated costs without any need to apply a degree of advancement policy.

In the event of additional services that are not included in the primary contract, a policy similar to that followed for construction contracts is applied to recognize income.

Infrastructure Maintenance Business

In this business there are certain contracts covering the execution of projects to which the same treatment followed for construction contracts is applied.

Provisions

The following paragraph describes the main provisions recorded for this type of business which, in accordance with the provisions of IAS 37 paragraph 14, relate to contractual obligations that have been assumed, will likely generate a application of resources in the future and may be reliably estimated.

a. Provision for warranties

In the specific case of maintenance and integral management contracts including full warranties of a building's fixtures, an estimate of the potential risk is made at the beginning of the contract and a monthly warranty provision is recorded in order to cover the total estimated amount by the end of the contract. These estimates are reviewed periodically and the monthly provision is adjusted accordingly.

b. Provision covering the closing and post-closing of landfills

One of the activities carried out in the Urban Services area is the construction and management of landfills, which involves the construction of landfills under permit and subsequent management of them by collecting certain amounts based on the number of tonnes deposited. In accordance with the permit granted, when the landfill's capacity has been reached it must be closed in order to prevent future environmental risks.

The provisions covering the closing and post-closing of landfills therefore include the estimates made for the costs that will be incurred to close the landfill and treat the waste during the post-closing period for the landfills that are owned by the Company, or are managed by the Company under contracts stating this obligation.

Allocations to the provision for the closing and post-closing of landfills are made in accordance with the estimates prepared by the company's technical personnel regarding the final cost of closing and the cost of maintaining the land that must be incurred once the landfills are closed.

The sufficiency of the provisions are reviewed and evaluated every year based on the measurements taken and reported by the Technical Department regarding the total volume capacity of the landfill, its average density and an estimate of the cost to be incurred when closing the landfill and performing and post-closing services.

c. Provisions for trade receivables

The criteria for allocating provisions for trade receivables are the same as those indicated above for the construction business.

d. Depreciation

The machine relating to these types of contracts is depreciated over the life of the equipment based on technical criteria calculated in accordance with the consumption of the financial benefits obtained from the asset.

e. Refurbishment, construction and subsequent maintenance of infrastructure in the United Kingdom.

Among the activities carried out by the UK subsidiary Amey, it participates in certain contracts covering the construction or rehabilitation of certain public infrastructure, as well as subsequent maintenance.

Due to their characteristics, these contracts fall within the scope of application of the draft interpretation documents regarding concessions issued by IFRIC. Contrary to the case with other concessions, in these cases the concession holders recover the investments made by collecting set amounts that do not vary based on the use of the asset but are affected by certain peculiarities or awards linked to the availability of the asset or the quality of the service rendered.

Under UK accounting standards these investments are treated as trade receivables. Although, as was indicated at the start of these Notes to the financial statements, the IFRIC draft interpretations have not been applied to the preparation of these financial statements, these investments are carried on the balance sheet as trade receivables due to their characteristics.

Income from construction or maintenance services rendered under these contracts is calculated in accordance with the general rules established for construction and service businesses (IAS 11 and IAS 18) and trade receivables are stated using the amortised cost method.

2.5 Reconciliation of opening and closing balances for 2004 and between local standards and IFRS

International Financial Reporting Standard 1 (IFRS 1) requires that the first consolidated financial statements prepared under IFRS include reconciliation between local Spanish accounting standards and IFRS relating to the equity and the income statement at the start and end of the immediately preceding year to which these financial statements refer.

In addition, IFRS 1 requires the reconciliation of 2004 results with the results for the same period prepared in accordance with local principles and standards.

2005 is the first year that the Group has prepared its financial statements in accordance with IFRS. The last financial statements presented in accordance with Spanish accounting principles and standards were those for the year ended 31 December 2004 and date of transition to IFRS is therefore 1 January 2004.

The reconciliation between the accounting principles applied in Spain and IFRS of the figures of consolidated equity at 1 January 2004 and consolidated equity and the consolidated income statement at 31 December 2004 is set out below, together with the figures relating to:

a. Equity at 1 January 2004

	Thousand euro
Equity at 1 January 2004 according to accounting principles and standards generally accepted in Spain in force at that date(*)	1,753,943
Impact of the transition to IFRS:	
No capitalisation of finance expenses for toll highways	-282,936
Depreciation of toll highways	-62,241
Reclassification of treasury shares	-14,949
Fair value derivatives	3,991
Provision for pensions	-25,085
Other	-9,478
Total impact on equity	-390,698
Equity at 1 January 2004 under IFRS	1,363,245
Minority shareholders	466,381
Total equity at 1 January 2004 under IFRS	1,829,626

(*) Obtained from the consolidated financial statements at 31 December 2003 prepared in accordance with accounting principles and standards applicable in Spain.

b. Profit and loss account for 2004

The main differences in the profit and loss account for 2004 deriving from the application of international financial reporting standards are summarised below:

	Thousand euro
Profit for 2004 according to accounting principles and standards generally accepted in Spain in force at that date (*)	556,841
Impact of transition to IFRS:	
No capitalisation of finance expenses on toll highways	-78,930
No amortisation of goodwill	57,302
Depreciation of toll highways	-13,324
Start-up expenses	2,612
Financial lease agreements	203
Results obtained on listing of Cintra, S.A. on stock market	26,230
Results from disposal of treasury shares	-9,561
Fair value derivatives	-5,204
Exchange rate differences	-8,615
Other	998
Total impact of profit/(loss) for year	-28,289
2004 profit according to IFRS	528,552

(*) Obtained from the consolidated financial statements at 31 December 2004 prepared in accordance with accounting principles and standards applicable in Spain.

c. Equity at 31 December 2004

Thousand euro

Equity at 1 January 2004 according to accounting principles and standards generally accepted in Spain in force at that date(*)	2,253,119
Impact of transition to IFRS:	
Adjustments to opening equity	-390,698
Adjustments to profit/(loss) for year	-28,289
Results from disposal of treasury shares	9,561
Reclassification of treasury shares	11,879
Results obtained on listing of Cintra, S.A. on stock market	-18,471
Fair value derivatives	1,104
Total impact on equity	-414,914
Equity at 31 December 2004 according to IFRS	1,838,205
Minority shareholders	680,196
Total equity at 31 December 2004 according to IFRS	2,518,401

(*) Obtained from the consolidated financial statements at 31 December 2004 prepared in accordance with accounting principles and standards applicable in Spain.

d. Breakdown of adjustments deriving from the conversion from the Spanish General Accounting Standards to IFRS recorded in the 2004 Balance sheet

ASSETS Thousand euro	Spanish General Accounting Rules 2004	Finance expenses capitalised	Goodwill	Amortisation of concessions	Listing on stock market Cintra	Treasury shares	Derivatives	Reclassified provisions	Bond-debt issue costs	Other	TOTAL
Non-current assets	7,519,912	-43,314		-299,105		-3,141	-10,725	-131,066		242,866	7,275,427
Start-up expenses	9,185									-9,185	0
Intangible assets	184,361									-98,740	85,621
Property, plant and equipment	602,782							-12,132		-27,331	563,319
Concession assets	5,835,647			-299,105				-118,934		280,168	5,697,776
Financial investments	884,975	-43,314					-10,725			97,775	928,711
Treasury shares	3,141					-3,141				0	0
Derivatives at Fair Value							68,430			0	68,430
Consolidation goodwill	1,237,411		76,534							-35,716	1,278,229
Deferred expenses	1,377,534	-1,164,824							-241,357	28,647	0
Deferred tax liabilities	144,625	100,049		103,325			18,913			-21,249	345,663
Current assets	6,366,006							-9,234	-1,287	-162,318	6,193,167
TOTAL ASSETS	16,645,667	-1,108,089	76,534	-195,780	0	-3,141	76,618	-140,300	-242,644	52,051	15,160,916

LIABILITIES Thousand euro	Spanish General Accounting Rules 2004	Finance expenses capitalised	Goodwill	Amortisation of concessions	Listing on stock market Cintra	Treasury shares	Derivatives	Reclassified provisions	Bond-debt issue costs	Other	TOTAL
Shareholders' equity with minority interest											2,518,401
Shareholders' equity	2,253,119	-361,866	57,302	-75,565	7,698	-3,141	-294			-39,048	1,838,205
Share capital and share premium	333,457										333,457
Treasury shares						-3,141				0	-3,141
Exchange Differences	-55,481									53,722	-1,759
Reserves	1,418,302	-282,936		-62,241	-18,532	9,561	4,910			-87,967	981,097
Profit and loss	556,841	-78,930	57,302	-13,324	26,230	-9,561	-5,204			-4,803	528,551
Minority interest	1,236,666	-452,713	3,296	-120,215	-7,698		-21,217			42,077	680,196
Losses on consolidation	7,908									-7,908	0
Deferred income	233,745						-1,124			-30,260	202,361
Prov. for liabilities and charges	486,256							-193,511		-37,826	254,919
Financial derivatives at fair value							69,098			0	69,098
Long-term creditors	7,074,825						20,954	53,211	-234,103	-235,737	6,679,150
Deferred tax liabilities	492,256	-293,510	15,936				9,201			34,143	258,026
Short-term creditors	4,860,892								-8,541	326,610	5,178,961
TOTAL LIABILITIES	16,645,667	-1,108,089	76,534	-195,780	0	-3,141	76,618	-140,300	-242,644	52,051	15,160,916

e. Breakdown of adjustments deriving from the conversion from the Spanish General Accounting Standards to IFRS recorded in the 2004 Income Statement

INCOME STATEMENT	Spanish	Finance	Amortisation	Listing	Treasury	Currency	Reclass.	Reclass.	Reclass.	Other	TOTAL		
	General Accounting Rules 2004											expenses Capitalised	of concessions
Sales	7,268,249									-14,238		7,254,011	
Operating profit/(loss)	765,752			-46,351						-2,437	-201	716,763	
Financial results	-83,229	-254,627				3,617				214	-1,184	-350,152	
Results equity-consolidated companies	11,003	-4,427									1,919	-2,219	
Amort. goodwill/ negative consolidation differences.	-76,358		76,358										
Other profit and loss					67,051					-28,726	273,513	108	311,946
Consolidated income from ordinary business	617,168	-259,054	76,358	-46,351	67,051		-7,097	-14,943	-30,949	273,513	642	676,338	
Extraordinary profit/(loss)	295,065					-14,709				-6,842	-273,513		
Extraordinary profit/(loss)	912,233	-259,054	76,358	-46,351	67,051	-14,709	-7,097	-14,943	-37,791		642	676,339	
Income tax	267,193	-79,822	15,714	-15,513		-5,148	-1,893	-3,814	-6,012		-1,595	169,110	
Consolidated income attributable to minority shareholders	-88,199	100,302	-3,342	17,514	-40,821			2,514			1,576	-10,456	
Results from discontinued business									31,779			31,779	
CONSOLIDATED INCOME ATTRIBUTED TO PARENT COMPANY	556,841	-78,930	57,302	-13,324	26,230	-9,561	-5,204	-8,615	0	0	3,813	528,552	

f. Description of the main impacts deriving from the transition to IFRS

The description of the main impacts to Equity at 1 January 2004 and 31 December 2004, as well as to profit and loss for 2004 is as follows:

Capitalisation of finance costs relating to toll highways

According to Spanish legislation, finance costs may be capitalised during the operating period and are recognised as an expense in line with the revenues obtained during the year as a percentage of the total revenues projected in the contract.

In accordance with IFRS, finance costs may be capitalised during the construction period but not once the asset enters into service.

The Group recorded a decrease in shareholder's equity in the balance sheet totalling 282,937 thousand euro in this respect and an expense for 2004 in the profit and loss account totalling 78,932 thousand euro.

Goodwill

In accordance with Spanish legislation, goodwill on consolidation is amortised over a maximum of twenty years.

According to IFRS goodwill is not amortised, although an annual impairment test must be performed. In the case of foreign companies, goodwill is denominated in the currency used by the acquired company.

The Group has therefore reversed the allocation totalling 57,421 thousand euro in the profit and loss account for 2004.

Depreciation of toll highways

According to Spanish legislation, concession asset depreciation was fundamentally recorded on an increasing scale basis, in line with the projected revenue during the operating period.

According to IFRS there is no final policy in this respect and the final outcome of the draft interpretation documents from the IFRIC mentioned above is pending. This treatment will depend on the classification provided by the IFRIC interpretation regarding the asset to be recognised (PROPERTY, PLANT AND EQUIPMENT, intangible or trade receivable) which will determine the amortisation/depreciation policy to be applied.

While waiting for a final decision the Group has applied a straight-line depreciation policy in accordance with the comments made in the accounting policy, section 2.4 of these Notes to the Financial Statements, which has resulted in Shareholders' equity declining by 62,214 thousand euro and an expense being recorded in the 2004 profit and loss account totalling 13,253 thousand euro.

Capital gain obtained on listing of Cintra, S.A. on stock market

The difference between Spanish legislation and IFRS arises due to the fact that the carrying amount of the assets pertaining to Cintra, S.A. was reduced due to the application of IFRS, which affects the company's equity. The capital gain generated on the listing of this company on the stock market therefore exceeds 26,207 thousand euro as the carrying amount of the assets is reduced.

Gain deriving from disposal of treasury shares

In accordance with Spanish legislation, the result generated from transactions involving treasury shares is recorded as an extraordinary profit/(loss).

According to IFRS, the result generated by treasury shares is recorded as equity.

The effect on the consolidated income statement is a reduction to consolidated profit totalling 9,615 thousand euro.

Derivatives

According to Spanish legislation derivatives are not recognised until realised.

According to IFRS these items are stated in the balance sheet at their fair value. Changes in the latter are recognised, in the case of non-effective hedges or speculative derivatives, in consolidated profit and loss while efficient cash flow risk hedges are recorded against equity until the hedged transaction takes place.

The Group recorded a decrease in shareholder's equity in the balance sheet totalling 14,111 thousand euro in this respect and an expense for 2004 in the profit and loss account totalling 3,517 thousand euro.

Exchange differences

Spanish legislation stipulates that gains on currency translation are taken to profit and loss when realised in cash while under IFRS they are taken to profit and loss when it is independently revealed that they are not realised.

The effect on the consolidated income statement is a reduction to consolidated profit totalling 8,621 thousand euro.

Reclassification of treasury shares

In accordance with Spanish legislation, treasury shares are recognised as an asset on the consolidated balance sheet whereas under IFRS they are recorded as a reduction of equity.

Other

Finally, the above breakdown includes other less significant information regarding the conversion of the balance sheet and income statement from Spanish standards to IFRS under the column Other, the most notable of which is as follows:

Share-price based compensation systems

The accounting treatment of this type of compensation was not regulated by Spanish legislation. According to IFRS, these compensation systems must be stated in accordance with a financial method and recognised as staff costs over the period during which they accrue.

The Group recorded an increase in shareholder's equity in the balance sheet totalling 19,206 thousand euro in this respect and an expense for 2004 in the profit and loss account totalling 1,721 thousand euro.

Reversal of provisions for changes in carrying amounts

Shareholders' equity decreases with the application of the new standards, which causes a lower carrying amount for the Chilean companies and, consequently, the reversal of the existing provision that had been recorded under national legislation as the fair value of these companies was lower than their carrying amount in accordance with this legislation.

Provision for pensions

In this respect the Group recorded a decrease in Shareholders' equity in the Transition balance sheet totalling 25,085 thousand euro. This reduction relates to the actuarial shortfall existing in the Group's pension funds at the transition date and in accordance with the treatment described in the accounting policies presented in these Notes to the Financial Statements.

2.6 Segment information

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

A geographic segment is a group of assets and operations engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

On the basis of the Ferrovial Group's primary management parameter, the primary reporting format consists of business segments, as indicated in Note 1 and therefore the geographical segments form the secondary reporting format.

a. Basis and methodology of segment information

Segment income consists of amounts directly attributable to the segment and the relevant proportional part of income from joint ventures and/or temporary consortia consolidated by the proportionate method.

Segment expenses are the amounts arising from operating activities and directly attributable to the segment plus the relevant proportional part of costs that may be allocated to the segment using a reasonable allocation method. Segment expenditure the relevant proportional part of costs from joint ventures and/or temporary consortia consolidated by the proportional method.

Shares in the results of associates consolidated by the equity method are allocated to each segment.

The segment results show the proportional part attributable to minority interest.

The segment assets and liabilities are directly related to segment operations and include the proportional part pertaining to joint ventures and/or temporary consortia.

Segment information is set out below.

b. Business segments

At 31 December 2005, the Group is organised on a worldwide basis into four main business segments:

- Construction
- Infrastructure
- Real Estate
- Services

Note 1 on the business and consolidation scope contains a description of the activities carried out in each segment.

The results by business segment are presented distinguishing between results of continuing operations and results of discontinued operations.

Transfers of transactions between segments are formalised on the normal terms and conditions also available to unrelated third parties.

Throughout these notes, the "Rest" column relates to assets and/or liabilities, income and/or expenses of the corporate entities and any adjustments between segments.

The main information on these segments for 2004 and 2005 is presented in the following notes to these consolidated financial statements:

- The most representative accounting policies applied to each business segment are described in note 2.4 on accounting standards.
- Note 29 on Operating revenue contains a breakdown of revenue by business segment, distinguishing between income from sales to external customers and income from sales to other segments.
- Income is presented by business segment, distinguishing between income from continuing activities and income from discontinued activities, in notes 36 and 37.
- The notes on non-current assets (intangible assets, concession assets and property, plant and equipment) indicate additions or investments in non-current assets by business segment.
- Note 19 contains a breakdown of the net cash position by business segment
- Note 34 contains a breakdown of cash flows by business segment, excluding the concession holder companies.

Set out below are the balance sheets and income statements by segment for 2005 and 2004:

92 Balance sheet by business segment: 2004

Thousand euro

A S S E T S	Construction	Infrastructure	Real Estate	Services	Rest	Total
NON-CURRENT ASSETS	138,262	6,219,190	17,946	734,654	233,805	7,343,857
Intangible assets	5,707	64,907	109	14,898	0	85,621
Investments in concession assets	0	5,565,755	0	132,021	0	5,697,776
Property, plant and equipment	103,342	145,506	10,781	295,887	7,803	563,319
Equity-consolidated shareholdings	2,747	156,877	53	12,858	0	172,535
Financial investments	26,459	271,541	7,003	278,990	172,183	756,176
Accounts receivable from concession holder companies	0	0	0	270,646	0	270,646
Available-for-sale financial assets	6,920	0	0	0	94,799	101,719
Other financial assets	19,539	271,541	7,003	8,344	77,384	383,811
Derivative financial instruments at fair value	77	14,604	0	0	53,819	68,430
GOODWILL ON CONSOLIDATION	72,032	213,416	24,254	968,528	0	1,278,229
DEFERRED TAX ASSETS	50,332	268,962	12,070	11,425	2,874	345,663
CURRENT ASSETS	3,300,293	1,247,510	1,576,825	1,207,481	-1,138,942	6,193,167
Inventories	145,858	19,376	1,393,475	15,256	-5,910	1,568,055
Trade and other receivables	1,333,475	221,622	155,822	919,848	-54,753	2,576,014
Trade receivables for sales and services	1,091,101	136,793	68,320	854,009	34,111	2,184,334
Receivable from associates	417	586	9	247	-459	800
Other receivables	303,318	106,040	90,245	62,148	-157,838	403,912
Current deferred tax assets	9,906	21,377	326	41,072	69,686	142,368
Provisions	-71,267	-43,174	-3,078	-37,628	-253	-155,400
Cash and cash equivalents	1,816,687	996,342	26,530	270,149	-1,078,201	2,031,507
Concession holder companies	0	412,917	0	198,893	-1,871	609,939
Rest of companies	1,816,687	583,425	26,530	71,256	-1,076,330	1,421,568
Other assets	4,273	10,170	998	2,228	-78	17,591
TOTAL ASSETS	3,560,919	7,949,078	1,631,095	2,922,088	-902,263	15,160,916
LIABILITIES AND EQUITY	Construction	Infrastructure	Real Estate	Services	Rest	Total
EQUITY	479,751	1,601,578	321,008	636,966	-520,901	2,518,401
CAPITAL AND RESERVES ATTRIBUTABLE TO THE COMPANY'S EQUITY HOLDERS	425,563	982,531	318,480	633,070	-521,438	1,838,205
Share capital and share premium	0	0	0	0	333,457	333,457
Revaluation surplus	787	-18,467	0	-810	23,585	5,095
Retained earnings and other reserves	424,776	1,000,998	318,480	633,880	-878,480	1,499,653
MINORITY INTEREST	54,188	619,047	2,528	3,896	537	680,196
DEFERRED INCOME	2,613	168,076	4	31,669	0	202,361
PROVISIONS FOR LIABILITIES AND CHARGES	53,336	8,356	0	193,225	1	254,919
NON-CURRENT LIABILITIES	22,259	5,564,709	53,924	696,486	410,869	6,748,248
Borrowings	17,364	5,389,342	3,949	691,226	398,858	6,500,740
Bonds and other negotiable securities issued by concession holder companies	0	3,310,569	0	243,000	0	3,553,569
Bank borrowings, concession holder companies	0	1,961,983	0	369,003	0	2,330,987
Bank borrowings, rest of companies	16,346	114,807	3,949	79,222	400,194	614,519
Other borrowings	1,019	1,983	0	0	-1,336	1,665
Other liabilities	5,675	106,647	49,975	4,102	12,011	178,410
Derivative financial instruments at fair value	-780	68,720	0	1,158	0	69,098
DEFERRED TAX LIABILITIES	27,068	126,664	4,900	17,957	81,437	258,026
CURRENT LIABILITIES	2,975,892	479,695	1,251,259	1,345,785	-873,669	5,178,961
Borrowings	19,320	209,664	753,114	702,586	-839,043	845,641
Bonds and other negotiable securities issued by concession holder companies	0	43,443	0	0	0	43,443
Bank borrowings, concession holder companies	0	119,123	0	15,593	0	134,716
Bank borrowings, rest of companies	20,218	33,256	373,482	30,898	203,413	661,267
Other borrowings	-898	13,842	379,632	656,095	-1,042,456	6,215
Trade and other payables	2,641,893	232,060	496,756	634,597	-35,062	3,970,243
Accounts payable to associates	26,173	1,662	145	470	66,881	95,331
Trade payables	2,339,777	128,974	412,835	510,103	-149,708	3,241,981
Current deferred tax liabilities	81,145	34,960	35,219	8,579	4,309	164,212
Other non-trade payables	194,798	66,464	48,557	115,445	43,456	468,719
Trade provisions	303,869	6,911	562	2,777	800	314,920
Other liabilities	10,810	31,060	827	5,825	-364	48,157
TOTAL LIABILITIES AND EQUITY	3,560,919	7,949,078	1,631,095	2,922,088	-902,263	15,160,916

Balance sheet by business segment: 2005

Thousand euro

A S S E T S	Construction	Infrastructure	Real Estate	Services	Rest	Total
NON-CURRENT ASSETS	279,506	8,987,201	22,518	1,758,689	182,527	11,230,440
Intangible assets	9,157	68,089	213	78,899	683	157,041
Investments in concession assets	0	8,227,280	0	329,321	0	8,556,601
Property, plant and equipment	217,770	101,370	14,402	386,137	8,249	727,928
Equity-consolidated shareholdings	731	132,719	251	37,642	0	171,343
Financial investments	32,704	420,622	7,652	924,592	79,561	1,465,131
Accounts receivable from concession holder companies	0	0	0	824,120	0	824,120
Available-for-sale financial assets	6,920	0	0	0	0	6,920
Other financial assets	25,784	420,622	7,652	100,472	79,561	634,091
Derivative financial instruments at fair value	19,144	37,121	0	2,098	94,034	152,396
GOODWILL ON CONSOLIDATION	195,386	231,399	17,971	1,550,890	0	1,995,646
DEFERRED TAX ASSETS	65,246	352,219	13,366	10,129	3,075	444,035
CURRENT ASSETS	3,810,847	1,300,282	1,870,325	2,056,456	-1,296,155	7,741,756
Inventories	184,118	11,248	1,634,754	20,885	-7,703	1,843,302
Trade and other receivables	1,600,498	333,787	189,394	1,514,339	-86,887	3,551,132
Trade receivables for sales and services	1,332,953	167,173	81,662	1,377,369	29,058	2,988,215
Receivable from associates	387	486	0	1,308	-390	1,790
Other receivables	323,208	108,441	107,461	135,487	-192,415	482,182
Current deferred tax assets	10,752	105,714	3,378	35,262	77,113	232,220
Provisions	-66,802	-48,027	-3,107	-35,087	-253	-153,275
Cash and cash equivalents	2,017,180	926,688	34,879	518,276	-1,201,645	2,295,378
Concession holder companies	0	383,214	0	342,940	-2,946	723,208
Rest of companies	2,017,180	543,474	34,879	175,336	-1,198,699	1,572,170
Other assets	9,051	28,559	11,298	2,956	80	51,944
TOTAL ASSETS	4,350,985	10,871,101	1,924,180	5,376,164	-1,110,553	21,411,877
LIABILITIES AND EQUITY	Construction	Infrastructure	Real Estate	Services	Rest	Total
EQUITY	491,280	1,789,686	402,466	769,884	-428,368	3,024,949
CAPITAL AND RESERVES ATTRIBUTABLE TO THE COMPANY'S EQUITY HOLDERS	434,089	970,242	399,580	757,796	-428,905	2,132,802
Share capital and share premium	0	0	0	0	333,457	333,457
Revaluation surplus	491	-32,136	0	-16,602	45,580	-2,667
Retained earnings and other reserves	433,598	1,002,378	399,580	774,398	-807,942	1,802,012
MINORITY INTEREST	57,191	819,444	2,886	12,088	537	892,147
DEFERRED INCOME	1,458	214,958	494	38,662	0	255,572
PROVISIONS FOR LIABILITIES AND CHARGES	62,072	16,095	0	287,327	9,798	375,291
NON-CURRENT LIABILITIES	62,223	7,632,776	171,296	2,199,949	71,926	10,138,170
Borrowings	43,351	7,298,997	557	2,166,336	60,002	9,569,241
Bonds and other negotiable securities issued by concession holder companies	0	4,606,320	0	645,643	0	5,251,963
Bank borrowings, concession holder companies	0	2,581,648	0	860,757	0	3,442,405
Bank borrowings, rest of companies	42,837	109,285	557	295,269	400,288	848,235
Other borrowings	514	1,743	0	364,666	-340,286	26,637
Other liabilities	10,600	116,082	170,739	7,797	11,924	317,143
Derivative financial instruments at fair value	8,272	217,697	0	25,816	0	251,786
DEFERRED TAX LIABILITIES	28,399	186,554	1,988	51,081	70,630	338,652
CURRENT LIABILITIES	3,705,553	1,031,032	1,347,936	2,029,261	-834,539	7,279,243
Borrowings	36,013	722,378	739,949	1,044,745	-795,035	1,748,049
Bonds and other negotiable securities issued by concession holder companies	0	517,291	0	0	0	517,291
Bank borrowings, concession holder companies	0	201,047	0	34,449	0	235,496
Bank borrowings, rest of companies	38,725	521	408,438	30,777	514,672	993,133
Other borrowings	-2,712	3,519	331,511	979,519	-1,309,707	2,129
Trade and other payables	3,342,830	271,128	604,761	976,366	-44,475	5,150,609
Accounts payable to associates	12,824	11,156	4	420	82,489	106,893
Trade payables	2,959,665	132,420	544,747	816,398	-157,780	4,295,450
Current deferred tax liabilities	111,031	65,959	48,585	22,300	12,182	260,056
Other non-trade payables	259,310	61,593	11,425	137,248	18,634	488,210
Trade provisions	317,093	4,337	690	5,218	4,973	332,310
Other liabilities	9,617	33,189	2,536	2,932	-2	48,275
TOTAL LIABILITIES AND EQUITY	4,350,985	10,871,101	1,924,180	5,376,164	-1,110,553	21,411,877

Income statement by business segment: 2004

INCOME STATEMENT	Thousand euro	Construction	Infrastructure	Real Estate	Services	Rest	Total
Sales		3,583,017	614,033	768,140	2,444,462	-155,641	7,254,011
Increase in inventories of finished products and work in progress		-19	2,308	78,177	-867	263	79,862
Other operating revenue		50,180	13,555	464	3,292	48	67,539
TOTAL OPERATING REVENUE		3,633,178	629,896	846,781	2,446,887	-155,330	7,401,412
Materials consumed and other external expenses		2,433,617	6,510	606,276	1,065,467	-153,702	3,958,168
Staff expenses		456,105	96,489	34,730	928,655	20,599	1,536,578
a) Wages, salaries and similar compensation		376,281	84,767	28,910	742,454	18,726	1,251,138
b) Staff welfare costs		79,824	11,722	5,820	186,201	1,873	285,440
Non-current asset depreciation and amortisation		32,684	130,195	2,549	76,816	2,009	244,253
Change in trade provisions		90,485	7,699	2,063	1,696	2,530	104,473
Other operating expenses		450,457	142,890	56,274	215,288	-23,733	841,176
TOTAL OPERATING EXPENSES		3,463,348	383,783	701,892	2,287,922	-152,297	6,684,648
OPERATING RESULTS		169,830	246,113	144,889	158,965	-3,033	716,764
Financial results, concession holder companies (1)		0	-327,600	0	-11,778	16	-339,394
Financial results, rest of companies		54,734	-1,562	-30,744	-25,781	7,405	-10,758
Financial results, financing (2)		28,047	-485	-20,094	-25,690	7,878	-26,100
Financial results, other items (3)-(1)-(2)		26,687	-1,077	-10,650	-91	-473	15,342
FINANCIAL RESULTS		54,734	-329,162	-30,744	-37,559	7,421	-350,152
SHARE OF RESULTS OF EQUITY-CONSOLIDATED COMPANIES		-10,336	8,013	-66	170	0	-2,219
OTHER PROFIT AND LOSS		-1,588	342,615	-10,330	-19,665	914	311,946
CONSOLIDATED INCOME BEFORE INCOME TAX		212,640	267,579	103,749	101,911	5,302	676,339
Income tax		70,974	24,433	35,034	37,302	1,367	169,110
CONSOLIDATED INCOME FROM CONTINUING OPERATIONS		141,666	243,146	68,715	64,609	3,935	507,229
NET RESULTS FROM DISCONTINUED OPERATIONS		0	0	0	31,779	0	31,779
CONSOLIDATED INCOME FOR THE YEAR		141,666	243,146	68,715	96,388	3,935	539,008
RESULTS ATTRIBUTED TO MINORITY INTEREST		-2,736	-3,878	-1,684	-648	-1,510	-10,456
INCOME FOR THE YEAR ATTRIBUTED TO PARENT COMPANY		138,930	239,268	67,031	95,740	2,425	528,552

Income statement by business segment: 2005

INCOME STATEMENT	Thousand euro	Construction	Infrastructure	Real Estate	Services	Rest	Total
Sales		4,387,330	760,276	813,555	3,200,104	-172,172	8,989,093
Increase in inventories of finished products and work in progress		-19	-694	145,489	-14	-2,102	142,660
Other operating revenue		55,194	17,296	21	3,749	24	76,284
TOTAL OPERATING REVENUE		4,442,505	776,878	959,065	3,203,839	-174,250	9,208,037
Materials consumed and other external expenses		3,043,707	7,864	685,170	1,366,043	-160,603	4,942,181
Staff expenses		528,462	104,376	34,118	1,217,137	23,001	1,907,094
a) Wages, salaries and similar compensation		440,003	91,069	28,026	998,017	20,871	1,577,986
b) Staff welfare expenses		88,459	13,307	6,092	219,120	2,130	329,108
Non-current asset depreciation and amortisation		54,115	166,962	1,967	108,090	1,382	332,516
Change in trade provisions		50,549	10,708	11,436	11,959	12,664	97,316
Other operating expenses		555,860	185,101	70,339	285,279	-38,944	1,057,635
TOTAL OPERATING EXPENSES		4,232,693	475,011	803,030	2,988,508	-162,500	8,336,742
OPERATING RESULTS		209,812	301,867	156,035	215,331	-11,750	871,295
Financial results, concession holder companies (1)		0	-371,766	0	-4,985	-1,624	-375,127
Financial results, rest of companies		39,332	2,866	-31,013	-31,363	-4,845	-15,333
Financial results, financing (2)		33,948	2,407	-18,193	-32,092	6,859	-20,789
Financial results, other items (3)-(1)-(2)		5,384	459	-12,820	729	-11,704	5,456
FINANCIAL RESULTS		39,332	-368,900	-31,013	-36,348	-6,469	-390,460
SHARE OF RESULTS OF EQUITY-CONSOLIDATED COMPANIES		-7,946	14,774	-14	773	0	7,587
OTHER PROFIT AND LOSS		0	34,060	-6,283	-607	45,828	72,998
CONSOLIDATED INCOME BEFORE INCOME TAX		241,198	-18,199	118,725	179,149	27,609	561,420
Income tax		84,449	-10,169	39,314	52,908	6,729	173,231
CONSOLIDATED INCOME FROM CONTINUING OPERATIONS		156,749	-8,030	79,411	126,241	20,880	388,189
NET RESULTS FROM DISCONTINUED OPERATIONS		0	0	0	0	0	0
CONSOLIDATED INCOME FOR THE YEAR		156,749	-8,030	79,411	126,241	20,880	388,189
RESULTS ATTRIBUTED TO MINORITY INTEREST		-390	31,051	-692	-2,306	0	27,663
INCOME FOR THE YEAR ATTRIBUTED TO PARENT COMPANY		156,359	23,021	78,719	123,935	20,880	415,852

c. Geographical segments

The parent company's home country is Spain.

The Group's business segments operate mainly in the following geographic areas:

- Spain
- United Kingdom
- USA
- Canada
- Poland
- Chile
- Portugal
- Rest of Europe
- Rest

	Total assets		Additions to Property, Plant and equipment	
	2005	2004	2005	2004
Spain	10,859,443	8,770,026	21,477	19,123
United Kingdom	2,680,177	1,434,812	146,369	-38,794
USA	1,598,141		4,264	
Canada	3,203,801	2,600,320		2,046
Poland	530,071	399,455	-3,893	5,601
Chile	1,119,977	861,961	119	94
Portugal	693,393	683,672	-444	-4,620
Rest of Europe	615,275	265,154	183,285	-1,210
Rest	111,599	145,516	37,432	477
Total	21,411,877	15,160,916	388,609	-17,283

Note 24 on Operating revenue contains a breakdown of sales to foreign customers by geographical segment.

2.7 Foreign currency

a. Functional and presentation currency

The items included in the financial statements of each of the Group's entities are measured using the currency of the economic environment in which the entity operates, i.e. in its functional currency.

The consolidated financial statements are presented in euros, which is the parent company's functional and presentation currency.

b. Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency.

To this end, a distinction is made between foreign entity and foreign establishment and the figures are translated into the presentation currency using different methods depending on the case:

Foreign entity:

A foreign entity is any establishment whose operations do not form an integral part of the reporting entity's operations, i. e it accumulates cash and other monetary items, incurs cost, generates revenues and may agree on loans principally in its local currency.

For such cases, the closing rate translation method is applied, as follows:

- All asset items, except for those referred to below, are translated at the closing rate at the date of the balance sheet.
- Investments and other contributions in foreign entities and long-term loans granted to them by the parent company are translated at the historical exchange rate.
- Goodwill generated on the acquisition of companies is translated at the closing rate for each period and currency translation differences are stated in the amount of the difference between the closing rate and the historical exchange rate at which they were carried.
- All due liabilities are translated at the closing rate on the balance sheet date.
- Equity is translated at the historical exchange rate.
- Income and expenses are translated at average exchange rates.
- All resulting exchange differences are recognised as a separate component of equity.

Foreign establishment:

Foreign establishments form an integral part of the reporting entity's operations such that their business is run as if it were an extension of the reporting entity's operations and therefore used the same functional currency.

In this regard, the companies that contribute assets and liabilities denominated in currencies other than the euro are analysed in the following table:

Company	Activity	% interest	Currency
407 International, Inc (a)	Infrastructure	53.23%	Canadian dollar
Grupo Budimex	Construction	59.06%	Polish zloty
Autoestrada Poludnie, S.A (a)	Infrastructure	50.98%	Polish zloty
Cintra Chile, Ltda. (a)	Infrastructure	100%	Chilean peso
Autopista Collipulli Temuco (a)/(b)	Infrastructure	100%	Chilean peso
Autopista Temuco Rio Bueno. (a)/(b)	Infrastructure	75%	Chilean peso
Autopista Santiago Talca (a)/(b)	Infrastructure	100%	Chilean peso
Talca Chillán, S.A (a)	Infrastructure	33.55%	Chilean peso
Aeropuerto Cerro Moreno	Infrastructure	100%	Chilean peso
Ferrovial Inmobiliaria Chile, Ltd	Real Estate	100%	Chilean peso
Ferrovial Agromán EC, Ltda	Construction	100%	Chilean peso
Ferrovial Agromán Chile, S.A.	Construction	100%	Chilean peso
Delta Ferrovial Limitada	Construction	50%	Chilean peso
Grupisa, S.A Chile	Services	69.23%	Chilean peso
Sydney Airport	Infrastructure	21.74%	Australian dollar
Ferr Sydney Airport Inv.Trust	Infrastructure	100%	Australian dollar
Cintra Airports Limited (CAL)	Infrastructure	100%	Pound sterling
TIDEFAST	Infrastructure	50%	Pound sterling
Bristol Internacional Airport	Infrastructure	50%	Pound sterling
Belfast City Airport	Infrastructure	100%	Pound sterling
Grupo Amey	Services	100%	Pound sterling
Grupo Swissport (c)	Services	100%	Swiss franc
Webber	Construction	100%	US dollar
Chicago Skyway Toll Bridge System	Infrastructure	55%	US dollar
Estacionamientos Ríos Piedras, Inc	Infrastructure	74.94%	US dollar

(a) Shares held by Cintra, S.A., in which the Ferrovial Group has a 62.03% interest.

(b) The concession holder companies are Ruta de los Ríos Sociedad Concesionaria S.A. (Temuco Río Bueno highway), Ruta de Araucanía Sociedad Concesionaria S.A. (Collipulli Temuco highway) and Autopista del Maipo S.A. (Santiago Talca highway). All the references in the notes to any of these three companies will include the name that appears in the above table.

(c) The Swiss franc is the currency of this group's parent company. Listed next to the US dollar due to the group's strong presence in the USA.

Set out below is a breakdown of exchange rate fluctuations between the Group's main currencies and the euro:

	Closing exchange rate 1 Euro=Currency		
	31/12/05	31/12/04	Change
Canadian dollar	1.3754	1.6296	-15.60%
Chilean peso	608.512	753.070	-19.20%
Polish zloty	3.8453	4.0622	-5.34%
Pound sterling	0.6885	0.7076	-2.70%
US dollar	1.1833	1.3556	-12.71%
Swiss franc	1.5564	1.5459	0.68%
Australian dollar	1.1631	1.7316	-32.83%

The fluctuations reflected above have increased the Group's asset and liability balances, particularly in the companies resident in Canada, Chile, Poland, United Kingdom, United States and Australia, while balances relating to the Ferrovial Group's activities in Switzerland have decreased. The tables included in the following notes explaining movements in assets and liabilities contain a column showing the effect of the exchange rate where significant.

The net impact of the fluctuations on assets and liabilities, less the impact on minority interest, is recognised in equity, in the item "Currency translation differences" (see note 15.c). As a result of the exchange rate fluctuations, equity for the year increased by 1,439 thousand euro (-1,759 thousand euro in 2004).

c. Transactions and balances in foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the consolidated income statement when they arise.

Monetary assets and liabilities denominated in foreign currencies are translated at year-end exchange rates. Gains and losses are

recognised in the income statement.

2.8 Accounting estimates and judgements

The information contained in the financial statements is the responsibility of the Group's directors.

In the consolidated financial statements for 2005 and 2004, estimates made by the Group's directors have been used to measure certain assets, liabilities, income, expenses and commitments. The following estimates have been used:

- Evaluation of potential losses due to the impairment of certain assets
- Assumptions employed in the actuarial calculation of pension liabilities and other commitments with employees
- Useful lives of property, plant and equipment and intangible assets
- Measurement of goodwill
- Budget-related estimates taken into consideration when recognising the results of contracts on a percentage-of-completion basis in the construction and services segments.

These estimates were made using the best information available at 31 December 2005 and 2004 in relation to the facts analysed. However, future events could force the Group to modify its estimates. If applicable, estimates will be modified in accordance with IAS 8.

2.9 Changes in estimates and accounting policies, and correction of fundamental errors

a. Changes in accounting estimates

The effect of any change in accounting estimates is recorded on the same line in the income statement as the expense or income recognised using the previous estimate.

b. Changes in accounting policies and correction of fundamental errors

The effect of any change in accounting policies and any correction of fundamental errors is accounted for as follows: the accumulated effect at the beginning of the year is adjusted in Reserves and the effect on the current year is taken to the income statement. In such cases, the financial data for the comparative year presented together with the current year are adjusted accordingly.

3. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks, particularly interest rate risk, foreign exchange risk, credit risk and liquidity risk.

3.1 Interest rate risk

The Group's main interest rate risk arises from the financing of infrastructure projects.

Financing for this type of projects is linked to the project flows. In this connection, when the project enters the operation phase the objective is to attempt to establish as far as possible a fixed interest rate or assure such a rate through hedging against possible interest rate fluctuations, thereby avoiding possible subsequent changes to the project's profitability as a result of such fluctuations. These hedging activities form part of the obligations frequently imposed by financial institutions. A breakdown is presented in Note 9 on Derivative financial instruments at fair value.

3.2 Foreign exchange risk

Ferrovial manages its foreign exchange risk through three types of hedges:

a. Hedge of the Company's assets

The Group seeks to obtain financing for its long-term assets denominated in currencies other than the euro in the same currency as the one in which the asset is denominated. This is particularly true in the case of the concession holder companies and of acquisitions of companies whose assets are denominated in currencies other than the euro.

Note 9 on Derivative financial instruments at fair value contains an analysis of the hedges contracted on the Company's assets.

b. Hedge of future cash flows from transactions to be effected based on binding or highly probable commitments:

This foreign exchange risk relates basically to the execution of construction contracts in which collections and/or payments are made in a currency other than the functional currency. The Group seeks to hedge this risk using foreign exchange derivatives.

In such cases, the risk to be hedged is exposure to changes in the value of transactions to be effected based on binding or highly probable commitments such that there is reasonable evidence of future completion, attributable to a specific risk. Note 9 on Derivative financial instruments at fair value contains an analysis of the relevant contracts concluded by the Group.

c. Hedge of flows from investments in consolidated foreign entities

The risk consists of exposure to changes in the value of forecast dividend flows from investments in consolidated foreign entities, attributable to foreign exchange fluctuations affecting the currency in which the investments are denominated. This risk is also hedge using foreign exchange derivatives, an analysis of which is set out in Note 9 on Derivative financial instruments at fair value.

3.3 Credit risk

The Group's main financial assets are cash and cash equivalents, trade and other receivables, and investments, which represent the Group's maximum exposure to credit risk in connection with its financial assets.

The Group's credit risk is mainly attributable to its trade receivables. The amounts are carried on the balance sheet net of bad debt provisions estimated by Group management based on prior-year experience and an evaluation of prevailing economic circumstances.

Credit risk relating to investments in financial products is concentrated mainly on short-term financial investments ("repos" of sovereign debt and/or highly-liquid deposits in both cases) and derivative financial instruments that hedge foreign exchange, interest rate and equity securities price risks. Counterparties are always financial institutions and a strict diversification policy is applied on the basis of international credit ratings, maximum credit limits and regular reviews. For example, in the specific case of transactions in countries whose economic and socio-political circumstances preclude high credit quality, the Group mainly selects branches and subsidiaries of foreign financial institutions, or the largest local institutions, that fulfil or nearly fulfil stipulated credit policy.

The Group has no significant concentrations of credit risk and exposure is distributed among a large number of counterparties and customers.

3.4. Liquidity risk

Although the general situation in financial markets, particularly the banking market, has been highly favourable for credit seekers in recent years, the Ferrovial Group constantly monitors factors that could help to resolve liquidity crises, particularly sources of financing and their characteristics.

Special attention is paid to the following factors:

- Liquidity of monetary assets: cash surpluses are always placed in very-short-term assets. Specific authorisation is required for placements in assets having a term of more than three months.
- Diversification of credit line maturities and control over financing and refinancing: following the latest acquisitions of Webber and Swissport, financed using the Group's own funds and a bridge loan, two long-term financing operations have been concluded, the first directly by Swissport in December and the second by the Ferrovial Group in January 2006. Consequently, there is no relevant refinancing operation pending.

- Control over the residual terms of credit lines. Following the last refinancing operation, the maturities of existing credit lines are as follows:

LIMIT REDUCTION SCHEDULE

Million euro

Business	Current limits	Average term (months)	LIMITS FORECAST* AT STATED DATE					
			31/12/06	31/12/07	31/12/08	31/12/09	31/12/10	31/12/11
Construction	307.6	21.1	171.8	81.4	26.4	25.9	22.8	21.3
Real Estate	764.2	15.2	704.8	397.6	52.8	39.0	39.8	39.0
Services	683.7	35.7	546.5	396.9	356.6	175.2	133.9	112.6
Corporate	1,025.0	38.9	910.0	710.0	600.0	400.0	250.0	100.0
Infrastructure	393.5	14.1	33.0	33.0	12.7	12.7	11.4	11.4
Total	3,174.1	26.4	2,366.1	1,618.9	1,048.4	652.8	457.8	284.2

* Assuming current operations are not renewed and including the operation formalised by the Ferrovial Group in January 2006.

- Diversification of sources of financing: on a corporate level, bank financing is essential due to ease of access and cost, with which alternative sources of financing are often unable to complete.

However, in many cases, financing without recourse for concessions is often obtained using various types of bonds as the principal source of financing, since such operations could exhaust the habitual source of financing in view of their size. The resulting combination of longer terms, price and diversification is considered to be beneficial.

The Group does not rule out the use of other sources of financing in the future.

Note 19 on the Group's net cash position contains an analysis of bank financing obtained by the concession holder companies and the rest of the companies (without recourse and with resource from the shareholder, respectively).

4. INTANGIBLE ASSETS

El movimiento de los saldos que componen el epígrafe del balance de situación consolidado por segmentos durante los ejercicios 2004 y 2005 ha sido el siguiente:

2004	Thousand euro					
	Balance at 01/01/04	Changes in consolidation scope	Additions	Disposals	Effect of exchange rate	Balance at 31/12/04
Construction	10,713		610	-95	738	11,966
Infrastructure	37,962	31,866	1,312	40	3,001	74,180
Real Estate	569		272	-305		536
Services	58,623	-32,460	4,602	-4,215	-5,447	21,103
Rest	1,394					1,394
Total investment	109,261	-594	6,797	-4,576	-1,709	109,179
Accumulated amortisation	-41,165	9,518	-9,095	17,917	-733	-23,559
Total	68,096	8,924	-2,299	13,342	-2,442	85,620

Changes in scope of consolidation

Changes in the scope of consolidation are explained partly by the exit of the water supply and distribution business (Helguina, S.A. and Aguanorbe, S.L.) for a total of 22,942 thousand euro net of amortisation, due to the sale of the two companies in July 2004 to Grupo Aguas de Barcelona, S.A. This sale was completed in September 2004. Conversely, the change of consolidation method applied to the company Estacionamientos Guipuzcoanos, S.A., from the equity method in 2003 to the full consolidation method in 2004, caused an increase of 31,866 thousand euro.

Additions

Intangible asset additions in the companies Cintra Aparcamientos, S.A. and Estacionamientos Alhóndiga, S.A. amounted to 1,160 thousand euro as a result of payments made by those companies in return for certain administrative concession contracts.

In the services segment, the main addition of Administrative concessions relates to the company Helguina, S.A. in the amount of 4,352 thousand euro. This increase took place in the first nine months of the year, before this company's exit from the consolidation scope.

2005	Thousand euro					
	Balance at 01/01/05	Changes in consolidation scope	Additions	Disposals	Effect of exchange rate	Balance at 31/12/05
Construction	11,966	4,273	952	-991	330	16,530
Infrastructure	74,180	9,453	148	-208	0	83,573
Real Estate	536	138	72	-21	6	732
Services	21,103	68,326	8,955	-66	-399	97,918
Rest	1,394	0	683	0	0	2,077
Total investment	109,179	82,190	10,810	-1,287	-63	200,830
Accumulated amortisation	-23,559	-2,510	-18,258	673	-136	-43,789
Total	85,620	79,681	-7,448	-613	-199	157,041

Changes in scope of consolidation

In the services segment, the variance relates to the inclusion of the company Swissport, entailing a net increase of 60,651 thousand euro in the amortisation balance. In the infrastructure segment, administrative concessions rose by 9,452 thousand euro due to the company Aparcamientos de Bilbao

Additions

In 2005 the main additions took place in the services segment and the largest increase relates to Cespa (7,782 thousand euro).

5. INVESTMENTS IN CONCESSION ASSETS

This caption relates to the investments in assets owned by the companies holding transport infrastructure concessions (basically highways and airports) and concessions for services (public infrastructure maintenance). These assets are used directly in operations. Related risks are adequately covered by insurance policies.

The majority of concession assets relate to administrative concession contracts. In most cases, the assets are owned by the granting government body from inception and the concession holder has a right to exploit them in order to recover the investment over the concession term in accordance with the terms and conditions laid down by the granting government body. Under the concession contract, these assets must revert to the granting government body at the end of the concession period.

Set out below is an analysis of investments in concession holder companies showing movements during 2004 and 2005:

2004	Thousand euro				
	Balance at 01/01/04	Changes in consolidation scope	Additions	Disposals	Effect of Balance at exchange rate 31/12/04
Autopista del Sol	676,512		1,500		678,012
Autopista Terrasa-Manresa	216,578		1,663		218,241
Autopista Trados M-45	97,204		56		97,260
Autopista R-4 Madrid-Sur (a)	515,229		133,002		648,231
Autopista Madrid Levante (d)		66,929	1,958		68,887
Cintra Chile	93,896				-999 92,897
Autopista Temuco Río Bueno	159,504			-1,552	-1,718 156,234
Autopista Collipulli Temuco	179,962		7,592		-1,883 185,671
Autopista Santiago Talca	354,425		75,809		-2,975 427,259
407 ETR International, Inc.	2,459,774		32,958		-2,718 2,490,014
Euroscut Algarve, S.A.	272,186		1,077		273,263
Euroscut Norte Litoral, S.A.	65,072		164,730		229,802
Eurolink Motorway Operation	127,294		115,557		242,851
Bristol Int. Airport, Plc (b)	125,502		3,773		129,275
Belfast City Airport	49,116		15,611		64,726
Aeropuerto Cerro Moreno	5,933		-22		5,912
Tube Lines (c)	102,002		34,232		136,234
Total investment	5,500,189	66,929	589,496	-1,552	-10,293 6,144,769
Infrastructure amortisation	-320,580		-122,588		388 -442,779
Services amortisation	-1,110		-3,103		-4,213
Total amortisation	-321,690		-125,691		388 -446,992
Total net investment	5,178,499	66,929	463,805	-1,552	-9,905 5,697,777

(a) Includes the balances of Inversora de Autopistas del Sur, S.L.

(b) Includes the balances of Tidefast, Ltd

(c) Relates to the London underground upkeep contract of Tube Lines Plc, in which Amey, Plc holds an interest

(d) Includes the balances of Inversora de Autopistas de Levante, S.L.

