Annual Report 2008

Engineering
Human Progress

http://report2008.ferrovial.com

Contents

Cover photo: A child walking through Heathrow's Terminal 5 (London, United Kingdom).

A saving of 7 tonnes of paper annually

Ferrovial has stopped printing its Annual Report for the second consecutive year.
All the contents in the Annual Report can be obtained from the company's website
☛ http://report2008.ferrovial.com

Letter from the Chairman

Dear shareholders,
The performance of Ferrovial in 2008 has been affected by the difficult global economic circumstances.

Nevertheless, the diversification and globalization of our business have increased our stability and reduced our exposure to any one sector or market. Today, our EBITDA stands at 2.7 billion euro, of which 90% is derived from activities other than our historic core business: construction. More than 80% comes from our growing presence in global markets, including the UK, the United States and Canada.

In our home market, we have taken steps to equip ourselves to weather the profound changes in the economy, and it is our enduring desire to invest in international transport infrastructure, creating value for shareholders and customers alike.

In the current crisis affecting the world's financial markets, any company's ability to raise finance is reflected in the long-term strength and quality of its assets. In August 2008, BAA secured a landmark re-financing which was one of the largest and most complex financial transactions completed anywhere in the world during the year.

At the end of 2008, Grupo Ferrovial had more than 10.5 billion euro in available credit lines, with 3.1 billion euro in cash. The company's net consolidated debt has been reduced by 20.3%. Excluding infrastructure projects, the group's net consolidated debt stands at 1.6 billion euro.

Nevertheless, it is important to consider the quality of the assets that secure the debt, and I am reassured that Ferrovial continues to generate healthy and operating cash-flow that can finance current investments and fuel future growth.

Ferrovial today has two key strengths. We are one of the world's leading infrastructure operators, working in a capital-intensive business with a long-term outlook and commitment. We are also leading players in the construction and services industries, which are less capital-intensive and generate cash-flow and net profits in the short-term.

We continue to apply our strong management capability to the design, construction, financing, operation and maintenance of some of the world's most attractive long-term assets, including two of the most resilient in the world at Heathrow Airport and the 407 Express

Rafael del Pino
Ferrovial Chairman
April 2009

Toll Route in Canada. Heathrow, which is the UK's only hub airport, handled nearly 67 million passengers in 2008, down just 1.4% on the previous year. In Canada, the number of people using the 407-ETR in Toronto increased, despite the worsening market conditions. Together, these assets contributed close to one billion euro in EBITDA, which is more than one-third of Ferrovial's consolidated gross operating income.

I am convinced that Ferrovial will emerge stronger from this global economic storm, bolstered by a robust business model and a long-term focus on sustainable investments. Today, we are focused on careful management of costs and cash-flow. As you know, these are fundamentals of the Ferrovial culture, and that will remain the case in future years.

We anticipate a better year in 2009, but there is no doubt that conditions will remain challenging in the extreme. Raising our performance will require a sharp focus on results, quality of service, cost control, efficiency and teamwork. We must also be flexible enough to respond to the changing world financial order.

I am confident that in all parts of the company we have an outstanding management team and hard-working employees, each of whom makes a valuable contribution to our common ambition to create the world's leading infrastructure company.

I am equally grateful for the continuing support of our shareholders, and I thank each of you for your patience and understanding during these challenging times.

Board of Directors

Chairman
Rafael del Pino
Executive and Proprietary

- **Chairman of the Board of Directors since 2000 and CEO since 1992**
- Civil Engineer (Polytechnic University of Madrid, 1981)
- MBA (MIT Sloan School of Management, 1986)
- Member of the Board of Directors of Banesto since 2003
- He is also a member of the European Advisory Board of the Harvard Business School, the MIT Sloan School of Management and Blackstone. Additionally, he forms part of the IESE International Advisory Board and was named «Global Leader for Tomorrow» by the World Economic Forum.
- He previously served on the Board of Uralita.

Vice Chairman
Santiago Bergareche Busquet
Independent

- **Board Member since 1999**
- Bachelor's Degree in Economics and Law (Deusto University)
- Non-Executive Chairman of Cepsa and of Dinamia Capital Privado
- Director of Vocento and Gamesa
- He joined the Group in 1995 as the Chairman of Agromán. Between February 1999 and January 2002, he served as the Chief Executive Officer of Grupo Ferrovial.

Jaime Carvajal y Urquijo
Independent

- **Board Member since 1999**
- He holds a Law Degree (Madrid) and a Master's Degree in Economics from Cambridge University (United Kingdom).
- Chairman of Advent International (Spain), Ericsson Spain; ABB S.A., Member of the Boards of both Aviva and Solvay Ibérica
- He has been Chairman of Ford España S.A. and Member of the Boards of Telefónica, Repsol and Unión Fenosa

Chief Executive Officer
Joaquín Ayuso García
Executive

- **Board Member since 2002**
- Civil Engineer
- He joined Ferrovial in 1982.
- He served as General Manager of the Construction Division between 1992 and January 2002.
- He has been the Chief Executive Officer of Grupo Ferrovial S.A. since 2002.

Directors
Portman Baela, S.L.
Proprietary

- **Board Member since 2000**
- Represented by Eduardo Trueba Cortés
- Bachelor's Degree in Economics and Law (ICADE, Madrid)
- Has been managing the Family Office of the Grupo Familiar del Pino since 1993.

Juan Arena de la Mora
Independent

- **Board Member since 2000**
- PhD in Engineering (ICAI), Bachelor's Degree in Business Studies, Degree in Psychology, Diploma in Fiscal Studies and AMP (Harvard Business School)
- Director and Member of the Audits, Appointments and Remuneration Committee, at Dinamia
- Director and Chairman of the Audits Committee at Laboratorios Almirall, and Board Member and Chairman of the Appointments and Remuneration Committee at Everis
- A former CEO and Chairman of Bankinter and a former Board Member at TPI, he was recently elected Chairman of the Fundación Empresa y Sociedad.
- Member of the Advisory Board of Spencer Stuart and the Chairman of the Advisory Board of Unience, a Member of the Board of Mentors of CMi, the Chairman of the Professional Board at the ESADE Business School, a Member of the European Advisory Board of the Harvard Business School, and the Board of Directors of the Deusto Business School.

Santiago Eguidazu Mayor
Independent

- **Board Member since 2001**
- Bachelor's Degree in Economics and Business, Commercial Technician and State Economist
- Chairman of the Grupo Nmás 1
- He has been a partner, and served as CEO and Vice Chairman of AB Asesores and Vice Chairman of Morgan Stanley Dean Witter, and a Board Member of Vocento.

Gabriele Burgio
Independent

- **Board Member since 2002**
- Law Degree and MBA at INSEAD in Fontainebleau (France)
- Executive Chairman of NH Hoteles since 1999
- CEO and Chairman of Grande Jolly Hotels S.p.A. since 2008
- He previously served as CEO of Cofir and worked for Bankers Trust in both USA and Italy.

Santiago Fernández Valbuena
Independent

- **Board Member since May 2008**
- Bachelor's Degree in Economics (Complutense University of Madrid), PhD in Economics and Master's Degree (Northeastern University, Boston)
- In 1997, he joined Grupo Telefónica as CEO of Fonditel. In 2002, he was appointed CFO, and he currently contributes to the financial duties of the Affiliated and Investee Companies and Corporate Development transactions.
- Board Member of Portugal Telecom
- He has served as the Managing Director of the Société Générale Equities and the Stock-Exchange Director of Beta Capital. Professor of Applied Economics at both Complutense University and the Instituto de Empresa.

María del Pino
Proprietary

- **Board Member since 2006**
- Bachelor's Degree in Economics and Management Development from the IESE Business School (Instituto de Estudios Superiores de la Empresa)
- Chairwoman of the Fundación Rafael del Pino
- Board Member of the Asociación para el Progreso de la Dirección (APD, business management association)
- Member of the Board of Trustees of the Fundación Codespa
- Member of the Board of Trustees of the Fundación Científica de la Asociación Española Contra el Cáncer (Scientific Foundation of the Spanish Association Against Cancer)

Director and General Secretary
José Mª Pérez Tremps
Executive

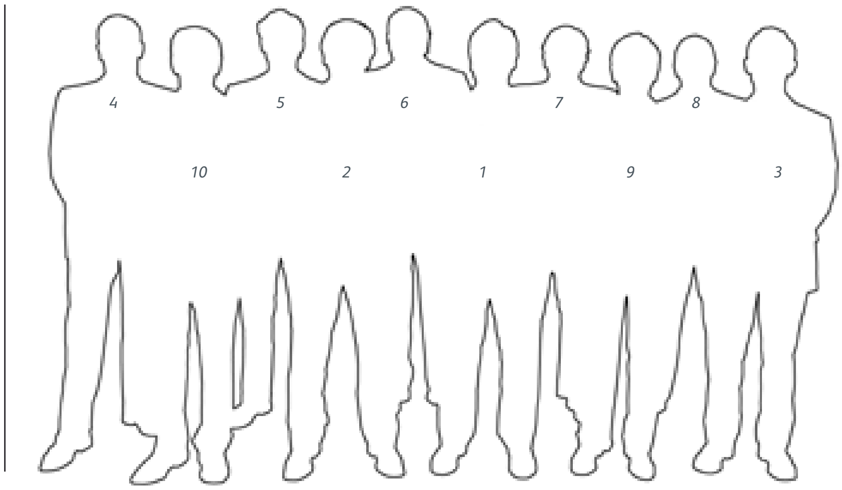
- **Board Member since 1992**
- Degree in Law
- Council of State Lawyer and Member of the State Senior Civil Service
- Former Secretary of the Board of Directors and Legal Advisor for the National Institute of Industry
- He has served as the General Secretary of Grupo Ferrovial since 1990.

Management Committee

CEO
Joaquín Ayuso (1)
Born in 1955, he is a Civil Engineer. He joined Ferrovial in 1982 and became the Managing Director of the Construction Area in 1992. Between 1999 and January 2002, he served as the CEO of Ferrovial Agromán. He has been CEO of Ferrovial since 2002.

Director and General Secretary
José Mª Pérez Tremps (2)
Born in 1952, he is a Council of State Lawyer and a Member of the State Senior Civil Service. He joined Ferrovial in 1990 as the General Secretary, and since 1992 he has also served as a Member of the Board of Directors of the Group's parent company.

CEO of Ferrovial Agromán (Construction)
Alejandro de la Joya (3)
Born in 1967, he is a Civil Engineer. He joined Ferrovial in 1991 and since then he has been, among other roles, Regional Director in Morocco, Italy and Portugal, later going on to be Director for Poland. From 2005 to March 2008, he was Head of International Construction.



CEO of Ferrovial Aeropuertos
Íñigo Meirás (4)
Born in 1963, he holds a Degree in Law and an MBA from the Instituto de Empresa Business School. He joined Ferrovial in 1992. He was the Managing Director of Autopista del Sol and Director of Highways at Cintra until November 2000, when he was named CEO of Ferrovial Servicios and he became part of the Management Committee. He has been CEO of Ferrovial Aeropuertos since May 2007.

CEO of Ferrovial Servicios
Santiago Olivares (5)
Born in 1967, he holds an Industrial Engineering Degree from ICAI and an MBA from MIT. He joined Ferrovial in 2002 as the Business Development Director for the Services Division. He later became the Director of the division's International Area, a position that he shared with his duties as the CEO of Swissport until May 2007. Since then, he has been CEO of Ferrovial Servicios.

CEO of Cintra (Toll Roads and Car Parks)
Enrique Díaz-Rato (6)
Born in 1958, he is a Civil Engineer and holds a Bachelor's Degree in Economics and an MBA from the EOI Business School. He joined Ferrovial in 2001 as the General Manager of Cintra Chile. In 2003, he was appointed Managing Director of the 407-ETR in Toronto (Canada), and in April 2006 he became the Director of Highways for the United States, Canada, Chile and Ireland, until July 2006, when he was appointed CEO of Cintra.

CEO of the Real Estate Division
Álvaro Echániz (7)
Born in 1960, he holds a Bachelor's Degree in Business Studies. He joined Ferrovial with the takeover of Agromán, where he held the position of Chief Financial Officer. Between 1999 and September 2002, he was the Managing Director of Cintra, and has served as the CEO of Ferrovial's Real Estate Division since December 2006.

Chief Financial Officer
Nicolás Villén (8)
Born in 1949, he is an Industrial Engineer with an MBA from Columbia University and a Master of Science from the University of Florida. He joined Ferrovial in 1993.

General Director of Human Resources
Jaime Aguirre de Cárcer (9)
Born in 1951, he holds a Bachelor's Degree in Law and Business Administration (ICADE-ICAI in Madrid). He joined Ferrovial in 2000. Since then he has been General Director of Human Resources.

Chief Information Officer (CIO)
Federico Flórez (10)
Born in 1960, he is a Naval Engineer with a Master's Degree in Business Administration and IT Management, PAD IESE Business School, Advanced Management Program at the INSEAD and holds diplomas given by Harvard, MIT and Cranfield. He has worked for IBM, Alcatel and Telefónica. Formally he was CIO at the Banco de España (Bank of Spain).

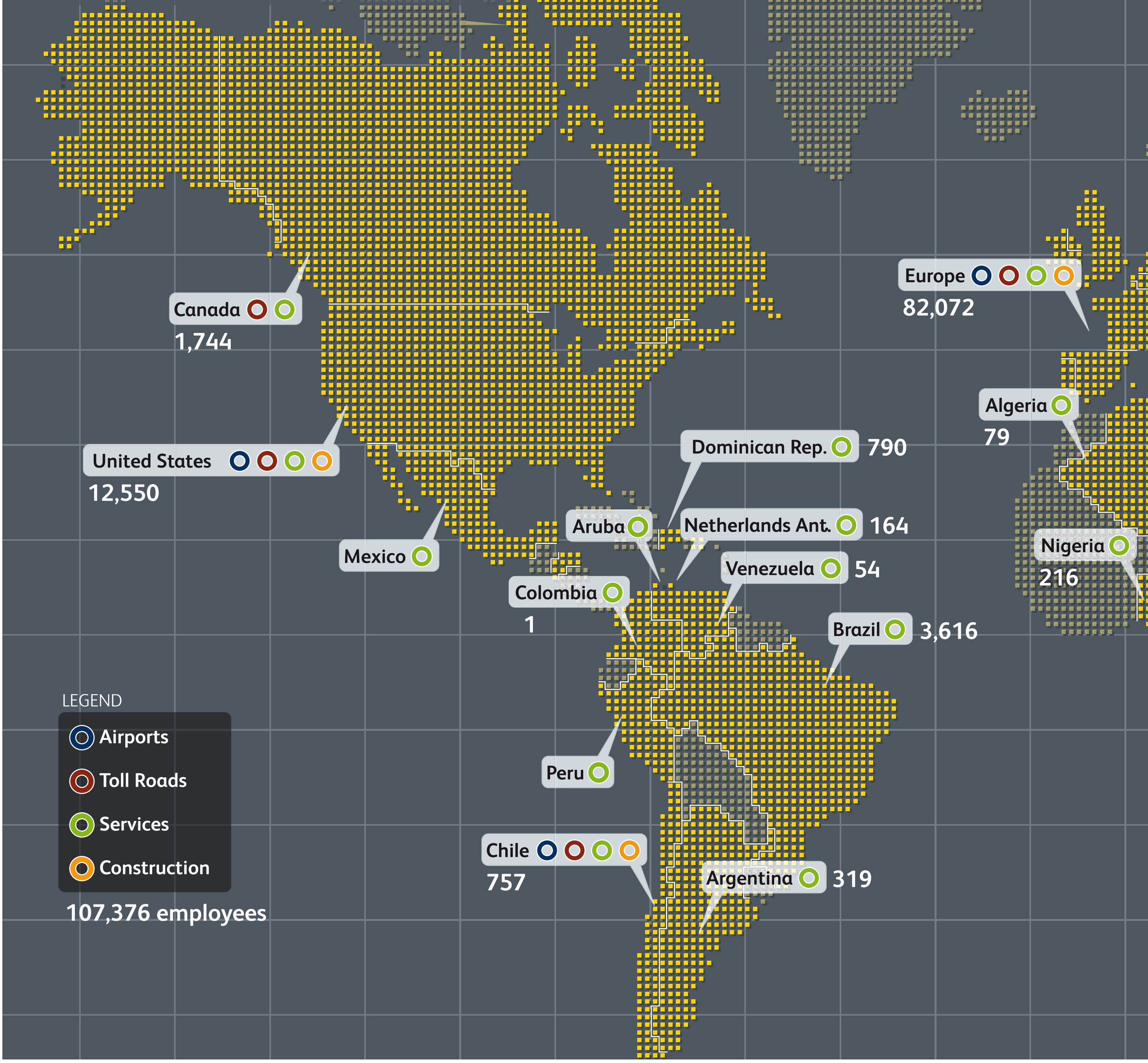
Description of the Group

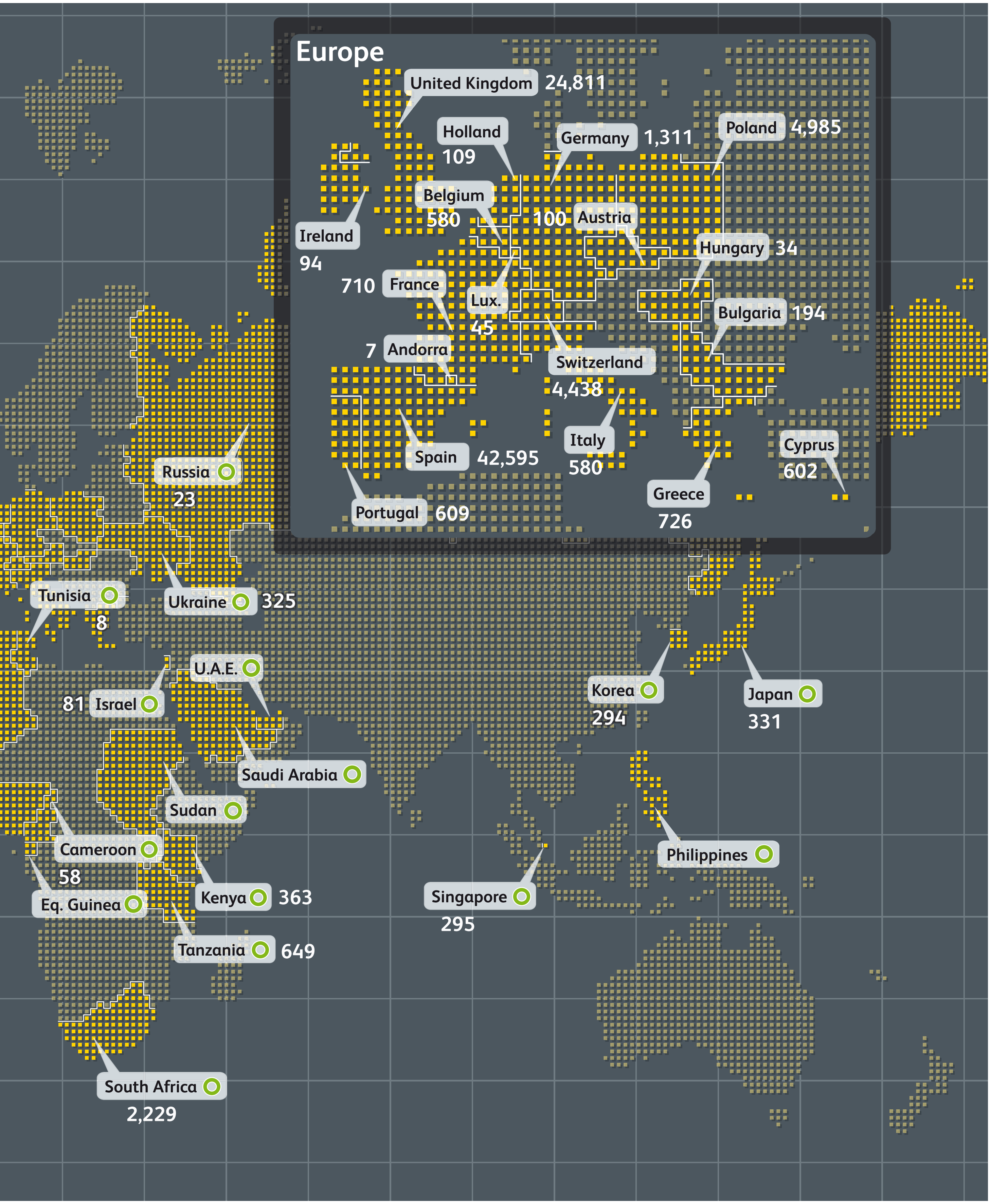
An employee working on the construction of Heathrow's Terminal 5. (London, United Kingdom)

International presence in 2008

Global infrastructure company

Ferrovial is a diverse and global company, with a workforce comprised of more than 107,376 employees, located in 49 countries.
The group is the world's largest private infrastructure company in terms of capital invested, with operations covering airports, toll roads & car parks, services and construction.




Europe
United Kingdom 24,811
Holland 109
Germany 1,311
Poland 4,985
Belgium 580
100 Austria
Ireland 94
Hungary 34
710 France
Lux. 45
Bulgaria 194
7 Andorra
Switzerland 4,438
Italy 580
Spain 42,595
Cyprus 602
Portugal 609
Greece 726
Russia 23
Tunisia 8
Ukraine 325
U.A.E.
81 Israel
Korea 294
Japan 331
Saudi Arabia
Sudan
Philippines
Cameroon 58
Eq. Guinea
Kenya 363
Singapore 295
Tanzania 649
South Africa 2,229

Main figures

Financial data	2008	2007	2006	2005	2004	08/07
Net revenues	**14,126**	14,630	12,355	8,321	7,254	**-3%**
EBIT	**1,550**	1,911	1,459	714	717	**-19%**
Net income	**-838**	734	1,426	416	529	**-215%**
Earnings per share	**-6.04**	5.24	10.18	2.97	3.77	**-215%**
Total Assets	**48,203**	51,587	54,980	21,498	15,161	
Equity	**3,692**	6,848	6,662	2,968	2,518	
Gross Capital Expenditure	**971**	997	4,446	1,665	389	
Net debt/(Cash)	**1,664**	1,937	3,064	272	(139)	
Total gross dividend	**69**	161	140	126	115	

Operating data					
Average number of employees	**106,596**	102,425	88,902	57,247	49,892
Construction backlog	**8,756**	9,130	8,023	7,500	6,721
Services backlog (1)	**9,714**	9,726	8,629	7,174	4,973

Ratios					
Operating Margin	**11.0%**	13.1 %	11.8 %	8.6 %	9.9 %
Net Margin	**-5.9%**	5 %	11.5 %	5 %	7.3 %
Leverage	**45%**	28 %	46 %	9 %	-
Pay-out	**-**	22 %	10 %	30 %	22 %

Per share data					
Capitalization	**2,746**	6,750	10,373	8,205	5,515
Year-end share price	**19.58**	48.12	73.95	58.5	39.32
Average daily trading volume	**43.4**	66.0	47.9	27.5	12.7
Gross dividend per share	**2.00**	1.15	1.00	0.90	0.82
Appreciation in the year	**-59%**	-35 %	26 %	49 %	42 %
No. of shares at year-end	**140,264,743**	140,264,743	140,264,743	140,264,743	140,264,743

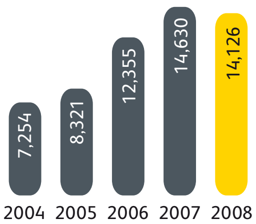
Million euro

(1) Does not include the Tube Lines backlog

GROWTH AND PROFITABILITY

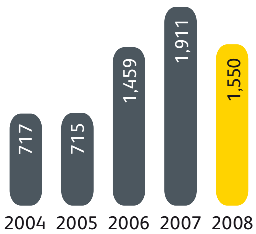
Revenues
CAA % 08/04 18%

Million euro



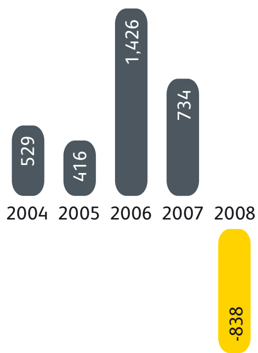
EBIT
CAA % 08/04 21%

Million euro



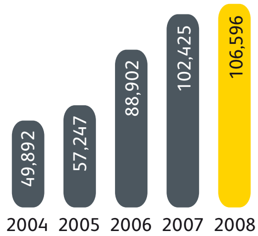
Net income

Million euro



Evolution of number of employees
CAA % 08/04 18%

Million euro

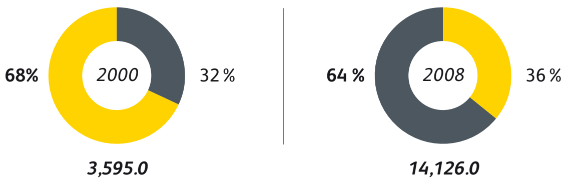


INTERNATIONALIZATION

Revenues

Million euro

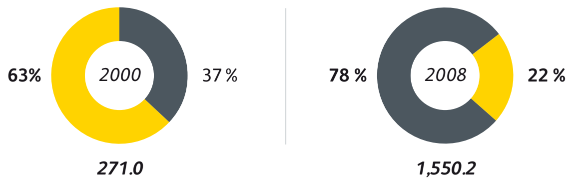
- Spain
- International



EBIT

Million euro

- Spain
- International



DIVERSIFICATION

Revenues

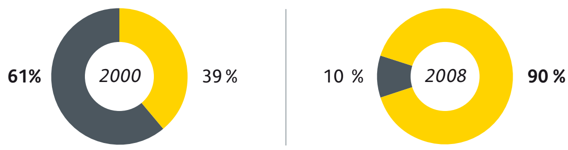
In percentage

- Non recurrent (Infraestructures y Services)
- Recurrent (Construction and Real State)

EBIT

In percentage

- Non recurrent (Infraestructures y Services)
- Recurrent (Construction and Real State)



Construction	2008
Revenues	5,155.1
EBIT	211.9
Margin	4.1 %
Backlog	8,756.3
Operating Cash flow	375.0

Million euro

Airports	2008
Revenues	3,308.5
EBIT	545.5
Margin	16.5 %
Operating Cash flow	16.0

Million euro

Services	2008
Revenues	4,669.8
EBIT	303.7
Margin	6.5 %
Backlog	9,713.8
Operating Cash flow	288.0

Million euro

Toll roads and car parks	2008
Revenues	1,081.1
EBIT	518.4
Margin	4.8 %
Operating Cash flow	433.0

Million euro

Significant events

- **Abolition of the Industrial Building Allowance (IBA) by the UK Government**
  2008 Results include a non-recurrent negative impact of 871 million euro due to a fiscal change in the Industrial Buildings Allowance (IBA) in the UK. This effect does not imply a cash outflow. Excluding this impact, net profit totaled 33 million euro.

- **Sale of World Duty Free (WDF) to Autogrill**
  On 10 March 2008, BAA announced that it had agreed to sell World Duty Free Europe Limited (WDF) to Autogrill S.p.A. for 546.6 million pounds. WDF will enter into a 12-year concession agreement for the operation of duty free stores at BAA's seven UK airports.

- **CAA tariff review**
  On 11 March 2008, the CAA announced the price review for BAA for the next five years. BAA remains committed to transforming Britain's airports, and will spend 4.8bn pounds (approx. 6.27bn euro) in the next five years doing so.
  BAA believes, however, the Review does not recognize sufficiently: the scale of the task the company is embarked on; the pressures of handling such large airport infrastructure projects; the full cost of the increased security requirements; as well as the impact of the credit market turmoil.

- **Agreement of partial sale of Airport Property Partnership (APP)**
  On 21 March 2008, an agreement was reached to sell 33 assets of The Airport Property Partnership to the The Arora Family Trust, for a price of 265 million pounds. This transaction includes the sale of two properties that are currently in the construction phase, which BAA and Morley will fincance until completed. The transferred assets represent approximately one fourth of the total portfolio value of APP.

- **Completion of BAA refinancing**
  BAA successfully completed its refinancing process in August, which allowed the company to reduce its average cost of financing to 7.5% from the previous 7.8%, with further reductions coming as the draws on bank loans decline. The refinancing process guarantees the company's investment plan in the forthcoming years and includes over 2.7bn pounds of committed facilities to fund investment projects.
  Simultaneously, the shareholders injected new capital into ADIL, which, in accordance with the new equity stake of 492 million pounds, resulted in a 424 million pound capital injection into BAA. The refinancing arrangement includes the migration of existing bonds and the substitution of debt with new bank debt that will be eventually be replaced with

new bond issues once the financial markets allow, as well as the sale of assets such as the already announced sale of Gatwick.

- **Sale of Belfast City Airport by Ferrovial Aeropuertos**
  On 6 September 2008, Ferrovial Aeropuertos S.A. announced an agreement for the sale of shares representing 100% of the company Belfast City Airports Limited to ABN Amro Global Infrastructure Fund, with the participation of Faros Infrastructure Partners LLC, for 132.5 million pounds. The deal is part of Ferrovial's strategy to focus its UK airport business on BAA, manager of various UK airports.

- **Sale process of Gatwick Airport**
  On 17 September 2008, BAA announced its decisión to begin the sale process for the Gatwick Airport in response to the provisional findings of the UK Competition Commission. Gatwick is one of Europe's premier airports; it is the busiest single-runway airport in the world and was used by 35 million passengers last year.

- **Cintra Merger**
  On 19 December 2008, Ferrovial confirmed that it had commenced an analysis of a potential merger with its subsidiary Cintra. This analysis involves considering the strategic options for the group's development with a view to creating the maximum value for the two companies and their respective shareholders. The Related-Party Transactions Committee has been entrusted with overseeing the process of analysis and decision-making regarding the merger, and to that end it has been given the status of «Merger Committee». This Committee consists solely of external, non-proprietary directors, the majority of whom are independent. Cintra has decided to designate a financial institution as financial advisor to the company for the process, which will carry out the necessary valuation work, to issue a fairness opinion on asset valuation if and when one is proposed. This operation is not due to any particular requirement of Ferrovial's, but rather the company's strategy and business logic in the new financial world.

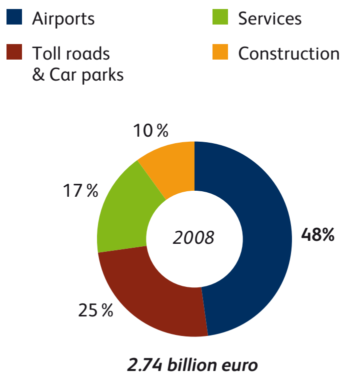
- **Events after the close**
  - The British government has approved a third runway for Heathrow (15 January 2009).
  - The Polish Ministry of Infrastructure awarded Cintra the contract for the construction and operation of the A1 Stryków I – Pyrzowice toll road (23 January 2009).
  - Cintra selected as «Best Value Proposal» for the North Tarrant Express in Texas (29 January 2009).
  - Cintra selected as «Best Value Proposal» for the IH-635 Managed Lanes in Texas (26 February 2009).

Engineering Human Progress

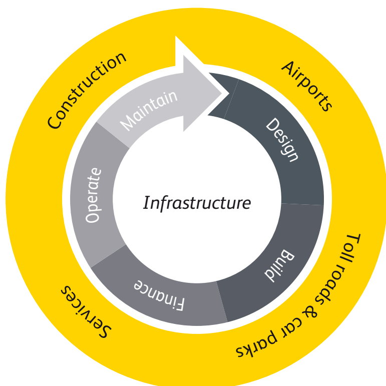
Ferrovial is the largest private transport infrastructure operator in the world in terms of capital invested, and owns two of the best private assets: Heathrow Airport (United Kingdom) and the 407 Express Toll Route (Canada). In all, its assets are valued at more than 48 billion euro.

Access ramp to Heathrow Airport (London, United Kingdom)

EBITDA 2008



DBFOM



More than 90 % of the Group's EBITDA comes from the Airports, Toll roads and Car parks and Services divisions.

The Ferrovial model focuses on integrated infrastructure management: «design, build, finance, operate and maintain» projects (DBFOM).

The strategy of geographical and business diversification developed by Ferrovial in recent years is reflected its financial results. Revenues generated outside Spain now represent 64% of the total.

Eighty per cent of the company's assets are located in countries such as the United Kingdom, Canada, United States, Chile, Portugal, Ireland and Greece. 82% of the EBITDA comes from activity outside Spain.

Ferrovial is the number one private infrastructure operator in the world in terms of capital invested according to the magazine PWF *(Public Works Financing)*, one of the 200 most widespread global businesses *(Forbes Magazine)* and one of the Fortune Global 500 companies in terms of revenues. It is also one of the most sustainable enterprises, as demonstrated by its presence, for the seventh consecutive year, in the Dow Jones Sustainability Index (DJSI), as well as belonging to the FTSE4Good, ASPI Eurozone and Ethibel.

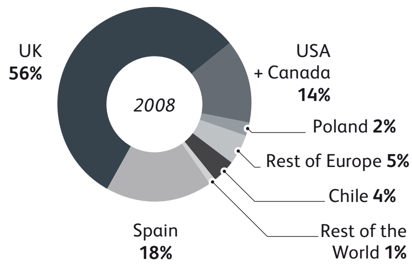
Ferrovial owns two of the best private assets in the world: Heathrow Airport and the 407 Express Toll Route.

Heathrow's T5 is one of Europe's best airport terminals according to Airport Council International (ACI). The inauguration of Terminal 5 in March 2008 signalled the beginning of a radical change at this airport. 80% of passengers will be using new or refurbished facilities by 2012.

The **407-ETR** toll road refinanced its debt in 2008, which reflects the quality of this asset. Traffic remained stable compared to the previous year, in spite of a generalized decrease in traffic worldwide. Moreover, in 2008 it improved its revenues.

This toll road boasts a pioneering toll system without barriers (freeflow), in which drivers freely enter and leave, thus eliminating the need to queue to collect a ticket and to pay.

EBITDA by country



2.74 billion euro

- **82%** *of the EBITDA obtained outside of Spain*
- **49** *countries in which Ferrovial is present*
- **2.68 billion euro** *operating cash flow*
- **10.47 billion euro** *liquidity*
- **3.11 billion euro** *cash*
- **7%** *of the total debt is at the parent company level*

407-ETR (Toronto, Canada)

Airports

Ferrovial is the number one private airport operator in the world, with seven airports in the United Kingdom, one in Italy (Naples) and one in Chile (Antofagasta). These airports are used by 152 million passengers annually.
They serve 434 airlines traveling to approximately 1,000 destinations worldwide.

Ferrovial Aeropuertos
Ferrovial Aeropuertos is the division that incorporates all of Ferrovial's airport management and operations. This business has nine airports with traffic volume over 152 million passengers at year end.
The UK airports (Heathrow, Gatwick, Stansted, Southampton, Glasgow, Edinburgh and Aberdeen) form the core of the division with 145.8 million passengers in 2008.

- *www.ferrovial.com*
- *www.baa.com*

They total 9 runways and 16 terminals, which in 2008 hosted 337 airlines, flying to 811 destinations. The three London airports alone (Heathrow, Gatwick & Stansted), serve approximately 123.4 million passengers every year.
In Italy, Ferrovial owns Naples Airport, which was used by over 5.6 million passengers in 2008. It also manages the airport at Cerro Moreno in Antofagasta (Chile).

2008 was a very important year in the development of the long-term strategy of the airports division in the UK, thanks to such events as the inauguration of Terminal 5 (T5) and the refinancing of BAA, carried out in August of 2008.

The refinancing of BAA's debt has allowed the company to reduce its average cost of financing to 7.5% from the previous 7.8%, with further reductions coming as the draws on bank credit lines decline. The refinancing process guarantees the company's investment plan and includes over 2.70 billion pounds of committed facilities to fund investment projects.

Heathrow's new Terminal 5 was inaugurated on 27 March 2008 and has become one of the most emblematic buildings in the UK. A total of 30 million passengers per year pass through these facilities, which required an investment of 4.30 billion pounds. Since the construction work began in September 2002, nearly 60,000 people have invested 100 million hours in Terminal 5.

BAA recorded revenues of 3.29 billion euro in 2008. In comparable terms with the previous year and in pounds sterling, this represents an annual increase of 15.2%. The increase was due to tariff increases in 2008 and the minimal decline in the number of passengers (-2.7%). EBITDA rose 13.6% in comparable terms to 1.35 billion euro thanks largely to the excellent management of costs.

The total number of passengers reached 151.4 million euro. Although domestic air travel in the United Kingdom has been declining, international flights, with their greater margins and occupancy rates have been resisting strongly.

The London airports are regulated by the Civil Aviation Authority (CAA). The new tariff reviews were approved for Heathrow and Gatwick and apply from 1 April 2008 for the next quinquenium. The tariff review for Stansted for the five years has also been fixed.

On 19 March 2009, the UK Competition Commission (CC) published its final report on the investigation of BAA's airports in the UK. The report obliges BAA to sell two of its airports in London (Gatwick and Stansted) and one in Scotland (to choose between Edinburgh and Glasgow).

In its response, BAA said it was considering the Competition Commission's report carefully, whilst stating that the Commission's analysis is «flawed and its remedies may be impractical in current economic conditions».

The three Scottish airports owned by BAA – Glasgow, Edinburgh and Aberdeen – have had a satisfactory year, handling more than 20 million passengers flying to 197 destinations throughout the world.

In 2008, BAA sold a part of its stake in Airport Property Partnership (APP) and in May its division of World Duty Free Europe Limited (WDF).

Since August 2006, BAA has made the following progress:

- Between August 2006 and April 2008, as a result of the increased security required by the British authorities, there was a considerable increase in security personnel hired - a total of 3,170 new contracts. The number of these employees thus rose from 3,325 to 6,495, an increase of 95%, during this period.
- Investments made in new metal detectors and X-ray scanners will lead to substantial improvements, both qualitative and quantitative, in airport security processes. The new technology will allow liquids and personal computers to pass through security controls without needing to be removed from hand luggage, which reduces queues and waiting times.

As a result of all these measures, operations at BAA's airports have substantially improved, e.g. in the time to pass security controls (95% of passengers at Heathrow security pass through in less than 5 minutes, compared with 37% in 2006), and improvements in down time on facilities which affect the passenger, such as elevators, escalators or travelators (in operation 99.5% of the time). Passenger perception has been steadily improving in recent years, in areas such as the cleanliness, atmosphere, queuing time for baggage collection and wayfinding, among others.

Number of airlines at BAA's UK airports

BAA Airport	2004	2005	2006	2007	2008
Heathrow	90	88	90	92	**94**
Gatwick	91	93	82	79	**75**
Stansted	34	41	43	46	**47**
Glasgow	45	42	34	31	**40**
Edinburgh	38	39	39	36	**39**
Aberdeen (*)	19	21	20	20	**27**
Southampton	10	12	9	10	**45**

* Only fixed wing

Number of destinations from BAA's UK airports

BAA Airport	2004	2005	2006	2007	2008
Heathrow	189	184	184	187	**186**
Gatwick	210	218	220	227	**215**
Stansted	155	161	169	182	**177**
Glasgow	82	84	84	84	**86**
Edinburgh	62	59	68	100	**75**
Aberdeen (*)	34	39	36	45	**36**
Southampton	32	36	40	41	**36**

* Only fixed wing

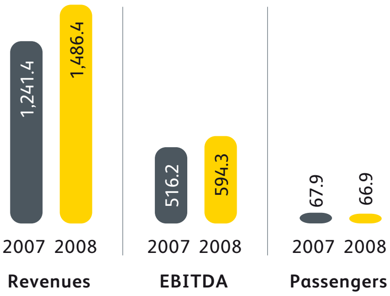
Heathrow

Traffic totaled 66.9 million passengers. Revenues grew by 19.7% to reach 1.49 billion pounds and EBITDA increased to 594.3 million pounds.

Heathrow Airport's Terminal 5 (London, United Kingdom)

Heathrow

Million pounds & pax.



www.heathrowairport.com

OPERATIONS

Thanks to the investments in improving airport quality in security controls and queues, passenger satisfaction levels rose 3.91 points to 4.05 (5=excellent; 1=poor), making Heathrow the BAA airport with the strongest growth in satisfaction levels (+4%). In 2008, the time spent in security queues declined to less than 10 minutes for 95% of the time.

TERMINAL 5

The opening of T5 in Heathrow was the first step in the airport's transformation, allowing for an improvement in the quality of service throughout the airport. Having overcome the initial opening difficulties, the T5 was selected as the best airport terminal in Europe in user satisfaction by the Airports Council International´s Airport Service Quality Survey.

IMPROVEMENT OF FACILITIES

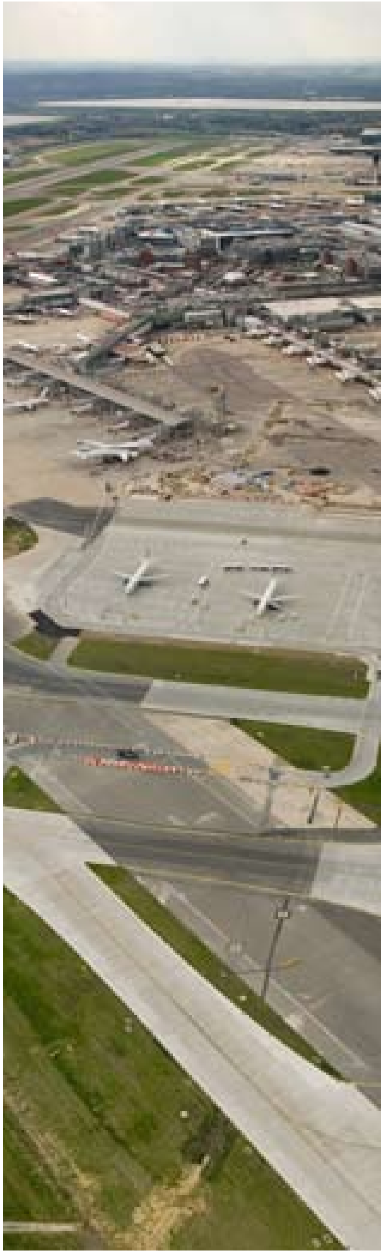
The investment program through March 2013 (primarily the construction of the new Terminal 2, totally replacing the current one, and the refurbishment of Terminals 3 and 4), will allow for 80% of passengers to use totally new and refurbished facilities.

APPROVAL OF THE THIRD RUNWAY

In January 2009, the UK Government gave its support to the construction of a third runway at Heathrow, which represents a crucial step forward in the future development of Ferrovial Aeropuertos strategy of investment and growth.

HEATHROW EAST

Heathrow received approval for the new Heathrow East Terminal. The Terminal will be built in the space occupied by Terminal 2 and the Queen's Building, and will have capacity for 30 million passengers. The new terminal will be a symbol of respect for the environment, with a 40% reduction in carbon emissions.



Aerial view of Heathrow Airport (London, United Kingdom)

- *Opened in* **1946**
- **2** *runways*
- **5** *terminals*
- **94** *airlines*
- **186** *destinations*
- **66.9 million** *passengers per year*
- **473,000** *flights per year*
- **1.4 million** *tonnes cargo per year*
- **1,227 ha** *total surface area*

The Heathrow Express service from Heathrow Airport (London, United Kingdom)

HEATHROW EXPRESS

- This is UK's favorite railway service with satisfaction levels of 96%.
- Since the end of 2006, the company has substantially reduced costs and it has also managed to increase revenues through new services, such as launch of the *wifi* network for Internet access from the train and the installation of the first video wall in Europe: 450 screens installed in the tunnels which broadcast 15-second advertisements and which have become an experience that is part of the journey for passengers as well as a source of revenues.
- There was an increase in passengers in 2008, with the total reaching 4.9 million due to the opening of T5.

- *Opened in* **1988**
- **From Paddington Station to all Heathrow terminals (including T5)** *non-stop service*
- **7** *trains*
- **15 min.** *travel time*
- **4.9 million** *passengers per year*

www.heathrowexpress.com

HEATHROW CONNECT

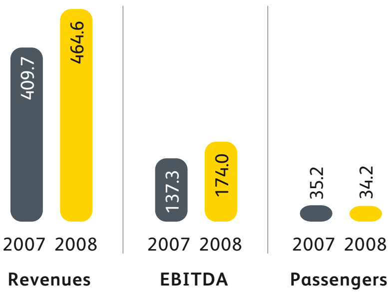
- This service, created in 2005, registered a 67% increase in the number of passengers to 500,000. This growth surpassed the company's expectations. The number of carriages has been increased from 4 to 5 due to the increase in demand and the extension of the service to Terminal 4.

- *Opened in* **2005**
- **From Paddington Station and local stations to Heathrow Airport (including T5)** *service*
- **5** *trains*
- **25 min.** *travel time*
- **0.5 million** *passengers per year*

www.heathrowconnect.com

Gatwick

Million pounds & pax.



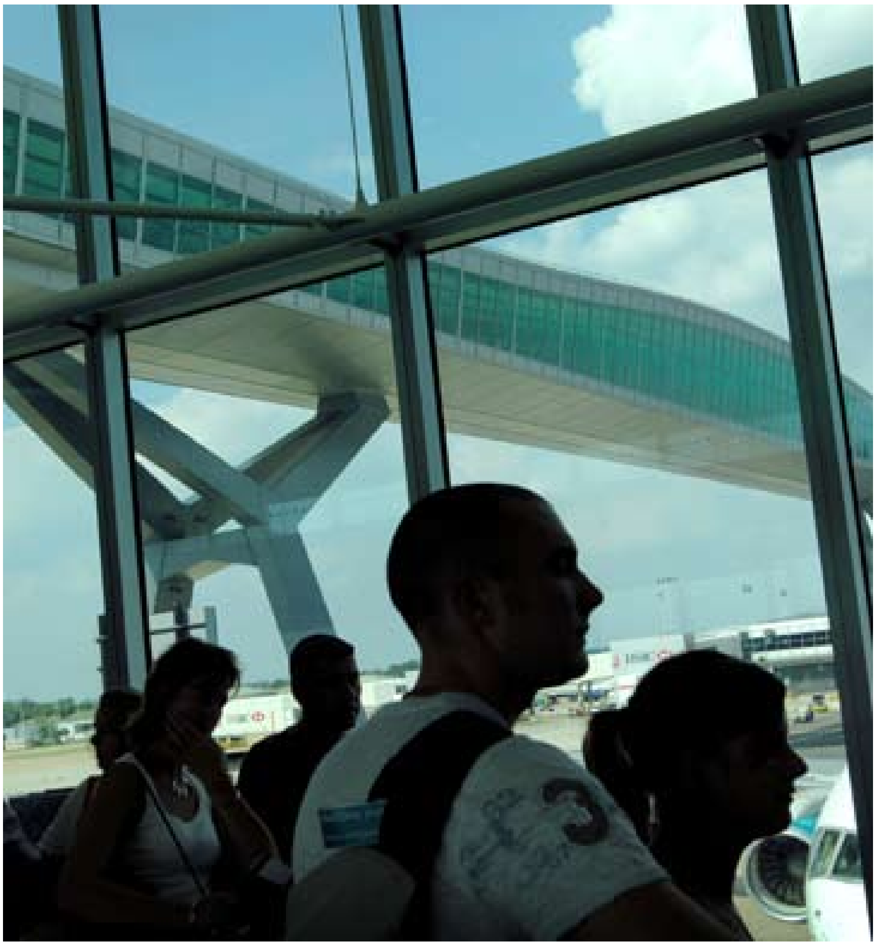
- *Opened in* **1958**
- **1** *runway*
- **2** *terminals*
- **75** *airlines*
- **215** *destinations*
- **34.2 million** *passengers per year*
- **256,000** *flights per year*
- **108,000 tonnes** *cargo per year*
- **678 ha** *total surface area*

www.gatwickairport.com

Gatwick

Passengers passing through Gatwick in 2008 totaled 34.2 million. Revenues increased by 13.4% to 464.6 million pounds, while the airport generated EBITDA of 174 million pounds.

- Gatwick has been recognized by passengers as the best of the 10 busiest European airports for time spent in security queues according to the worldwide ranking published by the Airports Council International (ACI). The airport hired 650 new security officers in 2008 and made a substantial investment in new equipment (seven new security lanes).
- Gatwick was also awarded the Travel Bulletin Star Award for Best Major UK Airport for the fifth consecutive year.
- Gatwick's customers will this year be able take advantage of a new internet home page, part of the improvements being made to the company's website. Prior to the end of 2008 all of the airports run by Ferrovial's British subsidiary have renewed their website home pages. The new website of this London airport has a cleaner and fresher design, providing simpler and faster browsing and better technology for flight information.
- Passenger satisfaction at the airport in 2008 rose from 3.94 points to 4.05.
- Put on sale on September 2008.



Gatwick Airport (London, United Kingdom)

Stansted

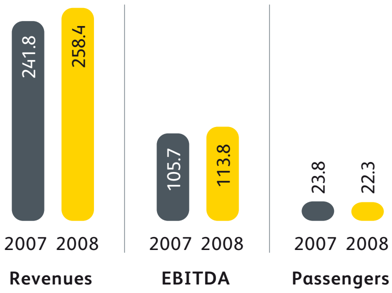
Revenues rose 6.9% to 258.4 million pounds, in spite of a 6% decline in the number of passengers, to 22.3 million. EBITDA increased to 113.8 million pounds.

Stansted Airport (London, United Kingdom)

- Stansted is third largest airport in the United Kingdom, with almost 22.3 million passengers per year.
- In October 2008, the British government granted BAA permission to build a second runway within the extended boundaries of the airport. This option will allow for an increase in traffic to 35 million passengers per year.
- Stansted is Britain's largest airport with ISO 14001 certification. The airport's certificate is valid until October 2011.
- In July 2008 the airport opened the new 5,900 m² extension to the terminal's arrivals area, including a sixth baggage reclaim belt, and extra desk space for immigration control. There are also new shops, more comfortable waiting areas and better transport facilities. The total cost of the project was 40 million pounds.

Stansted

Million pounds & pax.

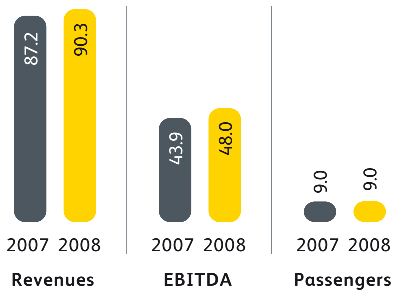


- *Opened in* **1991**
- **1** *runway*
- **1** *terminal*
- **47** *airlines*
- **177** *destinations*
- **22.3 million** *passengers per year*
- **177,000** *flights per year*
- **199,000 tonnes** *cargo per year*
- **957 ha** *total surface area*

www.stanstedairport.com

Edinburgh

Million pounds & pax.



- Opened in **1977**
- **2** *runways*
- **1** *terminal*
- **45** *airlines*
- **75** *destinations*
- **9 million** *passengers per year*
- **114,000** *flights per year*
- **10,000 tonnes** *cargo per year*
- **336 ha** *total surface area*

www.edinburghairport.com

Edinburgh

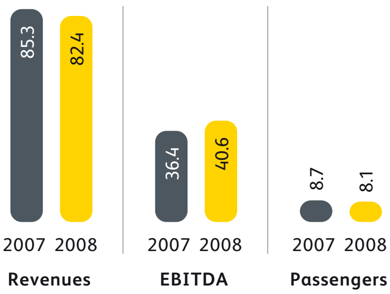
The number of passengers remained stable at 9 million, while revenues rose 3.5% to 90.3 million pounds. The airport generated EBITDA of 48 million pounds.

- Edinburgh is Scotland's busiest airport with 9 million passengers and around 75 destinations.
- Passengers flying on certain airlines can now make their connections faster through the new auto check-in facilities installed at the airport in 2008. Passengers flying Air France, KLM and Flybe have the option of checking in at any of the 10 auto check-in counters available.
- The project to improve Scotland's most saturated airport runway, with 114,000 flights daily, began in April 2008 and was concluded ahead of schedule on 20 November the same year. The total cost was 16 million pounds. The project used 25,000 metric tonnes of asphalt and replaced 1,000 runway lights. The improvements will extend the useful life of the runway for another 15 years.

Aeropuerto de Edimburgo (Edimburgo, Reino Unido)

Glasgow

Million pounds & pax.

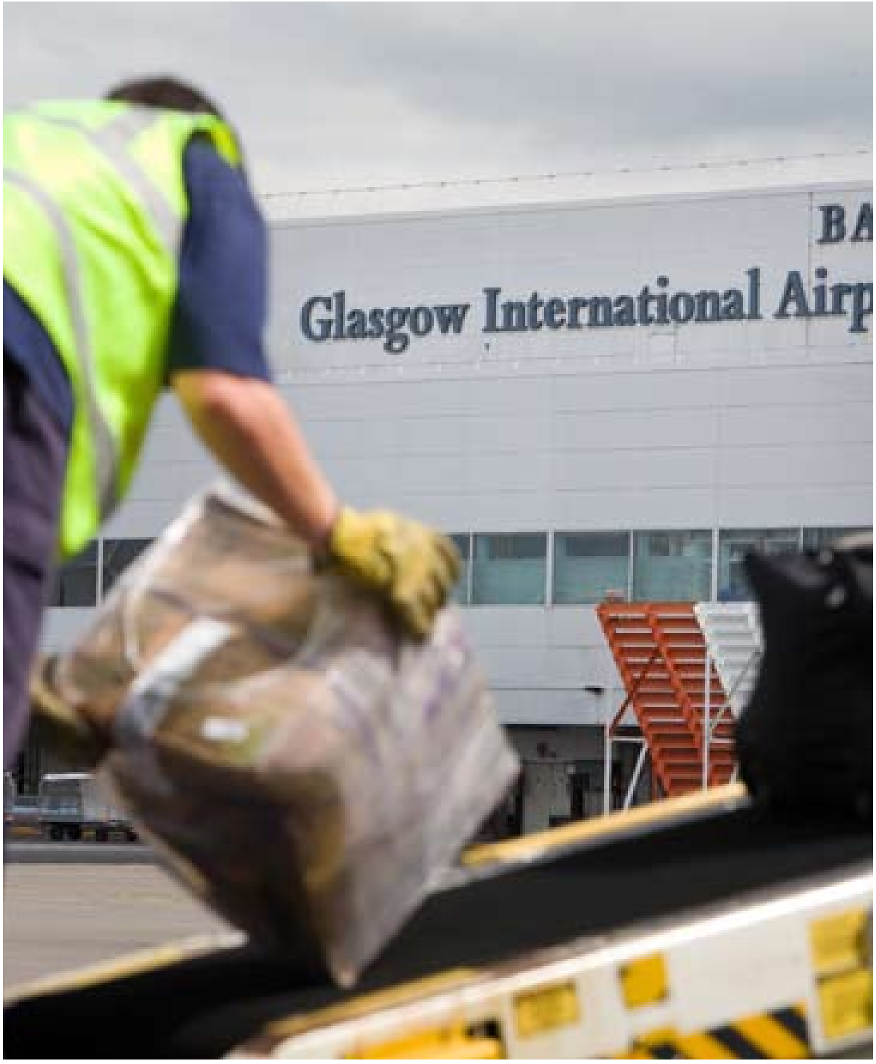


- *Opened in* **1966**
- **1** *runway*
- **1** *terminal*
- **40** *airlines*
- **86** *destinations*
- **8.1 million** *passengers per year*
- **87,000** *flights per year*
- **4,000 tonnes** *cargo per year*
- **337 ha** *total surface area*

www.glasgowairport.com

Glasgow

Total passengers during the year reached 8.1 million with revenues totaling 82.4 million pounds. EBITDA increased 11.4% to 40.6 million pounds.

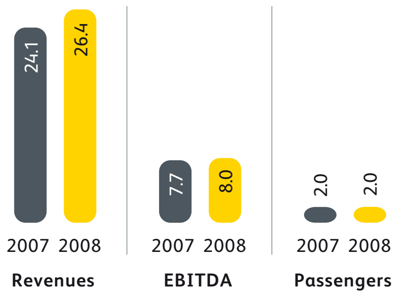


Glasgow Airport (Glasgow, United Kingdom)

- The new extension to the passenger terminal was opened. The project cost 31 million pounds and took 18 months to complete. The investment program has created 250 new jobs, better relaxation areas and better shops will be installed in the near future, as part of the terminal improvements. 10 new x-ray arches have been installed in the new security areas.
- In June 2007, the Scottish government confirmed the project to connect the train to the Glasgow Airport, known as the Glasgow Airport Rail Link. The new service is scheduled to be inaugurated in 2011.

Southampton

Million pounds & pax.



- Opened in **1910**
- **1** *runway*
- **1** *terminals*
- **9** *airlines*
- **36** *destinations*
- **2 million** *passengers per year*
- **45,000** *flights per year*
- **114 ha** total *surface area*

www.southamptonairport.com

Southampton

Serving 2 million passengers, revenues reached 26.4 million pounds in 2008, an increase of 9.5% on the previous year. Southampton generated EBITDA of 8 million pounds.

- Of all BAA's airports, Southampton ranks first in many of the 58 categories covering departures and arrivals, with a general score in passenger satisfaction levels of 4.21 (5 = excellent; 1 = poor).
- In November 2006, Southampton published the airport's development plans until 2030. With an annual number of passengers expected to increase to 3 million by 2015 and 6 million by 2030. The document details the plans for dealing with environmental issues, such as noise and air quality, access to the airport and climate change.
- The airport was named as one of the best airports in the recent Airport Service Quality Survey (ASQ). The ASQ ranking is based on results of 200,000 surveys of passengers during 2007, asking for their evaluation of the passenger experience at the 34 airports, regarding services from check-in to boarding.
- Southampton received the highest award offered for customer service by the Airports Council International (ACI). The airport was the European leader in the 2008 ACI Airport People Awards thanks to a business culture focused on customer satisfaction. The airport was number one in Europe for its attentive and highly accommodating security and airport staff.

Southampton Airport (Southampton, United Kingdom)

Aberdeen

Despite a 3.5% decrease in passenger, revenues rose 2.1% to 41.8 million pounds. EBITDA reached 19.1 million pounds.

- Aberdeen is the airport most used by helicopters in the world: around half a million passengers in 37,000 helicopter flights per year.
- The airport received the ACI Airport Service Quality Best Improvement Award. The award was in response to the major investments during 2006-2007, which included a 10 million pound refurbishment of the Departure Lounge, which doubled in size, and expanded the retail and waiting areas. The project was also specifically designed so as to not increase the carbon footprint of the facilities.
- General passenger satisfaction increased from 3.99 to 4.04.

Aberdeen Airport (Aberdeen, United Kingdom)

Naples

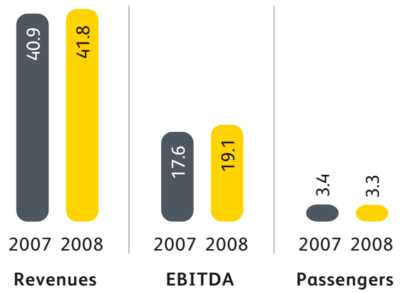
The airport has had a year of strong growth, increasing revenues by 18.4%, with growth of 15.4% in EBITDA and 5.6 million passengers.

Naples Airport (Naples, Italy)

- Among improvements made at the airport were re-asphalting of the runway and completion of three new areas: the arrivals hall, extension of the departures area with 13 additional check-in counters, and a departure area for passengers from outside the Shengen area. A new fuel tank and new lighting for the aviation field floor were also installed. With the improvements made in 2008, the airport will increase its capacity to 8.5 million passengers.
- The boom in international traffic increased, with a growth of 15.8% and the extension of the network of international destinations. In 2007, 8 new international destinations were launched (among them Spain), making a total of 37.

Aberdeen

Million pounds & pax.

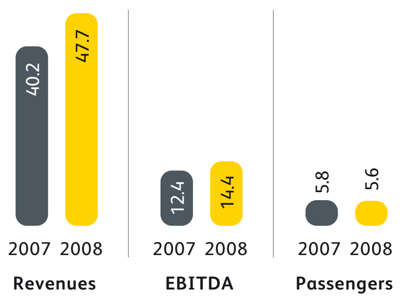


- Opened in **1934**
- **1** *runway*
- **5** *terminals*
- **27** *airlines*
- **36** *destinations*
- **3.3 million** *passengers per year*
- **103,000** *flights per year*
- **4,000 tonnes** *cargo per year*
- **215 ha** *total surface area*

www.aberdeenairport.com

Naples

Million pounds & pax.



- Opened in **1950**
- **1** *runway*
- **1** *terminal*
- **94** *airlines*
- **154** *destinations*
- **5.6 million** *passengers per year*
- **68,548** *flights per year*
- **3,570 tonnes** *cargo per year*
- **234 ha** *total surface area*

www.gesac.it

Toll roads and Car parks

Cintra is a world leader in the development of private toll roads: 69% of its net revenues and 80% of its EBITDA come from projects outside Spain. Cintra is also the largest company in Spain in the car parks sector.

TOLL ROADS

Cintra has a portfolio of 23 concessions, distributed among Spain, Portugal, Ireland, Greece, Chile, Canada and the United States, where it manages more than 2,841 km of toll roads.

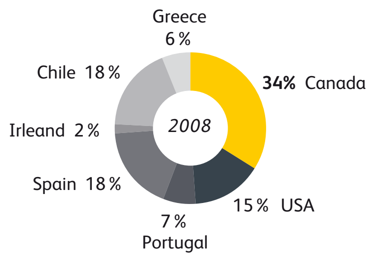
www.cintra.es

CAR PARKS

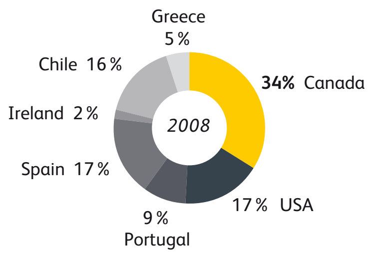
In the car parks sector, Cintra manages 296,146 parking spaces in Spain, the UK and Andorra.

www.cintraaparcamientos.es

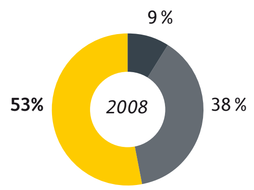
Revenues
Toll roads by country



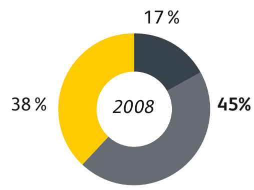
EBITDA
Toll roads by country



Parking spaces
By category



Revenues
Car parks by category



Residential Off-Street On-Street

1. Toll Roads

1.1 USA and Canada

Cintra focused its efforts on large projects, both new construction (greenfield) in Texas, Florida, Virginia and British Columbia, and privatizations of existing roads (brownfield) in Pennsylvania and Florida. The growing lack of liquidity in the financial markets has led to difficulties in closing some of these projects, which caused the cancellation of, for example, the mega-privatization of the Pennsylvania Turnpike.

Cintra presented four proposals for greenfield projects in Texas, of which one was in January 2009, another for a greenfield project in Vancouver and two proposals for brownfield projects in Pennsylvania and Chicago. Of the seven, three are still pending or have been cancelled and of the remaining four, Cintra was awarded both the North Tarrant Express and the IH-635 Managed Lanes, both in Texas.

Both highways are managed under a new system known as Managed Lanes, which applies a dynamic toll system combining free lanes and toll lanes with prices varying according to traffic levels on non-toll lanes and the time of day.

1.2 Europe

Not forgetting Italy and Portugal, Cintra has focused its efforts on two competitive bids for toll roads in Poland. In January 2009, the company signed the larger of the two projects (A1 Stryków I-Pyrzowice), which provides an initial 12-month period to evaluate the modifications needed to absorb the impact of the economic crisis.

1.3 Other markets

In 2008 Cintra decided to perform an analysis of business opportunities in India, Brazil and Mexico. As a result of this analysis, it was decided that the projects do not at this time present an acceptable level of confidence, so no tenders were offered.

1.4 Outlook for 2009

2009 has begun with a reasonable number of opportunities in the North American market, fewer contracts in Europe and new opportunities in other markets. The current financial and economic crisis is making it difficult to achieve financing for major projects, but it is also reinforcing the fundamental reasons that create business opportunities, namely: high public debt, the need to promote new infrastructure and increasing traffic congestion on highway networks. Additionally, the restrictions on the availability of private financing of infrastructure have increased the level of competition among government and projects looking for funding. This is requiring them to become more flexible, thereby improving contract terms and increasing the expected yields on new tenders.

1.5 Portfolio management

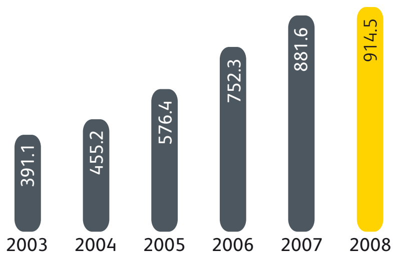
The most notable actions in 2008 include the transfer at the beginning of the year, more than three months ahead of schedule, of the operation of a section of the Ionian Roads by the Greek government, allowing the concession company to begin to collect the tolls earlier than expected.

In the US, the Indiana Toll Road launched its electronic toll system on a section of the concession operated under a closed toll system, thus completing the implementation of electronic tolls along the entire highway. This also marked the beginning of a period of subsidies, during which the Indiana Finance Authority (IFA) will subsidize the increase in toll rates for class II vehicles (dual axle light vehicles) using a transponder. The subsidies will run until 20 June 2016.

The Vila do Mouros connection was inaugurated in April. This 5km section runs between Viana do Castelo and Vila Nova de Cerveira and marks the conclusion of the renewal of the Norte Litoral toll roads on the Portuguese coast.

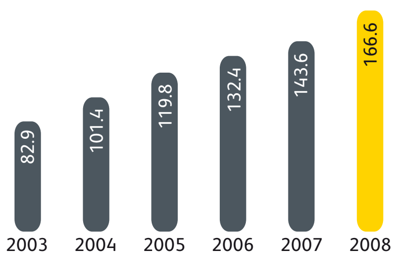
Toll roads - Revenues

Million euro



Car parks - Revenues

Million euro



1.6 Project financing

Cintra has been able to obtain approximately 2.4 billion euro in project financing. Among the financial operations carried out in 2008, the highlights are:

- **407-ETR –** In January all of the debt maturing within the year was refinanced through two separate issues for a total C$550 million.
- **Ionian Roads –** In February the company closed a syndicated loan for 400.9 million euro of senior debt for the Ionian Roads, in which Cintra holds a 33.34% stake. The syndication was 1.64 times oversubscribed.
- **SH 130 –** In March, the company closed deals for US$1.36 billion in financing for the construction and operation of segments 5 and 6 of Texas SH 130 through a US$430 million loan (with US$45.5 million in capitalized interest during the construction phase) granted by the US Department of Transportation, a US$685.8 million bank loan and a

US$197 million capital contribution from the consortium partners based on the equity stake held by each.

- **Autema –** Cintra closed the refinancing of Autema's existing short-term debt, substituting it for a long-term loan of 292 million euro. Additionally, Cintra financially structured its interest in Autema, allowing for an extraordinary distribution of 316 million euro.

2. Car parks

Throughout 2008, Cintra Aparcamientos analyzed 114 projects, presented 53 proposals and was awarded 25 of the 45 completed competitive bidding processes, for a success rate of 55.6%.

Cintra continued to expand its presence in airport parking in 2008 with the award of new contracts at the airports in La Palma, Zaragoza, Palma de Mallorca, Barcelona and London Stansted, this last representing the company's first contact in the UK.

In addition, the contracts for the La Concha and Plaza de Cataluña car parks were renewed during the year. Cintra Aparcamientos has been operating these car parks in San Sebastián since 1973. The company also undertook the management for the parking at Expo Zaragoza 2008.

In on-street parking, through Dornier, new contracts were awarded for regulated parking services (O.R.A.) in a total of 10 cities, among which the most important were Pozuelo de Alarcón, Punta Umbría and Ayamonte, and the company renewed the contact with the city of Pamplona.

Canada

407 Express Toll Route (Toronto, Canada)

407-ETR

- Alternative route for one of the busiest corridors in all of North America.
- All-electronic, barrier-free toll highway (freeflow). Allows for a very high volume of traffic without stopping or slowing.
- Toll rate freedom: Possibility of independently raising toll rates if traffic levels remain above a minimum threshold. The system allows for optimizing concession income, adjusting toll rates to the time savings provided by the highway.

407-ETR

- **108** *km*
- **2.54 billion euro** *investment*
- **53.2%** *stake*
- **1999-2098** *concession period*

United States

SH -130 SEGMENTS 5&6

- The SH-130 tollway is an alternative to the congested I-35 between San Antonio and Austin.
- Segments 5 (18.7 km) and 6 (45.3 km) run from southeast Austin (at the intersection with the SH45) to the city of Seguin at the intersection with the IH10, which connects Houston and San Antonio.
- Segments 1 through 4 are run by the TxDOT. The first three segments entered into operation at the close of 2007 and the fourth segment was opened in late April 2008.
- Toll collection is 100% free flow with no barriers.
- Tolls are updated annually in accordance with the Nominal Gross State Product for the State of Texas (NGSP).
- Revenue sharing with the Government if certain traffic thresholds are exceeded.
- Compensation for competing infrastructure along a 10 mile corridor.
- Compensation in the event of an increase in the speed limit on the I35.
- Financial close in March 2008.

CHICAGO SKYWAY

- Provides an alternative to a highly congested corridor connecting Chicago with a major residential and leisure area.
- Toll structure that allows for rate increases above inflation, from the current US$3.00 for light vehicles up to US$5.00 in 2017, with subsequent annual increases equal to the highest of the following: 2%, inflation for the period or nominal per capita GDP.

INDIANA TOLL ROAD

- **Two different sections**
- Western Section, 37 km long with flat toll system which connects with the Chicago Skyway. It provides an alternative to a highly congested corridor.
- Eastern section, 216 km of ticket system toll road out to the Ohio state line. It is part of the main route connecting Chicago and the Mid-West with New York and carries a lot of freight traffic.
- **Very attractive toll plan with increases above inflation.**
- Gradual increase for heavy vehicles until 2010.
- In 2010, an increase equaling the higher of 2%, inflation or nominal per capita GDP over the previous four years.
- From 2011; annual review based on a maximum of 2%, CPI or nominal per capita GDP.