The main additions for the period relate to toll highways under construction in 2004. In the case of the Madrid-Levante highway company, incorporated in 2004, additions for the year relate basically to expropriated land.

In 2004, fluctuations in the euro exchange rate with respect to the currencies of the countries in respect of which the Group records significant highways and airports in non-current assets (mainly Canada, Chile and the United Kingdom) have caused reductions in the relevant balance sheet asset accounts.

	Thousand euro					
	Balance at 01/01/05	Changes in consolidation scope	Additions	Disposals	Effect of exchange rate	Balance at 31/12/05
Autopista del Sol	678,012		56	-174		677,894
Autopista Terrasa-Manresa	218,241		940	-147		219,034
Autopista Trados M-45	97,260		72			97,332
Autopista R-4 Madrid-Sur (a)	648,231		28,845			677,076
Autopista Madrid Levante (d)	68,887		261,201			330,088
M-203 Alcalá - O'Donnell		6,733				6,733
Cintra Chile	92,897				22,069	114,966
Autopista Temuco Río Bueno	156,234			-2,517	38,107	191,824
Autopista Collipulli Temuco	185,671		5,189		46,558	237,418
Autopista Santiago Talca	427,259		56,176		109,799	593,234
407 ETR International, Inc.	2,490,014		25,325		462,464	2,977,803
Skyway Concession Co. LLC		1,489,559			70,560	1,560,119
Euroscut Algarve, S.A.	273,263		1,428			274,691
Euroscut Norte Litoral, S.A.	229,802		121,834	-15,368		336,268
Eurolink Motorway Operation	242,851		90,006			332,857
Bristol Int. Airport, Plc (b)	129,275		8,521		3,510	141,306
Belfast City Airport	64,726		1,894		1,781	68,401
Aeropuerto Cerro Moreno	5,912		54		1,412	7,377
Tube Lines (c)	136,234	152,486	44,862		-307	333,275
Other Amey contracts		16,007				16,007
Total investment	6,144,769	1,664,785	646,402	-18,206	755,952	9,193,703
Infrastructure amortisation	-442,779	-5,462	-132,102		-36,797	-617,140
Services amortisation	-4,213		-15,748			-19,961
Total amortisation	-446,992	-5,462	-147,850		-36,797	-637,101
Total net investment	5,697,777	1,659,323	498,553	-18,206	719,155	8,556,602

(a) Includes the balances of Inversora de Autopistas del Sur, S.L.

(b) Includes the balances of Tidefast, Ltd

(c) Relates to the London underground upkeep contract of Tube Lines, in which Amey, Plc has an interest

(d) Includes the balances of Inversora de Autopistas del Levante, S.L.

The variances relate to the inclusion in the consolidation scope of the companies Skyway Concession Co, in January 2005, M-203 Alcalá O'Donnell, in September 2005 and the infrastructure maintenance concession holder in other Amey contracts.

The most relevant additions for the period relate to toll highways under construction in 2005, mainly the Madrid-Levante highway and Euroscut Norte Litoral.

In 2005, fluctuations in the euro exchange rate with respect to the currencies of the countries in respect of which the Group records significant highways in non-current assets (mainly Canada, Chile and the United States) have caused an increase in the relevant balance sheet asset accounts.

The following table shows the closing balance for investments in concession assets broken down by company and an analysis of interest capitalised at source during the construction period and during 2004 and 2005. The table also shows the percentage of completion of the projects at 31 December 2004 and 2005.

2004

Thousand euro

	Investment in concession assets			% of completion
	Sections in use	Sections under constructions	Total	
Autopista del Sol, C.E.S.A.	678,012		678,012	
Autopista Terrasa-Manresa, S.A.	218,241		218,241	
Autopista Trados M-45, S.A.	97,260		97,260	
Autopista R-4 Madrid-Sur, C.E.S.A.(a)	648,231		648,231	
Autopista Madrid Levante (d)		68,887	68,887	0.09%
Cintra Chile	92,897		92,897	
Autopista Temuco Río Bueno	156,234		156,234	
Autopista Collipulli Temuco	185,671		185,671	
Autopista Santiago Talca	427,259		427,259	
407 ETR International, Inc.	2,490,014		2,490,014	
Euroscut Algarve, S.A.	273,263		273,263	
Euroscut Norte Litoral, S.A.		229,802	229,802	54.90%
Eurolink Motorway Operation		242,851	242,851	66.50%
Bristol International Airport, Plc (b)	129,275		129,275	
Belfast City Airport	64,726		64,726	
Aeropuerto Cerro Moreno	5,912		5,912	
Tube Lines (c)	136,234		136,234	
Total	5,603,229	541,540	6,144,769	

(a) Includes the balances of Inversora de Autopistas del Sur, S.L.

(b) Includes the balances of Tidefast, Ltd

(c) Relates to the London underground upkeep contract of Tube Lines, in which Amey, Plc has an interest

(d) Includes the balances of Inversora de Autopistas de Levante, S.L.

2005

Thousand euro

	Investment in concession assets			% of completion
	Sections in use	Sections under constructions	Total	
Autopista del Sol, C.E.S.A.	677,894		677,894	
Autopista Terrasa-Manresa, S.A.	219,034		219,034	
Autopista Trados M-45, S.A.	97,332		97,332	
Autopista R-4 Madrid-Sur, C.E.S.A.(a)	677,076		677,076	
Autopista Madrid Levante (d)		330,088	330,088	58%
M-203 Alcalá - O'Donnell		6,733	6,733	0.00%
Cintra Chile	114,966		114,966	
Autopista Temuco Río Bueno	191,824		191,824	
Autopista Collipulli Temuco	237,418		237,418	
Autopista Santiago Talca	593,234		593,234	
407 ETR International, Inc.	2,977,803		2,977,803	
Skyway Concesión Co. LLC	1,560,119		1,560,119	
Euroscut Algarve, S.A.	274,691		274,691	
Euroscut Norte Litoral, S.A.		336,268	336,268	91.23%
Eurolink Motorway Operation	332,857		332,857	
Bristol International Airport, Plc (b)	141,306		141,306	
Belfast City Airport	68,401		68,401	
Cerro Moreno Airport	7,377		7,377	
Tube Lines (c)	333,275		333,275	
Other Amey contract	16,007		16,007	
Total	8,520,614	673,089	9,193,703	

(a) Includes the balances of Inversora de Autopistas del Sur, S.L.

(b) Includes the balances of Tidefast, Ltd

(c) Relates to the London underground upkeep contract of Tube Lines, in which Amey, Plc has an interest

(d) Includes the balances of Inversora de Autopistas de Levante, S.L.

Capitalised interest relates to specific financing for several toll highways. Movements in 2004 and 2005 in interest capitalised in respect of the toll highways 407ETR, Temuco Río Bueno and Collipulli Temuco are due entirely to foreign exchange fluctuations. As regards the Santiago Talca highway, although the main effect is the exchange rate, interest is being capitalised as the project has not yet been completed.

Concession assets located outside Spain at 31 December 2005 and 2004 total 6,607,969 thousand euro and 4,160,615 thousand euro net of depreciation.

6. PROPERTY, PLANT AND EQUIPMENT

Set out below is an analysis of Property, plant and equipment on the consolidated balance sheet showing movements by segment during 2004 and 2005:

	2004						Thousand euro	
	Balance at 01/01/04	Changes in consolidation scope	Additions	Disposals	Effect of exchange rate	Balance at 31/12/04		
Land and structures	240,452	39,095	91,421	-69,025	4,476	306,419		
Plant and machinery	479,321	3,636	94,527	-71,093	2,794	509,186		
Other fixtures, tools and furnishings	478,856	1,824	43,838	-82,041	2,034	444,511		
Total investment	1,198,629	44,556	229,787	-222,159	9,303	1,260,116		
Structures	-129,866	-24,692	-19,439	1,649	-4,902	-177,251		
Plant and machinery	-189,126		-53,521	2,861	390	-239,397		
Other fixtures, tools and furnishings	-281,509	15,331	-41,543	28,206	-633	-280,149		
Depreciation / Provision	-600,502	-9,362	-114,503	32,715	-5,145	-696,797		
Total	598,127	35,194	115,284	-189,443	4,158	563,319		

	2005						Thousand euro	
	Balance at 01/01/04	Changes in consolidation scope	Additions	Disposals	Effect of exchange rate	Balance at 31/12/04		
Construction	316,160	2	72,719	-112,033	11,148	287,997		
Infrastructure	184,239	45,197	30,472	-15,585	-267	244,056		
Real Estate	26,823		51,530	-52,715		25,638		
Services	650,860	-644	75,019	-42,775	-1,578	680,883		
Other	20,547		45	949		21,541		
Total investment	1,198,629	44,556	229,787	-222,159	9,303	1,260,116		
Depreciation	-600,502	-9,362	-114,503	32,715	-5,145	-696,797		
Total	598,127	35,194	115,284	-189,443	4,158	563,319		

Changes in scope of consolidation

In 2004, changes in the consolidation scope relate to assets from Estacionamientos Guipuzcoanos, S.A., which was consolidated by the equity method to September, when Cintra, S.A. acquired an additional 57.1% of the company, which was then fully consolidated.

Additions

Infrastructure additions relate basically to new investments in off-street car parks and machinery for on-street car parks.

Additions in the services segment relate basically to the Cespa Group's investments in waste treatment plants, landfills and machinery used in its activities.

Finally, additions in the construction segment are due to the acquisition during the year of site machinery used in the activities.

Disposals

The main disposals in the construction segment relate to fully-depreciated site equipment written off in 2004 in the amount of 30,690 thousand euro and to the classification of plants built for the account of government bodies as financial investments totalling 9,682 thousand euro.

	Thousand euro					
	Balance at 01/01/05	Changes in consolidation scope	Additions	Disposals	Effect of exchange rate	Balance at 31/12/05
Land and structures	306,419	23,734	13,892	-23,376	2,292	322,961
Plant and machinery	509,186	139,753	126,253	-39,027	4,145	740,311
Other fixtures, tools and furnishings	444,511	23,110	71,334	-15,909	772	523,818
Total investment	1,260,116	186,598	211,479	-78,312	7,209	1,587,090
Structures	-177,251	-37,332	-8,722	11,389	-1,915	-213,831
Plant and machinery	-239,397	-15	-37,818	18,791	-245	-258,685
Other fixtures, tools and furnishings	-280,149	-2	-75,922	-27,976	-2,596	-386,645
Depreciation / Provision	-696,797	-37,349	-122,462	2,203	-4,756	-859,162
Total	563,319	149,249	89,017	-76,109	2,453	727,928

	Thousand euro					
	Balance at 01/01/05	Changes in consolidation scope	Additions	Disposals	Effect of exchange rate	Balance at 31/12/05
Construction	287,997	88,006	132,982	-55,823	4,220	457,383
Infrastructure	244,056	5,517	21,381	-6,440	574	265,089
Real Estate	25,638	4,793	1,875	-2,347	220	30,179
Services	680,883	88,281	53,635	-13,694	2,195	811,300
Other	21,541	0	1,606	-8	0	23,139
Total investment	1,260,116	186,598	211,479	-78,312	7,209	1,587,090
Depreciation	-696,797	-37,349	-122,462	2,203	-4,756	-859,162
Total	563,319	149,249	89,017	-76,109	2,453	727,928

Changes in scope of consolidation

In 2005, the consolidation scope changes relate basically to the addition of assets from Webber and Swissport totalling 86,615 thousand euro and 66,900 thousand euro respectively.

Additions

Construction segment additions are due mainly to specialised machinery acquired. Five new tunnelling machines were acquired, significantly increasing the fleet of construction machinery, which previously included two tunnelling machines.

In the services segment, additions relate mainly to the investments in waste treatment plants, landfills and machinery used in the Cespa Group's business, as in the previous year.

Finally, infrastructure additions relate basically to investments in rotating parking lots and machinery for surface parking lots.

Disposals

Construction segment disposals are due basically to the write-off of construction site equipment in 2005.

Other information

- No property, plant and equipment is subject to restrictions on ownership or pledged as security for liabilities.
- Property, plant and equipment not used in operations is insignificant with respect to closing consolidated balances.
- Property, plant and equipment located outside Spain totals 60,116 thousand euro in 2004 and 213,268 thousand euro in 2005, net of depreciation.
- There are no binding commitments to purchase or sell property, plant and equipment.
- The Group has taken out insurance to cover possible risks affecting its property, plant and equipment and possible claims that could be brought in the normal course of business. The Group considers that the insurance policies provide adequate coverage for such risks.

7. EQUITY-CONSOLIDATED COMPANIES

This caption relates to the companies in which the Group has significant influence, i.e. the power to participate in decisions concerning financial policy and operations, but does not have control over the companies.

Shareholdings in equity-consolidated companies are analysed below at 31 December 2004 and 2005:

2004								Thousand euro
COMPANIES	Balance at 01/01/04	Changes in consolidation scope	Additions (increase in % holding)	Disposals (decrease in % holding)	Result for the year	Dividend / distrib.	Effect of exchange rate	Balance at 31/12/04
Infrastructure								
Europistas Concesionaria Española, S.A.	20,213			-1,020	5,316	-17,982		6,527
Túneles de Artxanda, S.A.	6,558			-4,244	-515			1,799
Estacionamientos Guipuzcoanos, S.A. S. Munic. De Aparc. y Serv.	7,431	-8,908			1,477			0
De Málaga, S.A.	3,969				534	-295		4,208
Inversiones Técnicas Aeroportuarias, S.A.	30,249	-30,249						0
Infoser Estacionamientos, A.I.E.	55				16			71
Est. Urbanos de León, S.A.	745				234	-158		821
Sydney Airport Corporation, Ltd.	183,465		3,026		-2,209	-33,641	-7,926	142,715
Real Estate								
Lusivial Promoção e Gestao Imobiliaria, S.A.	5,256	-5,256						0
Inmobiliaria Urbecentro Dos, S.A.	329				-56		-7	266
Promovial, Promoção Imobiliaria, Ltda	17				-1			16
Construction								
Subsidiaries of Budimex		4,632			365			4,997
Rest of equity-consolidated companies	25,282		535	-5,843	-8,632		-227	11,115
Total	283,568	-39,781	3,561	-11,107	-3,471	-52,076	-8,160	172,535

The main variances during the year are described below:

a. Infrastructure:

Increase of 3,026 thousand euro in the equity-consolidated shareholding in Sydney Airport Corporation, Ltd from 20.68% to 20.90%. This company also paid out dividends totalling 33,641 thousand euro.

Decrease of 4,244 thousand euro in the equity-consolidated shareholding in Túneles de Artxanda, S.A. from 21.90% to 10.08%.

Dividend pay-out of 17,982 thousand euro by Europistas, Concesionaria Española, S.A.

Exit from Inversiones Técnicas Aeroportuarias, S.A. in the amount of 30,892 thousand euro, this company having been sold for 23,660 thousand euro.

Change of consolidation method applied to Estacionamientos Guipuzcoanos, S.A., from equity to full consolidation, as the shareholding rose from 42.86% to 61.98%, resulting in a reduction of 8,908 thousand euro in this item, including results for the year.

b. Real Estate:

Sale of Lusivial Promoção e Gestao Imobiliaria, S.A. for 5,256 thousand euro.

c. Construction:

Change in the consolidation scope relating to the shareholding in the subsidiaries of Grupo Budimex S.A., amounting to 4,632 thousand euro.

2005		Thousand euro						
COMPANIES	Balance at 01/01/05	Changes in consolidation scope	Additions (increase in % holding)	Disposals (decrease in % holding)	Result for the year	Dividend / distrib.	Effect of exchange rate	Balance at 31/12/05
Infrastructure								
Europistas Concesionaria Española, S.A.	6,527			-950	8,206	-7,269		6,514
Túneles de Artxanda, S.A.	1,799		55		-247			1,607
S. Munic. De Aparc. y Serv. De Málaga, S.A.	4,208				631	-294		4,545
Infoser Estacionamientos, A.I.E.	71				29			100
Est. Urbanos de León, S.A.	821				234	-176		879
Sydney Airport Corporation, Ltd.	142,715				9,533	-41,821	9,398	119,825
Real estate								
Inmobiliaria Urbecentro Dos, S.A.	266				-14		-17	235
Promovial, Promoção Imobiliária, Ltda	16				-1			15
Services								
Concesionaria Madrid Calle 30		22,744			-172			22,572
Construction								
Subsidiaries of Budimex	4,997				294		-862	4,429
Rest of equity-consolidated companies	11,115	3,117			-6,893		3,282	10,621
Total	172,535	25,861	55	-950	11,600	-49,560	11,801	171,342

The main variances during the year are described below:

a. Infrastructure:

Dividend pay-out of 41,821 thousand euro by Sydney Airport Corporation, Ltd.

Dividend pay-out of 7,269 thousand euro by Europistas, Concesionaria Española, S.A.

b. Services:

Inclusion in the consolidation scope of the company Concesionaria Madrid Calle 30 for a total of 22,572 thousand euro, including results for the year.

Other information

- The share in results shown in these tables is net of taxes. Corporate income tax for 2004 and 2005 totals 1,252 thousand euro in tax payable and 4,014 thousand euro in tax refundable, respectively, and is recorded in "Income tax" in the accompanying consolidated income statements for 2004 and 2005.
- Investments in associates at 31 December 2004 and 2005 include goodwill of 11,310 thousand euro.
- Europistas is listed on the Spanish Stock Exchange and at 31 December 2005 showed a value of 677,005 thousand euro.
- There are no reasons to draw the conclusion that the Group has significant influence in companies in which its interest is less than 20% or does not have significant influence in companies in which its interest exceeds 20%.
- There are no significant restrictions on the capacity of associates to transfer funds to the Parent company in the form of dividends, debt repayments or advance payments.
- Appendix I contains a list of the main shareholdings in associates, including their name, country of origin, business segment, the Group's interest and financial highlights, such as aggregate assets and liabilities, net sales and profit or loss for the year.

8. FINANCIAL INVESTMENTS

8.1. Accounts receivable from concession holder companies

This item amounts to 824,120 thousand euro (270,646 thousand euro in 2004) and relates to the company Tube Lines. The balance is formed by amounts to be recovered in the long term from the concession holder in exchange for services rendered or investments made under the concession contract.

The maturities of accounts receivable from concession holders in 2004 and 2005 are shown below (thousand euro):

	Maturities	2006	2007	2008	2009	2010
Balance at 31/12/04	270,645	107,405	45,767	16,017	16,488	84,968
Balance at 31/12/05	824,120		169,966	250,866	205,587	197,701

8.2. Shareholdings in available-for-sale companies

These investments are measured at cost as reliable values cannot be calculated.

Movements in this item in 2004 and 2005 are as follows:

2004		Thousand euro					
Shareholdings in available-for-sale companies	% interest	Balance 01/01/04	Additions	Changes in consolidation scope	Disposals	Effect of exchange rate	Balance 31/12/04
Other		94,799					94,799
Grupo Corporativo ONO, S.A.	9.59%	94,799					94,799
Construction		6,920					6,920
Parque temático de Madrid, S.A.	2%	3,515					3,515
Build2Edifica	15.48%	2,053					2,053
Terra Mítica-Parque Temático de Benidorm, S.A.	0.64%	1,352					1,352
TOTAL		101,719					101,719

2005		Thousand euro					
Shareholdings in available-for-sale companies	% interest	Balance 01/01/05	Additions	Changes in consolidation scope	Disposals	Effect of exchange rate	Balance 31/12/05
Other		94,799			-94,799		0
Grupo Corporativo ONO, S.A.	9.59%	94,799			-94,799		0
Construction		6,920					6,920
Parque temático de Madrid, S.A.	2%	3,515					3,515
Build2Edifica	15.48%	2,053					2,053
Terra Mítica-Parque Temático de Benidorm, S.A.	0.64%	1,352					1,352
TOTAL		101,719			-94,799		6,920

The movement relates to the sale by Ferrovial Telecomunicaciones of its entire 9.59% interest in Grupo Corporativo ONO, S.A. This transaction generated a gain of 46,654 thousand euro, as described in note 34 on other profits and losses.

8.3. Other financial assets

Movements in this item in 2004 and 2005 are as follows:

	Thousand euro				
2004	Balance at 1/1/04	Additions	Disposals	Effect of exchange rate	Balance at 31/12/04
Deposits securing bond issues	182,027	71,733	-1,199	-196	252,366
Economic interest groupings	43,096	41,271	-7,382		76,985
Long-term loans to employees	3,940	2,257	-2,222		3,975
Other loans	33,491	18,279		-1,284	50,486
Total	262,554	133,540	-10,803	-1,480	383,812

The most significant balance in the item Deposits securing bond issues relates to the company 407 ETR International Inc, amounting to 250,759 thousand euro. It should be noted that the balances relating to concession holder companies are mainly restricted and must remain in the companies' assets as security for bond and debenture issues by the concession holders.

The main addition in the item Deposits securing bond issues relates to the long-term deposits provided by the company 407 ETR International Inc to secure bond issues, amounting to 71,733 thousand euro.

The average interest rate on deposits furnished by the company 407 ETR International Inc is 2.5% on amounts maturing within one year.

Economic interest groupings

This item relates basically to financial assets in respect of which collections may be determined and which are not negotiated in an active market, related to certain tax benefits obtained by investing in economic interest groupings engaged in an asset leasing activity managed by an entity unrelated to the Ferrovial Group, which retains the majority of the profits and assumes the risks of the activity. In short, this is a closed operation for the Ferrovial Group, which enjoys the tax benefits under the special regime provided by Additional Provision Fifteen of the Spanish Corporate Income Tax Act. The results of these operations are recognised in income tax in the accompanying income statement. Ferrovial has a 49% interest in the groupings.

Additions during the year relate to the investment of 40,530 thousand euro in a further three economic interest groupings, in addition to the five recorded in the previous year

	Thousand euro				
2005	Balance at 31/12/04	Additions	Disposals	Effect of exchange rate	Balance at 31/12/05
Deposits securing bond issues	252,366	143,074	-68,616	54,884	381,708
Economic interest groupings	76,985	14,195	-1,168	171	90,183
Long-term loans to employees	3,975	2,362	-2,911		3,426
Other	50,486	109,324	-4,870	3,835	158,775
Total	383,812	268,955	-77,565	58,890	634,092

The most significant balances in the item Deposits security bond issues relates to the companies 407 ETR International Inc and Skyway Concesión Co LLc, amounting to 277,815 thousand euro and 103,893 thousand euro respectively.

The average interest rate on the deposits provided by the companies 407 ETR International Inc and Skyway Concesión Co LLc is 2.91% for amounts maturing within two years and 3.13% for amounts maturing in less than one year.

The main balance in the item Other relates to Long-term time deposits, most of which relate to the company 407 ETR International Inc.

The results of these operations are recognised in income tax in the accompanying income statement.

Ferrovial has a 49% interest in the groupings.

9. DERIVATIVE FINANCIAL INSTRUMENTS AT FAIR VALUE

As indicated in Note 3 on Financial Risk Management, the Group's activities are exposed to a variety of financial risks including interest rate and foreign exchange risks.

In order to hedge these risks, the Ferrovial contracts derivative financial instruments, the accounting treatment of which is described in Note 2.4.7.

As commented in Note 3 on Financial Risk Management, the derivative financial instruments contracted by the Ferrovial Group are mostly intended to hedge foreign exchange or interest rate risks affecting long-term investments or contracts and the majority have long-term maturities.

Set out below is an analysis of the hedges and their fair values at 31 December 2005 and 2004, by nature of contracts in force:

CONCEPTS	Thousand euro	
	31/12/05	31/12/04
Derivatives, cash flow hedges (interest rate)	38,544	12,415
Derivatives, cash flow hedges (foreign exchange)	19,143	1,167
Derivatives, asset hedges	79	—
Derivatives, foreign investment hedges	328	680
Derivatives, compensation system hedges	94,302	54,168
Total derivatives at fair value – assets	152,396	68,430
Derivatives, cash flow hedges (interest rate)	169,623	68,368
Derivatives, cash flow hedges (foreign exchange)	8,271	380
Derivatives, liability hedges	69,398	350
Derivatives, foreign investment hedges	4,494	—
Derivatives, compensation system hedges	—	—
Total derivatives at fair value - liabilities	251,786	69,098

a. Interest-rate hedges of future cash flows

The main hedge transactions of this kind in force at 31 December 2004 and 2005 relate to financing for concession holder projects, mainly in the infrastructure and services segments, where the purpose once the project is in progress is to obtain, as far as possible, a fixed rate of interest or to ensure a fixed rate by means of interest-rate hedges.

Set out below are details of these hedges:

- Autopista Terrasa-Manresa, S.A. records interest-rate swaps hedging 44.72% of its debt at a fixed interest rate of between 2.94% and 5%, in both 2004 and 2005.
- Autopista del Sol, C.E.S.A records interest-rate swaps hedging 35.95% of its total debt at a fixed interest rate of between 3.04% and 5.1%, in both 2004 and 2005.
- In 2004, Norte Litoral contracted an interest-rate hedge for up to 228,700 thousand euro of its debt at a fixed interest rate of 3.65%, which is in force at 31 December 2005.
- In 2004 and 2005, Inversora del Sur records interest-rate swaps hedging all its Tranche A and Tranche BEI debts (456,600 thousand euro) at a rate of 3.83% and all its Tranche B debt (100,000 thousand euro) at a rate of 4.18%.
- In 2004 and 2005, Inversora Autopistas de Levante records interest-rate swaps hedging its entire debt at a rate of 4.39%.
- Eurolink records interest-rate swaps hedging a part of its debt subject to different terms at a rate of between 3.44% and 5.39% in 2004 and 2005.
- Chicago Skyway has hedged its entire debt by means of interest-rate swaps of fixed and variable rates in order to fully eliminate interest-rate risk.
- In 2004 and 2005, Aeropuerto de Tidesfast records a hedge transaction for GBP120 million that matures in 2006.

Finally, the subsidiaries of the Amey Group record the following interest-rate hedges:

- Tube Lines Holdings Ltd, a company 66.6% owned by the Amey Group, has contracted hedges to obtain a fixed interest rate of 7.25% on a total of GBP134,999,000 (196,077 thousand euro), maturing between 2010 and 2029.

- AHL Holdings (Wakefield) Ltd, a company 50% owned by the Amey Group, has contracted hedges to obtain a fixed interest rate of 5.19 % on a total of GBP10,923,000 (15,864 thousand euro), maturing in 2026.
- AHL Holdings (Manchester) Ltd, a company owned by the Amey Group, has contracted hedges to obtain a fixed interest rate of 5.22% on a total of GBP15,351,000 (22,296 thousand euro), maturing in 2027.
- RSP (Holdings) Ltd, a company 35% owned by the Amey Group, has contracted hedges to obtain a fixed interest rate of 5.16% on a total of GBP58,568,000 (85,066 thousand euro), maturing in 2035.
- ALC (Superholdco) Ltd, a company 50% owned by the Amey Group, has contracted hedges to obtain a fixed interest rate of 4.73% on the sum of GBP14,227,000 (20,663 thousand euro) and a fixed interest rate of 4.70% on the sum of GBP658,000 (956 thousand euro), maturing in 2020 and 2021, respectively.

b. Foreign exchange hedges of future cash flows

The Group seeks to hedge foreign exchange risk, which basically affects construction contracts in which collections and/or payments are made in a currency other than the functional currency, by means of foreign exchange hedges. A list of contracts in force is set out below:

- In November 2004, Cintra, S.A. contracted a number of hedges in the form of forwards and collars for USD475 million in relation to the investment made in January 2005 in the purchase of the Skyway highway in Chicago (United States).
- Cadagua, S.A., in a joint venture with Budimex (shares of 60% and 40%, respectively), records a number of forward contracts to hedge euro-US dollar fluctuations, as the collection and payment flows under a contract to build a desalination plant in Saudi Arabia (Jelenia Gora) are denominated in euros and US dollars. The hedges amount to 3,491 thousand euro and 7,636 thousand euro for 2004 and 2005, respectively, and mature in January 2005 and January and October 2007.
- At 31 December 2005, Cadagua, S.A. records a forward contract hedging US-dollar exposure under a contract for the sum of USD700,000.
- Cadagua has a joint venture with Budimex for the Cos Poznan thermal drying plant (50% Cadagua, 50% Budimex). Contracted collections in euros are hedged by a number of forward contracts for a total of 13,483 thousand euro, maturing in March, June and December 2006 and March 2007.
- Finally, Cadagua has hedged US-dollar payments to suppliers by means of a forward contract for USD6,200,000 (4,637 thousand euro) dated December 2004 and maturing in September 2006.
- The joint venture formed by Ferrovial Agromán and Budimex has also contracted forwards to hedge forecast collections (denominated in euros) under the Expressway S1 highway concession in Poland for a total of 8,634 thousand euro at 31 December 2004 and 2,889 thousand euro at 31 December 2005, against the Polish zlotys, maturing in 2006.
- In addition to the above-mentioned hedges contracted by the joint ventures, the Budimex Group has hedged zloty-euro and zloty-US dollar fluctuations for certain contracts denominated in the Polish currency. Euro-zloty contracts have been arranged for 166,798 thousand euro at 31 December 2004 and 131,301 thousand euro at 31 December 2005, the majority of which mature in 2006 in the latter case.
- Ferrovial Agromán, S.A. and Budimex, S.A. have contracted forwards for a total of 35,746 thousand euro and 122,635,000 Polish zlotys, against the US dollar, in proportion to their shares in the Warsaw Airport project (60% and 40%, respectively), to hedge exposures under the airport contract at 31 December 2005. At 31 December 2005 the forward contracts amount to 51,771,000 thousand euro and 182,123,000 Polish zlotys, respectively, against the US dollar. The related collection and payment flows are denominated in US dollars, euros and zlotys, respectively. These hedges mature in March and September 2006.

c. Foreign exchange hedges of the company's assets and liabilities

As indicated in note 3 above, the Group seeks to obtain financing for long-term assets denominated in currencies other than the euro in the same currency as the one in which the assets are denominated. This item relates to the following transactions:

- In 2004, Cintra S.A. contracted a number of hedges for euro-zloty fluctuations totalling 8,995,000 Polish zlotys (2,167 thousand euro). The contract was renewed in 2000 for 9,719,000 zlotys (2,152 thousand euro). The purpose is to hedge the exchange rate for the loan received from its subsidiary Autoestrada Poludnie.
- In 2005, Cintra, S.A. contracted hedges covering fluctuations in the US dollar and Chilean UF (inflation-indexed development units) exchange rate for payments in respect of financing totalling USD421 million for the Maipo Highway project. The hedges and the financing mature in June 2022.

d. Foreign exchange hedges of flows from investments in consolidated foreign entities

The Group records forward sale contracts to partially hedge the amount of the dividends it expects to receive in coming years from the companies 407 ETR International and Sydney Airport Corporation Ltd, against fluctuations affecting the relevant currencies. The following contracts are in force:

- Through forward sale contracts, the company Cintra, Concesiones de Infraestructuras de Transporte, S.A. has hedged against the Canadian dollar the amount of the transfers it expects to receive to 2006 from the concession holder company 407 ETR International Inc for the reimbursement of equity. At 31 December 2004 and 2005, the hedges amount to 60,744,000 Canadian dollars (38,180 thousand euro) and 60 million Canadian dollars (39,701 thousand euro), respectively. Of this amount, hedges totalling 48 million Canadian dollars (31,065 thousand euro) and 12 million Canadian dollars (8,636 thousand euro) mature in 2006 and 2007, respectively.
- Ferrovial Infraestructuras, S.A. has implemented a hedging policy for exchange rates on future dividends receivable from Sydney Airport Corporation Ltd. At December 2004 and 2005, contracts in force amount to 7,582,000 Australian dollars and 43,300,000 Australian dollars, respectively, as partial hedges for the expected dividends. Hedges totalling 32,300,000 Australian dollars and 11 million Australian dollars mature in 2006 and 2007, respectively.

e. Hedges for risks arising from share-based or share option-based compensation systems

As indicated in notes 41 and 42, the Ferrovial Group hedges for possible losses resulting from the exercise of rights under share-based or share option-based compensation systems by contracting swaps at the grant date that may only be settled in cash. Such transactions are treated as future cash flow hedges. The main features of the contracts are explained in detail in note 41 and 42.

10. GOODWILL ON CONSOLIDATION

10.1. Movements

Movements in Goodwill on consolidation in 2004 and 2005 are set out below by segment and cash-generating unit:

2004	01/01/04	Movements during the year			31/12/04
ITEMS	Investment	Investment / disposal	Impairment loss	Exchange rate	Investment
Construction	62,073	1,378		8,581	72,032
Budimex	62,073	1,378		8,581	72,032
Infrastructure	217,715			-4,299	213,416
Cintra Aparcamientos	41,800				41,800
407 ETR International	79,973			-74	79,899
Autopista Santiago Talca	11,916			-133	11,783
Autopista del Sol Conces. Española	20,050				20,050
Europistas, Concesionaria Española	11,328				11,328
Aeropuerto de Bristol	48,008			-235	47,773
Other	4,640			-3,857	783
Real Estate	24,254				24,254
Grupo Don Piso	17,971				17,971
Lar 2000	6,283				6,283
Services	954,191	18,230		-3,893	968,527
Grupisa Infraestructuras	12,125				12,125
Grupo Eurolimp	6,934				6,934
Grupo Novipav	10,836	-10,092			744
Amey	524,050	1,180		-3,894	521,336
Cespa	400,246	27,142			427,388
Total	1,258,233	19,608		389	1,278,229

The main variances are explained below:

Services

- The variance in the Novipav Group relates basically to adjustments to goodwill charged to extraordinary results following the latest valuation of that group of companies.
- Following the acquisition of Cespa, the Ferrovial Group has acquired Trasa, which holds a 25% interest in Ecocat, a company engaged in special industrial waste treatment, generating goodwill of 10,991 thousand euro.
- The goodwill from the initial acquisition of Cespa was recalculated in 2004 when the definitive price was known, resulting in a downward adjustment of 6,850 thousand euro.
- The goodwill generated in 1999 when Cespa acquired GTR, the owner of the Pierola landfill, increased by 18,841 thousand euro due to a review of the acquisition agreement.

2005	01/01/05	Movements during the year			31/12/05
ITEMS	Investment	Investment / disposal	Impairment loss	Exchange rate	Investment
Construction	72,032	114,744		8,609	195,386
Budimex	72,032			4,160	76,192
Webber Group		114,744		4,449	119,193
Infrastructure	213,416			17,983	231,399
Cintra Aparcamientos	41,800				41,800
407 ETR Internacional	79,899			13,948	93,847
Autopista Santiago Talca	11,783			2,643	14,426
Autopista del Sol Conces. Española	20,050				20,050
Europistas, Concesionaria Española	11,328				11,328
Bristol Airport	47,773			1,698	49,471
Other	783			-306	477
Real Estate	24,254		-6,283		17,971
Grupo Don Piso	17,971				17,971
Lar 2000	6,283		-6,283		0
Services	968,528	564,356		18,006	1,550,890
Grupisa Infraestructuras	12,125				12,125
Grupo Euroлимп	6,934				6,934
Grupo Novipav	744				744
Amey	521,337			14,462	535,799
Cespa	427,388	663			428,051
Swissport		563,693		3,544	567,237
Total	1,278,229	679,100	-6,283	44,599	1,995,646

The main variances are explained below:

Construction

- The acquisition of the Webber Group generated goodwill on consolidation of 114,744 thousand euro. The section on business combinations contains a breakdown of this movement.

Real Estate

- The goodwill relating to Lar 2000, S.A. has decreased by 6,283 thousand euro as a result of impairment.

Services

- The acquisition of the Swissport Group generated goodwill on consolidation of 563,693 thousand euro. The section on business combinations contains a breakdown of this movement.

10.2 Impairment tests for consolidated goodwill

Group management has implemented an annual procedure to identify any impairment of the cost recognised with respect to the recoverable amount of goodwill. This procedure is applied to each cash-generating unit to which goodwill has been allocated.

Impairment is calculated by comparing the company's carrying amount (equity plus net goodwill) with its fair value, which is the price at which it could be sold to an independent party, less possible transaction costs, provided the fair value may be reliably estimated, i.e. the company is quoted in an active organised market or a transaction between independent parties may serve as a reference.

The value of the goodwill allocated to Budimex, which is quoted in the Warsaw Stock Market, has been measured by verifying that the company's closing share price is higher than its carrying amount plus the goodwill allocated.

Where fair value cannot be reliably estimated (generally the case when the company is not quoted) or a potential impairment loss has been identified, the company's carrying amount is compared with its value in use obtained by discounting cash flows, distinguishing between two possibilities:

- Goodwill allocated to concession holder companies whose financial structure is independent from the Group's overall structure and whose duration is limited:
 - In such cases, the company is measured by discounting future flows expected by the shareholder to the expiry of the concession, in accordance with the relevant economic and financial plan.
 - Future flows are discounted at an estimated cost of capital based on a risk-free rate referenced to 30-year bonds, a beta coefficient reflecting the company's leverage and asset risk, and an estimated market premium

The goodwill in Autopista 407 and Autopista del Sol has been valued using this method.

- Rest of goodwill:
 - In this case, the Group employs project flow projections for a five-year period, calculating the residual value based on the flow for the last year projected, provided this represents a normalised flow, and applies a growth rate that never exceeds the estimated long-term growth rate for the market in which the company operates.
 - As the financial structure of the consolidated companies is linked to the Group's overall structure in most cases, cash flows are discounted using a discount rate based on the Group's weighted average cost of capital, as adjusted to account for the added risk of certain types of activities, where applicable.
 - Sensitivity analyses are also performed in any event, particularly in relation to the discount rate and residual growth rate employed, so as to ensure that potential changes in the estimated rates have no impact on the possible recovery of goodwill recognised.

The above-mentioned measurement methods have been applied to value the most significant goodwill balances relating to the Webber Group, Amey, Cespa and Swissport.

With the exception of the goodwill allocated to the company Lar 2000, which is engaged in managing owners' associations, for which a provision of 6,283 thousand euro has been recorded for impairment loss, the parent company's directors consider, on the basis of available estimates and projections, that the carrying amount of the goodwill recognised is justified by the forecast revenues from these companies attributable to the Group.

10.3 Business combinations

Set out below are details of the net assets acquired and goodwill recognised as a result of the main business combinations completed by the Ferrovial Group during the year, as well as the contributions by the acquired businesses to the Group's revenues and net results.

Goodwill generated by a business combination is attributable to the profitability of the acquired business and the synergies expected to arise following the acquisition. The purchase consideration for the acquisition has been settled in cash in all cases and therefore the relevant amount matches the net cash outflow from the Group.

The business combinations are described in detail in note 1 on business activities and scope of consolidation.

10.3.1. Acquisition of the company "Chicago Skyway Toll Bridge System"

The acquired business contributed revenues of 40,735 thousand euro and a net loss of 10,889 thousand euro for the period 24 January 2005 to 31 December 2005. If the acquisition had taken place on 1 January 2005, Group revenues would have amounted to 41,243 thousand euro and the net loss for the year would have totalled 11,089 thousand euro.

The following table contains an analysis of the net assets acquired, goodwill recognised and related fair value adjustments:

	Thousand euro		
	Carrying amount	Adjustments	Fair value
Concession assets	38,566	1,414,221	1,452,787
Other assets	4,580	—	4,580
Liabilities	(775,926)	—	(775,926)
Total net assets	(732,780)	1,414,221	681,441
Minority interest (*)	329,751	(636,399)	(306,648)
Total fair value of net assets acquired	(403,029)	777,822	374,793
Purchase consideration			
Cash paid and direct costs attributable			374,793
Goodwill			—

(*) Minority interest in Cintra, S.A. (subsidiary that acquired the business)

10.3.2. Acquisition of additional shares in Tube Lines Limited

The acquired business contributed revenues of 396,087 thousand euro and a net profit of 20,309 thousand euro for the period February 2005 to 31 December 2005. If the acquisition had taken place on 1 January 2005, Group revenues would have amounted to 453,506 thousand euro and the net profit for the year would have totalled 25,588 thousand euro.

The following table contains an analysis of the net assets acquired, goodwill recognised and related fair value adjustments:

	Thousand euro		
	Carrying amount	Adjustments	Fair value
Concession assets	—	152,486	152,486
Other assets	725,501	—	725,501
Liabilities	(740,187)	—	(740,187)
Total net assets	(14,686)	152,486	137,800
Minority interest			—
Total fair value of net assets acquired			137,800
Purchase consideration			
Cash paid and direct costs attributable			137,800
Goodwill			—

10.3.3. Acquisition of the Swissport Group

The acquired business contributed revenues of 261,226 thousand euro and a net profit of 1,261 thousand euro for the period 1 October 2005 to 31 December 2005.

The following table contains an analysis of the net assets acquired, goodwill recognised and related fair value adjustments:

	Thousand euro		
	Carrying amount	Adjustments	Fair value
Intangible assets	7,644	57,118	64,762
Goodwill	135,933	(135,933)	—
Other assets	364,018	—	364,018
Deferred tax liabilities	(3,785)	(17,383)	(21,168)
Tax, legal and employment liabilities	(37,268)	(9,380)	(46,648)
Other liabilities	(587,210)	—	(587,210)
Total net assets	(120,668)	(105,578)	(226,246)
Minority interest			—
Total fair value of net assets acquired			(226,246)
Purchase consideration			
Cash paid and direct costs attributable			339,447
Goodwill			565,693

10.3.4. Acquisition of the company Webber (Webber Group)

The acquired business contributed revenues of 89,223 thousand euro and a net profit of 2,709 thousand euro for the period 15 September 2005 to 31 December 2005. If the acquisition had taken place on 1 January 2005, Group revenues would have amounted to 292,502 thousand euro and the net profit for the year would have totalled 13,029 thousand euro.

The following table contains an analysis of the net assets acquired, goodwill recognised and related fair value adjustments:

	Thousand euro		
	Carrying amount	Adjustments	Fair value
Property, plant and equipment	19,253	30,263	49,516
Intangible assets	4,226	45	4,271
Inventories	2,988	2,529	5,517
Other assets	104,490	—	104,490
Tax liabilities	(1,592)	(5,936)	(7,528)
Other liabilities	(92,029)	—	(92,029)
Total net assets	37,336	26,901	64,237
Minority interest			—
Total fair value of net assets acquired			64,237
Purchase consideration			
Cash paid and costs attributable			178,891
Goodwill			114,744

11. INVENTORIES

The changes in the balances of the "Inventories" caption as at 31 December 2005, were as follows:

	Thousand euro		
ITEMS	Balance at 31/12/05	Balance at 31/12/04	Change
Land lots and unbuilt land	706,613	679,061	27,552
Raw materials and other supplies	122,039	96,255	25,784
Real estates in progress	607,419	567,629	39,790
Completed real estates and buildings acquired	249,306	171,342	77,964
Initial expenses and site facilities	43,187	41,955	1,232
Prepayments	126,609	21,328	105,281
Provisions	(11,871)	(9,515)	(2,356)
Total	1,843,302	1,568,055	275,247

Inventories is distributed by segment as follows:

	Thousand euro		
ITEMS	Balance at 31/12/05	Balance at 31/12/04	Change
Construction	184,118	145,858	38,260
Infrastructure	11,248	19,376	(8,128)
Real Estate	1,634,754	1,393,475	241,279
Land	1,120,683	909,902	210,781
Construction	514,071	483,573	30,498
Services	20,885	15,256	5,629
Other	(7,703)	(5,910)	(1,793)
Total	1,843,302	1,568,055	275,247

At 31 December 2005 there was a significant increase in the volume of inventories, which related mostly to the real estate activity and involved both the acquisition of land and the construction of new real estates. In this connection, the acquisition of land in 2005 totalled 399,000 thousand euro compared with 212,500 thousand euro in 2004.

At 31 December 2005 and 2004 the financial cost for real estates totalling 17,334 thousand euro and 18,238 thousand euro, respectively, was considered to be an increase in the cost of inventories. The capitalization rate used to calculate the interest cost was 2.75%.

The amount of inventories or the cost of sales recognized as an expense in the consolidated profit and loss account for 2005 and 2004 totalled 1,676,543 thousand euro and 1,355,078 thousand euro, respectively.

Due to the fact that the operating cycle in the real estate activity is longer than 12 months, the inventories for this segment include the items that will be completed and delivered in more than one year after the balance sheet date. The amount of the non-current portion that is expected to be delivered in more than 12-months after the balance sheet date is as follows:

Thousand euro	Balance at 31/12/05 with a realisation date less than						
	1 year	2 years	3 years	4 years	5 years	More than 5 years	Total
Land lots and unbuilt land	305,396	10,719	86,496	263,636	205,806	248,630	1,120,683
Real estates in progress	41,725	204,384	21,310	21,089	10,309	98	298,915
Completed real estates	227,027	-	-	-	-	-	227,027
	574,148	215,103	107,806	284,725	216,115	248,728	1,646,625
Provisions							(11,871)
Total real estate inventories							1,634,754

At 31 December 2005 and 2004 the following inventories had been covered by a provision in the real estate activity:

	Thousand euro	
	31/12/05	31/12/04
Inventories covered by a provision		
Cost	27,734	26,087
Provision	(11,871)	(9,515)
Carrying amount	15,863	16,572
Provision recorded during the year	(8,226)	(4,510)
Provision reversed during the year	5,870	163

12. TRADE RECEIVABLES FOR SALES AND SERVICES

The breakdown of the balance of the "Trade Receivables for Sales and Services" caption as at 31 December 2005 and 2004 is as follows:

ITEMS	Thousand euro		
	Balance at 31/12/05	Balance at 31/12/04	Change
Trade receivables	2,247,646	1,605,814	641,832
Notes receivable	257,405	209,626	47,779
Guarantee withholdings	120,066	79,433	40,633
Completed work pending certification	363,098	289,461	73,637
Total	2,988,215	2,184,334	803,881
Provisions for bad debts	(127,714)	(131,878)	4,164
Total	2,860,501	2,052,456	808,045

The balance of trade receivables for sales and services by business segment at 31 December 2005 and 2004 is as follows:

ITEMS	Thousand euro		
	Balance at 31/12/05	Balance at 31/12/04	Change
Construction	1,289,984	1,041,742	248,242
Infrastructure	119,147	93,619	25,528
Real Estate	78,556	65,242	13,314
Services	1,344,011	817,995	526,016
Other	28,803	33,858	-5,055
Total	2,860,501	2,052,456	808,045

Analysis of changes

The increase in the trade receivable heading is mainly due to the Construction and Services segments, due to the new entries into the group's scope of consolidation.

a. Services:

The Company Tube Lines Limited, of which the Group held a 33 percent interest in 2004 and in January 2005 acquired a further 33 percent stake (see Note 1.2), provided the group with trade receivables totalling 174,699 thousand euro at 31 December 2004, which rose to 492,172 thousand euro at 31 December 2005.

In addition, the Swiss Group led by the Company SWT Lux, S.A. which was acquired in August 2005, contributed trade receivables totalling 147,088 thousand euro at the balance sheet date.

b. Construction

The Texas-based Webber group, which was acquired in September 2005, contributed trade receivables totalling 61,168 thousand euro.

The remaining increase in the trade receivables for the construction segment was due to a general increase in this activity.

Other information

At 31 December 2005 the heading Trade receivables for sales and services rendered was reduced by 221,600 thousand euro (131,000 thousand euro relating to specific construction contracts and the rest to promissory notes issued by customers that were discounted before they fell due). In addition, in 2004 there are collection documents totalling 114,949 thousand euro that have been assigned without recourse to financial entities. These assets have been eliminated from the balance sheet since it is considered that they comply with the conditions established in paragraph 20 of IAS 39 regarding the derecognition of financial assets.

No credit risk concentration is deemed to exist given that the Group has a large number of customers in different business areas distributed throughout the world.

Consolidated Group Management considers that the carrying amount of trade receivables approximates their fair value.

Finally, with regard to construction contracts, the following table contains a breakdown of the amounts owed by and/or to customers and the income recorded during the year:

	Thousand euro	
	2005	2004
Trade receivables	1,332,953	1,091,101
Prepayments from customers (prepayment for certificates)	666,627	496,523
Net Sales recorded during the year	4,387,330	3,583,017

The above-mentioned trade receivables figure includes 304,830 thousand euro and 224,052 thousand euro relating to work in progress unbilled for customers at 31 December 2005 and 2004, respectively.

13. OTHER RECEIVABLES

The following table shows the breakdown of the balance of the "Other Receivables" caption distinguishing the Receivable from "Public Authorities" caption from the rest.

	Thousand euro		
ITEMS	Balance at 31/12/05	Balance at 31/12/04	Change
Other receivables	352,187	251,270	100,917
Receivable from public authorities	329,346	285,683	43,663
Provisions for bad debts	(25,562)	(23,522)	(2,040)
Total	655,971	513,431	142,540

The caption "Other receivables" includes balances receivable arising outside the ordinary course of business carried on by each segment and Prepayments to Suppliers amounting to 65,762 thousand euro in 2005 and 73,214 thousand euro in 2004.

The "Receivable from Public Authorities" caption includes the balances receivable from public authorities for various items. The main balances relate to:

ITEMS	Thousand euro	
	Balance at 31/12/05	Change
VAT and Canary Island General Tax refundable	200,288	168,697
Capital grants receivable	11,150	9,965
Withholdings and interim payments refundable	113,188	103,220
Withholdings and interim payments refundable	4,720	3,801
Total	329,346	285,683

Consolidated Group Management considers that the carrying amount of trade receivables approximates their fair value.

14. TRADE PROVISIONS

The breakdown of the operating allowances balance on both the asset and the liability sides of the balance sheet is as follows:

	Thousand euro		
	Balance at 31/12/05	Balance at 31/12/04	Change
Prov. for doubtful receivables	127,714	131,878	-4,164
Other prov. for trade receivables	25,562	23,522	2,040
Asset provisions	153,275	155,400	-2,124
Prov. for project completion	266,062	232,325	33,737
Other provisions	66,248	82,595	-16,347
Liability provisions	332,310	314,920	17,391
TOTAL	485,585	470,320	15,266

The following table shows the "Operating Provisions" balance on both the asset and the liability sides by business segment:

	Thousand euro		
	Balance at 31/12/05	Balance at 31/12/04	Change
Construction	383,895	375,137	8,759
Infrastructure	52,364	50,085	2,279
Real Estate	3,797	3,640	156
Services	40,305	40,405	-100
Other	5,225	1,053	4,173
Total	485,586	470,320	15,266

The main balances for trade provisions for both 2005 and 2000 for the Construction Division relate to:

- "provisions for project completion expenses" totalling 228,772 thousand euro and 191,361 thousand euro, respectively
- "provisions for doubtful receivables" totalling 42,969 thousand euro and 49,359 thousand euro, respectively

Allocations are made to these provisions in accordance with the criteria indicated in Note 2.4.22.1.

Among the changes, that relating to trade provisions for the Construction Division as is mentioned in Note 2.4.22.1, which involves the general criteria regarding the recognition of profits for the Construction activity, is notable.

The Group has recognizes losses in 2004 and 2005 totalling 47,198 thousand euro and 36,977 thousand euro, respectively, relating to the loss in the value of its trade and other receivables.

15.1 Share capital and share premium

Share capital and share premium

At 31 December 31 2004 and 2005, Grupo Ferrovial, S.A.'s share capital consisted of 140,264,743 fully subscribed and paid registered shares of 1 par value each, all carrying equal rights.

The share premium amounts to 193,192 thousand euro and is an unrestricted reserve.

At 31 December 31 2005 the shareholders owning more than 10% of Grupo Ferrovial, S.A.'s share capital were Casa Grande de Cartagena, S.L. with 17.777 % and Portman Baela, S.L. with 40.537%.

The parent company's shares are listed on the continuous market in Spanish stock markets and all shares carry the same voting and financial rights.

Treasury shares

2004

The average purchase price of parent company shares in 2004 was 36.68 per share.

Throughout 2004 Grupo Ferrovial, S.A. sold 879,796 shares, thereby generating a capital gain totalling 14,709 thousand euro.

In addition, Betonial, S.A. sold 74,833 Grupo Ferrovial, S.A. shares, generating a capital gain totalling 1,297 thousand euro.

2005

The average purchase price of parent company shares in 2005 was 54.85 per share.

Over the course of 2005, Grupo Ferrovial, S.A. bought and sold 40,654 treasury shares, generating a reduction of reserves totalling 46 thousand euro due to these sales.

In 2005 Betonial, S.A. did not carry out any transactions involving shares in Grupo Ferrovial, S.A.

Ferrovial Inversiones, S.A. bought and sold 48,480 shares in Grupo Ferrovial, S.A., generating a capital gain totalling 9 thousand euro.

At 31 December 2005 the treasury shares held by consolidated companies were intended mainly to be used to reduce share capital.

In accordance with the Spanish Companies Acts a restricted reserve has been created in an amount equal to that at which the parent company's shares held by that company and its subsidiaries are recorded in their accounts.

Increases and decreases in equity due to the reserve for treasury shares

2004

At 31 December 31 2004, Grupo Ferrovial, S.A. owned 83,531 treasury shares representing 0.06% of share capital and had set up the reserve required under corporate legislation in the event of ownership of treasury shares.

As a result of the transactions carried out involving treasury shares this year equity decreased by 13,352 thousand euro, and other reserves increased by the same amount, due to the reserve for treasury shares.

2005

At 31 December 2005, Grupo Ferrovial holds 83,531 of its own shares, which represented 0.06% of its share capital. As was the case the previous year, the necessary reserves required by commercial legislation in these cases have been created.

As a result of the transactions carried out involving treasury shares this year equity increased by 1,206 thousand euro, and other reserves decreased by the same amount.

Reserves at the Parent Company

Legal Reserve

Under the revised Corporations Law, 10% of income for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of capital stock.

The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased capital stock amount.

Except as mentioned above, until the legal reserve exceeds 20% of capital stock, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

The parent company has fully funded its legal reserve.

Reserve for Parent Company shares

There are restricted reserves which are equivalent to the carrying value of treasury shares and shares in the Parent Company and which must be maintained as long as the shares are not disposed of or written-off.

2004

Betonial, S.A. owns 123,477 Parent Company shares, representing 0.09 % of its share capital and has set up the mandatory reserves required by corporate legislation in the event of ownership of Parent Company shares.

As a result of the transactions carried out involving parent Company shares this year, the reserve for shares held in the parent Company decreased by 1,091 thousand euro and Consolidation reserves increased by the same amount.

2005

At 31 December 2005, Betonial held 123,477 shares in the parent company, which represented 0.09% of its share capital. As was the case the previous year, the necessary reserves required by commercial legislation in these cases have been created.

Revaluation reserve (Royal Decree-Law 7/1996)

As permitted by the legislation in force as of December 31, 1996, certain Group companies revalued their property, plant and equipment.

The balance of the revaluation reserve, which amounts to 1,948 thousand euro at the Parent Company, was approved by the tax authorities in 1998 and can now be used, free of tax, as follows:

- To offset prior years' losses
- To increase share capital
- It can be taken to unrestricted reserves as from 31 December 2006. However, this balance cannot be distributed until the monetary surplus has been realized. The surplus will be deemed to have been realized in respect of the portion on which depreciation has been taken for accounting purposes or when the revalued assets have been sold or retired from the accounting records

15.2. Value adjustments in equity

This heading of the consolidated balance sheet records the net amount of value changes affecting financial derivatives designated as hedging instruments to cover cash flows.

Movements in the balance of this heading throughout 2005 were as follows:

	Thousand euro
	2005
Opening balance	5,095
Adjustments for hedging instruments	-7,762
Closing balance	-2,667

15.3. Retained earnings and other reserves

Reserves in consolidated companies and exchange differences

Set out below is the breakdown by business segment of consolidation reserves at 31 December 2005 together with a comparison with the previous year (thousand euro):

	Thousand euro		
	Balance at 31/12/05	Balance at 31/12/04	Change
Corporate	-545,733	-388,571	-157,162
Construction	544,078	405,048	139,030
Infrastructure	358,765	132,645	226,120
Real Estate	316,339	249,185	67,154
Services	48,929	-31,522	80,451
Other	12,950	12,849	101
TOTAL	735,328	379,634	355,694

Set out below is the breakdown by business segment of currency translation differences at 31 December 2005 together with a comparison with the previous year (thousand euro):

	Thousand euro		
	Balance at 31/12/05	Balance at 31/12/04	Change
Corporate			
Construction	16,277	10,049	6,228
Infrastructure	-29,489	-6,879	-22,610
Real Estate	1,163	-503	1,666
Services	11,729	-4,426	16,155
Other			
TOTAL	-320	-1,759	1,439

A habitual limitation to the distribution of reserves lies in financing agreements that restrict the distribution of dividends until certain ratios have been obtained.

The main movements that appear in the Statement of Changes in Equity and 2004 and 2005 are set out below.

2004

The most important change that is reflected in the heading Others, relates to the increase in equity deriving from the asset swap between Ferrovial Infraestructuras S.A. and Grupo Cintra totalling 18,590 thousand euro, as is mentioned in Note 1 of Changes in the Scope of Consolidation.

The impact on the Group's Shareholders' Equity of the exchange rate variations was a reduction of 1,759 thousand euro (this reduction is reflected in the variation in the balance of "Currency translation differences", which amounted to 0 in December 2003 and to -1,759 thousand euro in December 2004).

We must note in this section that part of the change in currency translation differences is due to changes in the scope of consolidation, notably the change totalling 8,395 thousand euro which arises as a result of the sale of Inversiones Técnicas Aeroportuarias, S.A. ate change totalling 7,373 thousand euro also took place with respect to Autopista 407 ETR International Inc., due mainly to the change in the shareholding held in this Company, as is mentioned in Note 1.2 and the share capital reimbursements issued by that Company.

2005

The most important change in the heading Others' relates to the adjustments to value in equity mentioned in section two of this Note.

The impact on the Group's Shareholders' Equity of the exchange rate variations was an increase of 1,439 thousand euro (this reduction is reflected in the variation in the balance of "Currency translation differences", which amounted to -1,759 euros in December 2004 and to -320 thousand euro in December 2005).

16. MINORITY INTERESTS

This caption in the consolidated balance sheet includes the proportional share in the equity of the companies which are fully consolidated by the Group in which shareholders other than the Ferrovial Group have ownership interests.

Movements in this heading throughout 2005 and 2004 are summarised as follows:

	Thousand euro	
	2005	2004
Opening balance	680,196	436,381
Entry into the scope of consolidation	198,320	791
Dividends	-33,946	-30,351
Consolidated income	-27,662	10,456
Currency translation difference	-24,548	5,023
Increases in share capital	254,650	206,547
Changes in equity interests and other	-154,863	51,349
Closing balance	892,147	680,196

2004

Under the heading "Increase of share capital", the increase in the number of minority interests is notable due to the capital increase carried out by the companies Cintra, S.A. (132,169 thousand euro), Inversora Autopistas del Sur, S.L. (45,593 thousand euro) and Euroscut Norte, S.A. (16,766 thousand euro), as well as the minority equity holders arising due to the incorporation of Autopista Madrid Levante for a total of 12,020 thousand euro.

In addition, the section "Changes in equity interests and others" reflects the changes arising with respect to minority equity holders deriving from the listing of Cintra, S.A. on the stock market, the changes are very significant for Grupo Cintra Aparcamientos, S.A. at 48,962 thousand euro, Autopista 407 ETR Internacional Inc. at 50,722 thousand euro and the rest of the investee companies of Cintra, S.A. at -17,646 thousand euro. This heading also includes the decline in the number of minority interests in Autopista del Sol, CESA at -18,158 thousand euro due to the 10% increase in the equity of this company held by Cintra, S.A.

2005

The heading "Entry into consolidation" notes the increase in the number of minority equity holders due to the consolidation of the companies SCC Holding (184,632 thousand euro) and Swissport Group (13,688 thousand euro).

The heading "Increase IN share capital" includes an increase in the number of minority equity holders due to the share capital increase carried out by the companies Autopista R-4 Madrid Sur, C.E.S.A. (21,120 thousand euro), Inversora Autopistas de Levante (16,184 thousand euro) and Autopista Madrid Levante C.E.S.A. (125,381 thousand euro).

Set out below is the breakdown by business segment of Minority interests at 31 December 2005 together with a comparison with the previous year (thousand euro):

	Thousand euro		
	Balance at 31/12/05	Balance at 31/12/04	Change
Construction	57,191	54,188	3,003
Infrastructure	819,444	619,047	200,397
Real Estate	2,886	2,528	358
Services	12,088	3,896	8,192
Other	538	537	1
TOTAL	892,147	680,196	211,951

Non-Group companies with significant holdings in subsidiaries

The companies having ownership interests of 10% or more in the share capital of Group companies as of December 31, 2005, were as follows:

COMPANY	Percentage of Ownership	Shareholder
Infrastructure		
407 International Inc.	16.77%/30%	SNC Lavalin/Macquarie Infrastructure Group
Cintra, Concesiones de Infraestructuras de Transporte, S.A.	37.97%	Listed on the Madrid Stock Market
Autopista del Sol, C.E.S.A.	15%	Unicaja
Autopista Terrasa Manresa, S.A.	22.33%	Abertis
Autopista Trados-45, S.A.	50%	Abertis
Tidefast Limited	50%	Macquarie Airports (UK) Limited
Autopista Temuco Río Bueno	25%	Fondo Las Américas
Inversora de Autopistas del Sur, S.L.	10%/10%/10%	E.N.A./Unicaja/Caja Castilla La Mancha
Estacionamientos Alhondiga, S.A.	25%/25%	Construcciones Lauki/Construcciones Bazola
Guadiana Park	25%	Iniciativas Pacenses/BBK
Skyway Concession Company Holding	45%	MIG
Cintra Zachry Gp Llc.	15%	Zachry Investments Inc
Cintra Zachry Lp.	14.85%	Zachry Developments Llc
Southwest Airports Limited	50%	SIAC
Real Estate		
Habitaria, S.A.	50%	Grupo Lucsick
Nueva Marymontaña, S.A.	44.9%	Edificaciones Calpe S.A.
Setecampos Sociedade Inmobiliaria, S.A.	50%	Caja de Madrid
FLG Omega, B.V.	50%	Donizzeti Offices, B.V.
Malilla 2000	11.25%/11.25%	Edificios de Valencia, S.A., Cabilga, S.A., Actura, S.L.,
	11.25%/11.25%	Maderas Jose María Ferrero Vidal, S.A.
Services		
Grupisa Chile	30.77%	Inversiones los Toldos
Empresa Mixta de Almendralejo, S.A.	49%	Ayuntamiento de Almendralejo
Ingenieria Ambiental Granadina, S.A.	18%	Ayuntamiento de Granada
Tratamientos, Residuos y Energías Valencianas, S.A.	22.5%/22.5%	Naucratis, S.L./ Luis Batalla,S.A.
Ecocat, S.L.	50%	Teris, S.A.
Ecoenergía de Can Mata A.I.E.	25%	Endesa Cogeneración y Renovables, S.A.
Empresa mant. Expl. M30	33%	Dragados
Citrup Lda	30%	Servicios Urbanos LDA
Corsa, S.A.	24.50%	Familia Basells
EduAction (Waltham Forest) Limited	50%	Waltham Forest Council
Jubilee Rail Limited	50%	Jarvis plc
Amey Roads (North Lanarkshire) Limited	33%	North Lanarkshire Council
BCN Data Systems Limited	50%	Ben Meters International II LLC
Tube Lines (Holdings) Limited	33%	Betchel
AHL Holdings (Manchester) Limited	50%	Laing Roads Limited
AHL Holdings (Wakefield) Limited	50%	Laing Roads Limited
Yarls Word Immigration Limited	50%	GSL Joint Ventures Limited
MNN Holdings Limited	49%	Crown Employee Benefit Trustee Limited, Monique Haavelaar, Richard Gill, Nicholas Lamb, Gillian Anne Kavanagh, Paul Querfurth, Paul Terry y Stephen Webb
Construction		
Constructora Delta Agroman Limitada	50%	Delta, S.A.

17. DEFERRED INCOME

The changes in this heading in 2004 and 2005 were as follows:

							Thousand euro
2004							
ITEMS	Balance at 01/01/04	Changes in Consolidated Group	Additions	Disposals	Reclassification	Effect of Exchange rate	Balance at 31/12/04
Subsidies	84,914		85,404	-25,068			145,250
Other deferred income	48,597	4,024	12,579	-8,272		184	57,112
Total	133,511	4,024	97,983	-33,341		184	202,361

The changes in the scope of consolidation are the result in the change in the method of consolidating Estacionamientos Guipuzcoanos, S.A (4,024 thousand euro) which in 2004 was consolidated using the full consolidation method instead of the equity method, as is mentioned in Note 1 relating to the scope of consolidation.

Additions during the year mainly relate to Eurolink Motorway Operation Ltd. and 75,000 thousand euro derives from a capital grant received during the year from the granting authority and the total accumulated balance is 120,000 thousand euro. Cespa Group received two subsidies for a total amount of 2,149 thousand euro to be used at the sludge and biogas treatment plants in Murcia.

							Thousand euro
2005							
ITEMS	Balance at 01/01/05	Changes in Consolidated Group	Additions	Disposals	Reclassification	Effect of Exchange rate	Balance at 31/12/05
Subsidies	145,250		41,338	-7,866			178,721
Other deferred income	57,112		32,353	-17,322		4,708	76,851
Total	202,361	0	73,691	-25,188	0	4,708	255,572

In 2005 there was an increase in the subsidy from the granting authority to the company Eurolink Motorway Operation Ltd totalling 38,580 thousand euro. There was a notable increase in "Other deferred income" at the companies Aparcamientos Dornier and Estacionamientos Alhóndiga totalling 2,117 thousand euro and 5,101 thousand euro, respectively.

Based on the nature of the subsidies recorded by Eurolink, in accordance with the concession agreement, the concession holder is entitled to receive from the government (National Roads Authority) the amount of 160,000 thousand euro as a construction payment. These payments are distributed into 6 instalments of 24 thousand euro and 1 seventh totalling 16 thousand euro, subject to completion of a percentage of the construction work or a maximum deadline.

In the case of Trados-45, this relates to an indemnity paid by the Regional Government of Madrid to restore the financial balance of the concession agreement. The above-mentioned amount will be deferred until the end of the concession period as a percentage of the income expected during the year compared with the total shadow toll income called for in the concession's financial model.

18. PROVISIONS FOR LIABILITIES AND CHARGES

This heading breaks down as follows:

			Thousand euro	
			2005	2004
Provision for pensions			178,105	120,438
Other provisions			197,186	135,990
Total provision for liabilities and charges			375,291	256,428

18.1 Provision for pensions

The Group companies in which there are obligations relating to Pension Plans are as follows:

The most significant balance within the provisions for pension plans is the amount contributed by Amey Group companies (147,667 thousand euro in 2005 and 113,550 thousand euro in 2004). This balance includes 66% of the amounts relating to Tube Lines. These balances relate mainly to defined benefit pension plans although there are also defined contribution balances.

The breakdown of the characteristics and development of the pension plans relating to Amey Group in 2004 and 2005 is set out below

	Thousand euro	
	31-12-2005	31-12-2004
	Amey Ltd Group	Amey Ltd Group
Main assumptions		
Salary increases	4.10%	4.00% - 4.10%
Discount rate	5.40% - 4.85%	5.60% - 5.40%
Forecast inflation rate	2.60%	2.50% - 2.60%
Expected yields from assets	7.87% - 7.31%	7.87% - 7.46%
Movements in the provision		
Opening provision	591,442	504,388
Liabilities acquired	97,165	11,528
Cost of services	33,355	29,823
Interest cost	34,286	30,749
Actuarial gains/losses	115,272	29,503
Benefits paid and other	(106,593)	(14,549)
Closing provision	764,927	591,442
Recognised liability		
Present value of obligations	764,927	591,442
Fair value of linked assets	517,098	433,958
Subtotal	(247,829)	(157,484)
Unrecognised losses	99,162	43,934
Cost of unrecognised past services	—	—
Total	(148,667)	(113,550)
Movements in assets linked to the plan		
Fair opening value	433,958	374,611
Yield from linked assets and acquired assets	92,014	36,042
Actuarial gains/losses	53,136	11,978
Employee contributions	7,400	6,553
Benefits paid and other	(69,410)	4,774
Fair closing value	517,098	433,958
Assets linked to the plan (fair value)		
Financial Assets	409,198	330,455
Equity instruments	22,039	14,960
Buildings	12,745	26,777
Borrowings	69,660	41,242
Cash	3,456	20,524
Total assets linked to the plan	517,098	433,958
Impact on income statement		
Cost for current services	30,886	26,192
Interest costs	30,800	26,102
Expected yield from linked assets	(27,545)	(23,877)
Actuarial gains/losses	—	—
Cost for past services	41	—
Other	(5,238)	(572)
Total included under staff costs	28,944	27,845

The following are notable from among the rest of the Group's plans:

Defined contribution plans:

- Defined contribution plans existing at the Group relate to the companies Belfast City Airport Ltd., Bristol International Airport Plc., and Cespa Group, and in the latter case the plan consists of a series of retirement bonuses and anniversary awards structured through a single fixed annual premium for services rendered.

Defined benefit plans:

- Budimex Group, relating to the provision for pensions in the form of anniversary awards and retirement benefits to which a number of employees in this Group are entitled.
- The company Bristol International Airport Plc. Has two defined benefit plans which relate to both pensions and awards receivable at the time of retirement.
- Swissport Group, which was acquired by Ferrovial during the year, has several pension plans, which mainly relate to defined benefit plans. The amount recognised by this Group in the provision for pensions at 31 December 2005 totalled 22,855 thousand euro.

18.2 Other provisions

Of among the movements in the heading Other Provisions during the year, the increases in these provisions for the following reasons are notable:

- Allocation to provisions totalling 7,831 thousand euro by Cespa Group to cover the closing and post-closing of several landfills.
- The entry of Swissport Group into the Group's activities and consolidation, for a total of 30,950 thousand euro.

The balance at 31 December 2005 in the heading Other provisions relates mainly to Cespa Group and the closing and post-closing of landfills for a total of 60,822 thousand euro, Ferrovial Agroman, S.A. for provisions to cover liabilities totalling 49,695 thousand euro deriving from its activities and Swissport Group, acquired in 2005 as is mentioned in Note 1, for 30,952 thousand euro.

19. NET CASH POSITION

To provide an overall analysis of the Group's indebtedness situation, the following table shows the breakdown by business division of the asset accounts (Cash and cash equivalents) and liability accounts (debentures and short- and long-term payables to credit institutions) reflecting the Group's net cash position. In addition, there is a breakdown of the net cash position provided by Budimex Group (Poland) and Amey Group (United Kingdom), given the importance of both groups within Ferrovial's international activity.

In this table, the cash position of infrastructure concession holders (toll road, airports and Amey subsidiaries) is shown separately from that of the other Group companies.

The cash position of each business division includes its loans or financial debt maintained with the others subsidiary companies in the Group, which are fully eliminated in consolidation.

2004	ASSETS			LIABILITIES				Adjusted Net Cash Position
	Intragroup loans	Cash and cash equivalents	Debentures		Payable to Credit Institutions		Intragroup borrowings	
	L/T and S/T		L/T	S/T	L/T	S/T	L/T and S/T	
Concession-holders(1)		609,939	3,553,569	43,443	2,330,987	134,716		-5,452,776
Rest of companies	4,889	1,417,698	0	0	614,519	661,267	7,886	138,915
Corporate	1,066,184	98,744			400,194	203,413	1,169,855	-608,534
Construction	1,169,191	648,514	0	0	16,346	20,218	121	1,781,022
Construction excluding Budimex (2)	1,169,191	557,282			11,978	12,368	121	1,702,007
Budimex Group		91,232			4,367	7,850		79,015
Infrastructure	9,219	574,206			114,807	33,256	14,404	420,958
Real Estate	650	25,881			3,949	373,482	379,632	-730,532
Services	961	70,294	0	0	79,222	30,898	656,095	-694,960
Services excluding Amey	961	35,475			33,256	30,898	656,095	-683,813
Amey Plc.		34,819			45,967			-11,148
Other		58					29,096	-29,038
Adjustments	-2,241,316						-2,241,316	0
TOTAL GROUP	4,889	2,027,637	3,553,569	43,443	2,945,505	795,983	7,886	-5,313,861

(1) This heading includes transportation infrastructure concessions (toll highways and airports) and service concessions (maintenance of public infrastructure).

(2) The balance for Construction excluding Budimex includes the financing linked to the project to build and operate a thermal sludge drying and co-generation plant at the South Waste Water Treatment Plant in Madrid operated by Boremer. This financing totals 7,382 thousand euro (long-term) and 769 thousand euro (short-term). This company has a cash and cash equivalents balance totalling 1,453 thousand euro.

	ASSETS				LIABILITIES				Adjusted Net Cash Position
	Intragroup loans		Cash and cash equivalents	Debentures		Payable to Credit Institutions		Intragroup borrowings	
	L/T and S/T	L/T		S/T	L/T	S/T	L/T and S/T		
Concession-holders (1)	21	723,188	5,251,957	517,291	3,442,411	235,496		-8,723,947	
Rest of companies	35,965	1,562,381	0	0	848,235	993,133	28,767	-271,789	
Corporate	1,670,300	1,112			400,288	514,671	1,328,614	-572,161	
Construction	1,333,831	683,862	0	0	42,837	38,725	-2,198	1,938,330	
Construction excluding Budimex (2)	1,333,831	546,958			36,513	13,862	-2,198	1,832,613	
Budimex Group		136,904			6,324	24,863		105,717	
Infrastructure	9,057	534,417			109,285	521	4,376	429,292	
Real Estate	1,835	32,682			557	408,438	331,511	-705,989	
Services	35,867	165,088	0	0	295,269	30,777	1,344,185	-1,469,276	
Services excluding Amey	35,867	121,656			221,341	30,777	1,344,185	-1,438,779	
Amey, Pk		43,432			73,929			-30,496	
Other		145,220				0	37,205	108,014	
Adjustments	-3,014,926						-3,014,926	0	
TOTAL GROUP	35,985	2,285,569	5,251,957	517,291	4,290,647	1,228,629	28,767	-8,995,736	

(1) This heading includes transportation infrastructure concessions (toll highways and airports) and service concessions (maintenance of public infrastructure).

(2) The balance for Construction excluding Budimex includes the financing linked to the project to build and operate a thermal sludge drying and co-generation plant at the South Waste Water Treatment Plant in Madrid operated by Boremer. This financing totals 6,734 thousand euro (long-term) and 658 thousand euro (short-term). This company has a cash and cash equivalents balance totalling 1,727 thousand euro.

The changes in the net cash position were as follows:

	Thousand euro		
	Balance at 31/12/05	Balance at 31/12/04	Change
Concession-holders	-8,723,947	-5,452,776	-3,271,171
Rest of companies	-271,789	138,915	-410,704
Corporate	-572,161	-608,534	36,374
Construction	1,938,330	1,781,022	157,308
Infrastructure	429,292	420,958	8,334
Real Estate	-705,989	-730,532	24,543
Services	-1,469,276	-694,960	-774,316
Other	108,014	-29,038	137,052
TOTAL	-8,995,736	-5,313,861	-3,681,875

19.1. Concession-holders

a. Cash and cash equivalents

This caption records current asset investments, which basically include investments in government debt securities and euro and foreign currency deposits and cash balances and balances with financial institutions. The balances recorded by concession holders are normally subject to certain availability restrictions (as a result of certain obligations in the financing agreements to establish reserves). Set out below is a detailed analysis of cash and cash equivalent balances in the concession holders:

Concession-holders	Thousand euro		
	Balance at 31/12/2005	Balance at 31/12/2004	Change
M- 203 Alcalá O'Donnell	44		44
Autopista Collipulli Temuco	12,977	23,368	-10,391
Autopista Temuco Río Bueno	32,534	21,204	11,331
Autopista Santiago Talca, S.A	82,683	117,754	-35,071
Skyway Concession Co.	1,628		1,628
407 ETR International Inc.	67,580	75,452	-7,872
Autopista del Sol, C.E.S.A.	52,900	43,487	9,413
Autopista Terrasa-Manresa, S.A.	97	182	-85
Autopista Trados M-45, S.A.	8,466	6,846	1,621
Autopista Madrid-Sur (a)	17,296	7,777	9,520
Autopista Madrid-Levante (b)	2,095	9,234	-7,139
Euroscut Norte Litoral, S.A.	5,579	22,987	-17,408
Algarve internacional, B.V.	1,665	1,317	348
Euroscut Algarve, S.A.	35,566	36,695	-1,129
Eurolink Motorway	26,410	21,196	5,214
Aeropuerto Cerro Moreno	1,222	631	591
Bristol International Airport, P.L.C. (c)	11,942	4,093	7,849
Aeropuertos de Belfast	19,584	18,762	822
Tube Lines	333,079	198,893	140,187
Other Amey contracts	3,861		3,861
Other		60	-60
Total	723,208	609,939	113,207

(a) Includes the balances of Inversora de Autopistas del Sur, S.L.

(b) Includes the balances of Inversora de Autopistas del Levante.

(c) Includes the balances of Tidefast, Limited and Bristol Airport.

b. Concession holder bonds

The following table analyses the development of financial liabilities deriving from the issue of bonds relating exclusively to concession holders:

COMPANY	Thousand euro						
	Balance at 31/12/05			Balance at 31/12/04			Change
	Long Term	Short Term	TOTAL	Long Term	Short Term	TOTAL	
Sociedades concesionarias							
Autopista Collipulli Temuco	200,902	8,714	209,616	156,552	3,791	160,342	49,274
407 ETR International Inc.	2,667,751	501,013	3,168,764	2,583,624	38,362	2,621,986	546,778
Algarve Internacional, B.V.	126,500		126,500	126,500		126,500	0
Autopista Santiago Talca	462,580	7,564	470,144	443,893	1,291	445,184	24,960
Skyway Concession Co.	1,148,580		1,148,580			0	1,148,580
Tube Lines Plc.	645,643		645,643	243,000		243,000	402,643
Total	5,251,957	517,291	5,769,248	3,553,569	43,443	3,597,012	2,172,236

The changes arise from the entry of Skyway Concession Co. into consolidation and the subsequent refinancing of existing borrowings through the issue of bonds totalling 1,148,580 thousand euro. The effect of the currency translation difference on the issue of 407 ETR is 490,245 thousand euro. The variance in the case of Tube Lines is mainly due to the purchase of the 33% additional stake in the company and the currency translation differences totalling 22,367 thousand euro.

A breakdown of the maturity dates and currency in which the borrowings are denominated are as follows:

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Thousand euro

Company		Currency	Balance at 31/12/05	Balance at 31/12/04	Maturity	
407 ETR International Inc.	Series 99-A1	CAD	290,655	245,276	2009	
	Series 99-A2	CAD	289,895	244,641	2029	
	Series 99-A3	CAD	216,495	184,094	2039	
	Series 99-A4	CAD	149,166	116,300	2016	
	Series 99-A5	CAD	149,670	117,174	2021	
	Series 99-A6	CAD	150,132	118,040	2026	
	Series 99-A7	CAD	150,050	117,916	2031	
	Series 00-A2	CAD	270,900	227,052	2039	
	Series 00-A3	CAD	313,755	265,294	2007	
	Series 04-A1	CAD	109,059	92,047	2006	
	Series 04-A2	CAD	138,935	103,840	2039	
	Series 04-A3	CAD	247,034	208,495	2035	
	Senior Bonds			2,475,746	2,040,169	
	Series 00-B1	CAD	119,887	101,172	2010	
	Junior Bonds			119,887	101,172	
	Series 00-C1	CAD	218,225	184,239	2007	
	Series 03-D1	CAD	345,476	292,295	2006	
	Subordinated			563,701	476,534	
	Bond issue interest			41,793	5,140	
Debt formalisation costs			-32,363	-1,029		
Subtotal 407 ETR			3,168,764	2,621,986		
Autopista Santiago Talca, S.A.		UF	179,552	311,612	2025	
		USD	380,717	133,383	2020	
	Debt formalization costs		-90,125	189		
Subtotal Autopista Santiago Talca			470,144	445,184		
Autopista Collipulli Temuco		UF	227,514	165,088	2020	
	Debt formalisation costs		-17,897	-4,746		
	Subtotal Collipulli Temuco		209,616	160,342		
Algarve Internacional, B.V.		EUR	126,500	126,500	2027	
Subtotal Algarve Internacional, B.V.						
Skyway Concession Co.		USD	370,996		2025	
		USD	828,210		2020	
	Debt formalisation costs		-50,626			
Subtotal Skyway Concession Co.		1,148,580				
Tube Lines		GBP	722,379	320,033	2031	
	Debt formalisation costs		-76,736	-77,033		
	Subtotal Tube Lines		645,643	243,000		
TOTAL			5,769,248	3,597,012		

c. Loans and credit facilities obtained by concession holders from credit institutions

Set out below is a detailed analysis of the development of accounts payable to credit institutions for loans and credit facilities and the main terms and conditions applicable to these items.

Thousand euro

Concession-holders	Balance at 31/12/05			Balance at 31/12/04			Change
	Long Term	Short Term	TOTAL	Long Term	Short Term	TOTAL	
Autopista Collipulli Temuco					5,622	5,622	-5,622
Autopista Temuco Río Bueno	158,979	3,379	162,358	125,095	2,218	127,313	35,045
Skyway Concession Co. Holding LLC.	123,492	3,464	126,955				126,955
Autopista del Sol, C.E.S.A.	481,263	247	481,510	481,698	388	482,086	-576
Autopista Terrasa-Manresa, S.A.	188,000	104,004	292,004	218,857	64,610	283,466	8,537
Autopista Trados M-45, S.A.	70,743	2,500	73,243	73,113	2,142	75,254	-2,011
Autopista Madrid- Sur (a)	496,855	2,381	499,236	430,776	17,917	448,693	50,543
Autopista Madrid Levante (b)	254,310	32,238	286,549	57,125	804	57,928	228,620
Euroscut Norte Litoral, S.A.	226,670	8,361	235,031	127,170	12,067	139,37	95,794
Euroscut Algarve, S.A.	127,536	702	128,238	127,503	10,855	137,388	-10,120
Eurolink Motorway	146,000	42,500	188,500	124,500	0	124,500	64,000
Aeropuerto Cerro Moreno	2,304	1,271	3,575	2,753	796	3,550	25
Bristol International Airport, P.L.C. (c)	251,557		251,557	140,951		140,951	110,606
Belfast Airports	53,946		53,946	52,444	1,703	54,147	-202
Tube Lines	800,899	34,449	835,348	369,003	15,593	384,596	450,752
Other Amey contracts	59,857		59,857	0	0	0	59,857
Total	3,442,411	235,496	3,677,907	2,330,987	134,716	2,465,703	1,212,204

(a) Includes the balances of Inversora de Autopistas del Sur, S.L.

(b) Includes the balances of Inversora de Autopistas del Levante.

(c) Includes the balances of Tidedfast, Limited and Bristol Airport.

A breakdown of the maturity dates and currency in which the borrowings are denominated are as follows:

	Currency	Total amount	Maturity date/Item
Toll highways			
Autopista del Sol, C.E.S.A	EUR	324,548	2006
		162,274	2007
		247	Accrued interest not yet due
		-5,559	Debt formalisation costs
		481,510	
Autopista Terrasa-Manresa, S.A	EUR	104,004	2006
		38,000	2007
		92,500	2008
		57,500	2009
		292,004	
Autopista Trados 45, S.A.	EUR	2,392	2006
		13,135	2017
		58,416	2021
		108	Accrued interest not yet due
		-808	Debt formalisation costs
		73,243	
Inversora Madrid Sur (a)	EUR	154,436	2009
		346,847	2032
		2,381	Accrued interest not yet due
		-4,428	Debt formalisation costs
		499,236	
Inversora Madrid Levante (b)	EUR	259,150	2012
		31,055	Project completion
		1,184	Accrued interest not yet due
		-4,840	Debt formalisation costs
		286,549	
Autopista Temuco Río Bueno	UF	158,979	2021
		3,379	Accrued interest not yet due
		162,358	
Euroscut Algarve, S.A.	EUR	130,000	2025
		702	Accrued interest not yet due
		-2,464	Debt formalisation costs
		128,238	
Euroscut-Norte Litoral, S.A.	EUR	229,500	2026
		7,494	2006
		867	Accrued interest not yet due
		-2,830	Debt formalisation costs
		235,031	
Eurolink Motorway	EUR	146,000	2028
		42,500	Project completion
		188,500	
Skyway Concession Co. Holding LLC.	USD	126,764	2035
		3,464	Accrued interest not yet due
		-3,273	Debt formalisation costs
		126,955	
Airports			
Cerro Moreno	UF	3,575	2008
Belfast	GBP	53,946	2011
Bristol Internacional Airport	GBP	251,557	2013
Services			
Tube Lines	GBP	835,348	-
Other Amey contracts	GBP	59,857	-
Total		3,677,907	

(a) Includes the balances of Inversora de Autopistas del Sur, S.L.

(b) Includes the balances of Inversora de Autopistas del Levante.

In general these types of loans, which are usually only secured by the project cash flows, are covered by hedges to insure against interest rate changes, at least for part of the financed amount.

19.2. Rest of companies

a Cash and cash equivalents, Rest of companies

A detailed analysis of the various items included in the Cash and cash equivalents heading by segment for the rest of the companies is set out below:

	Banks	Cash	Short-term deposits	Other short-term loans	TOTAL
2004					
Corporate	1,451	223	97,047	23	98,744
Construction	172,022	374	472,693	3,425	648,514
Construction excluding Budimex (*)	89,216	374	464,267	3,425	557,282
Budimex Group	82,806		8,426		91,232
Infrastructure	10,654	2,365	560,672	514	574,205
Real Estate	14,930	50	9,110	1,791	25,881
Services	55,979	65	11,300	2,950	70,294
Services excluding Amey	21,160	65	11,300	2,950	35,475
Amey	34,819				34,819
Other	58				58
TOTAL	255,093	3,077	1,150,822	8,705	1,417,698

(*) The balance recorded under Construction excluding Budimex includes the cash and cash equivalents balance for Boremer: 528 thousand euro at banks and 925 thousand euro in short-term term deposits.

	Banks	Cash	Short-term deposits	Other short-term loans	TOTAL
2005					
Corporate	983	66	62	1	1,112
Construction	290,533	325	391,533	1,471	683,862
Construction excluding Budimex (*)	171,893	325	373,269	1,471	546,958
Budimex Group	118,640		18,263		136,904
Infrastructure	7,601	795	525,746	275	534,417
Real Estate	7,587	30	23,973	1,091	32,682
Services	158,030	87	4,459	2,512	165,088
Services excluding Amey	114,598	87	4,459	2,512	121,656
Amey	43,432				43,432
Other	145,220				145,220
TOTAL	609,955	1,303	945,773	5,351	1,562,381

(*) The balance recorded under Construction excluding Budimex includes the cash and cash equivalents balance for Boremer: 803 thousand euro at banks and 925 thousand euro in short-term term deposits.

Interest rates

The average interest rate obtained by the Group from its cash balances and other equivalent liquid assets in 2005 was 2.04% (1.99% in 2004). The average maturity date for deposits is 11 days.

Loans and credit facilities obtained by the rest of companies from credit institutions

This heading breaks down as follows:

	Thousand euro						Change
	Balance at 31/12/05			Balance at 31/12/04			
	Long Term	Short Term	TOTAL	Long Term	Short Term	TOTAL	
Finance leases	4,320	291	4,611	13,592		13,592	-8,981
Loans and credit facilities	843,915	992,842	1,836,757	600,926	661,267	1,262,194	574,563
Total	848,235	993,133	1,841,368	614,519	661,267	1,275,786	565,583

The following table shows the distribution of borrowings from credit institutions relating to loans and credit facilities obtained by each business segment:

	Thousand euro						
	Balance at 31/12/05			Balance at 31/12/04			Change
	Long Term	Short Term	TOTAL	Long Term	Short Term	TOTAL	
Rest of companies							
Corporate	400,288	514,671	914,959	400,194	203,413	603,608	311,352
Construction	42,837	38,725	81,562	16,346	20,218	36,563	44,998
Construction excluding Budimex	36,513	13,862	50,375	11,978	12,368	24,346	26,029
Budimex Group	6,324	24,863	31,187	4,367	7,850	12,217	18,969
Infrastructure	109,285	521	109,806	114,807	33,256	148,063	-38,257
Real Estate	557	408,438	408,995	3,949	373,482	377,431	31,564
Services	295,269	30,777	326,047	79,222	30,898	110,121	215,926
Services excluding Amey	221,341	30,777	252,118	33,256	30,898	64,154	187,964
Amey	73,929		73,929	45,967		45,967	27,962
Total	848,235	993,133	1,841,368	614,519	661,267	1,275,786	565,583

The maturity dates for the borrowings obtained by the rest of companies are as follows:

	Balance at 31/12/05	Maturity
Corporate	914,959	2006-2009
Construction	81,562	2006-More than 5 years
Infrastructure	109,806	2006-More than 5 years
Real Estate	408,995	2006-More than 5 years
Services	326,047	2006-2009
Total	1,841,368	

Due to the operating cycle for real estate activities, the associated mortgage liabilities are recognised in the short-term regardless of the time at which they mature. Thus, short-term mortgage liabilities for the real estate division include mortgage loans totalling 392,687 thousand euro that fall due in more than one year.

With respect to the borrowings obtained by the rest of companies from credit institutions, the limits and the amounts drawn down from credit facilities and mortgage loans at 31 December 2005 and 2004, is as follows:

	Thousand euro					
	31/12/05			31/12/04		
	Limit	Drawn Down	Undrawn	Limit	Drawn Down	Undrawn
Credit facilities						
Maturing at short term	1,463,460	693,383	770,077	990,380	383,200	607,180
Maturing at long term	1,168,470	717,777	450,693	874,630	512,600	362,030
TOTAL	2,631,930	1,411,160	1,220,770	1,865,010	895,800	969,210
Mortgage loans	550,988	379,306	171,682	488,570	352,000	136,570
Other borrowings		46,291			14,394	
TOTAL	3,182,918	1,836,757	1,392,452	2,353,580	1,262,194	1,105,780

The average interest rates on borrowings obtained by the rest of companies from credit institutions in 2005 and 2004 are as follows:

	2005%	2004%
Credit facilities	2.42	2.35
Loans	2.23	2.17

The financial conditions (in terms of applicable interest rates) for the corporate borrowings are subject to compliance with certain ratios relating to financial figures such as EBITDA, net debt and consolidated equity.

19.3. Fair value of borrowings

The carrying amount of borrowings is recorded in accordance with the matters mentioned in Note 2.4 regarding accounting policies. It is considered that the discounted cash flow for liabilities using the interest rate applied to borrowings approximates the carrying amount. For this reason the difference between the carrying amount and fair value is not significant for both short-term liabilities and long-term liabilities.

19.4. Intragroup borrowings and loans

As has been mentioned above, the net cash position for each business division includes the loans or financial liabilities maintained with other group companies. A breakdown of these items by business division is set out in Exhibit II.

20. LONG-TERM NON-FINANCIAL LIABILITIES

Long-term non-financial liabilities are analysed below:

ITEMS	Thousand euro		
	Balance at 31/12/05	Balance at 31/12/04	Change
Other long-term borrowings	123,712	117,515	241,227
Uncalled share capital	5,442	7,500	12,942
Debts represented by bills payable	170,713	49,885	220,598
Other non-financial liabilities	17,276	3,510	13,766
Total	317,143	178,410	138,733

The line "Other long-term borrowings" records long-term creditors for property, plant and equipment totalling 35,867 thousand euro at 31 December 2005 (24,629 thousand euro at 31 December 2004). These balances include an implicit interest rate and the difference between their carrying amount and fair value is not considered to be significant.

This heading also includes the participating loan granted by the State to the concession holder Autopista del Sol for the construction of the Estepona-Guadiaro section of the highway totalling 67,714 thousand euro at 31 December 2005 (82,177 thousand euro at 31 December 2004).

The main balances under Debts represented by long-term bills payable are in the Real Estate division amounting to 170,621 thousand euro at 31 December 2005 (49,788 thousand euro at 31 December 2004) and mainly relate to the purchase of land. This deferral accrues interest. The increase in this heading is due to the increase in the acquisition of land in 2005 compared with 2004.

21. OTHER CURRENT LIABILITIES

The detail of the other non-financial current liabilities is as follows:

	Thousand euro		
	Balance at 31/12/05	Balance at 31/12/04	Change
Accounts payable to associates	106,893	95,331	11,562
Trade payables	4,295,450	3,241,981	1,053,469
Current deferred tax liabilities	260,056	164,212	93,900
Other non-trade payables	490,154	468,719	19,491
Total	5,150,609	3,970,243	1,178,423

The "Other non-trade payables" account includes "Taxes and social security payable", with a balance of 249,356 thousand euro and 213,430 thousand euro at 31 December 2005 and 2004, respectively.

The detail of "Trade Payables" by business is as follows:

	Thousand euro		
	Balance at 31/12/05	Balance at 31/12/04	Change
Trade payables	4,295,450	3,241,981	1,053,469
Construction	2,959,665	2,339,777	619,887
Infrastructure	132,420	128,974	3,446
Real Estate	544,747	412,835	131,913
Services	816,398	510,103	306,296
Other	-157,780	-149,708	-8,072

At 31 December 2005 the Trade payables balance includes 1,041,543 thousand euro (735,587 thousand euro in 2004) for "Customer prepayments", of which 688,719 thousand euro relates to the construction activity (496,523 thousand euro in 2004) and 157,902 thousand euro (130,327 thousand euro in 2004) for the real estate activity, mainly relating to deferred payments on the purchase of land.

22. TAX MATTERS

22.1. Consolidated tax group

Grupo Ferrovial, S.A. has been taxed under the Spanish tax consolidation system since 1993. The companies that form part of the tax consolidation group in 2005, together with Grupo Ferrovial, S.A. (parent) are those indicated in Exhibit I. The companies Cintra, S.A., Inversora de Autopistas del Sur, S.L., and Inversora de Autopistas de Levante, S.L. are also taxed under the tax consolidation system in different tax groups and in which these companies are the parent companies of their respective groups.

22.2. Years open to tax inspection

The tax returns for the past four years for the all applicable taxes are open to inspection. The criteria that the tax inspection authorities might adopt in connection with the years open for review might give rise to contingent tax liabilities which are not susceptible to objective quantification. However, the Parent Company's directors consider that the liabilities arising in this connection will not be material.

22.3. Reconciliation of book and taxable profits

The reconciliation of the consolidated income for the year per books to the taxable income for corporate income tax purposes is as follows:

	Thousand euro					
	Increase	2005 Decrease	TOTAL	Increase	2004 Decrease	TOTAL
Consolidated income for the year per books before taxes			561,420			676,339
Permanent differences:						
From companies in Spain	59,610	-22,919	36,691	52,619	-1,172	51,447
From companies abroad	49,114	-29,076	20,039	14,901	-1,350	13,551
Net consolidation adjustments	6,749		6,749		-167,018	-167,018
Timing differences:						
Arising in the year	241,446	-333,600	-92,154	91,400	-262,549	-171,149
Arising in prior years	183,949	-102,360	81,589	164,643	-47,977	116,666
Offset of prior year tax loss carryforwards			-66,337			-7,256
Taxable income			547,997			512,580

22.4. Tax rates

The corporate income tax expense is calculated at the rates in force in each country: Spain 35%, Portugal 27.5%, Canada 36.12%, Chile 17%, Poland 19% and the United Kingdom 30%. In accordance with IAS and standard practices, deferred taxes deriving from the repatriation of profits generated abroad are also recorded, provided that such repatriation is forecast to take place within a reasonable period in the future.

Corporate income tax expense recorded by Ferrovial Group in 2004 and 2005 totals 169,110 thousand euro and 173,231 thousand euro, respectively, which represents tax rates of 25% and 30.86% for these years.

The tax rate for the year is lower than the general Spanish corporate income tax rate (35%) mainly due to the following:

	2005	2004
Profit before taxes	561,420	676,339
Tax calculated using local tax rates	196,497	236,719
Profit free of taxes	2,362	-58,456
Expenses that are not tax deductible	4,884	22,749
Tax losses not recorded in the accounts	14,971	
Offset of uncapitalised tax-loss carryforwards	-11,934	-2,540
Deductions	-30,376	-11,701
Rate differences	-9,527	-11,946
Adjustment of previous year income tax	-4,821	-9,924
Withholdings	9,099	4,209
Inspection assessment	2,076	
Tax expense	173,231	169,110
Effective rate	30.86%	25%

22.5. Movements in deferred taxes

Movements of deferred tax assets and liabilities in 2005 and 2004 are as follows:

2005	Thousand euro	
	Asset	Liability
Balance at 31/12/04	345,663	255,355
Adjustment for previous year	2,996	
Originated in the year (from timing differences)	84,506	116,760
Reversal (from timing differences)	-35,826	-64,382
Impact on equity	47,181	30,920
Balance at 31/12/05	444,520	338,653

2004	Thousand euro	
	Asset	Liability
Balance at 31/12/03	364,618	231,519
Originated in the year (from timing differences)	31,990	91,892
Reversal (from timing differences)	-16,792	-57,625
Impact on equity	-34,153	-10,431
Balance at 31/12/04	345,663	255,355

The Group has recorded the relevant deferred tax liability deriving from the amortisation of goodwill generated by the business combinations carried out.

At 31 December 2005, the breakdown of tax-loss carryforwards from prior years that may be offset against future profits is as follows:

- Some consolidated companies of the Group have reported tax-loss carryforwards yet to be offset totalling 22,875 thousand euro.

Years	Thousand euro
1992	5
1993	40
1994	206
1995	15
1998	5,908
1999	23
2000	12
2001	9,372
2002	2,075
2003	889
2004	3,701
2005	629
Total	22,875

- In addition, the tax groups have generated tax-loss carryforwards yet to be offset totalling 87,358 thousand euro.

Years	Thousand euro
2002	2,067
2003	15,843
2004	28,341
2005	41,107
	87,358

At 31 December 2005 no deferred tax asset was recorded for these tax-loss carryforwards due to the fact that it is impossible to reasonably predict future profits that are sufficient to offset these amounts.

Additionally, the Group has unused investment and other tax credits amounting to 92,759 thousand euro at 31 December 2005 (107,619 thousand euro in 2004).

23. CONTINGENT ASSETS AND LIABILITIES

The companies' contingent liabilities include those normally encountered at construction companies for the performance and completion of contracts entered into by the companies themselves or by the joint ventures in which they participate.

At 31 December 2005 and 2004, the companies had provided guarantees totalling 4,170,181 thousand euro and 2,849,891 thousand euro, respectively, most of which related to guarantees required for the award of construction contracts.

The following table shows the breakdown of guarantees provided by each segment in these years (thousand euro):

	2005	2004
Construction	2,726,200	1,824,587
Infrastructure	303,306	311,086
Real Estate	623,500	426,603
Services	291,600	199,286
Other	184,480	88,329
Total	4,129,086	2,849,891

In the Construction division, all guarantees relate to those normally encountered at construction companies for the performance and completion of work contracts entered into by the companies themselves or by the joint ventures in which they participate.

In the Infrastructure division the guarantees mainly relate to those submitted in the tender bid, payment of rights and compliance with other obligations established in the various concession agreements.

In the Real Estate division the guarantees are, on the one hand, technical in nature to fulfil the obligations deriving from real estate development execution and sale agreements, bid agreements and prepayments made by customers, for a total of 229,700 thousand euro (266,267 thousand euro in 2004) and, on the other, financial in nature mainly consisting of deferrals of land purchases, as detailed in Notes 11 and 20 of this document, for a total of 393,800 thousand euro (160,336 in 2004 thousand euro).

In the Services division, the guarantees mostly relate to those submitted to public bodies and private customers in order to ensure the successful completion of the services concerned.

Under Other, the guarantees mainly relate to 180 million euro provided by Grupo Ferrovial, S.A. to Amey, of which 135 million euro cover a share capital increase in Tubes lines to be carried out in 2008. This amount is currently financed through an equity bridge loan and the rest is for other guarantees associated with Amey's ordinary business.

Also, the companies are the defendants in certain legal proceedings. The directors consider that the possible effect of these matters on the accompanying consolidated financial statements would in no case be material.

The following litigation is notable:

- Autopista 407: The legal conflict between Cintra and the Province of Ontario relating to the toll highway 407 ETR, which refers mainly to the capacity of the holder of the 407 ETR concession to raise tolls without the consent of the Provincial authorities, the designation of 2002 as the Base year, the accuracy of certain audited annual traffic reports and a procedure to deny the renewal of licence plates.
- Autopista Madrid Sur, owner of the toll highway Radial 4: The Provincial Expropriation Committee of Madrid has adopted a valuation criteria that could very significantly increase the cost of expropriating the land in that region, which could have repercussions on the expropriation cost for this highway. Numerous administrative challenges are currently being filed against the resolutions adopted by the Provincial Expropriation Committee. The Company's Directors consider that that valuation criteria is not lawful, although it cannot be ruled out that the appeals will not be successful for the Company.

There are also several guarantees granted to concession holders to secure financing, among which are those relating to Algarve and Norte Litoral for the credit rights granted with respect to Autopista Trados 45 under the concession agreement and the letters of credit granted by Eurolink and its equity holders to secure its debt.

24. OPERATING REVENUE

The Group's revenue is analysed as follows

	Thousand euro	
	2005	2004
Net Sales	8,989,093	7,254,011
Sales	5,596,876	4,620,091
Services rendered	3,315,269	2,575,526
Sales returns and volume discounts	-1,904	-2,212
Income from operating leases	1,146	1,251
Other revenue	77,706	59,354
Increase in inventories of finished products and work in progress	142,660	79,862
Other operating revenue	76,284	67,539
Own work capitalised	25,884	12,732
Operating subsidies	4,675	5,245
Capital grants taken to profit and loss	1,426	1,342
Other revenue	44,299	48,221
Total operating revenue	9,208,037	7,401,412

The breakdown, by line of business, of net sales and the comparison with the previous year is as follows:

	2005			2004		
	External sales	Sales between segments	Total	External sales	Sales between segments	Total
Construction	4,229,112	158,218	4,387,330	3,438,308	144,709	3,583,017
Spain	2,847,676	136,145	2,983,821	2,507,447	112,418	2,619,865
Abroad	512,727	13,704	526,431	346,516	26,863	373,379
Budimex Group	674,162	0	674,162	489,265	0	489,265
Webber Group	89,223	29	89,252	0	0	0
Industrial	105,323	8,340	113,663	95,080	5,428	100,509
Infrastructure	755,749	4,526	760,276	612,495	1,538	614,033
Real Estate	810,778	2,777	813,555	764,712	3,428	768,140
Services	3,186,924	13,180	3,200,104	2,433,033	11,428	2,444,462
Rest and adjustments	13	-172,185	-172,172	142	-155,784	-155,642
Total	8,982,577	6,516	8,989,093	7,248,690	5,320	7,254,011

In 2005 there was an increase in sales in all segments, especially Infrastructure and Services.