SH-130 Segments 5&6
- **64** *km*
- **983.1 million euro** *investment*
- **65%** *stake*
- **2012-2062** *concession period*

Chicago Skyway
- **12.5** *km*
- **1.38 billion euro** *investment*
- **55%** *stake*
- **2005-2104** *concession period*

Indiana Toll Road
- **252.6** *km*
- **2.89 billion euro** *investment*
- **50%** *stake*
- **2006-2081** *concession period*

Indiana Toll Road (Indiana, United States of America)

Spain

Autema toll road (Barcelona, Spain)

ALCALÁ-O'DONNELL (M203)

- Located in an area with a high population density, particularly around Alcalá de Henares.
- The tollway will significantly improve access from the Henares corridor to the centre and south of Madrid, creating a new alternative to the A-2.
- Toll rates are inflation indexed.
- At December 2008 construction was 80.7% complete.

AUTEMA

- In 1999, the concession company reached an agreement with the regional government through which, in exchange for a substantial price reduction, the government each year would pay the difference between the actual revenues and those forecast in the Finance Plan in force at the time, plus an adjustment for higher operating expenses due to the increase in traffic caused by the price reduction.
- Toll rates are inflation indexed.

AUSOL I

- Toll road located in one of the corridors with the highest population growth in Spain and a high dependence on the real estate and housing industries.
- Prices vary depending on the time of year, with high season during the summer months and at Easter.
- Alternative route to a highly congested semi-urban corridor.
- Toll rates are inflation indexed with an adjustment in the case of traffic exceeding established thresholds.

AUSOL II

- Toll road located in one of the corridors with the highest population growth in Spain and a high dependence on the real estate and housing industries.
- Prices vary depending on the time of year, with high season being during the summer months and at Easter.
- Alternative route to a highly congested semi-urban corridor.
- Toll rates are inflation indexed with an adjustment in the case of traffic exceeding established thresholds.

MADRID SUR (R4)

- Alternative for accessing Madrid in a highly congested corridor.
- Located in a major urban development area.
- Connects with the Madrid-Levante toll road, completing a 190 km toll connection between Madrid and the East coast of Spain.
- Toll rates are inflation indexed with an adjustment in the case of traffic exceeding established thresholds.

MADRID-LEVANTE

- Route between Madrid and the east coast that offers an alternative to the N3 highway in a corridor with high traffic levels and congestion problems. The toll road connects directly with the R-4, which is also operated by Cintra, as it enters Madrid.
- The concession period may be extended for a further four years if certain service quality conditions are met.
- Toll rates are inflation indexed with an adjustment in the case of traffic exceeding established thresholds.

TRADOS 45 (M45)

- The traffic risk is limited due to the system of distinct traffic bands used in shadow tolls. At present, the toll road has traffic levels that are nearing the threshold at which the concession company obtains maximum revenues every year.
- Toll rates and the maximum payment are indexed to inflation.

Radial R-4 Toll Road (Madrid, Spain)

Alcalá-O'Donnell (M203)

- **12.3** *km*
- **69.5 million euro** *investment*
- **100%** *stake*
- **2005-2035** *concession period*

Autema

- **48.3** *km*
- **228.7 million euro** *investment*
- **76.3%** *stake*
- **1986-2036** *concession period*

Ausol I

- **82.7** *km*
- **499.2 million euro** *investment*
- **80%** *stake*
- **1996-2046** *concession period*

Ausol II

- **22.5** *km*
- **205.8 million euro** *investment*
- **80%** *stake*
- **1999-2054** *concession period*

Madrid Sur (R4)

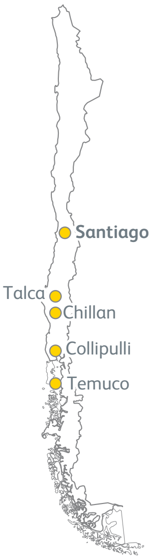
- **97.2** *km*
- **1.05 billion euro** *investment*
- **55%** *stake*
- **2000-2065** *concession period*

Madrid-Levante

- **182.8** *km*
- **522.9 million euro** *investment*
- **52.19%** *stake*
- **2004-2040** *concession period*

Trados 45 (M45)

- **14.5** *km*
- **200.6 million euro** *investment*
- **50%** *stake*
- **1998-2029** *concession period*



Temuco-Río Bueno
- **171.7** *km*
- **131.3 million euro** *investment*
- **75%** *stake*
- **1998-2023** *concession period*

Santiago-Talca
- **237** *km*
- **598.1 million euro** *investment*
- **100%** *stake*
- **1999-2041 (*)** *concession period*

Talca-Chillán
- **193** *km*
- **159.4 million euro** *investment*
- **67.6%** *stake*
- **1996-2024 (*)** *concession period*

Ruta del Bosque
- **160** *km*
- **221.1 million euro** *investment*
- **100%** *stake*
- **2006-2020 (*)** *concession period*

Collipulli-Temuco
- **144** *km*
- **165.1 million euro** *investment*
- **100%** *stake*
- **1999-2029 (*)** *concession period*

(*) Pursuant to Revenue Distribution System

Chile

Aerial view of one of Cintra's Chilean toll roads

TEMUCO-RÍO BUENO

- Toll rates are inflation indexed, plus a road safety bonus of up to 5%

SANTIAGO-TALCA

- Toll road subject to the Revenue Distribution System (RDS) through which the concession company is guaranteed the Net Present Value (NPV) of the future cash flows from the concession contract. This is achieved through an extension of the concession period until the guaranteed level is reached in exchange for carrying out additional construction work.
- Toll rates are inflation indexed, plus a road safety bonus of up to 5% The bonus paid in 2008 was 3.595%.

TALCA-CHILLÁN

- Toll road subject to the RDS through which the concession company is guaranteed the NPV of the future cash flows from the concession contract. This is achieved through through an extension of the concession period until the guaranteed level is reached in exchange for carrying out additional construction work.
- Toll rates are inflation indexed, plus a road safety bonus of up to 5% The bonus paid in 2008 was 3.35%.

RUTA DEL BOSQUE

- Toll road subject to the RDS through which the concession company is guaranteed the NPV of the future cash flows from the concession contract. This is achieved through through an extension of the concession period until the guaranteed level is reached in exchange for carrying out additional construction work.
- Toll rates are inflation indexed, plus a road safety bonus of up to 5%. The bonus paid in 2008 was 3.28%.
- Acquired through a leveraged buyout by the Concession Company without any capital contributions from Cintra.

COLLIPULLI-TEMUCO

- Toll road subject to the RDS through which the concession company is guaranteed the NPV of the future cash flows from the concession contract This is achieved through through an extension of the concession period until the guaranteed level is reached in exchange for carrying out additional construction work.
- Toll rates are inflation indexed, plus a road safety bonus of up to 5%. The bonus paid in 2008 was 1.88%.

Portugal

EUROSCUT AZORES

- Shadow toll road (in Portuguese known as SCUT: Sem Cobrança ao Utilizador) under which the users do not pay for the use of the infrastructure, with payment assumed by the granting Authority.
- High capacity road system which will significantly improve the road network in the Central and Eastern areas of San Miguel.
- **The concession is divided into three roads**
- The 35.4 km South Road connecting the airport and the largest city with the south of the island.
- The 33.7 km North-South road, which improves the connection between the two main towns on the island.
- The 24.6 km North-East road, which will improve the connections between the less developed towns on the island.
- The payment is calculated using a system of shadow toll rates and traffic levels: The toll rates per vehicle apply a system of three bands. The first is the most and applies an intermediate toll rate (neither the highest nor the lowest). The second band, the least extensive, applies the lowest toll rate and the third band applies the highest toll rate. Most of the revenues are provided by the first band and traffic above a certain threshold does not pay tolls.
- Toll rates are indexed to the official inflation rate for the Azores. Commencement of toll fee collection: upon completion of construction and not before four years after the signing of the Concession Agreement.

EUROSCUT ALGARVE

- Shadow toll road (in Portuguese known as SCUT: Sem Cobrança ao Utilizador) under which the users do not pay for the use of the infrastructure, with payment assumed by the granting Authority.
- Traffic risk mitigated by the shadow toll price system and traffic bands in which a toll per vehicle is applied in three increasing ranges (traffic bands) as traffic increases until reaching a maximum, above which the toll rate is zero. The system results in a slight risk for the concession company since, as the highest toll is the one applied in the first traffic band, this brings in the most revenues even though traffic levels are low.
- Toll rates are indexed to inflation using the CPI for Continental Portugal.

EUROSCUT NORTE-LITORAL

- Shadow toll road (in Portuguese known as SCUT: Sem Cobrança ao Utilizador).
- The payments are calculated using a system of toll rates and traffic bands for the shadow tolls that applies an increasing rate per vehicle in three tranches (traffic bands) depending on the increases in traffic levels up to a specified threshold over which nothing is collected.
- Toll rates are indexed to inflation using the CPI for Continental Portugal.
- Negotiations are underway for the possible change of the concession model to a real toll model.

Euroscut Azores

- **93.7** *km*
- **405.3 million euro** *investment*
- **89.0%** *stake*
- **2006-2036** *concession period*

Euroscut Algarve

- **130** *km*
- **283.1 million euro** *investment*
- **77%** *stake*
- **2000-2030** *concession period*

Euroscut Norte-Litoral

- **119** *km*
- **386.5 million euro** *investment*
- **75.5%** *stake*
- **2001-2031** *concession period*

Euroscut Algarve toll road (Algarve, Portugal)

Greece

Ionian Roads (Greece)

Ionian Roads

- **378.7** *km*
- **1.10 billion euro** *investment*
- **33.34%** *stake*
- **2007-2037** *concession period*

Central Greece

- **231** *km*
- **1.45 billion euro** *investment*
- **33.34%** *stake*
- **2008-2038** *concession period*

IONIAN ROADS

- **Two separate sections of toll road**
- Pathe Section: 171.3 km already in operation plus 11.0 km to be built by the State. The section starts in Athens and runs north to Lamía.
- Ionian Road section: 159 km of new construction by the Consortium plus 10.5 km already transferred plus 26.9 km to be built by the State. The tollway runs along the coast of the Ionian Sea from Patras to Ioannina in the north.
- Toll rates are inflation indexed.
- Government subsidy (European funds): 360 million euro.
- The Pathe section is a corridor with heavy traffic, especially on the existing section closest to Athens Average Daily Traffic (ADT) of 80,000 vehicles.
- Operation of the existing section will provide substantial revenues during the construction period, reducing the need for finance.
- Revenue sharing with the Government if certain traffic or Internal Rate of Return (IRR) thresholds are exceeded.
- Cintra appointed the CEO of the Concession Company.
- Operation Commencement Date: 10 January 2008.

CENTRAL GREECE TOLL ROAD

- The toll road is divided into two sections
- The first, known as Central Greece, measures 174 km and has been built entirely by the Consortium.
- The second, running 57 km adjacent to the foregoing, has been or will be built by the Greek government and subsequently transferred to the concession company.
- Toll rates are inflation indexed.
- Government subsidy (European funds): 518 million euro, 26 million of which is an operating subsidy.
- Cintra appointed the CEO of the Concession Company.
- Concession commencement date: 31 March 2008. It is estimated that operations will begin towards the end of 2009, when the elements of the toll road that were built by the Greek government are transferred over to the concessionaire.

Ireland

M3

- The toll road runs 50 km between Clonee and North Kells, to the northeast of Dublin.
- Toll rates are inflation indexed.
- Revenue sharing with the Government if certain traffic thresholds are exceeded.
- The concession agreement establishes guaranteed minimum traffic levels and the Irish government has to pay the Concession Company compensation if traffic falls below the established minimums.
- SIAC holds a 5% interest in the concession and has the right to increase its stake to 25%.
- At December 2008 construction was 75.02% completed.
- Contractual commencement date: July 2010.

EUROLINK (M4-M6)

- Located in a country with a fast-moving economy but with a highway network that has few toll roads.
- It is the first section of toll road built in the East-West corridor (Dublin - Galway), one of the busiest roads in Ireland.
- Toll rates are inflation indexed.
- Revenue sharing with the Government if certain traffic thresholds are exceeded.
- Electronic toll system that is interoperable with the rest of the toll roads in Ireland.

M3

- **50** *km*
- **484.1 million euro** *investment*
- **95.0%** *stake*
- **2007-2052** *concession period*

Eurolink (M4-M6)

- **36** *km*
- **336.6 million euro** *investment*
- **66%** *stake*
- **2003-2033** *concession period*

Eurolink M4-M6 toll road (Ireland)

Car parks

Rambla Nova Car Park (Tarragona, Spain)

- Activity across all business lines: development and operation of public off-street parking; regulation and management of on-street parking; development and assignment of resident parking, as well as a vehicle towing service.
- Presence throughout national territory.
- Offers integrated solutions to the problems of customer parking and mobility, allowing the company to maximize cross selling of different products.

Services

The services division increased its revenues in 2008 to 4.67 billion euro and EBITDA to 463 million euro, a rise of 8.8% and 4.5% respectively, excluding the currency effect. Two thirds of the division's revenues come from outside Spain.

AMEY

A British company dedicated to infrastructure maintenance (urban, road and rail) and facility management. Amey was acquired by Ferrovial in May 2003. In 2008, the company recorded revenues of 1.86 billion euro, which represented 40% of total revenues in the Services division. Amey is the majority shareholder of Tube Lines, the concession company for maintenance and management of the London Underground with three lines: Jubilee, Northern and Piccadilly.

www.amey.co.uk

SWISSPORT

Swissport is the world leader in airport handling services with revenues in 2008 of 1.20 billion euro, 4.5% up on 2007 (8.6% if excluding the currency effect). At present, the company operates in 42 countries and more than 179 airports. With a workforce of 30,645 the company provided services for more than 70 million passengers, 650 airlines and handled over 3.5 million tonnes of cargo in 2008.

www.swissport.com

CESPA

Cespa is the Ferrovial subsidiary dedicated to providing municipal and waste treatment services. The company currently operates in Spain, Portugal and Andorra, and for some time it has been presenting bids for concession projects in the United Kingdom together with Amey. Cespa is the leader in gardening, industrial waste management and treatment of all types of waste and is among the top three companies in the municipal waste collection and treatment and street cleaning sector. Revenues in 2008 reached 1.01 billion euro, up 8.9% over the previous year.

www.cespa.es

MCI SPAIN AND PORTUGAL

In 2008, the Infrastructure Maintenance and Upkeep Division in Spain and Portugal (MCI for the Spanish initials) had revenues of 597.1 million euro thanks to the activities of: Ferroser (facility management), Grupisa (integrated infrastructure maintenance) and Eurolimp (interior management and cleaning).

www.ferroser.es
www.grupisa.es
www.eurolimp.es

2008 PERFORMANCE

All of the business areas of the services division showed positive performance in 2008. Revenues rose 1.1% on revenues of 4.67 billion euro (equivalent to growth of 8.8% (excluding the currency effect). Backlog at year end totaled 9.71 billion euro (not including the London Underground or the handling business), representing growth of 7.5% over the previous year, excluding the currency effect.

The increase in revenues was accompanied by a strong improvement in operating result, excluding Tube Lines, which confirms the strategy of growth with constant improvement in profitability.

1. Infrastructure maintenance and upkeep in United Kingdom

Amey's position in the United Kingdom is consolidated across all business lines. Combined revenues for 2008 reached 1.86 billion euro, accounting for 40% of revenues for the services division.

In line with expectations, Tube Lines, the concession holder on the London Underground, recorded a decline in revenues. This performance is related to the investment volume allocated. As foreseen in the business plan, the project has entered into a phase of lower investment volume which translates into a progressive reduction in revenues and earnings.

Excluding Tube Lines, which is a concession company with its own dynamics and revenue profile, Amey has increased revenues by 19% and has improved its profitability by 16.2% (excluding the currency effect). The growth in revenues stems to a large extent from the contribution of new projects that began construction in 2008: Belfast schools and Dunfries & Galloway. The growth in EBITDA derives largely from the contribution of highway maintenance contracts signed in 2007 (Hampshire, North London and Herefordshire) and from the railway and roadway consulting activity.

2. Maintenance and upkeep in Spain

The Infrastructure Maintenance and Upkeep Division in Spain (MCI) increased revenues by 19% and is one of the leaders in the Spanish and Portuguese markets in infrastructure upkeep and facility management.

3. Municipal and waste treatment services

In municipal services, Cespa surpassed 1 billion euro in revenues with an increase of 8.9% compared to last year. The increase came from growth in revenues on portfolio contracts and controlled deposits, as well as from new contracts. EBITDA expanded 10%.

Cespa has started to work with Amey as a technology partner to enter the British markets concerning waste management and collection and gardening - a partnership that has a very high potential for success. Amey and Cespa are focusing on large waste management projects, of which the most advanced is the North Yorkshire and City of York project.

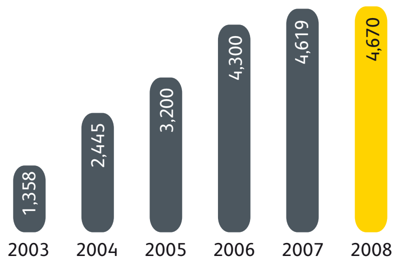
4. Handling

In 2008, Swissport completed the organizational changes required for integration in Ferrovial Servicios. The company has focused on profitability and has set up a project for controlling costs and improving the contracts in airports that had lower margins. Thus, excluding the impact of the exchange rate differences, EBIT increased by 43% and revenues, in spite of the reduction in costs, increased by 8.5% (excluding the currency effect) which shows the sector's great potential.

Despite the deterioration of the leading macro-economic indicators and the worldwide drop in air travel, Swissport was able to close 2008 with growth in revenues and a significant increase in profitability. The main reasons behind the growth in profitability are the consolidation of the structural costs control project launched in 2007, the higher contribution from new stations that have begun to operate in the last two years (Spain, Israel, Bulgaria), and a decline in losses from underperforming stations (notably JFK in New York) and the generalized increase in the profitability of North American stations.

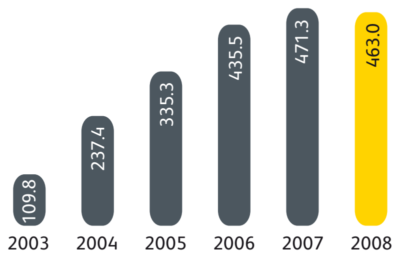
Net revenues

Million euro



EBITDA

Million euro



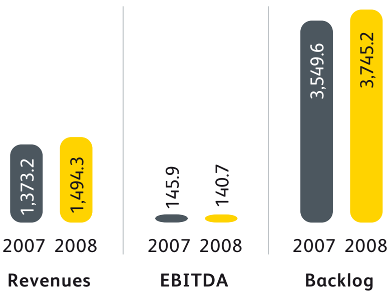
Amey

Amey recorded revenues of 1.86 billion euro in 2008, with EBITDA reaching 175.4 million euro.

An Amey employee works on the Royal Bridge (Berwick Upon Tweed, United Kingdom)

AMEY

Million pounds



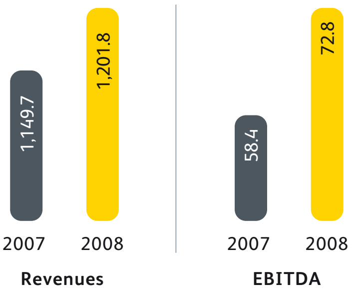
- **322** *km of rail track maintained*
- **600,000** *street lights maintained*
- **101** *underground stations managed*
- **255** *trains maintained*
- **688,528 m²** *of school facilities managed*
- **1,038,609** *meals served*
- **1,400,000 m²** *of office space managed*

- The company was awarded a five-year contract for the design, management and maintenance of the technology used on the highway network in southeast England. The contract includes the provision of emergency telephones, roadside measurement equipment, closed-circuit television and traffic signs. Similarly, Amey will identify ways to improve the performance of the highway network that will assist the Highways Agency to achieve its objectives. The contract combines the consulting services with the operating capacity of Amey.
- The company has also begun to manage the highway network in Plymouth. This contract runs until 2015 with an action for an extension until 2018. Amey focuses particularly on customer service, the proactive management of the highway network, improving the quality of the network and responding to the priorities established by the Plymouth authorities.
- Amey and Cespa, subsidiary of Ferrovial Servicios, have begun to work together in the UK market to offer effective solutions for waste treatment, environmental management and energy efficiency in the United Kingdom.
- In the beginning of 2009, they were awarded a contract for the maintenance of the highways in central England. The British Highways Agency awarded them a five-year contract for a wide range of operation and maintenance works on the highways and for the introduction of improvements to the pavements. The contract is valued at 400 million pound (approximately 450 million euro).
- The company holds the number two ranking for facility management revenues according to Building magazine. According to New Civil Engineer, Amey is the third largest company in the civil engineering sector in the United Kingdom.

Swissport

SWISSPORT

Million euro

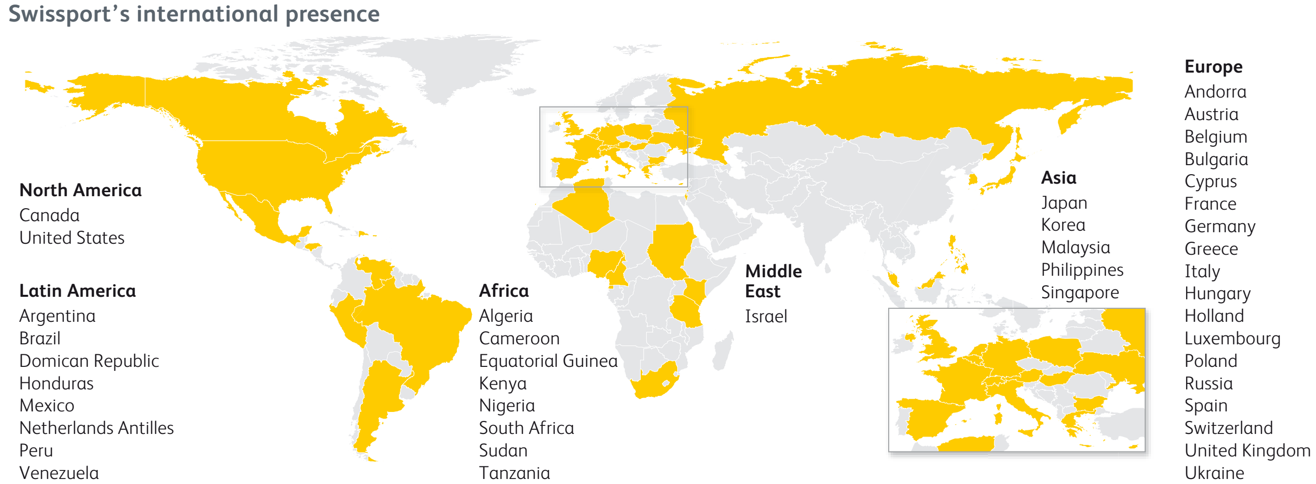


- **179** *airports in which it operates*
- **41** *countries*
- **650** *airlines served*
- **70 million** *passengers served*

Revenues reached 1.20 billion euro, representing an increase of 8.6% excluding currency effects (4.5% at real exchange rate). EBITDA grew by 25.1% to 72.8 million euro (an increase of 24.6% at real exchange rate).

- Awarded new licences to operate in South Africa, Cyprus and Luxembourg. In South Africa the company signed a five-year contract to cover six airports.
- Higher contribution from new stations that began operations in the last two years (Spain, Israel, Bulgaria), and a decline in losses from underperforming stations (notably JFK in New York).
- Generalized increase in the profitability of North American stations in response to the optimization of business processes.
- Launch of new cargo facilities in Tel Aviv.
- Strengthened position in Europe and added new activities in different business lines. This included the acquisition of NASS to increase its capacities in the security area.
- Nominated for the eighth consecutive year for the «World's Best Handling Services Provider» award by the Institute of Transport Management.
- Consolidation of the structural cost control project launched in mid-2007. This together with an increase in profitability, improved management of working capital and, above all, a reduction in the average collection period, has allowed Swissport to generate cash flow from operations of 79 million euro.
- Completion of the contract with Virgin Atlantic Airways and the company reviewed its collaboration with its local partners in India and the Philippines. The joint venture between Swissport and the Indian handling company Punj Lloyd was dissolved in an amicable agreement and the company sold the 40% stake it held in the Philippine company Citadel.

Swissport's international presence



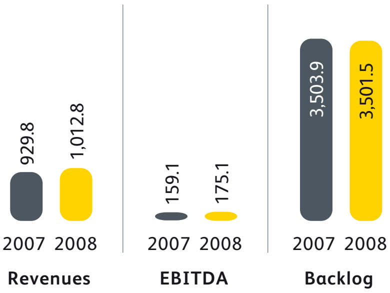
Cespa

Cespa increased its revenues by 8.9% to 1.01 billion euro in 2008, while EBITDA reached 175.1 million euro.

Cespa provides cleaning services in more than 800 municipalities.

CESPA

Million euro



- **26.6 million** *m² of green areas maintained*
- **829** *cities and towns provided with urban services*
- **6.2 million inhabitants** *offered waste collection services*
- **5.7 million inhabitants** *receive street cleaning services*

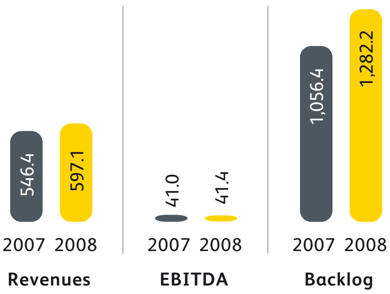
- Operates in Spain, Portugal and Andorra. In 2008, the company began presenting bids for concession projects in the United Kingdom together with Amey.
- Leader in the Spanish market for the maintenance of green zones with a market share of 15%.
- One of the top three companies in the waste collection segment with a 15% market share, as well as in street cleaning with an 18% market share. The company is the national leader in industrial waste management, and in terms of tonnage managed, at landfill sites.
- The company's backlog expanded with new contracts won in Spain, such as the Plan Zonal XVII for waste treatment and assessment in Alicante (201.8 million euro); street cleaning and traditional urban waste collection in Estepona (125.7 million euro); street cleaning in Chamberí (61.8 million euro); street and beach cleaning in Níjar; construction and operation of a packaging recycling plant in Cerceda; and the treatment plant for building and demolition waste in Ciudad Real.
- The company was awarded contracts for reforestation and fire prevention work on the Canary Islands of Hierro and Tenerife.
- There were various contract renewals; street cleaning in A Coruña; municipal waste collection and street cleaning in Barcelona; street, beach cleaning and waste collection in Sant Feliu de Guixols; municipal waste collection and cleaning in Mancomunidad Sierra Occidental de Huelva and in Mungia; maintenance and gardening services in Vilanova i la Geltrú and Móstoles; integrated maintenance of Juan Carlos I park in Madrid; and management of a transfer plant in Penedés – Garraf, near Barcelona.

MCI Spain

Recorded revenues of 597.1 million euro in 2008, with EBITDA of 41.4 million euro.

MCI Spain

Million euro



- **5,862 km** *of roads maintained*
- **125,000** *municipal and airport signs managed*
- **18,500 m²** *of signs*
- **2,700** *buildings maintained*
- **51** *metro stations maintained*

- Backlog increased 21% in comparable terms thanks to the new awards for maintenance and cleaning activities. The new contracts included the Molina Segura assisted living facilities and cleaning services for the Carlos Haya and Virgen del Rocío hospitals, among others.
- Grupisa was awarded a contract for the maintenance and operation of various road sections in the Madrid region, for a total of 11.04 million euro. The contract was awarded by the Secretary of State for Infrastructure (Ministry of Public Works). The company will carry out the maintenance of approximately 100 km of Madrid roads: 61.13 km on the M-40, 8.6 km on the M-11, other sections of the regional highways M-13, M-14, M-21, M-22 and the national highways A-2, A-4 and A-5, among others.
- After the close of the financial year, Eurolimp was awarded a contract to clean the 51 stations on lines one and seven of Madrid's subway system (Metro). This contract will last six years (possible renewal for an additional four) and has made Ferrovial Servicios the leading supplier of cleaning services on Madrid's metro system.

A factory owned by Grupisa, which produces signs (Navas del Rey, Spain). © Susan Scheidler

Construction

Revenues from construction activities in 2008 totaled 5.16 billion euro, with backlog at the close of the year totaling 8.76 billion euro. International construction activities recorded double-digit growth in revenues and EBITDA. There was a notable increase in operating cash flow, which reached 375 million euro, exceeding EBITDA, the highest free cash flow figure in the last five years.

FERROVIAL AGROMÁN

This is the flagship company of the Group's construction division, carrying out activities in all areas of civil engineering, building and industrial projects. In civil engineering, the company designs and builds all kinds of infrastructure: roads and railways as well as hydraulic, maritime, hydroelectric and industrial works, etc. Revenues in 2008 totaled 3.03 billion euro with backlog at year end totaling 4.46 billion euro, of which 65% corresponded to civil works.

www.ferrovial.com

CADAGUA

This Ferrovial subsidiary is engaged in water and waste treatment plant engineering and construction and is the Spanish market leader in this area and recognized internationally. Revenues in 2008 totaled 146.8 million euro with a backlog at the close of the year totaling 731 million euro.

www.cadagua.es

BUDIMEX

The company is Poland's largest construction company in terms of revenues and market capitalization. It has been a Ferrovial subsidiary since 2000. The company is involved in all types of civil works, building, industrial and real estate projects. Revenues in 2008 rose 17.8% to 982.4 million euro, with backlog at the close of the year totaling 856.2 million euro.

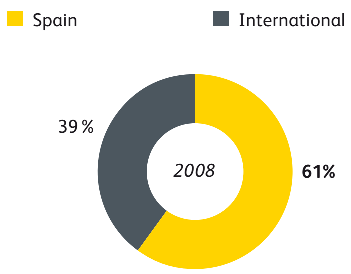
www.budimex.com.pl

WEBBER

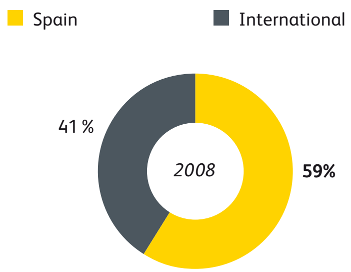
It is one of the largest road construction groups in Texas (United States), specializing in construction of infrastructure works and the leader in the production and distribution of recycled construction aggregates. Acquired by Ferrovial in 2005, the company recorded a 17.6% increase in revenues in 2008, reaching 366.3 million euro. Backlog at the close of the year stood at 697.3 million euro.

www.wwebber.com

Revenues



Backlog



- **5.16 billion euro** *net revenues*
- **15,147** *employees*
- **1,200** *projects in progress*
- **21** *months of backlog*

ACTIVITY IN SPAIN

Despite the general elections in 2008, there was a respectable level of government tenders during the year, totaling 40.59 billion euro, which was in line with the previous year if certain extraordinary projects are excluded, such as the 'Autovías de Primera Generación' (first-generation highways). Without counting this extraordinary project, central government tenders increased by 6.6%.

Among the regional governments, tenders remained practically unchanged with 0.1% growth. On the local level, tenders from local administrations declined 7.9%. The decline in local government contracts is expected to be more than offset in 2009 thanks to the Municipal Investment Fund, which is part of the central government's stimulus plan and which allocates 8 billion euro for minor works and new plans.

The 2005-2020 Strategic Infrastructure Plan (PEIT), with planned investment of 248.89 billion euro, continues to be the basis for continued growth in the infrastructure industry.

Additionally, in 2009 the Ministry of Public Works, the leading investor in the industry in Spain, plans on investing over 19.2 billion euro for an 8% increase over the previous year.

With respect to the Quality and Environment department, of special note is the Water Programme, which has been allocated with 3.9 billion euro for investments in the Mediterranean area, most of which have been classified as urgent. In addition, the progress of the National Sanitation and Purification Plan («PNSD» for the Spanish initials) 2006-2015 has received a total of approximately 19 billion euro.

The Industrial Construction Division is not only engaged in water treatment and environmental projects but also in energy sector as well as the oil and gas industry. Cadagua stands out for its tradition in engineering and construction of water and waste treatment plants, as well as being the market leader in Spain, and internationally recognized for its expertise in sea water desalination plants. Revenues from the industrial construction area totaled 146.8 million euro.

INTERNATIONAL PRESENCE

Thanks to its policy of revenue diversification, embarked upon in 2000, Ferrovial now receives 39% of its revenues from activity outside Spain. A particular highlight has been the performance of international activities in 2008, with double-digit growth in revenues and EBITDA.

Budimex and Webber both recorded strong growth in backlog. The British market also offers a good outlook for growth for Ferrovial. The company participated in the team designing the new Heathrow East Terminal.

At the start of 2009, Ferrovial was awarded the contract to design, build, finance and run the A1 toll road in Poland and was named as the «Best Value Proposal» to design, build and operate the North Tarrant Express in Texas.

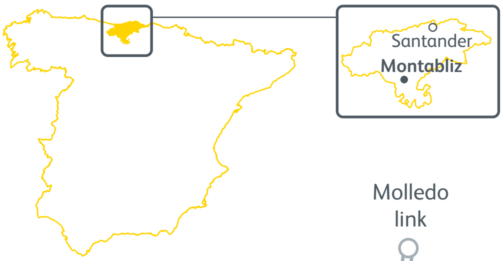
2008 was characterized by the high volume of activity, high profitability and a solid and growing international position that help to offset the softening domestic market, which is expected to continue over the medium term.

Ferrovial Agromán's focus on the international market is constantly increasing, as reflected in the high growth achieved in backlog in this business area throughout 2008, which represents an increase of 21.8% compared to 2007, and a total of 39% of backlog in the Construction Division. Revenues in 2008 totaled 1.99 billion with backlog at the close of the year totaling 3.58 billion euro.

Ferrovial has been a pioneer among Spanish construction firms in the selection of stable markets to achieve local positioning, such as in the case of Poland or the United States, specifically in the state of Texas. Additionally, the group has presented competitive bids for major international works, but always in stable markets that provide sufficient guarantees and mostly in Western Europe, Latin America and North America.

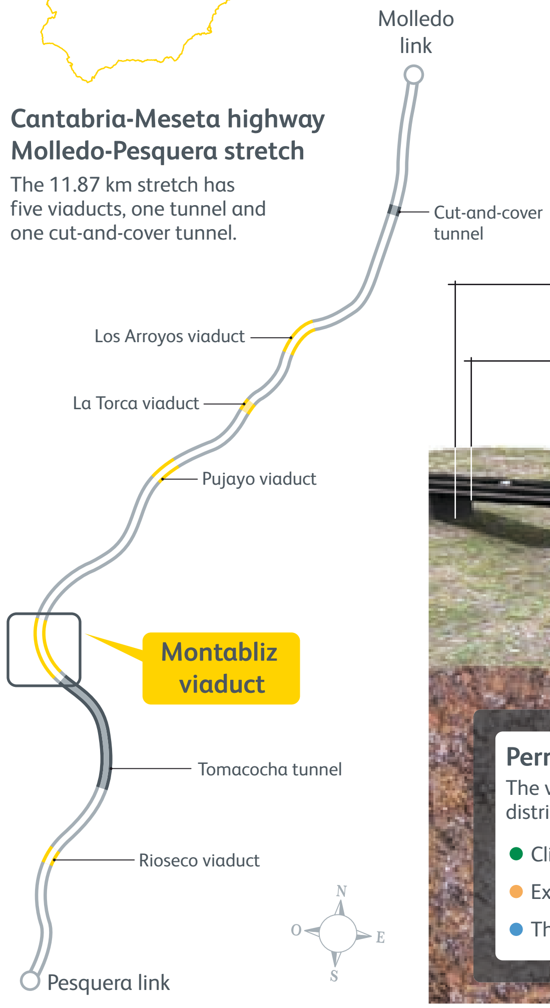
Montabliz viaduct

Montabliz viaduct, built by Ferrovial Agromán, represents a milestone, and includes the tallest pier in Spain.



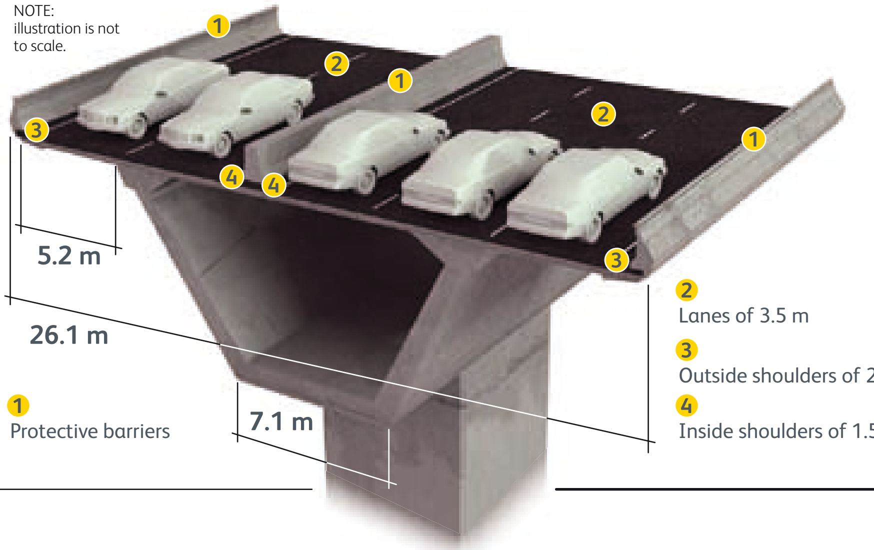
Cantabria-Meseta highway Molledo-Pesquera stretch

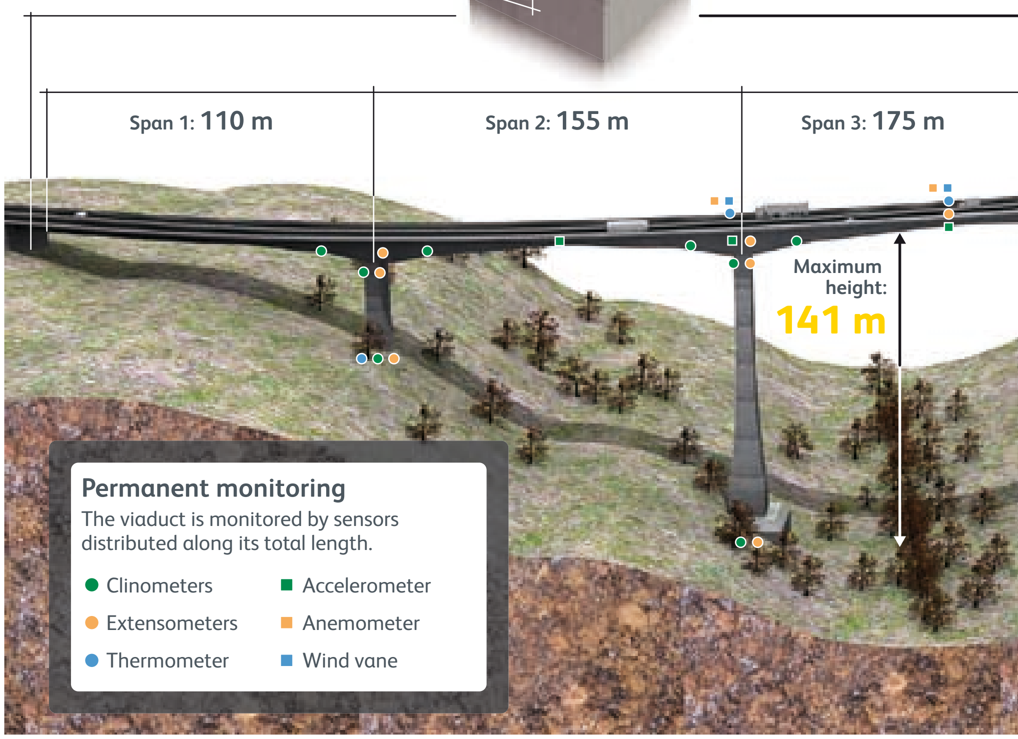
The 11.87 km stretch has five viaducts, one tunnel and one cut-and-cover tunnel.



Design and technology for safe driving

The road has five lanes, a barrier separating opposing traffic flows, special asphalt for high mountain conditions, protection barriers, artificial lighting...





Permanent monitoring

The viaduct is monitored by sensors distributed along its total length.

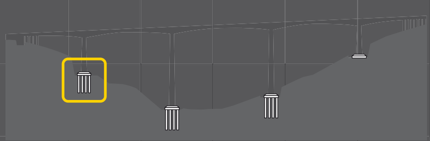
- Clinometers
- Extensometers
- Thermometer
- Accelerometer
- Anemometer
- Wind vane

Construction process

Performed in six stages, from land preparation, pouring the pier foundations, to finally laying the pavement.

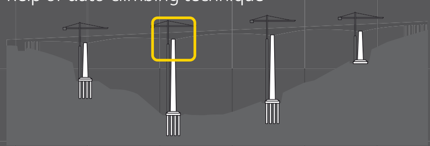
Stage 1 Preliminary works

Works start with preparation of access roads, excavations and foundations



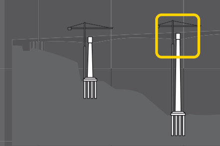
Stage 2 Auto-climbing the piers

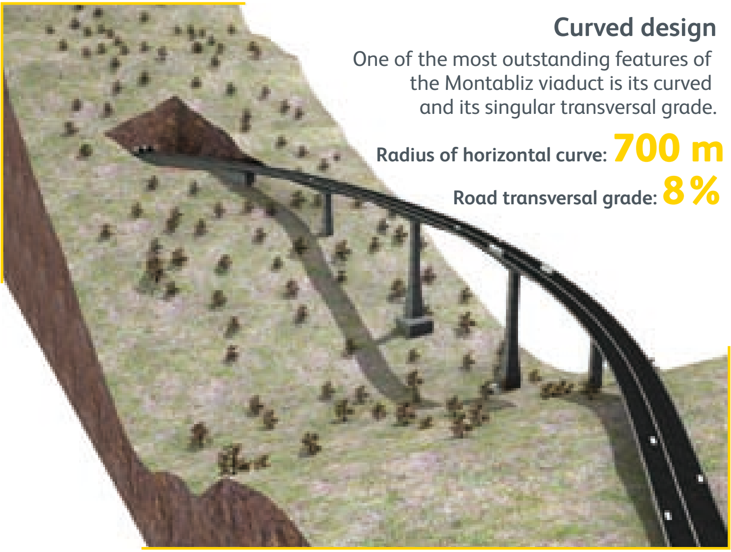
Viaduct piers are built on the foundations with the help of auto-climbing technique

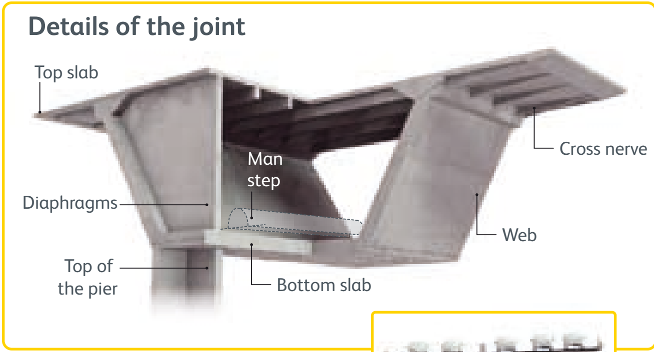


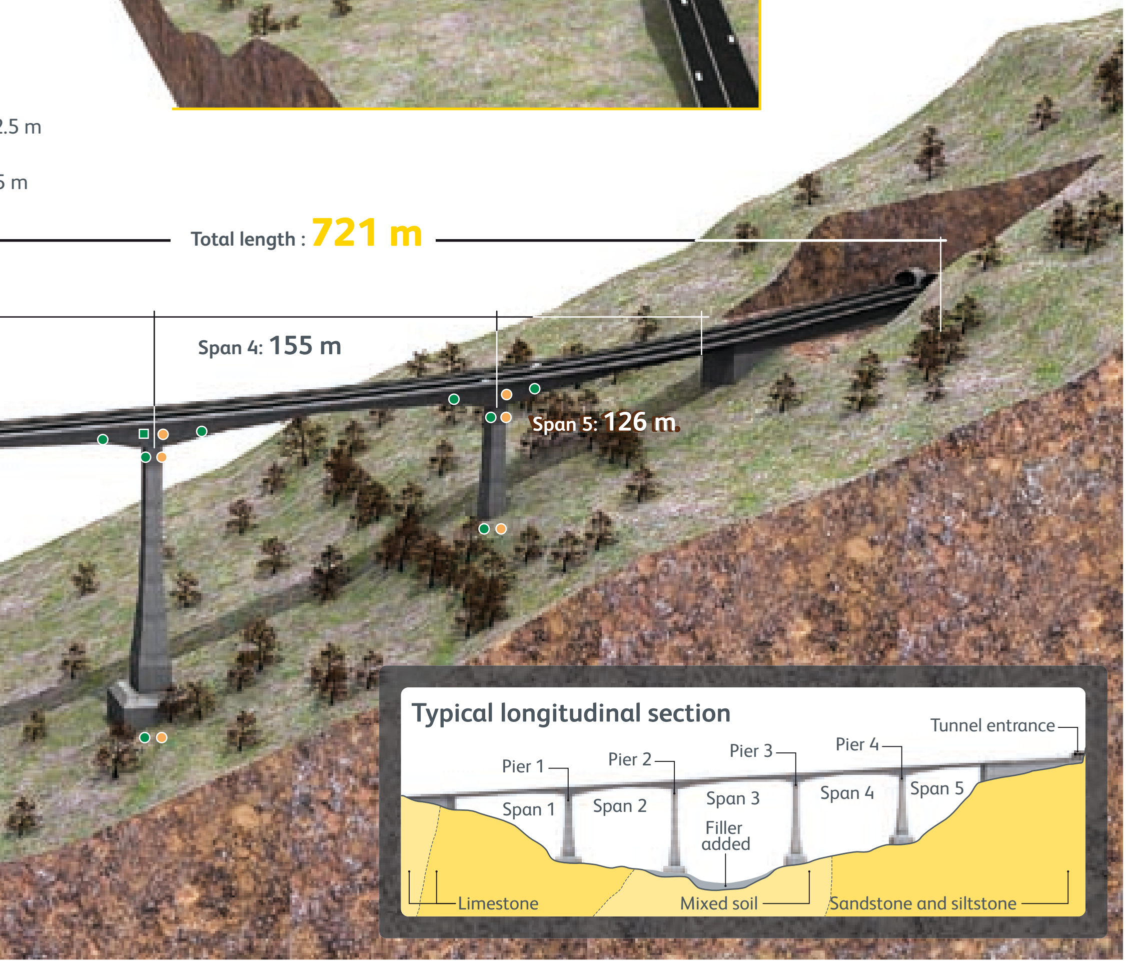
Stage 3

Each of the special segme









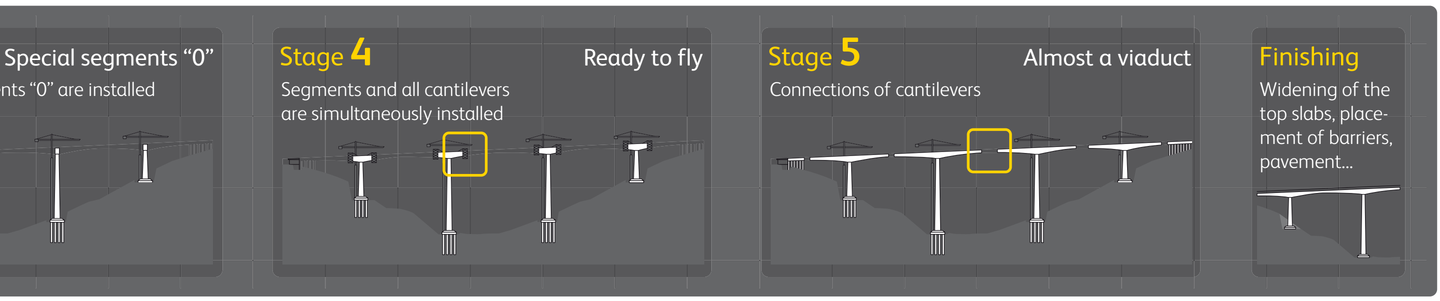


Illustration: Edeline/J.L.T./ visual thinking

POLAND

The Polish market is the largest construction market in Eastern Europe and is showing current growth and an attractive outlook for the future. The main market indicators in the industry showed real growth forecasts in 2008 of around 14%, with forecasts for 2009-2010 showing growth in the range of 5-10% in real terms, which is higher than the expected 3-4% growth in GDP.

Civil works will be the main driver of the construction industry in Poland with double-digit growth over the medium term thanks to the availability of guaranteed cohesion and structural funds. Poland is the top beneficiary of these funds for the period 2007-13, as it will receive approximately 57 billion euro.

The first milestone for the assignation of these funds has already been defined: the Euro Cup Championship in 2012. The Polish Ministry of Infrastructure estimates investments in national highways for the 2008-2012 period to reach 35.3 billion euro with a similar figure being invested by the local authorities in the maintenance of regional highways and local roads. Railway investments over the same period are estimated at 9 billion euro. There were also the major infrastructure improvements to the nation's airports, with estimated investments of 1.5 billion euro.

Non-residential building should also show good performance. In addition to transportation infrastructure, The Euro 2012 will also act as a motor for public and private investors to invest in hotels and sports facilities and other support structures needed to take full advantage of the economic and media impact that this event will have for Poland. These investments are estimated at 2.5 billion euro.

UNITED STATES

The United States is another of Ferrovial's most important international markets. Investment in land transport infrastructure is primarily financed by the federal government through the national SAFETEA 2004-2009 program, which has a budget of at least US$286 billion. SAFETEA 2004-2009 represented a 38% increase over its predecessor (TEA-21), and further increases are expected in the future.

The SAFETEA program will expire in September 2009, and the federal gover-

Hilton Hotel (Warsaw, Poland)

nment is already debating a new investment framework for land transportation infrastructure. Although today there are only proposals from various advisory committees and related associations, they all basically agree that the allocations to the previous plan must be significantly increased, although the specific amounts and particularly how they will be financed have not yet been established. Among the proposals, of special note for Ferrovial Agromán is that of public-private partnerships, in which the company has extensive experience together with Cintra.

The Obama Administration has endorsed the need to resolve the severe transportation infrastructure deficit in the country.

Both Ferrovial Agromán and Cintra are strongly focused on major concession projects throughout the country, in addition to having a leading role in the state of Texas - the second largest construction market in the US and the second largest recipient of SAFETEA funds - through Webber, which is specialized in civil works and the production of recycled construction aggregates.

UNITED KINGDOM

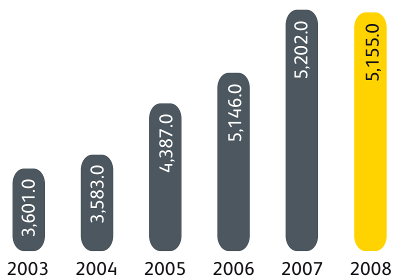
Ferrovial Agromán created a new department in the United Kingdom in 2007 to directly serve the British market. Grupo Ferrovial's strong orientation towards the United Kingdom with the acquisitions in recent years of Amey and particularly BAA, means that it makes sense for the Construction division to devote specific attention to these customers, as well as other opportunities that may arise in this market - one of the largest in Europe.

The collaboration between BAA and Ferrovial Agromán has resulted in the signing of the first few contracts to carry out projects together. Among these, of special note is the most emblematic project for the future of BAA - the design of the new Heathrow East Terminal, in a consortium with Laing O'Rourke, one of the leading construction firms in the country.

Footbridge in Delicias (Zaragoza, Spain)

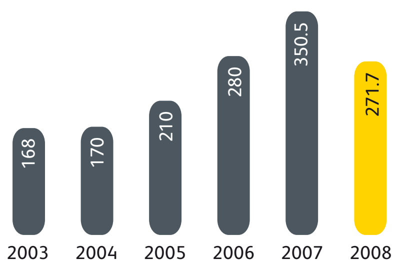
Net revenues

Million euro



EBITDA

Million euro



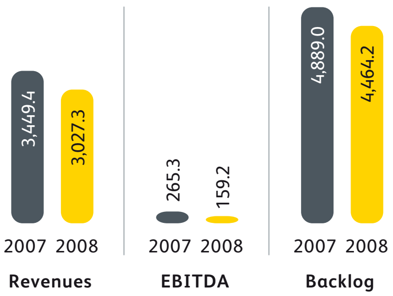
Construction in Spain

Ferrovial Agromán recorded revenues of 3.03 billion euro and EBIT of 135.2 million euro

Faculties of Law and Work Sciences at the University of Seville, Spain

Ferrovial Agromán (Spain)

Million euro



- **14,500 km** *of road built*
- **400 km** *of tunnels built*
- **3,500 km** *of rail track built, including for the AVE (high velocity train network in Spain)*
- **3,500 km** *of oil and gas pipelinese gaseoductos y oleoductos*
- **145** *dams built*
- **35** *airports built*

(*) These figures include data from construction outside Spain

The company was awarded several major contracts during the year, including the Calatayud- Alfajarín section of the A-2 turnpike, the Santas Martas-León section of the A-60 freeway, the concession for the construction and operation of the Figueras Penitentiary for the regional government of Catalonia, Rialiño-Padrón section of the high speed 'Atlantic' railway line for ADIF, the concession for the construction and operation of the Carballo-Berdoias freeway for the regional government of Galicia, Caldearenas-Lanave freeway for the SEITT, a car park on Madrid's emblematic Serrano Street for a consortium led by Cintra, and the refurbishment of the Prat Pier for the Port of Barcelona, among others.

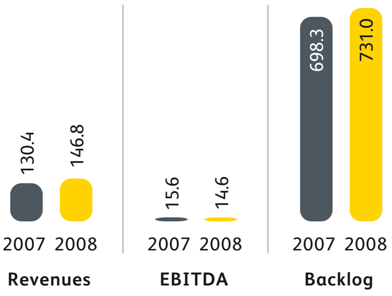
Also during the year the Molledo-Pesquera section of the A-67 was completed, which included the Montabliz overpass, the highest in Spain and sixth in Europe measuring 145 m high and 721 m in length. The bridge employs a technical solution that respects the environment.

There were numerous inaugurations, including the Caixa Forum Madrid, the Zaragoza-Torrejón de Ardoz pipeline, the Malaga A-45 highway, sections: Encinas Reales bypass and Madrid- Hendaya railway bypass in Burgos. The extension of waste water treatment plant in Guadalajara and the new penitentiary in Lledoners for the regional government of Catalonia.

Starting in 2008, Ferrovial Agromán has a new showcase for its technical abilities through 3-D models for Google Earth. Numerous models are being prepared of the company's projects, which will be accessible over the Internet and provide high-quality virtual images that can be seen from anywhere in the world

Cadagua

Million euro



- **2** *water purification plants managed*
- **3,529 m³** *drinking water produced per day*
- **70** *waste water plants managed*
- **488,430 m³** *waste water treated per day*
- **15** *desalination plants managed*
- **153,926 m³** *water desalinated per day*

Cadagua

Cadagua obtained EBITDA of 10.8 million euro and increased its backlog by 4.7% to 731 million euro.

- Notable commercial effort in the international markets with the creation and reinforcement of local offices in such areas as the Middle East, Dubai, India and Poland, presenting bids in these countries and others such as Ireland, Oman, Saudi Arabia, Portugal and Cyprus.
- Presentation of a proposal for the construction of a combined cycle gas turbine (CCGT) in Drakelow, UK, together with General Electric and Sener, for E.ON. The contract awarded is still pending final analysis by the client.
- Various major contracts were awarded in 2008 including work on the waste water treatment centre in Gava – Viladecans for EMSSA: to expand the facility and provide tertiary treatment, in collaboration with Ferrovial Agromán. Also, outside Spain, it was awarded a contract for the modernization of the wastewater treatment plant in Szczecinek, Poland, for the city's municipal water authorities, together with Budimex.

Sand filters of Additional Treatment to EDAR Tertiary Treatment in Campo de Dalías (Almeria, Spain)

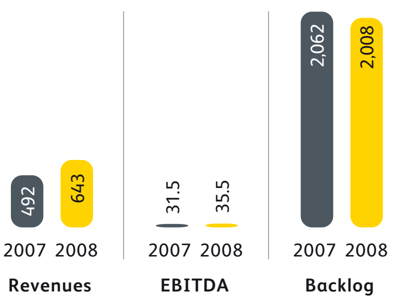
International construction

Construction activity outside Spain comprises 39% of revenues and 41% of the division's backlog. It represents double digit increases in both revenues and earnings.

The A1-N1 road which joins Dublin and Belfast (Ireland - Norther Ireland)

Ferrovial Agromán (Outside Spain)

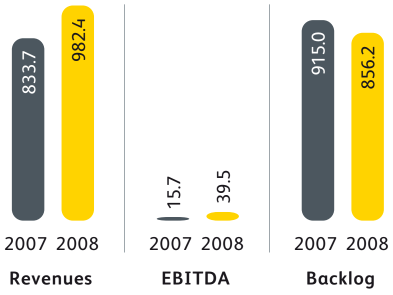
Million euro



- Major contracts awarded during the year include a section of the DFBO highway in Northern Ireland, to be carried out by a consortium led by Amey.
- Phase 2 of the Bradford schools project for a consortium led by Amey, and varios other major contracts awarded in Puerto Rico for a total of 80 million euro.
- Among other fruits of the collaboration between BAA and Ferrovial Agromán, highlights include of special note is the most emblematic project for the future of BAA - the design of the new Heathrow East Terminal, in a consortium with Laing O'Rourke, one of the leading construction firms in the country.

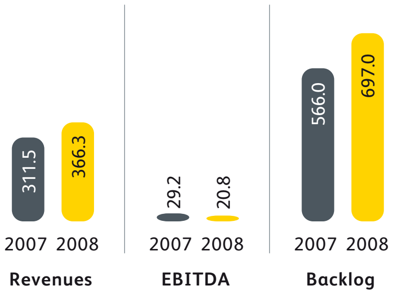
Budimex

Million euro



Webber

Million euro



BUDIMEX

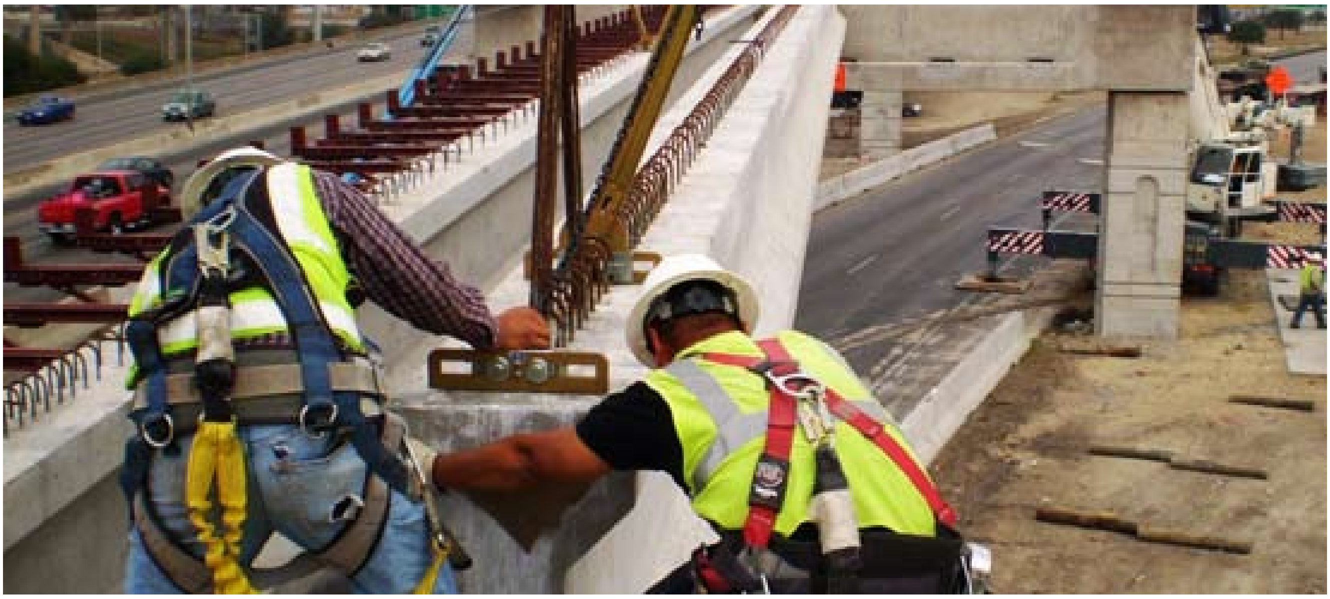
Budimex recorded a 17.8% increase in revenues, reaching 982.4 million euro, with a backlog at the close of the year totaling 856.2 million euro.

- Major contracts won during the year included large civil works contracts such as the S8 freeway in Warsaw, the Wroslaw ring road and a section of the Stryszek-Biale Blota S5/ S10 freeway, all awarded by the General Directorate of Highways of Poland (GDDKIA) and residential building contracts such as Galería Sfera for the Bielsko Biala Business Center and the offices and retail buildings for the GTC in Wroclaw.
- In January 2009, a consortium led by Cintra with a 90% stake (Budimex with 5.05%, Ferrovial Agromán with 4.95%) was awarded a DBFO contract by the Polish Ministry of infrastructure for the A1 toll road between the cities of Stryków and Pyrzowice. This 180 km highway forms part of the North-South Trans-European highway and is divided into three sections: Section 1- 38.5 km of new construction between the cities of Stryków and Tuszyn. Section 2- 83.6 km between the cities of Tuszyn and Rzasawa. This is an existing section of road to be transferred over by the government so that the company can adapt it to the new toll parameters. Section 3- 57.9 km of new construction between the cities of Rzasawa and Pyrzowice.

WEBBER

Webber recorded revenues of 366 million euro, an 18% increase over the previous year. Backlog at the close of the year was 697 million euro.

- During 2008, the company was awarded the largest contract in its history, the SH121 state highway in Dallas for 150 million euro by the North Texas Tollway Authority (NTTA), as well as other large contracts such as the George Bush Turnpike in Dallas, also from the NTTA; the reconstruction of sections of State Highway 630 awarded by the Texas Dept. of Transport (TxDOT) and the resurfacing of a runway at Houston International Airport (Texas, United States).



Construction work on the IH-35 as it passes through San Antonio-Bexar County (Texas, USA)

Management Report

An employee cleaning the interior dome of the Agbar Tower. (Barcelona, Spain)

Business performance in 2008

Key aggregates

The 2008 results when compared to 2007 are affected, in a very significant manner in Sales and Gross Operating Profits (GOP), by the **fluctuations in exchange rates** (strengthening of the euro) and by the **different consolidation scope** after the sale of assets in 2007 and 2008.

The net profit for the year is equally **affected by the accounting impact (not in cash terms) of the valuation of the financial instruments, contracted to cover the changes in interest rates, inflation and share prices, as well as by the adjustment for the price** decrease of certain real estate in BAA (APP Lynton). All of this has an impact of - 318 million euros on net profits and, with the aim of facilitating the analysis of the income statement, is presented in separate columns.

Additionally, **the elimination during 2008 of the right to amortise for tax purposes certain buildings (denominated Industrial Buildings Allowances or IBA in the UK) has a negative impact on the net profits attributed to the dominant company of 871 million euros**. The recording of this liability had no effect at cash level during the year, and the accounting impact will be neutral in the long-term, since it will be offset during the following years by the reversal of this liability through recognition as income.

Since the accounting treatment applied may raise difficulty in interpreting the Financial Statements, and to identify what the group results would have been if this liability had not been recorded, the impact of this item is presented separately in the income statement.

In contrast to these accounting impacts on the profit and loss accounts, operating cash flow generation was exceptional during 2008, reaching **2,682 million euros, with outstanding activity flow (operations flow** less investment flow) **in the construction and services activities, which together reached 500 million euros, the highest figure achieved in the last five years.** The volume of consolidated net investment reached 1,626 million, principally in the airport and toll road areas.

The generation of operations cash flow along with the impact of the strengthening of the euro, allowed a reduction in consolidated debt to 24,113 million (30,264 in 2007). [in line with IFRS 5, this figure did not include the debt associated with the assets classified as held for sale, of Gatwick airport 1,087 M, the Chilean Toll Roads 978M and the car parks unit 39M]. The net debt excluding the infrastructure projects was 1,664 million, which represents a multiple of 1.6 times 2008 GOP.

A Like-for-Like evolution is included: in which the change in the consolidation scope, non-recurring results, derivatives and exchange rate and the impact of IBA are excluded. All the like-for-like information included in this report in unaudited.

The changes in these key aggregates with and without the effects commented upon are as follows:

	dec-08	Like-for-Like
Revenues	-3.5 %	6.3 %
EBITDA	-10.1 %	4.7 %

Net attributed results	dec-08
Net results before adjustments	351
Fair value adjustments	-318
Net result attributed to the dominant company before IBA	33
IBA Adjustments	-871
Net results attributed to the dominant company	-838

A. FINANCIALS

	dec-08	dec-07	Chg (%)
Net Income	32.9	733.7	-95.5
EPS	0.2	5.2	-95.5
EBITDA	**2,738.0**	**3,044.0**	**-10.1**
Depreciation	1,187.8	1,132.6	4.9
EBIT	1,550.2	1,911.4	-18.9
Net revenues	**14,126.0**	**14,630.0**	**-3.4**
Gross capital expenditure	1,130.8	997.0	13.4
	dec-08	**dec-07**	**Chg. (%)**
Net financial Debt	-24,112.5	-30,263.8	-20.3
Net Debt Ex-Infrastructure Projects	-1,664.2	-1,987.4	-16.3

B. OPERATIVES

	dec-08	dec-07	Chg (%)
Construction Backlog	8,756	9,130	-4.1
Services Backlog	9,714	9,726	-0.1
Toll road Traffic (ADT)			
ETR 407 (VKT´ 000)	2,253	2,253	0.0
Chicago Skyway	44,721	49,535	-9.7
Indiana Toll Road	28,904	31,431	-8.0
Autema	23,497	23,875	-1.6
Ausol I	19,586	21,482	-8.8
Ausol II	19,294	21,170	-8.9
BAA (million pax.)	151.4	155.7	-2.7
Parking spaces	296,146	266,805	11.0

Busines areas

A . AIRPORTS

2008 was very important in the development of the principal aspects of the **long-term strategy** of the airports division in the United Kingdom, with events such as the **inauguration of Terminal 5 (T5) and the refinancing carried out in August 2008.**

The **opening of Terminal** 5 in Heathrow was the first step in the transformation of that airport, enabling an improvement in service quality in the whole airport. Having overcome the initial problems on opening, T5 was elected as the best Terminal in Europe in terms of user satisfaction (Airline Council International Airport Service Quality).

Completion of the investment programme planned for March 2013 (principally the construction of the new **Terminal 2**, which will replace the current Terminal 2 and the reform of Terminals 3 and 4), will mean that that at the end of the current regulatory period, 70% of passengers will use completely new terminals and the remaining 30% will use totally reformed terminals..

The support (January 2009) of the British government **for the construction of the Third Runway in Heathrow is a crucial step in the future of the investment and growth strategy developed by BAA.**

In August 2008 the **refinancing process of the BAA debts was completed**, and this has led to a r**eduction in the average global cost of the BAA debts** to 7.5% (compared to 7.8% previously), a cost which will decline as the use of the banking credit lines is reduced. This refinancing process **guarantees the company's investment plan** for the coming years, in that capital investment lines greater than 2,700 million pounds sterling (Appendix I) were obtained.

We would highlight, within regulatory aspects in 2008, the new tariffs approved by the CAA for Heathrow, effective from 1 April, for the period 1 April 2008 to 31 March 2009 (appendix I) for Heathrow (LHR) and Gatwick (LGW). The tariffs for Stansted, equally for a period of 5 years from 1 April 2009, are in the final stages of approval.

Publication of the final report by the **Competition Committee** of its investigation into the airports owned by BAA in the UK is pending. Its initial report («provisional remedies» 17/12/08) urged the sale of the two airports in London and one in Scotland by BAA. In the area of regulation, it is expected that the **Ministry of Transport** will begin a public consultation process on the future new regulations for all British airports.

During 2008 there was a very significant improvement in operating management aspects **and an improvement in service quality in BAA's airports.** Thus, the fines paid quarterly due to non-compliance with the new quality levels (Heathrow and Gatwick) were reduced from 4.7 million pounds in the second quarter to 0.8 million in the fourth quarter.

1. Income statement

BAA's accounting results for 2008 were slightly above the forecasts announced in May 2008, in spite of the gradual deterioration in traffic levels, principally in the second half of the year. BAA (information reported by **BAA**)

	dec-08	Ppto-08	Chg (%)
Traffic (1)	123.4	127.7	-3.4
Revenues (2)	2,638	2,684	-1.7
EBIT (2)	1,080	1,066	1.3

(1) Includes LHR, LGW y STN; (2) BAA

The **significant effort undertaken in cost management, along with the good performance of retail sales activitie**s, explain this positive situation.

	dec-08	Bgt-08	Var (%)
Operatives costs	1,494	1,618	-7,7

FGP TOPCO in pounds sterling and with uniform scope. (Excluding WDF, APP, Budapest and Australia)

£-uniform scope	dec-08	dec-07	Chg (%)
Revenues	2,567.3	2,228.9	15.2
EBITDA	1,067.4	939.9	13.6
EBITDA Margin	41.6%	42.2%	
Depreciation	632.7	482.4	31.2
EBIT	434.7	457.5	-5.0
EBIT Margin	16.9%	20.5%	

Note: the figures reported by BAA and FGP Topco, may differ due to consolidation adjustments

Sales improved by some 15%, combining a slight drop in passenger numbers (-2.7%) and a tariff increase (April 2008.)

Operating costs increased by some 16%, principally in LHR and LGW.

£-Uniform scope	dec-08	dec-07	Chg (%)
COGS	1,499.9	1,289.0	16.4

The cost increases in security and maintenance are considerable. In Heathrow, the opening of T5 and the relocation of the airlines increased costs in general.

The tariff increases in the coming years will allow the recovery of these cost increases. **For the regulatory year that begins on 1 April 2009, the tariff growth will include an inflation increase of 4.8% (**inter-annual inflation at August), and the tariffs at Heathrow will increase by 12.3%.

The beginning of operations of T5 resulted in start-up expenses of 22 million pounds.

The accelerated depreciation of T1 and T2 led to increased depreciation of 84 million pounds. Total depreciation in BAA increased from 440 million pounds to 594 million pounds.

The financial results include a provision of 64 million euros related to equity swaps arranged to cover option plans on Ferrovial's shares granted to BAA employees.