In Infrastructure, the increase is due mainly to the start of operations at the Chicago Skyway and higher traffic levels and rate increases on the 407 ETR.

In Services, the most significant increase is due to the 33% additional contribution of Tube Lines.

The detail of sales by business segment and the main countries in which the Ferrovial Group carries on its activities is as follows:

	Thousand euro					
2004	Construction	Infrastructure	Real Estate	Services	Other	Total
Spain	2,724,464	207,439	737,432	1,043,318	-135,469	4,577,184
United Kingdom	0	57,915	0	1,382,867	0	1,440,782
United States	0	0	0	0	0	0
Canada	6	237,172	0	0	0	237,178
Poland	498,505	0	0	0	0	498,505
Chile	82,111	78,209	6,164	0	-14	166,471
Portugal	156,885	32,995	24,544	18,276	-20,159	212,541
Rest of Europe	85,355	0	0	0	0	85,355
Rest of world	35,692	303	0	0	0	35,995
TOTAL	3,583,017	614,033	768,140	2,444,462	-155,642	7,254,011

	2005						Thousand euro
	Construction	Infrastructure	Real estate	Services	Other	Total	
Spain	3,091,023	245,464	769,338	1,152,845	-159,257	5,099,413	
United Kingdom	0	63,384	0	1,807,905	0	1,871,290	
United States	89,223	41,444	0	86,924	0	217,591	
Canada	0	280,490	0	0	0	280,490	
Poland	709,800	0	1,285	0	-497	710,588	
Chile	152,216	93,860	6,890	0	-9	252,956	
Portugal	165,075	34,661	36,042	14,928	-12,409	238,297	
Rest of Europe	137,922	678	0	34,964	0	173,563	
Rest of world	42,072	295	0	102,538	0	144,905	
TOTAL	4,387,330	760,276	813,555	3,200,104	-172,172	8,989,093	

The income recorded in each of the countries relates basically to transactions carried out in local currency. Of the total sales, 64.51% (68.99% in 2004) were billed in euros.

Backlog

At 31 December 2005 and 2004 the Group's total construction backlog amounted to approximately 7,500,446 thousand euro and 6,721,173 thousand euro, respectively. This backlog is the sum of awarded contracts at their sales price less the value of recognised sales originating with these contracts.

The detail of the construction backlog and of the variations therein with respect to the previous year is as follows:

	2005				Thousand euro	
	2005	2004	Change	% Change		
Construction Spain	5,001,427	4,359,513	641,914	14.72		
Civil engineering	2,814,348	2,530,793	283,555	11.20		
Residential building construction	1,145,729	1,059,327	86,402	8.16		
Non-residential building construction	1,041,350	769,393	271,957	35.35		
Construction Abroad	837,855	1,066,907	-229,052	-21.47		
Civil engineering	705,832	898,599	-192,767	-21.45		
Residential building construction	13,763	21,548	-7,785	-36.13		
Non-residential building construction	118,260	146,760	-28,500	-19.42		
Industrial Construction	660,948	677,555	-16,607	-2.45		
Construction	174,918	174,737	181	0.10		
Maintenance	486,030	502,818	-16,788	-3.34		
Budimex	546,842	617,198	-70,356	-11.40		
Webber	453,374					
Total	7,500,446	6,721,173	325,899	4.85		

The sales in the above table includes those made by the construction segment since, as is discussed in further detail in Note 2 regarding the accounting policies, these sales are considered to be made to third parties to the extent that the work is being executed.

25. STAFF EXPENSES

Staff expenses breakdown as follows:

	Thousand euro	
	2005	2004
Wages and salaries	-1,577,986	-1,251,138
Social Security	-311,438	-270,198
Other staff expenses	-17,670	-15,206
TOTAL	-1,907,094	-1,536,542

The change in the average number of employees, by segment, is as follows:

	2005	2004	CHANGE
Graduates	6,640	5,804	836
Clerical staff	5,321	4,988	333
Manual workers and line personnel without formal qualifications	45,286	39,100	6,186
Total	57,247	49,892	7,355

The change in the average number of employees, by segment, is as follows:

	2005	2004	CHANGE
Corporate	220	199	21
Construction	13,961	12,829	1,132
Infrastructure	3,565	3,427	138
Real Estate	936	916	20
Services	38,565	32,521	6,044
Total	57,247	49,892	7,355

26. OPERATING LEASES

The group only maintains leases as a lessee and not as a lessor.

The most relevant information regarding leases is as follows:

The expense recognised for operating leases in the income statement for 2005 totals 256,854 thousand euro (243,142 thousand euro in 2004).

At the balance sheet date, the Group had entered into future minimum lease instalments on operating leases that cannot be cancelled, with the following due dates:

	Thousand euro	
	2005	2004
Less than one year	213,396	199,950
Between 1 and 5 years	25,986	25,111
More than 5 years	17,472	18,081
TOTAL	256,854	243,142

27. OPERATING RESULTS

The development of operating results and the operating margin broken down by segment, as well as the contribution made by Budimex Group (Poland) and Amey Group (United Kingdom), given the importance of both groups for Ferrovial's international activities, is as follows:

	Thousand euro				
	2005		2004		% Change
	Profit	Margin	Profit	Margin	
Construction	209,812	4.78%	169,830	4.74%	23.54%
Budimex	286	0.04%	-3,049	-0.62%	109.39%
Construction excluding Budimex (*)	209,526	5.64%	172,878	5.59%	21.20%
Infrastructure	301,867	39.70%	246,113	40.08%	22.65%
Real estate	156,035	19.18%	144,888	18.86%	7.69%
Services	215,331	6.73%	158,965	6.50%	35.46%
Amey	114,392	6.46%	74,794	5.41%	52.94%
Services excluding Amey	100,939	7.06%	84,171	7.93%	19.92%
Other	-11,749	-6.82%	-3,032	-1.95%	-287.51%
Operating results	871,296	9.69%	716,763	9.88%	21.56%

(*) Includes the operating results contributed by Boremer, S.A. totalling 2,223 thousand euro in 2005, which gives rise to an operating margin of 21.30%.

The changes in "Operating Income" and "Operating Margin" by business segment are discussed in detail in the accompanying Directors' Report.

The detail of operating results by business segment and the main countries in which the Ferrovial Group carries on its activities is as follows (thousand euro):

2004	Spain	United Kingdom	United State	Canada	Poland	Chile	Portugal	Rest of Europe	Rest of World	Total
Construction	139,574	0	0	-208	-7,147	9,868	17,367	7,506	2,868	169,829
Infrastructure	56,412	15,778	0	120,083	0	38,465	15,756	-5	-376	246,113
Real Estate	140,937	0	0	0	0	-799	4,802	-51	0	144,888
Services	83,765	74,795	0	0	0	0	405	0	0	158,965
Other	-3,032	0	0	0	0	0	0	0	0	-3,032
Total	417,656	90,573	0	119,876	-7,147	47,534	38,330	7,449	2,492	716,763

2005	Spain	United Kingdom	United State	Canada	Poland	Chile	Portugal	Rest of Europe	Rest of World	Total
Construction	164,353	-259	3,104	-202	-1,077	10,731	17,722	9,213	6,227	209,812
Infrastructure	61,956	20,249	8,324	151,023	-21	45,953	14,998	9	-623	301,867
Real Estate	154,380	0	0	0	-1,231	-737	3,676	-53	0	156,035
Services	98,538	117,334	4,502	0	0	0	-1,200	-16,249	12,406	215,331
Other	-11,749	0	0	0	0	0	0	0	0	-11,749
Total	467,477	137,324	15,930	150,821	-2,329	55,946	35,196	-7,080	18,010	871,296

The operating results recorded in each of the countries relates basically to transactions carried out in local currency. Of all operating results, 60.74% (65.68% in 2004) is denominated in euros.

The following table shows the gross operating results calculated as the sum of operating results plus depreciation/amortisation and the change in provisions by segment in 2005 compared against 2004. The table also shows the contribution made by Budimex Group (Poland) and by Amey Group (United Kingdom), given the importance of both groups for Ferrovial's international activities:

	Thousand euro		
	2005	2004	Change
Construction	314,476	292,998	21,478
Budimex	10,038	35,341	-25,303
Construction excluding Budimex (*)	304,438	257,657	46,781
Infrastructure	479,537	384,007	95,530
Real Estate	169,438	149,500	19,938
Services	335,380	237,477	97,903
Amey	165,550	99,747	65,803
Services excluding Amey	169,830	137,730	32,100
Other	2,297	1,506	791
Total Gross Operating results	1,301,128	1,065,488	235,639

(*) Includes gross operating results totalling 2,918 thousand euro contributed by the company Boremer, S.A. in 2005.

28. FINANCIAL RESULTS

The following table contains a breakdown of financial results, distinguishing between concession holder companies and the rest of the companies:

	Thousand euro		
	2005	2004	% changes
Financial results – concession holders	-375,127	-339,394	-10.53%
Financial results – rest of companies	-15,332	-10,758	-42.52%
Construction	39,332	54,734	28.14%
Infrastructure	1,243	-1,547	180.38%
Real estate	-31,013	-30,743	-0.88%
Services	-31,363	-25,781	-21.65%
Rest	6,468	-7,421	187.15%
Total	-390,460	-350,152	-11.51%

The following table contains a breakdown of movements in financial income and costs:

	Thousand euro		
	2005	2004	% changes
Investment income	178,520	86,881	-105.48%
Concession holder companies	151,570	71,485	-112.03%
Rest of companies	26,950	15,396	-75.05%
Other financial income	61,156	51,049	-19.8%
Total financial income	239,675	137,930	-73.77%
Financing expenses	-574,435	-452,375	-26.98%
Concession holder companies	-526,697	-410,879	-28.19%
Rest of companies	-47,739	-41,496	-15.04%
Other financial expenses	-55,700	-35,707	-55.99%
Total financial expenses	-630,135	-488,082	-29.1%
Net financial results	-390,460	-350,152	-11.51%

The following table contains a breakdown of financial results of concession holder companies, indicating the portion that is capitalised in respect of highways under construction:

	Thousand euro					
	2005			2004		
	Expense/income capitalised during construction	Financial expense/income/ statement	Accrued financial income/ expense	Expense/income capitalised during construction	Financial expense/income/ statement	Accrued financial income/ expense
Resultado financiero Concesiones						
407 ETR Internacional Inc.		-184,994	-184,994		-183,714	-183,714
Autopista del Sol, S.A.		-16,757	-16,757		-21,041	-21,041
Autopista Terrasa-Manresa, S.A.		-8,816	-8,816		-9,735	-9,735
Autopista Trados M-45, S.A.		-2,226	-2,226		-2,288	-2,288
Autopista R-4 Madrid Sur, C.E.S.A.		-28,768	-28,768	-6,167	-20,662	-26,829
Autopista Temuco Río Bueno		-10,007	-10,007		-6,996	-6,996
Autopista Collipulli Temuco		-21,228	-21,228		-16,897	-16,897
Autopista Santiago Talca	-5,403	-6,018	-11,421	-12,362	-35,912	-48,274
Euroscut Norte Litoral, S.A.	-10,216		-10,216	-6,811		-6,811
Euroscut- Algarve, S.A.		-15,626	-15,626		-15,871	-15,871
Aeropuerto de Cerro Moreno		-206	-206		-156	-156
Aeropuerto de Bristol		-12,110	-12,110		-11,381	-11,381
Aeropuerto de Belfast		-3,822	-3,822		-2,368	-2,368
Inversora de Autopistas de Levante	-10,230		-10,230	-193	-1,254	-1,447
Algarve Internacional BV		663	663		657	657
Eurolink Motorway	-7,225	-354	-7,579	-5,910		-5,910
Skyway Concession Co.		-59,873	-59,873			
Tube Lines		-3,608	-3,608		-11,778	-11,778
Other Amey contracts		-1,378	-1,378			
Other	21	1	22			
TOTAL	-33,054	-375,127	-408,181	-31,443	-339,394	-370,837

The following table contains a breakdown of the rest of the companies' financing results, distinguishing between pure financing results attributable to each company's debts and the other items that make up financial results:

	Thousand euro		
	2005	2004	% variance
Interest income on financial assets	26,950	15,396	-75.05%
Interest expense on financial liabilities	-47,739	-41,496	-15.04%
Fair value gains on derivative financial instruments	14,789	6,025	-145.45%
Fair value losses on derivative financial instruments	-5,878	-369	-1,494.20%
Foreign exchange differences	-2,262	-4,974	54.52%
Late-payment interest and other expenses charged to customers	17,434	23,245	25.00%
Prompt payment discounts on purchase	5,280	4,232	-24.76%
Mortgage costs	-5,497	-7,507	26.77%
Expenses – deferred payment for land	-7,360	-4,840	-52.06%
Guarantee deposits	-5,693	-4,594	-23.92%
Rest	-5,357	4,124	229.90%
Total	-15,332	-10,758	-42.52%

29. OTHER PROFIT AND LOSS

The main items in this caption are described below:

The subsidiary company Cintra Concesiones de Infraestructura de Transporte, S.A. sold 5% of its shareholding in Autopista del Sol, S.A., generating a profit of 31,578 thousand euro.

In November 2005, the subsidiary company Ferrovial Telecomunicaciones S.A. sold its entire 9.59% interest in ONO. The sale generated a gain of 45,654 thousand euro.

A goodwill impairment test was performed on the company Lar 2000 S.A. and the entire goodwill was written off, causing a loss of 6,283 thousand euro, as explained in Note 10.

30. CONSOLIDATED INCOME BEFORE INCOME TAX

Set out below are movements in results before income tax by business segment:

	Thousand euro				
	2005		2004		% changes
	Profit/loss	Margin	Profit/loss	Margin	
Construction	241,199	5.50%	212,639	5.93%	13.43%
Infrastructure	-18,198	-2.39%	267,578	43.58%	-106.80%
Real Estate	118,725	14.59%	103,749	13.51%	14.43%
Services	179,149	5.60%	101,910	4.17%	75.79%
Other & adjustm.	40,546	23.55%	-9,538	-6.13%	525.10%
Total	561,420	6.25%	676,339	61.06%	-16.99%

31. CONSOLIDATED INCOME FROM CONTINUING OPERATIONS

Set out below are movements in results from continuing operations by business segment:

	Thousand euro				
	2005		2004		% changes
	Profit/loss	Margin	Profit/loss	Margin	
Construction	156,750	3.57%	141,666	3.95%	10.65%
Infrastructure	-8,030	-1.06%	243,145	39.60%	-103.30%
Real Estate	79,410	9.76%	68,715	8.95%	15.56%
Services	126,241	3.94%	64,609	2.64%	95.39%
Other and adjustments	33,818	19.64%	-10,906	-7.01%	410.08%
Total	388,189	4.32%	507,229	6.99%	-23.47%

32. NET INCOME FROM DISCONTINUED OPERATIONS

In July 2004, the Group concluded the sale of Helguina, S.A. and Aguanorbe, S.L., which carried out all the Group's water supply and distribution activities in the services segment. The transaction was completed in September 2004, when the acquiring party took over control of Helguina, S.A. and Aguanorbe, S.L.

Results from discontinued operations included in the consolidated income statement and related cash flows are set out below:

	Thousand euro
	2004
Revenues	50,779
Expenses	-12,652
Profit before income tax	37,749
Income tax expense	-6,348
Net income attributable to discontinued operations	31,779
Proceeds from sale of discontinued operations	36,012
Cash flows from operating activities	4,533
Cash flows from investing activities	42,933
Cash flows from financing activities	-47,466
Total cash flows	0

33. EARNINGS PER SHARE

33.1 Basic earnings per share

Basic earnings per share are calculated by dividing the net consolidated income for the year attributable to the Group by the weighted average number of outstanding shares for the year.

Set out below is the calculation of basic earnings per share from continuing operations and from continuing and discontinued operations.

Basic earnings per share from continuing operations:

	2005	2004
Consolidated income from continuing operations (thousand euro)	415,852	496,773
Weighted average number of outstanding shares (thousand shares)	140,265	140,265
Less average number of treasury shares (thousand shares)	(211)	(397)
Average number of shares to determine basic earnings per share	140,054	139,868
Basic earnings per share (euros)	2.97	3.55

Basic earnings per share from discontinued operations:

	2005	2004
Net income from discontinued operations (thousand euro)	—	31,779
Weighted average number of outstanding shares (thousand shares)	—	140,265
Less average number of treasury shares (thousand shares)	—	(397)
Average number of shares to determine basic earnings per share	—	139,868
Basic earnings per share (euros)	—	0.23

33.2. Diluted earnings per share

Diluted earnings per share are calculated by adjusting the weighted average number of outstanding ordinary shares to reflect the conversion of all potentially dilutive ordinary shares. For such purposes, conversion is deemed to take place at the start of the period or when the potentially dilutive ordinary shares are issued, where they have become outstanding during the period in question.

At 31 December 2005 and 2004, the Group has no potentially dilutive ordinary shares, since no convertible shares have been issued and the share-based or stock option-based compensation plans addressed in Notes 36 and 37, respectively, will not entail any capital increase for the Group, as explained in those notes. Consequently, no dilutive impact is envisaged when employee rights under the plans are exercised.

34. CASH FLOW

The cash flow statement that forms part of these financial statements has been prepared in accordance with IAS 7.

The cash flow statement explains the overall variance in the Group's consolidated cash resources, including all its businesses and infrastructure concession holder companies, as defined in Note 2.

Consequently, cash flows from operating activities relate to all the operating activities, including those of concession holder companies (basically tolls collected less operating costs), and cash flows from investing activities include all investments in property, plant, equipment and intangible assets, including investments in concession assets by concession holder companies.

This notwithstanding, in order to provide a more appropriate explanation of the cash resources generated by the Group, a distinction is made (as in prior years) between:

- a) Cash flows generated by the Group's businesses, where concession holder companies are treated as financial investments and therefore the relevant shareholdings are included in cash flows from investing activities and the returns obtained from those investments (dividends and other income) are included in cash flows from operating activities. These cash flows are henceforth referred to as cash flows excluding concession holder companies.
- b) Cash flows obtained by the concession holder companies, including activity and financing flows derived from those companies' operations.

As may be observed in the accompanying tables, the sum of the two segments is the Group's overall cash flow, after eliminating, through the adjustments column, the dividends received from concession holder companies, which are consolidated using the full and proportionate methods (313,383 thousand euro in 2005 and 62,651 thousand euro in 2004), and the investments made in their capital (392,571 thousand euro in 2005 and 123,843 thousand euro in 2004).

	Cash flow excluding concession holder compaines	Cash flow of concession holder compaines	Eliminations	CONSOLID. CASH FLOW
EBITDA	656,580	408,883	0	1,065,463
Dividends from concession holders companies	115,633		-62,651	52,982
Changes in receivables, payables and other	-53,339	2,400		-50,939
Income Tax payment	-57,665	-17,861		-75,526
Other	-10,825	27,261	0	16,436
Cash flows from operating activitie	650,384	420,683	-62,651	1,008,416
Investment	-433,776	-736,602	123,843	-1,046,535
Divestment	130,067	0	0	130,067
Cash flows from investing activities	-303,709	-736,602	123,843	-916,468
Cash flows from activity	346,675	-315,919	61,192	91,948
Proceeds from capital and minority interest	481,491	134,654	-123,843	492,302
Payment of dividends, parent company	-88,729	0	0	-88,729
Payment of minority interest dividends to associates	0	-75,938	62,651	-13,287
Other movements in shareholders' equity	13,720	0	0	13,720
Cash flows from shareholders and minority interest	406,482	58,716	-61,192	404,006
Interest paid	-39,086	-430,842	0	-469,928
Increase in bank borrowings	1,729,859	2,047,693	0	3,777,552
Decrease in bank borrowings	-1,708,295	-1,227,524	0	-2,935,819
Interest received	15,396	60,191	0	75,587
Cash flows from financing activities	404,356	508,234	-61,192	851,398
Changes in cash and cash equivalents	-751,034	-189,772	0	-940,806
Opening cash and cash equivalents	674,175	420,953		1,095,128
Closing cash and cash equivalents	1,422,666	609,938		2,032,604

	Cash flow excluding concession holder compaines	Cash flow of concession holder compaines	Eliminations	CONSOLID. CASH FLOW
EBITDA	844,713	456,387	0	1,301,100
Dividends from concession holders companies	351,347	0	-313,383	37,964
Changes in receivables, payables and other	211,083	-188,845		22,238
Income Tax payment	-87,697	-34,099		-121,796
Other	-168,962	149,036	0	-19,926
Cash flows from operating activitie	1,150,485	382,479	-313,383	1,219,580
Investment	-1,626,358	-2,324,315	392,571	-3,558,102
Divestment	218,467	0	0	218,467
Cash flows from investing activities	-1,407,891	-2,324,315	392,571	-3,339,635
Cash flows from activity	-257,406	-1,941,836	79,188	-2,120,054
Proceeds from capital and minority interest	0	712,941	-392,571	320,370
Payment of dividends, parent company	-120,921	0	0	-120,921
Payment of minority interest dividends to associates	-11,391	-480,039	313,383	-178,047
Other movements in shareholders' equity	-265	0	0	-265
Cash flows from shareholders and minority interest	-132,577	232,902	-79,188	21,137
Interest paid	-47,738	-455,650	0	-503,388
Increase in bank borrowings	1,243,117	3,013,492	0	4,256,609
Decrease in bank borrowings	-656,558	-833,609	0	-1,490,167
Interest received	26,950	52,808	0	79,758
Cash flows from financing activities	406,244	1,957,134	-79,188	2,284,190
Changes in cash and cash equivalents	-175,788	-68,106	0	-243,894

EBITDA or gross operating results are calculated as the sum of the operating results plus depreciation, amortisation and changes in provisions.

a) Cash flows excluding concession holder companies

Cash flows for 2005 were significantly affected by the large volume of investments (1,626,358 thousand euro), relating basically to the following acquisitions: the Texan company Webber (178,891 million euro), in the construction segment; the handling operator Swissport (642,019 thousand euro, of which 302,572 thousand euro relates to debts), a further 33% of the company Tubelines (137,800 thousand euro), in the services segment; and, finally, the purchase of the highway Chicago Skyway for 374,793 thousand euro, this being the most significant acquisition in the infrastructure segment. The above-mentioned investments were partially offset by collections from the sale of the Group's holding in the telecommunications operator ONO (144,895 thousand euro) and the sale of 5% of its interest in Ausol (39,650 thousand euro).

Nonetheless, despite the large volume of investments, the Group's closing cash balance has not been significantly affected due to the considerable cash flows from operating activities (1,150,485 thousand euro), which were well above the previous year, particularly in the construction and infrastructure segments.

Cash flows from operating activities

The following table shows movements in cash flows from operating activities in 2005 with respect to 2004. These flows are also compared with EBITDA (earnings before interest, taxes, depreciation and amortisation) which, as with the rest of the figures, do not include concession holder companies:

	Thousand euro
	C/F OPERATING ACTIVITIES
	31/12/05
Construction	501,678
Infrastructure (*)	414,328
Real Estate	61,415
Services (*)	169,441
Rest	3,621
Group total	1,150,483

(*) Excluding EBITDA of concession holder companies

Cash flows from operating activities are somewhat related to EBITDA (the basic difference being changes in working capital, among others) in the construction and services segments. However, there is little similarity between the two measurements in the real estate and infrastructures segments, due to the nature of these businesses, as explained below.

In the **Infrastructure segment**, cash flows from operating activities (414,328 thousand euro) include the sum of 351,347 thousand euro in dividends and refunds of equity from the highway and airport concession holder companies, a breakdown of which is included in the accompanying table. The remaining flows relate mainly to the parking lot business (approximately 47,000 thousand euro), net tax collections and other collections and payments pertaining to the Infrastructure Division's parent companies.

	Thousand euro
	31/12/05
Europistas	4,591
ETR-407	929
Sidney	37,503
Autema	10,594
Ausol	6,123
Bristol	
Aparcamientos	518
M-45 (dividendos)	4,214
Temuco Río Bueno	5,584
Total dividendos	70,056
ETR-407	26,852
M-45	596
Chicago	166,235
Bristol	87,608
Total equity reimbursed	281,291
TOTAL	351,347

EAs shown in the above table, cash flows from operating activities include both dividends received and equity reimbursed, which is treated as investment returns because it is not generated by the sale of any share of the relevant business.

Cash flows from operating activities in the **Real Estate segment** (including payments for land purchased) have risen due to the growth in the division's business and the reduction in payments for land during the year. In 2005, investments in land totalled 339,283 thousand euro (35,800 million euro in Poland), of which 108,896 thousand euro has been paid during the year and 181,006 thousand euro is payable in subsequent years (the remainder relates to swaps or payments made prior to 2005).

Cash flows relating to payments for land in 2005 totalled 234,423 thousand euro, of which 108,896 thousand euro relates to investments during the year, as indicated, 113,540 thousand euro relates to deferred payments on prior-year investments and 11,986 thousand euro relates to advance payments for future years.

Excluding payments for land during the period, cash flows from operating activities amount to 295,838 thousand euro.

In the **Services segment**, cash flows for operating activities include a dividend of 4,648 thousand euro (-8,052 thousand euro with respect to 2004) paid out by the London underground concession holder (Tube Lines), in which Amey has a 66.6% interest. Set out below is a breakdown of cash flows from operating activities for the core activities of the Services Division:

	Thousand euro			
	Municipal and waste	Amey (*)	Rest of services	SERVICES
EBITDA	124,890	68,800	44,890	238,580
Income Tax payment	-6,091	5,362	-2,171	-2,900
Tube Lines dividend paid		4,648		4,648
Change in working capital	-32,993	-18,661	-19,232	-70,886
C/F operating activities	85,805	60,149	23,487	169,441

(*) Excluding concession holder companies

Cash flows from investing activities

The following table contains a breakdown of cash flows from investing activities by business areas, indicating cash outflows for investments made and cash inflows resulting from divestment:

	Thousand euro		
	Investment	Divestment	C/F invest. Activities
Construction	-261,133	23,469	-237,664
Infrastructure	-418,058	41,479	-376,579
Real Estate	-21,814	755	-21,059
Services	-923,105	7,869	-915,236
Rest	-2,248	144,895	142,647
TOTAL	-1,626,358	218,467	-1,407,891

The following table shows cash flows relating to investments in financial assets by the Infrastructure Division (-392,571 thousand euro):

	Thousand euro	
	Cash flows from investing activities - Concession holder companies	
	31/12/05	31/12/04
R-4		30,600
Euroscut Norte		29,284
Chicago Skyway	374,793	
Sydney		3,000
Ausol		50,000
Madrid Levante	13,959	13,959
Eguisa		35,100
Autopista del Maipo		76,762
M-203	3,819	
Rest		850
TOTAL	392,571	239,555

The most significant investments by this division during the year include the purchase of a 55.0% interest in the highway Chicago Skyway. Capital increases were also carried out in the companies Inversora Autopista Madrid- Levante and M-203.

In the Services Division, the most relevant investment was the acquisition of Swissport (642,019 thousand euro, of which 339,447 thousand euro relates to the shares purchased and 302,572 thousand euro to the debt acquired, which is also treated as an investment under IFRS). The Services Division also acquired an additional 33.3% interest in Tubelines (137,800 thousand euro).

In the **Construction segment**, the largest investment was the acquisition of the Texan construction company Webber (178,891 thousand euro).

Divestments include the cash inflow obtained in November from the sale of the Group's interest in the telecommunications operator ONO (144,895 thousand euro) and the cash inflow from the sale of a 5% holding in Ausol to Unicaja (39,650 thousand euro).

Cash flows from shareholders and minority interests

Dividend flows include both dividends paid to the shareholders of Grupo Ferrovial, S.A., totalling - 120,921 thousand euro in 2005, and dividends paid to Cintra's minority shareholders, totalling 11,391 thousand euro.

Other effects on equity include the impact of foreign exchange where cash resources or debts denominated in foreign currency are affected. In this current year, as in 2004, the impact is positive due to the euro's appreciation against certain currencies, which caused a decrease in net debt.

Set out below is a breakdown of the Group's cash flows by segment, excluding concession holder companies:

2005	Thousand euro					
	Construction	Infrastructure	Real Estate	Services	Rest	Group
Cash flows from operating activities	501,678	414,328	61,415	169,441	3,622	1,150,484
Investment	-261,133	-418,058	-21,814	-923,105	-2,248	-1,626,358
Divestment	23,469	41,479	755	7,869	144,895	218,467
Cash flows from investing activities	-237,663	-376,579	-21,059	-915,236	142,647	-1,407,891
Cash flows from activity	264,015	37,749	40,356	-745,795	146,269	-257,407
Proceeds from capital and minority interest						0
Payment of dividends, parent company	-129,170		-23,969	-347	32,565	-120,921
Payment of minority dividends, associates	0	-11,391				-11,391
Other movements in shareholders' equity	-12,929	-18,782	25,816	5,630		-265
Cash flows from shareholders and minority interest	-142,099	-30,173	1,847	5,283	32,565	-132,577
Interest paid	-2,874	-8,231	-19,507	-35,403	18,275	-47,739
Changes in bank borrowings	44,742	-48,230	-16,869	901,590	-294,675	586,558
Cash flows from financing activities	-100,231	-86,634	-34,529	871,471	-243,835	406,242
Interest received	36,822	9,015	1,314	3,326	-23,526	26,950
Changes in cash and cash equivalents	-200,607	39,870	-7,141	-129,001	121,091	-175,787
Opening cash and cash equivalents	1,823,153	583,201	27,043	64,782	-1,075,510	1,422,668
Closing cash and cash equivalents	2,023,759	543,330	34,183	193,783	-1,196,601	1,598,455

2004	Thousand euro					
	Construction	Infrastructure	Real Estate	Services	Rest	Group
Cash flows from operating activities	269,837	135,569	17,021	187,061	40,896	650,384
Investment	-33,798	-255,736	-2,623	-100,332	-41,966	-434,455
Divestment	10,179	25,119	7,139	57,777	30,532	130,746
Cash flows from investing activities	-23,619	-230,617	4,516	-42,555	-11,434	-303,709
Cash flows from activity	246,218	-95,048	21,537	144,506	29,462	346,675
Proceeds from capital and minority interest		481,491				481,491
Payment of dividends, parent company	-123,742		-21,875	-424	57,312	-88,729
Payment of minority dividends, associates						0
Other movements in shareholders' equity	14,135	-4,219	-1,487	-7,013	12,304	13,720
Cash flows from shareholders and minority interest	-109,607	477,272	-23,362	-7,437	69,616	406,482
Interest paid	-1,989	-1,890	-20,355	-28,852	14,000	-39,086
Changes in bank borrowings	-39,062	96,352	28,325	-114,025	49,975	21,564
Cash flows from financing activities	-150,658	571,734	-15,392	-150,314	133,591	388,960
Interest received	30,153	5,883	261	2,951	-23,852	15,396
Changes in cash and cash equivalents	-125,718	-482,571	-6,406	2,853	-139,193	-751,034
Opening cash and cash equivalents	1,697,435	100,630	27,043	67,635	-1,221,109	671,633
Closing cash and cash equivalents	1,823,153	583,201	33,449	64,782	-1,081,916	1,422,668

b) Cash flows of concession holder companies

When preparing cash flow information for the concession holder companies, only the companies consolidated using the full or proportionate methods have been considered, by including 100% of fully-consolidated company flows and the proportional part of the flows of companies consolidated using the proportionate method. Set out below is a breakdown of the main items that explain the companies' net cash position:

	Thousand euro	
	2005	2004
	Cash flows of concession holder companies	Cash flows of concession holder companies
EBITDA	456,387	408,883
Dividends collected	0	
Other	-72,085	11,800
Cash flows from operating activities	384,302	420,683
Investment	-2,324,315	-736,602
Divestment	0	0
Cash flows from investing activities	-2,324,315	-736,602
Cash flows from activity	-1,940,013	-315,919
Proceeds from capital and minority interest	711,118	134,654
Payment of dividends, parent company	0	0
Payment of minority interest dividends, associates	-480,039	-75,938
Other movements in shareholders' equity	0	0
Cash flows from shareholders and minority interest	231,079	58,716
Interest paid	-455,650	-430,842
Increase in bank borrowings	3,013,492	2,047,693
Decrease in bank borrowings	-833,609	-1,227,524
Interest received	52,808	60,191
Cash flows from financing activities	2,008,119	508,234
Changes in cash and cash equivalents	-68,106	-189,772
Opening cash and cash equivalents	609,939	420,953
Closing cash and cash equivalents	723,208	609,938

Cash flows from operating activities of the concession holder companies relate basically to cash inflows of operational projects, although they also include VAT refunds and payments of projects under construction. These companies' cash flows from operating activities may be explained on the basis of EBITDA by adding the effect of working capital, as shown below:

	Thousand euro		
CASH FLOW STATEMENT OF CONCESSION HOLDER COMPANIES	Infrastruc. (*) (Highw. + Airp.)	Services (*) (Amey)	Total
Operating results of concession holder companies	298,803	67,275	366,078
Depreciation, amortisation & provisions	157,588	29,470	187,058
EBITDA	456,391	96,745	553,136
Changes in working capital	-99,492	-89,353	-188,845
Cash flows from operating activities	356,899	7,392	364,291

(*) Cash flows from concession holder companies in the services segment consists of the flows of the Amey concession holders, the most significant being Tubelines.

Cash flows from investment activities relating to property, plant and equipment include amounts incurred to increase property, plant and equipment, the majority of which arose from the acquisition of the highway Chicago Skyway (-1,565,147 thousand euro), as well as from the concession projects under construction in 2004 and 2005, the most significant being the Ocaña-La Roda and Norte Litoral highways. Investment flows also include the long-term portion of the account receivable in relation to Tubelines.

Cash flows from shareholders and minority interest relate to dividends paid and equity reimbursed by the concession holder companies to their shareholders, as well as amounts received by these companies for capital increases. In the case of fully-consolidated concession holder companies, the figures relate to 100% of the amounts paid and received, irrespective of the Group's interest in each company. No dividend or equity reimbursement is included in relation to equity-consolidated companies. The following table contains a breakdown of equity reimbursed and dividends paid by each company:

	Thousand euro	
	31/12/05	31/12/04
ETR-407	52,190	46,250
Autema	13,888	7,163
Ausol	7,203	6,269
M-45	4,810	3,533
Bristol	87,608	
Temuco Río Bueno	7,445	
Chicago	302,245	
Services (Tube Lines)	4,648	12,728
TOTAL	480,038	75,944

Cash inflows for capital increases or investments pending in 2005 include the capital increase in the companies Inversora Madrid-Levante and M-203 and the investment in Chicago Skyway.

Additionally, self-financing flows include the impact on the net cash position of foreign exchange fluctuations in 2005, when the financial statements of companies denominated in different currencies were translated to euros. This relates basically to the Canadian company 407 ETR International Inc, the US company Chicago Skyway and the Chilean concession holder companies. The overall impact of foreign exchange fluctuations is an increase in debts and therefore a reduction in the concession holder companies' net cash position in the amount of 701,561 thousand euro.

Finally, cash flows from financing activities relate to interest paid by the concession holder companies, plus other commissions and costs closely related to the obtaining of financing. These flows consist of interest expense for the period and other items that directly affect net debt for the period. This amount does not match the financing results reflected in the income statement, mainly due to differences between the accrual and payment of interest by the highway companies ETR-407 and Chicago Skyway.

35. BOARD OF DIRECTORS' MEMBERS REMUNERATION

35.1 Process for determining the Board of Directors' members remuneration (Board Regulations)

The Nomination and Remuneration Committee is responsible for proposing Directors' annual remuneration to the Board of Directors.

The proposal is submitted for the consideration and approval of the Board of Directors and, where required by law, for the approval of the Annual General Meeting.

35.2 Provisions of the Company's Bylaws and applicable regulations governing Directors' remuneration

Article 25 of the Company's Bylaws regulates Directors' compensation:

1. "The Board members shall receive an overall sum for the performance of their duties equal to 3% of the consolidated profit for the year attributable to the company. The Board may opt not to apply the entire share in profits in a given year, where deemed fit, in which case the directors shall accrue no rights in respect of the portion not applied. In any event, this share in the company's profits may only be applied after having fulfilled the requirements of Article 130 of the Companies Act.

The limits provided in the preceding paragraph notwithstanding, remuneration may take the form of shares or share options, or rights referenced to the value of the company's shares.

2. The Board of Directors shall be responsible for determining the form and amount of the fixed share to be distributed among its members each year. This may be carried out individually on the basis of each director's contribution to the Board's work.
3. The remuneration envisaged in this article shall be compatible with and separate from the wages, remuneration, indemnities, pensions, share options or compensation of any kind provided on a general or specific basis for the executive Board members, irrespective of whether they are related to the company under ordinary or special senior executive employment contracts, commercial contracts or contracts for services, all of which shall be compatible with a company directorship.
4. The company may take out third-party liability insurance for its directors.

Article 31 of the Board Regulations states the following:

- In order to calculate Board remuneration as a percentage of profits for the year, and verify that such remuneration is within the maximum limit stipulated, any qualifications included in the external auditor's report having an estimated significant effect on the income statement for the year shall be considered in any event.

- The Board may likewise establish objective criteria for determining remuneration and apply all or part of the remuneration to purchase company shares, which it did under a resolution adopted on 26 February 2003 and partially amended on 26 March 2004.

35.3 2005 remuneration system for the Board of Directors

a. Remuneration provided by the Company Bylaws (per diems)

The regime for 2005 contains no changes with respect to the 2004 regime, which was approved by the Board, subject to a report from the Nomination and Remuneration Committee, on 26 March 2004.

The regime provides a total fixed annual remuneration for all the directors with respect to the per diems provided by the Company Bylaws. In 2005, this amounts to 1,200,000 euros, as in 2004, subject to the maximum of 3% of the company's consolidated profits (as stipulated by Article 25 of the Company Bylaws) and the approval of the financial statements.

This amount is paid as follows:

- **PER DIEMS:** Per diems are paid for attendance at meetings of the Board and its executive or advisory committees. The following amounts have not changed since 2004:
 - A gross sum of 3,250 euros for attending Board meetings.
 - A gross sum of 2,000 euros for attending Executive Committee meetings;
 - A gross sum of 1,500 euros for attending meetings of the Audit and Control and Nomination and Remuneration Committees.
 - The per diems received by the Chairpersons of the three committees (Executive, Audit and Control and Nomination and Remuneration) are twice the above-mentioned amounts.

Per diems for 2005 totalled 644 thousand euro. In 2004, per diems amounted to 593 thousand euro.

- **DISTRIBUTION OF THE SURPLUS:** After deducting per diems paid, the agreed fixed remuneration of 1,200,000 euros was reduced to 556 thousand euro. This surplus was divided into 13 parts by applying to the quotient the following factors to determine the allocation of individual amounts: Board Chairperson: *2; First Vice-Chairperson *1.75; Second Vice-Chairperson *1.25 and rest of directors *1.

The amounts (1) for each Board member are set out below:

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

(1) Following a cash criteria, the remuneration paid amounted to 1,258 thousand euro in 2005

The sum of the per diems paid in accordance with the Company Bylaws to all the members of the Board of Directors is equal to 0.288% of the profits attributed to the parent company. In 2004, per diems amounted to 0.216% of profits (excluding the net profit attributable to Cintra's IPO, this would have been 0.349%).

- **APPLICATION OF REMUNERATION TO PURCHASE COMPANY SHARES:** In 2005, the obligation to employ the Directors' remuneration (per diems stipulated in the Company Bylaws) to purchase treasury shares remains in force. Shares purchased during the same calendar year may only be sold once three full financial years have elapsed as from the year of purchase.

b. Executive Directors' remuneration

The three Executive Board Directors accrued the following total remuneration in 2005, in addition to the per diems provided to all the Directors by the Company Bylaws:

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

c. Remuneration for membership of other administrative bodies of Group or multi-group companies, or associates

The Executive and Non-Executive Board Directors of Grupo Ferrovial S.A., who are in turn members of the administrative bodies of other Group or multi-group companies, or associates, have received total overall remuneration of 80 thousand euro.

Remuneration for 2004 totalled 94 thousand euro.

d. Pension funds and plans or life insurance premiums

As in 2004, no contributions were made in 2005 to pension plans or funds for former or current members of the parent company's Board of Directors. No such obligations were incurred during the year.

As regards life insurance premiums, the parent company has policies for the Executive Board Directors covering death, for which premiums totalled 7.6 thousand euro in 2005. Premiums paid in 2004 totalled 6 thousand euro.

No contributions have been made and no obligations incurred in respect of pension funds or plans for the Directors of Grupo Ferrovial S.A. that form part of other boards of directors and/or the executive management of Group or multi-group companies, or associates. No life insurance premiums have been paid in this respect. The situation has not changed since 2004.

e. Advances and loans

At 31 December 2005, no advances or loans have been granted to the Directors by the parent company or in relation to their participation in other administrative bodies and/or executive management of Group or multi-group companies, or associates. This was also the case at 31 December 2004.

35.4 Senior management remuneration

The parent company's senior managers that report directly to the Chairman or to the Chief Executive Officer accrued the following overall remuneration in 2005:

	Thousand euro	
	2005	2004
Fixed remuneration	1,752	1,957
Variable remuneration	1,661	1,279
Share options and/or other financial instruments exercise of remuneration rights reference to the share price [see section 5]	7,142	7,708
Remuneration as members of administrative bodies of other Group or multi-group companies, or associates	42	44
Insurance premiums	9	8

During 2005, the senior management received no loans from the Company. In 2004, loans granted to the managers totalled 650 thousand euro.

The above-mentioned remuneration relates to the following posts:

- Chief Financial Officer
- General Manager, Human Resources
- General Manager, Construction
- General Manager, Real Estate
- General Manager, Services
- Director of External Relations and Communication
- Audit Manager
- Manager of Quality and Environment

This does not include remuneration for senior managers who are also Executive Board Directors and have been addressed previously.

35.5 Share-based remuneration system (2000/2001)

Share-based remuneration is also provided for the parent company's senior management, including executive Board members. At 31 December 2004, the Executive Board Directors and the rest of the parent company's senior management had been allocated rights to 267,516 shares and 250,764 shares, respectively. At year-end 2005, the Executive Board Directors and the rest of the parent company's senior managers held valid rights pertaining to 267,516 shares and 10,000 shares, respectively.

This system is the result of the resolutions adopted by the Board of Directors and authorised by the General Shareholders' Meeting on 31 March 2000 and 30 March 2001. The maximum number of shares authorised by the General Meeting for calculating remuneration for all the managers is 1,702,647, or 1.213% of share capital, and the reference price was fixed at [€13.85] for the plan approved in 2000 and [€17.60] for the plan approved in 2001

The holder of the rights is entitled to collect the amount by which the company's share price rises in the stock market from the grant date to the exercise date. The rights may only be exercised after three years and within six years as from the grant date. This right and the specific amount receivable are subject to the obtainment of a minimum return on consolidated equity.

The Spanish National Securities Market Commission (CNMV) has been duly notified of the approval of this system and of the rights allocated to each beneficiary.

In 2005, no amounts were paid under this system, as indicated in the item "Share options and/or other financial instruments" in the tables relating to remuneration for the Executive Board Directors and senior managers. That table also contains the data for 2004.

It should be noted that the Ferrovial Group's share price rose by 189% from 31 December 2000 to 31 December 2004, and by 330% to 31 December 2005.

Additionally, in order to cover the potential impact on the parent company's equity of the exercise of rights under this (and other) remuneration systems, swaps were contracted with financial institutions at the grant date, whereby the parent company will receive an amount equal to the increase in the price of its shares when related compensation is paid.

The accounting policies for the share-based plans are contained in Note 2.4 of the accounting policies and Notes 17 and 18 on the plans.

35.6 Stock option plan (2004)

On 26 March 2004, the Annual General Meeting authorised a remuneration system consisting of a share option plan for Executive Board Directors and senior managers reporting directly to the Board or to the Board committees.

Under this system, options are granted to purchase shares in Grupo Ferrovial, S.A. and may only be exercised after three and within six years of the grant date. They may not therefore be exercised until 2007 and are subject to the obtainment of a minimum return on consolidated equity.

Each option represents one share and the options that may be granted under the plan are limited to a maximum of 1,700,000 (equivalent to 1.21% of the share capital of Grupo Ferrovial, S.A.).

For the purposes of determining the option exercise price, the reference value of the parent company's shares is the listed price, calculated as the weighted average price for the twenty stock market sessions immediately prior to the option grant date. Specifically, the exercise price was set at € 33.65.

The system provides a premium of one (1) euro per share charged to the beneficiary.

Future increases in the value of the parent company's shares were hedged with a financial institution.

The CNMV was notified of this system and the individual allocations on 26 March, 31 March and 7 May 2004.

The options allocated to these persons account for between a maximum of 18.95% and a minimum of 0.95% of total options granted.

The accounting policies for these share-based plans are contained in Note 2.4 of the accounting policies and Notes 17 and 18 on the plans.

35.7 Other information regarding remuneration

The parent company has entered into contracts with eight persons, all senior managers, including two Executive Board Directors, which provide the right to receive the indemnities referred to in Article 56 of the Labour Statute, in the event of unfair dismissal.

Additionally, in order to encourage loyalty and long service, deferred remuneration has been granted to seven senior managers. This consists of an extraordinary payment that will only be made in any of the following circumstances:

- Senior manager leaves the company by mutual agreement at a certain age.
- Senior manager is dismissed unfairly or is encouraged to leave by the company without any cause for dismissal, prior to the date on which the executive reaches the initially agreed age, if higher than is stipulated in the Labour Statute.
- Senior manager Executive's death or incapacity.

The parent company makes annual contributions to a group insurance savings policy to cover this incentive, as the policyholder and beneficiary. The contributions are quantified based on a certain percentage of each executive's total cash remuneration. In 2005 and 2005, contributions totalled 1,442 thousand euro and 1,517 thousand euro, respectively.

36. SHARE-BASED COMPENSATION SYSTEM

On 9 March 2001, the Board of Directors resolved to extend the share-based cash compensation referred to in the previous note on Directors' compensation to a total of ninety-four executives of the Ferrovia Group, subject to the same regulations and procedures as were approved in 2000 and at a grant price of 17.60 euros. This compensation system was extended in May 2001. The exercise period commenced in May 2004 and will run for three years.

The number of shares taken into account to calculate total compensation for executives is as follows:

	Number of shares	
	2005	2004
Opening number of shares	504,494	1,583,006
Compensation systems granted	-	-
Reduction due to departures/dismissals	(2,994)	-
Compensation systems exercised	(350,000)	(1,078,512)
Closing number of shares	151,500	504,494

These compensation systems are measured and recognised in the income statement as indicated in note 2.4.18.

Swaps were contracted by the Ferrovia Group when these rights were granted (June 2000 and May 2001) in order to hedge against possible losses resulting from the exercise of the rights under these share-based compensation systems. These hedges ensure that the Ferrovia Group will collect an amount equal to the increase in the share price when the compensation is paid.

The hedge contracts are swaps whereby the financial institution undertakes to pay to the Ferrovia Group cash amounts equal to the return on the Group's share and the Group undertakes to pay the compensation. The main features of the contract are as follows:

- The returns are calculated based on the same reference number of shares employed to calculate the compensation.
- The price per share used to calculate the returns is the same as the reference price employed to calculate the increase in the share's value.
- The Ferrovia Group will pay a return to the financial institution calculated by applying the Euribor rate plus a spread to the result of multiplying the number of shares by the reference price.
- The financial institution will pay to the Ferrovia Group an amount equal to all the dividends generated by those shares.
- The Ferrovia Group may opt to partially or totally terminate the contract, in which case:
 - If the share price is below the reference price at which the contract was concluded, the Ferrovia Group must pay the difference to the financial institution.
 - If the share price is above the reference price, the Ferrovia Group will receive the difference between the two amounts.

For accounting purposes, these contracts are treated as derivative financial instruments, this being the general treatment afforded to this type of financial products (Note 2.4.7).

The following transactions and/or allocations took place in 2004 and 2005 in connection with the compensation systems in force, in accordance with the accounting policies described in Note 2:

- Cash compensation paid under the plan, including the amounts referred to in Note 40 above, totalled 18,090 thousand euro and 10,957 thousand euro, respectively.
- The swap contracts were partially settled when the compensation was paid.
- Related staff costs incurred in 2005 and 2004 amounted to 7,130 thousand euro and 21,714 thousand euro, respectively, and were offset by the relevant income from the above-mentioned swaps.
- In 2004 and 2005, the Ferrovial Group paid 3,043 thousand euro and 4,115 thousand euro, respectively, to the financial institutions with which the swaps were contracted, and received 3,442 thousand euro and 4,347 thousand euro, respectively, as a result of movements relating to the rights and obligations under the contract, including the contracts for share option plans addressed in the following note.

Amounts payable to employees under the share-based compensation system total 17,553 thousand euro and 16,006 thousand euro for 2004 and 2005, respectively.

37. STOCK OPTION COMPENSATION PLAN

On 27 June 2003, the Board of Directors approved a stock option plan for Grupo Ferrovial, S.A., the main features of which are described below:

Scope: Maximum of 1,800,000 non-transferable options, representing 1,800,000 shares in Grupo Ferrovial, S.A. (1.28% of capital).

Plan participants: 137 executives of the group of companies parented by Grupo Ferrovial, S.A., excluding Board or Board committee members, to be selected by the Appointments and Compensation Committee.

Option issue date: July 2003.

Grant price: €24.23 per share.

Option vesting and exercise period: Three years as from the issue date, i.e. as from July 2006, for a three-year period to July 2009, provided a certain minimum return on consolidated equity is obtained by the Group.

For the purposes of determining the option exercise price, the reference value of the parent company's shares will be the listed price, calculated as the weighted average price for the twenty stock market sessions immediately prior to the option grant date.

The system provides a premium of one (1) euro per share charged to the beneficiary.

Subsequently, on 26 March 2004, the General Shareholders' Meeting approved a stock option plan for various senior executives of Grupo Ferrovial, S.A. and on 28 May 2004 the Board of Directors approved the extension of the above-mentioned plan to personnel of the subsidiaries Amey and Cespa, at grant prices of between €24.23 and €45.61 per share.

Additionally, on 30 September 2005, the Board of Directors of Grupo Ferrovial, S.A. approved a second stock option plan for Group executives at a grant price of €63.54 per share, having the same term and conditions as the first plan with respect to the exercise of options, and a premium of two (2) euros per share charged to the beneficiary.

The reference number of shares used to calculate total compensation for the executives is as follows, taking into account extensions to existing plans:

	Number of shares	
	2005	2004
Opening number of shares	3,484,625	1,800,000
Options granted	1,700,000	1,713,000
Reduction due to departures/dismissals	(56,971)	—
Options exercised	(40,654)	(28,375)
Closing number of shares	5,087,000	3,484,625

These compensation systems are measured and recognised in the income statement as indicated in note 2.4.18.

As with the share-based compensation systems, when the options were granted the parent company contracted the same type of swaps as are described in the previous note on share-based compensation.

Staff costs arising from these share-based compensation systems at 31 December 2005 and 2004 totalled 6,619 thousand euro and 3,768 thousand euro, respectively, and were offset by the income from the relevant swaps referred to above.

Finally, on 28 October 2005, the Board of Directors of the subsidiary Cintra approved its first stock option plan for company executives, at a grant price of 10.40 per share, for 864,050 shares and on the same terms and conditions as the plans approved by Grupo Ferrovial, S.A. as regards the exercise of the options. In this case, a premium of (0.33) euros per share is charged to the beneficiary.

38. ENVIRONMENTAL POLICY

Any operation designed mainly to prevent, reduce or repair damage to the environment is treated as an environmental activity.

However, the Ferrovial Group's activities include cleaning roads, collecting and treating municipal solid waste, treating and controlling the quality of water, and other activities in which environmental services are rendered to third parties. Additionally, a large part of the Group's construction contracts include an environmental impact analysis and work to preserve, maintain and restore the environment.

The Ferrovial Group does not treat assets and costs related to the provision of the above-mentioned services as environmental items since the services are carried out for third parties. However, environmental claims and obligations are included, irrespective of whether they relate to the Group's own operations or services rendered to third parties.

Investments in environmental activities are measured at acquisition cost and capitalised when incurred as an increase in the cost of non-current assets, applying the methods described in Note 2.4 on accounting policies.

Costs incurred to protect and improve the environment are taken to the income statement when incurred, irrespective of when the related monetary or financial flows take place.

Provisions for probable or certain environmental liabilities, litigation in progress and indemnities or other outstanding obligations not covered by insurance policies are recorded when the liability or obligation arises.

Environmental assets

The Cespa Group, which is mainly engaged in waste treatment and collection, owns environmental assets such as composting plants, sorting plants and biogas plants, as well as a number of vehicles used in its activities. Such assets are not used in the rest of the services segment, as activities are generally carried out at the customer's facilities.

The rest of the Ferrovial Group's environmental assets relate to the investment made in the highway activities, the purpose being to analyse environmental impact and protect the environment. The amount capitalised relates mainly to the investment made by the subsidiary company Autopista del Sol, C.E.S.A. in landscape recovery, sound impact studies and other general activities. Throughout the construction of the Malaga-Estepona and Estepona-Guadiaro stretches, the company included in non-current assets the cost of all the measures implemented to protect the environment. All these amounts are recognised as an increase in the highway investment "concession assets".

	Thousand euro	
	2005	2004
Málaga – Estepona stretch	26,251	26,251
Estepona – Guadiaro stretch	4,285	4,285
Total capitalised by Autopista del Sol, C.E.S.A.	30,536	30,536

The company also incurred other environmental protection costs totalling 772 thousand euro for the account of the authorities (778 thousand euro in 2004).

The company recognises property, plant and equipment consisting of machinery and vehicles used in activities designed to protect and improve the environment. This work is performed by the company's own employees and by external specialists. The rest of the costs incurred during the year to protect and improve the environment are insignificant.

Additionally, the company Eurolink Motorway, which was awarded a concession to build and operate a motorway in Ireland, recognises environmental assets totalling 13,502 thousand euro net of depreciation (4,637 thousand euro in 2004).

The company Túneles de Artxanda S.A. which, as indicated in Exhibit VG, is consolidated using the equity method, also made investments totalling 2,878 thousand euro (2,905 thousand euro in 2004) in landscape recovery and acoustic impact minimisation.

Environmental expenses

The main ordinary environmental expenses may be divided into the following categories:

- Studies
- Training expenses
- Own staff expenses
- Facility maintenance expenses
- Research and development expenses

The majority of expenses are generated by the Construction and Services Divisions.

In the construction segment (including the Budimex Group), ordinary environmental expenses incurred in 2005 and 2004 totalled 853 thousand euro and 1,021 thousand euro, respectively.

In the services segment, ordinary environmental expenses totalled 14,082 thousand euro and 12,089 thousand euro in 2005 and 2004, respectively, of which 13,452 thousand euro and 11,438 thousand euro relate to the Cespa Group.

As regards penalty proceedings, in the construction segment penalties settled in the last four years total 188 thousand euro (4 thousand euro in 2005 and 97 thousand euro in 2004).

Penalties settled by the Cespa Group in the last four years total 5 thousand euro.

Environmental provisions

In the services segment, the Cespa Group recorded completion and post-completion provisions of 15,360 thousand euro (15,280 thousand euro in 2004) and 24,157 thousand euro (21,235 thousand euro in 2004), respectively.

In the infrastructure segment, no provisions have been recorded for environmental liabilities and charges and there are no long-term environmental obligations at 31 December 2005 and 2004.

39. INFORMATION ON TRANSACTIONS WITH RELATED PARTIES

39.1 Approval of transactions

In accordance with the Board Regulations, all professional or commercial transactions involving Grupo Ferrovial S.A. or its subsidiaries and the persons referred to below require Board authorisation, subject to a report from the Audit and Control Committee. The Board of Directors may approve general requirements for ordinary transactions.

The following persons are subject to this rule:

- Board directors of Grupo Ferrovial, S.A.
- Controlling shareholders
- Individuals representing the directors that are legal entities
- Senior management
- Other managers designated individually by the Board of Directors
- Persons related to the above persons, as defined in the Board Regulations.

39.2 Transactions with related parties

Set out below are details of arm's length transactions effected in 2005 with related parties in the normal course of the parent company's and the Group's business.

The parent company provides this information in compliance with the definitions and criteria set forth in Order EHA/3050/2004 (15 September) from the Ministry of Economy and Finance and in Circular 1/2005 (1 April) from the National Securities Market Commission (CNMV). As is logical, the criteria applicable under this new regulatory framework are significantly different from the ones applied to prepare the information on this same matter contained in the 2004 Annual Report on Corporate Governance. This should be taken into account when analysing or comparing the information for 2004, which is presented together with the information for 2005.

Where the profit or loss from a transaction cannot be stated, as it pertains to the providing entity or individual, the transaction has been marked with an asterisk (*).

a. Significant shareholders

The following table contains a breakdown of the most relevant transactions effected in 2005 with significant shareholders, with members of the "controlling family group" (except for the individuals who are also company Board directors, who are included in the following section) and entities related through shareholdings to persons from the "controlling family group", as stated in the section on the company's ownership structure:

Name/ Company name	Ferrovial Group company	Nature of transaction	Type of transaction	2005		2004	
				Amount	Profit or loss (Thousand euro)	Amount	Profit or loss (Thousand euro)
Casa Grande de Cartagena S.L.	Ferrovial Servicios S.A./ subsidiaries	Commercial	Integrated management of services in Madrid building	474	35	135	49
Casa Grande de Cartagena S.L.	Ferrovial Agromán S.A./ subsidiaries	Commercial	Execution of construction work	-	-	116	5
Members of "controlling family group"/ entities related to them (1)	Ferrovial Servicios S.A./ subsidiaries	Commercial	Integrated management of services in Madrid offices	356	24	321	85
	Ferrovial Conservación S.A./ subsidiaries	Commercial	Lease to Ferrovia of office premises in Madrid owned by shareholders	167	(*)	162	(*)
	Ferrovial Inmobiliaria S.A./ subsidiaries	Commercial	Real estate development management services in Madrid	110	107	110	61
	Ferrovial Group companies	Commercial	Lease of private methods of transport for use by company senior management	44	(*)	54	(*)
	Ferrovial Agromán S.A./subsidiaries	Commercial	Execution of construction work	-	-	25	1
	Ferrovial Servicios S.A./ subsidiaries	Commercial	Preservation, maintenance or repair services for installations in private residences	102	7	16	1,04

(*) No profit or loss is stated as the relevant amount pertains to the entity or person providing the service.

(1) According to information sent to the CNMV and to the company on 24 November 2005, the "controlling family group" formed by Mr Rafael del Pino y Moreno and his descendants María, Rafael, Joaquín, Leopoldo and Fernando del Pino y Calvo-Sotelo, controls 58.314% of Grupo Ferrovia S.A. indirectly through the companies Portman Baela S.L. and Casa Grande de Cartagena S.L.

In addition to the individual transactions stated above, two less relevant transactions took place with the significant shareholders, consisting of the provision of fitting, repair and maintenance services in private residences or corporate headquarters for insignificant amounts or duration and at arm's length. The total amount of such transactions is 5 thousand euro, generating a total profit of 0.3 thousand euro. In 2004, these minor transactions amounted to 5 thousand euro and generated a total profit of 0.26 thousand euro.

b. Transactions with Board directors and senior management

The transactions with Board directors and senior management in 2005 are described below. The following information also includes transactions effected with Banesto, NH Hoteles, Bankinter, Ericsson, TPI and Aviva, in accordance with Section Two of Order EHA/3050/2004, as certain company Board directors are also Board directors of those companies:

Name/ Company name	Ferrovial Group company	Nature of transaction	Type of transaction	2005		2004	
				Amount	Profit or loss	Amount	Profit or loss
				(Thousand euro)		(Thousand euro)	
Rafael del Pino y Calvo-Sotelo	Ferrovial Agromán S.A./ subsidiaries		Execution of private residence construction work	692	26	1,389	57
	Ferrovial Agromán S.A./ subsidiaries		Repair work for installations	14	0,1	-	-
	Ferrovial Servicios S.A./ subsidiaries		Maintenance services for installations in private residences	18	2	12	1
Joaquín Ayuso García	Ferrovial Inmobiliaria S.A./ subsidiaries		Acquisition of new private residence in Madrid	-	-	234	77
Nicolás Villén Jiménez	Ferrovial Inmobiliaria S.A./ subsidiaries		Acquisition of new private residence in Madrid	48	16	170	56
Pedro Buenaventura Cebrián	Ferrovial Inmobiliaria/ subsidiaries		Acquisition of new private residence in Poland	17	5	-	-
Juan Bejar Ochoa	Ferrovial Servicios S.A./ subsidiaries		Execution of maintenance work on installations	33	2.2	-	-
Alvaro Echániz Urcelay	Ferrovial Inmobiliaria S.A./ subsidiaries		Acquisition of new private residence in Madrid	37	12	45	15
Amalia Blanco Lucas	Ferrovial Inmobiliaria S.A./ subsidiaries		Acquisition of new private residence in Madrid	-	-	62	20
Banesto	Ferrovial Group companies		Collection of commissions on business and settlement of derivative transactions collected	1,765	1,765 (1)	13	13 (1)
			Payment of commissions on derivative transactions	1,980	(*)	-	-
			Payment of interest	1,835	1,835 (1)	1,386	1,386 (1)
			Payment of interest on loans and mortgages	1,575	(*)	681	(*)
			Balance drawn on guarantee facilities	316,600	(*)	221,800	(*)
			Balance drawn on confirming facilities	50,000	(*)	50,700	(*)
			Balance drawn on mortgage loans and credit lines	166,000	(*)	82,100	(*)
Ericsson	Ferrovial Servicios S.A. / subsidiaries		Integrated management of services	22,347	1,952	3,024	454
	Ferrovial Group companies		Receipt of audiovisual equipment installation services	79	(*)	92	(*)
Aviva	Grupo Ferrovial S.A.		Contracting of insurance policies	1,783	(*)	1,568	(*)
Bankinter	Ferrovial Group companies		Collection of commissions for bank brokerage services	54	54 (1)	55	55 (1)
			Payment of sundry commissions	65	(*)	33	(*)
			Payment of interest	739	739(1)	511	511 (1)
			Payment of interest on loans and mortgages	1,094	(*)	565	(*)
			Balance drawn on mortgage loans and credit lines	39,600	(*)	50,930	(*)
			Balance drawn on confirming facilities	52,300	(*)	41,040	(*)
			Guarantee facility	30,000	(*)	17,910	(*)
TPI	Ferrovial Group companies		Receipt of advertising services	178	(*)	2	(*)
NH Hoteles	Ferrovial Group companies		Hotel services provided by NH Hoteles	58	(*)	87	(*)
	Ferrovial Servicios S.A./ subsidiaries		Maintenance services rendered to NH HOTELES	8	1	13	2

(*) No profit or loss is stated as the relevant amount pertains to the entity or person providing the service.

(1) For this type of items (commissions and interest paid), the gross amount of the transaction is treated as a profit.

In addition to the above-mentioned transactions, in 2005 transactions with Board directors and senior managers totalled 6 thousand euro, relating to the provision of fitting, repair and maintenance services for installations and minor building work in private residences, for insignificant amount or duration and always on an arm's length basis. The total profit from those transactions was 0.9 thousand euro. In 2004, transactions of this kind totalled 7 thousand euro and generated a profit of 0.4 thousand euro. Finally, in 2005 the company received advisory services totalling 4 thousand euro from persons related to Board directors and senior executives.

The information on loans relating to Board directors and senior management is provided in the sections on remuneration for Board directors and senior management.

c. Transactions between Group companies

Set out below is information on transactions between companies of the Ferrovial Group, all of which form part of their normal business as regards purpose and conditions. These transactions have not been eliminated on consolidation for the following reason.

The balances and transactions relating to construction work executed by the Construction Division for infrastructure concession holder companies are not eliminated on consolidation since, at a consolidated level, contracts of this type are classed as construction contracts in which, during execution, the work is deemed to be performed for third parties, as the ultimate owner of the work is the granting administration, from a financial and legal viewpoint.

In 2005, the Ferrovial Group's Construction Division bills those companies 520,395 thousand euro (465,970 thousand euro in 2004) for work performed and related advance payments and, in this respect, recognised sales totalling 470,398 thousand euro (444,774 thousand euro in 2004).

In 2005, the profit from these transactions attributable to the Ferrovial Group's holdings in the relevant concession holder companies and not eliminated on consolidation, net of taxes and minority interests, was 14,947 thousand euro (13,982 thousand euro in 2004).

40. DIRECTORS' SHAREHOLDINGS IN COMPANIES ENGAGED IN A BUSINESS SIMILAR TO THAT OF FERROVIAL

Article 127.3.4 of the Spanish Companies Act (LSA), as worded in Law 26/2003 (18 July), whereby the Stock Market Act and the Spanish Companies Act were amended to increase transparency in listed companies, obliges Board directors to inform the company of any shareholdings in companies engaged in activities that are the same as or similar or complementary to the company's objects, any offices or duties performed in such companies, and any activities that are the same as or similar or complementary to the company's objects, carried out for their own account or for the account of third parties.

In this regard, the following information was provided to the company at 31 December 2005:

Shareholdings:

- In the subsidiary Cintra, Concesiones de Infraestructuras de Transporte S.A.:
 - Mr. Joaquín Ayuso García: 0.0012%
 - Mr. Santiago Eguidazu Mayor: 0.0016%
 - Mr. José María Pérez Tremps: 0.00066%
- POLÁN S.A. (company related through shareholdings to members of the "family group" that indirectly controls 58.314% of Grupo Ferrovial S.A., through holdings in Portman Baela S.L. and Casa Grande de Cartagena S.L.):
 - 5.218% Grupo Inmocaral, S.A. (real estate)

The Board of Directors deliberated on this acquisition on 30 October 2003.

	Offices or duties	
	Office or duty	Company
Mr. Rafael del Pino y Calvo-Sotelo	Chairman	Cintra, Concesiones de Infraestructuras de Transporte S.A.
	Chairman	Ferrovial Aeropuertos, S.A.
	Chairman	Ferrovial Infraestructuras, S.A.
Related persons, as defined in Article 127.3.5 LSA:		
* Leopoldo del Pino y Calvo-Sotelo	Joint Administrator	Cintra Aparcamientos, S.A.
	Joint Administrator	Dornier S.A. Sociedad Unipersonal
	Board member	Sociedad Municipal de Aparcamientos y Servicios, S.A.
	Board director	Autopista del Sol, CESA
	Chairman	Aparcamient Escaldes Centre, S.A.
	Vice-Chairman	Estacionamientos Urbanos de León, S.A.
* Miss María del Pino y Calvo-Sotelo	Chairman	Polán S.A.
Mr. Santiago Bergareche Busquet	Board director	Ferrovial Infraestructuras, S.A.
	Board member	Ferrovial Aeropuertos, S.A.
	Vice-Chairman	Túneles de Artxanda
Mr. Joaquín Ayuso García	Vice-Chairman	Cintra Concesiones de Infraestructuras de Transporte S.A.
	Chief Executive Officer	Ferrovial Aeropuertos, S.A.
	Chairman/CEO	Ferrovial Agromán, S.A.
	Chief Executive Officer	Ferrovial Infraestructuras, S.A.
	Chairman/CEO	Ferrovial Inmobiliaria, S.A.
	Chairman/CEO	Ferrovial Servicios, S.A.
	Chairman/CEO	Ferrovial Telecomunicaciones, S.A.
Mr. José María Pérez Tremps	General Secretary	Grupo Ferrovial, S.A.
	Board Director and member of Audit & Control. Committee	Cintra Concesiones de Infraestructuras de Transporte S.A.
	Board Director and member of Audit & Control. Committee	Europistas Concesionaria Española, S.A.
	Board director	Ferrovial Aeropuertos, S.A.
	Board director	Ferrovial Agromán, S.A.
	Board director	Ferrovial Infraestructuras, S.A.
	Board director	Ferrovial Inmobiliaria, S.A.
	Joint Administrator	Ferrovial Inversiones, S.A.
	Board director	Ferrovial Servicios, S.A.
	Board director	Ferrovial Telecomunicaciones, S.A.
	Board director	Swissport International AG

Activities carried on for own account or account of third parties

No information has been received in this respect.

41. AUDIT FEES

In compliance with Additional Provision Fourteen of Law 44/2002 (22 November) on Measures to Reform the Financial System, this section contains information on all the fees for the audit of the financial statements for 2005 and 2004 by the auditors of Grupo Ferrovial S.A. and all its fully and proportionately consolidated companies in Spain and abroad.

A breakdown of the fees invoiced for those years to all the Ferrovial Group's subsidiary and associated companies for services other than audit services is also provided:

		Thousand euro
Fees for audit services	2005	2004
Principal auditor	1,999	1,024
Other auditors	1,473	1,123

		Thousand euro
Fees for audit services	2005	2004
Principal auditor	845	702
Other auditors	565	649

The principal auditor's fees represent approximately 0.02% of its total turnover (0.01% in 2004).

42. EVENTS AFTER THE BALANCE SHEET DATE

In February 2006, after the balance sheet date, the Ferrovial Group, in accordance with UK law and through the London Stock Exchange's Regulatory Information Service, announced that it is studying a public offering for all the existing and future shares issued by BAA plc (BAA), although this bid is not yet certain at the date of these financial statements. If the bid is made, it will be in cash through a consortium.

BAA is the largest airport operator in the world. It manages seven airports in the United Kingdom and has interests in airports in Australia, USA and Hungary.

In January 2006, the consortium in which Cintra has a 50% interest has been selected as the preferred bidder for a contract to maintain and operate the Indiana Toll Road (ITR) for the next 75 years. This project, which is subject to the approval of the Legislative Assembly of the State of Indiana, has an acquisition price of approximately USD3,850 million.

43. COMMENTARY TO EXHIBITS

Exhibit I

Exhibit I contains a list of Group companies, distinguishing between fully- and proportionately-consolidated companies and the equity-consolidated associates. The companies are presented by business segment, indicating the identify of their auditor and the companies that are consolidated for tax purposes.

Exhibit II

Exhibit II contains a breakdown of credit and loan balances between consolidated companies. These balances are presented by business segment and include the amounts relating to the Budimex Group (Poland) and the Amey Group (United Kingdom), given their significance to the Ferrovial Group's international business.

Exhibit I

Grupo Ferrovial, S.A. and subsidiaries

SUBSIDIARIES (companies consolidated using full and proportionate methods)

Individual Information

CORPORATION

COMPANIES	Parent company	% interest	Net cost of shareholding	Reg. Office
SPAIN				
Grupo Ferrovial, S.A (a) (c.1)				Madrid
Ferrovial Inversiones S.A. (a) (c.1)	Grupo Ferrovial, S.A. (1)	99.98	1,186	Madrid
Betonial, S.A. (a)	Grupo Ferrovial, S.A. (1)	99.00	36,108	Madrid
Burety, S.L. (a)	Grupo Ferrovial, S.A. (1)	99.00	0	Madrid
Can-Am, S.A, Sociedad Unipersonal (a)	Grupo Ferrovial, S.A.	100.00	0	Madrid
Frin Gold, S.A. (a)	Grupo Ferrovial, S.A. (1)	99.00	71	Madrid
Inversiones Trenza, S.A. (a)	Grupo Ferrovial, S.A. (1)	99.00	0	Madrid
Promotora Ibérica de Negocios, S.A. (a)	Grupo Ferrovial, S.A. (1)	99.00	396	Madrid
Sotaverd, S.A. (NCSI)	Grupo Ferrovial, S.A. (i)	49.00	0	Barcelona
Lernamara, S.L.(a)	Grupo Ferrovial, S.A. (1)	99.00	3	Madrid
Remteclex, S.A.				

(i) A further 28.47% is owned by Ferrovial Inversiones, S.A

CONSTRUCTION

COMPANIES	Parent company	% interest	Net cost of shareholding	Reg. Office
SPAIN				
Ferrovial Agromán, S.A.(a) (c.1)	Grupo Ferrovial, S.A.	99.97	67,103	Madrid
Ferrovial Medioambiente y Energía, S.A (a)(c.1)	Ferrovial Agromán S.A (1)	99.00	885	Madrid
Compañía de Obras Castillejos, S.A (a) (c.1)	Ferrovial Agromán S.A (1)	99.95	8,255	Madrid
Encofrados Deslizantes y Técnicas Especiales, S.A (a)	Ferrovial Agromán S.A (1)	99.07	1,802	Madrid
Ditecpesa, S.A (a) (c.1)	Ferrovial Agromán S.A (1)	99.95	1,201	Madrid
Ferrovial Conservación, S.A (a) (c.1)	Ferrovial Agromán S.A (1)	99.00	3,006	Madrid
Aplicación de Recursos Naturales, S.A (a)	Ferrovial Agromán S.A (1)	99.98	247	Barcelona
Urbaoeste, S.A (a)	Ferrovial Agromán S.A (iv)	99.00	460	Cartagena
Cadagua, S.A (a) (c.1)	Ferrovial Agromán S.A (1)	99.95	77,982	Bilbao
Discota XXI, S.L unipersonal (a)	Ferrovial Agromán S.A	100.00	82,370	Madrid
Técnicas de Pretensado y servicios auxiliares, S.L (a)	Encofrados Deslizantes y Técnicas Especiales, S.A (1)	99.99	3,276	Madrid
Tecnológica Lena, S.L.	Ferrovial Agromán S.A	50.00	2	Asturias
Boremer, S.A (c.1) (IP) (C)	Cadagua, S.A (iii)	40.00	1,089	Madrid
Fisa Limited	Ferrovial Inversiones, S.A	100.00	10	Bahamas
Norvarem, S.A.	Ferrovial Agromán S.A	100.00	59	Spain
CANADA				
Ferrovial Agromán Canadá Inc. (c.1)	Ferrovial Agromán S.A	100.00	1,436	Canada
NETHERLANDS				
Valivala Holdings B.V	Discota XXI, S.L unipersonal	100.00	74,322	Netherlands
PUERTO RICO				
Ferrovial Agromán Int. Puerto Rico, S.A (c.3)	Ferrovial Agromán S.A	100.00	0	Puerto Rico
IRELAND				
Ferrovial Agromán Ireland, Ltd	Ferrovial Agromán S.A	100.00	100	Ireland
CHILE				
Ferrovial Agromán Chile, S.A (c.1)	Ferrovial Agromán S.A (i)	52.63	3,022	Chile
Ferrovial Agromán Empresa Constructora Limitada (c.1)	Ferrovial Agromán S.A (3)	99.00	0	Chile
Constructora Agromán Ferrovial Limitada (c.1)	Ferrovial Agromán S.A (ii)	56.87	7	Chile
Constructora Delta Ferrovial Ltda. (c.1) (IP) (D)	Ferrovial Agromán Empresa Constructora Limitada	50.00	8	Chile
Ferrovial Agromán Compañía Constructora, S.A. (c.1)	Ferrovial Agromán S.A (3)	99.95	4	Chile
Cerro alto Ferrovial Limitada	Ferrovial Agromán Chile, S.A	50.00	0	Chile
UNITED STATES				
Ferrovial Agromán US CORP	Ferrovial Agromán, S.A.	100.00	902	UK
POLAND				
Budimex, S.A (c.1)	Valivala Holdings B.V	59.06	74,288	Poland
Budimex Nieruchomosci, Sp z.o.o. (c.1)	Budimex, S.A	64.50	23,765	Poland
Budimex Dromex S.A	Budimex, S.A	100.00	115,777	Poland
Budchem Sp z.o.o.	Budimex Dromex S.A	51.04	151	Poland
Unibud Sp z.o.o.(c.1)	Budimex Dromex S.A	100.00	5,097	Poland
Mk Centrum S.A (c.1)	Budimex Dromex S.A	100.00	2,736	Poland
ZPREP Energetyka Czerwonak S.A	Budimex Dromex S.A	81.37	969	Poland
Bipromet S.A (c.1)	Budimex Dromex S.A	98.03	2,664	Poland
Sprzet Transport Sp z.o.o	Budimex Dromex S.A	100.00	14,135	Poland
Budimex Nieruchomosci, Sp z.o.o.	Budimex Dromex S.A	35.50	15,067	Poland
Zarat S.A (c.1)	Budimex Nieruchomosci, Sp z.o.o.	98.00	880	Poland
Centrum Kinerencyjne Budimex Sp z.o.o	Budimex Nieruchomosci, Sp z.o.o.	100.00	91	Poland
Budimex Poznan Developer, Sp. z.o.o.	Budimex Nieruchomosci, Sp z.o.o.	100.00	3,054	Poland
Budimex Zacise Sp z.o.o.	Budimex Nieruchomosci, Sp z.o.o.	100.00	1,399	Poland
Budimex Wilczack Sp z.o.o.	Budimex Nieruchomosci, Sp z.o.o.	100.00	2,050	Poland
Zawiszy Sp z.o.o.	Budimex Nieruchomosci, Sp z.o.o.	100.00	3,826	Poland
Budimex Idzikowskiego Sp. z o.o	Budimex Nieruchomosci, Sp z.o.o.	100.00	1,597	Poland
Przedsiębiorstwo Budowlane Katowice S.A	Bipromet, S.A	60.00	0	Poland

(i) Remaining 47.37% is owned by Ferrovial Agromán Empresa Constructora Ltda at a net cost of 7 thousand euro

(ii) Remainder owned by Ferrovial Agromán sucursal Chile

(iii) A further 10% is owned by Ferrovial Medioambiente y Energía at a net cost of 218 thousand euro

(iv) Remainder owned by Grupisa, S.A.

(C) 50% Sufi, S.A. (D) 50% de Delta, S.A. (NCDC) Not consolidated, dormant company

Exhibit I (continued)

Individual Information

INFRASTRUCTURES

COMPANIES	Parent company	% interest	Net cost of shareholding	Reg. Office
SPAIN				
Ferrovial Infraestructuras S.A (a) (c.1)	Grupo Ferrovial, S.A (1)	99.99	970,452	Madrid
Cintra, Concesiones de Infraestructuras de transporte, S.A (c.1)	Ferrovial Infraestructuras, S.A	62.03	1,364,333	Madrid
Cintra Aparcamientos, S.A (c.1)	Cintra, Concesiones de Infraestructuras de transporte, S.A	99.92	62,568	Madrid
Ferrovial Aeropuertos, S.A (a) (c.1)	Ferrovial Infraestructuras, S.A (1)	99.00	299,338	Madrid
Autopista del Sol, C.E.S.A (c.1)	Cintra, Concesiones de Infraestructuras de transporte, S.A (vi)	85.00	198,451	Madrid
Autopista Terrasa Manresa, S.A (c.1)	Cintra, Concesiones de Infraestructuras de transporte, S.A	76.28	33,260	Barcelona
Autopista Trados M-45, S.A (c.1) (IP) (E)	Cintra, Concesiones de Infraestructuras de transporte, S.A	50.00	14,950	Madrid
M-45 Conservación, S.A	Autopista Trados 45, S.A	50.00	13,824	Madrid
Autopista de Toronto S.L	Cintra, Concesiones de Infraestructuras de transporte, S.A	100.00	218,283	Madrid
Inversora de Autopistas del Sur, S.L (c.1)	Cintra, Concesiones de Infraestructuras de transporte, S.A (viii)	45.00	98,135	Madrid
Dornier, S.A (c.1)	Cintra Aparcamientos, S.A	100.00	21,313	Madrid
Femet, S.A (c.1)	Cintra Aparcamientos, S.A (iii)	100.00	1,412	Madrid
Guadianapark, S.A.	Cintra Aparcamientos, S.A	75.00	1,268	Madrid
Balsol 2001, S.A.	Cintra Aparcamientos, S.A (iv)	50.00	2,881	Gerona
Estacionamientos Alhóndiga, S.A (IP) (F)	Cintra Aparcamientos, S.A	50.00	1,050	Bilbao
Aparcamient Escaldes Centre, S.A	Cintra Aparcamientos, S.A	100.00	60	Andorra
Autopista Madrid Sur C.E.S.A	Inversora de Autopistas del Sur, S.L	100.00	602,475	Madrid
Estacionamiento y Galería Comercial Indaustu, S.A	Cintra Aparcamientos, S.A	100.00	60	Bilbao
Aeropuerto de Belfast, S.A. (a)	Ferrovial Aeropuertos, S.L	100.00	0	Madrid
Laertida, S.L.	Cintra, Concesiones de Infraestructuras de transporte, S.A (i)	99.99	2	Madrid
Taliter, S.A.	Cintra, Concesiones de Infraestructuras de transporte, S.A (i)	99.99	59	Madrid
Estacionamientos Guipuzcoanos S.A	Aparva S.L.	50.00	40,363	San Sebastián
Autopista Madrid Levante, C.E.S.A.	Inversora de Autopistas del Levante, S.L	100.00	82,618	Madrid
Inversora de Autopistas del Levante, S.L (c.1)	Cintra, Concesiones de Infraestructuras de transporte, S.A (i)	50.00	11,437	Madrid
Aparva S.L.	Cintra Aparcamientos S.A	100.00	30,745	Madrid
PORTUGAL				
Euroscut Norte Litoral, S.A (c.1)	Cintra, Concesiones de Infraestructuras de transporte, S.A (v)	75.53	84,678	Portugal
Euroscut -Sociedade Concessionaria da Scut do Algarve, S.A (c.1)	Cintra, Concesiones de Infraestructuras de transporte, S.A (v)	77.00	38,934	Portugal
AUSTRALIA				
Ferrovial Sydney, Airport Investment Trust (b) (c.1)	Ferrovial Aeropuertos, S.L	100.00	192,159	Sydney
Ferrovial Aeropuertos Australia Ltd.	Ferrovial Aeropuertos, S.L	100.00		Sydney
NETHERLANDS				
Algarve International B.V. (c.1)	Cintra, Concesiones de Infraestructuras de transporte, S.A (v)	77.00	14	Netherlands
407 Toronto Highway B.V	Autopista de Toronto S.L	100.00	244,968	Netherlands
CHILE				
Cintra Chile Limitada (c.1)	Cintra, Concesiones de Infraestructuras de transportes, S.A (i)	99.99	263,540	Chile
Ruta de la Araucanía sociedad concesionaria, S.A (c.1)	Cintra Chile Limitada (vii)	99.99	85,878	Chile
Ruta de los Rios sociedad concesionaria, S.A (c.1)	Cintra Chile Limitada	75.00	41,200	Chile
Autopista del Maipo, S.A (c.1)	Cintra Chile Limitada	99.99	125,673	Chile
Aeropuerto Cerro Moreno Sociedad Concesionaria, S.A (c.1)	Ferrovial Aeropuertos, S.L (3)	99.99	2,374	Chile
POLAND				
Autostrada Poludnie, S.A	Cintra, Concesiones de Infraestructuras de transporte, S.A (ii)	50.00	2,747	Poland
UNITED KINGDOM				
Cintra Airports UK Limited (c.4)	Ferrovial Aeropuertos, S.L	100.00	13,765	UK
Tidefast Limited (b) (c.4) (IP) (G)	Cintra Airports UK Limited	50.00	56	UK
Bristol Int. Airport PLC. (b) (c.4) (IP) (G)	Tidefast Limited	100.00	10,831	UK
Belfast City Airport	Aeropuerto de Belfast, S.L.	100.00	30,803	UK
Macquarie Airport Limited	Ferrovial Aeropuertos, S.A	50.00	19,644	UK
Southwest airport limited	Ferrovial Aeropuertos, S.A	50.00	516,336	UK
CANADA				
407 International Inc. (c.1 y c.2)	Cintra Canada Inc.	52.23	136,654	Canada
407 ETR Concession Company Limited (c.1 y c.2)	407 Internacional Inc.	100.00	993,613	Canada
IRELAND				
Eurolink Motorway Operation, Ltd.	Cintra, Concesiones de Infraestructuras de transportes, S.A	93.00		UK
PUERTO RICO				
Estacionamientos Río Piedras Inc.	Cintra Aparcamientos, S.A	75.00	356	Puerto Rico
UNITED STATES				
Cintra US Corp.	Laertida, S.L.	100.00	218,110	United States

(i) Remaining 0.01% owned by Grupo Ferrovial, S.A
(ii) Remaining capital is 37.5% owned by Budimex, S.A and 12.5% by Ferrovial Agromán, S.A
(iii) Remaining 99.5% owned by Dornier, S.A. at a net cost of 1,405 thousand euro
(iv) Remaining 50% owned by Dornier, S.A. at a net cost of 1,385 thousand euro
(v) A further 3.58% is owned through Cintra Colombia, Limitada
(E) 50% de Abertis
(G) 50% Macquarie Airports Limited

(v) A further 8% is owned by Ferrovial Agromán, S.A
(vi) A further 10% is owned by Europistas C.E.S.A
(vii) Remainder owned by Ferrovial Agromán sucursal Chile
(viii) A further 25% is owned by Europistas C.E.S.A
(x) 84.15% is owned by Cintra Texas Corp. (Delaware)
(F) 25% Construcciones Lauki and 25% Construcciones Bazola

Exhibit I (continued)

Individual Information

SERVICES

COMPANIES	Parent company	% interest	Net cost of shareholding	Reg. Office
SPAIN				
Ferrovial Servicios, S.A. (a) (c.3)	Grupo Ferrovial, S.A (1)	99.88	572,501	Madrid
Euroлимп, S.A (a) (c.3)	Ferrovial Servicios, S.A (1)	100.00	7,968	Madrid
Grupisa Infraestructuras, S.A (a) (c.3)	Ferrovial Servicios, S.A (1)	100.00	18,624	Madrid
Viales de Castilla y León, S.A (a)	Grupisa Infraestructuras, S.A	100.00	189	Ávila
Andaluza de Señalizaciones, S.A (a)	Grupisa Infraestructuras, S.A	100.00	625	Málaga
Compañía Española de Servicios Públicos Auxiliares, S.A.(a)	Ferrovial Servicios, S.A	100.00	553,923	Bilbao
Sitkol, S.A. (a)	Compañía Española de Servicios Públicos Auxiliares, S.A.	99.00	4,831	Madrid
Empresa Mixta de Limpieza de Almendralejo, S.A.	Compañía Española de Servicios Públicos Auxiliares, S.A.	51.00	132	Badajoz
Cespa Inversiones Ambientales, S.A.	Compañía Española de Servicios Públicos Auxiliares, S.A.	100.00		Bilbao
Servicios Generales del Medio Ambiente, S.A.	Compañía Española de Servicios Públicos Auxiliares, S.A.	100.00		Bilbao
Cespa Ingeniería Urbana, S.A.	Compañía Española de Servicios Públicos Auxiliares, S.A.	100.00		Barcelona
Cespa Gestión de Residuos, S.A. (a)	Compañía Española de Servicios Públicos Auxiliares, S.A.	100.00		Barcelona
Contenedores de Reus, S.A.(a)	Cespa Gestión de Residuos, S.A.	75.50		Reus
Cespa Conten, S.A.	Cespa Gestión de Residuos, S.A.	100.00		Bilbao
Ecoclinic, S.L.(a)	Cespa Gestión de Residuos, S.A.	100.00		Granada
Coacon, S.L. Sdad. Unipersonal	Cespa Conten, S.A.	100.00		La Coruña
Cespa Gestión y Tratamientos de Residuos, S.A.(a)	Cespa Gestión de Residuos, S.A.	100.00		Madrid
Ingeniería Ambiental Granadina, S.A.	Servicios Generales del Medio Ambiente, S.A.	85.60		Granada
Recuperaciones Siderúrgicas y Papel, S.L. Sociedad Unipersonal	Cespa Conten, S.A.	100.00		Córdoba
Servicio de Recogida Selectiva, S.L. Sociedad Unipersonal	Cespa Conten, S.A.	100.00		Córdoba
Reciclajes y Valorizaciones, S.L. Sociedad Unipersonal (a)	Cespa Gestión de Residuos, S.A.	100.00		Barcelona
Ecoenergía Con Mata, A.I.E.(IP)	Cespa Gestión y Tratamientos de Residuos, S.A.	70.00		Barcelona
Tratamientos, Residuos y Energías Valencianas, S.A.	Cespa Gestión de Residuos, S.A.	55.00		Valencia
Ecocat, S.L.	Cespa Gestión de Residuos, S.A.	25.00		Martorell
Ecocat, S.L.	Compañía Española de Servicios Públicos Auxiliares, S.A.	25.00		Martorell
Sogarisa S.A.	Ecocat, S.L.	50.00		La Coruña
Ecocem S.A.	Ecocat, S.L.	50.00		Barcelona
Gestió de Residus Especials de Catalunya, S.A.	Ecocat S.L.	33.33		Tarragona
Concesionaria Madrid Calle 30	Mantenimiento y Explotación M-30, S.A.	20.00	45,500	Madrid
Grupo CESP A (c.7)	Ferrovial Servicios, S.A	99.99	553,923	Spain
Mantenimiento y Explotación M-30, S.A.	Ferrovial Servicios, S.A	50.00	30	Madrid
MOROCCO				
Cespa Nadafa, S.A.R.L.(NCSD)	Compañía Española de Servicios Públicos Auxiliares, S.A.	75.00		Morocco
PORTUGAL				
Novipav Investimentos SGES, S,A (c.6)	Grupisa Infraestructuras, S.A (iii)	100.00	4,540	Portugal
Sopovico Soc. Port. Vias de com., S,A (c.6)	Novipav	100.00	10,211	Portugal
Ferrovial Construções, Gestao e Manutenção, S,A (c.3)	Ferrovial Servicios, S,A (i)	97.50	362	Portugal
Resin Residuos Industriais, S.A.	Cespa Inversiones Ambientales, S.A.	63.00		Portugal
Resin Residuos Industriais, S.A.	Cespa Ingeniería Urbana, S.A.	37.00		Portugal
Citrup, Lda	Resin Residuos Industriais, S.A.	70.00		Portugal
B2A, Lda	Resin Residuos Industriais, S.A.	100.00		Portugal
Valorhospital, S.A.	Resin Residuos Industriais, S.A.	64.89		Portugal
CHILE				
Inversiones Grupisa Chile, S.A	Grupisa Infraestructuras, S.A (vi)	100.00	0	Chile
Grupisa Chile, S.A	Inversiones Grupisa Chile, S.A	60.00	0	Chile

Exhibit I (continued)

SERVICES

COMPANIES	Parent company	% interest	Net cost of shareholding	Reg. Office
UNITED KINGDOM				
Amey UK Plc (a) (c.3)	Ferrovial Servicios, S.A	99.90	308,983	UK
AHL Holdings (Manchester) Limited	Amey Ventures Investments Limited	50.00		UK
AHL Holdings (Wakefield) Limited	Amey Ventures Investments Limited	50.00		UK
Amcroft	Arrowcroft Property Services Ltd / Amey plc / CBRE Ltd	33.33		UK
Amey 1321 Ltd	Amey plc	100.00		UK
Amey Autolink (A19) Ltd	Amey plc	100.00		UK
Amey Autolink (M6) Ltd	Amey plc	100.00		UK
Amey BPO Services Ltd	Amey plc	100.00		UK
Amey Building Ltd	Amey plc	100.00		UK
Amey Business Services (Ireland) Ltd	Amey BPO Services Ltd	100.00		Ireland
Amey Construction Ltd	Amey plc	100.00		UK
Amey Datel Group Ltd	Amey plc	100.00		UK
Amey Datel Ltd	Amey Infra Structure Services Ltd	100.00		UK
Amey Datel Security And Communications Ltd	Amey Datel Group Ltd	100.00		UK
Amey Datel Technology Ltd	Amey Datel Group Ltd	100.00		UK
Amey Fleet Services Ltd	Amey Infra Structure Services Ltd	100.00		UK
Amey Group Information Services Ltd	Amey plc	100.00		UK
Amey Group Services Ltd	Amey plc	100.00		UK
Amey Highways Lighting (Manchester) Limited	AHL Holdings (Manchester) Ltd	100.00		UK
Amey Highways Lighting (Wakefield) Limited	AHL Holdings (Wakefield) Ltd	100.00		UK
Amey Holdings Limited	Amey plc	100.00		UK
Amey Information Services Ltd	Amey plc	100.00		UK
Amey Infrastructure Services Ltd	Amey plc	100.00		UK
Amey Insurance Company PCC Limited	Amey plc	100.00		UK
Amey Irish Facility Managers Ltd	Amey Business Services (Ireland) Ltd	25.00		Ireland
Amey IT Services Ltd	Amey plc	100.00		UK
Amey LUL 2 Limited	Amey Tube Limited	100.00		UK
Amey LUL Limited	Amey plc	100.00		UK
Amey Procurement Solutions Ltd	Amey plc	100.00		UK
Amey Programme Management Limited	Amey plc	100.00		UK
Amey Projects Ltd	Amey plc	100.00		UK
Amey Properties Ltd	Amey plc	100.00		UK
Amey Quest Limited	Amey plc	100.00		UK
Amey Rail Ltd	Amey Infra Structure Services Ltd	100.00		UK
Amey Railtech Limited	Amey Infra Structure Services Ltd	100.00		UK
Amey Railways Holding Ltd	Amey plc	100.00		UK
Amey Roads (North Lanarkshire) Ltd	Amey Infra Structure Services Ltd	66.67		UK
Amey Services Ltd	Amey plc	100.00		UK
Amey Technology Services Ltd	Amey plc	100.00		UK
Amey Tramlink Ltd	Treasurepark Limited	100.00		UK
Amey Tube Limited	JNP Ventures Ltd	100.00		UK
Amey Ventures Investments Limited	Amey plc	100.00		UK
Amey Ventures Ltd	Amey plc	100.00		UK
Ameyysis Limited	Amey plc	100.00		UK
Basemerit Limited	Amey plc	100.00		UK
BCN Data Systems Limited (IP)	Amey Information Services Ltd	50.00		UK
Bushclose Ltd	Treasurepark Ltd	100.00		UK
Comax Holdings Ltd	Amey plc	100.00		UK
Comax Secure Business Services Ltd	Comax Holdings Ltd	100.00		UK
Comax Services Ltd	Comax Holdings Ltd	100.00		UK
Compactors Engineering (Hire) Limited	Amey plc	100.00		UK
Compactors Engineering (Hire) Ltd	Amey plc	100.00		UK
Crown Business Communications Ltd	MNN Holdings Limited	100.00		UK
Crown Business Travel Ltd	Crown Business Communications Ltd	100.00		UK
Crown Digital Broadcasting Ltd	Crown Business Communications Ltd	100.00		UK
Crown Digital Services Ltd	Crown Business Communications Ltd	100.00		UK
Crown Employee Benefit Trustee Ltd	MNN Holdings Ltd	100.00		UK
Crown Multimedia Ltd	Crown Business Communications Ltd	100.00		UK
EduAction (Waltham Forest) Limited (IP)	Amey plc	50.00		UK
Firstpush Ltd	Amey plc	100.00		UK
J F Donelon & Co (Ireland) Ltd	Amey 1321 Ltd	100.00		Ireland
JNP Ventures 2 Limited	Amey Tube Limited	100.00		UK
JNP Ventures Limited	Amey Ventures Ltd	100.00		UK
Jubilee Rail Ltd	Amey LUL Ltd	50.00		UK
Local Leisure Partnership Limited	Private company limited by guarantee without shares	100.00		UK
MNN Holdings Limited	Amey plc	51.00		UK
Services Support (Avon & Somerset) Holdings Limited	Amey Ventures Investments Limited	20.00		UK

Exhibit I (continued)

SERVICES

COMPANIES	Parent company	% interest	Net cost of shareholding	Reg. Office
Services Support (Avon & Somerset) Limited	Services Support (Avon & Somerset) Holdings Ltd	100.00		UK
Tramtrack Croydon Limited	Amey Tramlink Ltd	10.00		UK
Tramtrack Leasing Limited	Tramtrack Croydon Limited	100.00		UK
Treasurepark Ltd	Amey Ventures Investments Limited	100.00		UK
Tube Lines Limited (IP)	JNP Ventures 2 Limited	33.33		UK
Unity City Academy Trust	Company limited by guarantee	100.00		UK
Wimco Ltd	Amey Railways Holding Ltd	100.00		UK
Yarls Wood Immigration Limited	Amey Programme Management Ltd	50.00		UK
SWITZERLAND				
Swissport LUX, S.A.	Ferrovial Servicios, S.A.	100.00	339,047.58	Switzerland

(i) Remaining 2.5% is owned by Grupo Ferrovial, S.A.

(ii) Remainder is 2.97% owned by Ferrovial Servicios, S.A. and 0.03% by Can am, S.A.

(iii) Remaining 25% is owned through Seguridad Vial, S.A.

(iv) Remaining 80% is owned by Sopovico at a net cost of 197 thousand euro

(v) Remaining 98.65% is owned by Sopovico at a net cost of 395 thousand euro

(vi) Remainder owned by Seguridad Vial, S.A.

(vii) Remaining 0.0001% owned by CAN-Am, S.A Sociedad Unipersona

(NCND) Not consolidated, no data on the company

Individual Information

REAL ESTATE

COMPANIES	Parent company	% interest	Net cost of shareholding	Reg. Office
SPAIN				
Ferrovial Inmobiliaria, S.A (a) (c.2)	Grupo Ferrovial, S.A (1)	99.92	133,238	Madrid
Lar 2000, S.A (a) (c.2)	Ferrovial Inmobiliaria, S.A (1)	99.99	22,156	Madrid
Nueva Marymontaña, S.A	Ferrovial Inmobiliaria, S.A	55.01	2,942	Madrid
Promotora Residencial Oeste de Barcelona, S.L (a)	Ferrovial Inmobiliaria, S.A (1)	99.00	8,699	Madrid
Domovial, S.L	Ferrovial Inmobiliaria, S.A	100.00	150	Madrid
Malilla 2000, S.A (IP) (I)	Ferrovial Inmobiliaria, S.A (ii)	48.00	642	Valencia
Mairena Desarrollo Inmobiliario, S.L (a)	Ferrovial Inmobiliaria, S.A (iii)	95.00	3,060	Madrid
Ferrovial Servicios Inmobiliarios, S.L (a) (c.2)	Ferrovial Inmobiliaria, S.A	100.00	22,246	Madrid
Ferrovial Inmobiliaria Canarias, S.L (a)	Ferrovial Inmobiliaria, S.A (iv)	99.00	28,599	Canary Islands
Fuenteberri, S.L	Ferrovial inmobiliaria S.L.(v)	37.23	52,439	San Sebastián
Promociones Bislar, S.A (a) (c.2)	Lar 2000, S.A (vi)	70.00	60	Madrid
Bislar, S.A (a) (c.2)	Lar 2000, S.A (1)	90.00	68	Madrid
Don Piso S.L (a) (c.2)	Ferrovial Servicios Inmobiliarios, S.L (ix)	99.74	1,158	Barcelona
Inmofema S.L.	Fuenteberri, S.L (x)	99.23	12,130	San Sebastián
Sector La Pilarica, S.L. (L)	Fuenteberri, S.L	100.00	10,842	Valladolid
Inmoherria, S.L.	Fuenteberri, S.L (viii)	50.00	3,313	San Sebastián
MSF Recoletos 5, S.L. (a)	Ferrovial Inmobiliaria, S.A	100.00	139	Madrid
Atridaria, S.L.	Ferrovial Inmobiliaria, S.A	50.00	1,941	Madrid
PORTUGAL				
Ferrovial 2000 Ltda. (c.2)	Ferrovial Inmobiliaria, S.A	100.00	18,583	Portugal
Setecampos, S.A (IP) (H)	Ferrovial Inmobiliaria, S.A	50.00	6,146	Portugal
NETHERLANDS				
Ferrovial Holding Holland, B.V	Ferrovial Inmobiliaria, S.A	100.00	19,468	Netherlands
F.L.G Omega B.V (IP) (J)	Ferrovial Holding Holland B.V.	50.00	9,868	Netherlands
Bendijar, S.L (c.2) (IP) (J)	F.L.G Omega B.V	50.00	1,691	Madrid
FGLG Omega 2, S.L (c.2) (IP) (J)	F.L.G Omega B.V	100.00	1,240	Madrid
FGLG Omega 3, S.L (c.2) (IP) (J)	F.L.G Omega B.V	100.00	922	Madrid
FGLG Omega 4, S.L (c.2) (IP) (J)	F.L.G Omega B.V	100.00	1,193	Madrid
FGLG Omega 5, S.L (c.2) (IP) (J)	F.L.G Omega B.V	100.00	1,193	Madrid
FGLG Omega 6, S.L (c.2) (IP) (J)	F.L.G Omega B.V	100.00	922	Madrid
FGLG Omega 7, S.L (c.2) (IP) (J)	F.L.G Omega B.V	100.00	1,240	Madrid
FGLG Omega 8, S.L (c.2) (IP) (J)	F.L.G Omega B.V	100.00	1,252	Madrid
CHILE				
Ferrovial Inmobiliaria Chile Ltda. (c.5)	Ferrovial Inmobiliaria, S.A (i)	99.00	8,477	Chile
Habitaria, S.A (c.5) (IP) (K)	Ferrovial Inmobiliaria Chile Ltda.	50.00	11,666	Chile
Barrioverde S.A (c.5) (IP) (K)	Habitaria, S.A (vii)	99.99	743	Chile
POLAND				
B.N.I. Inmobiliaria Polonia	Budimex, S.A	100.00	100	Poland

(i) Remaining 1% is owned by Grupo Ferrovial, S.A.

(ii) A further 7% is owned by Promotora Residencial Oeste de Barcelona, S.L

(iii) Remaining 5% is owned through Promociones Bislar, S.A

(iv) Remaining 0.1% is owned by Promotora Residencial Oeste de Barcelona, S.L

(v) Remainder is 23.38% owned by Ferrovial Holding Holland BV, 19.13% owned by Promotora Residencial Oeste de Barcelona, S.L and 20.26% owned by Inmofema, S.L

(vi) Remaining 30% is owned by Bislar S.A at a net cost of 18 thousand euro

(x) Remainder is 0.006% owned by Ferrovial Holding Holland BV, 0.749% owned by Promotora Residencial Oeste de Barcelona, S.L and 0.016% owned by Ferrovial inmobiliaria

(H) 50 % de Realia Business, S.A.

(I) 11.25% Edificios de Valencia, S.A., 11.25% Cabilga, S.A., 11.25% Actura, S.L. and 11.25% Maderas J.M. Ferrero Vidal, S.A.

(J) 50 % de Donizetti Offices, B.V.