	Revenues	EBITDA
Heathrow	1,486.4	594.3
Gatwick	464.6	174.0
Stansted	258.4	113.8
Scotland	214.5	107.7
Southampton	26.4	8.0
Heathrow express	156.5	41.5
Other & Adjustments	0.0	0.0
UK	**2,606.8**	**1,039.2**
Naples	47.7	14.4
Total Airports	**2,654.4**	**1,053.6**
WDF	46.6	5.3
Other & Adjustments	-62.5	24.3
Total BAA	**2,638.6**	**1,083.2**
Other & Adjustments	-71.3	-15.8
Homogeneous	**2,567.3**	**1,067.4**

Millions of pounds

1.1 Evolution of the operating margin

The evolution of margins is linked to the seasonality of traffic, however the tariff increase and cost controls have led to an increase in the EBITDA margin from the third quarter onwards. The EBITDA margin for the full year of 2008 was 41.1%, slightly higher that 2007 (40.4%).

EBITDA Marg	Q1	Q2	Q3	Q4
2007	37.1%	44.8%	46.1%	31.5%
2008	**29.2%**	**43.8%**	**47.6%**	**41.0%**

1.2 Income statement

	dec-08	dec-07	Chg (%)
Revenues	3,290.4	3,822.4	-13.9
EBITDA	1,350.8	1,542.7	-12.4
EBITDA Margin	41.1%	40.4%	
EBIT	561.7	827.4	-32.1
EBIT Margin	17.1%	21.6%	

Euros

BAA's results in euros are very much affected by the changes in the Sterling /euros exchange rate (-14%), by the change in the consolidation scope after the sale of a variety of assets in 2007 and 2008, the cost increases due to higher ex-

penses on security, the opening of T5, along with **higher depreciation charges due to the start-up of T5,** accelerated depreciation of T1 and the **financial derivatives.** The abolition of the IBA contributed negatively to the net results of 871 million euros.

2. Traffic development

During 2008 the number of passengers reached 151.4 million, a fall of 2.7% compared to the same period in the previous year.

	dec-08	Chg (%)
Heathrow	66.9	-1.4
Gatwick	34.2	-2.8
Stansted	22.3	-6.0
Glasgow	8.1	-6.9
Edinburgh	9.0	-0.5
Aberdeen	3.3	-3.5
Southampton	2.0	-0.8
Total UK	**145.8**	**-2.8**
Naples	5.6	-2.3
Total BAA	**151.4**	**-2.7**

Million passengers

The traffic trend observed in the United Kingdom airports owned by BAA reflects a fall in domestic traffic, while international flights, with higher profitability and occupation rate, showed greater resistance to falls. Compared to a drop in domestic traffic of 5%, long distance flights (North America and Asia) showed a better situation (-1.5%).

Traffic by destinations	Chg (%)
Long distance	-1.5%
Domestic	-5.1%

2.1 Seasonality of the number of passengers

The evolution of the principal aggregates in BAA is marked by seasonality. The second and third quarters are those with a greater number of passengers and which most contribute to profits.

Passengers	Q1	Q2	Q3	Q4
2007	33.0	40.3	46.1	36.3
2008	**33.4**	**39.7**	**44.8**	**33.6**

3. DEBT TRENDS – FGP TOPCO

La deuda a 31/12/2008 asciende a 13.017 millones de euros, frente a 17.808 millones de euros a 31/12/2007.

La deuda contable asociada al aeropuerto de Gatwick (€1.087 millones) no está incluida en la deuda neta de BAA, dado que es un activo clasificado como disponible para la venta, de acuerdo con la NIC 5.

B. OTHER AIRPORTS

On 6 September 2008, the sale of Belfast BCA airport ,to a consortium consisting of ABN Amro Global Infrastructure Fund and Faros Infrastructure Partners LLC was announced, for the amount of 132.5 million pounds sterling.

The net capital gains generated from the sale of the Belfast BCA airport amounted to 109 million euros.

The operation fits into the Ferrovial strategy to concentrate its airports business within the United Kingdom in BAA.

Other airports & Adjustments	dec-08	dec-07	Chg (%)
Revenues	18.1	36.9	-50.8
EBITDA	-12.8	-6.9	-85.9
EBITDA Margin	-70.4%	-18.6%	
EBIT	-16.2	-11.2	-44.8
EBIT Margin	-89.5%	-30.4%	

C. TOLL ROADS AND CAR PARKS

	dec-08	dec-07	Chg (%)	Like-for-Like
Revenues	1,081.1	1,024.7	5.5	9.6
EBITDA	691.8	694.0	-0.3	4.2
EBITDA Margin	64.0%	67.7%		
EBIT	518.4	508.2	2.0	6.7
EBIT Margin	48.0%	49.6%		

2008 was characterised by a deterioration of the macroeconomic variables, which led to a **general fall-off in traffic,** with decreases close to 10% both in the United States and in Spain, with special repercussion in the latter case, during the second half of the year. In Canada, traffic levels were more robust and finished the year with levels similar to 2007. The **tariff increase** applied during the year, meant that in spite if the evolution in traffic levels, **sales and EDITDA increased** (in local currency). **As a result, dividends were paid and capital was returned amounting to 81 million euros from the different motorways.**

The year was a very active one in the **refinancing operations area**, with an overall amount of almost **3,000 million euros** involved. These financing operations, in an environment lacking liquidity and with an aversion to risk characterised by credit restrictions, confirm the strength of these assets, capable of attracting financing. During 2008, the refinancing of debts with maturity in 2008 were closed for the motorway 407- ER, in Canada, the syndication of the Ionian Road motorway, in Greece, and the refinancing and re-leverage of Autema. **The initial part of 2009 has confirmed this trend with two new refinancing operations closed in January**.

Concerning the awarding of new projects, in the first weeks of 2009 two contracts were awarded **amounting to**

approximately 3,500 million euros in Poland and the United States.

1. Operating details for T oll Roads

The growth in sales reflects the combination of reductions in traffic on various motorways with significant tariff increases.

The evolution of the EBITDA is caused by the increase of 11.1 million in provisions in the 407-ER motorway and the reversal, in 2007, of provisions for IBI in Ausol amounting to 6 million euros.

Traffic	dec-08	dec-07	Chg (%)
407 ETR (´000 VKT)	2,253	2,253	0.0
Chicago Skyway	44,721	49,535	-9.7
Indiana Toll Road	28,904	31,431	-8.0
Ausol I	19,586	21,482	-8.8
Ausol II	19,294	21,170	-8.9
Autema	23,497	23,875	-1.6
Radial 4	10,613	11,580	-8.4
Ocaña-La Roda	4,935	4,802	2.8
M-45	63,551	77,690	-18.2
Santiago-Talca	72,325	68,272	5.9
Talca-Chillán	44,361	43,121	2.9
Chillán-Collipull	26,507	25,547	3.8
Collipulli-Temuco	30,423	29,133	4.4
Temuco-Río Bueno	20,614	19,516	5.6
N4-N6	25,481	24,506	4.0
Euroscut Algarve	20,067	20,146	-0.4
Euroscut Norte Litoral	30,135	30,419	-0.9

EBITDA	dec-08	dec-07	Chg (%)
407 ETR	263.1	276.4	-4.8
Chicago Skyway	35.6	30.7	16.0
Indiana Toll Road	39.9	40.5	-1.4
Ausol	50.9	59.1	-14.0
Autema	37.6	34.5	9.2
Radial 4	12.3	14.2	-13.6
Ocaña-La Roda	9.3	8.7	6.6
M-45	12.2	11.7	4.5
Chilean highways	121.4	116.5	4.2
M4-M6	17.6	16.8	4.8
Euroscut Algarve	31.4	31.3	0.4
Euroscut Norte Litoral	30.1	28.5	5.5
Ionian Roads	12.4		

Revenue	dec-08	dec-07	Chg (%)
407 ETR	349.4	353.7	-1.2
Chicago Skyway	43.0	39.2	9.7
Indiana Toll Road	53.0	54.9	-3.6
Ausol	63.0	66.0	-4.6
Autema	47.5	43.9	8.1
Radial 4	24.2	25.0	-3.3
Ocaña-La Roda	19.0	18.0	5.3
M-45	13.1	12.5	4.4
Chilean highways	178.6	167.6	6.
N4-N6	24.8	23.5	5.6
Euroscut Algarve	36.1	35.3	2.4
Euroscut Norte Litoral	36.7	35.2	4.1
Ionian Roads	19.1		

Million euro

EBITDA Margin/Revenue	dec-08	dec-07	Chg (%)
407 ETR	75.3%	78.2%	-2.9%
Chicago Skyway	82.9%	78.4%	4.5%
Indiana Toll Road	75.3%	73.6%	1.7%
Ausol	80.8%	89.7%	-8.9%
Autema	79.3%	78.5%	0.8%
Radial 4	50.7%	56.8%	-6.0%
Ocaña-La Roda	48.9%	48.3%	0.6%
M-45	93.3%	93.1%	0.2%
Chilean highways	68.0%	69.5%	-1.6%
N4-N6	70.9%	71.5%	-0.6%
Euroscut Algarve	87.0%	88.7%	-1.7%
Euroscut Norte Litoral	82.0%	80.9%	1.1%
Ionian Roads	64.7%		

The sales growth in Toll Roads is explained by the following factors:

1.1 Tariff increases on the various toll roads

- **407-ETR –** For the first time, the motorway toll rate varies not only on the basis of the time of day (peak hour/ trough hour) but also varies on the basis of different stretches covered. From 1 February 2008, the new tolls are applied and these mean an increase of 9.4% at peak time in the «Regular Zone» (between the motorways 401 and 404) and of 8.0% at peak time in the «Light Zone» (the rest of the motorway). The increase in the trough period on the whole motorway was 7.1%.
- **Chicago Skyway –** From 1 January 2008 the new tolls were applied, with an average increase of 27%. The toll for Light vehicles went from 2.5$ to 3$ per stretch, which represents a 20% increase, while the increase for heavy vehicles was 50%.
- **Indiana Toll Road –** On this motorway the new increase in tolls was applied from 1 April 2008 for heavy vehicles,

with an average increase of 20.0%. Alter the installation of the electronic toll, the tariffs for light vehicles not employing a transponder increased by 72%. For electronic toll users the toll will remain the same until 2016. The Indiana Finance Authority will compensate the concessionaire for this difference.

1.2 The evolution of traffic on the various toll roads

The traffic on the various motorways reflects the effect of the economic downturn in the various different countries. Additionally, there are certain specific factors that have affected the evolution of each of the concessions:

- **407-ETR –** In spite of the economic downturn, traffic level remained stable in terms of kilometres covered and increased by 0.9% in terms of the number of trips per day. The fall in activity is affecting more discretional weekend traffic, which tends to cover a greater number of kilometres. Additionally, worse weather conditions, especially in the months of July and August, when rainfall was almost nine times higher than in the previous year, and December, when snowfalls were 45% higher that in December 2007, negatively affected traffic.
- **Chicago Skyway –** The evolution of traffic reflects the effect of the expansion of capacity on the alternative route, principally on the Dan Ryan Expressway and the Borman Kingery Expressway. At the same time, the traffic reflects the temporary closure (until December 2008) of the connection I-65 to the South of toll road Gary East. Finally, the adverse weather conditions influenced the traffic evolution.
- **Indiana Toll Road –** The traffic on the open section (barrier section), closer to Chicago, reflected the effect of the temporary closure (until December 2008) of the I-65 connection. At the same time, the worse weather conditions affected the traffic on the whole motorway.
- **Ausol –** The traffic evolution reflects the effect of lower construction activities in the corridor, reflected in a reduction in heavy vehicle traffic. In Ausol II the reduction of heavy traffic was intensified by the finalisation in September 2007, of the works in the Port of Algeciras, which had a positive effect in the early months of 2007.
- **M-45 –** Traffic levels were affected, both by the opening, in June 2007, of the part of the M-50 that runs between the A-3 and M-2 motorways, and by the completion, in May last year, of work on the M-30 tunnels.
- **In any case**, the M-45 is a shadow toll road in which income is linked to traffic levels established in the contract. At present, the traffic levels are near to the limit set, where each year the concessionaire obtains maximum income.
- **Radial - 4 –** Was affected by the opening of the final stretch of the Ruta de la Plata (Mérida-Sevilla), which offers an alternative route for users to the North of Spain on its way through Madrid.

1.3 Variations in Exchange Rates

The strong revaluation of the euro compared to the US dollar (6.6%) and the Chilean Peso (7.5%) reduced income in euros from the assets in these countries.

1.4 Commencement of operations on the Greek Ionian Roads motorway

The Ionian Roads motorway has two independent sections that run parallel to the coast, to the east and the west of the country, respectively. The Project has the peculiarity that is has a stretch, already in operation, that the State transferred to a concessionaire. On 10 January last, more that three months earlier than scheduled, the operative stretch of the motorway was transferred, so that from that moment the concessionaire begins to collect tolls on that stretch.

Cintra, which has a 33.4% participation in the concessionaire company, consolidates the results from the motorway on a proportional basis. The motorway has contributed 13.9 million euros to the consolidated business activity during this period.

1.5 Calendar effect

Caused by the fact that 2008 was a leap year and therefore had one day more.

2. Financing

- **407-ETR (Canada) – refinancing**
  The motorway announced the refinancing of its debt with maturity in 2008 through two different bond issues:

Class	Rating	Amount (Millions)	Due	Fixed coupon
Senior	A	250 CAD	2011	4.50%
Subordinated	BBB	300 CAD	2011	5.00%

The motorway has issued, bonds amounting to 1.175 millions CAD since October 2007.

- **Ionian Roads (Greece): Syndication of the debt**
  Syndication of 400.9 million euros of senior debt, which was oversubscribed 1.64 times.
- **SH 130 (EE.UU.) – close of the financing**

	Amount	Due	Cost
Bank loan	$686		Libor + 130/170 bp
Loan; DoTx	$475	2038	4.46%
Own Funds	$197	2043	
Total	$1,358		

CCoverage of interest rate: 100% in the construction phase and 98% in the operational phase.

- **AUTEMA (Spain) – refinancing of the short-term debt**

	Amount	Due	Margin
Total	€618	2035	+ 140/160 pbs

There is also a cash line of 92 million euros which has not been drawn down.
The refinancing has allowed the distribution of 316 million euros to Cintra.
Coverage of the interest rate and inflation: 90%.

2.1 Financing operations after the year end

- **407-ETR – Refinancing of the debt with due date in 2009.**
The refinancing was performed through two different bond issues: The first amounted to 300 million Canadian dollars, due in January 2012 with a fixed coupon at 4.65%.
The second amounted to 200 million Canadian dollars, due in January 2014 with a fixed coupon at 5.10%.
These issues reflect the motorway's capacity to refinance its debts in spite of the uncertainties on the financial markets.
- **Extension of the financing of the Radial-4 motorway**
The consortium reached an agreement with the 29 financers, including the European Investment Bank (EIB), which financed the Radial-4 motorway, to extend the terms and conditions of the current financial package for another two years
The total amount of the motorway debt is 556.6 million euros, divided into three tranches:
  - Tranches A and B – 196.6 million euros of commercial debt due on 27 January 2011.
  - Tranch C – 360 million euros in a EIB loan due in 2032. This tranch has bank guarantees until 27 July 2011.

The interest rate on the debt is euribor at 3/6 months plus a differential of 130 basis points.
This is financing without recurring to the shareholder. However, there is a contingent guarantee given by the shareholders to cover possible deviations, estimated at approximately 20 million euros, on the payment of interest on the debt during this period of two years, and another guarantee, for a maximum amount of 23 million euros, given by the shareholders to facilitate the refinancing on the due date of the loan.
After this agreement and having closed the refinancing of the 407-ETR motorway debt, **all the debt associated with Motorways and Car parks due in 2009 was refinanced, which demonstrates its financial capacity in spite of market turbulences.**

3. Infrastructure awards (after the year end)

- **An agreement with the Polish Ministry of Infrastructures for the design and exploitation of the A1 Motorway (22 January 2009).**
The consortium led by Cintra (90%), in which Ferrovial Agroman (4.95%) also participates along with its subsidiary Budimex (5.05%), was awarded the tender called by the Polish Ministry of Infrastructures for the A-1 motorway between the cities of Stryków and Pyrzowice.
The project, 180 Km long, is part of the North-South TransEurope Motorway. The concession period is for 35 years from the signature of the contract and the investment foreseen is 2,100 million euros, with the construction cost amounting to approximately 1,800 million euros.
The contract establishes a period of twelve months prior to the financial closing during which the evaluation and proposal of adjustments to the economic parameters of the concession can be made because of the impact of the current economic and financial crisis. The contract is subject both to the free decision of the concessionaire and that of the Polish Government. If no agreement is reached, the concessionaire will recover the costs incurred in design activities and construction and the contract will be without effect
- **The offer led by Cintra was selected as the «most favourable proposal» for the North Tarrant expressway Project in Texas (29 January 2009).**
The proposal presented by the consortium led by Cintra, was selected by the Transport Commission of Texas as the «Best Value Proposal» for the construction, maintenance and exploitation of 21.4 Km (13.3 miles) of the North Tarrant expressway, located in the Dallas/Fort Worth zone of Texas, United States.
The contract, which is pending final negotiations with TxDOT, also includes the reconstruction and maintenance of the existing lanes (non-toll) in the motorways IH820 and SH183 in the county of Tarrant, north-west of the Fort Worth metropolitan area.
The forecast investment in the Project amounts to, approximately, 200 million dollars and the concession period is for 52 years from the signature of the contract. It is foreseen that construction will begin at the end of 2010 and be finished in 2015.
The winning consortium consists of Cintra (75%) and Meridiam Infrastructure (25%). Additionally, negotiations are underway with the el Dallas Police & Fire Pension System to acquire a holding of approximately 10% of the Cintra participation.

The award winner of the tender will act as advisor to TxDOT for the development of the rest of the corridor, with about 37 additional kilometres in length.

D. CAR PARKS

	dec-08	dec-07	Chg (%)
Revenues	166.6	143.8	15.9
EBITDA	48.2	47.6	1.3
EBITDA Margin	28.9%	33.1%	
EBIT	33.9	31.1	9.1
EBIT Margin	20.4%	21.6%	
Car park spaces	296,146	266,805	11.0

IThere was a considerable increase in the number of spaces being exploited (+11.0%) because of the incorporation of the car park as Stansted airport, which has 28,363 new spaces and was consolidated from October onwards.
The gross operating margin was reduced by the increase in operating expenses that the start-up of the new contracts involved and the regularisation of accrued wages due to the new collective wage agreements in controlled parking lots.

E. SERVICES

	dec-08	dec-07	Chg (%)	Like-for-Like (%)
Revenues	4,669.8	4,619.0	1.1	8.8
EBITDA	463.0	471.3	-1.8	4.5
EBITDA Margin	9.9%	10.2%		
EBIT	303.7	313.5	-3.1	3.5
EBIT Margin	6.5%	6.8%		
Backlog	9,713.8	9,726.4	-0.1	
Capital expenditure	198.2	421.8	-53.0	

The evolution in Services was very much affected by the increase in the euro exchange rate, (almost 60% of sales are in other currencies, not the euro), as can be seen in the above table. The lower invoicing level and profits in Tube lines (a contract for the maintenance of some of the London Underground lines) also had a negative effect, although the development of Tube lines is in line with the company forecast .

Eliminating the exchange rate effect and the contribution by Tube lines, the underlying business shows significant operating growth in Sales and EBITDA, growing at 12.0% and 12.6% respectively. The percentage profitability of the EBITDA on sales remained at 9.8%. Therefore, the evolution of activities compared to 2007, excluding the impact of the Exchange rate and setting aside Tube lines, is as follows:

2008	Sales	Chg (%)	EBITDA	Chg (%)
Spain	1,604.6	9.1	214.8	7.1
Amey- ex Tube lines	1,192.1	19.0	110.4	16.2
Swissport	1,201.8	8.6	72.8	25.1
Services Ex Tube Lines	**3,998.5**	**12.0**	**398.0**	**12.6**
Tube lines	671.3	-5.6	65.0	-25.2
Total Services	**4,669.8**	**8.8**	**463.0**	**4.5**

Concerning trends in the portfolio, excluding the exchange rate impact which affects Amey, the portfolio at December 2008 would amount to 10,454 million euros, representing an increase compared to 2007 of 7.5%. This portfolio volume does not include the contribution from Tube lines, which at December 2008 amounted to 10,762 million euros.

In the cash flow area, operations generated 288 million euros in 2008, which is the highest figure in the history of the division.

By activity, the operations cash flow was as follows:

	Amey	Swissport	Spain & Portugal	Total
RBE	175.4	72.8	214.8	463.0
RBE infrast. projects	-81.6		-0.5	-82.1
RBE ex projects	93.8	72.8	214.3	380.9
Taxes	4.4		-6.6	-2.2
Dividends	7.2	0.6	1.3	9.1
Working capital	-67.3	5.2	-37.6	-99.7
Operations	**38.1**	**78.6**	**171.4**	**288.1**

The above table shows the evolution of operations cash flow excluding infrastructure projects. The only impact from infrastructure projects reflected in operations cash flows is the dividend received from these projects, which in 2008 amounted to 9.1 million euros.

The 2008 operations flow amounted to 288.1 million euros, or 39.4 million euros higher than in 2007. The major operation cash flows were from:

- **Greater Ebitda generated** (380.9 million euros in 2008 compared to 353 million euros in 2007, that is, an increase of 27.9 million euros)
- **Better Working Capital management**, which positively affected the cash flow by +15.7 million euros. The variation in working capital amounted to -99.7 million euros in 2008 compared to -115.4 million euros in 2007.
- Both positive impacts were compensated in part by **higher tax payments and less collection of dividends**. The overall amount of taxes paid and dividends collected in 2008 was +6.9 million euros, compared to 10.9 million euros in 2007.

1. Amey

GBP	dec-08	dec-07	Chg (%)
Revenues	1,494.3	1,373.2	8.8
EBITDA	140.7	145.9	-3.6
EBITDA Margin	9.4%	10.6%	
EBIT	100.6	105.6	-4.7
EBIT Margin	6.7%	7.7%	
Backlog (*)	3,745.2	3,549.6	5.5

Note: due to the significant appreciation of the euro against sterling, Amey's activities are detailed in pounds sterling. (*) Does not include the Tubelines portfolio (8,632 million pounds)

The growth of Amey compared to 2007 is the result of two very clear trends:

- The drop in sales and profits of Tubelines, already foreseen by the company. This change in sales and profits is related to the investment volume committed. As was anticipated in the business plan, the Project has entered into lower investment volume phases, which results in a gradual fall in the invoicing and profit levels.
- Growth in the rest of Amey both in sales and profits.

The following is a breakdown of the evolution of Tubelines and the rest of Amey's activities (data in pounds sterling)

1.1. Amey breakdown by activities

1.1.1 Tube lines (Proportional consolidation 66%)

Tube lines-GBP	dec-08	dec-07	Chg (%)
Revenues	538.3	570.1	-5.6
EBITDA	52.1	69.7	-25.2
EBITDA Margin	9.7%	12.2%	

1.1.2 Rest of amey activities

AMEY (Ex Tube Lines)- GBP	dec-08	dec-07	Chg (%)
Revenues	956.0	803.1	19.0
EBITDA	88.6	76.2	16.2
EBITDA Margin	9.3%	9.5%	

The contribution of new infrastructure projects the construction of which began in 2008 (schools in Belfast and Dumfries & Galloway) should be noted in the growth in invoicing levels).

The EBITDA growth (16.2%) resulted mainly from the contribution by road maintenance contracts achieved throughout 2007 (Hampshire, northern London and Herefordshire in Wales) and the consulting activities in contracts related to the maintenance of the railway lines and roadways.

1.1.3 Evolution of the Amey portfolio

Trends in the Amey portfolio in recent years are as follows, excluding the contribution of Tubelines:

2004	2005	2006	2007	2008 (*)
2,822	4,223	4,974	5,166	4,670

(*) In 2008, the decrease in the portfolio is the result of exchange rate fluctuations. Removing the exchange rate effect, at December 2008 the Amey portfolio would be 5,410 million euros (+4.7% against 2007).

2. Swissport

Euros	dec-08	dec-07	Chg (%)	Like-for-Like (%)
Revenues	1,201.8	1,149.7	4.5	8.6
EBITDA	72.8	58.4	24.6	25.1
EBITDA Margin	6.1%	5.1%		
EBIT	41.4	28.8	43.6	43.0
EBIT Margin	3.4%	2.5%		

In spite of the deterioration in the main macro-economic indicators and the drop in worldwide air traffic, Swissport closed 2008 with growth in sales and a major improvement in profitability. The principal reasons for this increase in profitability, considerable higher than the sales growth, are:

- Consolidation of the structural cost savings project initiated in mid-2007.
- A greater contribution from the new stations in which operations began during the last two years (Spain, Israel, Bulgaria) and a reduction in the negative contribution from the loss making stations (highlighting JFK in New York).
- A generalised increase in profitability in the North American stations as a result of the optimisation of operations.

In addition to the increased profitability, the improvement in working capital management, particularly a reduction in the average collection period, allowed Swissport to generate an operations cash flow of 79 million euros.s.

Euros	S1 08	S2 08
Revenues	570.5	631.2
EBITDA	28.2	44.6
EBITDA Margin	4.9%	7.1%
Revenues contribution	47%	53%
EBITDA contribution	39%	61%

3. Service Spain

	dec-08	dec-07	Chg (%)
Revenues	1,604.6	1,470.8	9.1
EBITDA	214.8	200.6	7.1
EBITDA Margin	13.4%	13.6%	
EBIT	136.9	131.0	4.5
EBIT Margin	8.5%	8.9%	
Backlog	5,043.4	4,560.4	10.6

The sales growth was reflected both in waste collection and processing (8.9%), and in infrastructure maintenance, cleaning and FM (9.3%)

In spite of the very positive EBITDA from waste collection and processing (+10% compared to 2007), the sales growth in Services in Spain and Portugal was not transferred fully to EBITDA (+7.1%) because of the reduction in margins in the new contracts caused by greater price aggressiveness, especially in FM activities.

The growth in depreciation compared to 2007 is the result of the increased tonnage handled during 2008.

4. Portfolio growth in spain

The continued commercial efforts are reflected in the portfolio growth, which shows a 10.6% increase over the previous year. Million euros

2004	2005	2006	2007	2008
2,150	2,950	3,655	4,560	5,043

Million euros

F. Construction

	dec-08	dec-07	Chg (%)	Like-for-Like (%)
Revenues	5,155.1	5,202.1	-0.9	-1.7
EBITDA	271.7	350.5	-22.5	-22.8
EBITDA Margin	5.3%	6.7%		
EBIT	211.9	283.4	-25.2	-25.9
EBIT Margin	4.1%	5.4%		
Backlog	8,756.3	9,129.6	-4.1	n/a
Gross capital expenditure	53.1	46.8	13.5	

In a macro-economic environment in Spain (61% of the division's sales), characterised by the sharp decline in residential activities, the lower volume of contracted work by public institutions and the consequent increase in competition on projects and the reduction in margins, **Ferrovial's strategy on the domestic market is based upon the active management of collections, cost control and selective criteria when taking part in tenders** and selecting customers, compared to other possible policies of maintaining volume or book profits, with the **objective of avoiding the deterioration of working capital and cash flow.**

The policy of geographic diversification, initiated in 2000 with the acquisition of Budimex, has led to the contribution from **international activities now accounting for 39% of sales**. The management effort made in previous years has enabled profitability on sales from foreign activities to reach 3.3% **representing 31% of the Division's operating results.**

During 2008 **two very distinct profiles** can be seen within the Construction Division. **A slowdown of the domestic market**, sales -11.3%, operating profits - 39.4%, compared to a **strong growth level on the international market both in sales (+21.8%) and profitability (+55.7%).**

Overall, sales remain stable (-0.9%) and profitability falls compared to the same period in the previous year (EBITDA 5.3% vs. 6.7%), a deterioration in profitability originating principally in Spain, in spite of the important profitability improvement in the foreign sector.

Against the evolution of these accounting parameters the volume of cash flow generated should be highlighted (375 million), a figure superior to the EBITDA of the division, thanks to the continued efforts by the company in the collections management area. This effort allowed the **generation of the highest free cash flow in the last five years (operating cash flow – investment cash flow)**. 375 million euros were generated and 48 million euros were invested, leaving a free cash flow of 328 million euros.

Operations Cashflow	Domestic	Abroad	Cadagua	Construction
EBITDA	159	98	15	272
Payment of taxes	-69	-17	-5	-91
Working Capital	83	69	42	194
Operations cashflow	**173**	**150**	**52**	**375**

Provisions rose significantly reaching 52.5 million euros (15.0 in 2007). In the accounts these provisions are in addition to the gross operating results, which explains part of the deterioration. This negative situation is due to the domestic market (-38%) with the international showing positive growth (+40.4%).

1. Portfolio

The portfolio fell slightly, from 9,130 million euros to 8,756 million euros (-4.1%), **the reduction being due to the lower contracting level on the domestic market** (-7.1%), while the international portfolio remains at similar levels to the previous year.

1.1 Portfolio by type of work

	dec-08	dec-07	Chg (%)
Civil work	6,053.5	5,665.7	6.8
Residential work	632.8	1,267.2	-50.1
Non-residential work	1,237.0	1,401.9	-11.8
Industrial	833.0	794.9	4.8
Total	**8,756.3**	**9,129.6**	**-4.1**

The portfolio growth is driven by international activities, **which represent 40% of the total.**

2. Domestic market

	dec-08	dec-07	Chg (%)
Revenues	3,174.0	3,579.8	-11.3
EBITDA	173.9	280.8	-38.1
EBITDA Margin	5.5%	7.8%	
EBIT	146.1	241.1	-39.4
EBIT Margin	4.6%	6.7%	
Backlog	5,181.2	5,578.8	-7.1

The fall in sales from previous quarters continues along with the deterioration in profitability. The domestic market is characterised by a sharp decline in residential work, a fall in official tenders of 11.6% (January – December, source SEOPAN) in annual terms and greater price competition, continued from previous years. In this scenario, Ferrovial's strategy is not centred on maintaining volume, but on the active management of collections and containing the deterioration of working capital.

In the last quarter of the year provisions amounting to 35 million euros (52 million for the whole year) were raised, which explains why the operating margin for the quarter was 0.7%. Excluding these provisions it would have been 4.4 %.

3. International market

	dec-08	dec-07	Chg (%)	Like-for-Like
Revenues	1,993.4	1,637.2	21.8	19.2
EBITDA	97.9	69.7	40.4	38.5
EBITDA Margin	4.9%	4.3%		
EBIT	65.8	42.3	55.7	51.3
EBIT Margin	3.3%	2.6%		
Backlog	3,575.2	3,550.8	0.7	

International activities present **double digit growth in sales and profits**. The international contribution reaches 39% of sales and 41% of the division's portfolio, the result of the profitable diversification strategy, initiated some years ago.

4. Budimex

	dec-08	dec-07	Chg (%)	Like-for-Like
Revenues	982.4	833.7	17.8	9.9
EBITDA	39.5	15.7	151.4	134.6
EBITDA Margin	4.0%	1.9%		
EBIT	34.1	9.5	258.2	234.2
EBIT Margin	3.5%	1.1%		
Backlog	856.2	915.2	-6.4	7.7

There is an important increase in profitability, the EBITDA margin being 4.0%. **There is also a significant improvement in the BAI** because of the collection of delayed payment interest.

The portfolio amounts to 856 million euros, without including the recent award of the construction of a new toll road valued at 1,800 million euros**, which will increase value of the portfolio in Budimex threefold.**

5. Webber

	dec-08	dec-07	Chg (%)	Like-for-Like
Revenues	366.3	311.5	17.6	25.4
EBITDA	20.8	29.2	-28.7	-24.0
EBITDA Margin	5.7%	9.4%		
EBIT	6.8	15.3	-55.5	-52.6
EBIT Margin	1.9%	4.9%		
Backlog	697.3	565.7	23.3	17.9

There is a strong increase in Sales in local currency (+25%) and in the portfolio (+18%). The costs incurred for delays in 2007 limit the profitability growth.

The portfolio growth is indicative of the future business growth.

Profit and loss statement

	Before adjustments Fair Value	Adjust Fair Value (*)	Total 2008	Before adjustments Fair Value	Adjust Fair Value (*)	Total 2007
Sales	14,126		14,126	14,630		14,630
Other operating revenue	20		20	27		27
Total operating revenue	**14,146**		**14,146**	**14,657**		**14,657**
Materials consumed	1,799		1,799	1,807		1,807
Other external expenses	1,992		1,992	2,118		2,118
Staff expenses	3,832		3,832	3,793		3,793
Change in trade provisions	114		114	79		79
Other operating expenses	3,660	11	3,672	3,851	-35	3,816
Total operating expenses	**12,585**	**11**	**12,596**	**12,781**	**-35**	**12,746**
EBITDA	**2,749**	**-11**	**2,738**	**3,009**	**35**	**3,044**
Non-current asset depreciation and amortisation	1,188		1,188	1,133		1,133
EBIT	**1,562**	**-11**	**1,550**	**1,876**	**35**	**1,911**
Financial income of infrastructure projects	**134**		**134**	**94**		**94**
Financial expenses of infrastructure projects	-1,801		-1,801	-1,761		-1,761
Results from derivative financial instruments		-211	-211		-3	-3
Financial results of infrastructure projects	**-1,667**	**-211**	**-1,878**	**-1,667**	**-3**	**-1,670**
Financial income of other companies	208		208	130		130
Financial expenses of other companies	-332		-332	-299		-299
Results from derivative financial instruments		-225	-225		-61	-61
Financial results of other companies	-124	-225	-349	-170	-61	-231
Financial results	**-1,791**	**-436**	**-2,227**	**-1,837**	**-64**	**-1,901**
Share of results of equity-consolidated companies	7		7	-111		-111
Other profit and loss	449	-162	287	767		767
Consolidated profit before income tax	**226**	**-609**	**-383**	**696**	**-30**	**666**
Income tax before IBA	118	174	292	162	10	172
Consolidated income from continuing operations before IBA	**344**	**-435**	**-91**	**858**	**-20**	**838**
Net income from discontinued operations before IBA						
Consolidated income for the year before IBA	**344**	**-435**	**-91**	**858**	**-20**	**838**
Result for the year attributed to minority interest before IBA	**7**	**117**	**124**	**-112**	**8**	**-104**
Income for the year attributed to the parent company before IBA	**351**	**-318**	**33**	**746**	**-12**	**734**
Income tax adjustment IBA(**)			-1,559			
Result attributed to minority interest after IBA(**)			688			
Net income for the year after adjustmente IBA(**)			-871			
Net income for the year attributed to the parent company after IBA			**-838**			

(*) Relates to results from changes in the fair value of derivatives, other financial assets and liabilities and investment properties.
(**) Relate to the recognition by BAA of an exceptional accounting loss due to the tax reform that eliminated the right to depreciate for tax purposes certain buildings in the year 2008 (called Industrial Building Allowances or IBA in the UK) with an impact on the dominant company's net profits of -871 million euros. Since the accounting treatment applied may create difficulties in interpreting the Financial Statements, and to identify what the group results would have been if this liability had not been booked, the impact of this item is presented separately in the profit and loss account.

A. TURNOVER

Excluding the impact of exchange rates and the change in the consolidation scope, growth would be +6.3%.

	dec-08	dec-07	Chg (%)	Like-for-Like
Construction	5,155.1	5,202.1	-0.9	-1.7
Airports	3,308.5	3,859.2	-14.3	15.0
Toll Roads & Car Parks	1,081.1	1,024.7	5.5	9.6
Services	4,669.8	4,619.0	1.1	8.8
Others*	-88.6	-75.1	n/a	
Total	**14,126.0**	**14,630.0**	**-3.4**	**6.3**

The **percentage contribution** of each different business area to Sales is as follows:

	dec-08	dec-07
Construction	36%	36%
Airports	23%	26%
Toll Roads & Car Parks	8%	7%
Services	33%	32%

The **geographic distribution** is as follows:

	dec-08	%	dec-07	%	Chg (%)
Spain	**5,132.0**	**36%**	**5,297.4**	**36%**	**-3.1**
UK	5,376.0	38%	6,015.2	41%	-10.6
USA & Canada	1,198.0	8%	1,108.0	8%	8.1
Poland	946.0	7%	871.2	6%	8.6
Chile	224.0	2%	216.2	1%	3.6
Rest of Europe	1,005.0	7%	897.3	6%	12.0
Other countries	243.0	2%	224.7	2%	8.1
Total International	**8,992.0**	**64%**	**9,332.6**	**64%**	**-3.6**
TOTAL	**14,124.0**	**100%**	**14,630.0**	**100%**	**-3.5**

International sales exceed domestic sales and represent 65%

B. PERSONNEL SPENSES

This heading shows a slight increase of 1% and amounts to 3,832 million euros. The average number of staff at 31 December 2008 was 107,399 compared to 104,956 at the same time in 2007.

C. GROSS OPERATING RESULTS

Excluding the Exchange rate impact and the changes in the consolidation scope, growth would be 4.7%.

The following is a breakdown by business area:

	dec-08	dec-07	Chg (%)	Like-for-Like (%)
Construction	271.7	350.5	-22.5	-22.8
Airports	1,338.0	1,535.8	-12.9	13.5
Toll Roads & Car Parks	691.8	694.0	-0.3	4.2
Services	463.0	471.3	-1.8	4.5
Others	-26.5	-7.7	n/a	
Total	**2,738.0**	**3,044.0**	**-10.1**	**4.7**

The contribution of Airports, Services and Toll Road activities amount to 90% of Gross Operating Results, while Construction activities represent 10%.

	dec-08	dec-07
Construction	10%	12%
Airports	49%	50%
Toll Roads & Parks	25%	23%
Services	17%	15%

The contribution in 2008 from activities undertaken outside Spain was 82%.

The distribution to GOR by geographic zone was as follows:

	dec-08	%	dec-07	%	Chg (%)
Spain	**485.5**	**18%**	**617.9**	**20%**	**-21.4**
UK	1,521.2	56%	1,746.9	57%	-12.9
Canada & USA	371.5	14%	385.6	13%	-3.7
Poland	56.2	2%	12.1	0%	n/a
Chile	126.8	5%	124.6	4%	1.8
Rest of Europe	148.9	5%	132.3	4%	12.6
Rest of world	27.9	1%	24.6	1%	13.5
Total International	**2,252.6**	**82%**	**2,426.1**	**80%**	**-7.2**
Total	**2,738.0**	**100%**	**3,044.0**	**100%**	**-10.1**

D. DEPRECIATION

The amount for depreciation is higher that that for 2007 (+4.9% in euros, +19.5% like-for-like). The principal explanation is an important increase of depreciation in BAA due to the accelerated depreciation of T1 and the start-up of T5

E. OPERATING RESULTS

Excluding the Exchange rate impact and the change in the consolidation scope, the change would be -4.8%, principally due to the effect of the depreciation already mentioned.

The breakdown by business area is as follows:

	dec-08	dec-07	Chg (%)	Like-for-Like (%)
Construction	211.9	283.4	-25.2	-25.9
Airports	545.5	816.2	-33.2	-5.5
Toll Roads & Car Parks	518.4	508.2	2.0	6.7
Services	303.7	313.5	-3.1	3.5
Others	-29.4	-9.9	n/a	
Total	**1,550.2**	**1,911.4**	**-18.9**	**-4.8**

The contribution of the Airports, Services and Toll Road activities amounts to 86% of Operating Results. Construction represents 14%.

	dec-08	dec-07
Construction	14%	15%
Airports	35%	43%
Toll Roads & Car Parks	33%	27%
Services	20%	16%

In the current year the contribution to operating results from activities outside Spain was 78%.

The distribution of the results by geographical area was as follows:

	dec-08	%	dec-07	%	Chg (%)
Spain	**336.3**	**22%**	**459.0**	**24%**	**-26.7**
UK	683.7	44%	974.2	51%	-29.8
USA & Canada	272.7	18%	288.8	15%	-5.6
Poland	50.6	3%	5.6	0%	n/a
Chile	87.6	6%	81.6	4%	7.3
Rest of Europe	110.2	7%	96.3	5%	14.4
Other countries	9.2	1%	5.9	0%	55.6
Total International	**1,213.9**	**78%**	**1,452.4**	**76%**	**-16.4**
TOTAL	**1,550.2**	**100%**	**1,911.4**	**100%**	**-18.9**

F. FINANCIAL RESULTS

The financial expense for financing fell by 1,6% as a result of lower debt, after the sale of assets in 2007/2008.

Ferrovial's performance in 2008 was affected very significantly by the impact, in application of accounting rules, of the valuation at fair value of certain coverage operations which are not considered «accounting coverage» and therefore recorded in the income statement, as well as another series of adjustments through which certain assets and liabilities were also valued at fair value. None of these adjustments affected the cash flow for the year.

	dec-08	dec-07	Chg (%)
Rest of the Group (Financing)	-123.7	-166.9	25.9
Infrastructure Projects (Financing)	-1,693.0	-1,621.7	-4.4
Financial result (Cash)	**-1,816.8**	**-1,788.6**	**-1.6**
Rest of the Group (Derivatives)	-225.3	-63.7	n/a
Infrastructure Projects (Derivatives)	-184.9	-49.2	n/a
Accounting Financial result (Non-Cash)	**-410.2**	**-112.9**	**n/a**
Total	**-2,226.9**	**-1,901.5**	**-17.1**

Financial results recognised on operations with derivatives and others adjusted to fair value euro millions)

	Yield. Fro	Net Yield.
Ferrovial / Cintra stock option plans	-279	-171
Inflation derivatives	-104	-47
Interest rate derivatives	-53	-21
Other derivatives	-75	-38
Other adjustments	75	34
Total	**-436**	**243**

- **Valuation of Index Linked Swaps (ILS)**
  BAA has contracted Swaps linked to the evolution of the British Retail Price Index (RPI) for a notional overall amount of 2,206 million pounds sterling, with due dates between 2013 and 2023 (See note 11 related to Financial Derivatives at Fair Value for more details of these). The variation of fair value for the year corresponding to these ILS had an impact of -104 million euros on the financial results and of -47 million euros on the net profits attributable to the dominant company. These ILS were considered as accounting coverage in 2007, but did not receive this treatment in 2008, and therefore reserves have been transferred to results, amounting to -124 million euros in financial results and -47 million euros in net profits.
  The objective pursued with these instruments is to transform part of the existing bonds, issued by BAA at a fixed rate, into bonds linked to inflation, within the process of refinancing the debt that was completed during 2008.
  The reason for this was based on the fact that because of the major economic crisis, it had been impossible for the company to issue inflation-linked bonds directly onto the market.
  The inflation-linked bonds, with their variable income linked to the variation in inflation (which is interesting for regulated businesses such as BAA where tariffs applicable vary with inflation) allow deferral of part of the interest payment because the amount of inflation accumulates

to the bond's principal. By virtue of these derivatives, the company collects a fixed nominal interest rate (which compensates that paid on the bond) and pays a real fixed interest rate multiplied by the variation in the inflation index in each year. Apart from this, the total variation of the index is accumulated for repayment on due date.
In spite of the fact that from an economic viewpoint the result of combining a bond at a variable rate and a derivative of the above mentioned characteristics is the same at that obtained through the issue of bonds linked to inflation, the accounting treatment is different, since the inflation linked bonds are not converted to fair value, while in the case of synthetic bonds obtained from the fusion of a bond and a derivative, the bond is not re-valued at fair value, but the derivative should be placed on the market at its fair value.
On the question of how the fair value should be calculated, it should be noted these derivatives contracted by BAA, as such, are not quoted on any organised market, and on the OTC market for British inflation they have a limited liquidity. To obtain the RPI inflation curve, since there is no market regulator to quote on an official basis, we must resort to the references published by brokers, obtained on the basis of the transactions between the participants on the market for this type of products. Specifically, in our case we based our calculations on the curves published by ICAP, a reference within the Inflation Swaps market in the United Kingdom.
In parallel, various banks, which are normally counterparts in this type of operation, estimate their own evaluation curves, which in general tend to be homogeneous, although not identical to those offered by ICAP. In this area the quotes offered by ICAP are an average consensus of those that are being negotiated at a given time, and are indicative of the levels at which the market is moving. Thus, given the structure of these derivatives, the principal element affecting their valuation is the inflation expectation for each period, which determines the foreseen future payments (since the collections are tied to a fixed rate or that the amount is established from the beginning and is independent of the evolution of the financial environment).
The important loss recognised in the year originates fundamentally in the major increase in inflation expectations that have occurred since September 2008, in spite of the symptoms of recession that the United Kingdom has experienced in the closing months of 2008 that have resulted in containing of inflation expectations in the last quarter. Additionally, it should be borne in mind that bringing this type of products affected by inflation expectations to fair value but not to perform a similar valuation exercise on income, employing the same hypothesis, produces a distortion that should be considered when evaluating the information reflected in these financial statements.

- **Interest Rate Swaps (IRS)**
  The Group has contracted various instruments with the aim of minimising the impact of possible variations in financial expenses linked to debt in such a way that interest rates can be closed avoiding possible later modifications in the profitability of the various projects provoked by a variation in the said interest rates. These derivatives, contracted by BAA, have had a gross impact on the profits for the year of -53 million euros and a net impact of -21 million euros. Additionally, an IRS derivative contracted by BAA was treated as accounting coverage in 2007, and does not receive this same treatment in 2008, which has meant a transfer from reserves to the income statement for the year of -28 million euros and an effect of -11 million on net profits.
  These instruments, which in all cases correspond to economic coverage as explained earlier, are treated in general as cash flow coverage, as explained in note 2.3.8 of this present report, recording a fair value (obtained as discounted cash flow in line with market conditions) in the negative part of the consolidated profit and loss account and the positive part directly in Group equity.
  The breakdown of the coverage contracted, its valuation and the impact on profits to date appear in note 111 related to Derivative instruments at fair value.
- **The valuation of equity swaps**
  The impact of this item reflected in the financial results is -279 million euros, with an impact on net profits of -171 million euros. Of the total amount recorded under this item, -64 million euros in financial results and -26 million in net profits correspond to BAA. These instruments are contracted by Ferrovial with the aim of covering against possible disbursements that the company may have to make to settle different retribution systems linked to the value of the shares in Ferrovial and Cintra granted to management, as explained in note 34, and a number of equity swaps exist contracted to date of 11,853,525 and 2,438,940 respectively.
  The valuation of these instruments is performed on the basis of the quote existing at the close of the year of these shares in Ferrovial and Cintra and as commented in note 29 of this present report related to Financial Results in 2008 had an impact on the groups net results of -171 million euros, based closing quotes of 19.58 and 5.32 euros per share.
  The above valuation does not have an immediate effect on cash (except for the payment of interest and collection

of dividends, details of which appear in note 34 of this present report which explains in detail the working of the retribution plans mentioned and the coverage instruments contracted in this respect). This effect on cash will materialise only, if having reached the exercise date limit, the quoted prices of Ferrovial and Cintra were below the grant price in the retribution plans linked to these. In this respect it should be noted that after the last extensions the first equity swaps that mature, will be in July 2011 and that the exercise price is 24.23 euros per share.

The evolution of the financial results is due to:

1. Financial expenses of infrastructure projects

1.1 BAA (FGP Topco)

The financial expenses for these amounts to 1,292 million compared to 1,022 million in 2007.

	dec-08	dec-07	Chg (%)
Financing	-1,061.7	-972.1	-9.2
Derivatives	-229.8	-50.3	356.9
Total	**-1,291.5**	**-1,022.4**	**-26.3**

On the one hand, the financial expense falls (-9.2%) due to the lower acquisition debt volume, after the sale of BAA assets.

There is also a negative impact due to the lower value of the derivatives contracted in relation to the refinancing, because of the decrease in the Libor and the rise in inflation. This reduced value had no effect on associated cash flow.

A provision of 64 million euros is included in the financial results related to the equity swaps contracted to cover the Ferrovial option plans.

1.2 Toll Road Concessions

The consolidated financial results fell by 40 million euros to reach 608.1 million euros. This drop occurs in spite of the interest paid and capitalised, amounting to 46.3 million euros, generated during the construction phase of the Toll Roads SH-130 (USA), Central Greece (Greece), Scut Azores (Portugal) and M-2 (Ireland). Additionally the financial expense increased by 11.3 million euros due to the re-leveraging and refinancing operation of the Autema debts offset by the increase in the wholesale financial cash collections by Cintra.

The changes in financial expenses are due, principally to:

- The adjustments to fair value of the amortised cost of the debt and the financial derivatives in the 407-ETR, Chicago Skyway and Indian Toll Road, reduced the financial income by, approximately, 50.3 million euros.
- A provision of 24.3 million euros is included in Financial Results, related to the equity swaps contracted for the coverage if the option plans on the Ferrovial and Cintra shares. This is a financial expense not affecting cash.
- The change in the euro exchange rate against the principal currencies, which affects the value in euros of the financing of these currencies and therefore the related financial expenses. This effect reduces the financial expenses for the period by 21.5 million euros.
- The increase in the provision, due to the reduction in the value of investments in ABCP´s in the 407-ETR toll road amounting to 11.4 million euros. This is a financial expense not affecting cash flow.
- Ausol has improved by 8.5 million euros due to the debt refinancing costs in 2007.

2. Financial expense (rest of group companies)

The heading «Financial result - other companies» amounts to -349.0 million euros compared with -231 million euros in the previous year.

The financial result includes a provision of 225 million euros for derivatives, of which the equity swaps entered into d to cover the employees' stock option plans amounts to 191 million euros This provision arises because the share price as at 31 December 2008 (19.58) is lower than the price at 31 December 2007 (48.12).

The financial expense of Ferrovial Infrastructures debt is reduced (-39.5%), in 2008 it amounted to 103.2 million euros compared to 170.5 million euros in the same period of the previous year, due to the principal repayments (345 million pounds sterling) made in 2007 and 2008.

- **Results due to use of the equity method**
  This heading, amounting to 6.7 million euros, is down -110.8 million euros on the previous year when the loss on the investment in Habitat of 125.0 million euros was recorded. If we exclude this provision in 2007 the results of applying the equity method would amount to 14.2 million euros. The difference arises from the sale of BAA minority holdings in a number of Australian airports.
- **Other gains and losses**
  The principal operation in the line other gains and losses was the capital gain earned from the sale, in March 2008, of World Duty Free, a subsidiary of the BAA Group which operated business locales in airports, for a price of 716 million euros (547 million sterling). This generated a capital gain of 295 million euros and had an impact on net results of 180 million euros.
  Additionally, a capital gain of 109 million euros was made on the sale of the holding in Belfast Airport, at a price of 167 million euros (133 million sterling).
  An adjustment of -144 million euros is also included as a result of the revaluation based upon market conditions by an independent expert of certain investment proper-

ties held principally in the joint venture APP; in which the BAA group subsidiary held 50% and which impacted -58 million euros on the Group net results, along with the depreciation recorded in lands in Valdebebas (-12 million euros on the net results. This lesser value, which does not imply any cash outflow, was recorded in the adjustments to fair value column.
In 2007 this heading amounted to 733.9 million euros, derived from the sale of the holdings in Sydney and Budapest airports.

- **Taxes**
  Corporate Income Tax, excluding the adjustment of IBA, generates a tax credit amounting to 291.8 million euros, compared to 171.8 million euros in the previous year.
  The tax credit arises from the negative results in BAA, Ferrovial and Toll Roads.
  The sales of WDF and Belfast are exempt from taxes.
- **Outside partners**
  This heading, excluding the adjustment of IBA, has gone from positive to negative and now stands at -124.6 million euros (104.2 in 2007). This change results from the pre-tax losses in both BAA and Toll Roads.
- **Net results**
  The net result for the year is also affected by the accounting impact (not in cash terms) of the valuation at market prices of financial instruments arranged to cover the changes in interest rates, inflation and market prices as well as by the adjustment for decline of the value of certain real estate assets in BAA (APP Lynton). All of this has an impact on the net results of -318 million euros and with the objective of facilitating the analysis of the income statement, is presented in a separate column.
  Additionally, the elimination in 2008 of the right to amortise for tax purposes certain buildings (known In the United Kingdom as Industrial Building Allowances or IBA) has a negative impact on the net results attributed to the parent company of 871 million euros. The recording of this liability had no effect on cash flow for the year, and the accounting effect will be neutral in the long-term since it will be offset during the following years by the reversal of this liability through the recognition of income.
  Since the accounting treatment applied may cause difficulty in interpreting the Financial Statements, and to identify what the results for the group would have been if this liability had not been recorded, the impact from this item is presented separately in the profit statement.

	dec-08
Net result before adjustments	351
Fair value adjustments	-318
Net result attributed before IBA	**33**
IBA adjustment	-871
Attributable net result	-838

Consolidated balance sheet at 31-12-08 and other aggregates

	dec-08	dec-07
Fixed and other non-current assets	36,220	42,921
Consolidation goodwill	5,400	7,242
Intangible assets	65	160
Investments in infrastructure projects	24,125	30,929
Property	640	785
Plant and equipment	92	
Equity-consolidated companies	89	102
Non-current financial assets	2,308	2,253
Pension surplus	77	165
Deffered taxes	2,284	1,034
Derivative financial instruments at fair value	1,140	251
Assets classified as held for sale and discontinued operations	4,278	1,096
Current assets	7,705	7,570
Inventories	507	496
Trade & other receivables	4,405	4,779
Cash and cash equivalents	2,793	2,295
TOTAL ASSETS	48,203	51,587
Equity	3,692	6,848
Capital & reserves attributable to the Company´s equity holders	1,579	3,912
Minority interest	2,113	2,936
Deffered income	322	322
Non-current liabilities	33,311	36,301
Pension provisions	159	93
Other non current provisions	704	417
Borrowings	25,594	31,634
Other borrowings	189	178
Deffered taxes	3,450	3,138
Derivative financial instruments at fair value	3,215	841
Liabilities classified as held for sale and discontinued operations	3,163	363
Current liabilities	7,715	7,752
Borrowings	1,627	1,226
Trade and other payables	5,635	6,017
Current provisions	453	510
TOTAL LIABILITIES & EQUITY	48,203	51,587

The main variations on the balance sheet have been:

- **Inmovilizado en proyectos de infraestructuras**
  Dropped from 30,929 million euros in December 2007 to 24,125 million euros in December 2008.
  The changes in 2008 in the euro exchange rate against the currencies of the countries in which there are significant asset balances in infrastructure projects (principally in pounds sterling) has resulted in a reduction in the balances of these assets as they figure on the balance sheet in the amount of 5,576 million euros.
  The most significant scope changes relate to the sale of Belfast airport, carried out during September 2008.
  Equally noteworthy is the reclassification of all the assets corresponding to Chilean Toll Roads, along with all the assets related to Gatwick airport to the heading «non-current assets and liabilities held for sale», amounting to 2,835 million euros.
- **Non-current assets and liabilities held for sale**
  The amount of these assets has risen from 1,096 million euros in December 2007 to 4,278 million euros in December 2008. Those assets and liabilities that will presumably be disposed of in less than one year are classified as non-current assets and liabilities held for sale. The non-current assets and liabilities held for sale correspond to the Airports Division /Gatwick airport) and Toll Roads and Car Parks (car parks activities and the Chilean companies Autopista del Bosque, S.A., Collipulli Temuco Sociedad Concesionaria, S. A., Temuco Río Bueno S. A, Autopista de Maipo S.A., R.5., Talca Chillán S.A., Cintra Inversiones Chile Ltda. and Cintra Chile Ltda.).
- **Changes in Group equity**

	Net equity attributable to the shareholders	Outside Partners	Net Equity
Net Equity 01.01.2008	**3,912**	**2,936**	**6,848**
Net results	-838	-812	-1,650
Impact of derivatives on reserves	-702	-494	-1,196
Impact of pension deficits on reserves	-105	-24	-129
Conversion differences	-381	-304	-685
Dividend payments	-178	-70	-248
Capital increases/Decreases	0	294	294
Operations with treasury shares	-92	-27	-119
Scope changes (PIK+Cintra)	0	600	600
Other movements	-37	13	-25
Net equity 31.12.2008	**1,578**	**2,113**	**3,691**

During 2008, net equity reflects a change of -3,156 million euros, as can be seen in the above table the principal impacts were:
The reduction in profits principally as a result of the elimination in 2008 of the IBA (Industrial Building Allowances) which led to a reduction of profits attributable to the shareholders of -838 million euros and of -812 million euros in the part attributable to the external partners.
The impact of the recognition of the differences in the value of the derivative instruments designed as coverage,

which the group has contracted (1,196 million euros).

In relation to the conversion differences the main variations in 2008 were produced by the appreciation of the euro against the pound sterling of some 30.1%, with the exchange rate rising from 0.7354 in December 2007 to 0.957 in 2008.

The heading «Actuarial Gains/Losses in defined benefits pension plans» reflects the impact on net equity of actuarial gains/losses that arise from adjustments and changes in the hypotheses used in defined benefits plans that the group has set-up and the impact in 2008 was -129 million euros.

The positive impact of 600 million euros principally from the capitalisation in June 2008 of the PIK debts granted by GIC to FGP Topco, the parent company of the BAA Group, which meant a reduction in the Ferrovial Group's holding in BAA from 61.6% to 55.8%.

Also reflected are dividend payments mainly from the Ferrovial Group, treasury share operations and the capital increase in BAA in June 2008.

In relation to the treasury share operations, the impact of – 119 million euros on equity includes the purchase of own shares by the Ferrovial Group amounting to 50 million euros and the acquisition of 9.7 million shares during 2008 by Cintra, which represents approximately 1.7% of the capital, for 68 million euros.

A. NET TREASURY POSITION

- As at 31 December 2008, the cash position was 3,105 million euros, with a gross debt of 27,218 million euros.
  The net consolidated debt fell by 6,151 million euros to 24,112 million euros compared to 30,264 million euros in December 2007.
  The net debt associated with Gatwick airport (1,087 million euros), the Chilean Toll Roads (978 million euros) and that associated with car parks (39 million euros) had not been included in the NTP, since they were classified as assets available for sale, in line with IFRS 5.
  Excluding the infrastructure projects, the cash position amounted to 1,652 million euros, with a gross debt of 3,505 million euros.
- **Breakdown of the cash position – December 2008:**

	NCP	Cash	Restricted Cash & other financial assets	Debt	Intercompany
Construction	1,944	-98	927	828	1,115
Services	-1,337	-515	192	-323	-1,014
Airports	-1,920	-1,583	58	-1,525	-394
Toll roads & Car parks	390	0	395	395	-5
Holding & Others	-741	-1,308	81	-1,227	486
Net Cash Position Rest of Group	**-1,664**	**-3,505**	**1,652**	**-1,852**	**188**
BAA	-13,017	-13,378	533	-12,845	-172
Other Airports	8	0	2	2	6
Toll Roads	-7,855	-8,525	669	-7,855	
Tubelines & Amey´s concessions	-1,498	-1,721	244	-1,478	-21
Construction	-85	-90	5	-85	-1
Net Cash Position Infrastructure Projects	**-22,448**	**-23,713**	**1,453**	**-22,261**	**-188**
TOTAL	**-24,112**	**-27,218**	**3,105**	**-24,113**	**0**

The available credit lines at that date amounted to 7,463 million euros, along with a treasury position of 3,105 million euros.

Some 79% of the debt is contracted or covered at fixed interest rates.

Debt	Total Net debt	% of debt hedged	Exposed	Yield Impact +50 basis points
Construction	1,944	31%	1,332	13
Services	-1,337	18%	-1,095	-11
Airports	-1,920	67%	-627	-6
Toll Roads & Parking	390	0%	390	4
Corporation and others	-741	5%	-707	-7
Rest of Companies	**-1,664**	**58%**	**-707**	**-7**
BAA	-13,017	76%	-3,137	-31
Rest of airports	8	0	8	0
Toll Roads & Parking	-7,855	85%	-1,172	-12
Construction	-85	0%	-85	-1
Services	-1,498	100%	-3	0
Infrastructure Projects	**-22,448**	**80%**	**-4,390**	**-44**
NETA TOTAL POSITION	-24,112	79%	-5,096	-51

Million euro

Debt repayment schedule including assets available for sale:

Year	2009*	2010	2011	2012	2013	2014	2015	2016	>2017
Maturing	1,043	2,577	3,573	2,695	2,420	1,978	1,165	569	12,910

(*) The differences between the total maturities of the financial debt and the debt balance at 31 December 2008 are due mainly to adjustments to amortised cost derived from the international accounting rules and other adjustments to interest and loan origination fees for consistency purposes

The differences between the total maturities of the financial debt and the debt balance at 31 December 2008 are due mainly to adjustments to amortised cost derived from the international accounting rules and other adjustments to interest and loan origination fees for consistency purposes.

	Total Net Cash Position	Debt	Cash and equivalents	External Net Cash Position	Intrercompany
Ferrovial Infraestructures	-1,590	-1,583	46	-1,537	-53
Ferrovial Airports	-330	0	12	12	-341
Ferrovial Infraestructures and Airports	**-1,920**	**-1,583**	**58**	**-1,525**	**-394**

Of the total debt, 1,583 million euros concerns the debts related to the acquisition of BAA.

As security for the loan, Ferrovial Infraestructuras pledged 62% of the capital in Cintra S.A and 100% of the capital of Ferrovial Aeropuertos.

- **Repayments**

  This loan matures in 2014. There are partial repayment obligations during the life of the loan: in 2009, 200 million sterling (already totally repaid in 2007), **in 2011 the cumulative amount repaid should reach 540 million sterling. At 31 December 2008 171 million euros** (164 million sterling) of the above-mentioned **repayment has yet to be repaid**.

  Ferrovial Infrastructures pledged 62% of the capital of Cintra and 100% of the capital of Ferrovial Aeropuertos (owner of the holdings in Belfast and Antofagasta airports) as security for the loan. This loan is additionally subject to a guarantee ratio whereby the market value of the pledged assets should be at least, **130% of the amount drawn down on the loan** (plus interest, commissions, and expenses due but not yet paid) (debt coverage ratio). If this percentage is not reached, Ferrovial S.A. must contribute, at its choice, either a guarantee from Grupo Ferrovial, S.A. , its parent company, or a bank guarantee for the amount needed to reach the required percentage.

The market value of the Cintra shares for these purposes is the arithmetic mean of the share price at the close of trading during the 90 calendar days prior to the calculation date of said coverage ratio on the debts, which will be performed quarterly. In the last calculation performed on 6 January 2009, the ratio stood at 154.83%.

- **Changes in NTP:**

	dec-08	dec-07
Construction	1,944	1,911
Services	-1,337	-1,413
Corporate-others	-741	-477
Ferrovial Infraestructuras	-1,920	-2,182
Toll roads & car parks	390	173
NTP ex infrastructures projects	**-1,664**	**-1,987**
BAA	-13,017	-17,808
Other airports	8	-28
Highways	-7,855	-8,743
Tubelines & other Amey's concessions	-1,498	-1,664
Others	-85	-34
NTP infrastructures projects	**-22,448**	**-28,276**
Total NTP	**-24,112**	**-30,264**

- **Corporation and the rest –** The increase in net debt is due to the various investments made by the Group: treasury share purchases and shares in Cintra, along with investments in land.
- **Ferrovial infrastructures –** The NTP deteriorates because of the contribution to BAA (351 million euros), partially offset by the sale of Belfast airport (132 million euros).
- **Toll Roads and Parking –** The treasury position improves, because of the funds received after the refinancing of Autema.
- **BAA –** The variations in the exchange rate affect positively the value of the debt. BAA does not include the net debt of Gatwick airport, since these assets have been classified as available for sale, the debt at Gatwick amounts to 1,087 million euros.
- **Cintra –** the net debt in 2008 does not include the assets available for sale, Chilean Toll Roads (978 million euros) and Parking (39 million euros).

B. GROSS INVESTMENTS

	dec-08
Construction	53.1
Services	198.2
Toll roads & Car parks	138.1
Airports	352.1
Others	229.8
Total	**971.3**

The principal investment is in **the Airports** area, through the contribution of capital by ADIL (an investment vehicle of BAA), under that heading «**Others**» for the purchase of Cintra shares (105 million euros), along with the purchase of land in Valdebebas (109 million euros).
The **investment** in Toll Roads and Parking reflects the treasury share purchases by Cintra of the capital in various projects.
In Services, the principal investments were in real estate in Spain.

C. CONSOLIDATED CASH FLOW

	2008			
	Cash flows excluding infrastructure projects	Cash flows of infrastructure projects	Eliminations	Consolidated cash flow
Gross operating results	629	2,109		2,738
Dividends collected	406	0	-399	7
Income tax paid	6	-52		-46
Change in receivables, payables and other	69	-87		-17
Cash flows from operating activities	**1,111**	**1,970**	**-399**	**2,682**
Investment	-966	-2,486	441	-3,011
Divestment	215	1,170		1,385
Cash flows from investing activities	**-751**	**-1,316**	**441**	**-1,626**
Cash flows before financing activities	**360**	**653**	**42**	**1,055**
Interest flows	-141	-2,438		-2,579
Proceeds from capital and minority interest	-109	725	-441	175
Payment of dividends to parent company	-178	0		-178
Payment of minority interest dividends to associates	-19	-450	399	-70
Change in exchange rate	387	4,869		5,256
Net cash position held for sale	39	2,355		2,394
Other movements in borrowings (no cash flow)	-16	113		98
Change in net cash	323	5,828	0	6,151

1. Cash Flow excluding infrastructure projects

Operations cash flow	2008	2007
Construction	375	178
Services	288	248
Toll Roads & Parking	433	269
Airports	16	50
Rest	-1	-236
Total Group	**1,111**	**510**

In Construction, operations cash flow improved notably compared to 2007, basically due to the improvement in collections in all activities.

Services includes a dividend of 7 million euros paid both by C-Vehicles (5.4 million euros) and by Tubelines (1.8 million euros) in operations cash flow. Tubelines is the concessionaire of the London Underground, in which Amery holds a 66.6% stake. The following is a breakdown of the operations cash flow of the Division's main activities:

Operations cash flow services	Urban and Residues	Amey (*)	Swissport	Rest Services	Services
Gross Operating profit EBITDA	175	93	73	40	381
Tax Payments	-19	4	0	12	-2
Dividends and other returns	1	7	1	0	9
Change in working capital	-5	-67	5	-33	-100
Operations cash flow	**153**	**38**	**79**	**19**	**288**

(*) The gross operating income does not include the holding in Tubelines, since for cash flow purposes this holding is treated as a financial investment.

Dividends & Return of Capital Cintra	2008	2007
ETR-407	**47**	**44**
Europistas		0
Autema	317	13
Ausol	5	19
Spanish Toll Roads	**322**	**31**
Temuco Río Bueno	0	3
Talca Chillán	0	2
Maipo	0	67
Bosque	0	8
Cintra Chile	5,7	0
Chilean Toll Roads	**5,7**	**80**
Algarve	4	3
M-45	2	3
Rest of toll roads	**7**	**5**
Car parcs (Smasa, Eulsa)	**1**	
Total Dividends	**382**	**160**
ETR-407	**0**	**1**
Chicago	**3**	**9**
Indiana	**11**	**11**
M-45	0	0
Spanish Toll Roads	**0**	**0**
Temuco Río Bueno	0	0
Talca Chillán	0	0
Chilean Toll Roads	**0**	**0**
Total return of capital	**15**	**22**
Total	**397**	**182**

Million euro

In Toll Roads and Car Parks, and as was indicated at the beginning of this note, an amount of 397 million euros is included in cash flow, arising from dividends and the return of capital from companies that are owners of the toll roads and airport infrastructure projects, the details of which are reflected in the attached table. In this area, it is worth noting the significant dividends received in 2008, arising from the extraordinary impact of the refinancing of Autema (-317 million euros). The rest of the flow corresponds principally to that contributed from Car parks activities (approximately 43 million euros), to collections net of taxes (12 million euros) and to other collections and payments corresponding to the holding companies of the Division

In relation to **Airports**, operations cash flow includes the net collection of taxes (41 million euros), and other collections and payments of the Division. In this respect, the generation of tax credits in the Division should be noted, arising from the negative results caused by the interests associated with the Ferrovial Infrastructures loan for the purchase of BAA.

The heading «other» includes the cash flows corresponding to the Corporation, which amount to 45 million euros, arising principally from collections of taxes. Additionally, the cash flow generated by the activity in real estate in Poland is also included (-35 million euros), notably the payment for land that in 2008 amounted to 11 million euros.

1.1 Investment cash flow

The following table shows a breakdown by business segment of the investment cash flow without including Infrastructures projects, separating in each one the disbursements for investments made and the collections from divestments.

Investment	Investment	Divestment	Investment
Construction	-48	0	-48
Services	-198	82	-115
Toll Roads & Car Parks	-144	0	-144
Airports	-486	133	-354
Rest	-90	0	-90
TOTAL	-966	215	-751

Million euro

The most significant investments were in Airports and in Toll Roads and Car parks. In relation to the Airports Division, the significant investment volume made in 2008 should be noted, especially in the capital increase in BAA (-351 million euros), while in Toll Roads and Car parks the investments shown correspond, for the most part, to financial assets, details of which are shown in the table below The rest of investments correspond to assets in the Car parks activity (83 million euros).

Investment in financial assets	2008
M203	0.0
OLR	-1.5
SH-130 Texas	-2.8
Nea-Odos	
Central Greece	-11.5
Eurolink M-3	-5.4
R-4	-13.8
Autema	-10.7
CINCA (Cintra Inversora Aut. Cataluña)	0.0
Azores	-8.9
Autoestrada Poludnie	-6.4
Total CINTRA	-61.0

Lastly, the heading «others» includes principally the disbursement for the purchase of land in Valdebebas from Habitat, in the Real Estate Division.

Within the heading divestments, the positive flow arising from the sale of Belfast airport should be noted (133 million euros), carried out in September 2008.

1.2 Financing Cash Flow

Financing cash flow includes, as dividend flows, both dividend payments made to the shareholders of Grupo Ferrovial, S.A., which in 2008 amounted to -177 million euros and dividend payments to the minority shareholders in Cintra, amounting to -19 million euros.

Additionally, the cash flow includes the financing of interest payments for the year (-154 million euros), as well as the impact of exchange rate fluctuations on debts denominated in foreign currencies, which in 2008 stood at a positive figure of 392 million euros, arising from the depreciation of sterling against the euro in the Ferrovial Infrastructuras debt denominated in pounds sterling mentioned in point 20.

2. Infrastructure projects flow

2.1 Operations cash flow

In reference to the operations cash flow of the owner companies of the Infrastructure projects, these reflect basically the incoming funds from those companies that are operating, although they also include refunds and payments of VAT corresponding to those that are in the construction phase. Set out below is a table showing the breakdown of operations cash flow infrastructure projects:

Operations flow infrastructure projects	BAA	Rest of airpoprts	Toll Roads	Services (*)	Rest	TOTAL
Gross operating profit	1,351	2	674	82	0	2,109
Dividendscollections	0	0	0	0	0	0
Tax payments	-7	0	-48	3	0	-52
Changes in working capital	-164	2	10	64	1	-86
Operations flow	1,179	4	636	150	1	1,970

Million euro

(*) The cash flow of the owner companies of Services concession projects consists of the cash flows of the concessionaire companies of Amey, which include the London Underground.