(K) 50 % de Grupo Lucksic

(L) Merged with Fuenteberri in January

(vii) Ferrovial Inmobiliaria Chile holds 0.005%

(viii) Remaining 50% is owned by Inmofema, S.L at a net cost of 1,655 thousand euro

(ix) Remainder owned by Ferrovial Inmobiliaria, S.A

Exhibit I (continued)

Individual information

REST

COMPANIES	Parent company	% interest	Net cost of shareholding	Reg. Office
SPAIN				
Ferrovial Telecomunicaciones, S.A. (a)	Grupo Ferrovial,S.A. (1)	99.00	34,398	Madrid

(1) Remainder owned by Can-am, S.A

(2) Remainder owned by Tecpresa, S.A

(3) Remainder owned by Ferrovial Agromán Chile, S.A

(a) Companies consolidated for tax purposes

(b) All the companies present financial statement at 31/12/2003 except for these

(PC) Companies consolidated using proportionate method

(c.1) Price Waterhouse Coopers

(c.2) Deloitte&Touche

(c.3) BDO Audiberia

(c.4) KPMG

(c.5) Ernst&Young

(c.6) Other auditors

ASSOCIATES

Individual Information

CONSTRUCTION

COMPANIES	Parent company	% interest	Net cost of shareholding	Reg. Office
SPAIN				
Getxo Kaia	Ferrovial Agromán, S.A	18.75	0	Bilbao
Build2Edifica, S.A	Ferrovial Agromán, S.A	15.48	120	Madrid
Bocagua, S.A (NCC)	Cadagua, S.A	49.00	0	Canary Islands
Urbs Iudex Et Causi, S.A.	Ferrovial Agromán, S.A	22.00	2,064	Barcelona
CHILE				
Talca-Chillán, Sociedad Concesionaria S.A	Constructora Delta Ferrovial Ltda.	13.14	1,885	Chile
Talca-Chillán, Sociedad Concesionaria S.A	Ferrovial Agroman Empresa Constructora Limitada	0.14	32	Chile
Autopista del Maipo Sociedad Concesionaria S.A.	Ferrovial Agroman Chile S.A.	0.000001	0	Chile
POLAND				
Electromontanz Popznan	Budimex, S.A	30.78	3,100	Poland
Autostrada Poludnie, S.A	Budimex, S.A	37.50	5,022	Poland
ZRE Kraków Sp z.o.o	Budimex Dromex, S.A	26.61	605	Poland
PPHU Promos Sp z.o.o.	Budimex Dromex, S.A	25.53	215	Poland
Montin S.A	Budimex Nieruchomosci, Sp z.o.o.	81.88	10,018	Poland

Exhibit I (continued)

Individual Information

INFRASTRUCTURES

COMPANIES	Parent company	% interest	Net cost of shareholding	Reg. Office
SPAIN				
Europistas, C.E.S.A (c.1)	Cintra Concesiones de Infraestructuras de Transportes, S.A	32.48	23,779	Madrid
Túneles de Arxanda, S.A (c.2)	Cintra Concesiones de Infraestructuras de Transportes, S.A (i)	50.00	8,136	Bilbao
Inversora de Autopista del Sur, S.L (c.1)	Europistas, C.E.S.A	25.00	37,930	Madrid
Autopista del Sol, C.E.S.A (c.1)	Europistas, C.E.S.A	10.00	14,216	Madrid
Sociedad Municipal de Aparcamientos y Servicios Estacionamientos y Servicios Extremeños, S.A	Cintra Aparcamientos S.A	24.50	3,757	Málaga
Infoser Estacionamientos A.I.E.	Cintra Aparcamientos S.A	25.00	90	Badajoz
Estacionamientos Urbanos de León, S.A	Dornier, S.A	33.33	60	Madrid
	Dornier, S.A	43.00	452	León
CHILE				
Talca-Chillán, sociedad concesionaria S.A	Cintra Chile Ltda. (iii)	43.42	20,053	Chile
AUSTRALIA				
Southern Cross Airports Corporation Holding (c.2)	Ferrovial Sydney Airport Investment Trust	20.90	235,278	Sydney
Southern Cross Airports Corporation (c.2)	Southern Cross Airports Corporation Holding	100.00		Sydney
Sydney Airport Corporation Ltd. (c.2)	Southern Cross Airports Corporation Holding	100.00		Sydney

(i) Further 20% owned by Europistas, C.E.S.A

(ii) Further 8.5% owned by Dornier

(iii) Constructora Delta Ferrovial Limitada owns 13.1% and Ferrovial Agromán E.C 0.07%

Individual Information

REAL ESTATE

COMPANIES	Parent company	% interest	Net cost of shareholding	Reg. Office
PORTUGAL				
Promovial, Promoção Imobiliária Ltda.	Ferrovial Imobiliária, S.A	40.00	27	Portugal
CHILE				
Inmobiliaria Urbecentro Dos S.A (c.5)(d)	Habitaria, S.A	37.37	644	Chile

Individual Information

SERVICES

COMPANIES	Parent company	% interest	Net cost of shareholding	Reg. Office
SPAIN				
Asoc. Estudio Tecnologías Equipamientos de Carreteras, S.A	Grupisa, S.A	9.23	57	Madrid
Necrópolis de Valladolid	Sitkol, S.A	49.00	3,064	Valladolid
Recollida de Residus D'Olsona, S.L.	Servicios Generales del Medio Ambiente, S.A.	45.00		Vic
Ingeniería Urbana, S.A.	Servicios Generales del Medio Ambiente, S.A.	35.00		Alicante
Reciclados y Compostaje Piedra Negra, S.A.	Cespa Ingeniería Urbana, S.A.	48.99		Alicante
Companya Especial de Recuperacions i Recondicionaments, S.L.	Cespa Gestión de Residuos, S.A.	42.11		Barcelona
Ecoparc del Mediterrani, S.A.	Cespa Gestión de Residuos, S.A.	40.00		Barcelona
Valdemingomez S.A.	Compañía Española de Servicios Públicos Auxiliares, S.A.	20.00		Madrid
Centre de Tractament de Residus d'Andorra	Compañía Española de Servicios Públicos Auxiliares, S.A.	18.00		Andorra
Centre de Tractament de Residus d'Andorra	Cespa Gestión de Residuos, S.A.	11.00		Andorra

(1) Remainder owned by Can-am, S.A

(2) Remainder owned by Tecpresa, S.A

(3) Remainder owned by Ferrovial Agromán Chile, S.A

(a) Companies consolidated for tax purposes

(b) All the companies present financial statements at 31/12/2003 except for these

(c.1) Price Waterhouse Coopers

(c.2) Deloitte&Touche

(c.3) BDO Audiberia

(c.4) KPMG

(c.5) Ernst&Young

(c.6) Other auditors

(d) Direct interest of 18.19%

(NCC) Not consolidated, consolidated with Cadagua, S.A.

3. In our opinion, based on our audit and on other auditors' report, the accompanying consolidated annual accounts for 2005 present fairly, in all material respects, the consolidated financial position of Grupo Ferrovial S.A. and its subsidiaries (the Group) as at 31 December 2005 and the consolidated results of their operations, changes in consolidated net equity and consolidated cash flows for the year then ended and contain all the information necessary for their interpretation and comprehension in accordance with International Financial Reporting Standards adopted by the European Union which are consistent with those applied in the preparation of the consolidated financial statements for the previous year, which are included in the accompanying consolidated annual accounts for 2005 for comparative purposes.
4. The accompanying consolidated Directors' Report for 2005 contains the information that the Parent Company's Directors consider relevant to the Group's position, the development of its business and other matters and does not form an integral part of the consolidated annual accounts. We have verified that the accounting information contained in the aforementioned Directors' Report agrees with that of the consolidated annual accounts for 2005. Our work as auditors is limited to checking the consolidated Directors' Report within the scope already mentioned in this paragraph and it does not include a review of information other than that obtained from the accounting records of Grupo Ferrovial S.A. and its subsidiaries.

PricewaterhouseCoopers Auditores S.L.



Lorenzo Lopez Alvarez
Partner

February 22, 2006

12-year series of financial information

CONSOLIDATED INCOME STATEMENT

	Thousand euro	
	Dec-05	Dec-04 (IFRS)
NET REVENUES	8,989.1	7,254.0
Other revenues	76.3	67.5
Change in finished product and product-in-process inventories	142.7	79.9
Operating revenues	9,208.0	7,401.4
External and operating expenses	5,999.8	4,799.3
Personnel expenses	1,907.1	1,536.6
EBITDA	1,301.1	1,065.5
Period depreciation	332.5	244.3
Variation in operating provisions	97.3	104.5
Total operating expenses	8,336.7	6,684.6
EBIT	871.3	716.8
Financial income	239.7	137.9
Financial expenses	-630.1	-488.1
Financial results	-390.5	-350.2
Equity-accounted companies	7.6	-2.2
Other profit and loss	73.0	311.9
EBIT	561.4	676.3
Corporate income tax	173.2	169.1
CONSOLIDATE INCOME	388.2	507.2
Minority interest	0.0	31.8
NET INCOME FROM CONTINUING OPERATIONS	388.2	539.0
Net income from discontinued operations	27.7	-10.5
TOTAL NET INCOME	415.9	528.6

	Thousand euro										
	2004	2003	2002	2001	2000	1999	1998 ⁽¹⁾	1997	1996	1995	1994
NET REVENUES	7,268.2	6,025.9	5,040.2	4,240.0	3,597.6	2,645.0	2,383.0	1,940.0	1,593.0	1,191.0	810.6
Other revenues	151.8	265.8	40.6	53.8	38.0	100.0	103.0	20.0	67.0	60.0	37.9
Total operating revenues	7,420.0	6,291.7	5,080.8	4,293.8	3,635.6	2,745.0	2,486.0	1,960.0	1,660.0	1,251.0	848.5
Operating expenses	4,811.9	4,322.1	3,766.2	3,208.4	2,806.0	2,074.9	1,906.5	1,516.3	1,245.4	972.7	636.6
Personnel expenses	1,539.1	1,083.8	663.1	543.9	469.3	391.0	375.0	317.0	270.0	222.0	156.6
EBITDA	1,069.0	885.8	651.5	541.5	360.3	279.1	204.5	126.7	144.6	56.3	55.3
Provisions, depreciation and amortisation	303.3	270.9	166.5	152.5	89.1	85.0	81.0	75.0	103.0	35.0	22.5
EBIT	765.7	614.9	485.0	389.0	271.2	194.1	123.5	51.7	41.6	21.3	32.8
Financial result	-83.2	-71.8	-24.7	-65.6	-8.6	7.8	-19.7	17.7	14.6	12.9	11.7
Equity-accounted companies	11.0	4.8	12.4	10.5	11.8	7.9	6.1	2.8	7.4	3.9	-1.2
Amortization of goodwill in consolidation	-76.4	-44.2	-24.0	-10.2	-8.2	-3.0	-2.8	---	-25.7	-3.1	---
INCOME FROM ORDINARY ACTIVITIES	617.2	503.6	448.7	323.7	266.2	206.8	107.1	72.2	38.3	34.4	43.3
Extraordinary income	295.1	102.5	235.6	25.0	-29.8	-12.2	7.0	26.3	20.4	-7.5	-18.0
INCOME BEFORE TAXES	912.2	606.1	684.3	348.7	236.3	194.3	114.1	98.5	58.7	26.9	25.3
Company tax	-267.2	-156.6	-207.3	-112.0	-56.8	-66.1	-22.1	-27.5	-10.0	-10.7	-4.8
Minority interest	-88.2	-108.9	-21.2	-18.4	-20.4	-17.5	-5.4	-1.0	0.3	1.0	-0.1
ATTRIBUTABLE NET INCOME	556.8	340.6	455.8	217.9	158.7	110.7	86.4	70.0	49.0	17.2	20.4

(1) Proforma data

CONSOLIDATED BALANCE SHEET

Thousand euro

ASSETS	Dec-05	Dec-04 (IFRS)
Due from shareholders for uncalled capital		0.2
FIXED AND OTHER NONCURRENT ASSETS	11,230.4	7,343.9
Intangible assets	157.0	85.6
Concession company assets	8,556.6	5,697.8
Property, plant & equipment	727.9	563.3
Investments accounted for by the equity method	171.3	172.5
Financial assets	1,465.1	756.2
FINANCIAL DERIVATIVES AT FAIR VALUE	152.4	68.4
GOOWILL IN CONSOLIDATION	1,995.6	1,278.2
DEFERRED TAX LIABILITIES	444.0	345.7
CURRENT ASSETS	7,741.8	6,193.2
Inventories	1,843.3	1,568.1
Accounts receivable	3,551.1	2,576.0
Cash and cash equivalents	2,295.4	2,031.5
Concession companies	723.2	609.9
Other companies	1,572.2	1,421.6
Other assets	51.9	17.6
TOTAL ASSETS	21,411.9	15,160.9
LIABILITIES		
SHAREHOLDERS' EQUITY INCLUDING MINORITY INTERESTS	3,024.9	2,518.4
SHAREHOLDERS' EQUITY	2,132.8	1,838.2
MINORITY INTERESTS	892.1	680.2
NEGATIVE DIFFERENCE IN CONSOLIDATION		
DEFERRED REVENUES	255.6	202.4
PROVISIONS FOR CONTINGENCIES AND EXPENSES	375.3	254.9
LONG-TERM DEBT	10,138.2	6,748.2
Financial debt	9,569.2	6,500.7
Concession companies	8,694.4	5,884.6
Other companies	874.9	616.2
Non-financial debt	317.1	178.4
FINANCIAL DERIVATIVES AT FAIR VALUE	251.8	69.1
DEFERRED TAX LIABILITIES	338.7	258.0
CURRENT LIABILITIES	6,946.9	4,864.0
Interest-bearing debt	1,748.0	845.6
Concession companies	752.8	178.2
Other companies	995.3	667.5
Trade accounts payable	4,402.3	3,337.3
Other short-term debt	748.3	632.9
Other liabilities	48.3	48.2
OPERATING PROVISIONS	332.3	314.9
TOTAL LIABILITIES	21,411.9	15,160.9

Thousand euro

ASSETS	2004	2003	2002	2001	2000	1999	1998 ⁽¹⁾	1997	1996	1995	1994
FIXED AND OTHER NONCURRENT ASSETS	7,601	6,920	5,754	5,781	4,864	4,017	1,402	538	609	428	371
GOOWILL IN CONSOLIDATION	1,237	1,271	356	222	156	55	58	---	---	28	
DEFERRED TAX LIABILITIES	1,378	1,194	875	753	795	428	28	10	1	1	
CURRENT ASSETS	6,430	5,163	4,272	4,213	3,000	2,418	2,107	1,670	1,249	1,113	759
TOTAL ASSETS	16,646	14,552	11,267	10,981	8,821	6,918	3,595	2,218	1,859	1,570	1,130
LIABILITIES											
SHAREHOLDERS' EQUITY	2,253	1,754	1,495	1,198	1,050	928	589	522	456	352	338
MINORITY INTERESTS	1,237	908	774	425	400	311	68	12	6	4	1
DEFERRED REVENUES	234	145	69	52	54	39	25	6	8	8	7
PROVISIONS FOR CONTINGENCIES AND EXPENSES	486	424	289	105	87	54	31	28	35	16	13
LONG-TERM DEBT	7,496	6,016	4,817	5,641	4,417	3,142	674	83	103	23	10
CURRENT LIABILITIES	4,932	5,295	3,814	3,552	2,809	2,444	2,208	1,567	1,251	1,167	762
NEGATIVE DIFFERENCE IN CONSOLIDATION	8	9	9	8	4						
TOTAL LIABILITIES	16,646	14,552	11,267	10,981	8,821	6,918	3,595	2,218	1,859	1,570	1,130

(1) Proforma data



CORPORATE
GOVERNANCE

CORPORATE GOVERNANCE REPORT



Annual Corporate Governance Report

Annual Report 2005

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INTRODUCTION

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

Through those Regulations, Ferrovial regulates its corporate governance, the actions, organisation and performance of its Board of Directors, and the establishment of measures to ensure a high level of transparency and introduce codes of conduct to ensure there is no interference in the company's performance in the securities markets.

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

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

- Between 1999 and 2001, the Company disclosed its compliance with the recommendations contained in the "Report by the Special Commission to study an ethical code for Boards of Directors" (the Olivencia Report).
- In 2003, Ferrovial published the 2002 Corporate Governance Report, explaining its compliance with the recommendations of the "Report by the Special Commission to foster transparency and security in the markets and in listed companies" (the Aldama Report).
- In 2004, the Company published the 2003 Corporate Governance Report detailing its compliance with Law 26/2003, dated 17 July, which amended the Securities Market Law and the Spanish Corporations Law in order to reinforce listed companies' transparency, and its implementing regulations.
- In 2005, Ferrovial published the 2004 corporate governance report in accordance with the official form provided by the Comisión Nacional del Mercado de Valores (CNMV).

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

The official form details the information contained in the following chapters.

A. OWNERSHIP STRUCTURE

I. Share capital

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

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

II. Significant stakes and control

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

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

According to the notification to the Comisión Nacional del Mercado de Valores and to the Company itself, on 24 November 2005 the concerted family group formed by Rafael del Pino y Moreno and his children (María, Rafael, Joaquín, Leopoldo and Fernando del Pino y Calvo-Sotelo) indirectly controlled (through Portman Baela, S.L. and Casa Grande de Cartagena S.L.) 58.314% of the share capital of Grupo Ferrovial, S.A.

III. Stakes owned by the Directors

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

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

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

(*) As stated in the preceding section, those Directors/representatives of Directors are part of the family group who indirectly control 58.314% of share capital, through Portman Baela, S.L. and Casa Grande de Cartagena, S.L.

The combined holdings of the Board of Directors, excluding those corresponding to significant shareholders, amounted to 652,821 shares, i.e. 0.465% of capital.

IV. Stock options

There were no changes with respect to 2004.

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

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

V. Shareholders' agreements and concerted actions

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

According to the notification to the CNMV and to the Company on 24 November 2005, and for the purposes of the provisions of Royal Decree 377/1991, a tacit agreement for concerted action is presumed to exist between PORTMAN BAELA, S.L. and CASA GRANDE DE CARTAGENA, S.L., since the aforementioned family group controls both of them.

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

In addition to the family ties stated in the preceding paragraph, Portman Baela, S.L. and Casa Grande de Cartagena, S.L. are also members of Grupo Ferrovial, S.A.'s Board of Directors.

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

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

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

VII. Own shares

1. Own shares

Own shares accounted for 0.148% of capital at 31 December 2005, the same as at 31 December 2004.

In 2005, there were no significant changes in own shares, in accordance with the meaning given in Royal Decree 377/1991, dated 15 March.

The aforementioned percentage at 31 December 2005 represents 83,531 directly-owned shares and 123,477 indirectly-owned shares. The average acquisition cost was 21.09 euro per share.

Transactions with own shares generated a loss of 37,200 thousand euro.

2. Shareholders' Meeting authorisation

On the date of this report, the authorisation to acquire own shares granted to the Board of Directors by the Shareholders' Meeting on 18 March 2005 was in force. Its full text is available on Ferrovial's web site (www.ferrovial.com).

3. Own shares: policy and rules

a) Powers of the Board of Directors

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

b) Execution of transactions with own shares

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

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

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

4. Information on own shares

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

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

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

B. THE COMPANY'S ADMINISTRATIVE STRUCTURE

I. Composition of the Board of Directors

1. Members of the Board of Directors

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

In 2005, the Board of Directors consisted of eleven members (between the minimum of six and maximum of fifteen permitted by the Bylaws).

The composition of the Board of Directors of Grupo Ferrovial, S.A. did not change in 2005 and it comprises the following directors:

Chairman and CEO

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

First Vice-Chairman

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

Second Vice-Chairman

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

CEO

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

Directors

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

Director and Secretary

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

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

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

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

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

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

In any case, independent directors must not:

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

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

2. Profile of the independent Directors

Santiago Bergareche Busquet

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

Jaime Carvajal Urquijo

Member of the Board of Directors since 1999
 Law Degree (Madrid) and M.A. in Economics (Cambridge University, UK)
 Chairman of Advent Internacional (Spain), Ericsson Spain, ABB, S.A. and Parques Reunidos, S.A., and Director at Lafarge Asland, Aviva and Solvay Ibérica. Senior Adviser at Morgan Stanley
 Former Chairman of Ford España, S.A.

Juan Arena de la Mora

Member of the Board of Directors since 2000
 PhD in Engineering (ICAI), Degree in Business Studies, Degree in Psychology, Diploma in Tax Studies and AMP (Harvard Business School)
 Independent Director at Telefónica Publicidad e Información, S.A. (TPI)
 Director of Bankinter since 1987 and CEO since 1993
 Chairman of Bankinter since 2002

Santiago Eguidazu Mayor

Member of the Board of Directors since 2001
 Degree in Economics and Business
 Civil Service Economist and Trade Expert
 Chairman of Nmás1
 Director at Vocento
 Formerly partner, CEO and Vice-Chairman of AB Asesores and Vice-Chairman of Morgan Stanley Dean Witter

Gabriele Burgio

Member of the Board of Directors since June 2002
 Degree in Law and MBA by Insead (Fontainebleau)
 Executive Chairman of NH Hoteles since 1999
 Former CEO of Cofir, he worked for Bankers Trust in New York and for Manufacturers Hanover in Italy

3. Officers of the Board of Directors

Chairman

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

Vice-Chairmen

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

CEO

In 1999, the Company appointed a CEO, who has been granted all the Board's powers except for those whose delegation is prohibited by law or the company's bylaws.

Director and Secretary

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

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

Director	Position	Company
Rafael del Pino y Calvo-Sotelo Chairman	Chairman	Cintra Concesiones de Infraestructuras de Transporte S.A. Ferrovia Infraestructuras S.A. Ferrovia Aeropuertos S.A.
Santiago Bergareche Busquet First Vice-Chairman	Director	Ferrovia Aeropuertos S.A. Ferrovia Infraestructuras S.A.
Joaquín Ayuso García, CEO	Chairman and CEO	Ferrovia-Agroman, S.A. Ferrovia Inmobiliaria S.A. Ferrovia Servicios S.A. Ferrovia Telecomunicaciones S.A.
	Vice-Chairman CEO	Cintra Concesiones de Infraestructuras de Transporte S.A. Ferrovia Infraestructuras S.A. Ferrovia Aeropuertos S.A.
José María Pérez Tremps Director and Secretary	Director	Cintra Concesiones de Infraestructuras de Transporte S.A. Ferrovia Agromán S.A. Ferrovia Infraestructuras S.A. Ferrovia Aeropuertos S.A. Ferrovia Inmobiliaria S.A. Ferrovia Servicios S.A. Ferrovia Telecomunicaciones S.A. Swissport International AG
	Joint administrator	Ferrovia Inversiones S.A.

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

Rafael del Pino y Calvo-Sotelo

Independent Director at Banco Español de Crédito (Banesto).

Santiago Bergareche Busquet

Non-executive Chairman of Dinamia, S.A.

Independent Director at Gamesa Corporación Tecnológica, S.A.

Juan Arena de la Mora

Chairman of the Board of Directors of Bankinter, S.A.

Independent Director at Telefónica Publicidad e Información, S.A.

Gabriele Burgio

Chairman of NH Hoteles, S.A.

Non-executive Chairman of Sotogrande, S.A.

José María Pérez Tremps

Director at Europistas Concesionaria Española, S.A. (investee)

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

Rafael del Pino y Calvo-Sotelo

CEO of Portman Baela, S.L.

Director at Casa Grande de Cartagena, S.A.

María del Pino y Calvo-Sotelo (representante del Consejero CASA GRANDE DE CARTAGENA S.L.)

Vice-Chairwoman and General Manager of Portman Baela, S.L.

Vice-Chairwoman of Casa Grande de Cartagena, S.L.

Eduardo Trueba Cortés (representing PORTMAN BAELA, S.L.)

CEO of Casa Grande de Cartagena, S.L.

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

Positions or functions

Article 127 ter, paragraph 4 of the Corporations Law, amended by Law 26/2003, dated July 18, on changes to the Securities Market Law and to the Corporations Law to reinforce the transparency of listed companies, imposes on directors the duty to notify the Company of stakes they own in companies with activities that are the same, analogous or complementary to its corporate purpose, and their positions or functions in them, and the performance for their own account or for third parties of activities that are the same, analogous or complementary to the Company's corporate purpose.

At 31 December 2005, this information was as follows:

Equity holdings:

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

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

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

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

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

Positions or functions:

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

Activities performed for their own account or that of third parties

No information has been received regarding this matter.

8. Other information

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

II. Directors' and senior managers' remuneration

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

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

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

2. Bylaws and regulations governing directors' remuneration

Article 25 of the Company Bylaws regulates directors' remuneration:

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

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

2. *The Board of Directors shall determine the form and amount of the distribution among its members each year, which can be done individually based on the participation of each director in the Board's tasks.*
3. *The remuneration envisaged in this article shall be compatible with, and independent of, salaries, other remuneration, indemnities, pensions, stock options or compensation of any type established generally or individually for members of the Board of Directors who perform executive functions, whatever the nature of their relationship with the company, whether employment (ordinary or special Senior Management contracts), mercantile or on a provision of services basis, which relationships shall be compatible with their status as members of the Board of Directors.*
4. *The Company may arrange third-party liability insurance for its directors."*

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

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

3. Remuneration system for the Board of Directors in 2005

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

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

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

That amount is settled as follows:

- PER DIEMS: Allowances for attending the meetings of the Board of Directors, Executive Committee and Advisory Committees (the same as in 2004):
 - 3,250 euro gross for attending a meeting of the Board of Directors;
 - 2,000 euro gross for attending a meeting of the Executive Committee;

- 1,500 euro gross for attending a meeting of the Audit and Control Committee or the Nomination and Remuneration Committee.
- The allowance for the Chairmen of the three committees (Executive, Audit and Control, and Nomination and Remuneration) is double the amount established for the other members.

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

- DISTRIBUTION OF REMAINDER: Per diems were deducted from the fixed amount that was established, 1,200,000 euro, leaving 556,000 euro. That remainder was divided by 13, applying to the resulting quotient the following factors in the allocation of individual amounts: Board Chairman: *2; First Vice-Chairman *1.75; Second Vice-Chairman *1.25 and other Board members *1.
- The individual amounts¹ for each of the members are as follows:

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

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

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

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

b) Remuneration of executive Directors

In addition to the per diems and bylaw-mandated remuneration received as Directors, the three executive Directors accrued the following remuneration in 2005:

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

c) Remuneration of members of governing bodies of other group, multi-group or associated undertakings

The executive and external Directors of Grupo Ferrovial, S.A. who are also members of the governing bodies of other group, multi-group or associated undertaking received a combined total of 80,000 euro.

That amount was 94,000 euro in 2004.

d) Pension funds and plans or life insurance premiums

As in 2004, no amounts were paid in 2005 in favour of former or current members of the Company's Board of Directors in connection with pension funds or plans. Also, no obligations for these items were arranged in the year.

The Company has arranged death benefit insurance policies; in 2005, it paid 7,600 euro for policies to cover the executive Directors. It paid 6,000 euro for this item in 2004.

No contributions were made or obligations arranged with regard to pension funds and plans for company directors who belong to the boards of directors and/or senior management of group, multigroup or associated companies. No life insurance premiums were paid. The situation was the same in 2004.

e) Advances and loans

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

4. Remuneration of senior management

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

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

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

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

- Chief Financial Officer
- General Manager of Human Resources
- General Manager of Construction
- General Manager of Real Estate
- General Manager of Services
- Head of External Relations and Communications
- Audit Manager
- Manager of Quality and Environment

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

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

A system of remuneration linked to the value of the Company's shares is provided for the Senior Management of the Company, including the members of the Board of Directors with executive duties. At 31 December 2004, the rights allocated to executive directors of 267,516 shares and those allocated to the other senior managers of 250,764 shares were in force. At 31 December 2005, the rights allocated to executive directors of 267,516 shares and those allocated to the other senior managers of 10,000 shares were in force.

This system results from the execution of the resolutions adopted by the Board of Directors which were approved by the Shareholders' Meetings on 31 March 2000 and 30 March 2001. The maximum number of shares for the purposes of calculating the directors' remuneration authorised by the General Shareholders' Meeting is 1,702,647, equivalent to 1.213% of share capital, and the reference price was established at 13.85 euro in the plan approved in 2000 and 17.60 euro in the 2001 plan.

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

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

In 2005, that system resulted in no payments of the amounts stated in the section on "Stock options and/or financial instruments" in the tables on remuneration of executive directors and senior managers. That table also includes the 2004 data.

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

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

6. Stock options plan (2004)

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

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

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

The option's strike price is the average share price in the twenty stock market sessions prior to the date on which the options were granted. The amount was established at 33.65 euro.

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

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

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

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

7. Other information on remuneration

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

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

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

To cover this incentive, the company makes annual contributions to a group savings insurance, in which the company is both the policyholder and beneficiary; they are quantified according to a certain percentage of the total monetary remuneration of each senior manager. The amount paid for this item totalled 1,442,000 euro in 2005 and 1,517,000 euro in 2004.

III. Composition of the Board Committees

1. Executive Committee

The Board of Directors established an Executive Committee to which it expressly delegated all the powers corresponding to the Board of Directors, except the powers whose delegation is prohibited by law or the Bylaws.

The Executive Committee currently comprises the following Directors:

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

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

2. Audit and Control Committee

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

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

3. Nomination and Remuneration Committee

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

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

IV. Selection, appointment and removal of Directors and assessment of the Board of Directors

1. Selection of Directors

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

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

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

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

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

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

2. Term of office

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

There is no term limit for independent directors.

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

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

4. Resignation of Directors

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

- Executive directors, when the Board sees fit.
- Proprietary directors, upon disposal of the stake in the Company that enabled them to be appointed as such.
- When directors incur any of the cases of incompatibility or prohibition envisaged by law or by the internal regulations.
- At the Board's request, because the director has violated his/her obligations.
- When the director's continuance on the Board may jeopardize Ferrovial's interests.
- When directors reach the age of 70. The Chairman and Vice-Chairman (if executive), the CEO and Secretary of the Board must resign at 65, but may continue as Directors and hold the office of Chairman or Vice-Chairman if they are not executives.
- When there are significant changes in their professional situation or in the conditions by virtue of which they were appointed as directors.
- When, because of events attributed to the director, the Board considers that his/her continuance on the Board causes serious damage to the Company's net worth or reputation.

5. Assessment of the Board of Directors

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

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

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

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

V. Responsibilities, organisation and working of the Board of Directors

1. Responsibilities

a) General functions

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

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

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

b) Specific functions related to financial disclosure and financial statements.

i. Powers of the Board and the Audit and Control Committee

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

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

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

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

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

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

ii. Certification of financial statements

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

The 2005 financial statements will be certified by Rafael del Pino y Calvo-Sotelo, Chairman of the Board of Directors; Joaquín Ayuso García, Chief Executive Officer, and Nicolás Villén Jiménez, Chief Financial Officer.

iii. Provisions specifically regulating the auditors' report

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

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

2. Organisation and functioning

a) Notice of meetings

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

The Board of Directors held thirteen (13) meetings in 2005, all of which were attended by the Chairman.

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

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

The Board drafts an annual schedule of meetings.

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

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

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

c) Proxies

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

d) Quorum

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

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

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

e) Third-party liability insurance

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

VI. Responsibilities, organisation and working of the Board Committees

1. Board Committee Regulations

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

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

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

2. Executive Committee

The Executive Committee has been expressly delegated with all the powers corresponding to the Board of Directors, except the powers whose delegation is prohibited law or the Bylaws.

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

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

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

The Executive Committee held nine (9) meetings in 2005.

3. Advisory Committees

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

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

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

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

a) Responsibilities of the Audit and Control Committee

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

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

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

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

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

b) Responsibilities of the Nomination and Remuneration Committee

Its main functions are:

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

The Nomination and Remuneration Committee held four (4) meetings in 2005.

VII. Board Regulation

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

The Board Regulation was not changed in 2005.

VIII. Relationship between the Board of Directors and the markets, external auditors and financial analysts

1. Dissemination of information about the Company

a) Actions by the Board of Directors

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

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

b) Regulation of price-sensitive information

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

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

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

c) Internal procedures for controlling information about significant transactions

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

2. Relations with auditors and analysts

a) Audit and Control Committee

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

The Audit and Control Committee can not, in any event, propose that the Board of Directors engage an audit firm where the fees it plans to pay, under all headings, exceed 5% of the firm's total revenues in the last business year.

b) Internal procedures

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

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

c) Audit fees

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

The following table shows the audit fees:

	2005			2004		
	Company	Group	Total	Company	Group	Total
Fees for work other than auditing (thousand euro)	76	769	845	0	702	702
Fees for work other than auditing/Total fees billed by the audit firm (%)	2.520%	25.497%	28.017%	0	42.18%	40.67%

d) Restrictions on hiring analysts

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

C. RELATED-PARTY TRANSACTIONS

I. Transaction approval

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

The following must comply with this system:

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

II. Related-party transactions

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

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

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

1. Significant shareholders

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

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

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

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

2. Transactions with Directors and Senior Managers

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

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

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

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

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

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

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

3. Transactions with group companies

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

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

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

In 2005, the profit on those transactions that was not eliminated upon consolidation, which is attributable to Grupo Ferrovial's stake in the concession companies that received the services, amounted to 14.957 million euro, net of taxes and minority interests. In 2004, the amount was 13.982 million euro.

III. Conflicts of interest

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

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

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

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

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

At 31 December 2005, the Company was not aware of any conflicts of interest with its directors.

D. RISK CONTROL SYSTEMS

I. Risk policy and risks covered by the system

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

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

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

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

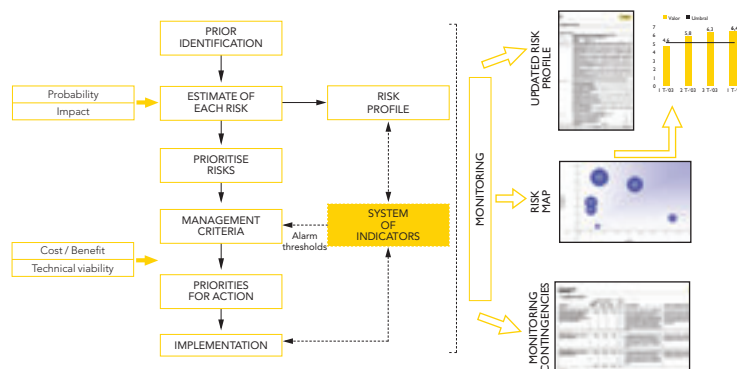
Additionally, other more generic or less specific occupational risks are also covered, specifically the health and safety of employees (especially in construction) and damage to goods and assets of group companies.

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

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

II. Control systems

Risks are identified and control measures are established in all corporate and business spheres using the system shown in the following diagram:



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

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

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

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

1. Management systems

a) Quality management systems

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

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

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

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

b) Environmental management systems

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

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

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

Grupo Ferrovial has an innovative environmental risk control and monitoring tool called EPI (environmental performance index), which has been validated by a government-sponsored research centre (King Juan Carlos I University in Madrid) and recognised by UNESCO's Environmental Chair. The EPI was implemented in the Construction area in 2005 and the index designed for the Services area was completed. Therefore, the activities with the highest environmental risk have an environmental performance indicator throughout the process and the results are reported periodically to the Management Committee and the Audit and Control Committee.

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

c) Other preventive measures:

- Occupational safety systems

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

The areas with most significant occupational risks, particularly Construction, have health and safety plans specifically designed for each project and are continuously monitored by central services. Monitoring visits assess on-site safety measures, including all outsourced activities. The system was co-developed with Instituto Nacional de Seguridad e Higiene en el Trabajo under the framework of an agreement signed between Ferrovial Agromán and this body in 2004.

- Financial risk control mechanisms

Exposure to exchange rate fluctuations:

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

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

Exposure to interest rate variations:

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

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

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

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

Non-payment or default:

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

2. Risk coverage systems

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

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

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

III. Risk occurrence in 2005

In 2005, there were no risks other than those caused by the normal conduct of Grupo Ferrovial's various activities, which did not have significant adverse effects on the company.

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

IV. Bodies liable for risks

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

The Corporate Insurance Unit was created in 2004, as part of the Quality & Environmental Department. Its functions are described in section II.2.

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

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

V. Compliance processes

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

Internal audit

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

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

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

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

Code of Business Ethics

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

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

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

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

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

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

E. SHAREHOLDERS' MEETING

I. Convening Shareholders' Meetings and adopting resolutions

1. Attendance right

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

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

2. Proxies

Proxies at Shareholders' Meetings are governed by article 15 of the Bylaws and articles 12 and 13 of the Shareholders' Meeting Regulation. This regulation is considered appropriate for guaranteeing shareholders' rights to be represented at the Meeting and delegate their vote.

3. Quorum

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

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

4. Meeting Chair

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

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

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

5. Adopting resolutions

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

II. Shareholders' Meeting Regulation. Rights and participation of shareholders at Shareholders' Meetings

1. Rights and participation of shareholders

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

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

Announcement of meetings

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

Drafting of the agenda

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

Right to be informed

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

Attendance of external auditors

- The external auditors must attend the Shareholders' Meeting.

Audit and Control Committee participation

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

Shareholder participation

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

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

- The Board must consider the advisability of disseminating the notice of meeting via a larger number of media.
- When the Board is aware of the likely date of the Shareholders' Meeting, it can communicate this through the Company's web site or via any other means it deems fit.
- Shareholders will be told, in the notice, that the Meeting is more likely to be held at first call or at second call.
- To draft the Agenda, the Board must consider the suggestions and proposals made in writing by the shareholders which bear a relation to the Company's activities and interests and which it deems to be of interest to the Meeting.
- On giving notice of the Shareholders' Meeting, the Board shall assess whether there are means of distance communication enabling shareholders to vote and/or grant proxy while duly ensuring the identity of the person exercising the right to vote or, if by proxy, the identities of the proxy and shareholder, and if the use of such means is feasible.
- The Company shall post the text of all the proposed resolutions, and the documents and reports that are mandatory or are determined by the Board of Directors on the web site. Proposed resolutions must be accompanied by a justification.
- The Company's web site shall contain all the information deemed to be useful to enable shareholders to attend and participate in the Shareholders' Meeting, including the procedure for obtaining the attendance card; instructions on how to cast or delegate votes at a distance as envisaged in the notice, if appropriate; information on the Meeting venue and how to get there; information on any systems or procedures that enable shareholders to follow the Meeting and information about the Shareholder Relations Department.
- Shareholders may be able to follow the Meeting at a distance via audiovisual means.
- Simultaneous translation mechanisms are possible.

- The company will study measures to enable disabled shareholders to access the Meeting room.
- The round of questions at the Shareholders' Meeting is regulated in detail; in addition to taking the floor, shareholders may verbally request any information or clarification they see fit about the items on the Agenda.
- Shareholders' rights to be informed before or during the Meeting are guaranteed, in accordance with the Spanish Corporations Law.

2. Shareholders' Meeting regulation

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

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

3. Participation of institutional investors

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

III. Shareholders' Meetings in 2005

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

1. Attendance

The Shareholders' Meeting on 18 March 2005 was attended by 74.36% of share capital: 1.81% present and 72.57% by proxy.

2. Resolutions adopted

In addition to voting on the approval of the individual and consolidated financial statements and the distribution of income, the Meeting was asked to vote on the re-appointment of directors and approval of the remuneration plan for executive directors and senior management consisting of a variable part comprising the delivery of Company shares.

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

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

IV. Corporate governance

The company's web site, www.ferrovial.com, has a link to the corporate governance section.

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

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

I. Corporate governance responsibility

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

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

II. Compliance with the Olivencia and Aldama Reports

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

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

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

- **Composition of Board of Directors:**

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

- **Directors' duties:**

- Inclusion, in the internal regulation, of a procedure for the Shareholders' Meeting or the Board to exempt directors from certain duties.
- Extension of duties of loyalty to controlling shareholders and senior executives.
- Regulation of conflicts of interest between the shareholder who proposes a proprietary director and the Company.
- Directors' right to contact Senior Management for the purposes of information and to be assisted by external professionals and obtain information from the Secretary (among others) to perform their functions.
- Directors' obligation to notify the company of share acquisitions or sales within 48 hours.
- Prohibition on holding executive positions in competing companies.
- Directors' duty to inform the company of claims against them.

- **Board functions:**

- Obligation of the Board to analyse Ferrovial's budget and strategic guidelines and to monitor the Company's financial statements, at least every quarter, and supervise periodic public reporting.
- Presentation of a triple balance sheet: economic, social and environmental.

- Obligation of the Chairman, CEO and CFO to certify the correctness and completeness of the content of the financial statements.
- Obligation of Board to authorise the accounts clearly and accurately.
- Obligation of the Board to ensure that shareholders have all the information so that they can make an informed opinion about the Company's performance.

- **Board Committees:**

- Obligation of the Audit and Control Committee to issue an Annual Report about its activities.
- Empowerment to the Nomination and Remuneration Committee to establish measures to check that Ferrovial does not hire, as employees or senior managers, persons who have covered the company at a rating agency in the two years after leaving such agency.
- Empowerment to the Audit and Control Committee to appoint or replace the internal audit manager.
- Empowerment to the Audit and Control Committee to inform the Board regarding changes in accounting criteria.

- **Board and senior management remuneration:**

- Consideration of any qualifications in the external auditors' report that have a significant impact on the corresponding year's profit and loss account when determining directors' remuneration based on Company earnings.
- Itemised disclosure of individual directors' remuneration.
- Itemised disclosure of individual senior management remuneration.

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

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

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

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

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

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

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

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

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

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



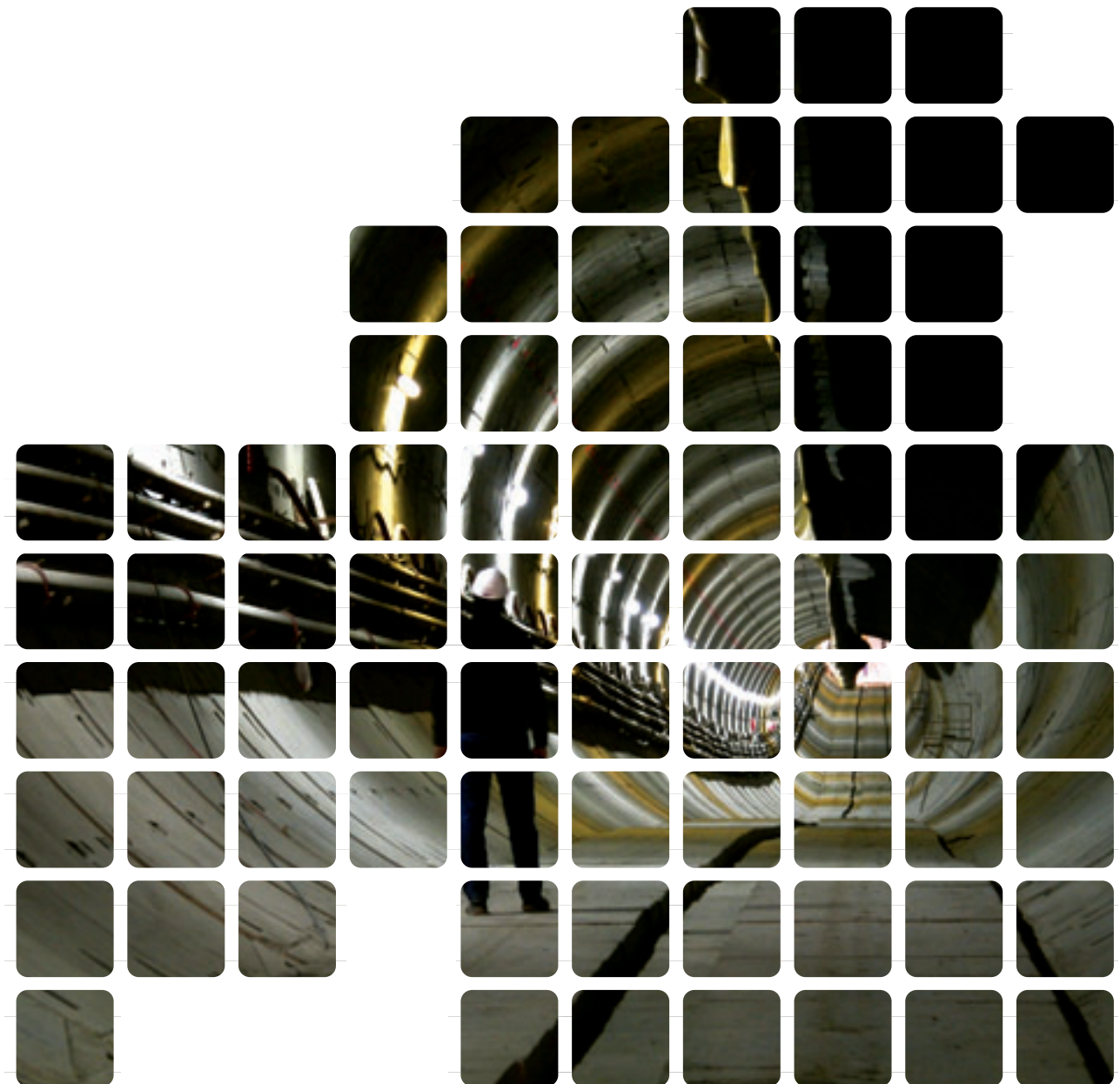
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Corporate responsibility

2005 Annual Report

IN ITS DECLARATION OF PRINCIPLES FOR SUSTAINABLE DEVELOPMENT, FERROVIAL STATES THAT IT WISHES TO CREATE LONG-TERM VALUE FOR ITS SHAREHOLDERS, EMPLOYEES, CUSTOMERS, SUPPLIERS AND THE COMMUNITY.



STRATEGY

Ferrovial wants its business project to be internationally acknowledged, based on the following principles:

- Ethics and professionalism
- Implementation of corporate governance best practices
- Respect for, and protection and fostering of, human rights
- Mitigation of the environmental impact of our activities
- Hiring and motivation of the best human capital
- Health and safety of our employees
- Quality and continuous improvement in our processes and activities, and innovation
- Considering the value chain as an essential strategic factor in Ferrovial's sustainable development
- Transparency
- Contribution to the socio-economic development of the areas where we operate.

Those principles are materialised in the following lines of action:

- Foster leadership capacity and quality by establishing a code of ethics for our collaborators;
- Improve working conditions, and guarantee equal opportunities and non-discrimination among employees;

- Inform all the organisation's members of the principles of sustainable development and social responsibility, and encourage employees to participate in solidarity projects;
- Encourage our subcontractors and suppliers to gradually adopt principles in line with this Declaration;
- Constantly enhance communication channels with stakeholders based on innovative corporate disclosures that envisage the triple bottom line (financial, environmental and social);
- Maintain and increase our customers' trust, exceeding their quality expectations in our construction work and services;
- Promote the implementation of standardised environmental management systems in Ferrovial's business lines;
- Advance in the design and implementation of systems that effectively prevent and reduce occupational risks and serve as a benchmark in the sectors in which we are involved;
- Design reliable instruments to measure the quality of the industrial relations, motivation and professional development of Ferrovial's employees in order to improve our work efficiency;
- Plan our social actions as an instrument to develop the society in the areas where Ferrovial operates;

- Foster innovation, scientific research and development projects as basic factors for our competitive success and the creation of differential value in the market;
- Collaborate with governments, NGOs and social partners in projects and activities related to social development, environmental protection and occupational safety;
- Adhere to the UN Global Compact principles in our activities.

For the fifth consecutive year, Ferrovial's Annual Report includes information relating to corporate social responsibility. Ferrovial's decision not to draft a separate sustainability report responds to the strategy of combining a commitment to responsible sustainable development in the financial area, the more traditional aspect of business, with social and environmental commitments. This strategy is supported by the recommendations of the Global Reporting Initiative (GRI), a globally accepted sustainability reporting model on whose criteria and indicators the content of Ferrovial's Annual Report is based.

In 2005, Ferrovial made considerable advances in its corporate responsibility commitments, including:

- in the first quarter of 2006, design and implementation of a plan to foster a work/life balance among employees;

Ferrovial's decision not to draft a separate sustainability report responds to the strategy of combining a commitment to responsible sustainable development in the financial area, the more traditional aspect of business, with social and environmental commitments, a concept supported by the Global Reporting Initiative (GRI).

- the Code of Business Ethics that was approved in 2004 was examined with a view to adaptation in order to comply with the requirements of international human rights regulations, specifically the United Nations' "Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights";
- a Strategic Plan for Purchasing was defined in order to responsibly manage the supply chain, including human rights criteria;
- the web site was made accessible in line with the AA standard of the Web Accessibility Initiative (WAI);
- implementation of the first web site to focus on the environment and sustainability for the infrastructure and services industries in Spain to foster knowledge, information and debate about more sustainable new construction models;
- Ferrovial was the first Spanish construction company to certify its RDI Management System to UNE166002 EX;
- training and transition to work and society of people with disadvantages: Plan Familia, Proyecto Arboretum, Fundación Integra, Programa Empresa y Discapacidad, etc.
- support and encouragement of social development actions and programmes among employees; and

- fostering of socially responsible investment in the financial community.

As a result of that strategy and of the advances made, Ferrovial remained in the Dow Jones Sustainability Indexes, one of the world's leading sustainability benchmarks, and received numerous awards in the field of corporate governance and transparency.

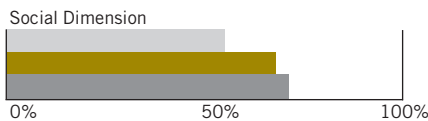
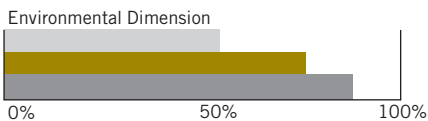
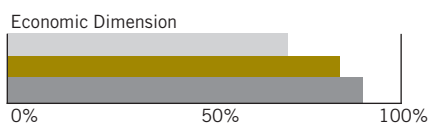
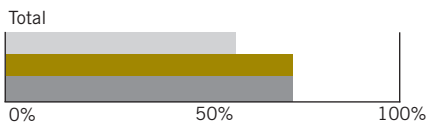
Ferrovial was included in the global and European Dow Jones Sustainability Indexes for the fourth year running in 2005. As in previous years, Ferrovial was the only Spanish construction group to form part of that index.

In 2005, Ferrovial was chosen for the FTSE4Good index, which includes companies from around the world with a commitment to corporate responsibility. FTSE4Good assesses companies' social responsibility based on their actions for sustainable development and respect for human rights.

Ferrovial also forms part of other social responsibility indexes: Ethibel and ASPI Eurozone@.

Recognition and awards in 2005

- The Good Corporate Governance award, from "Mi Cartera de Inversión" magazine;
- The award for the Ibex-35 Company with the best practices in Corporate Governance and Transparency, from Expansión and Fundación de Estudios Financieros;
- The award for Excellence in Finances, from Asociación Española de Financieros y Tesoreros de Empresa (ASSET);
- The best CEO (construction sector), from "Institutional Investor" magazine;
- Europe's best investor relations team (construction sector) by "Institutional Investor" magazine;
- Europe's best investor relations professional (construction sector) by "Institutional Investor" magazine;
- Acknowledgement of complying with the Aldama Report recommendation regarding the publication of analysts' reports on the web site - Foro del Pequeño Accionista.



Legend for charts:
 - Light grey bar: World construction industry average
 - Dark grey bar: Grupo Ferrovial
 - Black bar: Best companies in the world

Source: Dow Jones Index

ETHICS AND PROFESSIONALISM

Ethics and professionalism are fundamental principles of Ferrovial's strategy. These principles are evidenced by an action line that fosters leadership capacity and quality by establishing a code of ethics for personnel.

Code of Business Ethics

The Code of Business Ethics establishes the basic principles and commitments that all the group's companies, employees and executives must respect and comply with in their activities.