2.2 Investment cash flow

The following shows the breakdown of investment cash flows of the infrastructure projects, separating between disbursements made, for the greater part corresponding to investments in capital expenditure, and the collections derived from divestments performed during the year.

Investment	Investment	Desinversión	Investment
ETR 407	-54		-54
Indiana	-36		-36
Chicago	0		0
Spanish Toll Roads	-28		-28
Chilean Toll Roads	-34		-34
Rest of Toll Roads	-455	135	-320
Total Toll Roads	**-607**	**135**	**-472**
BAA	**-1,485**	**998**	**-486**
Rest of Airports	**-6**	**35**	**29**
Services	**-328**	**1**	**-326**
Rest	**-60**	**0**	**-60**
TOTAL	-2,486	1,170	-1,316

With regard to divestments, BAA is particularly relevant and results from payment for the sale of WDF and APP Lyndon. In Toll Roads, the divestment cash flow corresponds to the M3 Toll Road, the capital grant received from the Irish government, and Central Greece, in the collection arising from the reduction in financial assets (long-term restricted cash).

2.3 Financing cash flow

The financing cash flow reflects the dividend payments and capital returns from the concessionaire companies to the shareholders, along with payments of capital increases received by these companies. In the case of concessionaires that consolidate with the Group using the full consolidation method, these amounts consist of 100% of the sums disbursed and received by the concessionaire companies, irrespective of the Group's percentage holding in them. No dividends or capital returns are included for those companies that are consolidated by the equity method.

The interest cash flow corresponds to the interest paid by the concessionaire companies, along with other commissions and costs closely related to obtaining financing. The cash flow for these items relates to the interest expenses for the period, as well as any other item that implies a direct variation in the net debts for the period. This amount does not coincide with the financing results that appear in the income statement, fundamentally because of the differences between the due date and the payment of interest. The following table contains a more detailed breakdown:

Interest	2008
ETR 407	-108
Indiana	-51
Chicago	-23
Spanish Toll Roads	-128
Chilean Toll Roads	-48
Rest of Toll Roads	-89,8
Total Toll Roads	**-448**
BAA (comissions & prepayments associated) with refinancing)	-875
BAA (rest of interests)	-1,011
Total BAA	**-1,886**
Rest of airports	**-3**
Services	**-100**
Rest	**-1**
TOTAL	-2,438

In 2008, it is important to note the significant impact that payments associated with the refinancing of BAA had on the cash flow of interest in the Group, that correspond mostly to commissions and prepaid interest.

Additionally, the financing flow includes the impact of variations in exchange rates on debts denominated in foreign currencies, which in 2008 was positive in 4,920 million euros, derived from the depreciation of sterling against the euro, and which had a very significant impact on BAA's net debt, as well as the reduction in the net treasury position arising from the reclassification of the assets and liabilities corresponding to Gatwick and the Chilean Toll Roads to assets and liabilities held for sale.

Finally, the heading «other non cash flow movements» includes those items that mean a variation in the book debt, but that do not imply any real cash flow movements, as is the case of interest due but not yet paid, currency corrections, etc. In 2008, this heading is very significant, since it includes the net debt corresponding to Gatwick airport (1,378 million euros) and the Chilean Toll Roads (978 million euros), that on the balance sheet were reclassified as assets and liabilities held pending sale.

APPENDIX I

1. BAA

1.1 Company restructuring

Prior to the refinancing of the BAA debt, a shareholder restructuring was carried out through the conversion into capital by GIC, one of the three partners in ADIL, of the PIK debt in the amount of 486 million sterling, with a premium of 26%.

Following this capitalisation the shareholding of Ferrovial and CDQP in ADIL was diluted, the new shareholdings being:

	Holding
Ferrovial	55.87%
CDQP	26.48%
GIC	**17.65%**

1.2 Refinancing the BAA – ADIL debt

In August 2008 the process for refinancing the BAA debts was completed. This process has allowed the average overall cost of the BAA debt to be reduced to 7.5€ (from the previous 7.8%), and this cost will diminish as the use of the bank credit lines is reduced. This refinancing guarantees the company's investment plan for the coming years, by obtaining capital expenditure lines in excess of 2,700 million pound sterling.

At the same time, the partners made new capital contributions to ADIL, in line with their new holdings in its capital, of 492 million sterling, of which 424 million were used to make a contribution to BAA's capital.

The refinancing process implies, the migration of the existing bonds and the replacement of the acquisition debts with a new bank debt which it is expected to repaid through future bond issues (as soon as the markets permit this) and the sale of assets, such as Gatwick, which has already been announced.

1.3 Source and application of funds

Source		Application	
BAA bonds	4,499	BAA bonds	4,503
BEI	435	ADIL Senior fac.	2,660
Back stop	4,400	Refinancing bonds	200
		Capex	2,050
Subordinated debt	1,566	Junior debt	1,966
Unregulated	1,000	Prepaid interest	332
		Unpaid interest	236
Equity	424	Other	377
Total sources	**12,324**	**Total applications**	**12,324**

Million pounds

- **Migration of the bonds** already existing in BAA, with a slight coupon increase:
  - 7bp on the bonds issued before 2002
  - 10bp on those issued since.

The details of each bond are included in the following table:

Bonds issued before 2002			Bonds issued since 2002		
Bond	**Due**	**Coupon**	**Bond**	**Due**	**Coupon**
£300m	2016	12.45%	€1,000m	2012	3.975%
£250m	2021	9.20%	£400m	2013	5.85%
£200m	2028	7.075%	€750m	2014	4.60%
£900m	2031	6,.45%	€750m	2018	4.60%
			£750m	2023	5.225%

- Back stop facility, a new instrument that includes refinancing lines with a maximum value of 4,400 sterling in two tranches (Class A: 3,400 million and Class B: 1,000 million) which is totally available and because of this the annual cost is the maximum, credit lines for working capital amounting to 50 million sterling and new capex lines amounting to 2,700 million sterling to assure BAA's investment plan during the coming years.
- The EIB has granted a credit facility for 435 million pounds sterling.
- Liquidity line amounting to 600 million pounds sterling.

All of these credits are guaranteed by BAA regulated assets (the airports at Heathrow, Gatwick and Stansted), with the same guarantee level and credit quality.

Standard&Poor´s and Fitch have classified the seniotranch at Investment grade (A-)

1.4 *Details of the Backs top facility*

	Refinancing				CAPEX		Working capital
Max. Amount	4,400m				2,700m		50m
Tranches	Clase A 3,400m		Clase B 1,000m		Class A 2,300m	Class B 400m	Class A
Objective	Refinance the senior credit and the capex line and part of the subordinated debt, along with the transaction costs.				Finance the capex of the restricted Group		Corporate and at the airports
Margin (bp)	**Amount availed of**	**Margin**	**Amount availed of**	**Margin**	While the credit line (refinancing) is availed of, the same margin will be applied both to the capex and WWC, including and increase in cost.		
	0-1.2bn	100	0-0.33bn	150			
	1.2-2.2bn	125	0.33-0.66bn	200			
	2.2-3.2bn	150	0.66-1.00bn	225	100	125	100
	3.2-3.4bn	175					
Cost increase (From month 25)	25 bp at 6 months (with a max of 150 bp)				If the Senior RAR>70%,the margin of the Class A increases 25 bp; If the Junior RAR >85, the margin of the Class B increases 25 bp.		
Due	**Year**	**Due**	**Year**	**Due**	5 years		
	March 2010	800m	March 2010	200			
	March 2011	750m	March 2011	250			
	March 2012	750m	March 2012	250			
	March 2013	1,100m	March 2013	300			

From October 2008, the cost of Tranch A of the back stop facility increases by 25 basis points and the B Tranch by 50 basis points.

- Additionally, a bank credit against the unregulated assets of BAA has been obtained amounting to 1,255 million sterling, due at 7 years and with costs as shown in the table:

	Cost
Year 1-3	175 bp
Year 4-5	215 bp
Year 6-7	240 bp

With the funds received, the senior and junior acquisition debts were repaid and the Capex line used up to August 2008 was repaid. Likewise, approximately 20% of the existing subordinated debts were repaid, and the current balance is 1,566 million pounds sterling.

- **Tariff increases**

  On 1 April the new tariffs approved by the CAA for Heathrow /LHR) and Gatwick (LGW) entered force.

	Tariff 08/09 / Per Passenger	Annual growth 2009-2012
LHR	£ 12.80 (+23.5%)	+7.5% + Inflation
LGW	£ 6.79 (+21.0%)	+2.0% + Inflation

On last 27 March Terminal 5 came into service in Heathrow airport.

Expected Business Development

Macroeconomic variables

2008 was characterised by the worldwide economic crisis, especially notable in the final quarter of the year. The perspectives for economic development during 2009 are influenced both by the expectation of a recession and by uncertainty. This uncertainty exists not only regarding the gravity of the recession but also regarding the general evolution of the financial markets.

The main challenges for Ferrovial in 2009

For Ferrovial, 2009 will be marked by the decision of the UK Competition Authority concerning BAA's position in the market, to be issued in March 2009, and on the basis of this decision, the need to make the divestments that may be required. Additionally, during the coming year the UK Civil Aviation Authority will set the air tariffs at Stansted for the next fifteen years and the UK Department of Transport will issue a decision on the strategy to follow within the regulation framework for British airports in Autumn 2009, which could introduce significant changes in the regulations applied to them.

Likewise, 2009 will be marked by the evolution of the divestment processes that are currently under way for the car parks business, the Chilean Toll Roads and Gatwick airport.

Developments in Ferrovial's Business Areas

With regards to the Airports business, the International Air Transport Association (IATA) is pessimistic about 2009 due to the decline in air passengers and freight operations . This organisation has cut back its forecasts and expects a drop in passenger traffic of 3.0% and in cargo volume of 5.0% for 2009. It is expected that demand will fall in almost all regions, particularly North America and Latin America.

Some airlines are expected to run into financial difficulties and most will not return to profitability until 2010, especially in the case of US companies. It is also estimated that the airlines will reduce their fleet and route capacities to adapt to this new reality in 2009. However, it is expected that US-Europe routes will continue to grow, in spite of the crisis in the sector, thanks to the consolidation of the «Open Skies» agreement, and Heathrow, owned by BAA, the largest receiving airport for this type of flight, because of its nature as a transit airport, should benefit from this.

These expectations are in line with BAA's performance in November and December, when traffic levels fell in relation to comparable months by -9.1% and -7.2% respectively, and fell in relation to the cumulative figures for the year by 2.4% and 1.8%. The traffic forecast by BAA in its 2009 budget envisages a reduction in traffic in comparable terms of 2.7%. However, it is hoped that this reduction will not affect income from the airline business, which is expected to grow by approximately 10% compared to 2008 in the three regulated airports because of the tariff increases in 2009, nor the income from commercial sales which are expected to remain in line with those of 2008 due to the expansion of business space with the opening of the T5.

For Ferrovial the 2009 challenges will be determined by the decisions of the authorities and the divestment process of Gatwick, which could affect the regulatory framework and the evolution of the airport business, as mentioned above.

In relation to **Toll Roads**, its is foreseen that traffic levels will increase more gradually than in previous years due to the slowdown in GDP growth worldwide forecast for 2009. In terms of tenders, given the current economic situation it is probable that governments will continue to increase tender projects with private financing to avoid the impact on their deficits, in spite of the fact that the conclusion of these projects may be slowed down by financing difficulties caused by the current crisis on the international financial markets. In this respect, the pre-awards of new contracts for the construction of new toll roads in 2009 should be noted (A1 in Poland and North Tarrant Express in the United States).

In the **Services** sector it is expected that the principal operating variables will remain stable compared with 2008. The objective for Ferrovial is to face up to the deterioration in the economic situation in the United Kingdom and in Spain that could affect its activities in Infrastructure Maintenance and Building and Installations Management, as well as its activities in Urban Waste Collection and Treatment, although as was shown in 2008, these were the business areas that best performed in the economic crisis. Moreover, it will have to confront the decline in passenger and flight traffic levels mentioned above, which is expected to have a negative effect on Swissport.

With regard to the **Construction** sector, Euroconstruct points out that during 2009 there will be a decline in the sector of -4.3% in Europe, although it is expected that in 2010 and 2011 a slight improvement will occur. This decline is mainly the result of the negative evolution of the residential sector, where a fall of -7.1% is expected; only in the civil engineering sector is a positive evolution foreseen in 2009 (-0.4%). Contrary to the situation in western Europe, in the eastern European building industry growth of 6.2% is forecast for 2008, 4.8% in 2009 and 9.6% in 2010.

In Spain the residential construction boom has come to an end and the Spanish construction industry has no reason to continue growing. It is expected that the overall construction markets in Spain will perform below the rest of the economy, and will therefore show negative growth at the end of 2008 (-13.4%) and in 2009 (-16.4%). The reason for this forecast is in the residential market where declines of -23.3% and -26.2% in 2008 and 2009 are expected due to families' difficulty in obtaining financing to purchase a home. In the non-residential building market, the decline was -3.2% in 2008 and will reach -11.4% in 2009, although the negative trend in non-residential building for 2010 is expected to be only -0.8%. Lastly, civil engineering will follow the trend of the other two sectors reaching -3.3% in 2008 and -5.8% in 2009, although it is the only sector which is expected to show growth in 2010 (-1.7%).

Ferrovial's expectations are to continue growing its International activities, taking advantage of the business from toll roads and airports, especially BAA. It is expected that in the coming years growth outside Spain will offset the negative evolution forecast for its business in Spain. In fact, at the beginning of 2009 new contracts have been pre-awarded for the construction of toll roads – A1 in Poland and the North Tarrant Expressway in the United States.

The forecast for the Real Estate sector in Western Europe points to a recession in the sector due to the decline in residential construction and falling prices, while in eastern Europe average declines in home building of 7.1% per year in 2009 and 0.5% in 2010 are expected.

Poland will be one of the countries where the crisis in the real estate sector will be less notable. Home building in 2009 is expected to decline by -4.0%, but to recover in 2010 achieving growth of +3.0%.

Information related to:

the Environment, Personnel, Research and Development, Treasury stock, Events after the year end, principal risks and uncertainties and financial risk management

Environmental management

Within Ferrovial's commitments in the area of corporate responsibility particular emphasis is placed on environmental policy, which results in the use of environmental management systems and in the establishment of indicators and monitors for the objectives achieved in environmental behaviour.

The Company's annual Corporate Responsibility report contains details on the evolution of all these indicators in 2008.

Human Resources

The Human Resources policies are a key element within Ferrovial's commitments in the area of corporate responsibility. Human resources activities are oriented to guaranteeing sustained growth of the organisation and in developing the potential of its employees with the aim of increasing the company's competitive level in the market. In the annual report published by the company Human Resources activities undertaken in 2008 are monitored, along with the principal indicators linked to them.

Treasury shares

The information related to treasury shares and events after the year end is included in the note on Equity (note 16) in the financial statements, bearing in mind that these are prepared in parallel to this management report.

Risk management

Information related to risks and uncertainties is included in the corporative governance report, which is part of this report.

The Group's activities are exposed to different types of financial risks, particularly interest rate risks, exchange rate risks and market risks. The main coverage policies are described in note 3 of the notes to the consolidated financial statements.

Events subsequent to the end of financial year

As was notified through a Relevant Events report to the National Stock Market Commission on 29 January 2009, the Board of Directors initiated a study of a possible merger with its subsidiary Cintra Concesiones de Infraestructuras de Transporte, which had shown an interest in advancing in the analysis of this strategic option, without any reference, for the moment, to any possible share exchange.

Likewise, the Board of Directors agreed to appoint a financial institution as financial advisors to the Company in relation to the process, which will perform the work on the suitable valuations in order to issue, if appropriate, a fairness opinion on the exchange ratio. In this appointment, the lack of conflict of interests was taken very much into account and in particular the non-existence of recent significant financing relationships or negotiations between this entity and the Ferrovial Group.

Additionally, London's Heathrow airport will have a third runway within 10 years. The British government has approved the Project, which, complying strictly with environmental limits, will allow BAA to improve the quality it offers its users, to increase the number of passengers and to improve the capacity of the infrastructure.

Audit and Control Comittee report

Composition and functions

In line with the content of the Regulations of the Board of Directors of Grupo Ferrovial S.A., all of the members of the Audit and Control Committee are external directors, and the Chairman is an Independent Director.

In 2008, Don Santiago Fernández Valbuena replaced Don Santiago Eguidazu Mayor as a member of the Committee and Don Gabriele Burgio as Chairman. The current composition is, therefore, as follows:

- Mr. Santiago Fernández Valbuena, President
- Mr. Gabriele Burgio.
- PORTMAN BAELA S.L., represented by Mr. Eduardo Trueba Cortés
- The Audit and Control Committee, in accordance with the Regulations of the Board of Directors, has the following powers and obligations:
- **In relation to the external audit**
    - Proposal of the appointment, including the contract conditions; and the renovation or non-renovation.
    - The communications channel between the Board of Directors and the auditors. Verification of compliance with the recommendation by Top Management. Control of the auditors' independence.
    - Control of advisory services and consulting + services by the external auditor.
- **Internal audit**
    - Proposal of the selection, appointment, re-election or replacement of the Director.
    - Proposal of a budget.
    - Supervision and verification of the internal audit plan
- **Financial information**
    - Knowledge of the financial information process and the internal control systems.
    - Prior supervision of the approval by the Board of the public information, annual and regular
- **Risk control**
    - Análisis y evaluación periódica.
- **Others**
    - Supervision of compliance with the rules of corporate governance
    - Establishment and supervision of the «suggestions box».
    - Prior report on operations for the setting up or acquisition of companies domiciled in tax havens and those special purpose entities referred to in the Board Regulations.

The annual report on Corporate Governance contains a detailed description on these competences.

During 2008, the Committee held six (6) meetings. The Committee approves annually a work plan including the subjects to be addressed in each of its meetings.

Activities undertake

A. ECONOMIC-FINANCIAL INFORMATION

Among the function of the Audit and Control Committee is that of helping the Board of Directors in their work in ensuring the correctness and reliability of the financial information that the Company must issue regularly.

Throughout the year, the Committee has analysed this information before it reaches the Board of Directors and before it is sent to the authorities and markets, and it counts on the collaboration of the General Financial Economic Management in this analysis.

The Committee analysed in detail the novelties that have arisen as a result of new regulations related to six monthly financial reports and intermediate declarations.

B. RELATIONS WITH THE EXTERNAL AUDITORS

1. Review of the financial statements

Continuing with its usual practice from a number of years ago, the external auditors of the Company appeared before the Committee on the occasion of the presentation of the financial statements for 2007, and reported on the scope and methodology of the audit; concrete aspects of the annual accounts; evolution in compliance with recommendations made by the auditors in previous years and other points of interest.

It is expected that, with the preparation of the financial statements corresponding to 2008, the external auditors will again appear before the Committee.

The external auditors of other companies in the Group also inform the Committee in similar terms.

It should be noted that, also in line with the practice in previous years, all of these meetings are held without the presence of the members of the company's management team.

2. Otras actuaciones en relación con la auditoría externa

- As a novelty compared to previous years, the external auditors presented to the Committee a report related to the approach and focus of the work to review the 2008 accounts, anticipating the audit work schedule and the most important points that they foresaw
- The Committee will propose to the Board of Directors that, if it is agreed, at the same time to submit to the approval of the Shareholders General Meeting, the renewal of the current external auditor of the Company and its consolidated group.

C. CONTROL PROCEDURES

In this material, the Committee was informed of the follow-up on work performed on the current procedures in the construction division, as well as of the action plan for new areas of activity. In line with this plan, they were presented the report prepared on the control procedures for the businesses integrated into the services division. The conclusions of the report were satisfactory, in the opinion of the Committee.

D. INTERNAL AUDIT

In this area, the Audit and Control Committee were presented the current organisation of the Internal Audit Management. On this, they expressed a favourable opinion on the action programmes and of the principles upon which these are based; as well as on the organisation and work planning criteria employed, for projects both in the business areas and in the corporate environment

E. RISK ANALYSIS AND RISK CONTROL SYSTEMS

In 2008, the Committee received reports on risks and the systems established to control them.

In this area, the company has created a specialised unit, Risk Management, with the aim of supplying the group with a specific tool to manage the risks inherent to the organisation of the businesses.

F. ACTIONS IN THE AREA OF CORPORATE GOVERNANCE AND THE COMPLIANCE REGIME

The Committee has undertaken the following actions in this area, as attributed by the Board Regulations:

- It examined, prior to its presentation to the Board of Directors, the Annual Corporate Governance Report for 2007.
- It reported on transactions between directors and higher management levels with the Company and entities in the group, as well as on generic lines of operations, presented for the posterior approval by the Board of Directors. In line with the content of the Board Regulations, in the case of the presence of any those requesting approvals at the meeting, the discussion and approvals of these operations are made in their absence.
- It was informed of the updating of the Internal Regulations of Conduct in relation to the environment for companies in the group and the administrators of which this Regulation is applicable.

- In relation to the control system for supplying advisory and consulting services by external audit firms, the Audit and Control Committee authorised a number of contracts and received the half-yearly report on the progress of those authorised.
  In 2009, the Committee will review the Annual Corporate Governance Report for 2008, for its prior report before approval by the Board of Directors.

G. OTHER WORK PERFORMED BY THE AUDIT AND CONTROL COMMITTEE

The Committee reviews the annual report on the functioning and use of the system established by the company so that any employee, in a confidential and, if he so wishes, anonymous manner, can communicate inefficient situations, inadequate behaviours or eventual non-compliance of possible importance (the so called «suggestions box») and, at the same time, was informed of improvement projects for this mechanism that will be addressed in the near future.

H. EVALUATION OF THE AUDIT AND CONTROL COMMITTEE

The Company's Board of Directors Regulations determines that once a year the operations of the Board's Committees will be evaluated based upon a report prepared by these.

As a result, the Audit and Control Committee examined its composition, functions and performance during 2008, and passed the corresponding report to the Board of Directors.

Additional content to the management report

in accordance with Article 116B of the Securities Market Law

Capital structure

The capital structure, including the securities not negotiated on the regulated community markets, with an indication, if required, of the different classes of shares and, for each class of share, the rights and obligations that these confer and the percentage of the capital that they represent.

The share capital of GRUPO FERROVIAL, S.A. amounts to 140,264,743 euros, divided in 140,264,743 shares, of (1) euro nominal value each one, pertaining to a single class and the sane series. All the actions are fully subscribed and paid. Each share gives a voting right.

Any restrictions on the transmission rights of the shares

Within the Company there are no statutory restrictions of any type on the voting right nor on the acquisition or transmission of participations in the share capital over and above those established as a general rule in company regulations.

Significant participations

(directly or indirectly, in the capital)

As at 31 December 2008 and according to the information available to the Company, the holders of significant participations in Grupo Ferrovial S.A. were those that are indicated in the following table:

	Nº of Shares	% Share capital
Portman Baela, S.L.	81,798,231	58.317%

Según comunicación remitida a la Comisión Nacional del Mercado de Valores y a la propia Sociedad el 28 de mayo de 2008, el «grupo familiar concertado» formado por D. Rafael del Pino y Moreno y sus hijos Dª. María, D. Rafael y D. Leopoldo controla indirectamente, a través de la sociedad Portman Baela S.L., el 58,317% (porcentaje actualizado a 31 de diciembre de 2008) del capital social de Grupo Ferrovial S.A. Debe significarse que D. Rafael del Pino y Moreno falleció el 14 de junio de 2008.

Any restriction on voting rights

There are no legal nor statutory restrictions an exercising the right to vote except those established in Article 44.1 of the Limited Companies Law and in Article 10.2 of the Social Statutes that establishes that the shareholder who is in default in dividend liability payments cannot exercise his voting right.

Shareholder agreements

No agreements of this nature between the shareholders of the Company have been notified to the Company.

Nevertheless, in accordance with article 112.4 of the Securities Market Law, it is communicated that on 5 October 2007 Portman Baela S.L., majority shareholder of Grupo Ferrovial S.A. informed the Company of agreements reached by the shareholders of that company. According to these agreements, both the ownership of the capital and the voting rights of the shareholders of Portman Baela S.L. that are legal entities should at all time be exercised by Mr. Rafael del Pino y Moreno and/or his direct decedents. Moreover, the representatives of these legal entity shareholders assume in representation of these that the ownership of the capital and voting rights of each and every one of them correspond to Mr. Rafael del Pino y Moreno and/or his direct decedents.

The applicable regulations

(Appointment and replacement of the members of the organs of administration.)

A. THE APPOINTMENT AND REPLACEMENT OF THE MEMBERS OF THE BOARD OF DIRECTORS

Directors is governed by the Social Statutes and Regulation of the Board of Directors, in line with the Limited Companies Law.

1. Quantitative composition

In line with the Social Statutes, the board will consist of a minimum of five (5) and a maximum of fifteen (15) members elected by the General Meeting, or by the Board of Directors, in the terms legally established.

2. Qualitative composition

In line with the Social Statutes, the board will consist of a minimum of five (5) and a maximum of fifteen (15) members elected by the General Meeting, or by the Board of Directors, in the terms legally established.

3. Selección de Consejeros

The regulation of the Board of Directors establishes a procedure of prior appointment or selection for the designation or re-election of Directors. This process, when applied for the selection of new directors, has been developed with the intervention of external firms.

Among the competencies of the Appointments and Remunerations Committee is to formulate and review the criteria that should be applied for the composition of the Board of Directors and the selection of candidates, along with ensuring that the candidate selection process does not suffer from implicit biases that could hinder the selection of Directors because of personal circumstances. The appointments (or re-elections) of the Directors should be preceded:

- By the proposal of the Appointments and Remuneration Committee, in the case of Independent Directors.
- A prior report, in the case of the rest of the Directors.

It will be ensured that the election will be of persons with known reputation, competence and experience, applying rigour in relation to those persons selected to cover the positions of Independent Directors who should comply with the content of the Regulations in this respect.

As regards Supplementary Directors, the Board Regulations establishes that these cannot have on a personal basis, directly or indirectly, stable commercial, economic, labour or professional relationships of a significant nature with Ferrovial, except those of a professional nature inherent in the position of President or Managing Director of the Company.

The Directors affected by appointment, re-election or removal proposals will abstain from intervening in the deliberations and voting that deal with themselves. Moreover, the voting will be secret.

4. Duration of the post

The Directors will exercise their position during three years and can be re-elected one or more times for periods of equal duration.

The Independent Directors should place their position at the disposal of the Board, and formalise, if this is considered convenient, the corresponding resignation, when they reach twelve (12) years as members of the Board, without prejudice to their possible continuity as Directors of another different nature.

5. Cessation of Directors

A regime has been regulated for the cessation of Directors, the Board Regulations addressing a series of causes that oblige these to place their position at the disposition of the Company. In addition to their cessation when the period for which they were nominated has expired or when the General Meeting so decides, the Regulation contains, in addition to the limitation in the position of the Independent Directors already referred to, the following causes:

- Cuando se trate de Consejeros Ejecutivos, siempre que el Consejo lo considere oportuno.
- When dealing with Supplementary Directors, when the participation in the Company in consideration for which they had been named is transmitted in full. They will also be removed, in the number that corresponds, when the participation falls to a level that requires the reduction of the number of Supplementary Directors.
- When they have entered into incompatible situations or prohibitions legally established or of an internal nature.
- When the Board itself requests this because they have infringed their obligations as Directors.
- When their permanence on the Board could place the interests of Ferrovial at risk.
- When they reach 70 years of age. The President, the Vice-President when he is Executive, the Managing Director and the Board Secretary will resign at 65 years of age, but may continue as Directors and hold the positions of President and Vice-President when they are not executive.
- When there are significant changes in their professional situation or in the conditions in virtue of which they had been nominated Director.
- When, because of events imputable to the Director, his permanence on the Board causes grave damage to the patrimony or social reputations in its opinion. Especially, if there are legal proceedings or an oral judgement of the Director for any of the situations addressed in Article 124 of the Limited Companies Act, the Board will analyse as quickly as possible the circumstances of the case and the convenience of continuity or not in the position, leaving evidence of the criteria adopted in the Annual Corporate Governance Report.

With regard to the Independent Directors, the Board Regulations establish that the Board will not propose their cessation before completing their mandate, unless there is just cause seen by the Board, after a report from the Appointments and Remuneration Committee. It will be understood that there is a just cause, in particular, if the Independent Director does not comply with his obligations, incurs in incompatible situations or any of the causes mentioned earlier arise.

Likewise, the cessation of an Independent Director may be proposed if as a result of public acquisition offers, mergers or other operations of this type a change in the capital structure of the Company occurs leading to a revision of the proportionality criteria established in good governance recommendations.

B. MODIFICATIONS OF THE COMPANY'S STATUTES

A modification of the Statutes must comply with the content of Articles 144 and 103 of the Limited Companies Law.

The powers of the members of the Board of Administration

(in particular, those related to the possibility of issuing or re-buying shares)

The power to represent the Company corresponds to the Board of Administration in a collective manner and by majority decision. It has powers assigned in the most ample general sense to enter into contracts, perform all types of acts and negotiations, binding or discretional, in ordinary or extraordinary administration and with rigorous dominion, in relation to all class of goods, furniture, buildings, money, real estate and commercial paper, without any exceptions other than those affairs that are the competence of the General Meeting or are not included in the company objectives.

Notwithstanding the above, Mr. Rafael del Pino y Calvo-Sotelo, President of the Company, and Mr. Joaquín Ayuso García, Managing Director, possess attributes, of a permanent nature and to be exercised individually or jointly, covering all the of the powers of the Board of Directors, except those that legally or statutorily cannot be delegated.

In addition, the Director Mr. José María Pérez Tremps has concrete powers together with certain persons in the company. Among these joint powers is the purchase/sale of real estate.

The Ordinary Shareholders Meeting on 26 March 2004 delegated to the Board of Administration the faculty to issue fixed earnings securities, both of a simple nature and exchangeable and/or convertible, along with warrants on new issue shares or shares of the Company in circulation. The Board of Administration foresees considering presenting to the Ordinary Shareholders Meeting in 2009 an agreement in similar terms, because of the proximity of the expiry of this delegation.

Likewise, the General Shareholders Meeting of 31 March

2006 delegated to the Board of Administration, in line with the content of Article 153.1b) of the Limited Companies Law, the powers to increase share capital, in one or various stages and at any time, within the limit of five years counted from the date of approval of this by the General Meeting, up to a maximum amount of seventy million (70,000,000) euros.

Finally, the Ordinary Shareholders General Meeting of 28 March 2008 authorised the Board of Administration to acquire treasury shares in the Company, directly or through companies dominated by it, subject to the limits and requisites approved by the General Meeting. The duration of the authorisation is for eighteen (18) months from the approval. It is planned to submit to the Ordinary Shareholders General Meeting in 2009 an agreement in similar terms.

The significant agreements

(signed by the Company and that become effective, are modified or finish in the case of a change of control of the company because of a public acquisition offer, and their effects, except when their exposure is seriously prejudicial for the company. This exception will not apply when the company is legally obliged to make public this information)

In terms of significant agreements, there are various financing contracts. Some are syndicated loans and others are bilateral contracts with certain credit entities, and contemplate among the possible causes of anticipated maturity, in the appreciation of the accrediting entities, a deterioration of the solvency of the Company motivated by a change in the control of this. These contracts amount to one thousand, one hundred and thirteen million (1,113,000) euros, of which at 31 December 2008 one thousand and eighty five million (1,085,000) euros had been drawn down.

It should be mentioned, on the other hand, that there are some of the contracts of the Company and its group, financial in nature, that contemplate prior authorisation of the financial entities or granters to perform any operations in the company such as mergers or excisions or to cause a change in control.

The agreements between the company

(company and its administrative position holders and management or employees that dispose of indemnities when they resign or are unfairly dismissed or if the working relationship terminates as a result of a public acquisition offer)

The contracts between the Company and the Members of Top Management, including two Executive Directors contemplate expressly the right to receive the indemnities established in Articles 56 of the Workers' Statute in the case of unfair dismissal.

Additionally, with the aim of promoting their loyalty and permanence, a retributive item of a deferred nature has been recognised for nine members of Top Management, including two Executive Directors, This item consists of an extraordinary remuneration that will only be made effective when any of the following circumstances occur:

- Dissociation of the Top Manager by mutual agreement on reaching a certain age.
- Unfair dismissal or abandonment of the company at its initiative without the mediation of a cause for dismissal, prior to the date in which the Top Manager reaches the age initially agreed, if it were for an amount higher than the amount resulting from the application of the Workers' Statute.
- The death of disablement of the Top Manager.
  For the coverage of this incentive, the company annually contributes to a collective savings insurance, of which the company itself is the taker, quantified in line with a certain percentage of the total monetary remuneration of each Top Manager.

Corporate Governance Report

Ever since its shares have been offered on the stock exchange 1999), Ferrovial has had bylaws for its Board of Directors, internal conduct, and, since 2004, the General Meetings as well. These bylaws regulate Ferrovial's internal corporate governance and the principles of performance, organisation and operation of its Board of Directors and establish measures to guarantee a high level of transparency respect to the market as well as standards of behaviour to prevent interferences in company capital on the stock market. Furthermore, Ferrovial has been publishing a specifi c annual report on these matters since it was launched on the stock exchange in order to keep its shareholders, investors and the market in general informed about aspects related to its corporative governance.

The 2008 Corporate Governance Report submitted to the Spanish Stock Exchange (CNMV) is available at Ferrovial's website :

www.ferrovial.com

Stock market information

The IBEX ended 2008 with a fall of 39.4%, sliding to 9,145.8 points, in its worst year since its creation. The selective Spanish index preformed in line with the main stock market indexes worldwide.

The performance of the Spanish stock exchange was not consistent, the worst performance being posted by the Ibex Medium Cap and Ibex Small Cap, which fell by -46.5% and -57.3%, respectively. By sector, the sharpest falls were in Construction and Finance, with drops of almost 50%. A relatively better performance was posted by Telecoms and non-Cyclical Consumption, with falls of around -25%.

The year was marked by the financial crisis that began in 2007. In January news of cuts in ratings of single line insurance companies, together with the financial scandals and negative news from the banking sector, inflicted a severe blow on markets, in particular. During the year, rescue plans, rate cuts and injection of liquidity followed, reaffirming the seriousness of the crisis. Before the summer, interest focused on US mortgage entities and the approval of the rescue plan in USA. But the financial crisis was aggravated in September following the fall, bail-out and merger of large US institutions. In the last quarter of the year, there were further interest rate cuts and measures to bail out leading financial institutions in both Europe and USA.

On a macroeconomic level, particularly noteworthy were the falls in oil prices in the second half of the year and the weakness of sterling, the sharp cuts in rates and abrupt downward adjustment of inflation. Unemployment figures deteriorated quickly from September.

Ferrovial ended 2008 at 19.6 euro per share, representing a fall of 59.3% in the share price. In the first four months of the year, the share price posted a positive performance, above the market, reaching an annual maximum in May of 57.45 euro per share, thanks to the publication of 2007 profits and the approval of rates for the next 5 years at Heathrow and Gatwick. The decline started with the announcement of the contribution of capital to BAA in May. Share prices were particularly impacted before the summer by the sudden cutbacks throughout the infrastructure sector. During July and August share prices remained stable despite the significant volatility brought about by the definitive arrangement of the refinancing of BAA. As from September performance was again affected by the financial crisis. The year ended, marked by considerable volatility.

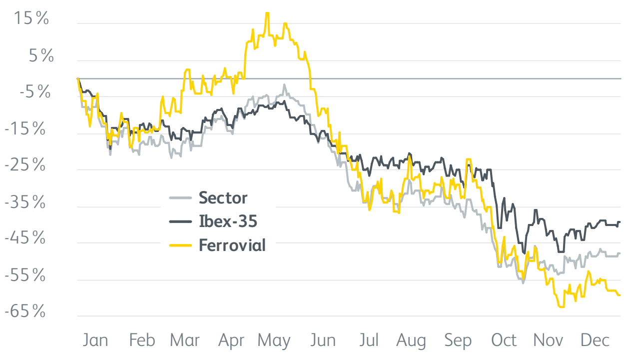
Historical performance Ferrovial, Ibex-35 and Sector Index

Explication	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	99-08
FER	-37	-6	45	23	15	42	49	26	-35	-59	-14
IBEX	18	-22	-8	-28	28	17	18	32	7	-39	-12
Sector	-26	-7	26	4	25	27	54	61	-10	-48	67

Figures in percentage

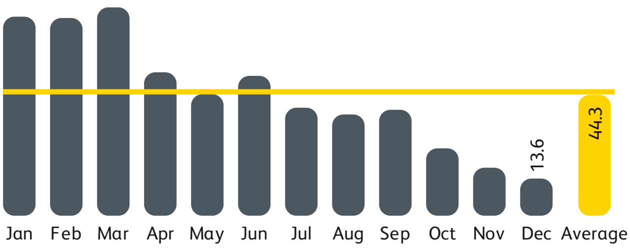
Price performance and effective volume 2008

Performance Ferrovial, Ibex-35 and Sector Index in 2008



Cash - daily average

Million euro

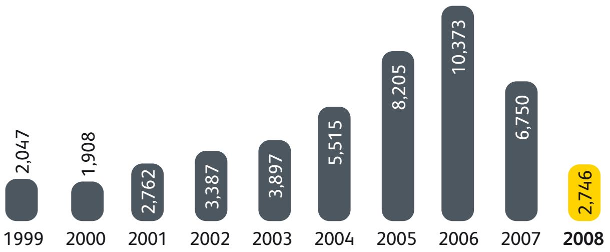


Historical Ferrovial	2008	2007	2006	2005	2004 IFRS	2004	2003	2002	2001	2000	1999
Closing price	19.58	48.12	73.95	58.50	39.32	39.32	27.78	24.15	19.69	13.6	14.4
Maximum	57.45	82.95	78.35	71.45	39.8	39.8	28.29	28.95	22	18.35	23.55
Minimum	17.65	47.90	51.20	39.07	27.6	27.6	21.91	19.7	13.53	11.75	14.2
Weighted average	37.41	68.35	64.00	52.15	34.02	34.02	24.62	24.7	18.58	14.23	20.17
Cash traded year (million euro)	11,245.8	16,695.9	12,177.1	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. shares traded (year)	290,632,495	248,787,946	190,274,573	134,968,415	126,599,317	126,599,317	122,158,971	102,641,026	85,425,146	80,475,919	56,710,300
Daily average volume (million euro)	44.3	66.0	47.9	27.5	17.2	17.2	12	10.2	6.3	4.6	6.8
Capital rotation	207 %	177 %	136 %	96 %	90 %	90 %	87 %	73 %	61 %	57 %	40 %
Capitalisation (million euro)	2,746	6,750	10,373	8,205	5,515	5,515	3,897	3,387	2,762	1,908	2,047
No, shares - capital	140,264,743	140,264,743	140,264,743	140,264,743	140,264,743	140,264,743	140,264,743	140,264,743	140,264,743	140,264,743	142,132,147
Par value share	1 euro	1 euro	1 euro	1 euro	1 euro	1 euro	1 euro	1 euro	1 euro	1 euro	1 euro
Gross dividend per share*	2.00	1.15	1.00	0.90	0.82	0.82	0.60	0.67	0.41	0.28	0.20
Stock market ratios											
Earnings per share *	-6.04	5.23	10.16	2.96	3.78	3.97	2.43	3.25	1.56	1.14	0.78
Carrying value per share	26.32	48.82	47.50	21.57	17.95	16.06	12.5	10.66	8.54	7.48	6.53
Price /carrying value	0.74	0.99	1.56	2.71	2.19	2.45	2.22	2.27	2.31	1.82	2.21
PER (price / EPS)*	-3.24	9.20	7.28	19.73	10.40	9.90	11.44	7.43	12.62	11.93	18.41
Total shareholder return (%)	-58.27 %	-33.37 %	28.12 %	51.07 %	44.50 %	44.50 %	17.50 %	26.10 %	47.80 %	-3.60 %	-36.40 %

* These values have been significantly affected in 2002, 2003, 2004, 2006, 2007 and 2008 by extraordinary results .

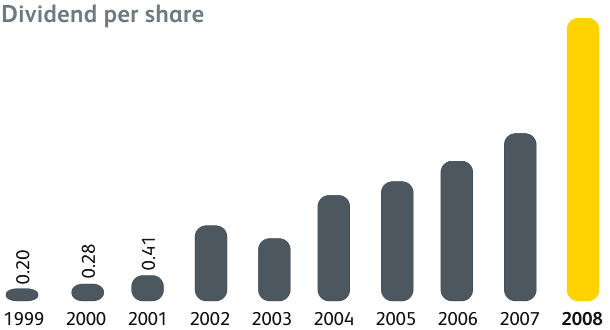
Capitalisation

Million euro



As set out in the graph below, dividends paid out by the Group have increased considerably since the flotation of the Ferrovial Group in 1999.

Dividend per share



Treasury shares

	2008	2007	2006
No. shares	1,527,374	300,000	133,183
% capital	1.09 %	0.21 %	0.10 %
Cost per books	72,735 thousand euro	22,243 thousand euro	9,798 thousand euro
Cost per share	47.62	74.14	73.57

Trading in treasury shares to December 2008 amounted to €50 million and entailed an increase of 1,227.374 treasury shares, at an average acquisition price of 40.7 euros. As a result, at 31 December 2008 treasury shares held by the parent and / or its subsidiaries amount to 1,527,374 shares, representing 1% of the share capital of Grupo Ferrovial S.A.

Shareholders (*)

Shareholders	Country	Shares	% Capital
Portman Baela SL	Spain	81,798	58.317 %
Rafael del Pino y Calvo-Sotelo	Spain	2,294	1.636 %
Santiago Bergareche Busquets	Spain	611	0.436 %
Santiago Eguidazu Mayor	Spain	28	0.020 %
Joaquín Ayuso García	Spain	19	0.014 %
Juan Arena de la Mora	Spain	20	0.014 %
Jaime Carvajal Urquijo	Spain	16	0.011 %
Gabriele Burgio	Spain	8	0.006 %
José María Perez Tremps	Spain	9	0.006 %
María del Pino y Calvo-Sotelo	Spain	3	0.002 %
Santiago Fernandez Valbuena	Spain	2	0.001 %

(*) Source: CNMV – Thousands of shares

- **Indexes on which Ferrovial is listed**
  IGBM
  Indice Construcción Bolsa de Madrid
  IBEX-35
  IBEX Industrial y Varios
  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
  DJ Euro Stoxx Construction
  DJ Stoxx 600
- **Corporate Responsibility Indexes**
  DJSI – Dow Jones Sustainability World Index
  DJSI – Dow Jones Sustainability Stoxx Index
  FTSE4Good Europe Index
  FTSE4Good Global Index
  Ethibel
  ASPI Eurozone

Consolidated Financial Statements

Inside T5 Heathrow works (London, United Kingdom)

Consolidated balance sheet

Consolidated balance sheet for 2008 and 2007

Asset	Note	2008	2007
Non-current assets		**36,220**	**42,921**
Goodwill	5	5,400	7,242
Intangible assets (1)	6	65	160
Investments in infrastructure projects	7	24,125	30,929
Property, plant and equipment (1)	8	640	785
Investment property		92	0
Equity-consolidated companies	9	89	102
Non-current financial assets	10	2,308	2,253
Accounts receivable from infrastructure projects and other		1,447	1,476
Available-for-sale financial assets		21	67
Restricted cash and other non-current investments		307	302
Other receivables		533	408
Pension surplus	18	77	165
Deferred tax assets	23	2,284	1,034
Derivative financial instruments at fair value	11	1,140	251
Assets classified as held for sale	12	**4,278**	**1,096**
Current assets		**7,705**	**7,570**
Inventories	13	507	496
Trade and other receivables	14	4,405	4,779
Trade receivables for sales and services		3,892	4,138
Other receivables		720	658
Current deferred tax assets		36	156
Provisions		-243	-173
Cash and cash equivalents	20	2,793	2,295
Infrastructure project companies		1,177	980
Restricted cash		441	483
Other cash and cash equivalents		736	497
Other compan**ies**		1,616	1,315
Total assets		**48,203**	**51,587**

Liabilities and Equity	Note	2008	2007
Equity	16	**3,692**	**6,848**
Capital and reserves attributable to the company's equity holders		**1,579**	**3,912**
Minority interest		2,113	2,936
Deferred income	17	**322**	**322**
Non-current liabilities		**33,311**	**36,301**
Pension provisions	18	159	93
Other non-current provisions	19	704	417
Borrowings	20	25,594	31,634
Bonds and borrowings of infrastructure projects		22,816	28,605
Bank borrowings of other companies		2,778	3,029
Other liabilities	21	189	178
Deferred tax liabilities	23	3,450	3,138
Derivative financial instruments at fair value	11	3,215	841
Liabilities classified as held for sale	12	**3,163**	**363**
Current liabilities		**7,715**	**7,752**
Borrowings	20	1,627	1,226
Bonds and borrowings of infrastructure projects		900	919
Bank borrowings of other companies		727	307
Trade and other payables	22	5,635	6,017
Trade payables		4,721	4,770
Current deferred tax liabilities		178	309
Other non-trade payables		736	938
Trade provisions	19	453	510
Total Liabilities and Equity		**48,203**	**51,587**

Million euro

Intangible assets, property, plant and equipment and investment property used in infrastructure projects are included in the item "Investments in infrastructure projects".
Notes 1 through 40 form part of the Consolidated Financial Statements at 31 December 2008.

Consolidated income statement

Consolidated income statement for 2008 and 2007

	Note	Before fair value adjustments	Fair value adjustments (*)	Total 2008	Before fair value adjustments	Fair value adjustments (*)	Total 2007
Revenues		14,126	0	14.126	14.630	0	14.630
Other operating revenue		20	0	20	27	0	27
Total operating revenue	27	**14,146**	**0**	**14.146**	**14.657**	**0**	**14.657**
Materials consumed		1,799	0	1.799	1.807	0	1,807
Other external expenses		1,992	0	1.992	2.118	0	2,118
Staff expenses	28	3,832	0	3.832	3.793	0	3,793
Non-current asset depreciation and amortisation		1,188	0	1.188	1.133	0	1,133
Change in trade provisions		114	0	114	79	0	79
Other operating expenses		3,660	11	3.672	3.851	-35	3,816
Total operating expenses		**12,585**	**11**	**12,596**	**12.781**	**-35**	**12,746**
Operating results		**1,561**	**-11**	**1,550**	**1,876**	**35**	**1,911**
Financial income of infrastructure projects		134	0	134	94	0	94
Financial expenses of infrastructure projects		-1,801	0	-1,801	-1,761	0	-1,761
Results from derivative financial instruments and other fair value adjustments		0	-211	-211	0	-3	-3
Financial results of infrastructure projects		**-1,667**	**-211**	**-1,878**	**-1,667**	**-3**	**-1,670**
Financial income of other companies		208	0	208	130	0	130
Financial expenses of other companies		-332	0	-332	-299	0	-299
Results from derivative financial instruments and other fair value adjustments		0	-225	-225	0	-61	-61
Financial results of other companies		**-124**	**-225**	**-349**	**-170**	**-61**	**-231**
Financial results	29	**-1,791**	**-436**	**-2,227**	**-1,837**	**-64**	**-1,901**
Share of results of equity-consolidated companies		7	0	7	-111	0	-111
Other profit and loss	30	449	-162	287	767	0	767
Consolidated profit before income tax		**226**	**-609**	**-383**	**696**	**-30**	**666**
Income tax before IBA	23	118	174	292	162	10	172
Consolidated income from continuing operations before IBA		**344**	**-435**	**-91**	**858**	**-20**	**838**
Net income from discontinued operations before IBA	31	0	0	0	0	0	0
Consolidated income for the year before IBA		**344**	**-435**	**-91**	**858**	**-20**	**838**
Result for the year attributed to minority interest before IBA		7	117	124	-112	8	-104
Income for the year attributed to the parent company before IBA		**351**	**-318**	**33**	**746**	**-12**	**734**
Impact of IBA (**):	25						
Consolidated income before IBA		344	-435	-91	858	-21	838
Income tax adjustment IBA		-1,559	0	-1,559	0	0	0
Consolidated income for the year after IBA		-1,216	-435	-1,650	858	-21	838
Result attributed to minority interest after IBA		696	116	812	-113	8	-104
Net income for the year attributed to the parent company after IBA		-520	-318	-838	746	-12	734
Net earnings per share attributed to the parent company	32						
Basic				-6.04			5,24
Diluted				-6.04			5,24

Million euro

(*) Relates to results from changes in the fair value of derivatives, other financial assets and liabilities and investment properties.

(**) Relate to the recognition by BAA of an exceptional accounting loss due to the tax reform that eliminated the right to depreciate for tax purposes certain buildings in the year 2008 (called Industrial Building Allowances or IBA in the UK) with an impact on the dominant company's net profits of -871 million euros. Since the accounting treatment applied may create difficulties in interpreting the Financial Statements, and to identify what the group results would have been if this liability had not been booked, the impact of this item is presented separately in the profit and loss account.

Consolidated stament of recognised income and expense

Consolidated statement of income and expense recognised in equity for 2008 and 2007

	Note	2008	2007
Gains/(losses) on hedging instruments before tax	11	-1,928	-457
Gains/(losses) on hedging instruments before tax – Non-current assets and liabilities held for sale		81	0
Actuarial gains/(losses) on defined benefit plans before tax	18	-183	602
Actuarial gains/(losses) on defined benefit plans before tax – Non-current assets and liabilities held for sale		0	0
Gains/(losses) due to policy changes before tax		0	-19
Currency translation differences before tax		-737	-697
Currency translation differences before tax – Non-current assets and liabilities held for sale		-357	0
Taxes		1,114	124
Net income/expense recognised directly in equity		**-2,010**	**-447**
Consolidated gain/(loss) for the year		-1,650	838
Attributed to the parent company		-838	734
Attributed to minority interest		-812	104
Total income and expense recognised for the year		**-3,660**	**391**
Attributed to the parent company		**-2,026**	**562**
Attributed to minority interest		**-1,634**	**-171**

Million euro

Notes 1 through 40 form part of the Consolidated Financial Statements at 31 December 2008.

Consolidated cash flow statement

Consolidated cash flow statement for 2008 and 2007

	Note	2008	2007
Income for the year attributed to the parent company		**-838**	**734**
Adjustments to results		3,719	2,307
Minority interest		-813	104
Depreciation, amortisation and provisions		1,302	1,211
Results of equity-consolidated companies		-7	111
Results from financing		2,257	1,819
Income tax		1,267	-172
Fair value adjustments less costs to sell		162	
Other profit and loss		-448	-767
Income tax payment		-46	-296
Change in receivables, payables and other		-160	-70
Dividends from infrastructure project companies		7	19
Cash flows from discontinued operations			
Cash flows from operating activities	33	**2,682**	**2,694**
Investment in property, plant and equipment and intangible assets		-406	-249
Investment in infrastructure projects		-2,486	-2,734
Non-current financial assets		-119	-502
Divestment of infrastructure projects		1,170	2,355
Divestment of financial assets		215	1,713
Interest received		165	202
Net cash flows from investing activities of discontinued operations			
Cash flows from investing activities	33	**-1,461**	**786**
Cash flows before financing activities		**1,221**	**3,480**
Proceeds from capital and minority interest		175	21
Payment of dividends to parent company		-178	-149
Payment of minority interest dividends to associates		-70	-74
Other movements in shareholders' equity			
Cash flows from shareholders and minority interest		**-73**	**-202**
Interest paid		-2,744	-2,028
Increase in bank borrowings		11,722	3.610
Decrease in bank borrowings		-9,341	-4,932
Cash flows from financing activities of discontinued operations			
Cash flows from financing activities	33	**-436**	**-3,552**
Change in cash and cash equivalents	20	**785**	**-71**
Opening cash and cash equivalents		2.295	2,400
Closing cash and cash equivalents (*)		2,911 (*)	2,295
Impact of exchange rates on cash and cash equivalents		287	33

Million euro
The item "Cash and cash equivalents" includes short-term restricted cash.
(*) The item "Cash and cash equivalents" includes the cash and cash equivalents pertaining to the assets held for sale (118 million euro).
Notes 1 through 40 form part of the Consolidated Financial Statements at 31 December 2008.

Notes to the consolidated financial statements

1. Company's activities and consolidation scope

A. COMPANIES COMPRISING THE GROUP AND THEIR BUSINESS OPERATIONS

Grupo Ferrovial (hereinafter the Ferrovial Group or Ferrovial) comprises the parent company Grupo Ferrovial, S.A. and its subsidiaries, which are detailed in Exhibit I. Its registered office is at calle Príncipe de Vergara 135, Madrid.

Through these companies, the Group engages in the following lines of business, which are its primary reporting segments under IAS 14.

- **Construction** and execution of all types of public and private works in Spain and abroad, operating basically through Ferrovial Agromán, S.A., the company that heads this business division. The international business carried out in Poland through Budimex, S.A. and subsidiaries, the leading construction group in that market, which is listed on the Warsaw stock market and in which the Ferrovial 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.
- **Toll roads and car parks** – This activity consists of developing, financing, executing and operating toll road and car park projects through Cintra, S.A., a company listed on the Madrid Stock Exchange in which Grupo Ferrovial, S.A. holds a total direct and indirect interest of 66.88%.
- **Airports** – This activity consists of developing, financing and operating airports, basically through BAA plc, a British company that operates, through its investees, seven airports in the United Kingdom and other airport assets; Grupo Ferrovial, S.A. indirectly holds 55.87% of BAA plc.
- **Services** – This division is headed by Ferrovial Servicios, S.A. and is divided into the following activities: a) Repair and maintenance of infrastructures, buildings and facilities (through Amey, Plc and Tube Lines, Ltd in the UK, and Grupisa, S.A. and Ferrovial Servicios, S.A. in Spain); b) Municipal services and waste treatment (basically through Cespa, S.A.); and c) Airport handling (through the Swissport Group).

In addition to the description of the Group's activities, it is important to note, for the purpose of understanding these financial statements, that a significant part of the business carried out by the Toll roads and Car parks, Airports and Services Divisions consists of infrastructure project development.

These projects are conducted under long-term contracts where the concession holder, in which the Group generally participates together with other partners, finances the construction or rehabilitation of public infrastructures, or acquires the right to operate a pre-existing infrastructure, and subsequently operates and maintains the infrastructure, recovering the investment by collecting a toll or price regulated by a public entity (Toll roads and car parks and Infrastructure Divisions), or maintains the infrastructure 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 (Services Division).

In some cases, these contracts are subject to concession contracts and therefore have a limited term (basically in the toll road business); the assets revert to the administration when the contract expires.

Unlike the toll road business, the majority of airport business licenses have an indefinite term.

Airport contracts may be divided into regulated airports and unregulated airports.

As regards regulated airports, although the indefinite nature of the projects distinguishes them from ordinary concession arrangement, the contracts are similar to concession contracts:

- Prices are fixed by a regulator based on the yield from the assets directly used in airport operations. The value of the assets used to calculate the yield and determine the prices is referred to as the RAB (Regulated Assets Base) in the case of the UK's regulated airports.
- The regulator stipulates the main operating criteria in connection with the assets.
- The regulator also establishes the investment that must be made.
- Even for residual value purposes, the fact that certain assets used in the business may be sold to third parties affects the calculation of the yield to be recognised by the regulator on the remaining assets.

In the case of unregulated airports, the prices are not fixed by a regulator.

One final point to be considered in relation to infrastructure projects is the fact that they are largely financed by means of specific debt, which is generally secured only by the project's own flows.

Accordingly, and in order to clarify the Group's financial evolution, these financial statements present separately the impact of this type of projects on both non-financial assets (the item «Investments in infrastructure projects» includes property, plant and equipment, intangible assets and investment properties allocated to these projects) and on non-current financial assets, debt and cash flows.

The following consolidation scope changes took place during the financial year:

Airports business

In March 2008, the BAA Group's subsidiary World Duty Free was sold, having previously been carried as a non-current asset held for sale, as indicated in the 2007 Financial Statements. This transaction generated a pre-tax gain for BAA of 295 million euro.

Additionally, in September 2008, Ferrovial Aeropuertos S.A. sold its interest in Belfast Airport for 167 million euro, entailing a gain of 109 million euro.

As regards scope changes in the airports business in the previous year, in June 2007 Budapest Airport was sold, having been included in the Group's financial statements to that date. In February 2007, Ferrovial Aeropuertos, S.A. sold its 20.9% shareholding in the company holding the rights to Sydney Airport.

Finally, in June 2008 the PIK debt granted by GIC to FGP Topco, the BAA Group's parent company was capitalised in the amount of 615 million euro. This caused a 5.19% dilution of Grupo Ferrovial's shareholding in that company, from 61.06% at December 2007 to 55.87%.

Toll roads and Car parks business:

As a consequence of the refinancing of Autema and the new corporate structure created, two new companies were included in the consolidation scope:

- Cintra Inversora Autopistas de Cataluña, S.A., wholly owned by Cintra, S.A.;
- Inversora Autopistas de Cataluña, S.L., wholly owned by Cintra Inversora Autopistas de Cataluña, S.A.

In the Car parks business, the company Río Piedras, in which Cintra, S.A. held an indirect 74.94% interest, was sold and the UTE Expo Zaragoza, in which Cintra, S.A. has a 99.92% shareholding through Dornier, S.A. and Cintra Aparcamientos, S.A., was included in the consolidation scope.

During 2008, Grupo Ferrovial, S.A. acquired a 1.85% interest in its subsidiary Cintra, S.A. to hold a total direct and indirect interest of 66.88 % at the year end.

2. Summary of the main accounting policies

A. BASIS OF PRESENTATION

The consolidated financial information presented in these financial statements has been prepared under the International Financial Reporting Standards adopted by the European Union (IFRS EU), at the year end. In general, the historical cost method has been applied, with the exception of items in respect of which IFRS EU specifically impose a different measurement method. As regards the alternative methods provided by IFRS EU, Ferrovial has opted to measure property, plant and equipment and intangible assets at historical cost, capitalising financial expenses during the construction period, while jointly controlled entities and temporary joint ventures (UTEs) have been consolidated using the proportionate method. These are the same methods applied in 2007.

New accounting standards (IFRS/IAS) and interpretations (IFRIC) have been approved and published and are expected to enter into force in the financial years commencing 1 January 2009 or after that date. Ferrovial Group management is evaluating the potential impact of these standards and interpretations, which is not expected to be relevant.

- **Standards, amendments and interpretations that came into effect in 2008**
  - IAS 39 (Amendment) «Financial instruments: Recognition and measurement».
  - IFRS 7 (Amendment) «Financial instruments: Disclosures» – Reclassification of financial assets.
  - IFRIC 14, «IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction», which provides guidelines to assess the limit stipulated in IAS 19 with respect to the surplus that may be recognised as an asset.
  - IFRIC 11, «IFRS 2 – Group and treasury share transactions», which provides the principles for determining whether a share-based transaction involving treasury shares or group companies must be recognised as a share-based payment transaction settled in equity instruments or in cash in the individual accounts of the parent company and the group companies.
- **Standards and amendments and interpretations of existing standards that are not yet in force and have not been adopted early by the Group.**

At the preparation date of these financial statements, the IASB had published the interpretations referred to below. These interpretations are mandatory for all financial years commencing as from 1 January 2009, although they have not been adopted early by the Group: Company management is assessing their impact.

IAS 14 is replaced by IFRS 8, which brings segment reporting requirements into line with the US standard SFAS 131 «Disclosures about segments of an enterprise and related information». The new standard requires a management approach whereby segment information is presented on the same basis used for internal purposes.

- IFRIC 12 «Service concession arrangements», which is mandatory in financial years commencing as from 1 January 2008, is not relevant to the Group's operations. At the preparation date of these financial statements, the European Union had not yet adopted this interpretation.
- IAS 23 (amendment), «Borrowing costs». This standard requires entities to capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (as part of the asset's cost).
- IAS 1 (revised), «Presentation of financial statements». This revised standard prohibits the presentation of income and expense items in the statement of changes in equity and requires changes in equity resulting from transactions with non-shareholder third parties to be presented sepa rately from changes in equity arising from transactions with shareholders.
- IFRS 2 (amendment) «Share-based payments». This amendment addresses the conditions for the irrevocability of rights granted and cancellations. It clarifies that only debt service and return conditions may be treated as grant conditions.
- IAS 32 (Amendment) «Financial instruments: Presentation» and IAS 1 (amendment) «Presentation of financial statements» – «Puttable financial instruments and obligations arising on liquidation». These amendments require entities to reclassify redeemable financial instruments and instruments (or components of instruments) that carry the obligation for the entity to hand over to a third party a fraction of its net assets in the event of liquidation as equity, provided the instrument has certain characteristics and fulfils certain conditions.
- IFRS 1 (amendment) «First-time adoption of IFRS» and IAS 27 «Consolidated and separate financial statements». The amended standard allows first-time adopters to use the fair value or carrying amount obtained by applying the previous accounting principles as the attributed cost of investments in subsidiaries, joint ventures and associates in the separate financial statements of Group companies.
- IAS 27 (revised) «Consolidated and separate financial statements». The revised standard states that the effects of all transactions with minority interests must be recognised in equity provided there are no changes in control such that the transaction no longer affects goodwill and does not generate any loss or profit.
- IFRS 3 (revised) «Business combinations». The revised standard maintains the acquisition method for business combinations.
- IFRS 5 (amendment), «Non-current assets held for sale and discontinued operations» (and related amendment to IFRS 1 «First-time adoption of IFRS»).
- IAS 23 (amendment), «Borrowing costs». This amendment forms part of the IASB's annual improvement project published in May 2008. The definition of borrowing costs has been altered so that interest may be calculated using the effective interest rate defined in IAS 39 «Financial instruments: Recognition and measurement». The terminological inconsistency between IAS 39 and IAS 23 is therefore eliminated.

- IAS 28 (amendment) «Investments in associates» (and related changes to IAS 32 «Financial instruments: Presentation» and IFRS 7: «Financial instruments: Disclosures»).
- IAS 36 (amendment) «Impairment of assets». This amendment forms part of the IASB's annual improvement project published in May 2008.
- IAS 38 (amendment) «Intangible assets». This amendment forms part of the IASB's annual improvement project published in May 2008.
- IAS 19 (amendment) «Employee benefits». This amendment forms part of the IASB's annual improvement project published in May 2008.
- IAS 39 (amendment) «Financial instruments: Recognition and measurement». This amendment forms part of the IASB's annual improvement project published in May 2008.
- IAS 1 (amendment) «Presentation of financial statements». This amendment forms part of the IASB's annual improvement project published in May 2008.
- In addition to the above-mentioned amendments, a number of minor changes have been published in relation to IFRS 7 «Financial instruments: Disclosures», IAS 8 «Accounting policies, changes in accounting estimates and errors», IAS 10 «Events after the balance sheet date», IAS 18 «Revenue» and IAS 34 «Interim financial reporting», as part of the IASB's annual improvement project published in May 2008.
- IFRIC 16 «Hedges of a net investment in a foreign operation» (in force as from 1 October 2008).

• **Standards, amendments and interpretations of existing standards that are not yet in force.**

At the preparation date of these financial statements the IASB had published the interpretations presented below, which are mandatory for all financial years commencing as from 1 January 2009 and are being assessed by the Company.

- IFRIC 13, «Customer loyalty programmes» (in force as from 1 July 2008).
- IAS 16 (amendment) «Property, plant and equipment» (and related amendment to IAS 7 «Cash flow statements») (in force as from 1 January 2009). This amendment forms part of the IASB's annual improvement project published in May 2008.
- IAS 27 (amendment) «Consolidated and separate financial statements» (in force as from 1 January 2009). This amendment forms part of the IASB's annual improvement project published in May 2008.
- IAS 28 (amendment) «Investments in associates» (and related changes to IAS 32 «Financial instruments: Presentation» and IFRS 7: «Financial instruments: Disclosures») (in force as from 1 January 2009).
- IAS 29 (amendment) «Financial reporting in hyperinflationary economies» (in force as from 1 January 2009). This amendment forms part of the IASB's annual improvement project published in May 2008.
- IAS 31 (amendment) «Interests in joint ventures» (and related amendments to IAS 32 and IFRS 7) (in force as from 1 January 2009). This amendment forms part of the IASB's annual improvement project published in May 2008.
- IAS 38 (amendment) «Intangible assets». This amendment forms part of the IASB's annual improvement project published in May 2008.
- IAS 40 (amendment) «Investment property» (and related amendments to IAS 16) (in force as from 1 January 2009). This amendment forms part of the IASB's annual improvement project published in May 2008.
- IAS 41 (amendment) «Agriculture» (in force as from 1 January 2009). This amendment forms part of the IASB's annual improvement project published in May 2008.
- IAS 20 (amendment) «Accounting for government grants and disclosure of government assistance».
- IFRIC 15 «Agreements for the construction of real estate». This interpretation clarifies whether, for certain transactions, IAS 18 «Revenue» or IAS 11 «Construction contracts» must be applied. IAS 18 is likely to be applicable to a larger number of transactions.

The 2008 consolidated financial statements were prepared on 25 February 2009 and are pending approved by the General Shareholders' Meeting. Nevertheless, the parent company's directors expect the consolidated financial statements to be approved without changes.

Finally, due to the recognition by BAA of an extraordinary book loss due to the tax reform whereby the right to depreciate certain buildings for tax purposes (referred to in the United Kingdom as Industrial Building Allowance or IBA) was eliminated in 2008, and to the impact on results of the change in the fair value of hedging instruments and investment property, Grupo Ferrovial has decided to present these items separately in its income statement for 2008 and 2007 (including segment information).

B. CONSOLIDATION POLICIES

During 2008 and 2007, all the individual financial statements of the companies included in the scope of consolidation were closed on the same date or include adjustments to bring them into line with those of the parent company. Moreover, in order to present consistently the items included in these consolidated financial statements, adjustments have been made on the basis of the parent company's accounting policies. The consolidated financial statements have been prepared using the following methods:

- **Full consolidation method** – All the subsidiaries are fully consolidated. Subsidiaries are companies in which Grupo Ferrovial, S.A. has effective management control because it holds more than 50% of voting rights, directly or indirectly under agreements with other shareholders. When assessing whether the Group controls a company, the existence and effects of potential voting rights which may be currently exercised or converted are taken into account. A subsidiary is included in the scope of consolidation when the Group effectively and formally gains control.
- **Equity consolidation method** – All associates are equity consolidated. Associates are companies in which the Group has significant influence over management but does not exercise control or joint management with third parties. In accordance with the equity method, the Group's percentage share in the associate's equity is recognised in terms of both reserves and results for the year.
- **Proportionate consolidation method** – Joint ventures are entities that are jointly controlled by the parent company and by third parties not related to the Group. The assets and liabilities allocated to joint ventures or jointly controlled entities are recognised in the consolidated balance sheet and are classified based on their specific nature and percentage share of the business. Revenues and expenses arising from joint ventures are recognised in the consolidated income statements based on their nature and on the percentage share. Joint ventures contributed to the consolidated Group assets, income and sales totalling 5,370.99 million euro and 2,069 million euro, respectively (6,198.84 million euro and 2,407 million euro in 2007), the most representative proportionately-consolidated businesses being Tube Lines Ltd and Indiana Toll Road. The above figures include activities of temporary joint ventures (UTEs), entities through which participants establish a joint business and contractual collaboration arrangement. • Balances and transactions with Group companies **–** Balances and transactions with Group companies are eliminated during consolidation. Nonetheless, balances and transactions relating to construction projects conducted by the Construction Division for infrastructure concession holder companies are not eliminated on consolidation, since contracts of this kind are treated as construction contracts under which the Group executes work for the granting authority or regulator in exchange for the right to operate the infrastructure on the terms pre-established by the granting authority or regulator. The granting authority or regulator thus has control over the asset from inception and grants the above-mentioned right in exchange for the work executed, such that the conclusion may be reached that at the Group level the work is performed for third parties. As regards the transactions mentioned above in 2008, Grupo Ferrovial's construction segment billed 408 million euro (452 million euro in 2007) to the Toll Roads and Airports Divisions for work executed and related prepayments, and recognised sales resulting from this work totalling 317 million euro (229 million euro in 2007). The profit obtained from these transactions, which is attributable to Grupo Ferrovial's interests in the concession holder companies that received the services, net of taxes and minority interest, totalled 8 million euro (8 million euro in 2007).
- **Translation of the financial statements to euros** – The financial statements of subsidiaries and joint ventures whose accounting r ecords are denominated in a currency other than the euro 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 companies and associates, which are measured at the exchange rate prevailing when they joined the Group. Profits and losses are translated to euros at the average exchange rate for the year. Differences arising during the translation process are recognised in the equity item «Currency translation differences».

Exhibit I contains a list of subsidiaries, associates and joint ventures.

C. ACCOUNTING POLICIES APPLIED TO EACH ITEM IN THE CONSOLIDATED BALANCE SHEET AND INCOME STATEMENT

1. Intangible assets

«Intangible assets» on the accompanying consolidated balance sheet are initially carried at acquisition price or production cost, including capitalisable financial expenses, and are subsequently measured at cost less accumulated amortisation and any impairment losses. Intangible assets with a finite useful life are amortised on a straight-line basis, or based on estimated traffic in the case of administrative concessions, during the concession term, and over their useful lives (between 5 and 50 years) in all other cases.

Intangible assets with an indefinite useful life are not amortised and are tested annually for impairment.

2. Investments in infrastructure projects

This caption includes the investments made by companies engaged in infrastructure projects in relation to the infrastructures operated (mainly toll roads and airports); their value includes construction costs and associated costs (technical studies, expropriations and finance costs accrued during the construction period), net of amortisation and impairment losses. It includes intangible assets and investment property used in infrastructure projects.

- **Assets used in toll road projects are depreciated as follows:**

The entire initial investment in infrastructure that subsequently reverts to the administration, including expropriation costs and financial expenses capitalised during construction, is depreciated based on forecast traffic throughout the concession term. Where a payment is made to the administration to acquire the right to operate the concession, this amount is also depreciated based on forecast traffic during the concession term.

Assets acquired by the concession company to provide the concession services but which do not form part of the infrastructure that reverts at the end of the concession term are depreciated over their useful lives using a method that reflects the economic use of the asset. Replacement investments in infrastructure are depreciated based on forecast traffic during their useful lives. Finally, investments that entail an increase in the infrastructure's capacity are depreciated based on forecast traffic from the investment date to the end of the concession term. However, assets used in infrastructure projects under indefinite licenses (basically airport licenses) are depreciated on a straight-line basis over the useful lives of the relevant assets, as follows:

	Estimated useful life
Terminal assets	
Terminal buildings	20-60
Technical terminal facilities	5-20
Tunnels, bridges and metro	50-100
Runways	
Structures	100
Surface layer	10-15
Other related assets	50
Conveyor belts and routes	
Transit systems	20-50
Other related assets	8-100
Equipment and machinery	3-10
Other leased land and buildings	Lease term

As indicated previously, this caption also includes intangible assets used in infrastructure projects in connection with the business combination arising from the acquisition of the BAA Group, described in Note 5, specifically:

The BAA Group's right to operate in unregulated airports (this right is not amortised due to the unlimited duration of the licenses). Rights to operate commercial spaces (average useful life of seven years).

Intangible assets generated internally, mainly relating to BAA, plc, consisting of proprietary computer software and websites, are amortised on a straight-line basis over useful lives of between three and seven years.

Set out below are details of the main toll road concession contracts in force, showing their duration, followed by a list of regulated and unregulated airports:

- **Toll road concessions**

Concession company	Country	Concession term	Year one
407 ETR Internacional Inc.	Canada	99	1999
Skyway Concession Co.	USA	99	2005
ITR Concession Company	USA	75	2006
Spanish toll roads	Spain	30-65	1986-2005
Chilean toll roads	Chile	19-30	1994-1999
Portuguese toll roads	Portugal	30	2000-2006
SH 130 Concession Company	USA	50 (*)	2007
Other toll roads	Ireland/ Greece	30-45	2003-2007

(*) Concession period of 50 years as from completion of the construction work, estimated at five years.

- **Airports**

Airport	Type of regulation	Concession term
Heathrow	Regulated	Indefinite
Gatwick	Regulated	Indefinite
Stansted	Regulated	Indefinite
Edinburgh	Unregulated	Indefinite
Glasgow	Unregulated	Indefinite
Aberdeen	Unregulated	Indefinite
Southampton	Unregulated	Indefinite
Naples	Unregulated	1997-2037
Antofagasta	Unregulated	2000-2010

(*) Concession period of 50 years as from completion of the construction work, estimated at five years.

3. Property, plant and equipment

The assets included in «Property, plant and equipment» are carried in the accompanying consolidated balance sheet at acquisition price or production cost, less any provisions and depreciation charged.

Own work capitalised is measured, for each investment, by adding to the price of the materials used the direct or indirect costs attributable to the investment.

Financial expenses incurred during the construction or production period, before the assets are put into use, are ca-

pitalised, whether they derive from financing obtained specifically to acquire the PPE or from general financing, subject to the guidelines for qualifying assets provided by IAS 23.
The Group companies calculate depreciation of PPE using the method that best approximates the effective technical depreciation and the estimated years of useful life of each asset. The straight-line method is generally employed, with the exception of certain construction machinery that is depreciated using the declining-balance method. The useful lives and residual values of these assets are reviewed annually. The consolidated companies depreciate their property, plant and equipment basically over the following years of useful life:

	Estimated useful life
Buildings and other structures	10-50
Machinery, equipment and tools	2-25
Fixtures and fittings	2-15
Vehicles	3-20
Other PPE	2-20

4. Investment property

This caption includes the net values of land, buildings and other structures that fulfil the requirements of IAS 40. Investment property is carried at acquisition cost less accumulated depreciation and impairment losses. The Group does not apply the fair value measurement option provided by IAS 40. The Group companies depreciate investment property on a straight-line basis over the estimated useful life of the property (between 5 and 50 years).

BAA is the subgroup that owns investment property and the discontinued real estate operations. As all this subgroup's non-current assets are recognised in «Infrastructure project assets»; the relevant note contains a breakdown of the assets classified as investment property.

5. Impairment losses

In the case of goodwill and intangible assets with an indefinite useful lives, or those that are not operational for some reason, the Group tests for impairment annually. In the case of assets that are being depreciated, at each account close the Group tests for impairment losses that give rise to the write-down of assets. Should evidence of impairment be detected, the asset's recoverable value is calculated in order to identify the scope of the impairment loss in the event that the recoverable value is lower than the asset's carrying amount, recording the effect in the income statement. Impairment losses must be assessed for each individual asset. If this is not possible, the impairment loss is determined for the smallest identifiable group of assets that generates cash flows independent of flows from other assets (cash-generating units).

The recoverable amount is the higher of the fair value less costs of sale and value in use. Value in use is calculated on the basis of estimated future cash flows discounted at a rate that reflects the present market value, taking into account the value of money and specific risks associated with the asset.

Where an impairment loss is subsequently reversed, the carrying amount of the asset is increased subject to the maximum limit of the original amount at which the asset was carried before the impairment was recognised. Goodwill impairment losses are irreversible.

6. Leases

Leases are classified as finance leases provided their conditions substantially transfer the risks and rewards of ownership to the Group, which generally has 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.

The Group recognises finance leases as assets and liabilities in the balance sheet, at lease inception, at the lower of the market value of the leased asset and the present value of the minimum lease instalments. The interest rate agreed in the lease agreement is applied to calculate the present value of lease instalments. The cost of the assets acquired under finance leases is presented in the accompanying balance sheet in accordance with the nature of the leased asset.

When the Group acts as the lessee in an operating lease, lease costs are taken to the income statement on a straight-line basis over the lease term, irrespective of the payment method stipulated in the lease. In the event that the lessor has established incentives in the lease consisting of payments corresponding to the lessee but made by the lessor, the income deriving from these incentives is taken to the income statement by reducing the cost of the lease on the same straight-line basis.

7. Financial assets

- **Financial assets at fair value through profit or loss –** These are assets acquired mainly to generate a profit as a result of fluctuations in their value. They are stated at their fair value at inception and at subsequent measurement dates, and any changes are recognised directly in the consolidated income statement. The assets in this category are classified as current assets if expected to be realised within 12 months after the balance sheet date. There are no assets at fair value through profit or loss other than the derivative financial instruments described in Note 2.3.8.
- **Available-for-sale financial assets –** This heading records acquired securities that will not be immediately traded, have no fixed maturity and relate mainly to shareholdings in companies not included in the Group's consolidation

scope. The assets are stated at their fair value and any fluctuations are recognised directly in equity until the asset is sold, provided that it is possible to determine the fair value. Otherwise, they are carried at cost less impairment losses.

- **Investments held to maturity and receivables –** Investments held to maturity, loans granted and receivables are initially carried at fair value and later at amortised cost, recognising any interest accrued at the effective rate and impairment provision in the income statement. The effective interest rate is the discount rate that brings the initial price of the financial instrument exactly into line with all its estimated cash flows to maturity. 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.
  Financial assets are written off the balance sheet when the risks and rewards of ownership of the assets are substantially transferred. In the specific case of receivables, this is deemed to occur when the insolvency and default risks have been transferred.

8. Derivative financial instruments

Derivative financial instruments are initially measured at market value on the contract date. Subsequent changes to market value are also recognised at each balance sheet close. The recognition of resulting gains or losses on derivatives depends on whether the instrument is or is not a designated hedge and, if applicable, on the type of hedge. The Group designates the following types of hedge:

- **Cash flow hedge –** A cash flow hedge covers exposure to highly probable future transactions and changes in cash flows. The ineffective portion of the loss or gain on the hedging instrument is taken to the income statement and the effective portion is recognised directly in equity in the consolidated balance sheet. The amount deferred in equity is not recognised in the income statement until the gains or losses on the transactions hedged are taken to the income statement or until the maturity date of the transactions. The amount in question is recognised in the same results caption as the hedged item.
  Finally, should the hedge become ineffective, the amount recognised in equity to date is taken to the income statement on a proportionate basis during the term of the derivative contract.
- **Fair value hedge –** A fair value hedge covers exposure to changes in the value of a recognised asset or liability, or a firm commitment relating to a future transaction. The gain or loss on the hedging instrument and on the hedged asset or liability is recognised in the consolidated income statement.
- **Hedge of net investments in foreign operations –** This hedge covers changes in the value of net investments in foreign operations attributable to foreign exchange fluctuations. Gains or losses are recognised in equity and taken to the income statement when the investment is sold or matures.

Gains or losses on derivatives not qualifying as hedges are recognised in the consolidated income statement.

9. Business combinations and goodwill

Business combinations are recognised using the acquisition cost method, whereby the identifiable assets and liabilities of the acquired business are measured at fair value. Goodwill is the positive difference between the cost of the investment and the value of the above-mentioned assets and liabilities. In acquisitions of associates, goodwill generated is treated as an increase in the value of the shareholding. Goodwill on consolidation is not amortised and is tested for impairment (see Note 2.3.5). In successive acquisitions of companies in which the Group exercises prior control, the difference between the excess price paid in the currencies of the target's country of origin and the carrying amount of the shareholding acquired is recognised in goodwill.

Where the parent company decides not to participate in a capital increase in an investee company, the dilution of the shareholding is accounted for in the same way as a sale of shares, recognising the resulting gain or loss obtained on dilution in the income statement for the year.

10. Inventories

Inventories are initially carried at acquisition price or production cost. Financial expenses relating to inventories are capitalised during the construction or production period.

Inventories are subsequently measured at the lower of weighted average cost and net realisable value.
The Group determines the net realisable value of inventories and records all necessary provisions where their cost exceeds the net realisable value.

11. Cash and cash equivalents

Cash and cash equivalents include petty cash, demand deposits at credit institutions and other short-term, highly-liquid investments that initially mature within three months.

This caption includes investments having the same nature and maturities relating to the financing of certain infrastructure projects, where the availability of the cash is restricted by the financing contracts as security for certain payment obligations (interest or principal repayments; infrastructure maintenance and operation).

12. Non-current assets held for sale and discontinued operations

- **Non-current assets held for sale –** Non-current assets are classified as 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. The total figure for these assets is presented on a single line and measured at the lower of their carrying amount and their fair value less necessary selling costs. The assets are no longer depreciated once they have been classified as held for sale. The amount contributed by the assets to the Group's consolidated results is recognised in the income statement based on the nature of the relevant items.
- **Discontinued operations –** Discontinued operations are those that have been sold, disposed of by other means or classified as held for sale, and represent a complete primary or secondary segment for the consolidated Group, or form part of a one-off plan or constitute a subsidiary acquired solely for resale. Results from discontinued operations are presented on a single specific line in the income statement, net of taxes.

13. Equity

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. Acquisitions of the parent company's treasury shares, in the amount paid, including attributable related costs, are deducted in equity. When treasury shares are sold or reissued, any amount received is taken to equity net of costs.

14. Grants

Grants are recognised at their fair value when there is reasonable assurance that the grant will be received and the Group fulfils all related terms. Grants related to the acquisition of non-current assets are recorded under non-current liabilities, in deferred income, and are taken to the consolidated income statement on a straight-line basis over the expected useful lives of the assets concerned.

15. Provisions and contingent liabilities

The Group recognises a provision for a commitment or obligation vis-à-vis a third party that meets the following requirements: It is a present obligation (legal or constructive) arising from past events, the settlement of which is expected to result in an outflow of funds and the amount or timing of which are not known for certain but can be reliably estimated. The following provisions are relevant:

- Provisions for budgeted losses in the construction business covering a probable loss identified before completion of the project.
- Provisions for the closure and post-closure of landfills in the services business, since the company is required to close the landfill when it reaches maximum capacity for environmental reasons. These provisions cover estimated closure costs and waste treatment costs during the post-closure period, in accordance with technical estimates based on the landfill's capacity, average density and other parameters.

A contingent liability is a potential obligation arising from past events, the materialisation of which is dependent on the occurrence or non-occurrence of one or more future events beyond the control of the consolidated companies. These contingent liabilities are not recognised in the accounts but are explained in the notes (see Note 24).

16. Pension obligations

- **Defined contribution plans –** Contributions accrued are recognised annually as costs.
- **Defined benefit plans –** The liability recorded in the balance sheet with respect to defined benefit pension plans is the present value of the obligation accrued at the balance sheet date, less the fair value of the plan assets and any unrecognised cost of past services. The accrued obligation is calculated annually by independent actuaries using the projected credit unit method. The accrued obligation is calculated by discounting estimated future cash outflows at interest rates applied to high credit quality commercial bonds denominated in the currency in which the benefits will be paid, with the same maturities as the pension obligation.

Actuarial losses and gains derive from adjustments based on experience (measuring the effects of differences between previous actuarial assumptions and actual data) and from changes in actuarial assumptions. As a result of the amendment to IAS 19, in 2006 the Group availed itself of the alternative contained in the new wording of IAS 19 whereby the entire actuarial gain or loss may be recognised directly in equity in the period in which it arises.

In the event of changes to the plan, where rights are automatically vested as a result of changes to commitments, the cost of past services is recognised immediately in the consolidated income statement. Where the rights may be revoked or are not vested, the cost is recognised on a straight-line basis over the average period remaining to definitive vesting.

In the event of a reduction in or cancellation of the plan, resulting gains or losses due to changes in the value of the accrued obligation, changes in the value of assets allocated to the plan and past service costs not previously recognised are recognised immediately.

Where the amount to be recognised in the balance sheet in respect of post-employment obligations is an asset, the Group recognises the asset unless the amount by which the fair value of the plan assets exceeds the present value of the obligations cannot be fully recovered by means of reimbursements or reductions in future contributions, in which case the asset to be recognised will be the lower of the following amounts: 1) the amount of the excess; or 2) the cumulative cost of past services not recognised at that date and the present value of any economic benefits available in the form of plan reimbursements or reductions in future contributions, discounted at the rates for commercial bonds issued on the measurement date for the same maturity period; any increase or decrease in the present value of the reimbursements or reductions in future contributions is recognised in equity, in the statement of income and expense recognised in equity.

17. Share-based remuneration

- **Stock option plans –** Stock option plans are measured when the options are initially granted using the interest method, based on an improved binomial model that accounts for the strike price, volatility, exercise period, expected dividends, risk-free interest rate and the assumptions made to incorporate the effects of expected early exercise. The initial value is not subsequently reassessed. This value is recognised in staff expenses in proportion to the stipulated period of time during which the employed must remain at the company, with a balancing entry in liabilities.
- **Equity swaps –** Grupo Ferrovial contracts equity swaps to hedge the impact on equity of the stock option plans.

18. Financial liabilities

These liabilities are initially carried at fair value net of transaction costs and subsequently remeasured at amortised cost using the effective interest method. The effective interest rate is the discount rate that brings the expected flow of future payments to the liability's maturity exactly into line with the initial amount received. In the event that the effective interest rate is initially considered to be different from the market interest rate, the liability is measured based on the present value of future flows at the market rate, in the case of interest-bearing loans. Where no effective interest rate is specified, the flows are also measured at the market interest rate.

In the event of the renegotiation of existing debts, the financial liability is not deemed to change significantly when the lender of the new loan is the same as the initial lender and the present value of cash flows, including origination and arrangement costs, applying the effective interest method, is not more than 10% higher or lower than the present value of future cash flows pending payment on the original liability calculated using the same method.

19. Income tax and deferred taxes

The term «consolidated income tax» covers all domestic and foreign taxes applicable to taxable income. Income tax also includes other taxes, such as taxes on repatriated profits, and any other levy calculated on the basis of reported results.

Income tax expense recognised in the consolidated financial statements is calculated by aggregating the expense recognised by each of the consolidated companies, increased or decreased, as applicable, by the tax effect of consolidated accounting adjustments and by temporary differences between the tax bases of the assets and liabilities and their carrying amounts in the consolidated financial statements (liability method).

Deferred taxes are not recognised when the transaction has no effect on reported and/or taxable amount of the relevant assets or liabilities. In the case of business combinations, deferred tax is recognised as a result of the allocation of the price and the fiscal amortisation of any goodwill generated..

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. They are charged or credited to the income statement, except for items that are recognised directly in equity, which are charged or credited to equity accounts. No tax liability is recognised for retained earnings of subsidiaries when the Group is able to control the reversal of the timing differences and it is not likely that they will reverse in the foreseeable future. Deferred tax assets and tax credits for tax-loss carryforwards are recognised when it is likely that the Group may recover them in the future, regardless of when they will be recovered, provided this is within the maximum period provided by law. Deferred tax assets and liabilities are not discounted and are classified as a non-current asset/ (liability) in the balance sheet. Deferred taxes recognised are reviewed at each account close.

The difference between the income tax expense recognised at the previous year end and the income tax expense stated in the final tax returns filed constitutes a change in accounting estimates and is recognised as current-year income or expense.

20. Transactions denominated in foreign currency

Foreign currency transactions effected by Group companies are translated into the functional currency using the year-end exchange rate for balance sheet items and the average exchange rate for income statement items.

21. Recognition of income

Income is measured at the fair value of the consideration to be received and represents the amounts receivable for the goods delivered and services provided in the ordinary course of business, less discounts, refunds, value added tax and other sales taxes. Income accrues when the risks and rewards are deemed to have been transferred. Set out below are details of the methods applied to recognise revenues and costs in each Ferrovial Group business segment:

21.1 Construction business

Construction business revenues and expenses are recognised in accordance with IAS 11, whereby ordinary revenues and associated costs are recognised in the income statement on a percentage-of-completion basis at each balance sheet closing date, provided the results of the construction contract may be reliably estimated. Any forecast loss from the construction contract is immediately recognised. The Group habitually examines completed work, which is possible in practice due to the definitions of each project unit generally included in the contract, indicating the price at which each unit is to be certified; budgeting tools are used to monitor departures. At the end of each month, units executed in each project are measured and production for the month is recognised in income.

Construction work costs are recognised for accounting purposes on an accruals basis; costs actually incurred to execute project units completed, plus costs that may be incurred in the future and must be allocated to the project units completed, are recognised as expenses.

In exceptional cases, where it is not possible to estimate the margin for the entire contract, the total costs incurred are recognised and sales that are reasonably assured with respect to the completed work are recognised as contract revenue, subject to the limit of the total contract costs.

Changes to the initial contract require the customer's technical and financial approval prior to the issue and collection of certificates for the additional work. The Group has a policy of not recognising revenues from such additional work until approval is reasonably assured and the revenues may be reliably measured. Costs associated with these project units are recognised when incurred.

Prepaid costs are recognised in respect of initial construction costs incurred to formalise the principal contract, place machinery on site, acquire external plans, services and studies, obtain building insurance and install fencing, in addition to other site costs. These costs are initially recorded as assets provided that they are likely to be recovered in the future. Subsequently, they are recognised in expenses based on actual production in relation to planned production under each contract. Otherwise, the costs are taken directly to the income statement.

Late-payment interest arising from delays in the collection of certificates is recognised when it is probable that the interest will be collected and the amount may be reliably measured.

21.2 Toll road and Car park business

- **Toll roads**

  Although the Group is not applying IFRIC 12, the contracts included in this business area are recognised using a similar method based on the intangible model, the main criteria being:

  - Assets are depreciated based on estimated traffic during the concession period, which is considered to be the pattern that best reflects the consumption of future profits associated with the assets.
  - Financial expenses are capitalised during the construction period.
  - Toll revenues and operating expenditure are recognised on an accruals basis. Toll revenues are deemed to accrue as the infrastructure is used.

- **Car parks**

In the case of car parks for local residents and off-street car parks, revenues are recognised in accordance with IAS 18. In the case of on-street car parks, which are a public service, the accounting treatment applied is similar to that applied to the services business.

21.3 Airport business

Revenues may be divided into: 1) Airport revenues relating mainly to the number of passengers, landings (tonnage of the aircraft that land in the airport) and aircraft parking (combination of the number of hours and tonnage); and 2) Commercial revenues from product sales made directly by the Group (World Duty Free business), which are recognised when the sale is made; and revenues from the allocation of commercial space to third parties, which are recognised as a percentage of the sales generated by the third party.

21.4 Service businesses

In general, revenues for this type of service are recognised in the income statement on a straight-line basis over the term of the contract. In the case of contracts for a number of tasks and prices, revenues and costs are recognised based on percentage of completion, applying the same criteria and conditions described for the construction business. Where this is not possible, the percentage-of-completion method is based on costs incurred as a percentage of total estimated costs.

Finally, in the case of certain contracts executed by Amey in the United Kingdom, the treatment afforded in connection with the financial model used to recognise the receivable is similar to the approach provided by IFRIC12.

21.5 Operating results

The «Operating results» caption in the income statement includes the results of the Group companies' ordinary activities, excluding financial results (Note 29), shares of results of equity-consolidated companies, and other profits and losses on the disposal of the Group's assets, related costs (Note 28), and fair value adjustments to investment property.

D. 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 2008, 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 stock options
- Budget-related estimates taken into consideration when recognising the results of contracts on a percentage-of-completion basis in the construction and services segments.
- Estimates related to the fair value of assets acquired in business combinations and goodwill
- Assessment of possible legal and tax contingencies.
- Estimates of changes in cash flows in future issues of sterling debt. These debt issues are deemed to be highly probable in terms of their issue and the currency in which they will be issued and therefore a number of accounting hedges have been contracted to cover actual changes in cash flows.

These estimates were made using the best information available at 31 December 2008 and 2007 in connection with the events analysed. However, future events could force the Group to modify its estimates. If applicable, estimates will be modified in accordance with IAS 8.

3. Financial risk and equity management

The Group's activities expose it to a variety of financial risks, particularly interest rate risk, foreign exchange risk, credit risk, liquidity risk and market risk.

A. INTEREST RATE RISK

Grupo Ferrovial manages interest-rate risk to achieve an adequate balance between its positions in fixed- and variable-rate debt in order to be able to adapt to different market circumstances and, in any event, guarantee the fulfilment of its business plans.

Accordingly, a high proportion of reference rates are fixed rates either contracted at inception or hedged by means of derivative financial instruments.

Grupo Ferrovial applies a proactive management approach to the part of the debt that is finally held at variable rates, paying particular attention to the evolution of market rates in order to obtain the lowest rates where possible.

As regards infrastructure project financing, each project is analysed and criteria are identified to minimise exposure to interest rate fluctuations, resulting in the imposition of limits on the volume of variable-interest debt, which are usually between 20% and 50% of the total project financing.

This avoids potential changes to expected project returns due to movements in market curves.

This objective of obtaining closed rates for projects is often achieved by contracting derivative financial instruments, an analysis of which is provided in Note 11 on derivative financial instruments at fair value.

Occasionally, for infrastructure projects in which revenue is linked to inflation, the Group seeks inflation-indexed financing so as to obtain a natural hedge of revenue and expenses.

In the case of long-term borrowings not linked to specific projects, there are no predetermined formulae with respect to the distribution of fixed rates and variable rates, although related decisions are taken by the Group from an overall management perspective and there is a tendency to obtain fixed rates for between 50% and 80% of the total volume of debt.

The accompanying table contains a breakdown of the Group's net cash position (total volume of borrowings net of cash and cash equivalents and long-term restricted cash linked to the debt), stating the percentage of the debt deemed to be hedged (at fixed rates or by derivatives).

2008				
Debts	**Total net debt**	**% debt hedged**	**Net debt exposed**	**Impact on results + 100 b.p.**
Construction	1,944	31%	1,332	13
Services	-1,337	18%	-1,095	-11
Airports	-1,920	67%	-627	-6
Toll roads and Car parks	390	0%	390	4
Corporate and other	-741	5%	-707	-7
Other companies	**-1,664**	**58%**	**-707**	**-7**
BAA	-13,017	76%	-3,137	-31
Other airports	8	0%	8	0
Toll roads and Car parks	-7,855	85%	-1,172	-12
Construction	-86	0%	-86	-1
Services	-1,498	100%	-3	0
Infrastructure projects	**-22,448**	**80%**	**-4,390**	**-44**
Total net cash	**-24,112**	**79%**	**-5,096**	**-51**

Million euro

2007				
Debts	**Total net debt**	**% debt hedged**	**Net debt exposed**	**Impact on results + 100 b.p.**
Construction	1,876	0%	1,883	19
Services	-1,328	6%	-1,245	-12
Airports	-2,181	62%	-822	-8
Toll roads and Car parks	172	0%	172	2
Corporate and other	-477	0%	-477	-5
Other companies	**-1,938**	**75%**	**-489**	**-5**
BAA	-17,807	79%	-3,798	-38
Other airports	-28	0%	-28	0
Toll roads and Car parks	-8,742	80%	-1,732	-17
Construction	0	0%	0	0
Services	-1,749	100%	272	3
Infrastructure projects	**-28,326**	**81%**	**-5,286**	**-53**
Total net cash	**-30,264**	**80%**	**-5,775**	**-58**

Million euro

As may be observed in the table, 79% of the Group's debt is hedged for interest rate risks. Consequently, a linear change of 100 basis points in market interest rate curves at 31 December 2008 would have had an approximate impact on the income statement of -51 million euro, in financial results (-27 million euro in infrastructure projects and -7 million euro in other companies) and an impact on net income of -26 million euro.

Note 20 provides a more detailed analysis by type of debt, based on the extent to which the interest rate risks are hedged.

In addition to the impact of exchange rate fluctuations on the assets and liabilities forming the net cash position, changes may arise in the values of the derivative financial instruments contracted by the Company (see Note 11). Such value differences are mainly taken to reserves in the case of derivatives that are effective hedges in accordance with International Accounting Standards.

It is estimated that a reduction of 100 basis points in the interest rates available at the year end would have caused changes in the fair values of derivatives (mainly interest rate swaps, IRS), having an approximate impact of -19 million euro on the income statement and -969 million euro on equity, of which -572 million euro is attributed to the parent company and -397 million euro is attributed to minority interest.

Finally, the non-current financial assets addressed in Note 10 and the pension fund obligations referred to in Note 18 are also exposed to interest rate risks.

B. FOREIGN EXCHANGE RISK

Ferrovial has significant investments in currencies of non-euro countries, particularly pounds sterling, US dollars, Canadian dollars and Polish zlotys.

Foreign exchange risk management is centralised through the Group's General Financial Management, on the basis of general criteria that limit exposure by means of hedging methods.

The Group applies a financial policy whereby debt is denominated in the same currency as the currency in which the revenues from the asset financed are obtained, so as to secure a natural hedge against foreign exchange fluctuations.

The impact of foreign exchange fluctuations on foreseeable cash flows is avoided by analysing and, in some cases, hedging the following transactions:

- Multi-currency projects (awarded or under tender).
- Profits obtained in foreign subsidiaries in the form of dividends or capital reimbursement expected from the subsidiaries.
- Intra-group loans to foreign subsidiaries.
- Cash surpluses in foreign subsidiaries.
- Trade receivables and payables denominated in foreign currencies.

The Group seeks to apply this policy to the financing of all its infrastructure projects. Where this is not feasible, the Group contracts derivatives to hedge potential changes in the value of the debt caused by foreign exchange fluctuations.

As regards capital investment in the projects, where the decision is taken to finance a part of the investment using specific debt contracted by the Group companies that invest in project capital, the debt is usually obtained in the same project currency and acts as a natural hedge of foreign exchange risk.

The same policy described in the previous paragraph is applied when companies are acquired in activities other than infrastructure projects.

In construction contracts in which the price is received in a currency other than the one in which related costs are paid, hedges are contracted to avoid changes in the profit obtained on the contract caused by foreign exchange fluctuations.

The following table shows the values of assets, liabilities, minority interest and shareholders' equity attributable to the parent company by type of currency at December 2008 and 2007:

2008				
Currency	Assets	Liabilities	Parent company equity	Minority interest
Euro	12,594	12,583	-220	231
Pound sterling	25,715	22,614	1,172	1,929
US dollar	4,131	4,187	63	-119
Canadian dollar	2,711	2,759	-12	-36
Polish zloty	923	711	127	85
Chilean peso	1,179	1,115	56	8
Swiss franc	940	535	392	13
Other	10	10	0	0
Group total	**48,203**	**44,514**	**1,578**	**2,111**

Million euro

2007				
Currency	Assets	Liabilities	Parent company equity	Minority interest
Euro	9,379	8,364	618	397
Pound sterling	32,064	27,337	2,395	2,332
US dollar	3,414	2,835	348	231
Canadian dollar	3,214	3,289	2	-77
Polish zloty	934	760	129	45
Chilean peso	1,574	1,546	33	-5
Swiss franc	999	599	387	13
Other	9	9	0	0
Group total	**51,587**	**44,739**	**3,912**	**2,936**

Million euro

An analysis of the tables shows that the Group's equity is particularly exposed to pounds sterling and, to a lesser extent, to the US dollar.

This exposure relates basically to the capital invested in the BAA acquisition, which was partially financed in pounds sterling, and to the capital invested in the US toll road projects.

For this type of investments in which no specific debt is obtained to finance the investment, the Group has a policy of studying specific hedges for the amounts to be recovered over a period of up to three years, in the form or dividends or capital reimbursement.

In general, they are treated as long-term investments denominated in strong currencies that should not fluctuate significantly in the long term.

On the basis of all the data provided above, a 10% appreciation of the euro at the year end, against the main currencies in which the Group has investments, would have had an impact on the parent company's equity of -181 million euro, 68% of which would relate to pounds sterling.

The following table contains an analysis of net results attributable to the Parent company by type of currency for 2008 and 2007:

2008	
Currency	Result
Euro	82
Pound sterling	-933
US dollar	-18
Canadian dollar	35
Polish zloty	18
Chilean peso	-32
Swiss franc	10
Group total	**-838**

Million euro

In this regard, the impact of a 10% appreciation of the euro on the income statement would have amounted to 84 million euro.

2007	
Currency	Result
Euro	487
Pound sterling	260
US dollar	-16
Canadian dollar	14
Polish zloty	-10
Chilean peso	-18
Swiss franc	13
Group total	**734**

Million euro

The following table shows the relevant foreign exchange fluctuations:

	2007		2007		Change 08/07	
Currency	Av. ex. rate	Year-end rate	Av. ex. rate	Year-end rate	Av. ex. rate	Year-end rate
Pound sterling	0.8019	0.957	0.6871	0.7354	16.71%	30.13%
US dollar	1.4697	1.3953	1.3785	1.4583	6.62%	-4.32%
Canadian dollar	1.5641	1.6993	1.4672	1.4445	6.60%	17.64%
Polish zloty	3.5175	4.1478	3.7698	3.6016	-6.69%	15.17%
Chilean peso	771.3267	890.8	717.8158	726.34	7.45%	22.64%
Swiss franc	1.5789	1.4911	1,6458	1.6567	-4.06%	-10.00%

C. CREDIT RISK

The Group's main financial assets exposed to credit risk are as follows:

- Investments in financial assets included in cash and cash

equivalents (short term) (Note 20)
- Non-current financial assets (Note 10)
- Derivative financial instruments (Note 11)
- Trade and other receivables (Note 14)

The Group's overall exposure to credit risk is equal to the balance of the above-mentioned items, as the Group has not granted any credit lines to third parties.

As regards the risk incurred by investing in financial products or contracting derivative financial instruments (included in letters a, b and c), Ferrovial has implemented internal criteria to minimise credit risk, stipulating that counterparties must always be highly rated by prestigious international rating agencies. Ferrovial also imposes maximum limits on amounts invested or contracted, which are periodically reviewed.

In the 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.

In the specific case of restricted cash linked to infrastructure project financing, financing contracts that impose restricted cash amounts usually also stipulate the conditions that must be fulfilled by the relevant financial products. As an example, at 31 December 2008 the toll road company ETR 407 was party to a framework financing agreement which stipulates that the restricted cash of 238 million euro, representing 36% of the total restricted cash reflected in Ferrovial's balance sheet at that date, must be invested in «qualifying investments», which are products having a certain minimum rating.

With rspect to risks related to trade receivables (included in letter d) and non-current receivables (letter b), there are a wide variety of customers, a large part of which are public bodies. Indeed, 56% of all the Group's non-current and current receivables relate to public administrations.

D. LIQUIDITY RISK

In the current market environment, in which a major financial crisis caused a generalised credit crunch in the 2008 financial year, Grupo Ferrovial adopted a proactive approach to liquidity management, based on the preservation of the Company's liquidity.

This policy is focused on three main areas:

- Comprehensive working capital management to ensure timely fulfilment of collection commitments by customers.
- Monetisation of financial assets, where feasible based on reasonable market conditions, through the factoring and discounting of debt claims.
- Implementation of an integrated cash system to optimise the Group companies' daily liquidity positions.

The Group has also sought to always utilise available cash to settle payment obligations and debt commitments in advance.

- **Infrastructure projects**

  Liquidity risk must be analysed for each individual infrastructure project since there is specific financing for each project and the projects are independent units for liquidity purposes.

  In general, debt maturities are monitored carefully for each project. Note 20 contains a breakdown showing that 60% of the project financing falls due after more than five years.

  The fact that these are long-term projects with foreseeable flows allows the arrangement of financing structures linked to estimated project flows.

  During the execution of the projects, the Group seeks to apply an active refinancing policy to maximise cash generation.

  As regards refinancing processes, the refinancing of BAA's debt is currently in progress and is addressed in more detail in Note 20.

  As indicated above, certain infrastructure project financing contracts stipulate the need to hold accounts (restricted cash) the availability of which is restricted by the financing contracts as security for certain short-term obligations (interest or principal repayments; infrastructure maintenance and operation).

  These accounts are an additional guarantee with respect to liquidity risk (see breakdown in Note 20).

  Short-term maturities of borrowings for 1999 infrastructure projects total 444 million euro. This relates mainly to the Canadian toll road 407 ETR and the R-4 Madrid Sur toll road, which was refinanced during 2009 (see breakdown in Note 20).

The Group seeks to cover all commitments to make new investments by means of specific financing, before the investment is made. Note 20 contains a breakdown of the balances available to fulfil these requirements.

To conclude on all the preceding sections, the liquidity position of the infrastructure projects in 2008 is explained below:

- At 31 December 2008, cash and cash equivalents (including short-term restricted cash) amount to 1,184 million euro.
- At that date, undrawn credit lines amounted to 7,363 million euro, having been arranged mainly to cover investment commitments.
- The projects have the capacity to generate significant and recurring cash flows from operating activities (cash flows obtained from these projects in 2008 totalled 2,137 million euros; see

Note 33 on cash flow).
- The capacity to increase the volume of debt in certain projects, based on growth in operating variables.

- **Other Group activities**
  Unlike infrastructure projects, liquidity risk is managed on an overall basis for the rest of the Group's activities, particularly business in Spain.
  Liquidity risk management also focuses on closely monitoring debt maturities (also explained in Note 20) and on proactive management and maintenance of credit lines to cover forecast cash needs.
  Short-term maturities of borrowings for other Group activities in 2009 amount to 599 million euro and relate mainly to Grupo Ferrovial, S.A. (the Group's parent company), whose debt was refinanced during 2008 (see breakdown in Note 20).

The liquidity position of the Group's other activities in 2008 is based on the following factors:

- At 31 December 2008, cash and cash equivalents (including short-term restricted cash) amount to 1,617 million euro.
- At that date, undrawn credit lines totalled 940 million euro.
- The Group's business areas have the capacity to generate significant and recurring cash flows from operating activities (cash flows from operating activities obtained in 2008 totalled 1,125 million euros; see Note 33 on cash flow).
- The capacity to increase debt volumes based on the current moderate level of debt and on the Group's capacity to generate recurring cash flows.

Finally, as regards liquidity risk management, at both the Group level and in each business area and project, systematic forecasts are prepared on cash generation and needs in order to determine and permanently monitor the Group's liquidity position.

E. MARKET RISK

Ferrovial is also exposed to risk relating to the evolution of share prices of listed companies. These risks are hedged as follows:

- **Equity swaps linked to share – based remuneration systems**
  As indicated in Note 11 on derivative financial instruments and Note 35 on share-based remuneration systems, Ferrovial has entered into equity swap contracts to hedge possible outlays that may be required under executive remuneration systems linked to the price of shares in Ferrovial and in Cintra.
  The equity swaps eliminate uncertainty with respect to the strike price stipulated in the remuneration systems; however, as they are not deemed to be hedge derivatives under International Accounting Standards, their market value has an impact on the income statement, which is positive if the share price rises and negative if the share price falls.
  Specifically, in 2008 the closing share prices were 19.58 euros for Ferrovial and 5.32 euros for Cintra, entailing the recognition by Ferrovial of a loss of 279 million euro, in financial results (see Note 29), and an impact of 171 million euro on net income.
- **Covenants on the debt granted to Ferrovial Infraestructuras in connection with shares in Cintra, S.A.**
  As indicated in Note 20, the financing obtained by Ferrovial Infraestructuras S.A. for the BAA acquisition is secured mainly by shares in Cintra. This loan is also subject to a debt coverage ratio whereby the market value of the pledged assets (mainly 62% of Cintra's share capital) must be at least equal to 130% of the loan balance utilised (plus interest, fees and costs accrued and not settled). If this percentage is not reached, Ferrovial Infraestructuras S.A. must provide, at its own choice, either a guarantee from its parent company Grupo Ferrovial, S.A. or a bank guarantee for the necessary amount, to reach that percentage. The market value of Cintra's shares for the present purposes is the arithmetic mean of the daily closing share price during a ninety-day period prior to the calculation date of the debt coverage ratio, which is calculated quarterly. In the latest calculation performed at 31 December 2008, coverage stood at 154.83% and was therefore above the required 130% level.

F. INFLATION RISK

The Company has contracted derivative financial instruments linked to the evolution of the consumer price index, as explained in Note 26 on fair value adjustments, as regards the measurement of index-linked swaps.

These instruments are mainly contracted by BAA and are measured based on the inflation rate forecast for the periods covered by the contracts (see Note 11 on derivative financial instruments for more details).

A 1% rise in the inflation rate during the term of the derivative, without any change in the interest rate, would have an impact of -167 million euro on the fair value of these derivatives and of -67 million euro on net income attributed to the parent company.

G. EQUITY MANAGEMENT

The Group's objective in equity management is to safeguard its capacity to continue managing its recurring activities and the capacity to continue to grow through new projects, by optimising the debt-equity ratio to create shareholder value.

Since the Group was listed on the stock exchange in 1999, capitalisation has remained steady and there have been no new equity issues. Growth has been financed in three ways:

- Internal cash flows generated from the Group's recurring businesses.
- Capacity to grow through investments in new infrastructure projects financed largely by borrowings secured by project flows, thereby feeding the Group's growth capacity in its recurring activities.
- Asset turnover policy focused on the sale of mature projects in order to continue financing investments in new projects.

  The Group's optimal leverage level is not determined on the basis of its overall debt-equity ratio but based on different indicators depending on the debt structure, as follows:

- In the case of infrastructure projects, each project is assigned a leverage level linked to its operating variables or forecast future flows. A high leverage level is justified by the existence of long-term projects with recurring and predictable flows. In the case of regulated airports, the leverage level is based on the debt-RAB ratio (as indicated earlier, the RAB is used to calculate prices and is therefore a key element when determining future flows).
- Cintra, S.A. avoids permanent or structural borrowings as a parent company and has a policy of financing investments in new projects using funds from existing projects, either through dividends, refinancing or the sale of mature projects.
- Ferrovial Infraestructuras S.A. recognises specific borrowings, addressed in Note 20, to finance the investment in equipment for the BAA project.
- The Group's other companies (particularly in the Construction and Service activities in Spain) maintain a moderate leverage level based on the general reference levels determined by rating agencies for «investment grade» companies; in Ferrovial's case, this is usually determined based on a ratio combining EBITDA (indicated linked to recurring cash flows) and net borrowings.

Finally, as regards the dividend policy, since flotation the Group's objective has been to ensure dividend growth without establishing a pay-out ratio.

4. Segment information

The «Other» column in the balance sheet and income statement by segment includes the assets and/or liabilities and revenues and/or expenses pertaining to the companies not assigned to any of the business segments, mainly comprising the parent Grupo Ferrovial, S.A. and its smaller subsidiaries, the Polish real estate business (continuing operations and operations discontinued in 2006), and inter-segment adjustments. Set out below are the segment balance sheets and income statements for 2008 and 2007:

Segment balance sheet: 2008

Assets	Construction	Toll roads and Car parks	Airports	Services	Other	Total
Non-current assets	**660**	**10,600**	**20,565**	**4,046**	**349**	**36,220**
Consolidation goodwill	171	321	3,527	1,382	0	5,401
Intangible assets	7	0	0	58	0	65
Investments in infrastructure projects	2	8,790	15,142	191	0	24,125
Property, plant and equipment	147	-54	0	523	24	640
Investment property	0	0	0	0	92	92
Equity-consolidated companies	5	0	7	77	0	89
Non-current financial assets	153	302	160	1,588	105	2,308
Pension surplus	0	0	76	0	0	76
Deferred tax assets	175	1,143	640	226	100	2,284
Derivative financial instruments at fair value	0	98	1,013	1	28	1,140
Assets classified as held for sale	**5**	**1,708**	**2,563**	**2**	**0**	**4,278**
Current assets	**4,395**	**1,199**	**1,039**	**2,265**	**-1,193**	**7,705**
Inventories	203	4	6	24	270	507
Trade and other receivables	1,931	406	371	1,803	-106	4,405
Cash and cash equivalents	2,261	789	662	438	-1,357	2,793
Total assets	**5,060**	**13,507**	**24,167**	**6,312**	**-844**	**48,203**

Liabilities and equity	Construction	Toll roads and Car parks	Airports	Services	Other	Total
Equity	**372**	**495**	**1,182**	**965**	**678**	**3,692**
Capital and reserves attributable to the company's equity holders	**306**	**406**	**-747**	**947**	**667**	**1,579**
Minority interest	66	89	1,929	18	11	2,113
Deferred income	**13**	**253**	**8**	**48**	**0**	**322**
Non-current liabilities	**541**	**10,760**	**19,820**	**2,925**	**-735**	**33,311**
Pension provisions	1	0	0	158	0	158
Other provisions	45	371	115	147	27	705
Borrowings	336	8,106	15,834	2,307	-989	25,594
Other liabilities	5	116	-1	67	1	188
Deferred tax liabilities	56	298	2,850	149	97	3,450
Derivative financial instruments at fair value	99	1,869	1,022	97	129	3,216
Liabilities classified as held for sale	**1**	**1,483**	**1,679**	**0**	**0**	**3,163**
Current liabilities	**4,134**	**516**	**1,477**	**2,374**	**-786**	**7,715**
Borrowings	66	424	626	1,306	-795	1,627
Trade payables	3,749	92	784	1,001	9	5,635
Trade provisions	319	0	67	67	0	453
Total liabilities and equity	**5,060**	**13,507**	**24,167**	**6,312**	**-844**	**48,203**

Million euro

Segment balance sheet: 2007

Assets	Construction	Toll roads and Car parks	Airports	Services	Other	Total
Non-current assets	**557**	**11,158**	**26,981**	**4,113**	**112**	**42,921**
Consolidation goodwill	178	307	5,261	1,496	0	7,242
Intangible assets	7	84	0	69	0	160
Investments in infrastructure projects	0	9,667	21,012	250	0	30,929
Property, plant and equipment	156	116	0	499	14	785
Investment property	0	0	0	0	0	0
Equity-consolidated companies	7	7	11	77	0	102
Non-current financial assets	56	317	276	1,614	-10	2,253
Pension surplus	0	0	165	0	0	165
Deferred tax assets	144	627	87	105	71	1,034
Derivative financial instruments at fair value	9	33	169	3	37	251
Assets classified as held for sale	**9**	**0**	**1,087**	**0**	**0**	**1,096**
Current assets	**4,416**	**1,166**	**778**	**2,391**	**-1,182**	**7,570**
Inventories	184	28	12	24	248	496
Trade and other receivables	2,005	434	459	1,918	-37	4,779
Cash and cash equivalents	2,227	704	307	449	-1,392	2,295
Total assets	**4,982**	**12,324**	**28,846**	**6,504**	**-1,069**	**51,587**

Liabilities and equity	Construction	Toll roads and Car parks	Airports	Services	Other	Total
Equity	**548**	**1,238**	**3,345**	**1,078**	**639**	**6,848**
Capital and reserves attributable to the company's equity holders	**482**	**763**	**986**	**1,060**	**621**	**3,912**
Minority interest	66	475	2,359	18	18	2,936
Deferred income	**0**	**241**	**17**	**63**	**1**	**322**
Non-current liabilities	**424**	**10,142**	**23,445**	**3,063**	**-772**	**36,301**
Pension provisions	0	0	0	94	-1	93
Other provisions	50	7	143	200	17	417
Borrowings	303	9,190	20,498	2,603	-960	31,634
Other liabilities	5	136	16	35	-14	178
Deferred tax liabilities	65	231	2,597	126	119	3,138
Derivative financial instruments at fair value	0	579	190	5	67	841
Liabilities classified as held for sale	**1**	**0**	**362**	**0**	**0**	**363**
Current liabilities	**4,009**	**703**	**1,678**	**2,300**	**-938**	**7,752**
Borrowings	47	386	507	1,262	-976	1,226
Trade payables	3,608	313	1,042	1,016	38	6,017
Trade provisions	354	4	129	22	1	510
Total liabilities and equity	**4,982**	**12,324**	**28,846**	**6,504**	**-1,069**	**51,587**

Million euro

Set out below is a breakdown by segment of acquisitions, in accordance with IAS 14:

	Additions to infrastructure projects		Additions to PPE		Additions to intangible assets and goodwill		Additions to equity-consolidated companies	
	2008	2007	2008	2007	2008	2007	2008	2007
Construction	2	0	39	58	1	0	0	3
Airports	1,464	1,832	0	0	0	0	0	0
Toll roads and Car parks	776	556	54	34	110	160	0	0
Services	34	18	189	126	37	0	0	0
Other	0	0	14	3	0	0	0	125
Total	**2,276**	**2,406**	**296**	**221**	**148**	**160**	**0**	**128**

Million euro

Additions to infrastructure projects are analysed by business segment in Note 7

Segment income statement: 2008

Income statement	Construction			Toll roads and Car parks			Airports			Services			Other			Total		
	Before fair V.A.(***)	Fair V.A.	Total	Before fair V.A.	Fair V.A.	Total	Before fair V.A.	Fair V.A.	Total	Before fair V.A.	Fair V.A.	Total	Before fair V.A.	Fair V.A.	Total	Before fair V.A.	Fair V.A.	Total
Revenues	5,155	0	5,155	1,081	0	1,081	3,309	0	3,309	4,670	0	4,670	-89	0	-89	14,126	0	14,126
Other revenue	9	0	9	0	0	0	0	0	0	12	0	12	0	0	0	21	0	21
Total operating revenue	**5,164**	**0**	**5,164**	**1,081**	**0**	**1,081**	**3,309**	**0**	**3,309**	**4,682**	**0**	**4,682**	**-89**	**0**	**-89**	**14,147**	**0**	**14,147**
Materials consumed	1,130	0	1,130	24	0	24	102	0	102	584	0	584	-40	0	-40	1.800	0	1,800
Other external expenses	1,862	0	1,862	1	0	1	4	0	4	190	0	190	-65	0	-65	1,992	0	1,992
Staff expenses	704	0	704	132	0	132	852	0	852	2,095	0	2,095	49	0	49	3,832	0	3,832
Non-current asset depreciation and amortisation	60	0	60	173	0	173	792	0	792	159	0	159	3	0	3	1,187	0	1,187
Change in trade provisions	56	0	56	26	0	26	0	0	0	14	0	14	18	0	18	114	0	114
Other operating expenses	1,140	0	1,140	206	0	206	1,002	11	1,013	1,336	0	1,336	-23	0	-23	3,661	11	3,672
Total operating expenses	**4,952**	**0**	**4,952**	**562**	**0**	**562**	**2,752**	**11**	**2,763**	**4,378**	**0**	**4,378**	**-58**	**0**	**-58**	**12,586**	**11**	**12,597**
Operating results	**212**	**0**	**212**	**519**	**0**	**519**	**557**	**-11**	**546**	**304**	**0**	**304**	**-31**	**0**	**-31**	**1,561**	**-11**	**1,550**
Financial income of infrastructure projects	2	0	2	-7	0	-7	1	0	1	137	0	137	0	0	0	134	0	134
Financial expenses of infrastructure projects	-2	0	-2	-619	0	-619	-1,066	0	-1,066	-115	0	-115	0	0	0	-1,801	0	-1,801
Results from derivative financial instruments and other fair value adjustments	**0**	**0**	**0**	**0**	**20**	**20**	**0**	**-230**	**-230**	**0**	**-1**	**-1**	**0**	**0**	**0**	**0**	**-211**	**-211**
Financial results of infrastructure projects	**0**	**0**	**0**	**-625**	**20**	**-605**	**-1,064**	**-230**	**-1,294**	**22**	**-1**	**21**	**0**	**0**	**0**	**-1,667**	**-211**	**-1,878**
Financial income of other companies	114	0	114	19	0	19	71	0	71	38	0	38	-34	0	-34	208	0	208
Financial expenses of other companies	-36	0	-36	-6	0	-6	-185	0	-185	-110	0	-110	6	0	6	-332	0	-332
Results from derivative financial instruments and other fair value adjustments	0	-80	-80	0	-27	-27	0	-17	-17	0	-35	-35	0	-67	-67	0	-225	-225
Financial results of other companies	**78**	**-80**	**-2**	**13**	**-27**	**-14**	**-114**	**-17**	**-131**	**-72**	**-35**	**-107**	**-28**	**-67**	**-95**	**-124**	**-225**	**-349**
Financial results	**78**	**-80**	**-2**	**-613**	**-6**	**-619**	**-1,179**	**-246**	**-1,425**	**-50**	**-36**	**-86**	**-28**	**-67**	**-95**	**-1,791**	**-436**	**-2,227**
Share of results of equity-consolidated companies	1	0	1	1	0	1	-1	0	-1	6	0	6	0	0	0	7	0	7
Other profit and loss	0	0	0	-6	0	-6	464	-144	320	0	0	0	-10	-17	-27	449	-162	287
Consolidated result before income tax	**291**	**-80**	**211**	**-99**	**-6**	**-105**	**-158**	**-402**	**-560**	**260**	**-36**	**224**	**-69**	**-84**	**-153**	**226**	**-609**	**-383**
Income tax ex. IBA	-83	24	-59	79	1	80	144	113	257	-79	11	-68	57	25	82	118	174	292
Consolidated result from continuing operations ex. IBA	**208**	**-56**	**152**	**-19**	**-5**	**-25**	**-14**	**-289**	**-303**	**181**	**-25**	**156**	**-12**	**-59**	**-71**	**344**	**-435**	**-91**
Net income from discontinued operations ex. IBA	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Consolidated result for the year ex. IBA	**208**	**-56**	**152**	**-19**	**-5**	**-25**	**-14**	**-289**	**-303**	**181**	**-25**	**156**	**-12**	**-59**	**-71**	**344**	**-435**	**-91**
Result for the year attributed to minority interest ex. IBA	-14	0	-14	-9	-3	-12	30	120	150	-4	0	-4	4	0	4	7	117	124
Result for the year attributed to the parent company ex. IBA	**194**	**-56**	**138**	**-29**	**-8**	**-37**	**16**	**-169**	**-153**	**177**	**-25**	**152**	**-8**	**-59**	**-67**	**351**	**-318**	**33**
Consolidated result before IBA	208	-56	152	-19	-5	-25	-14	-289	-303	181	-25	156	-12	-59	71	344	-435	-91
Income tax adjustment IBA	0	0	0	0	0	0	-1,559	0	-1,559	0	0	0	0	0	0	-1,559	0	-1,559
Consolidated result for the year after IBA	208	-56	152	-19	-5	-25	-1,573	-289	-1,862	181	-25	156	-12	-59	-71	-1,215	-435	-1,650
Result attributed to minority interest after IBA	-14	0	-14	-9	-3	-12	718	120	838	-4	0	-4	4	0	4	695	117	812
Net result for the year attributed to the parent company after IBA (**)	194	-56	138	-29	-8	-37	-855	-169	-1,024	177	-25	152	-8	-59	-67	-520	-318	-838

MillIon euro

(*) Relates to results arising from changes in the fair value of derivatives, other financial assets and liabilities, and investment property (see Note 26).

(**) Relates to the recognition by BAA of an exceptional book loss due to the tax reform whereby the right to depreciate certain buildings for tax purposes (referred to in the United Kingdom as Industrial Building Allowances or IBA) was eliminated in 2008, having a negative impact of -871 million euro on the parent company's net income. As the accounting treatment applied could complicate the interpretation of the Financial Statements, and in order to identify the income the Group would have posted had that liability not been recognised, the impact of this item is presented separately in the income statement (see Note 25).

(***) Value Adjustments

Segment income statement: 2007

Income statement	Construction			Toll roads and Car parks			Airports			Services			Other			Total		
	Before fair V.A. (***)	Fair V.A.	Total	Before fair V.A.	Fair V.A.	Total	Before fair V.A.	Fair V.A.	Total	Before fair V.A.	Fair V.A.	Total	Before fair V.A.	Fair V.A.	Total	Before fair V.A.	Fair V.A.	Total
Revenues	5,202	0	5,202	1,025	0	1,025	3,859	0	3,859	4,619	0	4,619	-75	0	-75	14,630	0	14,630
Other revenue	14	0	14	1	0	1	0	0	0	12	0	12	0	0	0	27	0	27
Total operating revenue	**5,216**	**0**	**5,216**	**1,026**	**0**	**1,026**	**3,859**	**0**	**3,859**	**4,631**	**0**	**4,631**	**-75**	**0**	**-75**	**14,657**	**0**	**14,657**
Materials consumed	1,083	0	1,083	7	0	7	322	0	322	448	0	448	-53	0	-53	1,807	0	1,807
Other external expenses	1,975	0	1,975	3	0	3	0	0	0	149	0	149	-9	0	-9	2,118	0	2,118
Staff expenses	662	0	662	119	0	119	962	0	962	2,011	0	2,011	39	0	39	3,793	0	3,793
Non-current asset depreciation and amortisation	67	0	67	186	0	186	720	0	720	158	0	158	2	0	2	1,133	0	1,133
Change in trade provisions	36	0	36	15	0	15	0	0	0	17	0	17	11	0	11	79	0	79
Other operating expenses	1,114	-4	1,110	188	0	188	1,070	-31	1,039	1,534	0	1,534	-55	0	-55	3,851	-35	3,816
Total operating expenses	**4,937**	**-4**	**4,933**	**518**	**0**	518	3,074	-31	3,043	4,317	0	4,317	-65	0	-65	12,781	-35	12,746
Operating results	**279**	**4**	**283**	**508**	**0**	**508**	**785**	**31**	**816**	**314**	**0**	**314**	**-10**	**0**	**-10**	**1,876**	**35**	**1,911**
Financial income of infrastructure projects	0	0	0	43	0	43	-76	0	-76	129	0	129	-2	0	-2	94	0	94
Financial expenses of infrastructure projects	0	0	0	-689	0	-689	-957	0	-957	-116	0	-116	0	0	0	-1,761	0	-1,761
Results from derivative financial instruments and other fair value adjustments	**0**	**0**	**0**	**0**	**-7**	**-7**	**0**	**8**	**8**	**0**	**-3**	**-3**	**0**	**0**	**0**	**0**	**-3**	**-3**
Financial results of infrastructure projects	**0**	**0**	**0**	**-646**	**-7**	**-653**	**-1,033**	**8**	**-1,025**	**13**	**-3**	**10**	**-2**	**0**	**-2**	**-1,667**	**-3**	**-1,670**
Financial income of other companies	96	0	96	12	0	12	20	0	20	20	0	20	-18	0	-18	130	0	130
Results from derivative financial instruments and other fair value adjustments	-48	0	-48	-7	0	-7	-175	0	-175	-82	0	-82	13	0	13	-299	0	-299
Financial expenses of other companies	**0**	**4**	**4**	**0**	**-2**	**-2**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-64**	**-64**	**0**	**-61**	**-61**
Financial results of other companies	**48**	**4**	**52**	**5**	**-2**	**3**	**-155**	**0**	**-155**	**-62**	**0**	**-62**	**-5**	**-64**	**-69**	**-170**	**-61**	**-231**
Financial results	**48**	**4**	**52**	**-641**	**-9**	**-650**	**-1,188**	**8**	**-1,180**	**-49**	**-3**	**-52**	**-7**	**-64**	**-71**	**-1,837**	**-64**	**-1,901**
Share of results of equity-consolidated companies	0		0	1	0	1	8	0	8	4	0	4	-124	0	-124	-111	0	-111
Other profit and loss	0		0	-3	0	-3	806	0	806	-3	0	-3	-33	0	-33	767	0	767
Consolidated result before income tax	**327**	**8**	**335**	**-135**	**-9**	**-144**	**412**	**38**	**450**	**266**	**-3**	**263**	**-174**	**-64**	**-238**	**695**	**-29**	**666**
Income tax ex. IBA	-84	**-3**	**-87**	**145**	**1**	**146**	**165**	**-10**	**155**	**-82**	**1**	**-81**	**18**	**21**	**39**	**163**	**9**	**172**
Consolidated result from continuing operations ex. IBA	**242**	**6**	**248**	**10**	**-8**	**2**	**577**	**28**	**605**	**184**	**-2**	**182**	**-156**	**-43**	**-199**	**858**	**-20**	**838**
Net income from discontinued operations ex. IBA	0		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Consolidated result for the year ex. IBA	**242**	**6**	**248**	**10**	**-8**	**2**	**577**	**28**	**605**	**184**	**-2**	**182**	**-156**	**-43**	**-199**	**858**	**-20**	**838**
Result for the year attributed to minority interest ex. IBA	-2	**0**	**-2**	**-24**	**5**	**-19**	**-101**	**4**	**-97**	**-6**	**0**	**-6**	**20**	**0**	**20**	**-112**	**8**	**-104**
Result for the year attributed to the parent company ex. IBA	**240**	**6**	**246**	**-13**	**-4**	**-17**	**477**	**31**	**508**	**178**	**-2**	**176**	**-136**	**-43**	**-179**	**746**	**-12**	**734**
Consolidated result before IBA	242	6	248	10	-8	2	577	28	605	184	-2	182	-156	-43	-199	858	-20	838
Income tax adjustment IBA	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Consolidated result for the year after IBA	242	6	248	10	-8	2	577	28	605	184	-2	182	-156	-43	-199	858	-20	838
Result attributed to minority interest after IBA	-2	0	-2	-24	5	-19	-101	4	-97	-6	0	-6	20	0	20	-112	8	-104
Net result for the year attributed to the parent company after IBA (**)	240	6	246	-13	-4	-17	477	31	508	178	-2	176	-136	-43	-179	746	-12	734

Million euro

(*) Relates to results arising from changes in the fair value of derivatives, other financial assets and liabilities, and investment property (see Note 26).

(**) Relates to the recognition by BAA of an exceptional book loss due to the tax reform whereby the right to depreciate certain buildings for tax purposes (referred to in the United Kingdom as Industrial Building Allowances or IBA) was eliminated in 2008, having a negative impact of -871 million euro on the parent company's net income. As the accounting treatment applied could complicate the interpretation of the Financial Statements, and in order to identify the income the Group would have posted had that liability not been recognised, the impact of this item is presented separately in the income statement (see Note 25).

(***) Value Adjustments

Set out below is a breakdown of sales by segment together with prior-year comparative figures:

	2008			2007		
	External sales	Inter-segment sales	Total	External sales	Inter-segment sales	Total
Construction	5,024	132	5,156	5,135	67	5,202
Airports	3,308	1	3,309	3,850	9	3,859
BAA	2,757	0	2,757	3,820	2	3,822
Other airports	551	1	552	30	7	37
Toll roads and Car parks	1,080	1	1,081	1,023	2	1,025
Toll roads	1,080	1	1,081	883	2	885
Car parks	0	0	0	140	0	140
Services	4,660	10	4,670	4,606	13	4,619
Other and adjustments	-163	73	-90	15	-90	-75
Total	13,909	217	14,126	14,629	1	14,630

Million euro

- **Segmentos geográficos**
  Set out below is a breakdown of the balance sheet by geographical segment:

	Total assets		Additions to infrastructure projects, PPE, intangible assets, goodwill and equity-consolidated companies		Sales	
	2008	2007	2008	2007	2008	2007
Spain	9,173	8,152	796	542	5,134	5,298
United Kingdom	26,610	32,920	1,467	1,854	5,376	6,015
USA	4,396	3,060	157	114	812	728
Canada	2,817	3,003	29	66	386	380
Poland	953	918	9	0	946	871
Chile	1,282	1,625	21	62	224	217
Portugal	931	187	3	78	178	133
Rest of Europe	1,854	1,557	199	208	827	763
Other	187	165	40	0	243	225
Total	48,203	51,587	2,721	2,924	14,126	14,630

Million euro

In addition to the segment information included in this note, further information is provided in the following notes:

- Note 7 contains an analysis of infrastructure projects by business segment, and by geographical segment for the main project groups.
- Note 20 contains an analysis of net cash, distinguishing between infrastructure projects and other companies, including a segment breakdown in both cases.
- Note 31 contains an analysis of cash flows, distinguishing between infrastructure projects and other companies, including a segment breakdown in both cases.

5. Goodwil and acquisitions

Movements in this caption by segment in 2008 and 2007 are as follows:

Movements during 2007	Balance at 01/01/08	Investment/ Disposal	Exchange rate	Balance at 31/12/08
Airports	**5,261**	**-615**	**-1,119**	**3,527**
BAA	5,256	-611	-1,118	3,527
Belfast	5	-4	-1	0
Services	**1,496**	**-40**	**-75**	**1,381**
Amey	521	-6	-120	395
Cespa	422			422
Swissport	534	-34	45	545
Other services	19			19
Construction	**178**		**-7**	**171**
Toll roads and Car parks	**307**	**29**	**-15**	**321**
Total	7,242	-626	-1,216	5,400

Million euro

The main movement arose in Airports (BAA), due to the effect of the exchange rate (-1,118 million euro). The rest of the change in BAA is explained by the transfer to assets held for sale of the goodwill pertaining to Gatwick Airport (see Note 12 on non-current assets and liabilities held for sale).

There was an increase of 82 million euro in the Toll Roads and Car Parks Division in 2008 due to the acquisition of an interest of 1.85% in Cintra S.A. by the Group companies.

In the same division, there was a decrease of 53 million euro due to the transfers to assets held for sale of the goodwill of the Car parks business and of the Chilean toll roads (42 million euro and 11 million euro, respectively).

In the Services Division, exchange rate fluctuations caused a decrease of 75 million euro (-120 million euro in Amey and +45 million euro in Swissport). The main movement in disposals is due to a reduction in goodwill due to the offset of tax-loss carryforwards generated prior to the business combination but not recognised at the time due to the absence of the necessary market conditions, having been charged to goodwill in the current year in the amounts of 34 million euro in Swissport and 6 million euro in Amey.

The segments presented in the above table are all cash-generating units with the exception of BAA, which has the following cash-generating units:

Currency	Balance at 31/12/08	Balance at 31/12/07
Regulated airports	3,138	4,748
Unregulated airports	389	508
Total goodwill	3,527	5,256

Movements during 2007	Balance at 01/01/07	Investment/ Disposal	Exchange rate	Balance at 31/12/07
Airports	**6,565**	**-800**	**-504**	**5,261**
BAA	6,560	-800	-504	5,256
Belfast	5			5
Services	**1,582**	**-16**	**-70**	**1,496**
Amey	572	-3	-48	521
Cespa	428	-6	0	422
Swissport	563	-7	-22	534
Other services	19	0	0	19
Construction	**181**	**0**	**-3**	**178**
Toll roads and Car parks	**155**	**147**	**5**	**307**
Total	8,483	-669	-572	7,242

Million euro

A. IMPAIRMENT TESTING

At year-end 2008, the Company's assets were tested for impairment of goodwill. The conclusions of the analysis indicate that the estimated value of the goodwill is higher than the carrying amount and no impairment has therefore occurred. The following paragraphs describe the methodology and assumptions used during impairment testing.

1. BAA goodwill and right to operate

Goodwill is the excess amount paid to acquire BAA over the value of the assets at the acquisition date (June 2006), representing the growth value of the business in the long term, based on expectations of significant additional investments that will allow considerable traffic growth in coming years.

Goodwill has been allocated to the cash-generating units, identified as individual airports.

The recoverable value of the airports is the fair value less estimated costs to sell. Fair value less costs to sell has been obtained by discounting projected cash flows, based on the business plan for each airport to 2056, using the Adjusted Present Value (APV) method. The company believes that this is the minimum period necessary for a flow discount model to reflect the fair value of this infrastructure, which has huge growth potential, entailing major investments, and that this is the methodology that reflects the fair value of the airport business. Cash flows have been discounted to the middle of the period and the residual value applied in the final year modelled has been calculated using the Gordon Shapiro formula and a perpetuity growth rate of 1.5%.

The business plan calculations for the regulated airports were obtained by applying the Building Blocks methodology used by the UK airport regulator CAA (Civil Aviation Authority) and the UK's CC (Competition Commission). Under this methodology, the profitability of these regulated assets is determined by the Regulated Asset Base (RAB), the future Capital Investment Programme and the return on assets. For Heathrow and Gatwick, the starting point for the 50-year projections is the CAA's Proposal of November 2007, in which the regulator proposed a return on assets (before taxes and inflation) of 6.2% for Heathrow and 6.5% for Gatwick. This proposal only covers the period 2008/2009 to 2012/2013 (fifth 5-year period). As from the sixth 5-year period, a number of major maintenance and replacement investment projects have been added to increase the capacity of the existing infrastructure and cover passenger traffic growth forecast by the airport authorities while maintaining asset quality. Current plans envisage an investment of around 15 billion GBP over the next 10 years (at 2007/08 prices) in the regulated airports. These plans are consistent with the contents of the Transport Department's White Paper 2003 & 2006, the «Stansted-G2» document and the «Adding Capacity at Heathrow» consultation papers, as well as with the Airport Master Plans. Stansted's return on assets is in line with the CAA's price review recommendation for the fifth 5-year period, dated 23 October 2008, which does not differ significantly from the December 2008 price control proposal for Stansted. For the three regulated airports, the return on assets for the fifth 5-year period is the figure used for the rest of the 50-year projections, based on 5-year periods.

The business plan for the unregulated airports and other activities was approved in December 2008 and reflects the long-term approach to the management of these assets. Passenger growth is the core aspect of a sustainable and profitable business. Medium-term passenger growth is estimated at 3.5%. The discount rate for unregulated airports has been calculated based on market references and assuming a deleveraged beta of 0.70. The recoverable amount of the assets held for sale is based on best management estimates of selling prices. Goodwill relating to those assets is recognised in assets held for sale.

The deleveraged discount rates applied to calculate the recoverable value of the regulated and unregulated airports, and other assets, are between 7.2% and 8.1%.

2. Services Division goodwill (Amey, Cespa and Swissport)

Goodwill in these three business areas is calculated using project flow projections for a five-year period. The residual value is based on the flow for the last year projected, provided this represents a normalised flow, and the growth rate applied never exceeds the estimated long-term growth rate for the market in which the company operates.

Flows are discounted using a rate based on the weighted average cost of capital for this type of assets. The discount rates used to perform impairment tests on this goodwill are in a WACC range of 6.5% to 7.5%.

Sensitivity analyses are also performed on all goodwill, particularly in relation to the discount rate (range of 7% to 9%) and residual growth rate (range of 2% to 3%) employed, so as to ensure that potential changes in the estimated rates have no impact on the possible recovery of goodwill recognised.

The findings have led the company to conclude that the carrying amount of the assets will not in any case exceed the value calculated.

3. Construction Division goodwill

This goodwill relates to Budimex (71 million euro) and Webber (100 million euro).

As Budimex is listed on the Warsaw Stock Exchange, impairment has been analysed by verifying that the closing share price is above the carrying amount plus goodwill allocated.

In the case of Webber, the methodology, discount rates and growth rates used are similar to those applied to the Services Division.

4. Goodwill of the Toll Roads and Car Parks Division

For toll roads and car parks, 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.

Where fair value cannot be reliably estimated 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. In the case of concession companies incorporated for a limited period with a financial structure that is separate from the Group's overall structure, the value is obtained by discounting expected flows to be received by the shareholder to the end of the concession term, in accordance with the company's economic and financial plan (this may vary if assumptions are changed in the future). 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. No residual value is estimated for toll road projects as the models employed account for the entire concession period. However, a residual value is calculated for car park projects to account for the renewal of contracts and for growth. No evidence of the impairment of goodwill has been identified.

The assumptions used to discount the flows for the main goodwill balances in toll road concession holder companies are presented below:

2008	Autopista Santiago Talca	407 International	Autopista del Sol
Ke (Ke is the discount rate applied to the shareholder's free flows)	11.11 %	6.92 %	7.94 %
Rf (Rf is the risk-free rate for 30-year bonds in each country)	8.44 %	4.11 %	5.14 %
Beta u (Beta u is deleveraged)	0.50	0.60	0.55
2007	**Autopista Santiago Talca**	**407 International**	**Autopista del Sol**
Ke (Ke is the discount rate applied to the shareholder's free flows)	9.84 %	6.87 %	7.68 %
Rf (Rf is the risk-free rate for 30-year bonds in each country)	6.61 %	4.10 %	4.74 %
Beta u (Beta u is deleveraged)	0.50	0.60	0.55

Additionally, goodwill of 229 million euro relates to the acquisition of an additional 4.85% interest in Cintra (82 million euro of which was acquired in 2008, equivalent to 1.85% of the interest in Cintra, as indicated previously) through the company Marjeshvan. The goodwill has been measured taking into consideration the characteristics of each of the concessions held by Cintra, S.A. and the country in which each concession company operates. The most noteworthy concession is 407 International, for which the main assumptions used in the measurement are summarised in the preceding table.

B. ACQUISITIONS

There was no acquisition during 2008 that is treated as a business combination.

6. Intangible assets

It should be noted that the caption «Intangible assets» does not include the intangibles assigned to infrastructure projects, which are carried in the caption «Investments in infrastructure projects».

Movements in this consolidated balance sheet caption by nature during 2008 and 2007 are set out below:

Movements during 2008	Concession rights	Other intangible assets	Total
Investment:			
Balance at 1.01.2008	**186**	**58**	**244**
Additions	44	11	55
Disposals	-4	-23	-27
Scope changes and transfers	0	1	1
Reclassification to held for sale	-124	-2	-126
Effect of exchange rate	0	-5	-5
Balance at 31.12.2008	**102**	**40**	**142**
Accumulated amortisation:			
Balance at 1.01.2008	**-39**	**-45**	**-84**
Charges	-17	-6	-23
Disposals	3	9	12
Scope changes and transfers	-9	9	0
Reclassification to held for sale	18	2	20
Effect of exchange rate	-4	2	-2
Balance at 31.12.2008	**-48**	**-29**	**-77**
Carrying amount 31.12.2008	54	11	65

Million euro

The concession rights included in this caption are not linked to any specific project debt.