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

The code is divided into three chapters:

- Ferrovial's relations with employees, and relations among employees, comply with the following commitments: respect and non-discrimination; abolition of child labour; equal opportunities; occupational health and safety; respect for the privacy and confidentiality of employee information; and fostering a balance between personal and professional life;
- Ferrovial and its employees must base their relations with customers, suppliers, competitors, partners, shareholders, investors and other market players on the principles of integrity, professionalism and transparency. In this connection, our actions will be governed by the rules of fair play; honesty and integrity; quality in products and services; confidentiality of third-party information; transparency, value creation and Corporate Governance; safeguarding of assets; avoidance of conflicts of interest; and discreet, professional use of company information;

- the commitments of Ferrovial and its employees to the community are based on respect for the environment and social responsibility (complying with the law in the countries where it operates, and respecting the cultural diversity, customs and principles of the persons and communities affected by its activities).

Suggestion box

In the area of ethics and professionalism, the company is also committed to implementing mechanisms of dialogue with employees.

In 2004, Ferrovial introduced a Suggestion Box in order to enable employees to suggest ideas and improvement proposals, make comments and criticism, and report on inefficient situations or unsuitable behaviour. That information is sent to the Management Committee, which comprises members of the Company's senior management. In 2005, 115 communications were received. (*More information in the chapter on Hiring and Motivating the Best Human Capital*).

The Global Compact

In 2002, Ferrovial became a member of The Global Compact, an initiative which is committed to promoting and respecting ten universal principles in the areas of human rights, labour, the environment and anti-corruption.

Principles of The Global Compact:

1. Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence.
2. Businesses should make sure that they are not complicit in human rights abuses.

Ferrovial's actions in this sphere: See Code of Business Ethics and chapter on protection of human rights

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
4. Businesses should uphold the elimination of all forms of forced and compulsory labour.
5. Businesses should uphold the effective abolition of child labour.
6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.

Ferrovial's actions in this sphere: See Code of Business Ethics and chapter on Hiring and Motivating the Best Human Capital

7. Businesses should support a precautionary approach to environmental challenges.
8. Businesses should undertake initiatives to promote greater environmental responsibility.
9. Businesses should encourage the development and diffusion of environmentally friendly technologies.

Ferrovial's actions in this sphere: See chapter on Respect for the Environment

10. Businesses should work against all forms of corruption, including extortion and bribery.

Ferrovial's actions in this sphere: See Code of Business Ethics

BEST PRACTICES IN CORPORATE GOVERNANCE

Ferrovial has a Board of Directors Regulation and an Internal Code of Conduct to regulate its corporate governance; the actions, organisation and performance of its Board of Directors, and the establishment of measures to ensure a high level of transparency and introduce codes of conduct to ensure there is no interference in the company's performance in the securities markets.

Subsequently, in 2004 the Company approved the Shareholders' Meeting Regulation, which regulates the Shareholders' Meeting and safeguards shareholders' rights.

Ferrovial's Board currently comprises eleven directors: three Executive Directors (one is also proprietary), three Proprietary, and five Independent.

The Board has an Executive Committee and two Advisory Committees which are empowered to inform, advise, supervise and propose on the matters in their power:

- the Audit and Control Committee, comprising external directors (one proprietary and three independent), whose main functions are related to financial information, external and internal auditors, risk management and control, and corporate governance;
- the Appointment and Remuneration Committee, comprising independent directors only, and whose functions are to appoint directors and establish annual remuneration for directors and contracts and remuneration of senior management, among others.

In 2005, Ferrovial reinforced best practices in corporate governance and enhanced transparency. The main measures implemented were voting and proxy-granting by means of distance communication at the Shareholders' Meeting in 2005. Shareholders will be able to vote on-line by electronic means at the 2006 Shareholders' Meeting.

More information can be found in the Corporate Governance Report in this Annual Report.

RESPECTING AND PROMOTING HUMAN RIGHTS

A fundamental principle of sustainable development is respect for, and, fostering of, human rights. In 2005, that commitment materialised in the following action lines:

The Code of Business Ethics that was approved and implemented in 2004 was revised and some of the contents were adapted in order to comply with the requirements of international human rights regulations, specifically the United Nations' '*Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights*'.

That amendment will foreseeably be approved in 2006.

A Strategic Plan for Purchasing is also being defined in order to responsibly manage the supply chain, including human rights criteria. That strategy is based on two action lines:

- introducing improvements in the purchasing management systems in order to manage risks related to human rights; and
- working jointly with suppliers and subcontractors in order to protect human rights along the supply chain.

In parallel, Ferrovial defined an internal training programme that covers human rights; this programme commenced in 2005 and will continue in 2006. The programme includes courses with content relating to international regulations, case studies on human rights and corporations, and specific actions related to human rights and management systems for certain functional areas.

In order to assess human rights management and detect risk situations in advance, a management indicator system was also defined to cover information about a broad range of human rights issues and whose results will be obtained during 2006.

MITIGATION OF THE ENVIRONMENTAL IMPACT

Ferrovial's environmental policy establishes, among others, the following requirements and commitments:

- progressive improvement in the environmental performance of its production activities by studying the best practices applicable to our business activities based on technical and economic criteria;
- optimisation of the use of natural resources and implementation of maximum energy efficiency criteria;
- compliance with the environmental legislation applicable to our activities;
- implementation of environmental management systems certified by accrediting agencies in business areas with significant environmental risks; and
- active communication with the government, NGOs and social partners to provide solutions for environmental protection and pollution control.

In 1997, Ferrovial was the world's first construction group to implement a standardised environmental management system.

Ferrovial conceives and implements environmental management systems as an efficient tool for measuring, controlling and managing the environmental risks associated with most of its businesses, especially Construction and Services, which represented 82% of total group revenues in 2005.

The ongoing assessment of environmental factors and the attainment of group objectives are reported continuously to top management so that environmental management is not an additional element to the company's day-to-day running but forms part of decision-making.

In 2005, the areas with certified standards-compliant environmental management systems accounted for 63% of company revenues. At present, 76.4% of the Construction and Services activities (where environmental risks are greatest) have been certified; this figure is slightly lower than in 2004 due to the addition of handling and airport services company Swissport to the Services division.

In the context of environmental management systems, Ferrovial constantly monitors its environmental performance at production sites. In 2005, 1,319 environmental audits, technical assessments and site visits were performed.

ENVIRONMENT

Greenhouse Gases (GHG) and improvements in energy efficiency

The Kyoto Protocol came into force in 2005, as did the European emissions trading system (which traded over 300 million tonnes of CO₂) and Renade, Spain's national emission rights register.

Although none of Ferrovial's industrial sites or activities fall under the scope of emission rights trading, the Kyoto Protocol's objectives will lead, in the medium and long term, to greater regulatory pressure in diffuse emissions of GHG (not covered by the emissions trading system) in sectors of the company's activity such as transportation, housing and waste management.

IMPLEMENTATION OF A CERTIFIED ENVIRONMENTAL MANAGEMENT SYSTEM

Company	Activity	ISO 14001
Ferrovial Agromán	Construction	●
Ferconsa	Construction	●
Castillejos	Construction	●
Budimex	Construction	●
Cadagua	Water treatment	●
Ferrovial Inmobiliaria	Real estate development	●
Cintra	Bidding for and operating infrastructure	●
Cintra Aparcamientos	Developing and operating car parks	●
Dornier	Operating controlled parking and tow-away services	●
Femet	Distribution and maintenance of parking control equipment	●
Ferrosfer	Facility management	●
Euroлимп	Cleaning services	●
Grupisa	Transportation infrastructure maintenance and paint manufacture	●
Grupo Cespa	Waste management and municipal services	●
Amey	Infrastructure maintenance and facility management	●

● Certified ● Under development

During the year, Spain's first regulations on energy efficiency in buildings came into force, in a context in which, under the new Building Code, the need to reconcile construction and the environment will foreseeably be extended and regulated on a more general basis. In view of the impact that these trends may have on areas of Ferrovial's business, and since some of those sectors may become closely involved in the second phase of the Kyoto Protocol (currently under negotiation), in 2006 Ferrovial will maintain its policy of optimising energy use and reducing GHG emissions.

It will also continue working on opportunities offered by the new system, particularly identifying and negotiating projects that may qualify for Joint Implementation (JI) or Clean Development Mechanisms (CDM), seeking emission trading partnerships with large companies. *(More information on the goals relating to climate change, emission abatement and energy efficiency can be found at www.ferrovial.com/medioambiente).*

Future regulatory framework on environmental liability

The Environmental Liability Directive (2004/35/EC) with regard to the prevention and remedying of environmental damage was approved in 2004. In 2005, Spain's Environment Ministry published the first draft of the law to transpose that Directive into Spanish law.

For the last two years, Ferrovial has been working on the design and implementation of new systems for analysing and assessing environmental risk in the activities covered by this regulation (such as waste management). These procedures were implemented in the Services area in 2005 and will be extended to other areas in 2006. The first phase of the work to develop, implement and validate a specific pioneering Environmental Performance Index (EPI) for Services, in cooperation with the King Juan Carlos University and the UNESCO Environment Chair, was completed in 2005. This comprehensive indicator, which is coherent with the one in place in the Construction division, includes variables for measuring environmental risk at industrial sites and waste management facilities. Ferrovial was the only company invited to present this experience at the 2005 Meeting of the International Organization for Standardization (ISO) Committee in Madrid.

It is also the only company in the industry to participate actively in the Standards Committee on the "Analysis and Evaluation of Environmental Risk", whose results will serve as a benchmark for the environmental studies required under the new environmental liability legislation. In the framework of the company's risk management policy, Ferrovial is cooperating with the insurance industry to assess the coverage of environmental risks in the context of the financial guarantees to be required under the new legislation.

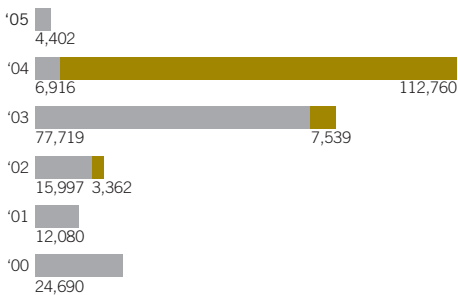
The environmental management system records and monitors all administrative notifications of an environmental nature received by any department or level of the organisation. An exhaustive analysis of the proceedings enables the company to maintain control permanently and adopt preventive measures. The Corporate Insurance Unit, within the Quality and Environment Department, has the goal of providing an overview and coherent handling of all aspects of the businesses' environmental risk.

ENVIRONMENTAL INDICATORS

The environmental performance indicators for the company's business areas were positive: key management factors, such as resource efficiency and waste abatement, show a trend towards more eco-efficient management.

Many of these objectives have eventually become part of standard practice at construction sites, such as reducing the volume of soil waste that is disposed of in landfills (5,291,400 cubic metres in 2005). In the last five years, Ferrovial's projects have reduced the disposal of waste soil in landfills by over 37.5 million cubic metres. Additionally, objectives regarding hazardous waste management have become steadily more ambitious.

FINES PAID IN ENVIRONMENTAL PROCEEDINGS



Legend:
 ■ Amounts reported in the 2004 Annual Report
 ■ 2005 figures and adjustments in 2005 of amounts under proceedings from previous years

Water reuse increased seven-fold, to 172,241 cubic metres. Over 280,000 cubic metres of construction and demolition waste were reused and recycled. Additionally, 1,482,000 cubic metres of topsoil were reused – a 150% increase on 2004.

The municipal services business, conducted through Cespa, maintained a 41% recovery rate of the municipal solid waste received at its transfer and triage plants. In some areas, such as industrial waste, the percentage was 90.55%. Another environmental aspect of relevance to the business is that greenhouse gas (GHG) emissions continued to decline steadily. Additionally, the tonnes of carbon dioxide equivalent (TCDE) per tonne of waste was cut by over 25% with respect to 2004; by expanding the biogas capture network at landfills and increasing the number of company-managed sorting plants.

The company is also maintaining efforts to make the vehicle fleet less polluting: in 2005, 1.57% of vehicles in the municipal services area used alternative fuels (biodiesel, natural gas, LNG, electricity and hybrid).

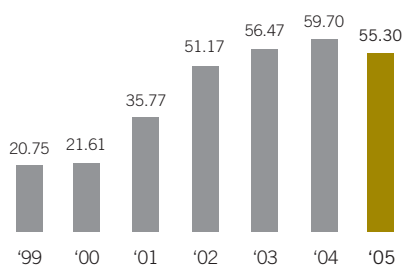
Environmental Performance Index (EPI)

The EPI has become a fundamental environmental management tool in the Construction business since it provides reliable quantitative information about the following variables:

- The environmental impact of activity at our production sites;
- Establishment of quantified environmental objectives (related mainly to projects' eco-efficiency) and their degree of completion;
- Compliance with the applicable legislation and the amount of penalties imposed in the context of the environment.

The EPI algorithm was validated by King Juan Carlos University and is supported institutionally by the UNESCO Chair in Environment. The month-by-month EPI figures can be viewed at www.ferrovial.com/medioambiente, and the EPI will be available in real time, with daily updates, in 2006.

PROJECTS WITH ENVIRONMENTAL OBJECTIVES



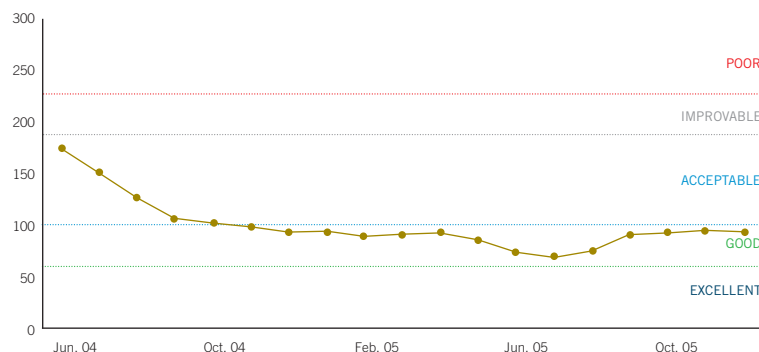
The gentler slope of the trend line in the last few years indicates that the company is approaching the maximum percentage possible at construction sites that establish environmental objectives (an indication of the system's maturity in the construction area).

ENVIRONMENTAL RDI

Municipal Services invested 1,069,890 euro in research and development in 2005 and received 189,052 euro in subsidies for environmental projects (in cooperation with major public research centres and universities), dealing principally with use of regenerated water for irrigating green areas and reducing the environmental cost of processing leachates. (Further details can be found in the chapter on Innovation).

The water treatment division developed a number of projects relating to sewage sludge gasification, re-use of urban wastewater, water purification using ultrafiltration membranes, and the reduction of sludge production. (Further details can be found in the chapter on Innovation).

ENVIRONMENTAL PERFORMANCE INDEX (EPI)



Endorsed by:  Universidad Rey Juan Carlos

Acknowledged by:  FUNDACIÓN ALFONSO MARTÍN ESCUDERO

During the year, the EPI stabilised under 90 ("Good"), assisted in the first half of the year by a very low level of the "Fines" variable and good performance by projects with environmental objectives and with their degree of compliance. However, the trend was inverted in the second half, suggesting that the index may worsen in the first quarter of 2006.

Ecological restoration at infrastructure projects

The Spanish road network has 5,000 square kilometres of embankments, ten times the area of the Doñana National Park. The land surrounding roads is therefore an important biological reserve which has not been managed under ecological criteria up to now.

In 2005, Ferrovial designed replanting and bio-engineering measures on 1,607 kilometres of linear infrastructure (37% more than in 2004) and on 1,341 hectares of non-linear infrastructure and installations (equivalent to 1,790 football stadiums).

The 4-year TALMED joint project between Ferrovial's infrastructure subsidiary Cintra and Spain's Higher Council for Scientific Research (CSIC) to establish a sound scientific basis for improving the ecological integration of infrastructure projects, concluded in 2004. The outcome was a technical report containing 11 recommendations addressed to government, developers, designers and constructors (available at www.canalconstruccionsostenible.com).

The next challenge is to lay the experimental foundations for the medium- and long-term ecological sustainability of infrastructure, on the same time-scale as the processes of ecological succession in nature.

The Expertal project, to be conducted over the next four years on Cintra's toll roads in Spain, is currently being developed by Cintra, Fundación Biodiversidad (Environment Ministry), the Higher Council for Scientific Research (CSIC) and King Juan Carlos University (Madrid).

Study and conservation of biodiversity

In 2004 and 2005, the Madrid Sur concession company (the R-4 road, managed by Cintra) financed a cooperation agreement between the Madrid Regional Government and the GREFA Group for the Recovery of Threatened Fauna to reintroduce the lesser kestrel (*falco naumanni*) in Perales del Río (Getafe, Madrid) and restore populations of this small migratory bird of prey, which is in the National Catalogue of Endangered Species.

The company also financed the construction of a kestrel breeding facility for this purpose and leased a 500 hectare site to enable the scientists to manage the habitat and ensure the survival of this bird population in the south of Madrid province. The results were very positive: survival of chicks bred in captivity was higher than expected and more breeding pairs have been attracted to the breeding site, which might lead to the creation of a stable colony in the next year (unprecedented in the Madrid region).

In 2005, Ferrovial signed an agreement with Madrid Polytechnic University (UPM) to map and conduct a survey of flora and fauna in the El Regajal-Mar de Ontígola Nature Reserve, which is one of the best-preserved ecosystems in the Madrid region and is the home to one of Europe's principal butterfly colonies. To improve knowledge of the taxonomy, biology and ecology of these populations, in 2004 Cintra signed a 5-year agreement with Sociedad Hispano-Luso Americana de Lepidopterología (SHILAP) to conduct a census and draw up a catalogue of the population of butterflies and moths in the area, and to re-introduce and acclimatise populations currently in decline, such as *Iolana iolas* and *Clepsia laetitia*.

The five-year project envisages an ambitious programme to restore the species upon which the lepidoptera endemic to the zone feed. Once the plants for ecological restoration of the flora are in place, the first butterflies will be released in 2006.

COMMITMENTS FOR 2006

In addition to developing an overall environmental performance indicator (EPI) for Services and actions to reduce GHG emissions at waste treatment plants (detailed in the chapter on the Environment), Ferrovial plans other major environmental initiatives.

Development and implementation of an ISO-14001-compliant environmental management system at Cintra

Cintra, Ferrovial's infrastructure subsidiary, has set an objective of implementing an ISO-14001-compliant environmental management system at 75% of its businesses in Spain within the next year.

In 2005, it performed an environmental due diligence survey of its activities so as to assess the area's environmental status and establish the optimal programme for implementing the new system. The procedures used in the diagnosis include analysing and assessing the environmental risk of the workplaces and the degree of legislative compliance.

On that basis, a continuous environmental assessment plan was designed for the concession companies and production centres. A total of 49 environmental audits are planned for 2006, covering nearly 30% of workplaces in Spain, including all those whose environmental risk is greatest (toll roads, maintenance centres, car parks with industrial installations, etc.).

Environmental performance goals

In 2005, Ferrovial adopted a number of commitments to improve its environmental performance in the area of energy efficiency and pollution abatement. These commitments, made in the context of the Green Charter drafted for Madrid's Olympic Candidacy, established the following initiatives for 2005-2012:

- Real Estate: increasing the area of solar panels installed, to reach 11,000 square metres by 2008;

In 2005, a total of 1,187 square metres of solar panels were installed on homes which will be delivered to buyers in the first quarter of 2006; that is one-tenth of the total objective.

- Municipal Services: adding industrial vehicles powered by alternative energies to attain 4% of the fleet by 2008;

In 2005, the EPI in the Services area was approved and became fully operational. Additionally, the goal of GHG reduction was attained and the number of vehicles powered by alternative energies increased to 1.57% of the total.

- Construction: reducing the volume of construction waste discharged in landfills throughout Spain by 56 million cubic metres by 2012.

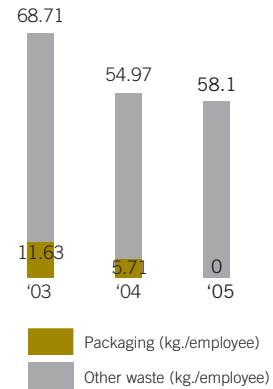
Waste disposal in landfills was reduced by 5.7 million cubic metres in 2005, i.e. 10% of the overall target. In the last five years, waste disposal in landfills has been reduced by 40 million cubic metres.

Environmental management campaign in offices

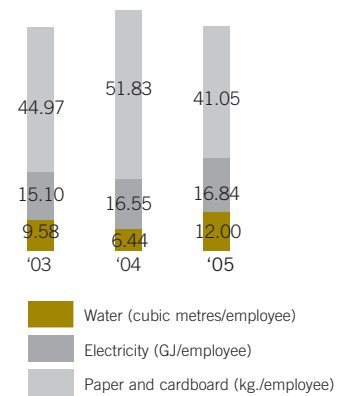
The office energy saving campaign, designed in 2005, will commence in 2006 with the goal of improving resource management and reducing usage, so as to improve the results attained to date in terms of monetary savings and environmental impact.

The campaign slogans are "We all win by using less" and "Our office reflects our world".

WASTE PRODUCED IN OFFICES



RESOURCE USE IN OFFICES



All variables are expressed in terms of the number of employees (year average workforce at headquarters). Water consumption figures do not include Cintra.



ENVIRONMENTAL PERFORMANCE

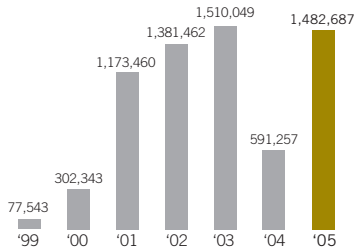
Construction

REMOVAL AND USE OF TOPSOIL

The removal, conservation and subsequent restoration of topsoil on land affected by construction works expedite the land's recovery process when the construction is completed.

The amount that is removed depends largely on the location and the topsoil conditions.

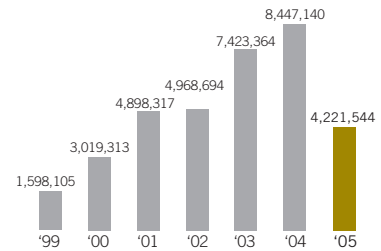
The construction work we have performed in the last two years re-used nearly 2,073,944 cubic metres of topsoil.



REDUCTION OF SOIL WASTE DISCHARGED IN LANDFILLS

A characteristic impact of civil engineering is that a large volume of soil waste is discharged in landfills for want of a better solution.

In 2005, Ferrovial reduced the volume disposed of in landfills by nearly 5,291,400 cubic metres, of which 1,069,856 cubic metres was a reduction on the excavation initially proposed in the design and 4,221,544 cubic metres was soil that was reused.



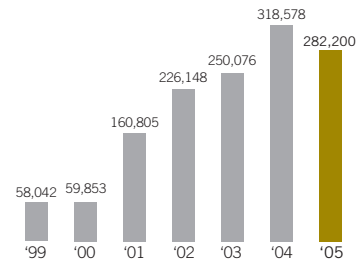
REDUCTION IN THE SPACE OCCUPIED BY PROJECTS

Appropriate planning before the start of construction precisely delimits the affected area and reduces the environmental impact.

In 2005, Ferrovial reduced the land occupied by construction work by 477,000 square metres (equivalent to 65 football stadiums) with respect to initial projections, and reduced the impact on areas of special flora interest by 4,600 square metres.

REUSE AND RECYCLING OF CONSTRUCTION WASTE

Sizeable volumes of inert waste (wood, metal, plastic, concrete, rubble, etc.) are generated during construction. In 2005, Ferrovial reused and recycled over 280,000 cubic metres of construction waste.



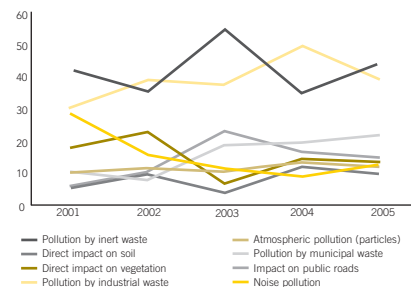
ENVIRONMENTAL RESTORATION (Replanting, bioengineering, etc.)

In 2005, Ferrovial developed environmental adaptation projects along 1,607 kilometres of linear infrastructure (37% more than in 2004) and 1,340 hectares of non-linear projects (equivalent to 1,790 football stadiums).

ENVIRONMENTAL IMPACTS OF CONSTRUCTION

The value of each impact is calculated based on the intensity, extent and persistence variables as well as the frequency of each impact detected in the production centres. The indicators used for this purpose are based on a procedure validated by the King Juan Carlos University in Madrid.

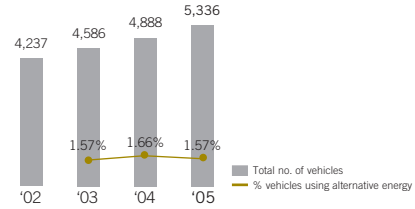
Inert and industrial waste and soil waste at construction sites have been the main impacts of construction in the last few years. Therefore, reducing and recycling them is a priority.



Services

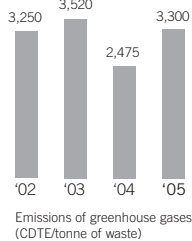
MOTOR
VEHICLES

The progressive introduction of vehicles propelled by alternative energy (biodiesel, natural gas, LNG, electricity and hybrids) has gradually reduced greenhouse gas emissions from combustion engines. In 2005, despite the acquisition of new vehicles of this type, their percentage of the total fleet decreased slightly due to the increase in the total number of vehicles.

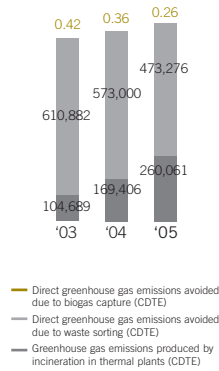


EMISSION REDUCTION

In 2005, waste tonnage received at the energy harnessing plant was reduced due to competition from material reuse (sorting). Therefore, the wood managed by the plant was of lower quality (treated wood), so the combustion temperature increased, which favours the formation of NOx, thus increasing the production of greenhouse gas emissions.

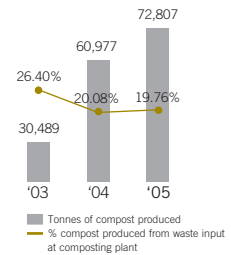


SORTING AND
TRANSFER PLANT



COMPOST PRODUCED

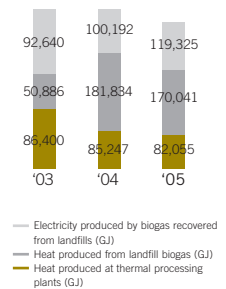
Cespa commenced management of two new composting plants in 2005. As a result, waste input and compost production both increased, while the percentage of recovery was practically constant.



BIOGAS USE

The progressive implementation of systems to capture and harness biogas produced in landfill sites and the technological improvements help to reduce greenhouse gas emissions and optimise energy production in the form of electricity and heat.

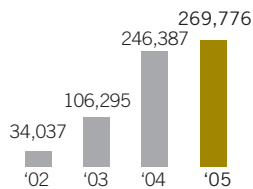
In 2005, the capture of biogas reduced CO₂ by 510,595 CDTE, which helped to lower greenhouse gas emissions by 23% per tonne of managed waste.



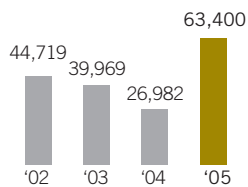
FACILITY MANAGEMENT AND INFRASTRUCTURE MAINTENANCE IN THE UNITED KINGDOM

At present, 100% of Amey's activities are covered by certified ISO 14001-compliant environmental management systems. Additionally, Amey has been included in the BITC (Business in the community) environmental index for the last five years.

INERT WASTE RECYCLING (tonnes)

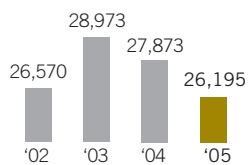


WATER CONSUMPTION (cubic metres)



The increase in water consumption, measured in cubic metres, is due to the larger number of premises at which usage is measured.

EMISSION OF GHG (CDTE)



CO₂ emissions, calculated from fuel used by land and air transport vehicles and energy consumption at offices and other premises.

In 2005, most of Amey's environmental indicators performed favourably, especially recycling and re-use of inert waste, which exceeded 269,000 tonnes (9% more than in 2004). This increase was due to the fact that waste is collected at a larger number of locations, and to expanded triage facilities.

OTHER SIGNIFICANT ACTIONS

The environmental organisation plan for the Ocaña-La Roda toll road (180 kilometres) was completed in 2005. The work was supervised under an environmental monitoring plan covering the following, among other factors:

- protection of the soil;
- quality of water (both groundwater and surface watercourses);
- protection of the archaeological and ethnographic heritage;
- monitoring of bird life in the steppe areas with the assistance of a group of experts, who will monitor the population of Great and Little Bustard and Montagu's Harrier, among others.

The operating phase environmental monitoring programme for the R4 toll road commenced; it includes systematic checks of the efficiency of replanting measures, the use of fauna tunnels, surface water quality, and acoustic screening.

At the Scut Algarve toll road in Portugal, a number of important initiatives were taken, including an ongoing survey of roadkill under an agreement with ICN, the Portuguese Institute for Nature Conservation.

The Scut Norte Litoral toll road (in Portugal) implemented new measures to reduce the environmental impact: the installation of over 10,000 square metres of acoustic barriers and planting over 7,000 trees and bushes to improve the road's landscape impact.

In Ireland, measures continued to protect fauna affected by the construction and operation of the N4/N6 Kinnegad-Enfield-Kilcock toll road. These included installing 72 kilometres of barriers to minimise the risk of badgers being hit by vehicles, and installing over 40 fauna underpasses.

Sydney Airport approved an environmental management strategy which runs until 2010, and its goals include reducing water consumption, protecting and improving unique wetland habitats on the airport's area of influence, reducing the acoustic impact, and reducing the use of natural resources and energy.

Belfast City Airport began to obtain the first results from its environmental management system: energy consumption was reduced in absolute terms despite an increase in the number of passengers and flights. The percentage of waste that is recycled or re-used was greatly increased (from 15% in 2004 to 43% in 2005) and waste management expenditure was cut by 10%.

Bristol Airport completed the work to model its acoustic footprint; the first outcome was a redesign of the approach paths so as to reduce noise levels in sensitive areas in the environs. The environmental plan for the airport's future expansion was completed, and its fleet of industrial vehicles was converted to biodiesel.

HIRING AND MOTIVATING THE BEST HUMAN CAPITAL

Hiring and motivating the best human capital, which is one of Ferrovial's Principles for Sustainable Development, is based on the following two guidelines: (i) improve the working conditions and ensure equal opportunities and non-discrimination among employees, and (ii) design reliable instruments to measure the quality of labour relations and employees' motivation and professional development in order to enhance work efficiency.

Those guidelines are complemented with an appropriate combination of compensation and benefits; labour relations based on the principles of respect for the law, ethical integrity and human rights; identification and promotion of talent; balancing employees' personal and professional lives; and training as a key factor in the company's improvement strategy.

The team

Ferrovial's main asset is its team and it devotes resources and efforts to attracting, developing and retaining its most valuable employees and building their key skills: leadership, management capacity and personal efficacy.

Ferrovial's workforce increased by an average of 14.7% to 57,247 in 2005. At year-end, there were 78,633 employees (37,381 in Spain and 41,252 in other countries).

The acquisitions of Swissport and Webber in the fourth quarter of 2005 significantly increased the contribution from the services and construction areas, which are the main job creators: there are 58,776 employees in the services area and 15,006 in the construction division.

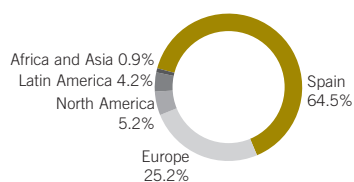
As a result of Ferrovial's growing international presence, boosted with acquisitions mainly in the UK, US and Switzerland in 2005, the foreign workforce outnumbered the Spanish workforce for the first time ever: in 2005, 52.46% of the workforce was located outside Spain, mainly in the US, the UK, Poland and Switzerland.

As a result, more Ferrovial employees have been relocated and this has become a matter of vital importance. Approximately 200 Spanish employees now work abroad.

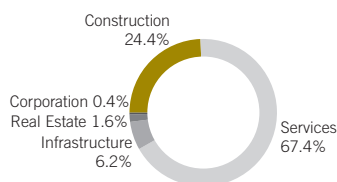
Ferrovial encourages a stable workforce, and natural attrition is around 7.3%.

In order to facilitate and enhance Ferrovial employees' professional careers, Ferrovial has an employment office on the intranet through which any employee can apply for any vacancy in any area of the Company. In 2005, the employment office published a total of 363 vacancies. In 2005, 1,483 employees were promoted to a higher professional category and/or position.

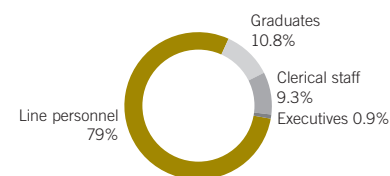
AVERAGE WORKFORCE BY REGION



AVERAGE WORKFORCE BY BUSINESS UNIT



AVERAGE WORKFORCE BY QUALIFICATION*



* Not including Webber (Texas)

	2005	2004	2003
Average workforce	57,247	49,892	34,348
Average age of workforce (years)	38.2	40.1	39.9
Average age of executives (years)	44.2	43.7	43.7
Average length of service	6.2	9.1	6.8
Average length of service of executives	9.9	11.6	12
% men/women	72.7/27.3	72/28	68/32
% of full-time employees	79.3	83.7	84
% of employees with permanent contract	65.2	65	64
% Spain	60.1	60	-
% Other countries	74.4	77	-
Productivity per employee (€mn)	157.0	145.7	175.4

Remuneration policy

Ferrovial considers that the right combination of remuneration and benefits is fundamental, so it provides fixed remuneration that is permanently cross-checked against the market in order to remain competitive.

Additionally, 15.8% of employees and nearly all the structural personnel (*) receive variable remuneration based on objectives. These remuneration policies are complemented with other plans, including systems pegged to the share price, stock option plans and personalised flexible remuneration programmes.

The majority of Ferrovial's employees (depending on the business area) receive some type of fringe benefits in addition to those required by law, including life insurance, luncheon vouchers, marriage bonuses, study grants and supplementary payments in the event of illness or accident.

In 2005, the Company implemented Plan 12.000 in which part of the variable remuneration of the beneficiaries (around 1,100 people: executives, heads of department or similar with tax residence in Spain) is paid in the form of Ferrovial shares. A total of 415 employees signed up for Plan 12.000 in 2005. A stock option plan was also approved for executives (around 400 persons).

Personnel expenses amounted to 1,907,073 million euro in 2005, of which 82.7% was wages and salaries and the other 17.3% was employee welfare expenses.

Labour relations

Ferrovial respects all employees' right to trade union freedom in accordance with the legislation in force in each country, and almost all employees are covered by collective labour agreements.

All of Ferrovial's activities and any organisational and structural changes are communicated to the entire workforce via the intranet and the in-house magazine.

Based on the Code of Business Ethics, Ferrovial's guidelines regarding employees adhere to the principles of respect for the law, ethical integrity and human rights (*see chapter on Respecting and Promoting Human Rights*).

Ferrovial is committed to establishing an effective equal opportunities policy so that all its employees are judged on the basis of merit. Promotion decisions are always based on objective circumstances and assessments. Ferrovial is also committed to investing in the personal and professional training of its employees.

Managing and assessing performance

Ferrovial focuses on generating a value proposition for employees within a culture that rewards performance and provides constant professional development.

In June 2005, the Company implemented the first edition of the new Performance Assessment Plan via a technological platform (*e-desempeño*), through which approximately 2,000 employees were assessed. The Company also developed the 360° Assessment Plan, which refers only to employees' professional development and is not related to compensation. Superiors, peers and co-workers use the plan to assess executives.

The main objective of the plan is to identify and develop talent. Managing and assessing performance:

- align each employee's personal objectives with the company's general objectives;
- enhance human resources management by gearing it to attaining the objectives and performance sought by the organisation;
- identify improvement actions, training needs and the development potential of co-workers;
- motivate persons to attain business objectives and development;
- encourage and facilitate communication between superiors and subordinates;
- identify and reward employees that contribute most to company results and those with high potential; and
- reinforce the principle of equity.

Work-Life Balance Plan

One of the main ethical principles of Ferrovial's corporate activity is to foster a work-life balance among employees, as stated in its Code of Business Ethics. A Work-Life Balance Plan was developed in 2005 and was implemented in the first quarter of 2006.

Ferrovial understands that working on this commitment is an opportunity and that expanding on this issue will have a positive impact on its employees' personal life and on the company's efficacy and competitiveness.

(*) Structural personnel: company personnel not tied to temporary activities (construction services contracts, services and infrastructure concessions, etc.).

The main measures that were adopted include introducing flexitime, managing time at meetings, improving and increasing flexibility of leave (maternity, etc.), creating employment for people with disabilities who are relatives of employees, and implementing other measures to provide access and mobility to employees with disabilities.

Ferrovial also signed an agreement with Fundación +Familia to obtain a 'Family-Friendly Company' certificate. This certificate covers issues related to employees' work-life balance and to the creation of a system that provides and assesses continuous improvement in this field.

In 2005, Ferrovial developed Plan Familia to foster the social and labour integration of people with disabilities who are relatives of employees (see *chapter on Support for Socio-economic Development*).

Hiring and internships

A corporate priority is to constantly hire young graduates based on their ability to generate value for the organisation, and to employ the necessary resources to achieve this goal. The company seeks people with an entrepreneurial profile, a high degree of commitment, initiative and responsibility, and a strong aptitude for team work.

Ferrovial is involved mainly in two areas: course sponsorships, and internship and work experience programmes. Ferrovial also attends the main employment forums and has an active presence at universities, fostering and participating in the training of tomorrow's professionals. It also has collaboration agreements with most of the universities in Spain, business schools in Spain and other countries, foundations and secondary schools.

Throughout the year, and particularly in the summer, Ferrovial offers final-year students the possibility of complementing their academic training via internships, in which they perform similar tasks to those they will carry out in their professional career. Interns are assigned to carefully-selected sites in order to improve their professional skills with a view to including them in future selection processes once they graduate. In 2005, 685 internships were granted.

Ferrovial has a selection system which involves acquiring applicant CVs via the web site (www.ferrovial.com) and integrating them automatically into an internal database.

In 2005, 22,344 candidates were added to the database. This system improves recruitment, unifies data and expedites the selection process.

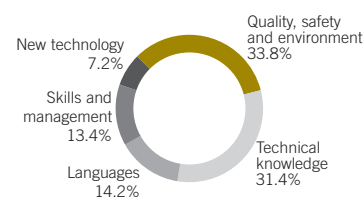
Employee training and development

Ferrovial considers employee training and development to be a key element of the company's strategy, and it has ongoing training programmes to improve the technical knowledge and skills required for each post. In addition to traditional classroom methods, videoconferencing and e-learning platforms are used frequently.

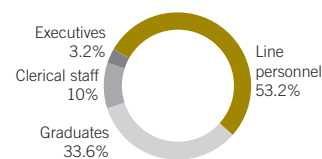
In 2005, 363,969 training hours were given in Spain alone, with a total direct investment of 8,576 million euro, i.e. 8.3% more than in 2004. In total, 666,944 training hours were given, with an investment of 12.8 million euro, to 38,344 trainees.

The number of training hours was 11.7 for each employee and 13.42 for skilled personnel in 2005. Annual investment in training is 223.6 euro for each employee and 904.85 euro for skilled personnel.

BREAKDOWN OF TRAINING HOURS



TRAINING BY CATEGORY (hours)



	2005	2004	2003
Hours	666,944	552,917	363,726
Investment (thousand euro)	12,800	10,323	4,364
Students	38,344	28,581	24,406

Internal communications

Ferrovial has two internal communication tools: a corporate intranet (Ferronet) and an in-house magazine (Inforvial).

Since 1997, all employees equipped with computers have had access to Ferronet, both in Spain and in the other countries in which Ferrovial has a stable presence. At present, 7,600 employees have access to Ferrovial's intranet. In 2005, Ferrovial's employees had access to 265 news items about its businesses, over 480 new contracts and nearly 60 circulars about company operations, the organisation, and social and labour relations. As well as company information and management tools, Ferronet has a section for personnel (Empleado.net), which contains the following: the Employees' Club (special offers), E-nota (expense account management), Training, Induction Manual, My Personal Information, Requisitions (human resources, materials, systems, telecommunications, etc.), Job Exchange and Notice Board.

The in-house magazine (Inforvial) has been published on a quarterly basis for the last ten years; 8,000 copies are distributed in five countries (Spain, Portugal, Poland, the UK and Switzerland).

Employee satisfaction

An Employee Satisfaction Study is conducted every two years to measure employees' perception of the company's personnel management and detect any weaknesses and needs; the study was last conducted in the fourth quarter of 2005.

Employee satisfaction was assessed based on twelve factors: work, organisation and resources, hierarchical relationships, team work and coordination, orientation towards results, customer and quality orientation, information, communication and participation, organisational leadership and progress, training and development, remuneration, health and safety at work, and general satisfaction.

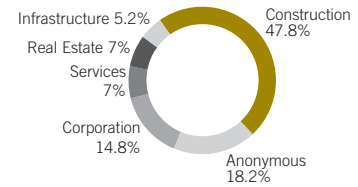
In the latest edition, the survey was distributed to 8,594 employees, including Budimex in Poland, and the response rate was 42.8%.

The results will be analysed in the first quarter of 2006 and will be used as the basis for drafting action plans aimed at enhancing strengths and overcoming weaknesses.

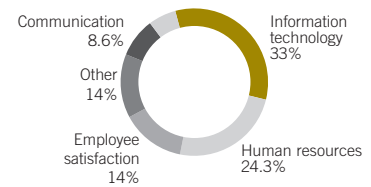
The company is also committed to implementing dialogue mechanisms with employees. In July 2004, Ferrovial set up a Suggestion Box so that all its employees could transmit their ideas and complaints with a view to attaining a more efficient company while making Ferrovial the best possible workplace.

In 2005, 115 letters were received (64 proposals, 20 complaints and 31 comments) and the conclusions are as follows:

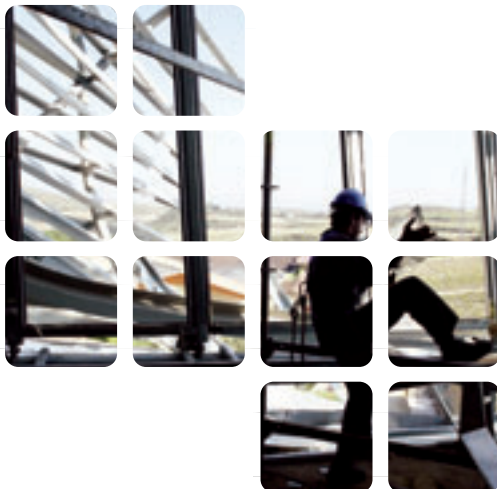
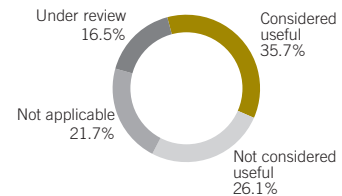
ORIGIN OF COMMENT



PROPOSALS, COMMENTS AND COMPLAINTS



STATUS OF MESSAGE



During the year, Ferrovial worked on developing a Work-Life Balance Plan and signed an agreement with Fundación + Familia to obtain a 'Family-Friendly Company' certificate.

HEALTH AND SAFETY

A fundamental principle of sustainable development is employee health and safety; a principle that is materialised at Ferrovial in various initiatives that enable us to advance in the design and implementation of systems that effectively prevent and reduce occupational risks and serve as a benchmark in the sectors in which we are involved.

The company continuously adapts its occupational safety management systems in order to comply with Spanish and European legal requirements and to actively contribute to continuous safety improvements for its employees and workplaces.

To meet those objectives, the principal actions in Spain were as follows:

- in Construction, Safety experts made 2,640 visits in 2005 to monitor and control construction projects and propose preventive measures. Another 503 visits were made at the request of the production line to provide on-site advice on health and safety problems arising in construction work.

The division's Safety Unit drafted 90 risk assessments for fixed sites and 62 emergency plans for Ferrovial's various activities; it also cooperated actively with line personnel to draft a further 393 health and safety plans and 51 health and safety studies.

In 2005, a work group, formed by line personnel (workers' representatives and supervisors) and members of the Safety Unit, was created to establish the minimum requirements to be implemented as a priority in the projects executed in Spain. The Safety Unit monitors those requirements in its regular visits to the projects.

- in the Infrastructure, Real Estate and Corporation divisions, the occupational safety management system (which includes the occupational safety plan) was updated in over 250 existing workplaces and implemented in over 10 new workplaces. Each workplace drafts an annual monitoring plan for preventive actions and establishes specific rules and procedures in order to make progress in minimising or eliminating risks.

The Infrastructure division (toll roads, airports and car parks) implemented the 'Consigna' program, which updates the preventive actions arising from the Annual Safety Plan and the health and safety actions developed at the workplaces on-line, thus enhancing the Safety Management System's efficiency and effectiveness and providing an overall analysis.

- in Services, the Occupational Safety Management System was implemented in 216 work centres. Safety experts made approximately 2,000 visits, which generated over 1,300 technical reports.

Training and information

Training and information actions were as follows:

- basic 50-hour training course for 1,922 professionals (middle, production and site managers), as established in Royal Decree 39/1997. They obtained a certificate as basic-level safety technicians which is valid throughout Spain.

ACCIDENT FIGURES

	Construction Ferrovial 2003	Construction Ferrovial 2004	Construction Ferrovial 2005	Construction sector*	Ferrovial 2005**
Incidence index	102.2	98.7	105.9	138.9	115.5
Frequency index	59.8	55.2	59	78.9	67.8
Severity index	1.3	1.08	0.94	–	1.3

(*) The latest construction data corresponds to 2004.

(**) Combines the construction division and other activities performed by the company (Infrastructure, Real Estate, Services and Corporate) in Spain.

FREQUENCY INDEX (FI): this represents the number of accidents involving days away from work which occurred during the working day for every million hours worked. It is calculated based on the formula: $FI = (\text{total number of accidents involving days away from work which occurred during the working day}) \times 10^3 / (\text{number of hours worked})$.

INCIDENCE INDEX (II): this represents the number of accidents which occurred during the working day for every thousand workers exposed. It is calculated based on the formula: $II = (\text{total number of accidents involving days away from work which occurred during the working day}) \times 10^3 / (\text{average number of workers})$.

SEVERITY INDEX (SI): this represents the number of working days lost as a result of accidents for every 1,000 hours worked.

$SI = \text{total number of working days lost per year} \times 10^3 / \text{number of hours worked}$.

NOTE: The method of logging and reporting workplace accidents and professional illnesses conforms to ILO and EUROSTAT criteria.

That was the objective set by the Construction area in 2004, imposed as a requirement in this activity by the Reform of the Regulatory Framework for the Occupational Safety Law, which called them 'preventive resources'.

In the Construction division, in 2005 occupational safety training was also given to 2,659 workers upon joining the company and during the projects. Information about on-site risks was provided in the On-Site Safety Handbook, which was given to 80,000 workers (both Ferrovial and subcontractor personnel) in 2004-2005.

- in the Infrastructure division, a Car Park Safety Handbook and a Toll Road Safety Handbook were also drafted. Over 5,000 hours of occupational safety training were given to workers.
- in Services, 641 on-site training courses were given to 5,528 employees.

Employees' health was also monitored by the company based on the risks inherent to their workplace; in particular, medical examinations were made before hiring and regular examinations were made on specific medical protocols: 1,330 health examinations were made in Infrastructure; 133 examinations, in addition to 32 other special health examinations, were made in the Real Estate and Corporation area; 9,844 were made in the Services division; and 4,586 in Construction.

In all areas, research was conducted on accidents and incidents in order to implement corrective and preventive measures and avoid a recurrence of problems: 714 reports were drafted in Construction.

All business areas have health and safety committees that draft, implement and develop safety plans and programmes: in Construction, this type of committee exists in headquarters as well as in workplaces with 50 or more workers; in Infrastructure, there are 10 committees and, in the smaller centres, there are safety officers; and in Services, over 100 meetings were held by the health and safety committees.

In 2004, Ferrovial developed an IT application (SIAL) to manage occupational accidents and handle the process via electronic means through the Electronic Declaration of Occupational Accidents (Delt@ System). SIAL can be accessed via the intranet and its implementation has provided numerous advantages: it expedites procedures and reduces delays in internal communications; it facilitates the application of statistical tools; it reduces the time of handling each file; and it provides real-time alerts on serious, very serious and fatal accidents, expediting the procedures. Moreover, in the Construction division, accidents are registered in the occupational safety application ("SERPRE"), which systematically processes information from the safety experts' visits, providing real-time access and knowledge to the personnel involved in the safety system. In 2005, improvements in "SERPRE" were studied and began to be implemented in the fourth quarter so that they may be operational for all the safety experts in 2006.

In 2005, the Quality, Safety and Environmental (QPMA) web site was updated; all construction workers have access to Construnet, the division's intranet. That web site provides in-depth information on occupational safety: the Safety Unit, safety management, construction processes, applicable legislation and an extensive library on machinery, best practices, etc.

Participation in forums and dialogue

Ferrovial regularly attends and participates in the Health and Safety Committee meetings of SEOPAN (Spain's National Association of Construction Companies) where, among other actions, numerous occupational health and safety action guidelines are established. Through SEOPAN, occupational safety training was given to final-year students of the Public Works Engineering School in 2005.

In 2005, the Construction area participated in other occupational safety forums:

- Laboralia: a trade fair on safety at Spanish and international level. During the fair, construction and other professionals showed interest in Ferrovial's Safety Handbooks for Construction Processes (Building and Civil Engineering) and On-Site Safety;
- A Biennial Conference on Málaga's Intersectoral Plan for Safety in Construction; the 2005 edition related to risks arising from 'Earth movement in ditches and excavations';
- The SalvsLaboris fair (Madrid), where Ferrovial participated in the presentation on Corporate Social Responsibility from the perspective of the construction business.

QUALITY, CONTINUOUS IMPROVEMENT, AND INNOVATION

Customers are at the heart of Ferrovial's activities; for that reason, the company's sustainable development principles include quality and continuous improvement of its products and services as well as innovation. Ferrovial's actions in this field are aimed at maintaining customers' trust, exceeding their expectations of quality in products and services, and innovation, scientific research and development projects as basic factors for our competitive success and the creation of differential value in the market.

QUALITY

Every business area of Ferrovial has a Quality Management System that is standardised and certified in accordance with the ISO 9001:2000 standard by the principal certification bodies, such as AENOR (The Spanish Standards and Certification Association), SGS, BVQI (Bureau Veritas Quality International) and BSI Group. Additionally, municipal services subsidiary Cespa has the Madrid Excelente accreditation.

In 2005, 79% of revenues were obtained under certified quality systems.

During 2005, Ferrovial was the subject of 50 external audits by certification bodies. In addition, all systems are internally audited by teams of qualified auditors who are independent of the business area in question. In 2005, there were 262 internal audits and 1,100 on-site visits.

Main initiatives

System of indicators in the corporate area:

- Identification and management of production processes that are relevant to the quality perceived by customers and users, to enable their critical factors to be monitored and measured:

	Main features and processes measured by the indicators
Construction	Efficacy of on-site quality plans Home delivery quality index
Real Estate	Compliance with home delivery schedule Quality of home on delivery Compliance with repair schedule Customer satisfaction (survey)
Infrastructure	Waiting time in toll plaza queues Response time for repairs and incidents in car parks Availability of car park service User satisfaction (survey)
Maintenance and upkeep	Index of complaints and incidents in the service Customer satisfaction (survey) Response time to accidents and incidents on roads Time lag for repairs on roads
Water treatment	Volume of water treated incident-free Customer satisfaction (survey)
Municipal Services	Customer and user satisfaction (survey)

INCA project: managing the quality of delivery of homes:

- analyses the main types of issue or defect (seriousness and impact on finish) and the home's habitability (construction and after-sales phase);
- system implemented at twelve development projects in the Madrid region;
- in 2005, the architects and site managers started using this system;

SIC (Integrated Quality System):

- a new system in the construction area which enables all production sites to update their Quality Plans on-line;

- The SIC will be used on all new projects and will be implemented on a widespread basis in 2006.