The main movements in 2008 relate to toll roads and car parks, comprising transfers to assets classified as held for sale in the amount of 126 million euro.

Movements during 2007	Concession rights	Other intangible assets	Total
Investment:			
Balance at 1.01.2007	**201**	**47**	**248**
Additions	22	1	23
Disposals	-4	-2	-6
Scope changes and transfers	-31	13	-18
Effect of exchange rate	-2	-1	-3
Balance at 31.12.2007	**186**	**58**	**244**
Accumulated amortisation:			
Balance at 1.01.2007	**-45**	**-24**	**-69**
Charges	-4	-1	-5
Disposals	7	-14	-7
Scope changes and transfers	2	-5	-3
Effect of exchange rate	1	-1	0
Balance at 31.12.2007	**-39**	**-45**	**-84**
Carrying amount 31.12.2007	147	13	160

Million euro

- The only significant intangible asset having an indefinite life is the BAA Group's right to operate certain unregulated airports, which arose during the business combination process following the acquisition of that group. As indicated in Note 7, this asset is not recognised in intangible assets but in «Investments in infrastructure projects».
- At 31 December 2008 no significant intangible assets are subject to ownership restrictions or pledged to secure liabilities.
- There were no impairment losses or reversals in 2008.

The internally generated intangible assets of BAA are analysed separately in Note 7.

7. Investments in infrastructure projets

A. OVERALL INFORMATION ON INVESTMENTS IN INFRASTRUCTURE PROJECTS

The following table shows balances and movements in Investments in infrastructure projects by project during 2008 and 2007:

		Movements in 2008				
Movements during 2008	**Balance at 01/01/08**	**Scope changes**	**Additions**	**Disposals/ transfers**	**Effect of exchange rate**	**Balance at 31/12/08**
TOLL ROADS AND CAR PARKS	**10,800**	**0**	**776**	**-1,236**	**-626**	**9,714**
407 ETR International	2,965	0	28	0	-448	2,545
Spanish toll roads	2,356	0	413	0	0	2,769
Chilean toll roads	1,522	0	21	-1,236	-307	0
US toll roads	2,705	0	135	0	129	2,969
Other toll roads	1,252	0	179	0	0	1,431
AIRPORTS	**25,422**	**-65**	**1,463**	**-1,697**	**-6,121**	**19,002**
BAA	25,350	0	1,462	-1,697	-6,120	18,995
Other airports	72	-65	1	0	-1	7
SERVICES	**395**	**0**	**34**	**-14**	**-90**	**325**
Tube Lines	354	0	7	-13	-81	267
Other Amey	36	0	5	-1	-9	31
Other Services	5	0	22	0	0	27
CONSTRUCTION	**0**	**0**	**2**	**0**	**0**	**2**
Other infrastructure projects	0	0	2	0	0	2
Total investment	**36,617**	**-65**	**2,274**	**-2,947**	**-6,837**	**29,043**
Depreciation, Toll roads and Car parks	-1,132	0	-137	256	90	-923
Depreciation, Airports	-4,411	24	-822	194	1,154	-3,861
Depreciation, Services	-145	0	-39	13	37	-134
Total depreciation	**-5,688**	**24**	**-998**	**463**	**1,281**	**-4,918**
Total net investment	**30,929**	**-41**	**1,277**	**-2,484**	**-5,556**	**24,125**

Million euro

The evolution of the euro exchange rate against the currencies of the countries in which there are significant investments in infrastructure projects (mainly pounds sterling) during 2008 caused a decrease of 5,576 million euro in these balances.

The main scope change relates to the sale of Belfast Airport in September 2008.

The main Toll Road and Car Park Division additions relate to the investment in new projects under construction or in betterments or extensions of operational toll roads. With respect to the Spanish toll roads, the most significant addition is the amount of 365 million euro recognised by Autopista R – 4 Madrid Sur, of which 348 million euro relates to debts caused by the expropriation of land to build the toll road, as explained in Note 19. The item «Other toll roads» includes the investments in Euroscut Azores (Portugal) and Eurolink Motorway (M3) (Ireland) amounting to 41 million euro and 92 million euro, respectively. The item US toll roads includes an increase of 84 million euro in SH-130 Concession Co, LLC (Texas). As regards the Airports Division, the main additions relate to BAA and are explained below.

The most significant transfers relate to the reclassification of all the assets of the Chilean toll roads and of Gatwick Airport to the caption «Non-current assets and liabilities held for sale», for a total amount of 1,872 million euro (see Note 12).

Movements in these assets during 2007 were as follows:

		Movements in 2007				
Movements during 2007	**Balance at 01/01/07**	**Scope changes**	**Additions**	**Disposals/ transfers**	**Effect of exchange rate**	**Balance at 31/12/07**
TOLL ROADS AND CAR PARKS	**10,402**	**0**	**556**	**-2**	**-156**	**10,800**
407 ETR International	2,733	0	56	0	176	2,965
Spanish toll roads	2,296	0	61	-1	0	2,356
Chilean toll roads	1,509	0	62	0	-49	1,522
US toll roads	2,876	0	111	0	-282	2,705
Other toll roads	988	0	266	-1	-1	1,252
AIRPORTS	**26,450**	**0**	**1,832**	**-575**	**-2,285**	**25,422**
BAA	26,373	0	1,831	-575	-2,279	25,350
Other airports	77	0	1	0	-6	72
SERVICES	**365**	**0**	**18**	**46**	**-34**	**395**
Tube Lines	326	0	5	54	-31	354
Other Amey	39	0	9	-9	-3	36
Other Services	0	0	4	1	0	5
Total investment	**37,217**	**0**	**2,406**	**-531**	**-2,475**	**36,617**
Depreciation, Toll roads and Car parks	-954	0	-177	0	-1	-1,132
Depreciation, Airports	-4,216	0	-615	34	386	-4,411
Depreciation, Services	-54	0	-44	-55	8	-145
Total depreciation	**-5,224**	**0**	**-836**	**-21**	**393**	**-5,688**
Total net investment (1)	**31,993**	**0**	**1,570**	**-552**	**-2,082**	**30,929**

MillIon euro

(1) With the exception of BAA, which is owned, the remaining assets are held under concessions. Movements relating to BAA are explained in more detail below.

- In the case of the infrastructure projects, all the assets secure the company's debt, as explained in Note 20.
- There were no impairment losses or reversals in 2007.
- Interest capitalised during the year is analysed in Note 27.

A breakdown of BAA's assets is provided blow by asset type.

B. ANALYSIS OF INVESTMENTS IN BAA INFRASTRUCTURE PROJECTS

Set out below is an analysis of the BAA Group's project assets by nature:

- Property, plant and equipment

Movements in these assets during 2008 are analysed below:

Movements during 2008	Terminals	Runways and related land	Plant and equipment	Other land and buildings	Railway facilities	Assets in progress	Total
Cost							
Balance at 31 December 2007	**8,856**	**1,989**	**224**	**167**	**959**	**7,851**	**20,046**
Scope changes	0	0	0	0	0	0	0
Additions	15	0	10	0	0	1,380	1,405
Transfers of investment property	0	0	0	2	0	-338	-336
Transfers of completed assets	4,741	436	138	24	854	-6,193	0
Capitalised refinancing costs	0	0	0	0	0	127	127
Disposals	-5	0	-2	0	0	0	-7
Transfers to assets held for sale	-1,026	-142	-53	-26	0	-77	-1,324
Exchange differences	-2,814	-531	-59	-40	-360	-992	-4,796
Balance at 31 December 2008	**9,767**	**1,752**	**258**	**127**	**1,453**	**1,758**	**15,115**
Depreciation							
Balance at 31 December 2007	**-3,355**	**-552**	**-62**	**-54**	**-243**	**37**	**-4,229**
Additions	-539	-71	-54	-7	-46	0	-717
Disposals	41	0	2	0	0	-37	6
Exchange differences	847	139	14	13	64	0	1,077
Transfers to available-for-sale assets	125	17	13	2	0	0	157
Balance at 31 December 2008	**-2,881**	**-467**	**-87**	**-46**	**-225**	**0**	**-3,706**
Carrying amount at 31 December 2008	**6,886**	**1,285**	**171**	**81**	**1,228**	**1,758**	**11,409**

Million euro

The most significant reduction is due to the impact of exchange rates, amounting to 3,719 million euro, due to the significant fluctuation in the euro-sterling exchange rate during 2008, as observed in Note 3.2.

Additionally, transfers from assets in progress to completed asset items totalled 6,193 million euro, due mainly to the fact that Heathrow Airport's Terminal 5 became operational in March 2008.

Significant additions of assets in progress were also recognised, relating mainly to the facilities and extensions in the Western Campus of Heathrow Airport (comprising terminals T3, T4 and T5), for a total of 259 million euro, in the Eastern Campus (terminals T1 and T2 of Heathrow Airport), in the amount of 300 million euro, and other infrastructure projects related to improvements in the airport's connectivity and baggage management, amounting to 132 million euro. A total of 1,168 million euro in Gatwick Airport assets was reclassified to assets held for sale (see Note 12).

Movements in these assets during 2007 are analysed below:

Movements during 2007	Terminals	Runways and related land	Plant and equipment	Other land and buildings	Railway facilities	Assets in progress	Total
Cost							
Balance at 31 December 2006	9,342	1,860	178	143	1,027	7,442	19,992
Scope changes							
Additions	6	0	15	0	0	1,682	**1,703**
Transfers of investment property	0	0	0	12	0	-26	**-15**
Transfers of completed assets	440	297	90	28	16	-870	**0**
Capitalised financing costs	0	0	0	0	0	378	**378**
Disposals	-31	0	-3	-1	0	0	**-35**
Other transfers	-100	6	-1	-1	3	-40	**-133**
Exchange differences	-801	-174	-16	-13	-87	-693	**-1,783**
Transfers to available-for-sale assets	0	0	-39	0	0	-23	**-62**
Balance at 31 December 2007	**8,856**	**1,989**	**224**	**167**	**959**	**7,851**	**20,046**
Depreciation							
Balance at 31 December 2006	**-3,276**	**-535**	**-27**	**-54**	**-241**	**0**	**-4,133**
Additions	-383	-66	-55	-6	-23	39	**-494**
Disposals	8	0	4	1	0	1	**14**
Exchange differences	296	49	4	5	21	-3	**372**
Transfers to available-for-sale assets	0	0	12	0	0	0	**12**
Balance at 31 December 2007	**-3,355**	**-552**	**-62**	**-54**	**-243**	**37**	**-4,229**
Carrying amount at 31 December 2007	**5,501**	**1,437**	**162**	**113**	**716**	**7,888**	**15,817**

Million euro

- Investment property
  The investment property category includes certain assets that come under IAS 40, as explained in the note on accounting policies, having a fair value at 31 December 2008 of 2,840 million euro (4,269 million euro at 31 December 2007)

Movements in these assets during 2008 are analysed below:

Movements during 2008	Airports	Investment property in joint ventures	Assets in progress	Total
VALUE				
Balance at 31 December 2007	**4,091**	**0**	**11**	**4,102**
Scope changes	0	0	0	0
Additions	0	22	0	22
Impairment	0	-198	0	-198
Disposals	0	-180	0	-180
Other transfers	323	0	12	335
Exchange differences	-1,000	-37	-4	-1,041
Transfers to assets held for sale	-664	586	-3	-81
Balance at 31 December 2008	**2,750**	**193**	**16**	**2,959**
DEPRECIATION				
Balance at 31 December 2007	**-82**	**0**	**0**	**-82**
Additions	-47	0	0	-47
Transfers to assets held for sale	23	0	0	23
Exchange differences	50	0	0	50
Balance at 31 December 2008	**-56**	**0**	**0**	**-56**
Carrying amount at 31 December 2008	**2,695**	**193**	**16**	**2,903**

Million euro

The main movements in 2008 are the result of exchange differences and of the transfer to assets and liabilities held for sale of the Gatwick Airport investment properties, in the amount of 644 million euro. In addition, the investment properties of the company Airport Property Partnership that were recognised as held for sale at 31 December 2007 have been reclassified as investment properties (see Note 12 on non-current assets and liabilities held for sale).
Movements in these assets during 2007 were as follows:

Movements during 2007	Airports	Investment property in joint	Assets in progress	Total
Value				
Balance at 31 December 2006	**4,285**	**634**	**128**	**5,047**
Additions	63	31	0	94
Transfers of completed assets	114	0	-114	0
Net transfers of operating assets	15	0	0	15
Disposals	-15	-26	0	-41
Exchange differences	-371	-13	-3	-387
Transfers to available-for-sale assets	0	-626	0	-626
Balance at 31 December 2007	**4,091**	**0**	**11**	**4,102**
Depreciation:				
Balance at 31 December 2006	**-30**	**0**	**0**	**-30**
Additions	-58	0	0	-58
Exchange differences	6	0	0	6
Balance at 31 December 2007	**-82**	**0**	**0**	**-82**
Carrying amount at 31 December 2007	4,009	0	11	4,020

Million euro

- Intangible assets

Movements during 2008	Right to operate	Computer software	Contracts to operate commercial spaces	Other	Total
VALUE					
Balance at 31 December 2007	**849**	**122**	**222**	**10**	**1,203**
Additions	0	35	0	0	35
Exchange differences	-196	-34	-51	-2	-284
Transfers to assets held for sale	0	0	-32	0	-32
Balance at 31 December 2008	**653**	**123**	**138**	**8**	**922**
AMORTISATION					
Balance at 31 December 2007	**0**	**-35**	**-37**	**0**	**-72**
Additions	0	-34	-21	0	-55
Exchange differences	0	14	12	0	26
Transfers to assets held for sale	0	0	8	0	8
Balance at 31 December 2008	0	-55	-38	0	-93
Carrying amount at 31 December 2008	**653**	**68**	**100**	**8**	**829**

Million euro

Movements in these assets during 2007 were as follows:

Movements during 2007	Right to operate	Computer software	Concessions	Contracts to operate commercial spaces	Other	Total
Value						
Balance at 31 December 2006	**926**	**102**	**53**	**242**	**10**	**1,333**
Additions	0	31	4	0	0	35
Disposals	0	0	-57	0	0	-57
Transfers	0	0	0	0	0	0
Transfers to assets held for sale	0	0	0	0	0	0
Exchange differences	-77	-11	0	-20	0	-108
Balance at 31 December 2007	**849**	**122**	**0**	**222**	**10**	**1,203**
Amortisation						
Balance at 31 December 2006	**0**	**-3**	**0**	**-13**	**0**	**-16**
Additions	0	-35	-2	-26	0	-63
Disposals	0	0	2	0	0	2
Transfers to assets held for sale	0	0	0	0	0	0
Exchange differences	0	3	0	2	0	5
Balance at 31 December 2007	**0**	**-35**	**0**	**-37**	**0**	**-72**
Carrying amount at 31 December 2007	849	87	0	185	10	1,131

Million euro

The two main intangible assets recognised at December 2008 are the BAA Group's right to operate certain unregulated airports (indefinite right) and rights to operate commercial spaces (average useful life of seven years).

The right to operate certain unregulated airports has been tested for impairment together with the goodwill allocated to those airports, as indicated in Note 5.1.

The most significant movements in this caption are also due to the significant fluctuations in the euro-sterling exchange rate during 2008.

8. Property, plant and equipment

The caption «Property, plant and equipment» does not include PPE assigned to infrastructure projects, which are carried in the caption «Investments in infrastructure projects».

Movements in Property, plant and equipment in the consolidated balance sheet are as follows:

Movements during 2008	Land and structures	Plant and machinery	Other fixtures, tools and furnishings	Total
Investment:				
Balance at 1.01.2008	**371**	**816**	**679**	**1,866**
Additions	18	87	192	296
Disposals	-16	-38	-63	-117
Scope changes and transfers	-218	-44	-41	-303
Effect of exchange rate	-15	-26	-3	-44
Balance at 31.12.2008	**140**	**795**	**762**	**1,697**
Accumulated depreciation:				
Balance at 1.01.2008	**-156**	**-432**	**-493**	**-1,081**
Charges	-9	-83	-100	-192
Disposals	2	38	47	87
Scope changes and transfers	72	23	15	110
Effect of exchange rate	12	-1	7	18
Balance at 31.12.2008	**-78**	**-456**	**-524**	**-1,057**
Carrying amount 31.12.2008	62	340	238	640

Million euro

- **Scope changes and transfers**
  Disposals relate basically to the Construction and Services segments, amounting to 16 million euro and 72 million euro, respectively, due to the write-off of fully-depreciated assets.
- **Additions**
  As in the previous year, construction segment additions relate basically to the acquisition of specific site machinery by Ferrovial Agromán.
  In the Services Division, additions relate to investments in waste treatment, landfills and machinery for the provision of municipal services, and to investments in facilities and equipment for Swissport's current activities.
- **Disposals**
  Disposals relate basically to the Construction and Services segments, amounting to 16 million euro and 72 million euro, respectively, due to the write-off of fully-depreciated assets.

Movements during 2007	Land and structures	Plant and machinery	Other fixtures, tools and furnishings	Total
Investment:				
Balance at 1.01.2007	**328**	**865**	**570**	**1.7,3**
Additions	47	73	101	221
Disposals	-10	-46	-23	-79
Scope changes and transfers	9	-61	28	-24
Effect of exchange rate	-3	-15	3	-15
Balance at 31.12.2007	**371**	**816**	**679**	**1,866**
Accumulated depreciation:				
Balance at 1.01.2007	**-213**	**-385**	**-411**	**-1,009**
Charges	-7	-74	-22	-103
Disposals	4	24	20	48
Scope changes and transfers	56	1	-83	-26
Effect of exchange rate	4	2	3	9
Balance at 31.12.2007	**-156**	**-432**	**-493**	**-1,081**
Carrying amount 31.12.2007	215	384	186	785

Million euro

- At 31 December 2008, property, plant & equipment include structures/facilities/machinery totalling 12.1 million euro acquired under finance leases (15.9 million euro at 31 December 2007).
- Property, plant and equipment not used in operations is immaterial with respect to closing consolidated balances.
- No impairment losses or reversals were recognised during the year.
- 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 ordinary course of business. The Group considers that the insurance policies provide adequate coverage for such risks.
- PPE in course of construction amounts to 46.1 million euro (56.6 million euro in 2007). This increase is due basically to the plant and machinery being assembled by the Cespa Group in the Services segment.
- At 31 December 2008, no significant property, plant and equipment are subject to ownership restrictions or pledged to secure liabilities.

9. Equity-consolidated companies

The main shareholdings in equity-consolidated companies are analysed below at 31 December 2008 and 2007:

	2008	2007
Opening balance	**102**	**82**
Scope changes	-6	116
Share of results	6	-112
Exchange differences	-1	0
Dividends collected and capital reimbursed	-5	8
Transfers	-7	8
Closing balance	**89**	**102**

Million euro

- The main addition for the year is the payment of 125 million euro to acquire a 20% interest in Promociones Hábitat, S.A. This amount was paid in September 2007 as a result of the commitment made when all the shares in Ferrovial Inmobiliaria were sold to Promociones Hábitat, S.A. Promociones Hábitat S.A. is subject to an insolvency proceeding at the year end.
- Additionally, equity-consolidated shareholdings include the 10% indirect interest in the company Madrid Calle 30, S.A., which holds a 35-year contract to refurbish and maintain the M30 ring road in Madrid, entailing an investment of 57.3 million euro at 31 December 2008 (53.9 million euro at 31 December 2007).
- 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, besides restrictions that may arise from financing contracts entered into by associates or from their own financial situation, and there are no contingent liabilities related to associates that might eventually be assumed by the Group.

Exhibit I contains a list of the main shareholdings in equity-consolidated companies indicating their name, the country in which they were incorporated, business segment, the Group's shareholding and their financial highlights, such as aggregate assets and liabilities, net sales and profit or loss for the year.

10. Non-current financial assets

Set out below are movements and maturities at 31 December 2008 and 2007:

Movements during 2008	Available-for-sale financial assets	Loans and receivables	Restricted cash and other non-current financial assets	Other receivables	Total
Investment:					
Balance at 1.01.2008	**67**	**1,476**	**302**	**408**	**2,253**
Additions	1	352	90	185	**628**
Disposals	-28	0	-31	-69	**-128**
Scope changes and transfers	1	0	-38	38	**0**
Provision	-4	0	0	2	**-2**
Effect of exchange rate	-15	-380	-17	-31	**-443**
Balance at 31.12.2008	21	1,447	307	533	2,308

Million euro

Movements during 2007	Available-for-sale financial assets	Loans and receivables of infrastructure projects	Restricted cash	Other receivables	Total
Investment:					
Balance at 1.01.2007	**196**	**1,263**	**329**	**157**	**1,945**
Additions	1	387	58	409	**854**
Disposals	-44	-27	-92	-162	**-325**
Scope changes and transfers	-77	-50	0	8	**-119**
Provision	-3	0	0	-8	**-11**
Effect of exchange rate	-6	-97	7	4	**-92**
Balance at 31.12.2007	67	1,476	302	408	2,253

Million euro

- The most significant change in available-for-sale financial assets is the redemption of the 2032 Priority Loan Notes issued by National Air Traffic Services Group (NATS), held by BAA, in the amount of 25 million euro (24 million GBP). The BAA Group does not have significant influence in NATS, the UK's air traffic controller, and the rest of the investment in these assets is still recognised as available for sale.
- Loans and receivables of infrastructure projects relate mainly to receivables under UK contracts concluded by Amey subsidiaries for the maintenance and refurbishment of certain infrastructures in which the project company recovers the investment by collecting a number of deferred amounts comprising fixed and variable portions depending on the services and the availability of the asset for use.

  The main balance of 1,075 million euro (73% of the total) relates to the company Tubelines, which holds a contract to maintain and refurbish three London Underground lines. The debtor is London Underground, an AA-rated public entity that reports to London City Council.

These are interest-bearing receivables. The interest is calculated by discounting the deferred amounts at the average rate for the debt that finances these projects. As the projects are financed at fixed or variable interest rates hedged by means of derivative financial instruments, the receivables are not subject to interest rate risk.

Loans and receivables also include the balances of the concession holder Sociedad Concesionaria de Prisiones Lledoners to be recovered from the administration in exchange for services rendered or investments made under a concession contract, amounting to 97 million euro.

Maturities of the most significant loans and receivables are analysed below:

Movements during 2007	Amounts	2009	2010	2011	2012	2013	After more than 5 years
Tube Lines	1,075		399	449	117	18	92
Other projects	372		9	29	42	45	247
Loans and receivables	1,447		408	478	159	63	339

Million euro

- Restricted cash and other non-current financial assets include deposits securing bond issues totalling 307 million euro (273 million euro in 2007), the main balance relating to the ETR 407 toll road (183 million euro). It should be noted that this item includes a balance of 91 million CAD (after measurement adjustments) held by the company 407 ETR in asset-backed commercial paper (ABCPs). The vehicles that issue these short-term, AAA-rated instruments invested their funds in long-term assets, which resulted in illiquidity and caused their suspension from trading in August 2007. As a result of the suspension, a committee was formed (the Montreal Proposal) to work on a restructuring proposal that was completed in January 2009, new assets having been issued to replace the previous assets, with maturities of between 3.5 and 7.5 years. At December 2008, the Company valued these assets based on discounted future cash flows, resulting in a write-down of 62 million CAD and an impact of 9 million euro on consolidated net income attributed to the parent company.

Finally, other receivables include the following items:

- Investments in Economic Interest Groupings (EIGs) relating to Ferrovial's shareholding in nine EIGs, totalling 100 million euro, which are engaged in an asset leasing activity managed by a non-Group company that retains the majority of rewards and is exposed to the risks relating to that activity. These groupings have availed themselves of tax incentives provided by Spanish legislation and their results are recognised in the caption «income tax» in the consolidated income statement.
- Fully-provisioned account receivable of 250 million euro relating to the price deferred on the sale of the real estate business to Promociones Habitat.
- Non-current loan of 100 million euro (same amount at 31 December 2007) granted by Emesa, a subsidiary of Ferrovial Servicios, to the company Madrid Calle 30, S.A.
- Capitalised costs relating to the refinancing of BAA, amounting to 76 million euro (73 million GBP, capitalised during the year) and to the 6% Loan Notes due 2001, received from Caisse de Depot et Placement du Québec, in connection with the sale of Budapest Airport in 2007, in the amount of 60 million euro (58 million GBP; 70 million GBP at 31 December 2007).
- Long-term borrowings of 32 million euro, consisting of subordinated debt granted by the shareholders of Grupo Amey (Amey and Bechtel) to third parties. This subordinated debt was contributed in December 2007 and, together with the capital paid up at that time (41 million euro), replaced the equity bridge loan held by the shareholders of Tubelines to that date. The subordinated debt bears 16% fixed interest and matures between 2018 and 2025.
- **Fair values of assets**
  The discounting of asset cash flows using a market interest rate is deemed to approximate their carrying amount. The difference between the carrying amount and fair value of the assets is not therefore significant.

11. Derivative financial instruments at fair value

Set out below is an analysis of derivative hedges showing their fair values and notional maturities at 31 December 2008 and 2007:

	Fair value		Notional maturities					
Instrument type	Balance at 31/12/08	Balance at 31/12/07	31/12/09	31/12/10	31/12/11	31/12/12	31/12/2013 and after	Total
ASSET BALANCES	1,140	250	242	3	1	711	4,359	5,307
Index-linked swaps BAA	140	0	0	0	0	0	1,261	1,261
Interest rate swaps BAA	72	27	0	0	0	0	1,985	1,985
Cross currency swaps BAA	800	127	43	0	0	711	1,069	1,823
Index-linked swaps Cintra	97	0	0	-3	-2	-1	43	35
Interest rate swaps Cintra	0	33	0	0	0	0	0	0
Other derivative hedges	30	49	186	0	1	1	1	190
Cross currency swaps Cintra	1	0	11	0	0	0	0	11
Other derivative hedges	29	49	175	0	1	1	1	179
Electricity hedge BAA	2	14	13	0	0	0	0	13
LIABILITY BALANCES	3,215	841	-803	-64	-19	458	11,732	11,305
Index-linked swaps BAA	329	119	0	0	0	0	1,044	1,044
Interest rate swaps BAA	475	13	0	131	78	209	3,122	3,540
Equity swaps	407	125	22	45	0	177	406	650
Interest rate swaps Cintra	1,841	417	-876	-338	-299	-369	6,493	4,611
Other derivative hedges	163	167	51	98	202	441	667	1,460
Cross currency swaps Cintra	0	159	0	0	0	0	0	0
Other derivative hedges	163	8	51	98	202	441	667	1,460

Million euro

The notional maturities stated in this table include all amounts contracted at 31 December 2008. Accordingly, maturities are presented as positive amounts and future increases already contracted are presented as negative amounts.

(*) These derivative hedges are the main hedges contracted by the Group that are deemed to be ineffective, as explained in this note.

A. DESCRIPTION OF THE MAIN HEDGING TRANSACTIONS AND THEIR IMPACT ON RESULTS AND EQUITY

There follows an explanation of the nature and main characteristics of the swaps contracted by the Group and of the changes in the fair value of the hedges from 2007 to 2008. It should be noted that the majority of derivative financial instruments contracted by Grupo Ferrovial have a AA credit rating.

1. BAA derivatives

During August 2008, the refinancing of the debt obtained to acquire BAA was completed. This refinancing process entailed the novation of certain derivative financial instruments contracted at 31 December 2007 and therefore changes to their conditions and periods.

1.1 Index-linked swaps

The BAA Group has a number of derivatives (index-linked swaps) linked to fixed-rate bonds, such that a yield is obtained as if the bonds were inflation-indexed, as explained in Note 26. These derivatives have a notional amount of 2,305 million euro (2,206 million GBP). Although they were treated as hedges for accounting purposes to December 2007, this treatment was not afforded in 2008, generating an impact on reserves of 124 million euro and on results of -228 million euro.

1.2 Interest Rate Swaps

The BAA Group also has interest rate swaps for a notional amount of 5,526 million euro (5,288 million GBP), all of which are treated as accounting hedges of cash flows from bank borrowings at the year end, entailing an impact of -51 million euro on results (21 million on net income, as explained in Note 26) and an impact on reserves of -664 million euro.

1.3 Cross currency swaps:

BAA's portfolio included a number of cross currency swaps contracted to hedge the sterling-euro exchange rate on bonds issued in the past. These positions show a notional amount of 1,780 million euro (1,703 million GBP) and mature between 2012 and 2018. In view of the significant fluctuations of the euro-sterling exchange rate during 2008 (see Note 3), the change in the fair value of these instruments had an impact of 545 million euro on the balance sheet and 41 million euro on the income statement.

1.4 Other hedging transactions contracted by BAA

Finally, BAA has concluded a contract that allows it to establish the future purchase price of electricity subject to a minimum purchase volume, although the contract expires in March 2009. It is treated as an embedded derivative and is carried at fair value. BAA also has equity swaps related to Ferrovial's share-based remuneration systems addressed in Note 34.

2. Toll road and Car park derivatives

2.1 Index-linked swaps

- Autema has hedged revenue fluctuations by means of an inflation swap to obtain a fixed inflation rate of 2.50%. This hedge is deemed to be effective and has had a gross impact on reserves of 97 million euro.

2.1 Interest Rate Swaps

Overall, the fair value of these hedges has fallen from -385 million euro at 31 December 2008 to -1,841 million euro at 31 December 2008. As the majority are treated as effective accounting hedges, the impact on the Group's reserves amounted to -1,318 million euro, representing 71% of the total impact of hedging transactions on reserves. Set out below is a brief description of the most significant hedges and their main features.

- Chicago Skyway has hedged its entire debt by means of equity swaps. The Series A bond of 439 million USD is hedged for a notional amount equal to 100% of the debt at a rate of 4.82% for the first nine years of the bond's term and at 5.88% for the final three years. The Series B bond is fully hedged for a notional amount of 961 million USD by means of equity swaps establishing a schedule of certain flows receivable in exchange for variable-interest payments that increase over time, for an effective rate of 5.66% (including the bond margin). Finally, the company has contracted hedges for all the Series C debt, for an initial notional amount of 150 million USD, establishing a fixed rate of 4.68%.
- Indiana Toll Road has contracted interest rate swaps for its entire debt of 4,239 million USD, establishing an effective interest rate of 5.82%. (The consolidated balance sheet reflects only 50% of the debt, under the proportionate consolidation method).
- SH-130 has contracted an interest rate swap for the entire variable-rate debt of 750 million USD at a fixed rate of 5.18%.
- Inversora A. Sur has hedged its entire debt at a fixed rate of 3.83% for Tranche A and Tranche BEI (maximum notional amount of 457 million euro) and at a rate of 4.18% for Tranche B (100 million euro).
- Inversora Autopista de Levante has hedged its entire debt at a rate of 4.39%.
- Eurolink M4-M6 has contracted interest rate hedges for different periods and interest rates of between 5.04% and 5.39%, which currently cover 75% of its debt.
- Euroscut Norte Litoral records an interest-rate hedge for 75% of its debt, up to the sum of 232 million euro, at a fixed interest rate of 3.65%.
- Euroscut Azores has hedged its total debt of 358 million euro at a fixed interest rate of 4.11%.
- Eurolink M3 has hedged its total debt of 265 million euro during the construction period at a fixed rate of 4.36%, which will decrease to 50% at a fixed rate of 4.53% during the operating period.
- Nea Odos has contracted three hedges covering its entire debt of 400 million euro at fixed rates of 4.42%, 4.49% and 4.87% (the consolidated balance sheet reflects only 33.34% of the debt, under the proportionate consolidation method).
- Central Greece has a hedge for its entire debt of 1,500 million euro at fixed rates of 4.76% and 4.91% (the consolidated balance sheet reflects only 33.34% of the debt, under the proportionate consolidation method).
- Cintra Inversora de Autopistas de Cataluña has hedged 90% of its debt, in the amount of 606 million euro, based on an underlying curve equivalent to a fixed rate of 4.88%.

3. Other hedges

The line «Other hedges» relates to the following main transactions:

- Foreign exchange hedges in the Toll Roads and Car Parks Division: In the event that financing is contracted in a currency other than the currency in which the asset is denominated, the Group seeks to hedge foreign exchange risk. The most relevant transaction relates to Autopista del Maipo, which has a cross currency swap of 421 million USD plus interest to hedge the conversion of its US dollar financing into Chilean UF (this transaction is carried as held for sale).
- Interest rate hedges in Ferrovial Infraestructuras, in the Airports Division, with a fair value of 71 million euro at 31 December 2008 (2 million euro at 31 December 2007) and a notional amount of 1,044 million euro (1,000 million GBP), covering interest rates on the syndicated loan obtained by Ferrovial Infraestructuras to finance the acquisition of the shares in BAA. This hedge is deemed to be effective and therefore had an impact of -69 million euro on the Group's reserves.
- Interest rate hedges in the Services Division, relating mainly to the Amey and Tubelines projects, with a fair value of -69 million euro at 31 December 2008 (-1 million

euro at 31 December 2007) and a notional amount of 91 million euro. The majority are deemed to be effective hedges and therefore had a gross impact of -59 million euro on consolidated reserves.

- Corporate hedge derivatives: during 2008, three new interest rate swaps were contracted:
  - Autovía de Aragón, Sociedad Concesionaria, S.A. has hedged interest rates on its entire financing during the construction period and at least 85% of its financing during the operating period. The maximum notional amount is 120 million euro, at a fixed rate of 4.764%.
  - The Desaladora Alicante project has contracted a hedge for 75% of its debt and an initial notional amount of 21 million euro at a fixed rate of 4.19%.
  - The company Marjeshvan has contracted an interest rate hedge for 50% its euro financing, covering a notional amount of 60 million euro at a fixed rate of 4.68%.

Additionally, during 2008 the company FGP TOPCO contracted foreign exchange fluctuation coverage totalling 111 million euro at 31 December 2008 for investments denominated in pounds sterling.

4. Equity Swaps

Finally, derivative financial instruments include equity swap contracts concluded by the Group solely to hedge the impact on equity of its stock option plans, as described in Note 3.5 on market risk. Two new equity swaps were contracted in 2008 for Ferrovial's share-based remuneration systems. The first was contracted with BBVA for a nominal amount of 40 million euro, maturing in April 2013. The second was contracted with Natixis Bank for 37 million euro, maturing in March 2016.

The equity swaps are deemed to be ineffective hedges. Related gains or losses are recognised in financial results, entailing a cost of 279 million euro for the consolidated Group at 31 December 2008. Note 35 contains a description of equity swap contracts.

Set out below is an analysis of movements in the fair value of swaps, showing the impact on reserves, results and other balance sheet items:

	Fair value			Breakdown of movements					
Instrument type	Balance at 31/12/2008	Balance at 31/12/2007	Change	Impact on reserves (*)	Exchange differences	Fair value impact on results (**)	Other impacts on results	Other impacts on balance sheet	Total
Index-linked swaps BAA	**-189**	**-119**	**-70**	**124**	**44**	**-228**	**0**	**-10**	**-70**
Interest rate swaps BAA	-403	15	-418	-664	130	-80	-70	266	-418
Cross currency swaps BAA	803	127	675	11	548	41	-16	90	675
Index-linked swaps Cintra	97	0	97	97	0	0	0	0	97
Interest rate swaps Cintra	-1,841	-385	-1,456	-1,318	-21	4	-75	-46	-1,456
Equity swaps	-407	-91	-316	-37	0	-279	0	0	-316
Other hedges	-135	-152	17	-60	29	-17	-21	85	16
CCS Cintra	1	-158	159	83	34	-1	0	43	159
Other derivatives	-136	6	-143	-143	-5	-16	-21	42	-143
Electricity hedge BAA	2	14	-13	0	-1	-11	0	0	-13
Total swaps	**-2,075**	**-590**	**-1,484**	**-1,847**	**730**	**-571**	**-182**	**385**	**-1,485**

(*) Relates to the impact on reserves of derivative financial instruments treated as accounting hedges, as explained in Note 16.
(**) Relates mainly to the impact on results of the change in fair value of the derivatives, as explained in Note 26. The difference between this amount and the amount recorded as net financial income/expense relates mainly to fair value adjustments explained in Note 26 (-436 million euros) relating to +75 million euro of other fair value adjustments in net financial income/expense other than derivatives, +47 million euro recorded in relation to the variation in bonds in Canada, called SIPS, which are discussed in Note 20, and +11 million euro for derivatives relating to the electricity price, which is included in operating results.

B. MEASUREMENT OF SWAPS

1. Interest Rate Swaps (IRS)

IRS are swaps in which the counterparties exchange, at certain pre-established moments in the future, cash flows determined on the basis of reference interest rates and pre-established nominal amounts.

There are a large variety of IRS (fixed-variable rates, variable-variable rates, fixed nominal amount at maturity, repayable nominal sum…), but the measurement method is basically the same in all cases.

IRS are measured at the present value, on the measurement date, of their future flows of payments and collections.

Where the reference rate is a variable rate, these future flows are estimated using the forward curves quoted in the market at the measurement date.

Each flow is discounted using the zero coupon rate and based on the settlement period, at the measurement date. Once flows of collections and payments have been discounted, they are offset against each other and the resulting amount is the market value of the IRS at that date.

2. Equity Swaps

Equity swaps are contracts hedging the future value of equity securities, whereby the parties establish, at hedge inception, a settlement value for a given number of securities of a specific issuer.

At the settlement date, the party that receives the securities must pay the contracted price, irrespective of the market price at that date.

As in the case of IRS, there are various types of equity swaps and clauses may be included relating to the settlement method (based on differences or actual handover), collection of dividends, early repayment and other rights attaching to the securities.

The market value of the equity swap is usually calculated as the difference between the market price of the securities on the calculation date and the unit settlement price agreed at the outset, multiplied by the number of securities stated in the contract.

3. Cross Currency Swaps (CCS)

CCS, as with IRS, are swaps in which the counterparties exchange, at certain pre-established moments in the future, cash flows determined on the basis of reference interest rates and pre-established nominal sums.

The difference is that, in the case of CCS, the flows payable and receivable are denominated in different currencies and their reference interest rates usually also relate to different countries.

As the nominal sums of each counterparty are denominated in different currencies, they agree on equivalence at hedge inception, based on the exchange rates in force at that time.

As with IRS, there are many types of CCS (fixed-variable rates, variable-variable rates, fixed nominal sum at maturity, repayable nominal sum…), some of which are not envisaged in the case of IRS (such as the possibility of swapping two fixed rates), but in all cases the measurement method is basically the same (similar to the method applied to IRS).

Future flows are discounted based on the zero coupon curves quoted in the market at the measurement date, for each period and currency.

Where the reference rate is a variable rate, these future flows are estimated using the forward curves quoted in the market at the measurement date.

Once the discounted values of the flows of collections and payments are obtained, and as they are denominated in different currencies, they must be converted using the spot exchange rate on the measurement date before the resulting amounts are offset. The net amount finally obtained is the market value of the CCS at that date.

4. Index Linked Swaps (ILS)

Nuevamente se trata de permutas financieras, en las que se intercambia una referencia de tipo de interés nominal contra una referencia de inflación.

La valoración de estos productos se realiza descontando sus flujos futuros esperados, en función de las curvas de mercado existentes en el momento de la valoración, según se indica en la Nota 26.

C. NET INVESTMENT IN FOREIGN OPERATIONS

As indicated in Note 3.2, where the decision is taken to finance a part of a capital investment in a foreign operation using specific debt contracted by the Group companies that invest in project capital, the debt is usually obtained in the same project currency and acts as a natural hedge of foreign exchange risk.

With respect to net investments in foreign operations, foreign exchange differences arising from the monetary component of the investment are recognised as currency translation differences in equity.

Set out below is a breakdown of the Ferrovial Group's hedges of net investments in foreign operations:

2008	BAA (sterling)
Investment in foreign operation	2.294
Currency debt (hedge)	-1,317
Net investment in foreign operations	**977**

Million euro

The main change with respect to 2007 is the exclusion of Swissport from these natural hedges, as Swissport's debt was replaced in 2008 by euro-denominated debt.

2007	BAA (sterling)	Swissport (Swiss francs)
Investment in foreign operation	2,532	1,286
Currency debt (hedge)	-1,362	-713
Net investment in foreign operations	1,170	573

Million euro

12. Non-current assets and liabilities held for sale

Non-current assets and liabilities held for sale are assets or liabilities that will foreseeably be sold within one year, as described in Note 2.3.12. These assets and liabilities relate to the Airports Division and the Toll Roads and Car Parks Division, involving the following specific companies:

	31/12/08		31/12/07	
	Assets	Liabilities	Assets	Liabilities
Airports	**2,563**	**1,679**	**1,088**	**362**
Airport Property Partnership	0	0	592	276
World Duty Free	0	0	496	86
Gatwick Airport Ltd.	2,563	1,679	0	0
Toll roads and Car parks	**1,708**	**1,484**	**0**	**0**
Car parks	452	275	0	0
Chilean toll roads	1,256	1,209	0	0
Other	**7**	**0**	**8**	**1**
Held for sale	4,278	3,163	1,096	363

Million euro

In May 2008, in the Airports Division, the assets and liabilities of World Duty Free were sold (see Note 30 on other profit). Additionally, in June and November 2008 a part of the assets of Airport Property Partnership were sold and the remaining assets were recognised in the relevant balance sheet accounts, as the requirements of IFRS 5 to classify the assets as held for sale were not longer fulfilled.

Also in the Airports Division, at 31 December 2008 Gatwick Airport is carried in assets and liabilities held for sale. The sale is due for completion in June 2009. The assets of Gatwick Airport recognised as held for sale consist mainly of investments in infrastructure projects (1,835 million euro) and goodwill (511 million euro). Liabilities comprise borrowings related to the refinancing of the BAA acquisition, in the amount of 1,087 million euro, and deferred tax liabilities amounting to 359 million euro.

The BAA Group recognised an operating profit of 106 million euro (85 million GBP) and net income of 30 million euro (29 million GBP) from Gatwick Airport in 2008.

In the consolidated financial statements of the FGP Topco Group, Gatwick Airport Ltd is carried as a discontinued operation, as one of the Group's primary business segments. This is not the case in the Ferrovial Group, as Gatwick Airport forms part of the Airports segment and has therefore been recognised in assets and liabilities held for sale.

On 28 October, Cintra's Board of Directors decided to undertake the divestment of its shareholdings in Cintra Aparcamientos, S.A. and in Cintra Chile Ltda. Cintra Aparcamientos manages close to 300,000 parking spaces in Spain, United Kingdom and Andorra. Cintra Chile is the principal shareholder of five toll road concession companies on Ruta 5 to the south of Santiago de Chile. The Chilean toll roads are mature toll roads, all of which have been operating for several years and show limited traffic risk, as the concession companies are entitled to compensation should traffic volumes fall. Cintra has decided to implement an asset rotation policy that affects its interests in these two companies. Advisors have been contracted and the two sale processes have commenced. The Company aims to close negotiations for both operations in the first half of 2009.

As in the case of Gatwick Airport Ltd, in the consolidated financial statements of the Cintra Group both the Chilean toll roads and the car parks have been treated as discontinued operations, as a primary business or geographical segment of the Cintra Group. This is not the case in the Ferrovial Group, where they form part of the Toll roads and Car parks segment and are therefore carried as assets and liabilities held for sale.

The main Car park assets and liabilities carried as held for sale are intangible assets (106 million euro), property, plant and equipment (211 million euro), current assets (72 million euro), other current liabilities (191 million euro) and borrowings (51 million euro). The main assets and liabilities pertaining to the Chilean toll roads carried as held for sale are investments in infrastructure projects (1,000 million euro) and long-term borrowings (1,045 million euro).

The Group's consolidated financial statements reflect income after tax of 22 million euro (net income of 15 million) from the Car parks business. The Chilean toll roads obtained a result after tax of -67 million euro (net result of -46.9 million euro), which is also recognised by the consolidated Group.

Finally, at year-end 2008 the Group records other assets of the Budimex Group (7 million euro) relating to companies held for sale. The related sale processes are both due for completion in the first quarter of 2009. No losses or profits have been recognised in the income statement in respect of these companies.

13. Inventories

Inventories are analysed below at 31 December 2008 and 2007:

Items	Balance at 31/12/08	Balance at 31/12/07	Change
Land lots and unbuilt land	159	167	-8
Raw materials and other supplies	155	132	23
Real estate in progress and other	194	194	0
Provisions	-1	3	-4
Total	**507**	**496**	**11**

Million euro

Inventories amounting to 159 million euro (240 million euro at 31 December 2007) relate to the real estate business in Poland, comprising land lots, unbuilt land and real estate, of which inventories totalling 138 million euro are subject to ownership restrictions or pledged to secure liabilities (131 million euro at 31 December 2007).

14. Trade and other receivables

Set out below is a breakdown of Trade and other receivables at 31 December 2008 and 2007:

Items	Balance at 31/12/08	Balance at 31/12/07	Change
Trade receivables	3,158	3,487	-329
Guarantee withholdings	171	203	-31
Completed work pending certification	564	448	116
Total trade receivables for sales and services	**3,893**	**4,138**	**-245**
Other receivables	525	462	63
Receivable from public authorities	196	196	0
Total other receivables	**720**	**658**	**62**
Current deferred tax assets	**36**	**156**	**-120**
Provision for doubtful trade receivables	-213	-147	-66
Other provisions for receivables	-31	-26	-4
Total provisions	**-243**	**-173**	**-70**
Total	**4,405**	**4,779**	**-374**

Million euro

Bad debt provisions are recognised as described in Note 2.3.7.C. Movements in trade provisions are set out below:

Movements in provision	2008	2007	Change
Opening balance	-173	-149	-24
Charges to the income statement	-60	-36	-24
Reductions/Applications	-25	13	-38
Effect of exchange rate	14	-1	15
Transfers to assets held for sale	1	0	1
Closing balance	**-243**	**-173**	**-70**

Million euro

The item «Other receivables» includes amounts arising outside the ordinary course of business in each segment and advance payments to suppliers.

The item «Receivable from public authorities» includes balances receivable from public authorities other than income tax.

Group management considers that the carrying amounts of trade receivables approximate their fair values.

Set out below is a breakdown of trade receivables for sales and services by business segment, distinguishing between public authorities and private customers.

Balances 2008	Public authorities		Private customers		Total
Construction	1,093	62.93 %	644	37.08 %	1,737
Services	1,073	66.59 %	538	33.39 %	1,611
Airports	0	0.00 %	364	100.00 %	364
Toll roads and Car parks	29	16.15 %	152	83.85 %	181
Adjustments	0	0.00 %	0	100.00 %	0
Closing balance	**2,195**	**56.38%**	**1,698**	**43.61%**	**3,893**

Million euro

It may be observed from the above table that 56.38 % of the Group's customers are public authorities. The most significant balances receivable from private customers relate to the Services Division. In order to manage credit risk relating to private customers, the Construction Division has implemented pre- and post-contracting measures. Pre-contracting measures include the consultation of debtor registers, ratings and solvency studies, while post-contracting measures during the execution of construction work include the follow-up of contractual incidents and payment default.

15. Other complementary information on construction contracts and other contracts recognised on a percentage-of-completion basis

At 31 December 2008, the Trade receivables item includes a deduction of 120 million euro (69 million euro at 31 December 2007) relating to German-method contracts and customer promissory notes discounted prior to maturity. These assets have been written off the balance sheet since it is considered that they meet the conditions stipulated in paragraph 20 of IAS 39 regarding the derecognition of financial assets.

Finally, with respect to Construction contracts and Services, set out below is a breakdown of ordinary revenues recognised during the period and contracts in progress at the closing date:

	Construction 31/12/2008	Services 31/12/2008	Total	Construction 31/12/2007	Services 31/12/2007	Total
Ordinary revenue recognised during the period	5,164	707	5,871	5,202	323	5,525
Contracts in progress at year end						
Cumulative costs incurred	-4,952	121	**-4,831**	-4,933	252	**-4,681**
Cumulative gains recognised	212	17	**229**	283	22	**306**
Advances received	292	0	**292**	268	0	**268**
Withholdings	175	1	**176**	201	2	**203**
Completed work pending certification	465	23	**488**	388	61	**449**
Advances on certification	719	-3	**717**	629	-6	**623**

16. Equity

Set out below are movements in equity during 2008:

	Capital and reserves attributable to equity holders	Minority interest	Equity
Equity 1.01.2008	**3,912**	**2,936**	**6,848**
Consolidated result for the year	-838	-812	-1,650
Impact of derivatives on reserves	-702	-494	-1,196
Impact of pension deficit on reserves	-105	-24	-129
Currency translation differences	-381	-304	-685
Dividends paid	-178	-70	-248
Capital increases/reductions	0	294	294
Movement in treasury shares	-92	-27	-119
Scope changes (PIK+Cintra)	0	600	600
Other movements	-37	13	-24
Equity 31.12.2008	1,579	2,113	3,692

During 2008, equity decreased significantly, by -3,156 million euro, due to the factors explained below:

- Movements affecting equity attributable to both the parent company and minority interest:

  A significant part of the effect of the result for the year, as explained in Note 25, was due to the recognition of a loss by BAA caused by the abolition of the Industrial Building Allowance.

This entailed a decline in the results attributed to the Airport Division's parent company and to minority interest of 871 million euro and 688 million euro, respectively. Setting aside this impact, consolidated results would have amounted to 33 million euro attributed to the parent company and -125 million euro attributed to minority interest. Currency translation differences had an impact of -522 million euro on the parent company and -416 million euro on minority interest. Setting aside this impact, total equity would have amounted to 2,308 million euro attributed to the parent company and 2,689 million euro attributed to minority interest.

As regards the effect of the recognition of changes in the value of the effective portion of the derivative financial instruments contracted by the Group and designated as hedges, as explained in Note 11, 94% of the movements in the fair value of hedges relates to interest-rate swaps. The main impact was caused by fluctuations in market reference rates. The main changes occurred in the Toll Roads and Car Parks Division, entailing an impact on equity attributed to the parent company and to minority interest of -377 million euro and -314 million euro, respectively, relating basically to the companies Chicago Skyway, Indiana Toll Road, SH-130 and BAA, which had an impact of -227 million euro on the parent company and -179 million euro on minority interest.

The main movements in currency translation differences during 2008 were caused by the 30.1% appreciation of the euro against pounds sterling, the exchange rate having risen from 0.7354 at December 2007 to 0.9570 in 2008. As explained in Note 3.2 on foreign exchange risks, the Group's main investment in sterling is due to the acquisition of the BAA Group in 2006. The effect on currency translation differences of this net investment in the specific sterling debt (see the section on net investment in foreign operations in Note 11) amounted to -297 million euro in the parent company and -295 million euro in minority interest. Moreover, the Group holds sterling investments in the United Kingdom through the Amey Group, having an impact of -108 million euro on currency translation differences in 2008.

The item «Actuarial gains/(losses) on defined benefit plans» reflects the impact on equity of actuarial losses and gains arising from adjustments to and changes in assumptions relating to the Group's defined benefit plans (see Note 18), entailing an impact in 2008 of -105 million euro and -24 million euro attributed to the parent company and to minority interest, respectively.

The payment of dividends, basically relating to Grupo Ferrovial, and treasury share transactions are also reflected. As regards the movements in treasury shares, the impact of -105 million euro on the parent company and -24 million euro on minority interest includes the purchase of treasury shares by Grupo Ferrovial in the amount of 50 million euro and the acquisition by Cintra of 9.7 million treasury shares during 2008, representing 1.7% of Cintra's capital, for the sum of 68 million euro.

- Movements affecting equity attributable to minority interest:

  There was a positive impact of 600 million euro due mainly to the capitalisation in June 2008 of the PIK debt granted by GIC to FGP Topco, the BAA Group's parent company, entailing a reduction in Grupo Ferrovial's interest in BAA from 61.06% to 55.87%.

  Also reflected is the capital increase in BAA in June 2008, which increased equity attributable to minority interest by 278 million euro.

Set out below is an analysis of movements in equity in 2008 and 2007:

	Movements in 2008							
Changes in equity in 2008	**Share capital**	**Share premium**	**Treasury shares**	**Other reserves (1)**	**Retained earnings (2)**	**Capital and reserves attributable to equity holders**	**Minority interest**	**Equity**
Balance at 1.01.2008	140	193	-21	-112	3,712	**3,912**	**2,936**	**6,848**
Consolidated result for the year					-838	**-838**	**-812**	**-1,650**
Net income/expense recognised directly in equity				-1,188		**-1,188**	**-822**	**-2,010**
Dividends paid					-178	**-178**	**-70**	**-248**
Capital increases/reductions							**294**	**294**
Movement in treasury shares			-50	-42		**-92**	**-27**	**-119**
Scope changes						**0**	**600**	**600**
Other movements	0	0	0	0	-37	**-37**	**13**	**-25**
Balance at 31.12.2008	**140**	**193**	**-72**	**-1,342**	**2,658**	**1,578**	**2,113**	**3,691**

Million euro

(1) Mainly includes reserves arising from the measurement of derivatives, pensions and currency translation differences.

(2) Includes results for the year and undistributed prior-year reserves.

	Movements in 2007							
Changes in equity in 2007	**Share capital**	**Share premium**	**Treasury shares**	**Other reserves (1)**	**Retained earnings (2)**	**Capital and reserves attributable to equity holders**	**Minority interest**	**Equity**
Balance at 1.01.2007	140	193	-9	60	3,120	**3,504**	**3,158**	**6,662**
Consolidated result for the year					734	**734**	**104**	**838**
Net income/expense recognised directly in equity				-172		**-172**	**-275**	**-447**
Dividends paid					-114	**-114**	**-70**	**-184**
Capital increases/reductions							**39**	**39**
Movement in treasury shares			-12		-6	**-18**		**-18**
Scope changes							**-31**	**-31**
Other movements					-22	**-22**	**13**	**-9**
Balance at 31.12.2001	**140**	**193**	**-21**	**-112**	**3,712**	**3,912**	**2,936**	**6,848**

Million euro

(1) Mainly includes reserves arising from the measurement of derivatives, pensions and currency translation differences.

(2) Includes results for the year and undistributed prior-year reserves.

A. SHARE CAPITAL AND SHARE PREMIUM

At 31 December 2008, Grupo Ferrovial, S.A.'s share capital consists of 140,264,743 fully-subscribed and paid shares with a par value of one euro each, all carrying the same rights. The share premium amounts to 193,192 thousand euro and is a distributable reserve. At 31 December 2008, the shareholder that owns more than 10% of Grupo Ferrovial, S.A. is Portman Baela, S.L., which holds a 58.315% interest (same as in 2007). The shares of the parent company are listed on the continuous market of the Spanish stock exchanges and all carry the same voting and dividend rights.

B. TREASURY SHARES

Treasury share transactions effected to December 2008 in the amount of 50 million euro added 1,227,374 treasury shares to the portfolio, at an average acquisition price of 40.7 euros. At 31 December 2008, the parent company or its subsidiaries held a total of 1,527,374 treasury shares representing 1% of Grupo Ferrovial S.A.'s share capital.

C. OTHER RESERVES

Movements in Other reserves in 2008 and 2007 are as follows:

Movements during 2008	Currency translation differences	Hedge transactions	Defined benefit plans	Other items	Other reserves
Balance at 1.01.2008	-144	-164	217	-21	-112
Additions	62	-702	-105	-42	62
Disposals	-443				-1,292
Balance at 31.12.2008	**-525**	**-866**	**112**	**-63**	**-1,342**

Movements during 2007	Currency translation differences	Hedge transactions	Defined benefit plans	Other items	Other reserves
Balance at 1.01.07	126	11	-69	-8	60
Additions		3	286	-13	276
Disposals	-270	-178			-448
Balance at 31.12.07	**-144**	**-164**	**217**	**-21**	**-112**

D. RETAINED EARNINGS

Set out below is an analysis of retained earnings for 2008 and 2007:

Retained earnings	Balance at 31/12/08	Balance at 31/12/07	Change
Profit or loss attributable to the parent company	-838	734	-1,572
Distributable reserves	3,463	2,945	518
Non-distributable reserves	33	33	0
Total	**2,658**	**3,712**	**-1,054**

Million euro

The movement of -1,054 million euro in retained earnings during 2008 is due basically to the result for the year (-838 million euro) and to the dividend pay-out (-178 million euro).

Set out below is a breakdown of non-distributable reserves:

Non-distributable reserves	Balance at 31/12/08	Balance at 31/12/07	Change
Legal reserve	28	28	0
Reserve for treasury shares	3	3	0
Revaluation reserve	2	2	0
Parent company's non-distributable reserves	**33**	**33**	**0**

Million euro

E. INCOME AND EXPENSE RECOGNISED DURING THE YEAR. BREAKDOWN.
Retail off concepts

Set out below is a breakdown of movements in equity in respect of income and expense recognised during 2008 and 2007:

Income and expense recognised in 2008	Capital and reserves attributable to equity holders	Capital and reserves attributable to minority interest	Total equity
Gains/(losses) on hedging instruments	-702	-494	-1,196
Actuarial gains/(losses) on defined benefit plans	-105	-24	-129
Gains/(losses) due to policy changes	0	0	0
Currency translation differences	-381	-304	-685
Income and expense recognised directly in equity	**-1,188**	**-822**	**-2,010**
Consolidated result for the year	-838	-812	-1.650
Total income and expense recognised in 2008	**-2,026**	**-1,635**	**-3,661**

Million euro

Income and expense recognised in 2007	Capital and reserves attributable to equity holders	Capital and reserves attributable to minority interest	Total equity
Gains/(losses) on hedging instruments	-175	-121	-296
Actuarial gains/(losses) on defined benefit plans	286	143	429
Gains/(losses) due to policy changes	-13	0	-13
Currency translation differences	-270	-297	-567
Income and expense recognised directly in equity	**-172**	**-275**	**-447**
Consolidated income for the year	734	104	838
Total income and expense recognised in 2007	**562**	**-171**	**391**

Million euro

F. NON-GROUP COMPANIES WITH SIGNIFICANT INTERESTS IN SUBSIDIARIES

At 31 December 2008, the following Group companies had other non-Group shareholders with interests of 10% or more:

Ferrovial group subsidiary	Non-group %	Non-group shareholder
Construction		
Budimex S.A.		Cotiza en Bolsa
Concessions		
407 International Inc.	16.77% -- 30.00%	SNC Lavalin -- Macquarie Infraestructure Group
Autopista del Sol, C.E.S.A.	20.00%	Unicaja
Autopista Terrasa Manresa, S.A.	23.73%	Acesa (Autopista Concesionaria Española, S.A.)
Autopista Trados-45, S.A.	50.00%	Abertis
Autopista Temuco Río Bueno	25.00%	Fondo Las Américas
Autopista Talca-Chillán	23.57% -- 8.53%	Sodeia -- Delta
Inversora de Autopistas del Sur, S.L.	25.00% -- 10.00% -- 10.00%	Europistas -- E.N.A. -- Caja Castilla La Mancha
Inversora Madrid Levante	40.00% -- 5.00% -- 3.16%	Europistas -- Kutxa -- Budimex
Eurolink Motorway Operation (M4-M6)	34.00%	SIAC
Skyway Concession Company Holding	45.00%	Macquarie Infraestructure Group
SH-130 Concession Company	35.00%	Zachry Toll Road
Statewide Mobility Partners LLC	50.00%	Macquarie Infraestructure Group
Autostrade Lombardia SPA	32.00%	Merloni Finanziaria SPA
Nea Odos	33.33% -- 33.33%	Grupo ACS -- GEK Group
Central Greece	33.33% -- 33.33%	Grupo ACS -- GEK Group
Airports		
FGP Topco Ltd	17.65% -- 26.48%	Britannia Airport Partners L.P. -- Baker Street Investment Pte Ltd
Services		
Gesmat, S.A.	40.00%	Consorcio de Servicios Públicos Medioambientales de la provincia de Toledo
Ingeniería Ambiental Granadina S.A.	20.00%	Ayuntamiento de Granada
Empresa de Mantenimiento y Explotación M-30	33% -- 17.00%	Dragados -- API Conservación, S.A.
Tube Lines (Holding) Limited	33.33%	UIC Transport (JNP) Limited

Million euro

G.

1. Dividend pay-out proposal

The Board of Directors proposes the following distribution of profits:

- No appropriation is made to the legal reserve since the balance has reached 20% of share capital.
- Grupo Ferrovial S.A.'s income for the year totalled 109,697,642.33 euros, to which the interim dividend paid on 17 November 2008 will be charged in the amount of 69,507,184.50 euros. The remaining amount will be taken to voluntary reserves in the amount of 40,190,457.83.

2. Liquidity statement and interim dividend

On 30 October 2008, the Board of Directors agreed the following:

- Pay out to the shareholders an interim dividend for the 2008 financial year of 0.50 euros per share, entailing a total interim dividend of 69,507,184.50 euros
- Pursuant to Article 216 of the revised Spanish Companies Act, prepare the following unaudited liquidity statement showing the existence of sufficient liquidity at 30 September 2008 to distributed the above-mentioned amount on account of the dividend:

Net income for the period 1 January to 30 September 2008	74,941
Maximum possible pay-out	74,941
Amount proposed and paid out	-
Available liquidity	284,370
Gross interim dividend	-
Available liquidity after pay-out	-

On 17 November 2008, the interim dividend was paid out in a gross amount of 69,507 thousand euro or 0.5 euros per share. In 2007, the dividend amounted to 1.15 euros per share (interim dividend of 0.38 euros per share and supplementary dividend of 0.77 euros per share).

Pursuant to Article 216 of the revised Spanish Companies Act, the amounts to be distributed did not exceed the results obtained since the end of the previous financial year, after deducting estimated income tax payable on the results and the amount that must be taken to legal reserves.

17. Deferred income

Movements in this caption during 2008 are set out below:

Movimiento de 2008	Saldo a 01/01/08	Variac. Perímetro	Adiciones	Retiros	Efecto tipo de cambio	Saldo al 31/12/08
Subvenciones	**180**	0	31	-2	0	**209**
Otros ingresos a distribuir	**142**	0	18	-33	-14	**113**
Total	322	0	49	-35	-14	322

Millones de euros

Movimiento de 2007	Saldo a 01/01/07	Variac. Perímetro	Adiciones	Retiros	Efecto tipo de cambio	Saldo al 31/12/07
Subvenciones	173	0	18	-11	0	**180**
Otros ingresos a distribuir	131	0	27	-13	-3	**142**
Total	304	0	45	-24	-3	322

Millones de euros

- Grants are carried at fair value when it is reasonably certain that the relevant amount will be collected (see Note 2.3.14)
- The main movements in 2008 took place in the toll roads segment, in the Greek concession holder Central Greece Motorway, which obtained a grant of 25 million euro.
- The increase in other deferred income relates basically to the restoration of financial balance in Euroscut Norte by the administration «Estradas de Portugal». The remaining change is due to the reclassification to discontinued operations of the Chilean toll roads and the car park business by Cintra S.A.

18. Pension provisions and surplus

A. DEFINED BENEFIT PLANS

The most significant movements during 2008 were the increase in Grupo Amey's pension deficit (recognised liability of 92 million euro in 2007 and 131 million euro in 2008) and the reduction in the Grupo BAA's pension surplus (65 million euro recognised in assets in 2008 as compared with 165 million euro in 2007). In both cases, the amount of the obligations and the value of the assets declined due to the depreciation of sterling during 2008, entailing a net impact (assets – obligations) of 35 million euro in Amey and 24 million euro in BAA.

The value of the assets also fell due to the revision of actuarial assumptions during the year, causing a decrease of 141 million euro in Grupo Amey and 274 million euro in Grupo BAA, excluding the effect of exchange rates, due mainly to the reduction in the expected return on assets from 4.5%-8.4% in 2007 to 2%-8% in 2008 for Amey and from 5.5%-8.2% in 2007 to 2%-7.6% in 2008 for BAA.

Pension obligations, net of the effect of exchange rates, also decreased in both cases (202 million euro in Grupo BAA and 65 million euro in Grupo Amey). This was due mainly to the increase in the discount rates applied, from 5.90% in 2007 to 6.30% in 2008 in Grupo Amey and from 5.80% in 2007 to 6% in 2008 for Grupo BAA.

Additionally, the Cespa Group has a number of retirement and length-of-service awards arranged by means of a single, fixed annual premium, which amounted to 0.6 million euro in 2008.

Amounts taken to equity in respect of actuarial gains and losses in 2008 totalled -95 million euro in Grupo Amey (98 million euro in 2007) and -86 million euro in Grupo BAA (508 million euro in 2007).

Set out below is an analysis of these pension plans showing movements during 2008 and 2007:

	Million euro 31/12/2008		Miillon euro 31/12/2007	
Defined benefit plans	**Amey Ltd Group**	**BAA**	**Amey Ltd Group**	**BAA**
Main assumptions				
Salary increases	3.5%-4.5%	4.40%	3.8%-4.8%	4.90%
Discount rate	6,30%	6.00%	5.90%	5.80%
Forecast inflation rate	3.00%	2.90%	3.30%	3.40%
Expected return on assets	2%-8%	2%-7.6%	4.5%-8.4%	5.5%-8.2%
Movements in pension obligation				
Opening obligation	747	2,918	913	3,478
Effect of exchange rate	-158	-619	-82	-311
Liabilities acquired	7	0	0	0
Cost of current services	18	71	37	129
Cost of past services	0	9	0	17
Borrowing costs	33	131	46	180
Actuarial gains/losses	-89	-355	-103	-514
Benefits paid and other	-35	-58	-64	-62
Closing obligation	**524**	**2,097**	**747**	**2,918**
Recognised liability/asset				
Closing obligation	-524	-2,097	-747	-2,918
Fair value of plan assets at year end	394	2,177	658	3,083
Subtotal	-131	80	-89	165
Other	1	-3	-3	0
Total	**-129**	**77**	**-92**	**165**
Movements in plan assets				
Opening fair value	658	3,083	653	3,146
Effect of exchange rate	-123	-643	-58	-276
Return on plan assets and acquired assets	38	150	49	196
Actuarial gains/losses	-183	-428	-5	-6
Employee contributions	5	17	7	20
Employer's contributions	28	73	42	97
Benefits paid and other	-29	-75	-30	-94
Closing fair value	**394**	**2,177**	**658**	**3,083**
Plan assets (fair value)				
Equity instruments	252	988	446	1,518
Financial assets	99	0	148	0
Borrowings	0	1.163	0	1,440
Buildings	17	0	20	0
Cash	26	26	44	125
Total plan assets	**394**	**2,177**	**658**	**3,083**
Impact on income statement				
Cost of current services	18	71	37	129
Borrowing costs	33	131	46	180
Return on plan assets	-38	-150	-49	-196
Other	-4	-8	-22	-18
Total recognised in the income statement	**10**	**44**	**12**	**95**

In addition to the above-mentioned defined benefit plans, the Swissport Group has pension plans the main details of which are set out below:

Million euro	**2008**	**2007**
Staff expenses	6	10
Actuarial gains and losses	-13	3
Recognised liability	-27	-1

As regards mortality assumptions, the BAA Group's pension obligations are calculated using the actuarial mortality tables, entailing an estimated life expectancy of between 84.8 and 85.9 years. In the case of the Amey Group, life expectancy is estimated at between 82 and 87 years of age for pension plan purposes.

Set out below is a sensitivity analysis showing the impact on results and equity of a change of 50 basis points in the discount rate:

	Annual impact on results		Annual impact on equity	
Analysis of discount rate sensitivity (+/- 50 b.p.)	After tax	After tax	After tax	After tax
+ 50 basis points	-13	-9	-131	-94
- 50 basis points	13	9	149	231

B. DEFINED CONTRIBUTION PLANS

The Group has one defined contribution plan, in Grupo BAA, which had an impact of 1.3 million euro on the income statement (Group total of 2 million euro in 2007).

19. Other provisions

Set out below is an analysis of other non-current and current provisions:

Movements	Provision for landfills	Provision for liabilities	Other provisions	Total
At 1 January 2008	**56**	**361**	**510**	**927**
Charged/(credited) to the income statement:				
Appropriations	4	408	113	525
Reversals		-16	-83	-99
Addition of discount	1			1
Transfers		-38	57	19
Applied during the year	-1	-35	-115	-151
Exchange differences		-36	-29	-65
At 31 December 2008	**60**	**644**	**453**	**1,157**
Analysis of total provisions:			**31/12/08**	**1/01/08**
Non-current			704	417
Current			453	510
			1,157	**927**

Million euro

A. PROVISION FOR LANDFILLS

This item contains the estimated cost of landfill closure and post-closure activities relating to the Cespa Group. The provision is calculated based on a technical estimation of the consumption of the total capacity of landfills. At 31 December 2008, a provision of 4 million euro is recognised.

B. PROVISION FOR LIABILITIES

The main balances relate to the Airports Division and specifically to the BAA Group, amounting to 115 million euro, for future compensation payments relating to the acquisition of the land for Heathrow Airport terminal 5. In the Construction Division, a provision of 43 million euro is recognised in respect of litigation in progress and undetermined indemnities or obligations, bank guarantees and other guarantees. In the Toll Roads Division, a provision is recorded in relation to the expropriation of land for the toll roads R-4 Madrid-Sur (348 million euro), Autopista Madrid-Levante (9 million euro), Autopista del Sol (11 million euro) and M-203 (3 million euro), entailing a total provision of 371 million euro (see Note 7 on investments in infrastructure projects). Finally, in the Services Division the Swissport Group recognises provisions totalling 48 million euro relating basically to insurance, indemnities for US airport workers and certain onerous warehouse contracts.

C. OTHER PROVISIONS

The main balances relate to the Construction Provision, comprising provisions for project completion totalling 244 million euro.

20. Net cash position

The following table contains an analysis by segment of net cash in order to reflect the Group's net borrowing situation. Net cash position refers to the balance of items included in cash and cash equivalents (including current restricted cash) and non-current restricted cash, less current and non-current borrowings (bank borrowings and bonds).

The presentation of the net cash position also distinguishes infrastructure projects from the Group's other companies, as follows:

	Balance 31/12/2008	Balance 31/12/2007	Change
Construction	1,944	1,876	68
Services	-1,337	-1,329	-8
Airports	-1,920	-2,182	262
Toll roads and Car parks	390	173	217
Corporate and other	-741	-478	-263
Net cash position without infrastructure projects	**-1,664**	**-1,938**	**274**
BAA	-13,017	-17,807	4,790
Other airports	8	-28	36
Toll roads and Car parks	-7,855	-8,743	888
Construction	-85	0	-85
Services	-1,498	-1,748	250
Net cash position of infrastructure project companies	**-22,448**	**-28,326**	**5,878**
TOTAL NET CASH	**-24,112**	**-30,264**	**6,151**

Million euro

A. INFRASTRUCTURE PROJECTS

- Analysis of the net cash position of infrastructure projects

  Set out below is an analysis of the net cash position of infrastructure projects in 2008:

	2008						
	Non-current restricted cash	Non-current investment	Current restricted cash	Other cash and cash equivalents	Borrowings	Intra-group transactions	Total net cash
BAA	0	0	85	448	13,378	-172	-13,017
Other airports	0	0	0	2	0	6	8
Toll roads	214	61	113	280	8,525	0	-7,855
Construction	0	0	0	5	90	-1	-85
Services	0	0	243	1	1,721	-21	-1,498
Net cash position of infrastructure projects	**214**	**61**	**441**	**736**	**23,713**	**-188**	**-22,448**

Million euro

- Cash and cash equivalents and restricted cash

  As indicated in the note on financial risks, infrastructure project financing contracts occasionally impose the obligation to open restricted accounts to cover short- or long-term obligations relating to the payment of principal or interest and infrastructure maintenance and operation. Restricted cash is classified as current or non-current depending on whether it must remain restricted for less than or more than one year. In any event, the funds are invested in highly-liquid financial products bearing variable interest. The type of financial product in which the funds may be invested is also restricted by the financing contracts or, where no restrictions are stipulated, under the Group's policy for the placement of cash surpluses.

  The balance sheet line «Restricted cash and other non-current financial assets» includes, in addition to non-current restricted cash, a balance of 54 million euro (91 million CAD) invested by the company 407 International Inc in asset-backed commercial paper (ABCPs), as explained in Note 10.

  Current balances are recognised in the balance sheet caption «Cash and cash equivalents», while non-current balances are included in «Financial assets».

  Set out below is a breakdown of current and non-current restricted cash balances by project:

	Balance 31/12/2008	Balance 31/12/2008
407 ETR	128	206
Chicago Skyway	36	40
ITR	15	27
EuroScut Algarve	19	0
EuroScut Norte	14	0
Chilean toll roads	0	29
Other	2	0
Non-current restricted cash	**214**	**302**
BAA	85	0
407 ETR	110	95
Chicago Skyway	0	8
ITR	0	1
Chilean toll roads	0	102
Tubelines and other Services Division projects	243	277
Other	4	0
Current restricted cash	**441**	**483**
Total restricted cash	655	785

Million euro

The item «Other cash and cash equivalents» relates to bank accounts and highly-liquid investments subject to interest rate risk.

- Breakdown of infrastructure project debt

  Set out below is a breakdown of current and non-current balances by project:

	31/12/2008			31/12/2007			Change		
	Bonds	Debts	Total	Bonds	Debts	Total	Bonds	Debts	Total
NON-CURRENT	9,787	13,029	22,816	13,628	14,977	28,605	-3,841	-1,948	-5,789
BAA	5,242	7,710	12,952	6,774	10,759	17,533	-1,532	-3,049	-4,581
Other airports	0	0	0	0	51	51	0	-51	-51
407 ETR	2,520	0	2,520	3,180	0	3,180	-660	0	-660
Skyway Concession Co. LLC	955	106	1,061	933	100	1,033	22	6	28
ITR Concession Company	0	1,225	1,225	0	1,143	1,143	0	82	82
Spanish toll roads	0	2,113	2,113	0	1,618	1,618	0	495	495
Chilean toll roads	0	0	0	1,052	153	1,205	-1,052	-153	-1,205
Other toll roads	110	1,077	1,187	117	856	973	-7	221	214
Construction	0	90	90	0	0	0	0	90	90
Tubelines and other Services Division projects	960	708	1,668	1,572	297	1,869	-612	411	-201
CURRENT	315	582	897	107	812	919	208	-230	-22
BAA	0	426	426	0	465	465	0	-39	-39
Other airports	0	0	0	0	0	0	0	0	0
407 ETR	281	0	281	47	0	47	234	0	234
Skyway Concession Co. LLC	6	4	10	0	4	4	6	0	6
ITR Concession Company	0	0	0	0	0	0	0	0	0
Spanish toll roads	0	102	102	0	271	271	0	-169	-169
Chilean toll roads	0	0	0	27	13	40	-27	-13	-40
Other toll roads	8	17	25	5	13	18	3	4	7
Construction	0	0	0	0	0	0	0	0	0
Tubelines and other Services Division projects	20	33	53	28	46	74	-8	-13	-21
TOTAL	10,102	13,611	23,713	13,735	15,789	29,524	-3,633	-2,178	-5,811

Million euro

The following table contains an analysis of the infrastructure project borrowings included in the net cash position, showing maturities and currencies. The fair value of the borrowings is also indicated:

Borrowings	Currency	Fair value 2008	Fair value 2007	Balance 31/12/08	2009	2010	2011	2012	2013	2014 and after	Total maturities
Bonds of infrastructure projects		8,246	13,075	10,102	242	472	322	1,000	414	7,864	10,314
BAA		3,596	5,784	5,242	0	0	0	1,000	414	4,038	5,452
	GBP	2,284	3,724	2,815	0	0	0	0	414	2,538	2,953
	EUR	1,312	2,060	2,427	0	0	0	1,000	0	1,500	2,500
Toll roads		3,670	5,691	3,880	242	472	322	0	0	2,846	3,882
	CAD	2,591	3,557	2,801	235	463	322	0	0	1,740	2,761
	USD	961	1,221	961	0	0	0	0	0	1,004	1,004
	EUR	118	154	118	7	9	0	0	0	101	117
	UF	0	759	0	0	0	0	0	0	0	0
Tubelines and other Services Division projects	GBP	980	1,600	980	0	0	0	0	0	980	980
Bank borrowings of infrastructure projects		14,058	15,957	13,611	202	846	2,771	1,725	1,584	6,346	13,474
BAA		8,500	11,224	8,136	90	307	2,722	1,212	1,452	2,123	7,906
	GBP	8,500	11,224	8,136	90	305	2,722	1,212	1,452	2,112	7,892
	EUR	0	0	0	0	3	0	0	0	11	14
Other airports	GBP	0	510	0	0	0	0	0	0	0	0
Toll roads		4,645	4,171	4,645	110	516	39	513	128	3,508	4,814
	CAD	0	0	0	0	0	0	0	0	0	0
	USD	1,448	1,247	1,448	0	0	0	0	0	1,510	1,510
	EUR	3,197	2,378	3,197	110	516	39	513	128	1,998	3,304
	UF	0	546	0	0	0	0	0	0	0	0
Construction	EUR	90	0	90	0	14	0	0	0	0	14
Tubelines and other Services Division projects	GBP	824	511	741	2	9	10	0	4	715	740
Total borrowings of infrastructure projects		22,304	29,032	23,713	444	1,318	3,093	2,725	1,998	14,211	23,788

Million euro

The differences between the total maturities of the borrowings and the reported debt balances at 31 December 2008 are explained mainly by the difference between the nominal values and carrying amounts of the debts, as certain adjustments are made in accordance with applicable accounting regulations.

The fair value reflected in the above table is calculated as follows:

- Fixed-interest borrowings: future cash flows are discounted at an equivalent market interest rate.
- Securities listed on an active market: carried at market value.
- Variable-interest borrowings: no significant differences are deemed to exist between the fair value of the borrowings and their carrying amount and therefore the carrying amount is used.

In order to complete the information on exposure to interest rate risk presented in Note 3, set out below is an analysis of debt components indicating the portion subject to fixed interest rates, the portion hedged by derivatives and variable-rate debt:

	Type of debt	Balance 31/12/08	%	Balance 31/12/07	%
Airports		13,380		18,049	
	Fixed	2,928	22%	6,628	37%
	Inflation-index fixed	2,309	17%	0	0%
	Hedged	4,919	37%	7,381	41%
	Variable	3,224	24%	4,040	22%
Toll roads		8,525		9,532	
	Fixed	2,215	26%	3,220	34%
	Inflation-index fixed	876	10%	1,007	11%
	Hedged	4,365	51%	3,790	40%
	Variable	1,069	13%	1,515	16%
Construction		90		0	
	Variable	90	100%	0	0%
Services		1,721		1,943	
	Fixed	1,354	79%	1,736	89%
	Inflation-index fixed	127	7%	0	0%
	Hedged	236	14%	201	10%
	Variable	4	0%	6	0%
Total borrowings of infrastructure projects		23,715		29,524	
	Fixed	**6,497**	**27%**	**11,584**	**39%**
	Inflation-index fixed	**3,312**	**14%**	**1,007**	**3%**
	Hedged	**9,520**	**40%**	**11,372**	**39%**
	Variable	**4,387**	**18%**	**5,561**	**19%**

Set out below is a comparative analysis of borrowings not utilised at the year end:

Balances at 31/12/2008	Debt limit	Borrowings	Available	Reported debt
Airports	**16,939**	**13,358**	**3,580**	**13,378**
BAA	16,934	13,358	3,575	13,378
Other airports	5	0	5	0
Toll roads	**10,623**	**8,695**	**1,928**	**8,525**
407 ETR	2,777	2,761	16	2,801
US toll roads	3,414	2,513	901	2,409
Spanish toll roads	2,374	2,294	80	2,216
Chilean toll roads	0	0	0	0
Other toll roads	2,058	1,127	931	1,099
Construction	**14**	**14**	**0**	**90**
Services	**2,477**	**1,720**	**757**	**1,721**
Total borrowings of infrastructure projects	30,052	23,788	6,265	23,713

Balances at 31/12/2007	Debt limit	Borrowings	Available	Reported debt
Airports	**19,777**	**17,094**	**1,728**	**18,049**
BAA	19,726	17,043	1,728	17,998
Other airports	51	51	0	51
Toll roads	**10,466**	**9,845**	**934**	**9,532**
407 ETR	3,227	3,188	0	3,227
US toll roads	2,433	2,229	253	2,180
Spanish toll roads	1,947	1,951	58	1,889
Chilean toll roads	1,428	1,485	183	1,245
Other toll roads	1,431	993	440	991
Construction	**0**	**0**	**0**	**0**
Services	**2,644**	**1,683**	**701**	**1,943**
Total borrowings of infrastructure projects	32,887	28,622	3,363	29,524

The differences between total borrowings and reported debt at 31 December 2008 are explained mainly by the difference between the nominal values and carrying amounts of the debts, as certain adjustments are made in accordance with applicable accounting regulations.

The available balance of 7,363 million euro (3,363 million euro at 31 December 2007) includes 4,673 million euro relating to BAA (1,728 million euro at 31 December 2007), which consists basically of credit lines obtained to finance investments. The main balance in the Toll roads segment also relates to amounts not utilised that were obtained to finance toll roads under construction.

Set out below is a more detailed description of interest rates, maturities and covenants for the main infrastructure project borrowings.

1. BAA's borrowings

The most significant movements in BAA's net cash position are the result of the following factors:

- Significant depreciation of sterling against the euro, having an impact of 3,957 million euro (1 euro = 0.7354 pounds sterling at 31 December 2007, as compared with 1 euro = 0.957 pounds sterling at December 2008).
- Reclassification of the Gatwick Airport Ltd debt to non-current assets and liabilities held for sale, in the amount of 1,071 million euro, of which 1,087 million euro relates to the refinancing of BAA (see details in Note 12).
- 3. In June 2008 the debt granted by GIC (shareholder of FGP Topco) was capitalised in the amount of 600 million, resulting in the 5.19% dilution of Grupo Ferrovial's shareholding to 55.87% from 61.06% at December 2007.
- 4. Refinancing of the BAA Group's acquisition debt, as explained below.

In August 2008 the refinancing of the acquisition debt, obtained by the consortium led by Grupo Ferrovial for the acquisition of the BAA Group in 2006, was completed. The refinancing process consisted of three key measures:

- Corporate reorganisation to establish a separate financing structure for the three regulated airports (Heathrow, Gatwick and Stansted) and the unregulated airports (Edinburgh, Glasgow, Aberdeen and Southampton)
- Creation of a long-term financing platform for the three regulated airports that includes 7,150 million GBP in banking facilities (bank borrowings and capex financing facilities) and the migration of bonds totalling 4,500 million GBP from BAA Airports Limited to BAA Funding Limited.
- Bank borrowing facilities totalling 1,255 million GBP for the unregulated airports.

1.1 Description of the debt

Set out below is a breakdown of Grupo BAA's debt for 2008 and 2007:

	2008	2007
Bonds	5,242	6,716
Back-stop facility	3,437	0
Subordinated debt	1,618	2,648
Unregulated airports	1,022	0
Toggle debt	780	893
European Investment Bank	434	0
Credit lines	249	1,333
Acquisition debt	0	5,383
Other borrowings	598	1,025
Total	13,380	17,998

Million euro

1.1.1 Bonds

In August 2008, as part of the BAA refinancing process, the bonds of BAA Airports Limited (formerly BAA Limited) were migrated to a new investment grade securitised structure that is ring fenced and backed by regulated assets. The bonds issued by BAA have a total nominal value of 4,500 million GBP (4,702 million euro). However, the consolidated balance sheets of FGP Topco and Ferrovial reflect a nominal value of 4,275 million euro, since FGP Topco acquired 25% of one of the series during the above-mentioned refinancing process, for a nominal value of 225 million GBP, which was eliminated on consolidation.

The carrying amount of the bonds is 5,016 million GBP (5,242 million euro), including transaction costs, amortisation, premiums and discounts. The difference between the nominal value and carrying amount of the bonds is explained by the fair value measurement of the bonds at June 2006 when the BAA Group was acquired by FGP Topco. Additionally, during the refinancing process the fair value of a part of the bonds was updated in August 2008, as explained in Note 26. The effective interest rate on the bonds was between 5.10% and 7.15% (4.80% and 5.90% at 31 December 2007). In August 2008, for the novation of the bonds, refinancing costs of 84 million GBP were incurred and included in the carrying amount of the bonds.

The total bond balance includes 2,815 million euro issued in pounds sterling and 2,427 million euro issued in euros, related risks having been hedged as explained in Note 11 on derivative financial instruments at fair value.

1.1.2 Back Stop Facility

En Agosto de 2008, como parte de la refinanciación de BAA, se concedió deuda por importe de 3.400 millones de libras (Senior refinancing facility) y 1.000 millones de libras (Junior refinancing facility) a las sociedades Heathrow Airport Ltd., Gatwick Airport Ltd., y Stansted Airport Ltd. («los prestatarios»). El importe asignado a Gatwick Airport Ltd. (deuda Senior por 650 millones de libras y deuda junior por 400 millones de libras) se incluye en el balance consolidado del grupo como pasivos no corrientes mantenidos para la venta a 31 de diciembre de 2008. Estas deudas tienen vencimientos entre 2010 y 2013. Los intereses de estas deudas están referenciadas al LIBOR con un margen de +2,00% para la deuda senior y +2,75% para la deuda junior. Los tipos de interés aumentan basándose en los siguientes tramos:

Senior Facility	
Less than 1,200 million GBP	1.25 %
Between 1,200 and 2,200 million GBP	1.50 %
Between 2,200 and 3,200 million GBP	1.75 %
More than 3,200 million GBP	2.00 %
Junior Facility	
Less than 330 million GBP	2.00 %
Between 330 and 660 million GBP	2.50 %
More than 660 million GBP	2.75 %

1.1.3 Subordinated debt

When FGP Topco initially acquired Grupo BAA, a subordinated loan (Subordinated Acquisition Facility) of 2,000 million GBP was obtained on 10 July 2006 and partially repaid in 2007. During 2008, 400 million GBP of this facility was repaid as part of the refinancing of BAA and the facility was novated from BAA Limited to BAA (SH) Limited. At 31 December 2008, this debt has a margin of 4.00% (same rate as at December 2007) and an outstanding balance of 1,548 million GBP (1,542 million euro), maturing in 2011.

1.1.4 Unregulated airports

Bank borrowings secured by BAA's unregulated assets total 1,255 million GBP (1,311 million euro), of which 978 million GBP (1,022 million euro) has been utilised. The borrowings have a seven-year term and the following costs:

Period	Cost
Year 1-3	175 pb
Year 4-5	215 pb
Year 6-7	240 pb

1.1.5 Toggle debt

This debt was contracted to finance the BAA acquisition. It is a super-subordinated debt and is therefore after the subordinated debt for creditor priority purposes. The debt has a nominal amount of 746 million GBP, matures on a perpetual basis and bears interest at the LIBOR rate + 6.89%. The margin will increase by 100 basis points up to a maximum of 16% as from June 2015.

1.1.6 European Investment Bank loan

The loan from the European Investment Bank (EIB) consists of 417 million GBP (excluding capitalised costs) and debt denominated in euros utilised in the amount of 13 million GBP in current and non-current balances. The EIB loan matures in 2022 and bears interest at a variable rate, with the exception of loan principal of 13 million GBP which is subject to a fixed interest rate of 6.21%. The EIB loan is carried at amortised cost.

1.1.7 Credit lines

In August 2008, BAA obtained bank credit lines the main features of which are analysed below:

	Amount utilised (million euro)	Amount utilised (million GBP)	Maturity	Interest rate
Regulated, capex	249	2,700	2013	Libor + 1 %-1.5 %
Regulated, working capital	0	50	2013	Libor + 1 %
Regulated, liquidity	0	600	364 days	Libor + 4 %
Unregulated, capex & working capital	0	255	2013	Libor + 1.75 %
Total	**249**	**3,605**		

1.1.8 Other borrowings

This item relates mainly to accrued unmatured interest.

1.2 BAA's debt covenants

The majority of the contracts include a number of conditions the infringement of which generates obligations for the borrower. These covenants are used by credit institutions to ensure that the concession companies fulfil the debt commitments acquired.

- BAA bonds and Back-stop facility: The covenants must be fulfilled pursuant to the ordinary terms of agreements within the designated group. The main details are set out below:

		Indicative limit	Dividend restriction (1)	Infringement (2)
Senior facility interest coverage ratio	Above	1.60	1.40	1.05
Junior facility interest coverage ratio	Above	1.40	1.20	n/a
Senior net debt to Total RAB	Below	0.70	0.70	0.925
Junior net debt to Total RAB	Below	0.85	0.85	n/a

(1) Prohibition on the pay-out of dividends by the company.
(2) In the event that the ratio is infringed, the company could be obligated to pledge its assets.

- Subordinated facility: contains a number of restrictions subject to movements in the loan covenants. On this basis, the covenants must be fulfilled within certain defined intervals and a minimum cash flow ratio is imposed. The levels of the ratios at 31 December 2008 were below 1:1 in the case of the coverage ratio and a minimum of 1.05:1 in the case of the cash flow ratio.
- With respect to the debt of the unregulated airports, the debt service coverage ratio must remain below 1.10:1 and the leverage ratio must not exceed 8.0:1.
- The toggle debt requires a ratio of consolidated net debt to adjusted RAB of below 96.5%.

All the FGP Topco Group's covenants are fulfilled at 31 December 2008.

1.3 Sureties and guarantees

Following the approval of the refinancing process, the assets of Heathrow, Gatwick and Stansted airports secure the back-stop facility, the above-mentioned credit lines, the bond issues and the subordinated debt. The assets of the unregulated airports secure related borrowings.

2. Toll road borrowings

The main movements in these borrowings during 2008 are described below:

- The most significant movement relates to the reclassification of the debt of the Chilean toll roads to liabilities held for sale and discontinued operations.
- 2. 407 International Inc has recognised an interest rate effect of 499 million euro that has reduced its debt and a refinancing operation that has caused debt to rise by 56 million euro.
- In 2008 Autema's debt maturing in the short term was refinanced and replaced by a long-term loan of 292 million euro from Group companies. Additionally, Cintra has restructured its shareholding in Autema from a financial viewpoint, allowing an extraordinary pay-out of 316 million euro. The new loan of 618 million euro granted to Cintra Inversora de Autopistas de Cataluña has a term of 27 years, eliminating future financing risk for the concession holder, since the debt is repayable at maturity. The margin on this new debt is between 140 and 160 basis points. The company has also obtained a liquidity line of 92 million euro.
- The change in the US toll roads debt is due mainly to the effect of the exchange rate, which caused an increase of 100 million euro.
- Debt also grew due to the inclusion of the borrowings of the toll roads SH130 (132 million euro) and Central Greece (50 million euro).

The main terms of the financing currently in force are described below:

- **ETR 407 – Canada –** Autopista 407 has a debt of 4,719 million CAD. This debt is structured on the basis of senior bond tranches totalling 3,690 million CAD maturing from 2009 to 2039. There are also junior and subordinated tranches of 165 million CAD and 780 million CAD, respectively, falling due in 2010 in the case of the junior tranche and 2011 and 2039 in the case of the subordinated tranche. The bonds maturing in 2009 were refinanced in January, as explained in Note 33.
  The obligations recorded by the company 407 International Inc include 84 million CAD issued in the form of a product named SIPS (Synthetic Inflation Protected Securities). This is a bond with a coupon that is linked solely to the inflation rate in Canada. This instrument is a hybrid of a nominal bond and a real return bond and the carrying amount is therefore adjusted to its market value as if it were a derivative.
- **Chicago Skyway –** This concession holder company is financed by a senior bond issue insured by F.S.A., structured as follows: (i) Series A of 439 million USD maturing in 2017; (ii) Series B of 961 million USD with a final maturity in 2026. It also has syndicated subordinated bank financing drawn down in the sum of 153 million USD, maturing in 2035.
- **Indiana Toll Road –** This toll road company has syndicated bank financing in three tranches: Tranche A has a limit of 3,248 million USD and is fully drawn; tranche B has a limit of 150 million USD, of which 72 million USD has been utilised; and the final tranche has a limit of 665 million USD of which 219 million USD has been drawn down. All three tranches mature in 2015 and the balance sheet reflects 50% of this debt.
- **SH -130 –** Syndicated bank financing in two tranches: Tranche A financed a part of the construction work, in the amount of 686 million USD, and tranche B provided liquidity during the first five years of operations, in the amount of 35 million USD. Both tranches finally mature in 2038. The company also has a TIFIA debt tranche to finance a part of the construction work, amounting to 430 million USD and maturing in 2048, and credit lines totalling 29 million USD to cover operational needs
- **Ausol I y II –** Both toll roads are financed by a syndicated structured bank borrowing facility with a limit of 487 million euro. This debt has been fully drawn down and is finally repayable in 2010.
- **M-45 –** Bank financing for a total of 139 million euro granted by a syndicate of banks and structured in three tranches: Tranche A of 23 million euro maturing in 2017; tranche B of 16 million euro maturing in 2013; and an EIB tranche of 100 million euro finally maturing in 2024. The balance sheet reflects 50% of this debt, on a proportionate basis.

Cintra Inversora de Autopistas de Cataluña – Following the refinancing of Autema's debt, a loan of 618 million euro maturing in 2035 was obtained.

- **Inversora de Autopistas del Sur / Radial 4 –** This company has syndicated borrowings of 556 million euro outstanding at 31/12/2008. Tranche A amounts to 97 million euro and matures in 2009; tranche B amounts to 100 million euro and falls due in 2011; and the EIB tranche amounts to 360 million euro and finally matures in 2032. This debt was refinanced in January 2009.
- **Inversora de Autopistas del Levante / Ocaña - La Roda –** This company has syndicated bank financing with a limit of 522 million euro maturing in 2012 and an outstanding balance of 484 million euro. This is a mini-perm operation arranged for long-term refinancing purposes.
- **N4/N6 Eurolink –** Financing consists of an EIB loan and a syndicated bank loan totalling 146 million euro that finally matures in 2027 and is fully utilised. Undrawn facilities totalling 14 million euro have been obtained to cover operating costs and interest payments. This company's financial structure includes subordinated debt of 38 million euro.
- **Eurolink M3 –** This company has a syndicated bank loan of 285 million euro, of which 257 million euro had been utilised at December 2008. The financial structure is based on a bridge loan with an outstanding balance of 14 million euro and financing of 243 million euro with final maturities in 2010 and 2025, respectively. It also has undrawn credit facilities to cover VAT payments, operating costs and interest payments in the amount of 18 million euro, 10 million euro and 20 million euro, respectively. This company's financial structure includes subordinated debt of 43 million euro.
- **Euroscut Algarve –** This company has structured debt in two tranches, one of which is formed by bonds totalling 117 million euro maturing in 2027 and the other by EIB borrowings of 130 million euro maturing in 2025 and fully utilised.
- **Euroscut Azores –** Syndicated bank financing of 347 million euro maturing from 2011 to 2034, in addition to a liquidity facility and a VAT facility of 11 million euro and 5.3 million euro with final maturities in 2014 and 2012, respectively. A total of 110 million euro had been drawn down at December 2008.
- **Euroscut Norte Litoral –** This company's financial structure is based on a syndicated loan that has been fully utilised in the amount of 309 million euro, maturing in 2026.
- **Nea Odos –** This company has a long-term syndicated loan totalling 401 million euro with a balance outstanding of 26 million euro at December 2008. The loan comprises four tranches: Financing of 113 million euro maturing in 2036, a bridge loan of 198 million euro that will be repaid at the end of the construction period using a Greek government grant, a liquidity facility of 38 million euro maturing in 2031, and a VAT facility of 52 million euro to 2011. The balance sheet reflects 33.34% of this debt on a proportionate basis.
- **Central Greece –** Syndicated structured financing of 1,537 million, of which 149 million euro had been utilised at 31 December 2008. This financing comprises four tranches: a loan of 266 million euro maturing in 2007, a bridge loan of 311 million euro maturing in 2012, a liquidity facility of 929 million euro maturing in 2037 and a VAT facility of 31 million euro maturing in 2013. The balance sheet reflects 33.34% of this debt on a proportionate basis.

The financial conditions (applicable interest rates) of the toll road debts are subject to the fulfilment of certain ratios based on financial figures such as EBITDA, net debt and consolidated equity. In general, the above-mentioned debts are subject to pledges of concession holder assets (receivables under insurance policies, current accounts, receivables under the concession contract, etc.), forming a package of guarantees for lenders. In some cases there is also a pledge on the concession holder company's shares.

he majority of the contracts include a number of conditions the infringement of which generates obligations for the borrower. These covenants are used by credit institutions to ensure that the concession companies fulfil the debt commitments acquired.

The most common covenants included in the majority of infrastructure project financing contracts are described below:

- Restrictions on the availability of cash balances, the most common being reserve accounts for debt servicing and for extraordinary maintenance.
- Payment of dividends to shareholders subordinated, for example, to the maintenance of required levels of restricted cash.
- Material adverse change or effect (MAC or MAE) clauses regulating cases in which a number of circumstances or facts have or could have a relevant adverse effect on the value, business, operations, assets or liabilities of the concession companies.
- Limit on the maximum volume of borrowings that may be obtained by the concession company.
- Limit on the level of default by the concession company, above which the debt could become payable (threshold cross default).
- Periodic disclosure obligations during the debt period.
- Fulfilment of financial ratios for borrowings and liquidity.

At December 2008, none of the applicable covenants had been infringed.

3. Construction borrowings

In the Construction Division, the increase in bank borrowings is due to the utilisation of 90 million euro by the company Concesionaria de Prisiones Lledoners, which commenced business in the first half of 2008.

4. Tubelines' borrowings

Tubelines' borrowings at 31 December 2008 totalled 1,962.2 million euro, of which 1,906.4 million euro falls due in the long term and 55.8 million euro falls due in the short term.

Of these borrowings, 1,684.1 million euro (non-current: 1,651.7 million euro; current: 32.4 million euro) consists of bank loans and, basically, of bonds issued in 2004 to refinance Tubelines' initial debt and EIB borrowings.

These bonds comprise a number of tranches the majority of which mature from 30 September 2007 to 30 September 2029 and bear fixed interest of between 5.54% and 11.18% per annum, payable quarterly. Where the interest rate becomes variable as from a specified date, Tubelines has contracted interest rate swaps to hedge the relevant risk.

In addition to the EIB borrowings and bonds, Tubelines recognises finance lease borrowings of 185.5 million euro (non-current: 169.8 million euro; current: 15.7 million euro). The finance lease was arranged by the UK public authority before the contract was awarded to Tubelines to finance the replacement of wagons and trains on the Northern Line. Tubelines recognises a receivable from London Underground in the same amount, as it collects from London Underground principal and interest accruing under the finance lease.

The balance sheet reflects 66.67% of this debt on a proportional basis.

B. OTHER COMPANIES

- Breakdown of the net cash position of other companies

Set out below is an analysis of the net cash position of other companies for 2008:

	Non-current restricted cash	Current restricted cash	Other cash and cash equivalents	Borrowings	Intra-group transactions	Total net cash
Construction	0	0	927	98	1,115	1,944
Services	0	5	187	515	-1,014	-1,337
Airports	0	0	58	1,583	-394	-1,920
Toll roads and Car parks	0	0	395	0	-5	390
Corporate and other	38	0	46	1,311	486	-741
Net cash of other companies	38	5	1,612	3,508	188	-1,664

Million euro

The main movements in the net cash position of other companies are explained in Note 31 on cash flow.

It should be noted that the balance in the column «Intra-group transactions» relates mainly to a loan granted in 2008 by Lernamara to FGP Topco in the amount of 172 million euro.

- Breakdown of borrowings of other companies

The following table shows bank loans and credit lines of other companies by business segment:

	Balance 31/12/08			Balance 31/12/07			
	Long term	Short term	TOTAL	Long term	Short term	TOTAL	Change
Construction	27	71	98	39	46	85	13
Services	298	216	515	395	120	515	0
Airports	1,583	0	1,583	1,921	34	1,955	-372
Toll roads and Car parks	0	0	0	37	3	40	-40
Corporate and other	870	441	1,311	636	105	741	570
Total borrowings of other companies	2,778	729	3,508	3,028	308	3,336	172

Million euro

The following table contains an analysis of debt maturities by currency. The fair value of the debt is also indicated in each case.

	Currency	Fair value 2008	Fair value 2008	Balance 31/12/08	2009	2010	2011	2012	2013	As from 2014	Total maturities
Construction		**98**	**109**	**98**	**26**	**2**	**1**	**24**	**0**	**22**	**56**
	EUR	84	32	84	19	0	0	0	0	22	41
	PLZ	14	54	14	7	2	1	4	0	0	14
	USD	0	23	0	0	0	0	0	0	0	0
Services		**515**	**986**	**515**	**196**	**57**	**28**	**68**	**24**	**106**	**478**
	EUR	237	544	237	54	17	15	9	20	85	201
	GBP	99	143	99	99	0	0	0	0	0	99
	USD	91	84	91	37	39	11	0	4	0	91
	CHF	59	194	59	1	0	0	58	0	0	59
	OTHER	28	21	28	4	1	1	1	1	20	28
Airports		**1,583**	**1,955**	**1,583**	**0**	**0**	**192**	**0**	**0**	**1,359**	**1,552**
	GBP	1,407	1,955	1,407	0	0	171	0	0	1,205	1,376
	EUR	176	0	176	0	0	21	0	0	155	176
Toll roads and Car parks		**0**	**40**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	EUR	0	40	0	0	0	0	0	0	0	0
Corporate and other		**1,311**	**647**	**1,311**	**378**	**415**	**253**	**187**	**83**	**0**	**1,315**
	EUR	1,085	574	1,085	367	298	202	153	83	0	1,103
	CHF	134	0	134	0	50	50	34	0	0	134
	PLZ	92	73	92	11	67	0	0	0	0	78
Total borrowings of other companies		**3,508**	**3,737**	**3,508**	**599**	**475**	**474**	**260**	**107**	**1,487**	**3,401**

Million euro

The differences between the total maturities of the borrowings and the reported debt balances at 31 December 2008 are explained mainly by the difference between the nominal values and carrying amounts of the debts, as certain adjustments are made in accordance with applicable accounting regulations.

In order to complete the information on exposure to interest rate risk presented in Note 3, set out below is an analysis of debt components indicating the portion subject to fixed interest rates, the portion hedged by derivatives and variable-rate debt.

	Type of debt	Balance 31/12/08	%	Balance 31/12/07	%
Construction		98		85	
	Fixed	3	3%	0	0%
	Hedged	28	28%	17	20%
	Variable	67	69%	68	80%
Services		515		515	
	Fixed	93	18.1%	0	0%
	Hedged	0	0.0%	81	16%
	Variable	421	81.9%	434	84%
Airports		1,583		1,955	
	Fixed	0	0%	0	0%
	Hedged	1,066	67%	1,359	70%
	Variable	517	33%	596	30%
Toll roads and Car parks		0		40	
	Fixed	0	0%	4	10%
	Hedged	0	0%	3	8%
	Variable	0	0%	33	83%
Corporate and other		1,311		741	
	Fixed	0	0%	0	0%
	Hedged	60	5%	0	0%
	Variable	1,251	95%	741	100%
Total borrowings of other companies		3,508		3,336	
	Fixed	**96**	**3%**	**4**	**0%**
	Hedged	**1,154**	**33%**	**1,460**	**44%**
	Variable	**2,257**	**64%**	**1,872**	**56%**

Set out below is a comparative analysis of borrowings not utilised at the year end:

	Balance at 31/12/2008			
Debts	Debt limit	Borrowings	Available	Consolidated debt
Construction	339	56	282	98
Services	700	479	221	515
Airports	1,582	1,552	30	1,583
Toll roads and Car parks	105	0	105	0
Corporate and other	1,616	1,315	301	1,311
Total borrowings of other companies	4,342	3,402	940	3,508

Million euro

	Balances at 31/12/2007			
Debts	Debt limit	Borrowings	Available	Consolidated debt
Construction	391	69	306	85
Services	758	496	243	515
Airports	2,082	1,920	127	1,955
Toll roads and Car parks	400	40	360	40
Corporate and other	1,114	739	373	741
Total borrowings of other companies	4,745	3,264	1,409	3,336

Million euro

The differences between total borrowings and reported debt at 31 December 2008 are explained mainly by the difference between the nominal values and carrying amounts of the debts, as certain adjustments are made in accordance with applicable accounting regulations.

Set out below is a more detailed description of interest rates, maturities and covenants for the main project borrowings of other companies:

1. Airports: Borrowings of Ferrovial Infraestructuras S.A

In April 2006, in order to finance the injection of capital into FGP Topco for the acquisition of BAA, Ferrovial Infraestructuras S.A contracted a sterling loan for a maximum sum of 1,850 million GBP, of which 1,800 million GBP was initially utilised. This loan has an eight-year term and includes the obligation to repay 200 million GBP in advance within the first three years (already repaid on a timely basis) and 540 million GBP within the first five years. At 31 December 2008 the balance of these borrowings stood at 1,583 million euro (of which 1,407 million euro was denominated in pounds sterling). A total of 171 million euro is therefore pending repayment in year five (the sterling debt matures in 2011). This loan accounts for 46% of the total borrowings of the Group's other companies, excluding project borrowings.

The loan bears variable interest at the LIBOR rate plus a margin that increases as follows: years 1 and 2: 0.65%; years 3 and 4: 0.80%; years 5 and 6: 0.95%; and years 7 and 8 1.10%. This increasing margin has been taken into account in the interest rate used to calculate reported financial expense. Of the balance outstanding at year-end 2008, 76% is hedged against LIBOR fluctuations by means of interest rate swaps.

Ferrovial Infraestructuras secured the loan by pledging 62% of the shares in Cintra S.A. and 100% of the shares in Ferrovial Aeropuertos (shareholder of Belfast Airport and Antofagasta Airport). The dividend and voting rights attaching to those shares are retained by Ferrovial Infraestructuras as shareholder. This loan is also subject to a debt coverage ratio whereby the market value of the pledged assets must be at least equal to 130% of the loan balance utilised (plus interest, fees and costs accrued and not settled). If this percentage is not reached, Ferrovial Infraestructuras S.A. must provide, at its own choice, either a guarantee from its parent company Grupo Ferrovial, S.A. or a bank guarantee for the necessary amount, to reach that percentage. The market value of Cintra's shares for the present purposes is the arithmetic mean of the daily closing share price during a ninety-day period prior to the calculation date of the debt coverage ratio, which is calculated quarterly. At the latest calculation date, 31 December 2008, the debt coverage ratio stood at 154.83%. Ferrovial Infraestructuras is also required to perform half-yearly measurements of the debt service coverage ratio (free cash flow/borrower's debt servicing) throughout the term of the contract and this ratio must remain above 1.05.

2. Corporate: Borrowings of Grupo Ferrovial, S.A.

The borrowings of Grupo Ferrovial S.A. at 31 December 2008 amount to 1,103 million euro, comprising a non-current portion of 740 million euro and a current portion of 363 million euro.

Grupo Ferrovial's borrowings bear variable interest at the EURIBOR rate plus a margin, there being no real property guarantees granted by the company in this respect.

Set out below is a breakdown of the main bank borrowings and related maturities (million euro):

	2009	2010	2011	2012	2013	Total
2004 financing contract	200	0	0	0	0	200
2006 financing contract	153	0	0	400	0	553
2008 financing contracts	0	75	100	75	83	333
Total	353	75	100	475	83	1,086

Million euro

Accrued unmatured interest amounted to 2 million euro at 31 December 2008.

In the Corporate Division, the borrowings of the company Marjesvhan in the amount of 120 million euro mature in 2010 and bear interest at the three-month EURIBOR rate plus a spread of 1.20%.

At December 2008, none of the applicable covenants had been infringed.

3. Services

Borrowings are described below:

- Non-current bank loans and debt (278 million euro). The main features of these borrowings are presented below by company:
  - Swissport (170 million euro). Bank loan maturing in 2012, bearing variable interest at the LIBOR rate.
  - Mantenimiento y explotación M-30 (99 million euro). Subordinated loan obtained by Madrid Calle 30, S.A. from Empresa de Mantenimiento y Explotación M-30, maturing in the long term.
- Long-term finance lease (21 million euro). Numerous finance leases arranged by Swissport and Grupo Cespa (9 million euro and 12 million euro, respectively), maturing as from 2009 and bearing fixed interest.
- Current bank loans and debt (207 million euro).
- Syndicated borrowings of 99 million euro obtained by Grupo Amey and maturing in 2009. This debt is due to be refinanced in the first quarter of 2009.
- Variable-interest credit lines of 84 million euro obtained by Grupo Cespa and maturing in less than one year.
- Short-term finance lease (10 million euro). Non-current portion of lease instalments and interest under the long-term leases.

21. Other non-current liabilities

Other non-current liabilities are analysed below:

Items	Balance at 31/12/08	Balance at 31/12/08	Change
Other long-term payables	105	141	-36
Other non-financial payables	84	37	47
Total	189	178	11

Million euro

The line «Other long-term payables» relates to non-current payables for property, plant and equipment totalling 12 million euro at 31 December 2008 (46 million euro at 31 December 2007). 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 toll road, totalling 69 million euro at 31 December 2008 (69 million euro at 31 December 2007).

The main increase in «Other non-financial payables» is due to the reclassification to this item of the subordinated debts of the minority shareholders of the companies Tube Lines and other Amey joint ventures, in the amount of 21 million euro and 10 million euro, respectively.

22. Trade and other payables

Set out below is an analysis of the remaining short-term, non-financial payables:

Items	Balance 31/12/08	Balance 31/12/07	Change
Trade payables	4,723	4,770	-47
Current deferred tax liabilities	178	309	-131
Other non-trade payables	735	937	-203
Total	5,635	6,016	-381

Million euro

The item «Other non-trade payables» includes balances other than income tax payable to public authorities in the amount of 278 million euro and 126 million euro at 31 December 2008 and 2007, respectively.

23. Tax matters

A. CONSOLIDATED TAX GROUP

Grupo Ferrovial, S.A. has been taxed under the tax consolidation system since 1993. The companies that form part of the tax consolidation group in 2008, together with Grupo Ferrovial, S.A., are 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 each the parent company of different tax groups.

B. EXPLANATION OF THE EFFECTIVE TAX RATE

1. Tax rates

Income tax expense is calculated at the tax rates in force in each country: Spain: 30%; Portugal: 26.5%; Canada: 33.5%; United States: 40.5%; Chile: 17%; Poland: 19%; Ireland: 12.5%; Italy: 31.40%; and United Kingdom: 28.5%. In accordance with International Financial Reporting Standards and standard practices in Spain, tax on repatriated profits generated abroad is also recognised, to the extent that there are plans to repatriate profits within a reasonable period of time

2. Effective tax rate

In 2008 and 2007, the Ferrovial Group recognised tax credits of 292 million euro and 172 million euro, respectively.

The income tax reflected in the income statement does not include the tax effect of 1,559 million euro (871 million euro attributed to the parent company) on the BAA Group due to the recognition by BAA of a deferred liability as a result of the abolition of the Industrial Building Allowance (IBA) in the United Kingdom. This effect is presented separately since the accounting treatment applied could complicate the interpretation of the financial statements, as explained in Note 25.

The effective rate is considerably higher than the tax rates in force in the countries in which the Group operates, for the following reasons:

- No taxation of capital gains on the sale by the BAA Group of its interest in World Duty Free (WDF) and on the sale of Belfast Airport described in Note 32, amounting to 180 million euro and 109 million euro, respectively.
- Capitalisation of the tax losses of the company 407 International Inc totalling 37 million euro, which had not previously been capitalised, as the circumstances that allow its future recovery are deemed to exist in the current year.
- Regularisation of the tax credit recognised in relation to real estate provisions, amounting to 31 million euro.

Taking into consideration the above-mentioned significant effects and excluding the impact of the IBA, the reconciliation between profit before income tax and the tax credit recognised in 2008 is as follows:

Profit before income tax	383
Average tax rate	**31.71%**
Tax expense at the average rate	-122
No taxation of the capital gains from WDF and Belfast Airport (difference with respect to the expense that would be recognised at the average rate)	-113
Capitalisation of tax losses of 407 International Inc	-37
Regularisation of real estate tax credit	-31
Other effects	11
Tax credit before IBA	**-292**
Industrial Building Allowance	1,559
Total tax expense	1,267

Million euro

In view of the significance of the Group's activities in the United Kingdom and the United States, set out below is a reconciliation of results before income tax and tax credits recognised in 2008 by country, excluding the impact of the IBA referred to above:

	2008				
	Spain	**United Kingdom**	**USA**	**Other countries**	**Total**
Country tax rate (a)	**30%**	**28.5%**	**40.57%**	**27.89%**	**31.71%**
Result before income tax	**-32**	**-390**	**-91**	**130**	**-384**
Tax calculated at the country tax rate	-10	-111	-37	36	-122
Consolidation adjustments (b)	-35	0	0	28	-7
Permanent differences (c)	-33	-70	-4	4	-103
Tax credits (d)	-2	0		-37	-39
Other	-5	6			1
Tax expense/(tax credit)	-84	-176	-41	30	-270
Change in estimation of deferred taxes					0
Update of tax rate	0	0		0	0
Regularisation of prior-year tax	-9	0	-1	-13	-22
Total tax expense/(tax credit)	**-93**	**-175**	**-42**	**17**	**-292**
Income tax expense as % of reported income before IBA					**76.25%**

Million euro

(a) For USA and Other countries, the weighted average tax rate has been used, this being the aggregate tax rate applied in each country, or state in the case of USA, in proportion to the result before tax generated in each case. (b) Regularisation of the tax credit recognised in relation to provisions in the real estate business. (c) Permanent differences relate mainly to the fact that no tax was levied on the gain from the sale of Belfast Airport and WDF. (d) Recognition of tax credits for tax-loss carryforwards and other deferred tax assets generated by 407 International Inc in previous years that had not previously been capitalised, due to the increase in the likelihood of their potential utilisation in coming years.

The reconciliation between results before income tax and the tax credits recognised in 2007 by country is as follows:

	2007				
	Spain	United Kingdom	USA	Other countries	Total
Country tax rate	32.50%	30%	40.31%	37.53%	31.87%
Result before income tax	477	303	-98	-16	666
Tax calculated at the country tax rate	155	91	-39	6	212
Consolidation adjustments	9	-12	-23	0	-26
Permanent differences	-151	70	2	6	-73
Tax credits		-3	-4	-17	-24
Other	-2	-1			-2
Tax expense/(tax credit)	**11**	**146**	**-65**	**-5**	**87**
Effective rate	2.31%	48.20%	66.29%	31.48%	13.08%
Change in estimation of deferred taxes	-41			-26	-67
Update of tax rate	3	-206		0	-203
Regularisation of prior-year tax	8		5	-2	11
Total tax expense/(tax credit)	**-18**	-60	**-60**	**-33**	**-172**
Income tax expense as % of reported income ex. IBA					-25.76%

Set out below is a breakdown of the tax credit for the year, excluding the impact of the IBA:

Breakdown of tax expense	2008 Total	2007 Total
Current-year expense	-1,666	253
Deferred tax	1,396	-166
Prior-year expense	-22	-259
Tax expense/(tax credit) for the year	-292	-172

C. RECONCILIATION OF REPORTED RESULTS AND TAXABLE RESULTS

In accordance with company legislation, set out below is the reconciliation of reported results and taxable results: As the Group generates its results in different countries subject to different tax rates, this reconciliation includes a breakdown of permanent differences and timing differences adjusted to Spain's 30% rate.

	2008			2007		
	Increase	Decrease	Total	Increase	Decrease	Total
Reported consolidated result for the year before taxes			-384			666
Permanent differences:						
Individual companies (Spain)	29	-150	**-121**	29	-472	**-443**
Individual companies (abroad)	108	-344	**-235**	265	-26	**239**
Net consolidation adjustments			**-27**			**-80**
Timing differences:						
Arising in the year	2,120	-1,385	**734**	1,441	-628	**813**
Arising in the year, deferred by BAA due to IBA abolition		-5,197	**-5,197**			
Arising in prior years	188	-380	**-192**	230	-530	**-300**
Offset of tax-loss carryforwards			**-88**			**-76**
Taxable result			-5,509			818

Million euro

D. MOVEMENTS IN DEFERRED TAXES

Balance as per balance sheet	2008	2007
Deferred tax assets	2,284	1,034
Deferred tax liabilities	3,450	3,138

Million euro

The deferred taxes reflected in the above table relating to the BAA Group have been included in the balance sheet using the same method applied by the BAA Group, whereby deferred tax liabilities are reflected net of deferred tax assets (560 million euro in 2008 and 379 million euro in 2007). Deferred tax liabilities and assets are analysed below without the effect of the above-mentioned offset:

Balance	2008	2007
Deferred tax assets	2,844	1,413
Deferred tax liabilities	4,009	3,517

Million euro

Movements in deferred tax assets and liabilities in 2008 and 2007 are set out below:

2008	Asset	Liability
Balance 31.12.07	**1,413**	**3,517**
Transfers and other	56	-178
Origination deferred by BAA due to IBA abolition		1,559
Originated in the year	636	416
Recovered	-114	-56
Impact on equity	1,104	-11
Assets held for sale	-143	-509
Exchange differences	-107	-729
Balance 31.12.08	**2,844**	**4,009**

Million euro

2007	Asset	Liability
Balance 31.12.06	**1,156**	**3,903**
Transfers and other	-262	-415
Originated in the year	468	204
Recovered	-172	-75
Impact of updated tax rate on results	-25	-225
Impact on equity	248	125
Balance 31.12.07	**1,413**	**3,517**

Million euro

Set out below is an analysis of the main deferred tax assets and liabilities recognised by the Group showing movements during 2008:

	Balance 01/01/08	Transfers and other	Charged / credited to income statement	Assets held for sale	Charged / credited to equity	Effect of exchange rate	Balance 31/12/08
Deferred tax assets							
Depreciation, concessions	**57**	-12	8	-2	0	-4	**46**
Capitalised financial expenses	**20**	-22	2	-1	0	-1	**-1**
Derivatives	**148**	0	-66	-9	660	1	**735**
Tax credits (a)	**397**	55	425	-3	0	-43	**830**
Provisions	**137**	25	56	-4	0	-10	**203**
Pension plans	**26**	-9	-6	0	35	-9	**36**
Market value	**154**	-45	100	0	0	-26	**183**
Other	**472**	65	3	-124	409	-14	**811**
Total	**1,413**	**56**	**522**	**-143**	**1,104**	**-107**	**2,844**
Deferred tax liabilities							
Goodwill	**92**	-1	17	0	0	-6	**102**
Derivatives	**65**	-34	47	0	9	2	**90**
Accelerated depreciation	**1,415**	-11	36	-158	0	-314	**968**
Gains	**1,464**	-70	13	-176	0	-352	**880**
Pension plans	**55**	0	5	0	-20	-20	**20**
Difference between carrying amount and tax value (IBA and discontinued)	**0**	0	1,559	-132	0	0	**1,427**
Other	**426**	-62	241	-42	0	-40	**523**
Total	**3,517**	**-178**	**1,918**	**-509**	**-11**	**-729**	**4,009**

Million euro

(a) In the case of toll road concession companies that continually post losses during the first phase of the projects, the balance of tax credits is written down in the amount of the deferred tax liabilities.

The Group has recorded the relevant deferred tax liability deriving from the amortisation of goodwill generated by the business combinations carried out.

In 2008 the Chilean toll roads, Gatwick Airport and the car parks business were reclassified to discontinued operations. This caused a decrease in deferred tax assets and liabilities totalling 143 million euro and 509 million euro, respectively.

Deferred tax assets recognised at 31 December 2008 are explained below:

- Recognition of tax credits for tax-loss carryforwards, the most relevant of which relate to the Airports business (260 million euro), Grupo BAA (205 million euro) and the Toll Roads Division (245 million euro).
- Fair value recognition of the BAA Group's borrowings as a result of the business combination referred to above (183 million euro).
- Measurement of derivative financial instruments (735 million euro) and the currency translation differences included in the item «Other» (429 million euro).

Deferred tax liabilities recognised at 31 December 2008 relate basically to the BAA Group (3,153 million euro). The main items are explained below:

- Difference between the carrying amount and the tax value of the airport terminals, classified as industrial buildings for tax depreciation purposes, due to the elimination of this expense for tax purposes as from 2011 (1,559 million euro).
- Accelerated depreciation of assets (784 million euro). This liability reflects the difference between the accounting and tax depreciation of the assets used in BAA's airport business and will reverse in future financial years once the assets are fully depreciated for tax purposes.
- Restatement of the BAA Group's investment property to fair value to the date of acquisition by Grupo Ferrovial (482 million euro). This liability relates to the difference between the value of these assets for accounting and tax purposes and will only be realised if the assets are transferred to third parties.
- Recognition of intangible assets (rights to operate commercial spaces and right to operate unregulated airports) and property, plant and equipment of the BAA Group at market value (207 million euro and 135 million euro, respectively) during the business combination following the acquisition of the BAA Group. This liability relates to the difference between the value of these assets for accounting and tax purposes and will only be realised if the assets are transferred to third parties.
- Tax provision for the shareholding in the BAA Group amounting to 233 million euro, included in the item «Other».

E. TAX CREDITS

At 31 December 2008, the Ferrovial Group companies recognise tax-loss carryforwards totalling 3,374 million euro, entailing a tax credit of 1,052 million euro, calculated at the tax rate applicable in each country.

Tax-loss carryforwards and tax credits recognised at the tax rate applicable in each country at 31 December 2008 are analysed below:

Country	Tax losses	Available until	Tax credit
Spain	1,363	2016-2027	409
United States	894	2025-2028	351
UK	744	No lapsing date	210
Switzerland	168	No lapsing date	29
Canada	162	2010-2027	48
Ireland	17	No lapsing date	3
Portugal	11	2008-2014	0
Poland	10	2008-2013	1
Chile, construction	5	No lapsing date	1
Total	3,374		1,052

Million euro

Additionally, the Group records tax deductions for investments and other items pending application at 31 December 2008 for a total of 208 million euro (186 million euro in 2007).

F. YEARS OPEN TO TAX INSPECTION

On 16 July 2007, Grupo Ferrovial, S.A., as the parent of the tax group, received notice of the start of an inspection of corporate income tax for the period 2002-2005

On 14 January 2008, Cintra, S.A., as the parent of its own tax group, also received notice of the start of an inspection of corporate income tax for the period 2003-2005

Several companies of the Ferrovial Group are undergoing general tax inspections of value added tax (2003-2005) and personal income tax (2003-2005).

Several companies of the Cintra Group are also undergoing general tax inspections of value added tax (2004-2005) and personal income tax (2003-2005).

As a result of actions that may be undertaken by the tax authorities in connection with the years open to inspection, contingent tax liabilities could arise that cannot be objectively quantified. Nonetheless, the parent company's Directors consider that any liabilities arising in this connection will not be material.

24. Contingent liabilities, contingent assets and commitments

A. LITIGATION

The Group records contingent liabilities in respect of litigation arising in the ordinary course of business from which no significant liabilities are envisaged other than the amounts provisioned. The most relevant litigation giving rise to contingent liabilities is described below:

1. Litigation and risk of an increase in the cost of expropriations

The cost of expropriations refers to expropriated land required to execute toll roads, as part of Grupo Ferrovial's toll road business, in respect of which claims are in progress.

During 2008, the Supreme Court sent notice of rulings relating to the valuation of land in toll road expropriations in the Madrid region. These expropriations relate to the Toll Roads Division and the construction of the toll roads R-4 Madrid Sur, Autopista Madrid Levante, Ausol and M-203, the relevant amounts (see Note 19) having been higher than initially expected.

In general, with respect to the land expropriated to build the radial toll roads, the rulings state that the land must be valued based on its classification and, therefore, that non-building land must be valued as such rather than under the general system. However, the rulings significantly raise the value of non-building land initially envisaged. Moreover, as regards the land expropriated to execute the M-45 ring road in Madrid, the Supreme Court has stated that the land expropriated forms part of a general system and must therefore be valued as building land, irrespective of the specific classification of that land.

The value of the non-building land, in particular, is therefore considerably higher than initially envisaged. It is reasonable to assume that this approach is also applicable to the land required for the Madrid M-50 ring road, in accordance with the stance already adopted by the Madrid High Court.

The amount of the expropriations is estimated based on the rulings from the relevant Expropriation Jury, by directly applying the amount stated in the ruling, if applicable. Where no amount is stated, the amount stated in similar cases is used and adjustments are made, if appropriate, to account for specific circumstances. Estimated accrued interest is also taken into consideration.

In any event, the Company considers that the concession companies in Madrid will reasonably be entitled to receive indemnities to restore the financial balance of the concession.

2. Claims of Promociones Habitat S.A. in connection with the contract for the purchase of Ferrovial Inmobiliaria S.A.

During 2008, a number of claims were received from Promociones Habitat S.A. in relation to the guarantees granted under the contract for the purchase of Ferrovial Inmobiliaria S.A. These claims relate basically to the existence of certain charges and encumbrances on land owned by Ferrovial Inmobiliaria, as well as to certain tax contingencies.

The majority of the claims are being or have been discussed out of court by Habitat and Ferrovial.

3. Other litigation

In addition to the above-mentioned litigation, the Group companies are involved in a number of lawsuits in the ordinary course of business, as listed below:

- Claims relating to defects in construction projects executed or services rendered.
- Claims for third-party liability in connection with the use of the Group's assets or the actions of Group employees, the most relevant of which relate to road accidents on the toll roads managed by the Group.
- Employment-related claims.
- Environmental claims.
- Tax claims.

A part of the above-mentioned risks are covered by insurance policies (third-party liability, construction defects, etc.).

B. BANK GUARANTEES

At 31 December 2008, the Group companies had furnished bank guarantees totalling 4,676 million euro (4,834 million euro in 2007).

The following table contains a breakdown of bank guarantees by business area. The most significant item relates to the Construction Division (3,591 million euro), consisting basically of bank guarantees requested during tender processes covering the liability of construction companies for the execution and completion of contracted work:

	2008	2007
Construction	3,592	3,569
Toll roads and Car parks	298	627
Services	521	578
Airports	239	34
Other	27	26
Total	4,676	4,834

Million euro

C. OTHER CONTINGENT LIABILITIES

1. Financing guarantees

Grupo Ferrovial has furnished the following guarantees in relation to project financing:

- Talca-Chillán – Guarantees limited to the increase in operating and maintenance costs in the event of departures from costs estimated.

- Santiago Talca – Santiago Talca - Guarantee covering the completion of outstanding construction work in the event that the execution period extends beyond 31 December 2011.
- Norte Litoral – Guarantee limited to the excess cost of expropriations during the expropriation period.
- R4 Madrid Sur – Guarantee limited to 49 million euro for all items during the term of the debt, covering debt servicing, refinancing, reduction in ratios and penalties.
- OLR (Madrid Levante) – Guarantee limited to 4 million euro for debt servicing during the term of the debt.
- Azores – Guarantee limited to 10 million euro to 2017 as required by Article 35 of the Portuguese Companies Act
- SH130 – Guarantee limited to 22.7 million USD for the excess cost of expropriations during the construction period and a guarantee limited to 19.5 million USD for debt servicing during the first five years of operations.

In the Airports Division, following the approval of the refinancing process, BAA has guaranteed the fulfilment of its obligations by pledging all its assets.

In the case of the Services Division, Amey has contracted guarantees and letters of credit totalling 13.6 million euro for the investment and subordinated debt relating to its infrastructure projects.

A further two guarantees for financing contracts are worthy of note, as mentioned in Note 20:

- Having regard to the borrowings of Ferrovial Infraestructuras S.A. for the acquisition of BAA, Grupo Ferrovial S.A. could be required to provide guarantees if certain ratios are not fulfilled (Note 20 on net cash position and Note 3 on financial risks).
- With respect to the FGP Topco Group, the assets of the regulated airports secure up to 300 million GBP in possible contingencies relating to that group's pension plans, as well as securing the financing as explained in Note 20.

2. Contingent assets

The Group had not granted any significant bank guarantees to third parties at 31 December 2008 and 2007.

3. Investment commitments

Set out below is a breakdown of investment commitments contracted at the balance sheet date but not recognised in the consolidated financial statements:

The commitment to invest in construction contracted at the balance sheet date but not recognised in the consolidated financial statements amounts to 4,673 million euro. The most relevant commitments are described below:

In the Toll Roads and Car Parks Division, commitments relate to SH-130 Concession Company (601 million euro), Nea Odos (363 million euro), Central Greece (472 million euro), Euroscut Azores (218 million euro) and Eurolink Motorway M3 (132 million euro). Commitments relating to car parks total 151 million euro.

The commitments to investment in construction projects will be financed by borrowings obtained by each concession holder.

The figure for Airports includes investment commitments currently contracted by BAA and pending execution.

Additionally, with respect to regulations governing the five-year period from 2008 to 2013, BAA has submitted to the UK airports regulator (CAA) an investment plan for Heathrow and Gatwick Airports in the amount of 4,542 million GBP and 874 million GBP, respectively. During 2009, these investments are expected to reach 1,016 million GBP in Heathrow Airport and 210 million GBP in Gatwick Airport. According to the regulations, the failure to fulfil certain provisions of investment plans could lead to the imposition of penalties on the airports by the disciplinary body.

The Services Division recognises investment commitments of 999 million euro relating to the company Tubelines, which is 66% owned by Amey. These investment commitments relate to the first review period under the contract held by Amey for the maintenance of certain London Underground lines (to 2010). Investment commitments for the whole term of the contract (to 2032) amount to 3,974 million euro. The investments will be recognised in the accounts in the financial investments item «Receivables of infrastructure projects». In the Services Division, there is a commitment to invest 125 million euro in Autovía de Aragón and Grupo Cespa has a commitment to invest 62 million euro in the Ecoparque IV construction project.

4. Operating and finance lease commitments

The expense recognised in the income statement during 2008 in respect of operating leases totals 266 million euro (454 million euro in 2007).

Future total minimum payments on non-cancellable operating leases are shown below:

	Construction	Toll roads and Car parks	Airports	Services	Total
Property, plant and equipment	0	0	0	62	62
Investments in infrastructure projects	0	2,130	1,358	1,123	4,611
Total	0	2,130	1,358	1,185	4,673

Million euro

	2008	2007
Less than one year	386	349
Between one and five years	626	426
More than five years (*)	2,926	4,020
	3,938	4,795

Million euro

(*) Includes lease commitments relating to Heathrow, Gatwick and Stansted airports expiring in March 2083.

5. Environmental commitments

Any operation designed mainly to prevent, reduce or repair damage to the environment is treated as an environmental activity.

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 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.

25. Impact of the abolition of the industrial Buildings Allowances in the United Kingdom

A. IMPACT RECOGNISED IN THE FINANCIAL STATEMENTS

Ferrovial's subsidiary FGP Topco, the parent company of the BAA airport group, recognised an exceptional book loss in the form of a deferred tax liability of 1,250 million GBP (1,559 million euro) due to the tax reform whereby the right to depreciate certain buildings for tax purposes (referred to as Industrial Building Allowance or IBA in the United Kingdom) was eliminated in 2008. This had a negative impact of 871 million euro on net income attributable to the parent company Ferrovial, taking into consideration Ferrovial's 55.87% shareholding in FGP Topco. The recognition of this liability did not affect cash resources during the year and the accounting impact will be neutral in the long term because the liability will be reversed by recognising revenue.

B. CONTENT OF THE TAX REFORM

The right that has been abolished by this reform consisted of the possibility of obtaining a tax credit by deducting 4% of the acquisition cost of the buildings over a 25-year period. This percentage will decrease during a transitional period until it is entirely eliminated for tax years commencing as from 2011.

In accordance with the reform, the company still has the possibility of deducting the acquisition cost of the buildings for tax purposes in the event of their sale or destruction and the impact on results may be offset in the future, subject to no maximum limit, against amounts that are treated as capital gains for UK tax purposes.

C. ACCOUNTING TREATMENT APPLIED AND IMPACT ON THE FINANCIAL STATEMENTS. ALTERNATIVE ACCOUNTING TREATMENT

The impact has been recognised based on a literal interpretation of paragraph 52 of IAS 12, the standard that regulates the recognition of deferred tax liabilities. Accordingly, an exceptional loss and a deferred tax liability are initially recognised and the liability will be reversed in subsequent years by recognising income.

The liability is calculated as the difference between the asset's carrying amount and tax value (which is deemed to be zero due to the loss of the right to deduct the depreciation charges for tax purposes), multiplied by the applicable tax rate (28%), and will be reversed as that difference is reduced by the accounting depreciation of the assets.

In parallel, and as the depreciation charges accrue, the loss of the tax credit will have an impact because the income that would have been generated by applying the tax credit each year will not be recognised.

This accounting treatment is substantially different from the accounting treatment stipulated in the draft amendment to IAS 12 currently being prepared, which matches the approach adopted in US GAAP and UK GAAP and would have precluded the initial recognition and subsequent reversal of the exceptional loss. The impact of the loss of the tax credits would only have been reflected each year as the depreciation charges accrued, by not recognising the income that would have been generated by using the tax credits.

The directors consider that the accounting treatment deriving from the literal interpretation of paragraph 52 of IAS 12 could complicate the interpretation of the financial statements, as it entails recognising a loss and a liability that has no impact on cash for the year but has an impact on cash in future years as the assets are depreciated. Accordingly, in order to identify the Group's results had the liability not been reflected, the impact of the liability is presented separately in the income statement.

D. IMPACT FOR FUTURE CASH FLOW PURPOSES

As explained, as this tax reform has caused the loss of a potential future cash credit, it could have an impact on cash flows generated in future years. The actual impact will depend on the Company's business results, on the applicable regulatory framework, since new regulations could be introduced based on profits after tax (as is the case in other UK industries) and on the amount of the assets that may be divested in the future.

The impact on the «fifth five-year period», the current regulatory period that ends in 2012, is not material due to the transitional progressive elimination regime described above and to the low tax base expected for this five-year period. In accordance with BAA's current business plan, bearing in mind the planned divestment of Gatwick Airport and assuming that there are no regulatory changes, the present value of the reduction in cash flows from existing assets amounts to approximately 400 million GBP, 55.87% of which pertains to Ferrovial on the basis of its shareholding in BAA, entailing a decrease of approximately 220 million GBP. This impact was included in the business plan used in BAA's refinancing process carried out in 2008 and in the measurement model used to test the impairment of the goodwill allocated to the shareholding, as described in Note 5.

26. Fair value adjustments

Ferrovial's income statement for 2008 was significantly affected by the fair value measurement, under applicable accounting standards, of certain hedging transactions that are not deemed to be «accounting hedges» and therefore changes in their value must be recognised through the income statement, in addition to other adjustments made to measure certain assets and liabilities at fair value. None of these adjustments affected cash in 2008.

The above-mentioned impact was highly significant due particularly to the instability and volatility of financial markets during 2008. For illustrative purposes, the income statement set out below shows the impact of all these adjustments in separate columns.

There follows an itemised analysis of each line of the income statement for 2008:

	2008						
Income statement	Equity Swap	Index linked swaps - Change in fair value in 2008	IRS BAA	Other derivatives	Other impacts on financial results	Fair value adjustments to investment properties	TOTAL fair value adjustments
OPERATING RESULTS	0	0	0	-11	0	0	-11
FINANCIAL RESULTS	-279	-104	-53	-75	75	0	-436
Share of profits of equity-consolidated companies	0	0	0	0	0	0	0
Other profit and loss	0	0	0	0	0	-162	-162
CONSOLIDATED RESULTS BEFORE INCOME TAX	-279	-104	-53	-86	75	-162	-609
Income tax	82	29	15	22	-19	46	174
RESULT FROM CONTINUING OPERATIONS	-197	-75	-38	-64	55	-116	-435
Net result from discontinued operations	0	0	0	0	0	0	0
CONSOLIDATED RESULT FOR THE YEAR	-197	-75	-38	-64	55	-116	-435
Result for the year attributed to minority interest	26	27	17	22	-21	46	117
RESULT FOR THE YEAR ATTRIBUTED TO THE PARENT COMPANY	-171	-47	-21	-42	34	-70	-317

Set out below is a more detailed explanation of the main items:

- **Measurement of equity swaps**

  The impact of this item on financial results and on net income amounts to -279 million euro and -171 million euro, respectively. Of the total amount recognised in this item, -64 million euro and -26 million euro in financial results and net income, respectively, relate to BAA. The equity swaps are contracted by Ferrovial to hedge possible payments that the Company might be required to make to liquidate the share-based remuneration systems for executives of Ferrovial and Cintra, as explained in Note 34. At 31 December 2008, equity swaps contracted total 11,853,525 euros and 2,438,940 euros, respectively.

  These instruments are measured based on the year-end share prices of Ferrovial and Cintra. As explained in Note 29 on financial results, the impact on the Group's net income of the closing share prices of 19.58 euros per share and 5.32 euros per share for Ferrovial and Cintra, respectively, amounted to -171 million euro.

  This measurement has no immediate impact on cash (except for interest payments and dividends, as explained in Note 34, which provides details of the remuneration plans and the related hedging instruments). Cash will only be affected if the share price of Ferrovial or Cintra is below the grant price of the related remuneration plans at the end of the exercise period. For the present purposes, following the latest extensions, the first equity swaps to mature do so in July 2011 at a strike price of 24.23 euros per share.
- **Measurement of index-linked swaps (ILS)**

  BAA has contracted swaps linked to the UK RPI (Retail Price Index) for a notional amount of 2,206 million GBP, maturing from 2013 to 2023 (see Note 11 on derivative financial instruments at fair value for more details). The change in the fair value of these ILS had an impact of -104 million euro on financial results and -47 million euro on net income attributed to the parent company. These ILS were treated as accounting hedges in 2007 but not in 2008 and reserves have therefore been transferred to results in the amount of -124 million euro in financial results and -47 in net income.

  The purpose of these swaps is to transform a part of the existing bonds issued by BAA at a fixed rate into inflation-indexed bonds, as part of the refinancing of its debt completed in 2008. This is the response to the Company's inability to issue inflation-indexed bonds directly in the market in 2008 due to the major financial crisis.

  As the variable yield on inflation-indexed bonds is linked to the inflation rate (which is appealing in regulated activities such as BAA's business, in which tariffs change in line with inflation), a part of the interest payment may be deferred by accumulating the amount of inflation to the bond principal. Under these contracts, the Company collects a nominal fixed interest rate (that offsets the interest paid on the bond) and pays an actual fixed interest rate multiplied by the change in the inflation index in each period. Moreover, the total change in the index is accumulated for repayment at maturity.

  Although the result of combining a variable-rate bond and an index-linked swap is the same, from an economic viewpoint, as the result obtained by issuing inflation-indexed bonds, the accounting treatment is different, since inflation-indexed bonds are not carried at fair value. In the case of the synthetic bond obtained by combining a bond and a derivative, the bond is not carried at fair value but the derivative must be marked to market at its fair value.

  As regards the calculation of fair value, it should be noted that these derivatives contracted by BAA, as such, are not listed in an organised market and that the liquidity of the UK's OTC index-linked swap market is limited. In order to obtain the RPI curve, which is not officially listed by any market regulator, the reference information published by brokers must be used. This information is obtained from cross transactions among the market participants involving this type of products. Specifically, in the case under consideration, our calculations are based on the curves published by ICAP, a reference entity in the UK's index-linked swap market.

  In parallel, the banks that are the habitual counterparties in this kind of transactions estimate their own valuation curves, which are generally consistent with, though not identical to, the curves published by ICAP. In this regard, the ICAP curves represent the average level of transactions effected at a given time, indicating market levels at that moment. Given the structure of these derivatives, the main element affecting their measurement is forecast inflation for each period, which determines the forecast volume of future payments and therefore their market value (as collections are based on a fixed rate and the amount is stipulated at inception and is not affected by changes in the financial environment).

  The significant loss recognised in 2008 is explained basically by the forecast considerable increase in inflation to September 2008, even though the symptoms of recession in the United Kingdom towards the end of 2008 contained inflationary expectations in the final quarter. It should also be noted that, as this type of products affected by inflation expectations are measured at fair value without also measuring the income in a similar manner, using the same assumptions, there is a distortion that must be considered when evaluating the information contained in the financial statements.