Computer-assisted maintenance management:

- application for supervising the activities at water treatment plants: maintenance, data capture, analysis logging, parameter calculation, etc.
- it has been implemented on nine contracts and will be rolled out generally in 2006.

Planning and on-line management of service incidents:

- on-line monitoring, logging and management of incidents detected in the municipal services area;

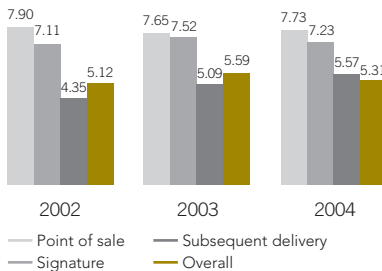
The INFOROUTE project, for planning resources and routes for street cleaning, has also been completed.

CUSTOMERS

Managing customer expectations

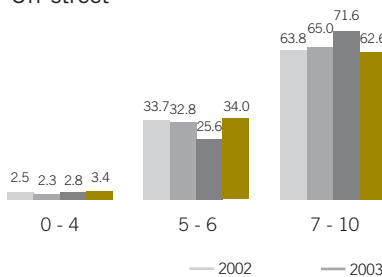
Ferrovial Inmobiliaria conducts annual satisfaction surveys among potential customers who visit its sales office and among home buyers. The last survey included 866 computer-assisted telephone surveys with questions about satisfaction and overall meeting of expectations, scored from 1 to 10.

CUSTOMER SATISFACTION SALE OF REAL ESTATE DEVELOPMENTS



USER SURVEY OFF-STREET AND ON-STREET CAR PARKS

Off-street



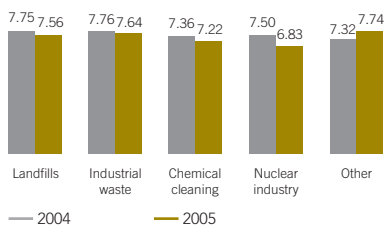
The municipal services division (Cespa) conducts similar surveys: the 2005 survey revealed that the average customer is "quite satisfied". The survey identified areas susceptible to improvement, and solutions were implemented in 2005 and will continue in 2006.

Cintra, the transport infrastructure subsidiary, surveyed 2,740 users of its off-street and on-street car parks.

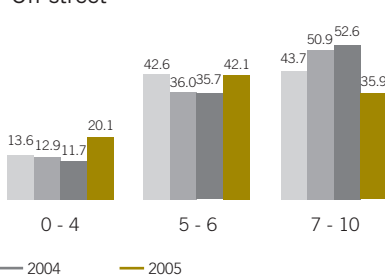
After-sales and customer care

The Real Estate area has a Customer Care Department which handles queries received by any means and has a call centre which provides full information about any development, from the moment of purchase up to signature of the title deeds. The Department received over 26,000 calls in 2005. The After-Sales Department handles customer complaints and handles repairs after homes have been handed over to buyers.

SATISFACTION MUNICIPAL SERVICES CUSTOMERS 2005



On-street



Cespa has a Citizen Care Department for users of its municipal services in Barcelona to respond to complaints and queries about waste collection and street cleaning. The Department handled over 31,000 calls in 2005.

In 2005, Cintra created a Customer Department to handle queries and complaints from users of its off-street and on-street car parks. The Sales Department also handles queries and complaints connected with the construction and assignment of spaces in private car parks.

The main toll roads have their own customer care units:

- 407 ETR in Toronto (Canada) has a call centre (which handled over 800,000 calls in 2005) and other innovative services to provide a personalised response to users' suggestions and complaints: 'Customer Center' and the 'Customer Carer Team';
- the Spanish toll roads directly handle users' queries and complaints via a 902 call centre.

INNOVATION

Construction

As part of its policy and under its Framework Innovation and R&D Plan, Ferrovial Agromán, the group's construction subsidiary, is committed to promoting opportunities and innovations in its various areas of activity; developing and applying new technology and methodologies to improve technical capabilities and productivity; implementing and maintaining a Research and Development and Innovation (RDI) Management System; providing training to foster innovative initiatives and increase the company's technical capacity by disseminating new solutions and knowledge.

The plan defined and implemented a number of initiatives in 2005, notably certification of the Research and Development and Innovation (RDI) Management System to the UNE 166002:2002 EX standard; management of RDI projects; presence in RDI forums and improvements to the RDI documentation to be presented when bidding for projects.

As a result, Ferrovial Agromán was the first Spanish construction company to certify its RDI Management System to UNE 166002 EX.

During the year, the company also processed the certification and applied for subsidies for four projects worth a total of 2.3 million euro in connection with the new floating dock system; a new technology for building stayed, post-stressed viaducts; a project using modified bitumen with pulverised post-consumer tyres and the design and modification of modified and thermoadhesive emulsions. A total of nine new ideas for forthcoming projects were generated in 2005.

Ferrovial is also active in SEOPAN's R&D Commission and the Spanish Construction Technology Platform and it will be joining the European Construction Technology Platform in 2006.

Innovation and leading-edge technology applied to technical solutions for engineering projects, combined design and execution projects, execution of contracts and optimisation of concession designs are other goals in this area.

In 2005, over 700 projects were improved along these lines, including most notably the M-203 toll road (Alcalá-Mejorada, Madrid); the bid to expand the M50 ring road in Dublin (Ireland); projects with latest-generation high-performance concrete, such as the use of self-compacting concrete for making arches; the design of the arch bridge on the Arlabán project, involving the manufacture of over 1,500 units; the Vicaría arch (170 metre span), using a construction method consisting of

lifting a section of arch and deck measuring 120 metres in length; the Prat pier (phase II) project in the Port of Barcelona; the design of the Campo de Cartagena desalination plant; the Marqués de Riscal hotel in Elciego, designed by Frank Gehry; assistance in the development of the Córdoba Conference Centre, designed by the Rem Koolhaas studio; participation in the Bradford schools PFI, the group's first construction project in the UK; development of the Pajares high-speed rail tunnel and the Arlabán tunnel (Vitoria-Eibar road) and the Somaconcha tunnel (Molledo-Pesquera road); the M-30 southern bypass tunnel in Madrid, built with a 15.30 metre diameter tunnel-boring machine, and the Andora San Lorenzo railway project in northern Italy, which involves the construction of nine tunnels.

Infrastructure

One of the principal examples of innovation in infrastructure, particularly toll roads, by Cintra is the application of fully automatic free-flow tolling systems such as that in use on the 407 ETR in Toronto, which is the world's most advanced tolling system.

The most notable projects in 2005 included implementing standard and automatic tolling on the N4/N6 toll road in Ireland, with capacity to interoperate with all the transponders issued by all toll road operators in Ireland; at the Chicago Skyway, improvements were made to the toll system and tolling equipment and antennas were installed that are compatible with the I-Pass and EZ-Pass systems already in use in Illinois and other states. In the area of innovation, Cintra developed a pilot project to detect and manage queues at toll plazas, which will be operational on Ausol (Málaga-Estepona-Guadiaro) in spring of 2006.

(More information on ecological restoration initiatives on infrastructure and studies and conservation of biodiversity in the chapter on Mitigation of the Environmental Impact).

A noteworthy development in the car park business is the 'FREE' centralised system for off-street car parks owned by different companies in Madrid, which provides real-time internet-based information on free parking spaces. The CAPACK system was installed to optimise parking space management at the Long Stay Car Park of Madrid Barajas airport. A data and image transmission system was implemented for on-street car parks in Pamplona to enable the local police to check and approve parking tickets on-line; the Toledo tow-away service commenced a GPS-based fleet management system coupled with a PDA-based fining system.

Municipal services

In 2005, the municipal services area invested 1.1 million euro in RDI initiatives and received 189,052 euro in subsidies for projects in cooperation with public research centres and universities dealing with use of regenerated water for irrigating green areas, reducing the environmental cost of processing leachates, and reducing H₂S and siloxane (the most problematic components in biogas use) using biological processing.

RDI PROJECTS IN MUNICIPAL SERVICES

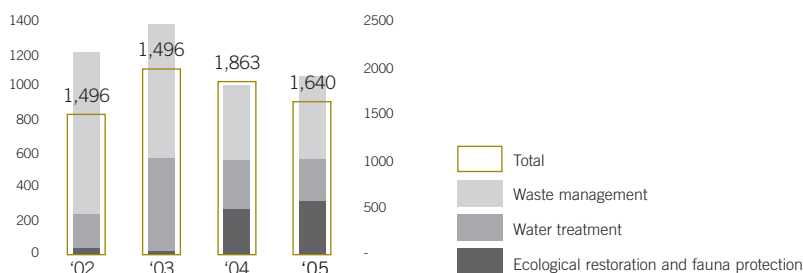
Field of research	Project	Purpose	Research centre
Responsible water use	PETRI-M	Reuse of waste water for irrigating green areas. Prevention of biofilm formation in irrigation systems	IRTA and UPC
Information systems	INFOROUTE	GIS-based dimensioning and planning of municipal services Improvement in response and information retrieval times	
Waste abatement	EVOLUTION	Minimisation of rejects in waste entering landfills so as to maximise reuse. Definition of alternative processes for waste flow management	
Landfills	CLONIC	Reduction of the environmental cost of treating leachates	
	SELLADO	Improved sealing techniques. Risk minimisation	
	ESTABILIDAD	Study of geosynthetics for improving landfill stability. Minimisation of environmental and safety risks	Cantabria University
	MODEULO	Creation of a model for hydrogeology and biodegradation simulations	Cantabria University
Biogas	MICROTURBINAS	Improvements and innovation in biogas use. Drafting of the Biogas Manual, and application to Cespa's landfills	
	MICROPHILOX	Harnessing of landfill biogas for energy using microturbines as an alternative to engines, and reducing the production of H ₂ S and siloxanes	Profactor and Institut Químic de Sarriá
Grounds maintenance	TROPICAL	Establishment of integrated biological methods to combat pests in tropical gardens	
Process optimisation	BIOGESTION	Improve understanding of the factors that affect anaerobic digestion and optimise digestate processing	

RDI PROJECTS IN THE WATER TREATMENT DIVISION (CADAGUA)

Project	Purpose	Research centre
Bubbling and circulating bed reactors to gasify sewage sludge	Reduce aqueous effluents in the gas treatment phase and improve energy performance	CIEMAT (Centro de Investigaciones Energéticas, Medio Ambientales y Tecnológicas)
Reuse of municipal sewage water	Development of technologies of reuse of water from sewage, classification of the water's agricultural value, and study of economic viability	Granada University
Automatic control of sequential sewage treatment plants	Design and checking of new control strategies for optimal automation of sequential sewage treatment plants	CEIT (Centro de Estudios e Investigaciones Técnicas de Guipúzcoa)
Water purification using ultrafilter membranes (Phase I)	Apply a physical disinfection system to the water as an alternative to granular decantation and filtering	Granada University
Reduction in excess sludge production	Analyse the viability of several options for reducing sludge production via physical, chemical and biological processing of active sludge	Valladolid University

INVESTMENT IN PROJECTS ENVIRONMENTAL RDI

(thousand euro)



THE VALUE CHAIN- THE HEART OF OUR STRATEGY

Ferrovial considers that its suppliers and subcontractors are essential in its activities and services: collaborators in seeking mutual benefit in actions aimed at achieving the utmost competitiveness, quality and service.

Ferrovial's value chain is an essential element in its strategy; therefore, it wants to foster the company's sustainable development principles (ethics, abatement of environmental impact, health and safety, quality and innovation, etc.) among its subcontractors and suppliers.

The Construction and Services areas outsource products and services to a greater extent, so these two business areas have a more direct relationship with suppliers and subcontractors.

CONSTRUCTION

A priority objective in the Construction division's purchase management system is to optimise purchases via:

- centralised management of purchases of similar products and services since better conditions can be obtained by negotiating larger volumes; and
- decentralised purchase management, where this produces value; and

- globalised management to ascertain the needs in each country where the company operates; pooling global needs in order to optimise costs; and unified purchasing management procedures to ensure a common treatment that takes account of each country's specific features.

The company has internal IT systems tailored for the sector and the company's processes, ranging from purchase knowledge management to the purchase itself, using the Internet for communication with suppliers and between areas of the company, while providing adequate transparency and control:

- on-line purchase management program (B2B): from identification of potential suppliers to issuance of the purchase order or contract; plus the necessary management reports to facilitate the implementation of the purchasing strategy and to monitor compliance;
- query applications: these optimise decentralisation through knowledge management, enabling users to query databases about suppliers and real prices of products and services from any worksite or company location;

- real-time access, from any production centre, to information regarding agreements with suppliers, innovative products, alternative construction systems, technical publications, etc.;
- computerised production and control of orders to, and contracts with, suppliers, plus bills and payments.

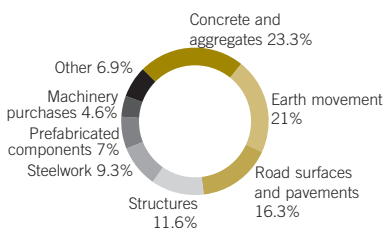
New e-billing systems are currently being developed in the sector in order to receive the documentation required from subcontractors before the contract and during the work through the Internet.

Ferrovial is also encouraging suppliers and subcontractors to be trained in the use of new information technologies applied to purchase management and is part of the Obralia construction portal—an effective tool for making RFPs and bids, providing access, and sharing information in the sector.

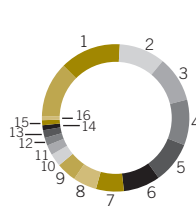
Supplier quality is managed and monitored using the procedures established in accordance with ISO 9000 standards, which enable the company to identify incidents, adopt any corrective measures and cease working with a supplier if there are serious incidents.

SUPPLIERS

(Over 10% of purchases)



TYPES OF SUPPLIER AND % OF PURCHASES



1. Brickwork and site development	13.4%
2. Earth movement	10.1%
3. Installations	10.0%
4. Structures	10.0%
5. Concrete and aggregates	9.1%
6. Rental	8.1%
7. Carpentry and glasswork	6.1%
8. Steelwork	5.2%
9. Paint, plaster and plasterboard	4.4%
10. Prefabricated components	2.8%
11. Machinery	2.2%
12. Road surfaces and pavements	1.7%
13. Ceramics and stonework	1.7%
14. Installations	1.1%
15. Pipework	1.1%
16. Cement	0.9%
17. Other	12.1%

In 2005, 14% of total suppliers accounted for 88% of Ferrovial's purchases in construction. The company's growing internationalisation enables it to work more with foreign suppliers: in 2005, 40% of the main suppliers were foreign (Ireland, Portugal, Poland and Chile); that figure increased significantly as a result of the consolidation of US group Webber. Average supplier billing also continues to increase.

Ferrovial periodically collects contractual compliance statistics on its suppliers, which enable it to analyse the complaints in terms of number, amount, causes and region.

In 2005, Ferrovial's construction area had 23,293 suppliers. Incidents were registered with 136 suppliers (0.6% of the total); this is a negligible percentage and is similar to previous years. Most of them were general incidents; only 10 were related to environmental issues and 13 to workplace health and safety.

Feedback and commitments

The company's mechanisms for dialogue and feedback with suppliers consist mainly of regular meetings with the main suppliers to analyse relations and seek continuous improvements in competitiveness; and annual remittal of questionnaires to update our database.

In 2005, Ferrovial implemented other significant initiatives:

- a survey on the basic features of corporate social responsibility among suppliers that account for around 46% of the construction division's purchase volume;
- a conference to explain the company's corporate responsibility commitments, specifically the commitments relating to the ten basic principles acquired when it adopted the United Nations Global Compact;

The objective of these two actions was to ascertain suppliers' situation in those matters and encourage them to adopt the Global Compact.

- as part of the policy of responsible use of forestry products, the company sent a survey to suppliers of wood and construction products made basically with wood in order to ascertain the origin of the wood and make them aware of the importance of requiring that their suppliers use responsible forestry management methods;
- discussions have commenced with Cemex España and Saint-Gobain Canalización to co-develop aid projects for disadvantaged groups in order to pool resources to increase the scope and social effects of the projects.

SERVICES

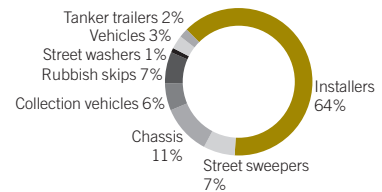
In the Services division, particularly urban services, purchases are based on a purchase management system backed by a SAP application that controls the selection of suppliers, product usage, delivery dates and quality criteria.

Machinery purchases are centralised and based on framework agreements with suppliers which are optimal from a quality and price standpoint; the company analyses suppliers each year and compares the following: purchase volume with supplier, supplier's position in the market where the company operates, quality, delivery times, administrative procedures, after-sales service, technical and commercial support, and price.

The relationship with suppliers is based on four criteria: ISO 9001-compliant suppliers and products; economic competitiveness; competitiveness in technological innovation and compliance with workplace safety regulations. In 2005, the municipal services division (Cespa) spent over 400 million euro on purchases.

This internal policy allows for relationships with Spanish and foreign suppliers and enables access to the latest technologies in machinery (chassis, street sweepers, collection vehicles, tanker trucks, etc.) and to the use of alternative energies (electricity, LNG, CNG, etc.) which are better for the environment. In 2005, 1.57% of the municipal services fleet of vehicles was powered with alternative energies. In order to foster an eco-efficient attitude among its suppliers, the company has added environmental factors to its certification criteria.

BREAKDOWN OF PURCHASES



6% of suppliers account for 70% of investments made in machinery and installations.

TRANSPARENCY AND DIALOGUE

Ferrovial's transparency and dialogue principle is underpinned by constant enhancement of communication channels with stakeholders based on innovative corporate disclosures.

Ferrovial's relations with the financial community (institutional investors and analysts) and the media—two of its main opinion-makers—are governed by transparency and a pro-active attitude to promoting awareness of Ferrovial and its activities, transmitting a faithful and timely picture of events that affect the company and supporting analysis of trends in the sectors in which it operates. Regarding the financial community, that strategy is complemented with intense search for, and relations with, all types of investors.

Shareholders and the Financial Community

Ferrovial has had a Shareholders' Department since it was floated on the stock exchange in May 1999. In 2005, the Department received 180 e-mails and 325 telephone calls from shareholders.

In 2005, Ferrovial held 265 meetings: 251 with investors and the rest with analysts. In 2005, there were 20 roadshows (4 more than in 2004), with 190 meetings: two in Spain and the rest elsewhere (in the UK and US, as well as Europe and Canada).

Ferrovial regularly sends information of interest to the analysts and investors who have registered on its mailing list. In 2005, 30 communiqués were sent to 743 analysts and investors in this way.

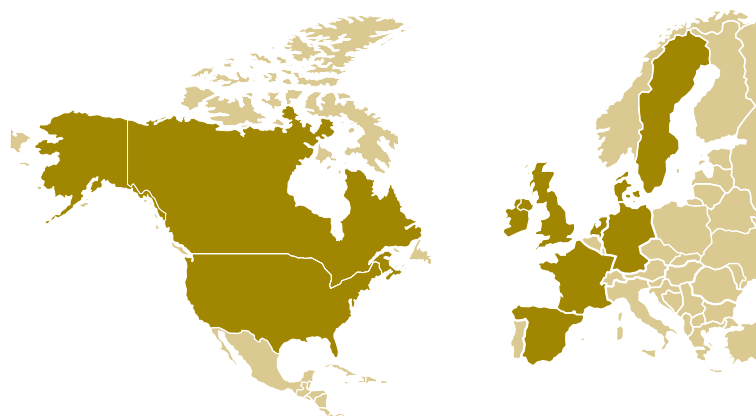
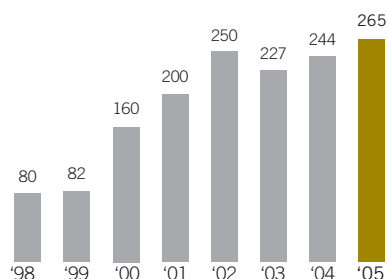
Part of Ferrovial's web site is devoted to relations with shareholders and investors. It contains past share and financial performance data, quarterly presentations and results, and an archive of research reports by the analysts who cover the company. In 2005, the Investor Relations section of the web site received 196,882 hits and handled over 11,500 downloads.

In terms of Socially Responsible Investing (SRI), Ferrovial renewed its presence in the Dow Jones Sustainability Indexes for the fourth consecutive year and joined FTSE4Good (see Corporate Responsibility Strategy). In 2005, Ferrovial maintained a pro-active approach to relations with investors and analysts under criteria of socially responsible investment and completed eight questionnaires for SRI funds, indices and rankings.

	2005	2004	2003
Meeting with investors and analysts/countries	265/12	244/13	227/12
Presentations	4 on earnings 1 on services (Amey)	4 on earnings 1 on toll roads	4 on earnings 2 on the acquisition of Amey 1 on Sydney Airport 1 on 407 ETR in Canada
Seminars	6	8 (sector, capitalisation, Eastern Europe and SRI)	6 (sector, capitalisation, and Socially Responsible Investment)
Firms that analyse Ferrovial	29	33	26
Reports on Ferrovial	154 (*)	121	117

(*) This is the largest number of reports since the company's IPO.

NUMBER OF MEETINGS



Media

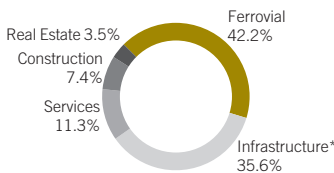
Ferrovial is covered by numerous media, whether newspapers, audiovisual and the Internet (economic, financial, general and sector-specific), both Spanish or foreign, especially in the countries where it has a stable presence, such as Canada, the US (Chicago, Texas and Indiana), Europe (the UK, Poland, Switzerland, Portugal, Ireland and Italy) and Chile.

In 2005, the presence of Ferrovial and its activities in Spanish written media increased to 1,728 articles (10%), i.e. an average of 4.7 per day. Ferrovial was mentioned on a further 187 occasions. Information related to the company was featured in 52 cover stories, 16% of the total number of covers dedicated to construction and services groups in the Spanish press.

As a result of the interest in Ferrovial's activities in the international markets where it operates, the UK press wrote 740 articles about services subsidiary Amey, the Toronto press wrote 152 articles about 407 ETR, and the US press wrote over 200 articles related to the Trans-Texas Corridor, being developed by Cintra.

IMPACT BY BUSINESS LINE

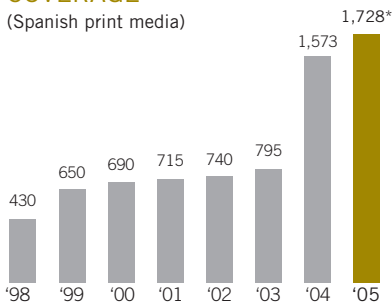
(Spanish press)



(*) Includes infrastructure subsidiary Cintra

TREND IN NEWS COVERAGE

(Spanish print media)



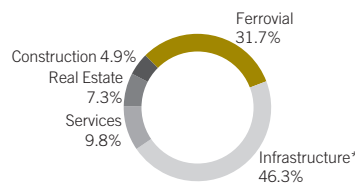
(*) Includes infrastructure subsidiary Cintra

During the year, Ferrovial published its monthly on-line bulletin, which has 2,236 subscribers (an 11.8% increase). The bulletin was referred to in 63 items in the Spanish press during 2005.

In the first half of 2005, Ferrovial met one of its 2004 transparency objectives: provide the Press Room section of the web site with more comprehensive information about the company and more graphics. This area received a total of 105,696 page views in 2005 (5% of the total). The Press Room in English received a large percentage of hits: 11% of the English web site's total.

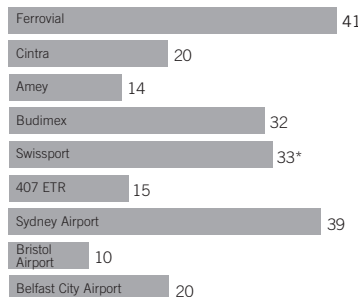
In 2005, Ferrovial became the first infrastructure and services group in the world to make its web site accessible in line with the AA standard of the Web Accessibility Initiative (WAI). (More information in the chapter on Support for Socio-economic Development).

PRESS RELEASES BY BUSINESS



(*) Includes infrastructure subsidiary Cintra

PRESS RELEASES



(*) Ten were after the announcement of the acquisition by Ferrovial.

Dialogue and Forums

In 2005, Ferrovial developed the first web site to focus on the environment and sustainability for the infrastructure and services industries in Spain. The Canal Construcción Sostenible web site responds to Ferrovial's commitment to make continuous improvement in its communication channels with stakeholders, disseminate the industry's best practices and create an open forum on environmental and sustainable development issues in the industries in which Ferrovial operates. The site features a free monthly bulletin published in conjunction with Fundación Entorno. In 2005, the web site received 31,896 hits and 77 information requests about Ferrovial's environmental management.

Ferrovial's experts also participated in environmental forums and work groups:

- 40 forums, including standards committees, working groups to develop new environmental legislation, environmental and CSR commissions of the CEOE, etc.;
- Cadagua participated as member and founder of ATTA (Association of Water Treatment Technology), whose aim is to collaborate with administrations and institutions in order to apply measures that favour sustainable management and protection of water resources.

Ferrovial is also involved in the private management of airports, an activity with a notable influence on the surrounding communities.

Sydney Airport participated in work and discussion groups regarding the economic development of the community involved, the environmental problems and the development of Botany Bay. There were similar experiences in 2005 at Bristol and Belfast airports (also managed by Ferrovial).

(More information in Support for Socio-economic Development, Value Chain and Environment).

SUPPORT FOR SOCIO-ECONOMIC DEVELOPMENT

Ferrovial has a Strategic Community Action Plan which sets out its community policies, objectives and programmes in order to improve the alignment of its activities in this area with its strategic priorities, rationalise and optimise management, and define its medium- and long-term commitments.

Ferrovial's community actions focus on projects that are: developed in Ferrovial's surroundings and related to its activities; considered as an investment, with a focus on obtaining results in the medium term; and aimed at stimulating social development and not welfare actions.

In 2005, Ferrovial's main initiatives were aimed at reinforcing mainly two programmes: training and facilitating the employment of people with

disadvantages and disabilities; and a focus on implementing programmes to enable company employees to help in community projects.

The main actions in 2005 were the implementation of "Plan Familia" to foster the social and labour integration of people with disabilities who are relatives of employees; the development of projects in the Dominican Republic, Paraguay, Peru and Panama that were proposed by employees; and the "Stronger together" initiative under which Ferrovial and its employees contributed over 62,000 euro to fund a social project in Ecuador. In Valencia, Ferrovial signed an agreement with the Adaptive Sailing School to foster sailing among disabled persons and provide them with career guidance. In Murcia, Ferrovial signed an agreement in 2005 to develop the "Arboretum" project to restore the botanical garden in the El Valle y Carrasco Regional Park and to foster the social and labour integration of

people with disabilities who will maintain it.

In 2005, Ferrovial became the first infrastructure and services group in the world to make its web site accessible in line with the AA standard and to work with suppliers to raise awareness of corporate social responsibility, specifically the Global Compact commitments.

In 2005, Ferrovial implemented the 3rd Competition to choose among projects proposed by employees. In 2006, the selected initiatives will be implemented in Spain, Ecuador, Venezuela and Nicaragua.

Ferrovial invested 1.3 million euro in community projects in 2005.

Ferrovial implemented initiatives to support culture, sport and community activities amounting to nearly 3 million euro in 2005.

EMPLOYMENT PROGRAMME

Programme	Description	Beneficiaries
Fundación Integra	Trustee	
Plan Familia <i>Together with Fundación Adecco</i>	Aid for transition to society and work of people with disadvantages (family members of employees)	20 people
Programa Arboletum <i>Together with Fundación Síndrome de Dow</i>	Restoration of a botanical garden with trees and shrubs in the El Valle y Carrasco regional park (Murcia) Support of training and transition to work of people with disabilities: 15 workers participated	
1st 'Building Maintenance Worker' course <i>Together with Fundosa Social Consulting</i>	Training and future integration into the facilities maintenance activity in the Services area	9 people in training 5 hires
School of Adapted Sailing <i>With Valencia City Government and Fundación Adecco</i>	Sailing lessons and career orientation for people with disabilities	
Contracts for products and services <i>Special job centres and integration companies</i>	Christmas cards contract with Afanías, Doctors without Borders, and other organisations Contract with SERMES for data entry, paper handling, postage, enveloping, etc. Vía Libre (Fundosa), etc.	

SERVICE AND ACCESSIBILITY PROGRAMME

Programme	Description	Beneficiaries
Remodelling of houses for victims of the 11 March terrorist attacks	Renovation of houses affected by the 11 March terrorist attacks	10 homes renovated and 1 under renovation
Ferrovial web site Double A (AA) accessibility	Ferrovial's web site was made accessible in line with the AA standard of the Web Accessibility Initiative (WAI)	

EMPLOYEE PROGRAMME

Programme	Description	Beneficiaries
'Stronger together' <i>Together with Intermón Oxfam</i>	Construction of a hospital and training centre in Ambato (Ecuador)	Healthcare for 800,000 people Healthcare training to 30 youngsters
2nd Employee Competition with: <i>Arquitectos sin Fronteras</i>	Healthcare and water supply programme in Guayabal (Dominican Republic)	425 people (85 families) 2,366 indirect beneficiaries
<i>Manos Unidas</i>	Training programme for female farmers who are members of rural committees (Paraguay)	700 female farmers
<i>Ayuda en Acción</i>	Construction and outfitting of 4 classrooms in Bambamarca (Peru)	140 students aged 11-16 6 teachers, 129 parents
<i>Entreculturas</i>	Project to improve basic services in Vaquilla (Panama)	775 people

BUSINESS SECTOR PROGRAMME

Institution	Initiative
Fundación Empresa y Sociedad	Joining the Foundation's Trust
Foro de Reputación Corporativa	Analysis and dissemination of trends, tools and models of corporate reputation management
Fundación Lealtad	Fostering actions and disseminating the principles of transparency and best practices
Fundación + Familia	Agreement to obtain a "Family-Friendly Company" certificate
The Global Compact	Commitment to promoting and respecting ten universal principles in the areas of human rights, labour, the environment and anti-corruption
Fundación Entorno	Collaborator of the Foundation
Canal Construcción Sostenible <i>Bulletin with Fundación Entorno</i>	Creation of the first web site that focuses on the environment and sustainability for the industry
Suppliers: Dissemination of corporate responsibility issues and fostering of best practices	Questionnaires for suppliers on responsible timber use Conference on the company's commitments to corporate social responsibility and The Global Compact
Canal Isabel II	"Join the water challenge" programme

SUPPORT FOR CULTURE AND SPORT – SPONSORSHIPS

Institution	Initiative
Patrimonio Histórico Español Restoration work and fostering artistic creativity:	<ul style="list-style-type: none"> • Casares Church • Estepona Clock Tower • Málaga Roman Theatre • Estepona Tumulus
Fundación Museo Guggenheim Book on the Architecture of the Picasso Museum in Málaga	
Fundación Orfeo-Catalá Palau de la Música	
Fundación Teatro Real	
Fundación Amigos del Museo del Prado	• Sponsorship of the Foundation's web site
Member of the Royal Association of Friends of the Museo Nacional Reina Sofía	
Donation of works of art to the Spanish National Institute for the Performing Arts	
Madrid 2012 Olympic bid	
Zaragoza Expo 2008	
AENA Madrid-Barajas Airport golf tournament	
Pharaoh exhibition at Fundación Canal Isabel II	
Public campaign: 'Bus against drug addiction'	
Fundación Pro Rebus Academiae of the Royal Academy of Engineering	

Business and Parliament Programme

For the fifth year running, Ferrovial implemented the Business and Parliament Programme (Programa Empresas Parlamentarios) set up by the Círculo de Empresarios as a two-way channel for training and information: from the company to the Parliament, and vice versa.

Since 2001, Ferrovial has held 21 encounters (5 in 2005) with members of the regional parliaments of Andalucía, Aragón, Castilla y León, Ceuta, Extremadura, the Balearic Islands and La Rioja.

Information society

In 2005, Ferrovial became the first infrastructure and services group in the world to make its web site accessible in line with the AA standard of the Web Accessibility Initiative (WAI). The project is part of a strategy whose priorities include enhancing communications and dialogue with stakeholders and facilitating access to persons with disabilities in all areas where the company operates.

This initiative brings Ferrovial's web site up to the most demanding international standards in terms of accessibility, usability and visual design.

Ferrovial followed the standards of the World Wide Web Consortium (W3C) and the WAI (Web Accessibility Initiative) working group, which set international criteria for creating accessible web content and are responsible for setting standards to ensure that web sites are accessible to all, regardless of hardware, software, ability or disability, network infrastructure, language, culture or location.

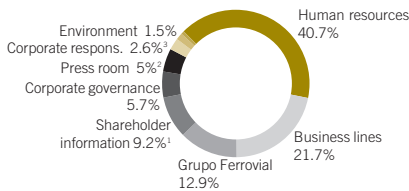
The web site also enhances access for other people who have difficulties in accessing the web site due to slow connections, illness or old age.

Ferrovial's web site is currently being audited based on the methodology used by Fundosa, the organisation of Fundación Once which focuses on social and employment integration.

The main figures on users and access to our web site (www.ferrovial.com) are as follows:

	2005	2004	%	2003
Sessions	565,028	425,217	32	382,217
Average daily sessions	3,041	1,165	161	1,063
Average session duration (minutes)	14'18	12'41	16	11'04
Pages served	2,881,711	2,247,846	28	1,795,000
Unique visitors	168,243	166,756	0.8	133,502

WEB VISITS



The bulk of web site visitors are from Spain (82%), followed by the US (3.4%), France, the UK and Portugal.

¹ 28% of the English web site's total hits
² The English-language web site doubled visitor numbers
³ 14% of the English web site's total hits

Associations

Ferrovial and its subsidiaries are members of the following associations:

- CEOE
- Círculo de Empresarios
- Instituto de Empresa Familiar
- APD
- ADC DIRCOM
- Asociación Española de Dirección de Personal
- AECA
- AENOR
- Club de Gestión de la Calidad
- SEOPAN
- CNC
- ASETA
- ASPRIMA
- AGECOVI
- ACI Europe (Airports Council International)
- Asociación Española de la Carretera
- Sociedad Española de Presas y Embalses
- International Association for Bridge and Structural Engineering (IABSE)
- Asociación Técnica de Puertos y Costas
- Asociación Nacional de la Vivienda (Anavif)
- AEAS (Asociación Española de Abastecimiento de Agua y Saneamiento)
- Asociación Nacional de Empresas Forestales
- Asociación Española de Emp. de Mantenimiento de Edificios, Infraestructuras e Industrias
- Sociedad Española de Facility Management
- International Sanitary Supply Association, INC
- Asociación Española de Mantenimiento
- ASEGRE (Asociación Española de Gestores de Residuos)
- ASEJA (Asociación Española de Jardinería)
- ECOEMBES (Ecoembalajes España)
- Madrid Excelente
- Fundació Forum Ambiental
- ACITRE (Asociación Catalana de Instalaciones de Tratamiento de Residuos Especiales)
- Asociación Empresarios Transportistas de Contenedores
- ASELIP (Asociación Empresarial de Limpieza Pública)
- Foro de Reputación Corporativa
- AERI
- ASEPAM (Asociación Española del Pacto Mundial)

**FREE TRANSLATION FROM THE ORIGINAL IN SPANISH
 INDEPENDENT ASSURANCE REPORT
 ON CORPORATE RESPONSIBILITY INDICATORS**

To the shareholders of Grupo Ferrovial, S.A.

- 1 We have performed the procedures described in paragraph 2 below in order to review the indicators included on pages 250 and 251 of the 2005 Annual Report of Grupo Ferrovial, S.A. relating to Corporate Responsibility for the year ended 31 December 2005. These indicators are those deemed most relevant by the Management of Grupo Ferrovial, S.A. with respect to its stakeholders.

The Management of Grupo Ferrovial, S.A. is responsible for the information contained on Corporate Responsibility chapter and for the design, implementation and maintenance of the processes for preparing such information, as well as for the preparation thereof, which are set out on pages 252 and 253 of the 2005 Annual Report of Grupo Ferrovial, S.A.

Based on the aforementioned bases and criteria for preparation and the review procedures carried out, our responsibility is to express a conclusion with moderate assurance on the following:

- The reasonableness of the procedures and controls in place for the preparation, compilation and aggregation of the indicators to which our review refers.
 - Whether the indicators to which our review refers were prepared in accordance with the bases and criteria for preparation set down on pages 252 and 253 of the 2005 Annual Report of Grupo Ferrovial, S.A.
 - The reasonableness and consistency of the values obtained for these indicators.
- 2 Our work has been undertaken in accordance with the standards and procedures set down in International Standards on Assurance Engagements (ISAE) 3000 "Assurance Engagements other than Audits or Reviews of Historical Information", in order to obtain moderate assurance. In general terms, the procedures we carried out have consisted of:
- Conducting interviews with the personnel of Grupo Ferrovial, S.A. who are responsible for the compilation of the information and preparation of the indicators to which our review refers.
 - Reviewing the documentary evidence used and the functioning of the systems and procedures set up in order to compile, calculate and aggregate the information to which our review refers.



- Performing, on a sampling basis, limited substantive tests designed to assess the reasonableness and consistency of the corporate responsibility indicators to which our review refers.
3. On the basis of the procedures carried out, as described in paragraph 2 above, we can conclude that:
- Nothing has come to our attention that would lead us to believe that the procedures and controls in place for the preparation, compilation and aggregation of the information relating to Corporate Responsibility indicators included on pages 250 and 251 of the 2005 Annual Report of Grupo Ferrovial, S.A. relating to Corporate Responsibility, to which our review refers, do not provide a reasonable basis for obtaining such information.
 - We have identified no significant deviations, in respect of the reasonableness and consistency of those corporate responsibility indicators with respect to the bases and criteria for preparation included on pages 252 and 253 of the 2005 Annual Report of Grupo Ferrovial, S.A.

PricewaterhouseCoopers Asesores de Negocios, S.L.

Ignacio Fernandez
Partner
18 March 2006

TABLE OF VERIFIED INDICATORS

Indicators verified for the stated companies in Spain

2005

ENVIRONMENT

Environmental Performance Index	Ferrovial Agromán, S.A.
December 2005 figure	95
Greenhouse gas emissions	Cespa, S.A.
Greenhouse gas emissions from waste (TCDE/tonne of waste)	0.26
Direct greenhouse gas emissions avoided by biogas capture (TCDE)	473,276
Greenhouse gas emissions avoided by sorting (TCDE)	260,061
Energy produced	Cespa, S.A.
Electricity produced from recovered biogas (GJ)	119,325
Heat energy produced by biogas recovery (GJ)	170,041

QUALITY

Satisfaction of Ferrovial Inmobiliaria, S.A. customers (scale of 0 to 10) ¹	Ferrovial Inmobiliaria, S.A.
Point of sale	7.73
Signature	7.23
Delivery	5.57
Overall	5.31
Satisfaction of Cespa, S.A. customers (scale of 0 to 10)	Cespa, S.A.
Landfills	7.56
Industrial waste	7.64
Chemical cleaning	7.22
Nuclear industry	6.83
Other	7.74
Satisfaction of Dornier, S.A. on-street car park users (scale of 0 to 10)	Dornier, S.A.
Number of centres with regulated on-street parking (Dornier, S.A.)	24
Number of users interviewed	1,172
User scores	
0 - 4	20.1%
5 - 6	42.1%
7 - 10	35.9%
No reply	1.9%
%>5 points	78.0%
Car park user satisfaction at Cintra Aparcamientos, S.A. and Estacionamientos Guipuzcoanos S.A. (EGUISA) (scale of 0 to 10)	Cintra Aparcamientos, S.A. and EGUISA
Number of off-street car park locations	41
Number of users interviewed	1,568

¹ This indicator refers to satisfaction of Ferrovial Inmobiliaria, S.A. customers in 2004 based on a survey conducted in 2005.

User scores	
0 - 4	3.41
5 - 6	34.01
7 - 10	62.56
No reply	0.02
%>5 points	96.57

SOCIETY

Support for socio-economic development Grupo Ferrovial, S.A.

See detailed list on pages 245-246.

HUMAN RESOURCES

Suggestion box Grupo Ferrovial, S.A.

Number of submissions via suggestion box 115

Proposals 64

Complaints 20

Comments 31

Breakdown of submissions by business area (%)

Construction 47.8

Services 7

Corporation 14.8

Infrastructure 5.2

Real Estate 7

Anonymous 18.2

Occupational safety Grupo Ferrovial, S.A.

Incidence index 115.5

Severity index 1.3

Frequency index 67.8

Indicators verified for Grupo Ferrovial and its subsidiaries and affiliates, based on the 2005 consolidated financial statements of Grupo Ferrovial, S.A. and its group of companies

2005

CORPORATE GOVERNANCE

Socially responsible investment (DJSI) Grupo Ferrovial, S.A.

Ferrovial total score 70

Ferrovial score - Economic dimension 79

Ferrovial score - Environmental dimension 71

Ferrovial score - Social dimension 63

ENVIRONMENT

Implementation of a certified environmental management system Grupo Ferrovial, S.A.

See list of certified companies in the table on Implementation of a Certified Environmental Management System on page 223.

ENVIRONMENT

Environmental Performance Index

EPI

The overall Environmental Performance Index for Ferrovial Agromán, S.A.'s construction business in Spain, based on a mathematical algorithm validated by the King Juan Carlos University and recognised by the UNESCO/Alfonso Martín Escudero Chair in Environmental Studies. The indicator is described in detail at www.canalconstruccionsostenible.com. The criteria used to calculate its variables are as follows:

- Weighted rating of the environmental impact caused by construction projects.
- Percentage of "ongoing projects" with environmental objectives set by the company in addition to those established by the project conditions. "Ongoing projects" are those between 10% and 85% complete. In June, the method for recognising "ongoing projects" was changed from the monthly figure to the year average.
- Proposed environmental fines. Until the final fine is levied, the Legal Department's estimate of the fine for each type of infringement is used.

Greenhouse gas emissions

Greenhouse Gas Emissions from waste

Tonnes of CO₂ equivalent (TCDE) emitted per tonne of waste received at municipal and similar solid and inert waste landfills managed by Cespa, S.A. in Spain in 2005.

Direct greenhouse gas emissions avoided by biogas capture

Direct TCDE emissions avoided, estimated from methane captured at municipal and similar solid and inert waste landfills managed by Cespa, S.A. in Spain in 2005. This was calculated using the factors recommended by the GHG Protocol Initiative (www.ghgprotocol.org).

Greenhouse gas emissions avoided by sorting

Avoided TCDE emissions, estimated from the amount of material reclaimed in sorting and triage by Cespa, S.A. in Spain in 2005. Calculated using the formulae recommended by the EPA (<http://yosemite.epa.gov/>) and the European Pollutant Emission Register (EPER)

Energy produced

Electricity produced from recovered biogas

GJ of electricity produced from biogas recovered in municipal and similar solid and inert waste landfills managed by Cespa, S.A. in Spain in 2005.

Heat produced from biogas

GJ of heat produced from biogas recovered in municipal and similar solid and inert waste landfills managed by Cespa, S.A. in Spain in 2005.

Implementation of a certified environmental management system

Implementation of a certified environmental management system

Grupo Ferrovial, S.A.¹ companies that had current ISO 14001 certificates in 2005.

AMEY includes certifications by Amey Infrastructure Services, Amey Mouchel JV, Amey Business Services (ABS) and Amey Group.

The Cespa group includes a total of 28 certificates corresponding to the following companies: Sogarisa, Cespa Conten S.A., Grupo Cespa (Private Customer Division), Grupo Cespa (Public Sector Customer Division), Cespa GR S.A., Contenedores Reus S.A., Cespa Ingeniería Urbana S.A., Ecoclinic S.L. and Ecocat S.L.

¹ Grupo Ferrovial, S.A. and its subsidiaries and associates, based on the 2005 consolidated financial statements of Grupo Ferrovial, S.A. and its group of companies.

QUALITY

Satisfaction of Ferrovial Inmobiliaria, S.A. customers	Average level of satisfaction reported by customers of Ferrovial Inmobiliaria, S.A. in Spain in 2004, on a scale of 0 to 10, during the various phases of the process (point of sale, signature, and delivery) and overall, based on a survey conducted by an independent company in 2005.
Satisfaction of Cespa, S.A. customers	Average level of satisfaction reported by customers of Cespa, S.A. in Spain in 2005, on a scale of 0 to 10, in the services provided by its various business areas (landfills, industrial waste, chemical cleaning, nuclear industry, etc.), based on a survey conducted by an independent company.
Satisfaction of Dornier, S.A. on-street car park users	Percentage of users responding to an independent survey who rated their satisfaction with the on-street car park service provided by Dornier, S.A. in Spain in 2005 (rating: 0-4, 5-6 and 7-10).
Off-street car park user satisfaction at Cintra Aparcamientos, S.A. and Estacionamientos Guipuzcoanos, S.A. (EGUISA)	Percentage of users responding to an independent survey who rated their satisfaction with the off-street car park service provided by Cintra Aparcamientos, S.A. and Estacionamientos Guipuzcoanos, S.A. (EGUISA) in Spain in 2005 (rating: 0-4, 5-6 and 7-10). The datum is the combined figure for both companies, weighted by the number of car parks.

SOCIETY

Support for socio-economic development	Projects by Grupo Ferrovial, S.A. in Spain in 2005 related to social and cultural activities
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HUMAN RESOURCES

Suggestion box

Number of submissions via suggestion box	Number of submissions (proposals, complaints and comments) made by employees via the Grupo Ferrovial, S.A. intranet in Spain in 2005.
Breakdown of submissions by business area (%)	Percentage of submissions by employees via the Grupo Ferrovial, S.A. intranet, by business area (Construction, Services, Corporation, Infrastructure, Real Estate, Anonymous) in Spain in 2005.

Occupational safety

Incidence index	Number of accidents which occurred during the working day for every thousand workers exposed in Spain in 2005. Formula: $II = \text{total number of accidents involving days away from work which occurred during the working day} \times 10^3 / \text{average number of workers}$. The method of logging and reporting workplace accidents and professional illnesses conforms to ILO and EUROSTAT criteria.
Severity index	Number of working days lost as a result of accidents at work or on the way to and from work, for every 1,000 hours worked in Spain in 2005. Formula: $SI = (\text{total number of working days lost per year}) \times 10^3 / (\text{number of hours worked})$. The method of logging and reporting workplace accidents and illnesses conforms to ILO and EUROSTAT criteria.
Frequency index	Number of accidents involving days away from work which occurred at work or on the way to and from work for every million hours worked in Spain in 2005. Formula: $FI = \text{total number of accidents involving days away from work which occurred during the working day} \times 10^6 / \text{number of hours worked}$. The method of logging and reporting workplace accidents and illnesses conforms to ILO and EUROSTAT criteria.

CORPORATE GOVERNANCE

Socially responsible investment (DJSI)	Score received by Grupo Ferrovial, S.A. ² as set out in the report by the Dow Jones Sustainability Index (DJSI). The details of the design, methodology and components of the DJSI are available at www.sustainability-indexes.com .
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² Grupo Ferrovial, S.A. and its subsidiaries and associates, based on the 2005 consolidated financial statements of Grupo Ferrovial, S.A. and its group of companies.

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AGENDA

1. Examination and approval of the financial statements - balance sheet, income statement and notes to financial statements - and the management report of the Company for the year ended 31 December 2005.
2. Examination and approval of the financial statements - balance sheet, income statement and notes to financial statements - and the management report of the Company's consolidated group for the year ended 31 December 2005.
3. Proposed distribution of income for the year 2005.
4. Examination and approval of the management of the Board of Directors in 2005.
5. Reappointment of Directors:
 - 5.1 Reappointment of Rafael del Pino y Calvo-Sotelo.
 - 5.2 Reappointment of Casa Grande de Cartagena, S.L.
 - 5.3 Reappointment of Portman Baela, S.L.
 - 5.4 Reappointment of José María Pérez Tremps.
 - 5.5 Reappointment of Juan Arena de la Mora.
 - 5.5 Reappointment of Santiago Eguidazu Mayor.
6. Reappointment of auditors for the Company and consolidated group for 2006.
7. Amendment of articles 12, 14 and 15 of the Company Bylaws in connection with convening and holding the Shareholders' Meeting and of article 26 of the Company Bylaws in connection with holding meetings of the Board of Directors.
8. Amendment of articles 6, 7, 8, 10, 12, 13, 17 and 18 of the "Shareholders' Meeting Regulation of Grupo Ferrovial, S.A." in connection with convening and holding the Shareholders' Meeting.
9. Remuneration of Senior Management and Board members with executive functions:
 - 9.1 Approval of an option plan on the Company's stock.
 - 9.2 Approval of participation by senior management, including members of the Board of Directors with executive functions, in a remuneration system consisting of the possibility of paying part of the variable remuneration in the form of Company shares.
10. Empowerment of the Board of Directors to increase capital by at most 70 million euro, in accordance with article 153.1.b) of the Spanish Corporations Law and, as appropriate, to exclude preferential subscription rights in accordance with article 159.2 of that Law.
11. Authorisation so that, in conformity with articles 75 and related articles of the Spanish Corporations Law, the company may acquire own shares directly or via controlled companies, and revocation of the previous authorisation resolved by the Shareholders' Meeting on 18 March 2005, and authorisation to allocate some or all of the own shares acquired to remuneration programmes whose purpose or mechanism is the delivery of shares or stock options, in accordance with article 75.1 of the Spanish Corporations Law.
12. Delegation of powers to formalise, register and execute the resolutions adopted by the Shareholders' Meeting and empowerment to formalise the deposit of the financial statements as referred to in article 218 of the Spanish Corporations Law.

ADDRESS LIST

GRUPO FERROVIAL

Príncipe de Vergara, 135
28002 Madrid

Tel. +34 91 586 25 00

Fax +34 91 586 26 77

FERROVIAL AGROMÁN

Ribera del Loira, 42
Parque Empresarial Puerta de las Naciones
28042 Madrid

Tel. +34 91 300 85 00

Fax +34 91 300 88 96

FERROVIAL INMOBILIARIA

López de Hoyos, 35
28002 Madrid

Tel. +34 91 586 99 00

Fax +34 91 586 25 56

FERROVIAL INFRAESTRUCTURAS

Plaza Manuel Gómez Moreno, 2
Edificio Alfredo Mahou
28020 Madrid

Tel. +34 91 418 56 00

Fax +34 91 555 12 41

FERROVIAL SERVICIOS

Serrano Galvache, 56
Edificio Madroño - Parque Norte
28033 Madrid

Tel. +34 91 338 83 00

Fax +34 91 388 52 38

SHAREHOLDER RELATIONS

Príncipe de Vergara, 135
28002 Madrid

Tel. 902 25 30 50

e-mail: accionistas@ferrovial.es

If you have any queries about any aspect of the Annual Report, please contact:

EXTERNAL RELATIONS AND COMMUNICATIONS DEPARTMENT

Príncipe de Vergara, 135
28002 Madrid

e-mail: comunicacion@ferrovial.es

www.ferrovial.com

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