- **Interest Rate Swaps (IRS)**
  The Group has contracted swaps to minimise the impact of possible fluctuations in borrowing costs, in order to arrange a fixed rate of interest and avoid potential subsequent changes in the return on projects caused by interest rate fluctuations. The interest rate swaps contracted by BAA had a gross impact on the income statement for the year of -53 million euro and an impact on net income of -21 million euro. Additionally, an IRS contracted by BAA was treated as an accounting hedge in 2007 but not in 2008, resulting in the transfer from reserves to results for the year of -28 million euro in financial results and -11 million euro in net income.
  These instruments, all of which are hedging instruments, as explained above, are generally treated as cash flow hedges (see Note 2.3.8). The ineffective portion of their fair value (obtained by discounting forecast flows based on market conditions) is recognised in the income statement and the effective portion is taken directly to the Group's equity.
  Note 11 on derivative financial instruments at fair value contains details of the hedges contracted, their fair values and the impact on results.
- **Other derivatives**
  This item relates basically to transfers from reserves to results of derivatives that were treated as accounting hedges in prior years, having a total impact of -152 million euro on financial results, as explained above, and to changes in the fair value of the derivatives contracted by other Group companies, as explained in Note 11 on derivative financial instruments at fair value.
- **Other impacts on financial results**
  This item relates basically to the impact of the fair value measurement of certain BAA bonds, which fulfil the conditions for the debt to be measured at fair value on migration, as described in Note 20.
- **Measurement of real estate assets**
  As a result of the valuation performed by an independent expert based on market conditions, a fair value adjustment was recognised with respect to certain investment property, mainly affecting the joint venture APP, in which the Group's subsidiary BAA has a 50% interest, having an impact on the Group's net income of -58 million euro. Additionally, the valuation of land had an impact of -12 million euro on net income attributed to the parent company. As indicated, these valuations are based on current highly adverse market conditions and will be maintained in the future.

27. Operating revenue

Set out below is an analysis of the Group's operating revenue:

	2008	2007
Sales	14,126	14,630
Sales	13,960	14,489
Other revenue	166	141
Other operating revenue	20	27
Total operating revenue	14,146	14,657

Million euro

28. Staff expenses

Staff expenses are analysed below:

	2008	2007
Wages and salaries	3,216	3,203
Social security	486	411
Pension plan contributions	79	136
Stock option-based payments	17	15
Other welfare expenses	33	28
Total	3,832	3,793

Million euro

The average number of employees at 31 December 2008 is shown below by professional category, distinguishing between male and female employees:

	2008			2007			
	Male	Female	Total	Male	Female	Total	Change
Board directors	10	1	11	9	1	**10**	10.00 %
Senior managers	13	0	13	12	0	**12**	8.33 %
Managers	1,487	358	1,845	1,599	450	**2,049**	-9.96 %
University graduates	6,977	2,571	9,548	5,825	2,404	**8,229**	16.03 %
Administrative staff	3,691	4,271	7,962	3,511	3,967	**7,478**	6.47 %
Workers and technicians	59,720	28,300	88,020	62,870	24,308	**87,178**	0.97 %
Total	71,898	35,501	107,399	73,826	31,130	104,956	2.33%

The average number of employees by business division is shown below:

	2008			2007		
	Male	Female	Total	Male	Female	Total
Construction	13,534	1,613	**15,147**	13,355	1,949	**15,304**
Corporate	177	128	**305**	185	117	**302**
Real estate	50	90	**140**	106	50	**155**
Services	47,811	25,330	**73,141**	45,452	23,042	**68,494**
Concessions	2,482	1,978	**4,460**	2,185	1,926	**4,110**
Airports	8,114	5,290	**13,404**	10,721	3,361	**14,081**
Total	72,168	34,429	106,597	72,004	30,445	102,446

29. Financial results

The following table contains a breakdown of movements in financial income and expenses:

	2008	2007	% change
Interest expense on financial liabilities	-1,656	-1,786	-7%
Interest income on financial assets	55	54	2%
Fair value gains/(losses) on derivative financial instruments at fair value	-211	-4	5,181%
Other	-66	66	-200%
Total financial results of infrastructure projects	**-1,878**	**-1,670**	**12%**
Interest expense on financial liabilities	-230	-229	0%
Interest income on financial assets	72	80	-10%
Fair value gains/(losses) on derivative financial instruments at fair value	-225	-61	269%
Other	34	-21	-264%
Total financial results of other companies	**-349**	**-231**	**51%**
Financial results	**-2,227**	**-1,901**	**17%**

Million euro

As indicated in Note 26, the impact on financial results for 2008 of the fair value measurement, in accordance with accounting regulations, of certain hedging transactions that are not deemed to be «accounting hedges», giving rise to a value adjustment in the income statement, was highly significant.

The gains or losses presented in the table above consisting mainly of changes in the fair value of derivative financial instruments relate to ineffective derivatives; the efficient portion is recognised together with the result of the hedged item, having the same nature, as explained in Note 11 on derivative financial instruments at fair value. Financial results arising from the measurement of derivatives at fair value are explained in Note 26.

The following table contains a breakdown by project of the financial results of infrastructure projects. The table indicates the portion of the financial result that is capitalised as an increase in the value of non-current assets of projects under construction:

	2008			2007		
Financial results of infrastructure projects	**Income/ expense capitalised during construction**	**Financial income/ expense taken to income statement**	**Financial income/ expense accrued**	**Income/ expense capitalised during construction**	**Financial income/ expense taken to income statement**	**Financial income/ expense accrued**
BAA	-107	-1,057	-1,164	-354	-1,028	-1,382
Other airports	0	-3	-3	0	-3	-3
407 ETR Internacional	0	-163	-163	0	-189	-189
Skyway Concession	0	-51	-51	-1	-63	-64
Indiana Toll Road	-2	-81	-83	-2	-84	-86
Spanish toll roads	0	-99	-99	0	-87	-87
Chilean toll roads	0	-24	-24	-7	-113	-120
Other toll roads	-25	-36	-61	-15	-72	-87
Tubelines and other Services	0	-86	-86	0	-93	-93
Construction	0	0	0	0	0	0
Total	**-134**	**-1,601**	**-1,734**	**-379**	**-1,732**	**-2,111**

Million euro

30. Other profit and loss

A. RESULTS RECOGNISED IN 2008

Set out below is a breakdown of the main non-recurring results recognised in 2008 and their impact on recognised net income:

2008	Impact on gross results: Before fair value adjustments	Impact on gross results: Fair value adjustments	Impact on gross results: Total 2008	Impact on net income attributed to the parent company
Gain on sale of World Duty Free	295	0	295	180
Gain on sale of Airport Property Partnership buildings	28	0	28	11
Gain on PIK capitalisation	33	0	33	33
Losses due to fair value adjustments to investment property of APP Linton	0	-144	-144	-58
BAA total	**356**	**-144**	**211**	**166**
Gain on sale of Belfast Airport	109	0	109	109
Other	-17	-17	-34	-12
Total	**448**	**-162**	**286**	**263**

Million euro

- The main movement in other profit and loss is the gain obtained from the sale in March 2008 of World Duty Free, a subsidiary of the BAA Group engaged in the exploitation of commercial space in airports, for a price of 716 million euro (547 million GBP), generating a gain of 295 million euro and an impact of 180 million euro attributable to the parent company.
- A gain of 109 million euro was obtained on the sale of the interest in Belfast Airport for a price of 167 million euro (133 million GBP).
- The losses of 162 million euro in gross results are the result of the fair value measurement of certain assets, mainly the investment property of Airport Property Partnership, a BAA subsidiary, as explained in Note 26.

B. RESULTS RECOGNISED IN 2007

2007	Impact on gross results: Before fair value adjustments	Impact on gross results: Fair value adjustments	Impact on gross results: Total 2007	Impact on net income attributed to the parent company
Gain on sale of Budapest Airport	174	0	174	106
Gains on shareholdings in Australian airports	158	0	158	20
BAA total	**332**	**0**	**332**	**126**
Gain on sale of Sydney Airport	475	0	475	475
Provision for Habitat	-35	0	-35	-12
Other	-5	0	-5	-3
Total	**767**	**0**	**767**	**586**

Million euro

- The main movement in other profit and loss is the gain of 475 million euro on the sale of Sydney Airport, the same amount having been recognised in net income
- -Sale of BAA Group subsidiaries, specifically the sale of Budapest Airport, generating a profit of 174 million euro (106 million euro recognised in net income), and the sale of minority interests in Australian airports, for a gain of 158 million euro (20 million euro recognised in net income).
- As regards Promociones Hábitat S.A., in addition to the loss of 125 million euro recognised in the item «Share of results of equity-consolidated companies», a provision of 35 million euro was made in other profit and loss for the unprovisioned portion of the 250 million euro loan, as well as possible contingencies relating to guarantees granted under the Ferrovial Inmobiliaria S.A. purchase and sale contract.

31. Net income from discontinued operations

During 2008 the Group did not recognise income or cash flows from discontinued operations.

32. Earnings per share

A. BASIC EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net income attributed to the Group by the weighted average number of outstanding shares for the year, excluding the average number of treasury shares held during the year. Set out below is the calculation of basic earnings per share attributed to the parent company:

	2008	2007
Net income attributed to the parent company	-838	734
Weighted average number of outstanding shares (thousand shares)	140,265	140,265
Less average number of treasury shares (thousand shares)	-1,516	-200
Average number of shares to determine basic earnings per share	**138,749**	**140,065**
Basic earnings per share (euro)	-6.04	5.24

Million euro

B. 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 2008 and 2007, the Group has no potentially dilutive ordinary shares, since no convertible shares have been issued and the share-based or stock option remuneration plans addressed in Notes 35 and 36, 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.

33. Cash flow

The cash flow statement has been prepared in accordance with IAS 7. This note contains a detailed analysis of cash flow by segment. The analysis is based on internal criteria established by the Company for business purposes, which in some cases differ from the provisions of IAS 7. The main criteria applied are described below:

- In order to provide a clearer explanation of cash generated, the Group separates cash flows into «cash flows excluding infrastructure projects», where infrastructure project companies are treated as financial investments and investments in the capital of these companies are therefore included in cash flows from investing activities, and yields on the investments (dividends and other) are included in cash flows from operating activities, and «cash flows of infrastructure projects», consisting of cash flows from operating and financing activities of infrastructure projects (Note 1 contains a detailed definition of infrastructure projects).
- In addition, and as indicated in Note 4 on segment reporting, a breakdown by segment is provided of both cash flows excluding infrastructure projects and cash flows of infrastructure projects.
- In order to provide a more accurate analysis of cash flows from operating activities, they are calculated based on gross operating results and explanations of the differences between gross operating results and cash flows from operating activities are also provided.
- Interest received from cash and cash equivalents is treated differently from the cash flow statement treatment under IAS 7, since this interest is included in cash flows from financing activities as a reduction in the amount of interest paid in the item «Interest flows».
- These flows seek to present the evolution of net cash as defined in Note 20, as the net amount of borrowings, cash and cash equivalents and restricted cash. This method also departs from IAS 7, explaining the movement in cash and cash equivalents.

	Ejercicio 2008			
	Cash flows excluding infrastructure projects	Cash flows of infrastructure projects	Eliminations	Consolidated cash flow
Gross operating results	629	2,109		2,738
Dividends collected	406	0	-399	7
Income tax paid	6	-52		-46
Change in receivables, payables and other	69	-87		-17
Cash flows from operating activities	**1,111**	**1,970**	**-399**	**2,682**
Investment	-966	-2,486	441	-3,011
Divestment	215	1,170		1,385
Cash flows from investing activities	**-751**	**-1,316**	**441**	**-1,626**
Cash flows before financing activities	**360**	**653**	**42**	**1,055**
Interest flows	-141	-2,438		-2,579
Proceeds from capital and minority interest	-109	725	-441	175
Payment of dividends to parent company	-178	0		-178
Payment of minority interest dividends to associates	-19	-450	399	-70
Change in exchange rate	387	4,869		5,256
Net cash position held for sale	39	2,355		2,394
Other movements in borrowings (no cash flow)	-16	113		98
Change in net cash	**323**	**5,828**	**0**	**6,151**
Net cash at start of the year	-1,987	-28,276		-30,264
Net cash at end of the year	-1,664	-22,448		-24,112

Million euro

The following table contains a reconciliation of the cash flow statement under IAS 7 and the cash flow statement prepared for internal reporting purposes:

	Financial statement	Internal analysis	Differences
Cash flows from operating activities	2,682	2,682	0
Cash flows from investing activities (1)	-1,461	-1,626	165
Cash flows before financing activities	**1,221**	**1,055**	**165**
Proceeds from capital and minority interest	162	162	0
Payment of dividends to parent company	-180	-180	0
Payment of minority interest dividends to associates	-56	-56	0
Cash flows from shareholders and minority interest	**-73**	**-73**	**0**
Interest paid (1)	-2,744	-2,579	-165
Increase in bank borrowings (2)	11,722	n.a	n.a
Decrease in bank borrowings (2)	-9,341	n.a	n.a
Change in exchange rate (no cash flow) (2)	n.a	5,256	n.a
Net cash position held for sale (2)	n.a	2,394	
Other movements in borrowings (no cash flow) (2)	n.a	98	n.a
Change in cash and cash equivalents/net cash position (2)	**785**	**6,151**	**n.a**

Million euro

Explanation of differences:

(1) The cash flow statement includes interest received in cash flows from investing activities, while the internal analysis includes interest in interest flows, net of interest paid.

(2) The cash flow statement explains changes in cash and cash equivalents, while the internal analysis explains the change in the reported net cash position reflected in the Group's consolidated balance sheet. When explaining the change in reported net cash, adjustments must be made to items that, despite generating movements in net cash, do not imply cash flows as defined by IAS 7. These items are included in the internal analysis on the lines "Change in exchange rate", "Net cash position held for sale" and "Other movements in borrowings (no cash flow)". It may therefore be observed that the sum of the change in the net cash position and adjustments to net cash (-6,151 + 5,256 + 2,394 + 98 = 1,597) is identical to the sum of the increase and decrease in bank borrowings and change in cash and cash equivalents reflected in the cash flow statement (11,722 - 9,341 - 785 = 1,597).

2007				
	Cash flows excluding infrastructure projects	Cash flows of infrastructure projects	Eliminations	Consolidated cash flow
Gross operating results	709	2,335		3,044
Dividends collected	209		-189	19
Income tax paid	-218	-78		-296
Change in receivables, payables and other	-190	117		-74
Cash flows from operating activities	**510**	**2,373**	**-189**	**2,694**
Investment	-1,030	-2,734	280	-3,484
Divestment	1,713	2,355		4,068
Cash flows from investing activities	**683**	**-379**	**280**	**584**
Cash flows before financing activities	**1,193**	**1,994**	**90**	**3,278**
Interest flows	-115	-1,711		-1,825
Proceeds from capital and minority interest		216	-195	21
Payment of dividends to parent company	-149			-149
Payment of minority interest dividends to associates	-19	-244	189	-74
Change in exchange rate	137	1,870		2,008
Other movements in borrowings (no cash flow)	-5	-700		-705
Change in net cash	**1,042**	**1,426**	**85**	**2,553**
Net cash at start of the year	-3,064	-29,754	0	-32,818
Net cash at end of the year	-2,022	-28,328	85	-30,265

Million euro

A. FASH FLOWS EXCLUDING INFRASTRUCTURE PROJECTS

1. Cash flows from operating activities

The evolution **of cash flows from operating activities excluding infrastructure projects** in 2008 and 2007 is shown below by business segment:

Flujo de operaciones	2008	2007
Construction	375	178
Services	288	248
Toll roads and Car parks	433	269
Airports	16	50
Other	-1	-236
Group total	**1,111**	**510**

In the **Construction** segment, cash flows from operating activities rose considerably in 2008 on 2007 due mainly to improved collections in all activities.

In the **Services** segment, cash flows from operating activities include dividends totalling 7 million euro paid out by C-Vehicles (5.4 million euro) and by Tubelines (1.8 million euro), which is the London Underground concession holder 66.6% owned by Amey. Set out below is a breakdown of cash flows from operating activities for the core activities of the Services Division:

C/F OP. ACTIVITIES, SERVICES	Municipal & waste	Amey (*)	Swissport	Other Services	Services
Gross operating results	175	93	73	40	381
Income tax paid	-19	4	0	12	-2
Dividends and other reimbursements	1	7	1	0	9
Change in working capital	-5	-67	5	-33	-100
Cash flows from operating activities	**153**	**38**	**79**	**19**	**288**

(*) Gross operating results do not include the interest in Tubelines, which is treated as a financial investment for cash flow purposes.

In the **Toll roads** and Car parks segment, as indicated at the start of this note, cash flows from operating activities include the amount of 397 million euro in dividends and equity reimbursements from toll road and airport infrastructure project companies, as analysed in the table below. The significant amount of dividends received in 2008 due to the extraordinary impact of the refinancing of Autema (+317 million euro) is worthy of note. The remaining flows relate mainly to the Car park business (approximately 43 million euro), net tax collections (12 million euro) and other collections and payments pertaining to the Division's parent companies, as shown below:

Dividends and capital reimbursements, Cintra	2008	2007
ETR-407	**47**	**44**
Europistas		0
Autema	317	13
Ausol	5	19
Spanish toll roads	**322**	**31**
Temuco Río Bueno	0	3
Talca Chillán	0	2
Maipo	0	67
Bosque	0	8
Cintra Chile	5,7	0
Chilean toll roads	**5,7**	**80**
Algarve	4	3
M-45	2	3
Other toll roads	**7**	**5**
Car parks (Smasa, Eulsa)	**1**	
Total dividends	**382**	**160**
ETR-407	**0**	**1**
Chicago	**3**	**9**
Indiana	**11**	**11**
M-45	0	0
Spanish toll roads	**0**	**0**
Temuco Río Bueno	0	0
Talca Chillán	0	0
Chilean toll roads	**0**	**0**
Total capital reimbursements	**15**	**22**
Total	**397**	**182**

Million euro

As regards the Airports segment, cash flows from operating activities relate mainly to net tax collections (41 million euro) and other Division collections and payments. The tax credits generated by the Division due to the negative impact of the interest on the loan obtained by Ferrovial Infraestructuras to acquire BAA are worthy of note.

The item «Other» includes Corporate flows totalling 45 million euro relating mainly to tax collections. Also included are the flows generated by the Polish real estate business (-35 million euro), particularly payments for land, which amounted to -11 million euro in 2008.

2. Cash flows from investing activities

The following table contains a breakdown of cash flows from investing activities excluding infrastructure projects by business segment, distinguishing between cash outflows for investments made and cash inflows resulting from divestment.

C/F investing activities	Investment	Divestment	C/F investing act.
Construction	-48	0	-48
Services	-198	82	-115
Toll roads and Car parks	-144	0	-144
Airports	-486	133	-354
Other	-90	0	-90
Total	**-966**	**215**	**-751**

Million euro

The most significant investments were made in the Airports and Toll Roads and Car Parks Divisions. With respect to the Airports Division, the investment volume in 2008 was significant, particularly the capital increase in BAA (-351 million euro), while investments in the Toll Roads and Car Parks Division relate mainly to financial assets, as analysed in the accompanying table. The remaining investment (83 million euro) relates to non-current assets for the Car park business.

Inversión inmovilizado financiero	2008
INFRASTRUCTURE PROJECTS	61.0
M203	0.0
OLR	1.5
SH-130 Texas	2.8
Nea-Odos	
Central Greece	11.5
Eurolink M-3	5.4
R-4	13.8
Autema	10.7
CINCA (Cintra Inversora Aut. Cataluña)	0.0
Azores	8.9
Autoestrada Poludnie	6.4
CINTRA total	**61.0**

Finally, the item «Other» mainly includes the outflow from Valdebebas to Habitat for the purchase of land, in the Real Estate Division.

As regards divestments, inflows were generated by the sale of Belfast Airport (133 million euro) completed in September.

3. Cash flows from financing activities

Cash flows from financing activities include dividend flows that relate to both dividends paid to the shareholders of Grupo Ferrovial, S.A. (-177 million euro in 2008) and dividends paid to Cintra's minority shareholders (-19 million euro).

These flows also include interest paid during the year (-154 million euro) and the impact of exchange rates on borrowings denominated in foreign currencies, which generated a positive flow of 392 million euro in 2008 due to the depreciation of sterling against the euro, with respect to the sterling debt of Ferrovial Infraestructuras (see Note 20).

B. CASH FLOWS OF INFRASTRUCTURE PROJECTS

1. Cash flows from operating activities

Cash flows from operating activities of infrastructure project concession holder companies relate basically to cash inflows of operational projects, although they also include VAT refunds and VAT payments of projects under construction. Set out below is a breakdown of cash flows from operating activities of infrastructure projects:

Interest flows relate to interest paid by the concession companies, plus other commissions and costs closely related to the obtainment 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 results from financing reflected in the income statement, mainly due to differences between the accrual and payment of interest. The following table contains a more detailed breakdown:

Infrastructure projects infrastructure projects	BAA	Other airports	Toll roads	Services (*)	Other	TOTAL
Gross operating results	1,351	2	674	82	0	2,109
Dividends collected	0	0	0	0	0	0
Income tax paid	-7	0	-48	3	0	-52
Change in working capital	-164	2	10	64	1	-86
Cash flows from operating activities	1,179	4	636	150	1	1,970

Million euro

(*) Cash flows from concession holder companies in the Services segment consists of the flows of the Amey concession holders, the most significant being the London Underground concession.

2. Cash flows from investing activities

The following table contains a breakdown of cash flows from investing activities of infrastructure projects, distinguishing between outflows that mostly relate to capex investments and inflows derived from divestments completed in 2007:

C/F investing activities	Investment	Divestment	C/F investing act.
ETR 407	-54		-54
Indiana	-36		-36
Chicago	0		0
Spanish toll roads	-28		-28
Chilean toll roads	-34		-34
Other toll roads	-455	135	-320
Total toll roads	**-607**	**135**	**-472**
BAA	**-1.485**	**998**	**-486**
Other airports	**-6**	**35**	**29**
Services	**-328**	**1**	**-326**
Other	**-60**	**0**	**-60**
Total	-2.486	1.170	-1.316

The main divestment relates to BAA, which generated cash inflows from the sale of WDF and APP Lynton. In the Toll roads segment, divestment flows relate to the M3 toll road, which collected a capital grant from the Irish Government, and the Central Greece toll road, due to the reduction in financial assets (non-current restricted cash).

Interest flows	2008
ETR 407	-108
Indiana	-51
Chicago	-23
Spanish toll roads	-128
Chilean toll roads	-48
Other toll roads	-89,8
Total toll roads	**-448**
BAA (fees and prepayments associated with refinancing	-875
BAA (other interest)	-1,011
Total BAA	**-1,886**
Other airports	**-3**
Services	**-100**
Other	**-1**
Total	-2,438

In 2008 the impact on interest flows of payments associated with the refinancing of BAA, relating mainly to commissions and prepaid interest, was highly significant.

Cash flows from financing activities also include the impact of foreign exchange fluctuations on debt denominated in foreign currencies, which generated an inflow of 4,920 million euro in 2008 due to the depreciation of sterling against the euro and had a highly significant effect on BAA's net debt. The net cash position also decreased due to the reclassification of the assets and liabilities of Gatwick Airport and the Chilean toll roads to assets and liabilities held for sale.

Finally, the item «Other movements in borrowings (no cash flow)» includes items that affect reported borrowings but do not generate any actual cash flows, such as accrued unmatured interest, monetary adjustments, etc. This item is highly significant in 2008 due to the inclusion of the net debt of Gatwick Airport (1,378 million euro) and of the Chilean toll roads (978 million euro), which have been reclassified to assets and liabilities held for sale in the balance sheet.

3. Cash flows from financing activities

Cash flows from financing activities include dividends paid and equity reimbursed by the concession 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.

34. Directors' remuneration

For 2008, the Board of Directors of Grupo Ferrovial S.A. plans to prepare and make available to shareholders, as was the case for 2007, a «Report on Remuneration» addressing the following aspects:

- Approval of the remuneration policy.
- Criteria applied in the existing policy.
- Provisions of the Company's by-laws and applicable regulations governing Directors' remuneration.-
- Process for determining remuneration.
- 2008 remuneration system.
- New developments in the remuneration policy.
- Policy envisaged for 2009 and following years.
- Other matters of interest.

A. 2008 REMUNERATION SYSTEM FOR THE BOARD OF DIRECTORS1. RETRIBUCIÓN ESTATUTARIA (DIETAS Y ATENCIONES)

1. Remuneration provided by the Company by-laws (per diems and bonuses)

The Board remuneration system has not changed in structural terms since 2004. It provides a total fixed annual remuneration for all the Directors with respect to the per diems and bonuses, subject to a maximum of 3% of consolidated income for the year attributable to the company (as stipulated by Article 25 of the by-laws), following approval of the financial statements.

The amount of 1,300,000 euros was maintained in 2008. However, during the preparation of the financial statements for 2008, the directors observed that the reported results preclude the payment of this directors' remuneration, in accordance with the regulations referred to above.

Consequently, as agreed by the Board of Directors, the amounts received as per diems on account of 2008 remuneration will be allocated to remuneration for 2009 or successive financial years.

The following table indicates the per diems received by each Board director that will be treated as explained above:

	2008 (*)	2007		
BOARD DIRECTOR (a)	Total per diems (€) (b)	Per diems	Allocation of surplus	Total (€)
Rafael del Pino y Calvo-Sotelo	70,250.00	67,750.00	118,269.23	186,019.23
Santiago Bergareche Busquet	62,250.00	59,250.00	103,485.58	162,735.58
Jaime Carvajal Urquijo	68,250.00	59,500.00	73,918.27	133,418.27
Joaquín Ayuso García	56,250.00	51,750.00	59,134.62	110,884.62
Portman Baela, S.L. (10 month)	41,750.00	44,750.00	59,134.62	103,884.62
Juan Arena de la Mora	54,250.00	44,500.00	59,134.62	103,634.62
Santiago Eguidazu Mayor	54,250.00	56,750.00	59,134.62	115,884.62
Gabriele Burgio	61,750.00	61,250.00	59,134.62	120,384.62
María del Pino y Calvo-Sotelo	56,250.00	51,750.00	59,134.62	110,884.62
Santiago Fernández Valbuena (7 month)	27,250.00	(-)	(-)	(-)
Eduardo Trueba Cortés (2 month)	6,500.00	(-)	(-)	
José María Pérez Tremps	56,250.00	51,750.00	59,134.58	110,884.58
TOTAL	615,250.00	549,000.00	709,615.00	1,258,615.00

Million euro
(*) To be allocated to 2009 and subsequent financial years
a) Period in office. Full year, unless otherwise stated.
b) Board per diems: 3,250 euros/meeting. Executive Committee per diems: 2,000 euros/meeting. Appoints and Remuneration Committee/Audit and Control Committee per diems: 1,500 euros/meeting. (The Chairman of each Committee receives twice the above-mentioned amount).

2. Executive Directors' remuneration

The three Executive Board directors accrued the following total remuneration in 2008 and 2007, in addition to the per diems and bonuses provided to all the Directors in the by-laws:

	2008	2007
Fixed remuneration	2,342	2,128
Variable remuneration	2,779	3,829
Exercise of stock options and/or other financial instruments [see description]	-	1,843

Thousand euro

3. Remuneration for membership of other administrative bodies of Group or multi-group companies, or associates

LThe 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 received no remuneration in this respect in 2008 (no remuneration in 2007).

4. Pension funds and plans or life insurance premiums

As in 2007, no contributions were made in 2008 to pension plans or funds for former or current members of the Company's Board of Directors. No such obligations were incurred during the year.

As regards life insurance premiums, the Company has insurance policies for the Executive Board directors covering death, for which premiums totalled 10.4 thousand euro in 2008 (8.2 thousand euro in 2007).

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 2007.

5. Advances and loans

At 31 December 2008, no advances (other than the per diems that will be allocated to 2009 or successive years, as explained above) or loans have been granted to the Directors by the Company or in relation to their membership of other administrative bodies and/or senior management of Group or multi-group companies or associates. This was also the case at 31 December 2007.

6. Senior management remuneration

The company's senior managers that report directly to the Chairman or to the Chief Executive Officer accrued the following overall remuneration in 2008:

	2008	2007
Fixed remuneration	3,738	2,941
Variable remuneration	2,393	2,333
Exercise of stock options and/or other financial instruments [see description]	315	2,890
Remuneration as members of administrative bodies of other Group or multi-group companies or associates	46	25
Contributions to pension funds or plans, or similar obligations	0	0
Insurance premiums	16	12

Million euro

During 2008 the company granted no loans to senior management. During 2008 all loans granted were repaid (265 thousand euro) and there were no outstanding loans to senior managers at 31 December 2008. No loans were granted in 2007.

The above-mentioned remuneration relates to the following posts:

- Chief Financial Officer
- General Manager, Human Resources
- General Manager, Construction (a new person took over in 2008)
- General Manager, Real Estate
- General Manager, Services
- General Manager, Airports
- Internal Audit Manager (a new person took over in May 2008)
- Manager of Quality and Environment
- Communication Manager
- General Manager, Information Systems (a new person took over in April 2008)
- Manager of Market Studies and Analysis
- Risk Manager (since May 2008).

This does not include remuneration for senior managers who are also Executive Board directors and have been addressed previously.

7. Stock option plans (2004, 2006 and 2008)

On 26 March 2004, the Annual General Meeting authorised a remuneration system consisting of a stock option plan for Executive Board directors and senior managers reporting directly to the Board or to the Board committees.

On 31 March 2006, the Annual General Meeting approved a new stock option plan having the same scope in terms of beneficiaries.

On 28 March 2008, the Annual General Meeting approved a new stock option plan having the same scope in terms of beneficiaries.

Detailed information on all these plans is provided in the note on share-based remuneration systems.

8. Amendment of stock option plans

On 18 December 2008, the Board of Directors agreed to amend the stock option plans approved to 2007 by extending the exercise period from three to five years, as stipulated in subsequent plans (2007 and 2008). As regards the stock option plans in which the beneficiaries are Executive Board directors, members of the Company's Executive Committee or senior managers reporting directly to the Board or to the Board committees, the effectiveness of the amendment is subject to approval by the General Shareholders' Meeting.

9. Other information regarding remuneration

- Agreements between the company and senior managers, including two Executive Directors, specifically 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 nine senior managers, including two Executive Directors. 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 senior manager reaches the initially agreed age, if the amount in question is higher than is stipulated in the Labour Statute.
  - Senior manager's death or incapacity.

The 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 senior manager's total cash remuneration. In 2008, contributions totalled 2,190 thousand euro (1,965 thousand euro in 2007).

- Finally, senior managers have collected an overall total of 3,571 thousand euro in severance indemnities.

35. Stock option plans

The following stock option plans are currently in force in relation to the shares in Grupo Ferrovial, S.A.

Stock option plan (participants/grant date)	Number of options granted	Strike price (euro)
Ferrovial Group management / July 2003	1,800,000	24.23
Ferrovial Group senior management / April 2004	1,583,000	33.65
Amey-Cespa Management / June 2004	130,000	34.04
Ferrovial Group management / October 2005	1,606,360	63.54
Cintra Group management / October 2005	88,920	63.54
Ferrovial Group senior management / May 2006	898,000	65.92
BAA management / February 2007	1,276,203	73.19-78.54
BAA management / July-November 2007	1,212,062	61.14-73.80
Ferrovial Group management / November 2007	2,000,000	59.96
Ferrovial Group senior management / April 2008	1,522,800	48.50
BAA management / July-November 2008	1,626,880	43.30
Extensions to Ferrovial Group management plans	301,800	28.96-73.53

Million euro

All the stock option plans have three-year vesting period as from the grant date. The plans for BAA management and senior management have exercise periods of three years and five years, respectively, and the plans for Grupo Ferrovial management (pending approval in the case of senior management plans) have an exercise period of five years. In all cases, minimum returns on Grupo Ferrovial's consolidated equity or EBITDA must be fulfilled.

The strike price is calculated as the arithmetic mean of weighted average changes in the previous 20 stock market sessions, each option being equivalent to an option exercised at that price.

Set out below is a summary of movements in the company's stock option plans for 2008 and 2007:

	Number of options	
	2008	2007
Opening number of options	**9,115,363**	**5,502,233**
Options granted	3,149,680	4,488,265
Waivers and other	(461,940)	(336,957)
Options exercised	(125,600)	(538,178)
Closing number of options	**11,677,503**	**9,115,363**

The main assumptions used to measure the stock options granted in 2008 and 2007 are as follows:

	2008	2007
Assumptions used and option values		
Valuation assumptions:		
Estimated exercise period	6.4 años	5 años
Leaving rate before and after exercise period	7 %	7 %
Risk-free rate	4.28 %	4.26 %-4.73 %
Dividend forecast	1.81 %	1.93 %
Volatility forecast	28.24 %	25.53 %-26.95 %

Equity swaps were contracted by Grupo Ferrovial at the grant date in order to hedge against possible losses resulting from the exercise of stock options. These hedges ensure that Grupo Ferrovial will collect an amount equal to the rise in the share price when the options are executed by employees.

Under the equity swap contract, the financial institution undertakes to pay to Grupo Ferrovial cash amounts equal to the return on Grupo Ferrovial's shares, in return for a payment by the company. The main features of equity swaps are as follows:

- The number of shares used to calculate returns is equal to the number of options granted under each plan.
- The share price used to calculate returns is the same as the strike price employed to calculate the increase in the share's value.
- Grupo Ferrovial will pay a yield to the financial institution calculated by applying the EURIBOR rate plus a margin to the result of multiplying the number of shares by the strike price.
- The financial institution will pay to Grupo Ferrovial an amount equal to all the dividends generated by those shares.

Grupo Ferrovial may opt to partially or totally terminate the contract, in which case:

- If the share price is below the strike price at which the contract was concluded, the company must pay the difference to the financial institution.
- If the share price is above the strike price, the company 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 2.3.8). During 2008, a loss of 279 million euro was recognised on these contracts, having an impact on Grupo Ferrovial's net income of -171 million euro, as explained in Note 3.5 on market risk and Note 27 on financial results (268 million euro relating to the stock option plans of Grupo Ferrovial, S.A. and 11 million euro relating to the stock option plans of Cintra, S.A. addressed below).

Amounts received in the form of dividends generate by the shares and paid in the form of yield to the relevant financial institution, under the equity swap contracts described above totalled 15 million euro (7 million euro in 2007) and 25 million euro (14 million euro in 2007), respectively.

Ferrovial Group's staff expenses related to these remuneration systems are analysed in Note 26.

A. STOCK OPTION PLANS OF CINTRA, S.A.

Stock options plans of the company Cintra, S.A. are analysed below and have the same vesting and exercise periods and conditions as are described above for the stock options of Grupo Ferrovial, S.A.

	Number of options	
	2008	2007
Opening number of options	2,236,084	1,253,178
Options granted	256,562	1,204,672
Waivers and other	(262,386)	(221,766)
Options exercised	-	-
Closing number of options	**2,230,260**	**2,236,084**

Set out below is a summary of movements in the company's stock option plans for 2008 and 2007:

	2008	2007
Assumptions used and option values		
Valuation assumptions:		
Estimated exercise period	6.4 años	5 años
Leaving rate before and after exercise period.	7 %	7 %
Risk-free rate	4.28 %	4.54 %
Dividend forecast	1.81 %	0.71 %
Volatility forecast	22.80 %	22.80 %

The main assumptions used to measure the stock options granted in 2008 and 2007 are as follows:

	2008	2007
Assumptions used and option values		
Valuation assumptions:		
Estimated exercise period	6.4 años	5 años
Leaving rate before and after exercise period.	7 %	7 %
Risk-free rate	4.28 %	4.54 %
Dividend forecast	1.81 %	0.71 %
Volatility forecast	22.80 %	22.80 %

As with the stock option plans of Grupo Ferrovial, Cintra contracted the same type of equity swaps described above in relation to the stock option plans of Grupo Ferrovial.

At 31 December 2008 and 2007, Cintra, S.A.'s staff expenses related to these remuneration systems totalled 2 million euro and 1 million euro, respectively.

36. Information on transactions with related parties

A. 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. In the case of ordinary transactions involving Ferrovial, the general approval of the Board of Directors will suffice. This authorisation is not necessary, however, for transactions that simultaneously fulfil the following three conditions:

1. Performed under contracts containing standard terms and applied en masse to many customers.
2. Effected at prices or rates established on a general basis by the party acting as the supplier of the good or service in question.
3. Amount does not exceed 1% of the company's annual revenues.

The following persons are subject to these rules:

- Directors of Grupo Ferrovial S.A. The person requesting authorisation must leave the meeting room while the Board deliberates and votes and may not exercise or delegate his or her voting rights.
- Controlling shareholders.
- Individuals representing Directors that are legal entities
- Senior managers.
- Other managers designated individually by the Board of Directors.
- Persons related to the above persons, as defined in the Board Regulations.

B. TRANSACTIONS WITH RELATED PARTIES

The most relevant arm's length transactions with related parties effected in 2008 in the ordinary course of the Company's and the Group's business are analysed below.

The 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).

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 (*).

C. SIGNIFICANT SHAREHOLDERS

The following table contains a breakdown of the most relevant transactions effected in 2008 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» (1):

				2008 (thousand €)		2007 (thousand €)	
Name/ Company name	Ferrovial Group company	Nature of transaction	Type of transaction	Amount	Profit / Loss	Amount	Profit / Loss
Members of "controlling family group" / their related entities	Ferrovial Agromán S.A. / subsidiaries	Comercial	Execution of construction work	1.811	36	-	-
	Ferrovial Servicios S.A. / subsidiaries	Comercial	Integrated management of services in Madrid offices	405	104	180	55
	Ferrovial Conservación S.A.	Comercial	Lease to Ferrovial of offices in Madrid owned by shareholders	186	(*)	180	(*)
	Ferrovial Agromán S.A. / subsidiaries	Comercial	Execution of construction work	1,716	103	3.,38	157
	Ferrovial Servicios S.A. / subsidiaries	Comercial	Integrated management of services in Madrid offices	341	58	315	39

(1) According to information submitted to the CNMV and to the company on 28 May 2008, the "official family group" formed by Mr Rafael del Pino y Moreno and his children María, Rafael and Leopoldo indirectly control, through Portman Baela, S.L., 58.317% (percentage updated at 31 December 2008) of the share capital of Grupo Ferrovial S.A. It should be noted that Mr Rafael del Pino y Moreno passed away on 14 June 2008

(*) No profit or loss is stated as the relevant amount pertains to the entity or person providing the service..

D. TRANSACTIONS WITH BOARD DIRECTORS AND SENIOR MANAGEMENT

Transactions effected with the company's Board directors and senior management in 2008 are described below. Also shown are transactions effected with Banesto, NH Hoteles, Ericsson, Asea Brown Bovery, Cepsa, Almirall, Aviva and Telefónica, in accordance with Section Two of Order EHA/3050/2004, as certain company Board directors are or were at some point in 2008 Board directors or senior managers of those companies:

Name/ Company name	Ferrovial Group company	Nature of transaction	Type of transaction	2008 (thousand €)		2007 (thousand €)	
				Amount	Profit / Loss	Amount	Profit / Loss
Rafael del Pino y Calvo-Sotelo	Ferrovial Agromán S.A. / subsidiaries	Commercial	Construction management advisory services	44	2	80	4
Joaquín Ayuso García	Ferrovial Agromán S.A. / subsidiaries	Commercial	Execution of construction work	434	22	(-)	(-)
Joaquín Ayuso García	Ferrovial Servicios / subsidiaries	Commercial	Maintenance or conservation activities	57	2	-	-
Santiago Eguidazu Mayor	Grupo Ferrovial / subsidiaries	Commercial	Property purchases	655	202	66 (anticipos)	(#)
Banesto	Ferrovial Group companies	"	Collection of fees for business and settlement of derivative transactions collected	7,074	7,074(´)	28,254	28,254(´)
		"	Payment of fees on derivative transactions	17,479	(*)	8,431	(*)
		"	Payment of interest	5,328	5,328	4,261	4,261 (´)
		"	Interest paid	32,347	(*)	22,934	(*)
		"	Balance utilised on guarantee facilities	298,400	(*)	288,100	(*)
		"	Balance utilised on confirming and documentary credit facilities	30,300	(*)	27,500	(*)
		"	Balance utilised on credit facilities	308,800	(*)	336,400	(*)
	Ferrovial Servicios S.A. / subsidiaries	"	Provision of cleaning and maintenance services	3,656	47	-	-
Ericsson	Ferrovial Servicios S.A. / subsidiaries	"	Integrated management of services	80	5	6,421	1,755
Aviva	Ferrovial Group companies	"	Contracting of insurance policies	2,057	(*)	2,266	(*)
NH Hoteles and its group companies	Ferrovial Group companies	"	Hotel services provided by NH Hoteles and its group companies	78	(*)	103	(*)
Almirall	Ferrovial Servicios S.A. / subsidiaries	Commercial	Integrated management of services	127	8	106	-0,1
Cepsa	Ferrovial Agromán / subsidiaries	Commercial	Execution of construction work	1,651	74	-	-
	Ferrovial Servicios S.A. / subsidiaries	Commercial	Waste collection services provided	10	1	-	-
	Ferrovial Servicios S.A. / subsidiaries	Commercial	Fuel supplies received	6,031	(*)	-	-
Asea Brown Bovery	Ferrovial Agromán S.A. / subsidiaries		Equipment repair and maintenance services received	880	(*)	709	(*)
	Ferrovial Servicios S.A. / subsidiaries		Waste collection services provided	19	2	2	0,1
Telefónica	Ferrovial Group companies		Telecom services received	8,233	(*)	-	-

(#) Advances that generate no profit or loss.
(*) No profit or loss is stated as the relevant amount pertains to the entity or person providing the service.
(´) For this type of items (fees and interest paid), the gross amount of the transaction is treated as a profit.

1. **Other information on transactions with shareholders, Board directors and senior managers**

- The members of the Board of Directors listed below effected transactions consisting of the use of the aeroplane owned by Grupo Ferrovial. These transactions were arranged with the company that habitually operates the aeroplane under a lease with Ferrovial.
  - Mr Rafael del Pino y Calvo-Sotelo: 42 thousand euro.
  - Mr Santiago Fernández Valbuena: 13 thousand euro.
- Finally, in addition to the above-mentioned transactions, 13 arm's length transactions were effected during 2008 with members of the controlling family group or their related entities, Board directors and senior managers, directly or through related persons, for an overall total of 186 thousand euro (123 thousand euro in 2007), comprising collections for/execution of minor construction work in private residences or corporate headquarters; provision of fitting, repair and maintenance services in facilities; provision of waste collection and integrated management services; and sundry services received, all for a limited duration and amount. Where companies of the Ferrovial Group acted as service providers, the profit obtained totalled 21 thousand euro (21 thousand euro in 2007).

The information on remuneration and loans relating to Board directors and senior management may be consulted in the item «Remuneration of Board directors and senior management».

E. TRANSACTIONS BETWEEN GROUP COMPANIES

Set out below is information on transactions between companies of the Ferrovial Group, all of which form part of their ordinary businesses as regards purpose and conditions. These transactions have not been eliminated on consolidation for the following reason:

As explained in Note 2.2.d), 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 authority from a financial and legal viewpoint.

In 2008, Grupo Ferrovial's Construction Division billed those companies for 408,417 thousand euro (451,595 thousand euro in 2007) for work performed and related advance payments and, in this respect, recognised sales totalling 317,538 thousand euro (229,206 thousand euro in 2007).

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 interest, was 7,578 thousand euro (8,476 thousand euro in 2007).

37. Directors' shareholdings, offices or functions in companies

Article 127.3.4 of the Spanish Companies Act (LSA) 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.

The following information has been provided to the company by the Board directors of Grupo Ferrovial S.A. at 31 December 2008:

- **Shareholdings**
  The following interests are held in the subsidiary Cintra, Concesiones de Infraestructuras de Transporte S.A. (total direct and indirect interests):
  - D. Joaquín Ayuso García: 0,001 %
  - D. Santiago Eguidazu Mayor: 0,002%
  - D. José María Pérez Tremps: 0,001%
- **Offices or functions**
- Mr Rafael del Pino y Calvo-Sotelo: Chairman of Cintra Concesiones de Infraestructuras de Transporte S.A. and of Ferrovial Infraestructuras, S.A. Additionally, Mr Leopoldo del Pino y Calvo-Sotelo, a related party under 127 ter.5 LSA, indirectly owns 0.011% of Cintra Concesiones de Infraestructuras de Transporte, S.A. and holds or performs the following offices or duties: Joint Administrator of Cintra Aparcamientos, S.A., Joint Administrator of Dornier S.A. Sociedad Unipersonal, Board director of Sociedad Municipal de Aparcamientos y Servicios, S.A., Chairman of Autopista del Sol Concesionaria Española, S.A., Chairman of Aparcament Escaldes Centre, S.A., Chairman of Serranopark, S.A., Vice-Chairman of Estacionamientos Urbanos de León, S.A., Chairman of Autopista Terrasa-Manresa Concesionaria de la Generalitat de Catalunya, S.A., Board director of Autopista Madrid Sur Concesionaria Española, S.A., Chairman of Autopista Madrid Levante Concesionaria Española, S.A., Vice-Chairman of Autopista Trados 45,

S.A., Chairman of Inversora Autopistas de Levante S.L., Chairman of Inversora Autopistas del Sur S.L., Chairman of Autopista Alcalá O'donnell, S.A., Joint Administrator of Inversora Autopistas de Cataluña S.L., Joint Administrator of Cintra Inversora de Autopistas de Cataluña, S.L. and Board director of Cintra Car Parks UK Ltd
- Mr Joaquín Ayuso García: Chairman of Ferrovial Agromán, S.A., Ferrovial Aeropuertos, S.A., Ferrovial Servicios, S.A. and Ferrovial FISA, S.L., Vice-Chairman of Cintra Concesiones de Infraestructuras de Transporte S.A. and CEO of Ferrovial Infraestructuras.
- Mr José María Pérez Tremps: Board director of Cintra Concesiones de Infraestructuras de Transporte, S.A., Ferrovial Agromán S.A., Ferrovial Infraestructuras S.A., Ferrovial Aeropuertos S.A., Ferrovial FISA S.L., Ferrovial Servicios S.A., Swissport International AG and BAA Limited; and Joint Administrator of Ferrovial Inversiones S.A.
- **Activities carried on for own account or account of third parties**
  No information has been received in this respect.

38. 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 2008 and 2007 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 subsidiaries and associates for services other than audit services is also provided:

	2008	2007
Fees for audit services	**5.9**	**6.3**
Principal auditor	3.8	4.1
Other auditors	2.1	2.2
Fees for other services	3.8	9.7
Principal auditor	**0.7**	**8.9**
Other auditors	3.1	0.8

Million euro

The principal auditor's fees represent approximately 0.02% of its total turnover (0.03% in 2007).

39. Events after the balance sheet date

As communicated to the CNMV in the form of a Relevant Fact on 29 January 2009, the Board of Directors has begun to analyse the possible merger of its subsidiary Cintra Concesiones de Infraestructuras de Transporte, which has expressed in interest in addressing this strategic option, there being no reference for the moment to any possible share exchange ratio.
The analysis and decision regarding the merger has been entrusted to the Committee for Related-Party Transactions, which has been formed for the present purposes to act as a «Merger Committee». This committee is formed solely by Non-Executive, Non-Controlling Directors, the majority of whom are independent.

Moreover, the Board of Directors has agreed to designate a financial institution as the Company's financial advisor in this process to carry out appropriate valuation work for the issue, if and when applicable, of a fairness opinion on the share exchange equation. With respect to this designation, care has been taken to ensure the absence of conflicts of interest and, in particular, of recent significant financing or business relations between the institution and the Ferrovial Group.
Furthermore, London Heathrow Airport will have a third runway within a 10-year period. The UK Government has approved the project which, fulfilling strict environmental limits, will allow BAA to enhance the quality offered to users, increase the number of passengers and improve infrastructure capacity.

40. Commentaries 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 identity of their auditor and the companies that are consolidated for tax purposes.

Corporate

Company	Auditor	Parent company	% interest	Net cost of shareholding (million euro)	Reg. Office
SPAIN					
Grupo Ferrovial, S.A.(a)	Price Waterhouse Coopers				Madrid
Can-Am, S.A, Sociedad Unipersonal (a)		Grupo Ferrovial, S.A.	100 %	0	Madrid
Ferrovial Inversiones, S.A. (a)		Grupo Ferrovial, S.A. (i)	99.98 %	0	Madrid
Betonial, S.A.(a)		Grupo Ferrovial, S.A. (i)	99 %	36	Madrid
Burety, S.L. (a)		Grupo Ferrovial, S.A. (i)	99 %	0	Madrid
Frin Gold, S.A.(a)		Grupo Ferrovial, S.A. (i)	99 %	0	Madrid
Inversiones Trenza, S.A. (a)		Grupo Ferrovial, S.A. (i)	99 %	0	Madrid
Promotora Ibérica de Negocios, S.A.(a)		Grupo Ferrovial, S.A. (i)	99 %	0	Madrid
Alkes Reinsurance Limited	Price Waterhouse Coopers	Grupo Ferrovial, S.A.	100 %	3	Irlanda
Marjeshvan		Grupo Ferrovial, S.A. (i)	99 %	0	Madrid
Remtecolex, S.A.(a)		Grupo Ferrovial, S.A. (i)	99 %	0	Madrid
Sotaverd, S.A.(L)		Grupo Ferrovial, S.A. (ii)	49 %	0	Barcelona
Triconitex, S.L. (a)		Grupo Ferrovial, S.A. (i)	99 %	0	Madrid
Ferrocorp Uk		Grupo Ferrovial, S.A.	100 %	1	UK
Dirgenfin (a)		Grupo Ferrovial, S.A. (i)	99 %	0	Madrid
Finecofer (a)		Grupo Ferrovial, S.A. (i)	99 %	0	Madrid
Baroslia, S.A. (a)		Grupo Ferrovial, S.A. (i)	99 %	0	Madrid

(L) in liquidation (i) Rest through Can-am, S.A. S.U. (ii) Ferrovial Inversiones, S.A. 28,47 %

Construction

Company	Auditor	Parent company	% interest	Net cost of shareholding (million euro)	Reg. Office
SPAIN					
Ferrovial Agromán, S.A. (a)	Price Waterhouse Coopers	Grupo Ferrovial, S.A. (i)	99.98 %	317	Madrid
Aplicación Recursos Naturales, S.A. (a)	N/A	Ferrovial Agromán, S.A.(i)	100 %	0	Barcelona
Cadagua, S.A. (a)	Price Waterhouse Coopers	Ferrovial Agromán, S.A.(i)	99.99 %	79	Bilbao
Boremer, S.A.	Price Waterhouse Coopers	Cadagua, S.A. (a)	49.95 %	2	Madrid
Compañía de Obras Castillejos (a)	Price Waterhouse Coopers	Ferrovial Agromán, S.A.(i)	99.70 %	8	Madrid
Encofrados Deslizantes y Técnicas Especiales, S.A. (a)	Price Waterhouse Coopers	Ferrovial Agromán, S.A.(i)	99.07 %	2	Madrid
Ditecpresa, S.A.(a)	Price Waterhouse Coopers	Ferrovial Agromán, S.A.(i)	99.90 %	1	Madrid
Ferrovial Conservación, S.A.(a)	Price Waterhouse Coopers	Ferrovial Agromán, S.A.(i)	99.01 %	2	Madrid
Urbaoeste, S.A. (a)	N/A	Ferrovial Agromán, S.A.(i)	99.90 %	1	Cartagena
Ferrovial Medio Ambiente y Energía, S.A (a)	Price Waterhouse Coopers	Ferrovial Agromán, S.A.(i)	99.55 %	1	Madrid
Discota XXI, S.L., S.Unipersonal (a)	N/A	Ferrovial Agromán, S.A.	100 %	98	Madrid
Norvarem, S.A.U. (a)	N/A	Ferrovial Agromán, S.A.	100 %	0	Madrid
Ferrovial Financiera A.I.E.		Ferrovial Agromán, S.A.(ii)	61.27 %	265	Madrid
Tecnológica Lena, S.L.	Attest Consulting	Ferrovial Agromán, S.A.	50.0 %	0	Asturias
Técnicas del Pretensado y Servicios Auxiliares, S.L (a)	Price Waterhouse Coopers	Edytesa, S.A.(i) (a)	99.07 %	3	Madrid
Sociedad Concesionaria de Prisiones Lledoners, S.A.(a)	Price Waterhouse Coopers	Ferrovial Agromán, S.A.	100 %	16	Catalonia
Concesionaria Baio	Price Waterhouse Coopers	Ferrovial Agromán, S.A.(i)	50 %	9	Galicia
Concesionaria de Prisones Figueres (a)	Price Waterhouse Coopers	Ferrovial Agromán, S.A.(i)	100 %	11	Catalonia
Cadagua Ferr. Indust. México		Feroviall Medio Ambiente, S.A.	100 %	0	Mexico
POLAND					
Budimex, S.A.	Deloitte Audit Sp. z o.o.	Valivala Holdings B.V.	59.06 %	97	Warsaw
Budimex Dromex, S.A.	Deloitte Audit Sp. z o.o.	Budimex, S.A.	100 %	114	Warsaw
Budimex Inwestycje Sp. z o.o.	Deloitte Audit Sp. z o.o.	Budimex, S.A.	100 %	23	Warsaw
Budimex Dromex ComputerLand s.j.	Deloitte Audit Sp. z o.o.	Budimex Dromex, S.A.	67 %	0	Warsaw
Unibud Sp z.o.o.	Deloitte Audit Sp. z o.o.	Budimex Dromex, S.A.	100 %	7	Bielsk Podlaski
Mostostal Kraków S.A.	Deloitte Audit Sp. z o.o.	Budimex Dromex, S.A.	100 %	3	Cracow
Sprzęt Transport Sp. z o.o.	Deloitte Audit Sp. z o.o.	Budimex Dromex, S.A.	100 %	6	Cracow
Centrum Konferencyjne Budimex Sp. z o.o.		Budimex Inwestycje Sp. z o.o.	100 %	0	Licheń
Autopark Bydgoszcz Sp. z.o.o.		Budimex Inwestycje Sp. z o.o.	100 %	3	Bydgoszcz
Budimex Nieruchomości Sp. z o.o. (IP)	Deloitte Audit Sp. z o.o.	Budimex Inwestycje Sp. z o.o. (i)	50 %	39	Warsaw
Zarat S.A.	Deloitte Audit Sp. z o.o.	Budimex Inwestycje Sp. z o.o.	100 %	0	Warsaw
(i) Rest 50 % through Grimaldi Investment BV					
CHILE					
Ferrovial Agromán Chile, S.A.	Price Waterhouse Coopers	Ferrovial Agromán, S.A.	13.38 %	4	Chile
Ferrovial Agromán Empresa Constructora Ltda.	Price Waterhouse Coopers	Ferrovial Agromán, S.A.(iii)	99.00 %	0	Chile
Constructora Agromán Ferrovial Limitada	Price Waterhouse Coopers	Ferrovial Agromán, S.A.(v)	56.57 %	0	Chile
Ferrovial Agromán Compañía Constructora Ltda.	Price Waterhouse Coopers	Ferrovial Agromán, S.A. (vii)	99.95 %	0	Chile
Ferrovial Agromán Chile, S.A.	Price Waterhouse Coopers	Ferrovial Agromán Empresa Constructora Ltda.	86.62 %	10	Chile
Ferrovial Agromán Latinoamérica, Ltda.	Price Waterhouse Coopers	Constructora Agromán Ferrovial Limitada (vi)	50 %	0	Chile
CANADA					
Ferrovial Agromán Canadá, Inc		Ferrovial Agromán, S.A.	100 %	0	Canada
NETHERLANDS					
Valivala Holdings B.V.	not audited	Discota XXI, S.L., S.Unipersonal (a)	100 %	98	Netherlands
RUSSIA					
ZAO Budimex	not audited	Budimex, S.A.	100 %	0	Kaliningrad

Company	Auditor	Parent company	% interest	Net cost of shareholding (million euro)	Reg. Office
USA					
Ferrovial Agromán US Corp.		Ferrovial Agromán, S.A.	100 %	0	USA
Ferrovial Agromán Indiana, LLC		Ferrovial Agromán US Corp.	100 %	0	USA
Indiana Toll-Roads Contractors, LLC		Ferrovial Agromán Indiana, LLC	75 %	0	USA
Ferrovial Agromán Texas, LLC		Ferrovial Agromán US Corp.	100 %	0	USA
Ferrovial Agromán 56, LLC		Ferrovial Agromán Texas, LLC	100 %	0	USA
Ferrovial Zachry Contractors, LLC		Ferrovial Agromán 56, LLC	50 %	0	USA
W.W.Webber, LLC	BDO	Norvarem	100 %	49	USA
Webber Management Group, INC	BDO	Norvarem	100 %	41	USA
Southern Crushed Cincrete, INC	BDO	Norvarem	100 %	87	USA
Webber Barrier Sevices, LLC	BDO	Norvarem	100 %	0	USA
IRELAND					
Ferrovial Agromán Ireland Ltda.	Price Waterhouse Coopers	Ferrovial Agromán, S.A.	100 %	0	Ireland
UNITED KINGDOM					
Ferrovial Agromán UK, Ltda	Price Waterhouse Coopers	Ferrovial Agromán, S.A.	100 %	7	UK
Ferrovial Agromán Airports UK, Ltda	Price Waterhouse Coopers	Ferrovial Agromán, S.A.	100 %		UK
GERMANY					
PKZ Budimex	not audited	Budimex, S.A.	50 %	0	Cologne
Budimex Bau	not audited	Budimex, S.A.	100 %	0	Walluf

(i) Rest through Can-Am, S.A.
(ii) 3.5 % Ferrovial Servicios, 4.67 % Grupo Ferrovial, 29.88 % Ferrovial Aeropuertos
(iii) Rest through Ferrovial Agromán Chile
(iv) 41.1 % through Budimex Dromex, S.A.
(v) 2.75 % Ferrovial Agromán Chile, 40.37 % Ferrovial Agromán Empresa Constructora Limitada
(vi) Remaining 50 % Ferrovial Agromán Empresa Constructora Limitada
(vii) 1 % through Ferrovial Agromán Chile

Airports

Company	Auditor	Parent company	% interest	Net cost of shareholding (million euro)	Reg. Office
UNITED KINGDOM					
FGP Topco Limited	Price Waterhouse Coopers	Ferrovial Infraestructuras, S.A. (i)	51 %	3,589	UK
ADI Finance 1 Ltd	Price Waterhouse Coopers	FGP Topco Limited	100 %	423	UK
ADI Finance 2 Ltd	Price Waterhouse Coopers	ADI Finance 1 Ltd	100 %	423	UK
BAA Limited	Price Waterhouse Coopers	ADI Finance 2 Ltd	100 %	423	UK
BAA Airports Holdco Limited	Price Waterhouse Coopers	BAA Limited	100 %	5,852	UK
BAA (Non des Topco) Limited	Price Waterhouse Coopers	BAA Limited	100 %	2	UK
BAA (NDH2) Limited	Price Waterhouse Coopers	BAA Limited	100 %	2	UK
SPAIN					
Ferrovial Infraestructuras, S.A. (a)	Price Waterhouse Coopers	Grupo Ferrovial, S.A.	100 %	970	Madrid
Ferrovial Aeropuertos, S.A. (a)	Price Waterhouse Coopers	Ferrovial Infraestructuras, S.A.	100 %	166	Madrid
Aeropuerto de Belfast, S.A.(a)	Price Waterhouse Coopers	Ferrovial Aeropuertos, S.A.	99 %	0	Madrid
Lernamara S.L.(a)		Grupo Ferrovial, S.A.	100 %	0	Madrid
CHILE					
Aeropuerto Cerro Moreno Sociedad Concesionaria, S.A	Price Waterhouse Coopers	Ferrovial Aeropuertos, S.A.	99 %	2	Chile
AUSTRALIA					
Ferrovial Sidney, Airport Investment Trust	Deloitte	Ferrovial Aeropuertos, S.A.	100 %	In liquidation until 31/12/2008	Sidney
Ferrovial Aeropuertos Australia Manag Ltd		Ferrovial Aeropuertos, S.A.	100 %	In liquidation until 31/12/2008	Sidney

(*) Al final del Anexo se incluye una relación de las sociedades de BAA
(i) Lernamara, S.L 4,87 %

Company	Auditor	Parent company	% interest	Net cost of shareholding (million euro)	Reg. Office
SPAIN					
Cintra, Concesiones de Infraestructuras de Transporte, S.A (b)	Price Waterhouse Coopers	Ferrovial Infraestructuras, S.A (i)	63.11%	1,364	Madrid
Autopista del Sol, C.E.S.A (b)	Price Waterhouse Coopers	Cintra, Concesiones de Infraestructuras de transporte, S.A	80%	187	Madrid
Autopista Terrasa Manresa, S.A (b)	Price Waterhouse Coopers	Cintra, Concesiones de Infraestructuras de transporte, S.A	76.28%	44	Barcelona
Autopista Trados M-45, S.A (IP)	Price Waterhouse Coopers	Cintra, Concesiones de Infraestructuras de transporte, S.A	50%	13	Madrid
Autopista de Toronto S.L (b)	Price Waterhouse Coopers	Cintra, Concesiones de Infraestructuras de transporte, S.A	100%	9	Madrid
Inversora de Autopistas del Sur, S.L (c)	Price Waterhouse Coopers	Cintra, Concesiones de Infraestructuras de transporte, S.A	55%	174	Madrid
Autopista Madrid Sur C.E.S.A (c)	Price Waterhouse Coopers	Inversora de Autopistas del Sur, S.L	100%	659	Madrid
Inversora de Autopistas del Levante, S.L (d)	Price Waterhouse Coopers	Cintra, Concesiones de Infraestructuras de transporte, S.A	51.84%	48	Madrid
Autopista Madrid Levante, C.E.S.A. (d)	Price Waterhouse Coopers	Inversora de Autopistas del Levante, S.L	100%	510	Madrid
Laertida, S.L. (b)	Price Waterhouse Coopers	Cintra, Concesiones de Infraestructuras de transporte, S.A	100%	7	Madrid
Cintra Autopistas Integradas, S.A. (b)	Price Waterhouse Coopers	Cintra, Concesiones de Infraestructuras de transporte, S.A (i)	100%	2	Madrid
M-203 Alcalá-O'Donnell (b)	Price Waterhouse Coopers	Cintra Autopistas Integradas, S.A.	100%	65	Madrid
Cintra Inversora Autopistas de Cataluña, S.A. (b)		Cintra, Concesiones de Infraestructuras de Transporte, S.A	100%	6	Barcelona
Inversora Autopistas de Cataluña, S.A. (b)		Cintra Inversora Autopistas de Cataluña, S.A.	100%	3	Barcelona
Cintra Aparcamientos, S.A (b)	Price Waterhouse Coopers	Cintra, Concesiones de Infraestructuras de transporte, S.A	99.92%	63	Madrid
Dornier, S.A (b)	Price Waterhouse Coopers	Cintra Aparcamientos, S.A	100%	21	Madrid
Femet, S.A (b)	Price Waterhouse Coopers	Cintra Aparcamientos, S.A (ii)	99.50%	1	Madrid
Guadianapark, S.A.		Cintra Aparcamientos, S.A	75%	1	Madrid
Balsol 2001, S.A.(b)		Cintra Aparcamientos, S.A (iii)	100%	3	Gerona
Estacionamientos Alhóndiga, S.A (IP)	Deloitte	Cintra Aparcamientos, S.A	50%	1	Bilbao
Aparcamientos de Bilbao		Cintra Aparcamientos, S.A	75%	1	Bilbao
Aparcamientos Guipuzcoanos, S.L.		Estacionamientos Guipuzcoanos S.A	60.13%	1	San Sebastian
Estacionamientos Guipuzcoanos S.A	Deloitte	Cintra Aparcamientos, S.A	100%	41	San Sebastian
Estacionamiento y Galería Comercial Indauxtu, S.A.		Cintra Aparcamientos, S.A	100%	0	Bilbao
Guipuzcoa Parking Siglo XX		Estacionamientos Guipuzcoanos S.A	60%	1	San Sebastián
Serrano Park, S.A.		Cintra Aparcamientos, S.A	50%	9	Madrid
Cintra Car Parks UK, Ltd.		Cintra Aparcamientos, S.A	100%	0	UK
Concha Parking, S.A.		Estacionamientos Guipuzcoanos S.A	60%	2	Madrid
PORTUGAL					
Euroscut Norte Litoral, S.A	Price Waterhouse Coopers	Cintra, Concesiones de Infraestructuras de transporte, S.A	75.53%	76	Portugal
Euroscut -Sociedade Concessionaria da Scut do Algarve, S.A	Price Waterhouse Coopers	Cintra, Concesiones de Infraestructuras de transporte, S.A	77%	35	Portugal
Cintra sucursal Portugal	Price Waterhouse Coopers	Cintra, Concesiones de Infraestructuras de transporte, S.A	100%	0	Portugal
Euroscut Azores S.A.	Price Waterhouse Coopers	Cintra, Concesiones de Infraestructuras de transporte, S.A	89%	24	Portugal
NETHERLANDS					
Algarve International B.V.	Price Waterhouse Coopers	Cintra, Concesiones de Infraestructuras de transporte, S.A	77%	0	Netherlands
407 Toronto Highway B.V.		Autopista de Toronto S.L	100%	369	Netherlands
CHILE					
Cintra Chile Limitada	Price Waterhouse Coopers	Cintra, Concesiones de Infraestructuras de transportes, S.A	100%	305	Chile
Cintra Inversiones Chile Ltda.	Price Waterhouse Coopers	Cintra Chile Limitada	100%	0	Chile
Collipulli Temuco, S.A.	Price Waterhouse Coopers	Cintra Chile Limitada	100%	50	Chile
Temuco Rio Bueno, S.A. (a)	Price Waterhouse Coopers	Cintra Chile Limitada	75%	4	Chile
Talca-Chillán, sociedad conceionaria S.A	Price Waterhouse Coopers	Cintra Chile Limitada	67.61%	9	Chile
Autopista del Bosque, S.A.	Price Waterhouse Coopers	Cintra Chile Limitada	100%	6	Chile
Autopista del Maipo, S.A	Price Waterhouse Coopers	Cintra Chile Limitada	100%	80	Chile
POLAND					
Autostrada Poludnie, S.A		Cintra, Concesiones de Infraestructuras de transporte, S.A	90%	13	Poland

Toll roads and car parks

Company	Auditor	Parent company	% interest	Net cost of shareholding (million euro)	Reg. Office
CANADA					
407 International Inc.	Price Waterhouse Coopers/ Deloitte	Cintra Canada Inc.	53.23%	243	Canada
Cintra Canada Inc.	Price Waterhouse Coopers/ Deloitte	407 Toronto Highway B.V.	100%	0	Canada
IRELAND					
Eurolink Motorway Operation (M4-M6), Ltd.	Price Waterhouse Coopers	Cintra, Concesiones de Infraestructuras de transportes, S.A	66%	3	Ireland
Financinfrastructures	Price Waterhouse Coopers	Cintra, Concesiones de Infraestructuras de transportes, S.A	100%	65	Ireland
Cinsac, Ltd		Cintra, Concesiones de Infraestructuras de transportes, S.A	100%	0	Ireland
Eurolink Motorway Operation (M3), Ltd.	Price Waterhouse Coopers	Cinsac, Ltd	95%	0	Ireland
ITALY					
Autoestrade Lombardia SPA	Price Waterhouse Coopers	Cintra, Concesiones de Infraestructuras de transportes, S.A	68%	0	Italy
USA					
Cintra Zachry, LP (iv)		Cintra Texas Corp	84.15%	2	EUSA
Cintra Zachry, GP		Cintra Texas Corp	85%	0	USA
Cintra Texas Corp		Cintra US Corp	100%	2	USA
Cintra Developments, LLC		Cintra Texas Corp	100%	0	USA
Cintra Skyway LLC	Price Waterhouse Coopers	Cintra US Corp	100%	190	USA
Cintra US Corp	Price Waterhouse Coopers	Laertida	100%	541	USA
SCC Holding LLC	Price Waterhouse Coopers	Cintra Skyway LLC	55%	188	USA
Skyway Concession Co.LLC	Price Waterhouse Coopers	SCC Holding LLC	100%	427	USA
Cintra ITR LLC	Price Waterhouse Coopers	Cintra US Corp	100%	250	USA
Statewide Mobility Partners LLC (IP)	Price Waterhouse Coopers	Cintra ITR LLC	50%	252	USA
ITR Concession Company Holdings (IP)	Price Waterhouse Coopers	Statewide Mobility Partners LLC	100%	504	USA
ITR Concession Company (IP)	Price Waterhouse Coopers	ITR Concession Company Holdings	100%	504	USA
Cintra Texas 56, LLC	Price Waterhouse Coopers	Cintra US Corp	100%	55	USA
SH-130 Concession Company, LLC	Price Waterhouse Coopers	Cintra Texas 56, LLC	65%	55	USA
GREECE					
Nea Odos, S.A. (IP)	Price Waterhouse Coopers	Cintra, Concesiones de Infraestructuras de transportes, S.A	33.34%	19	Greece
Central Greece Motorway (E65) (IP)	Price Waterhouse Coopers	Cintra, Concesiones de Infraestructuras de transportes, S.A	33.34%	13	Greece
ANDORRA					
Aparcament Escaldes Centre, S.A.		Cintra Aparcamientos, S.A	100%	11	Andorra

(i) Rest through Marjesvan and stock exchange
(ii) Remaining 0.5% Cintra Aparcamientos, S.A.
(iii) Remaining 50% Dornier, S.A.
(iv) Remaining 1% Cintra Zachry, GP

Services

Company	Auditor	Parent company	% interest	Net cost of shareholding (million euro)	Reg. Office
SPAIN					
Ferrovial Servicios, S.A (a)	BDO	Grupo Ferrovial, S.A. (i)	99.88%	572	Madrid
Eurolimp, S.A (a)	BDO	Ferrovial Servicios S.A (i)	99%	8	Madrid
Grupisa Infraestructuras, S.A (a)	BDO	Ferrovial Servicios S.A (i)	99.97%	18	Madrid
Viales de Castilla y León, S.A (a)	BDO	Grupisa Infraestructuras, S.A.	100%		Ávila
Andaluza de Señalizaciones, S.A Soc. Unipersonal (a)	BDO	Grupisa Infraestructuras, S.A.	100%		Málaga
Empresa Mantenimiento y Explotación M-30 S.A (IP)	Deloitte	Ferrovial Servicios S.A	50%	0	Madrid
Oñeder S.A	Deloitte	Cespa Conten S.A	51.61%	1	Guipúzcoa
Contenedores Reus S.A (a)	Deloitte	Cespa Gestion Residuos S.A (a)	75,5%	1	Reus
Cespa Gestión Tratamientos de Residuos, S.A.(a)	Deloitte	Cespa Gestion Residuos S.A (a)	100%	21	Madrid
Econenergia Can Mata AIE	Deloitte	Cespa Gestion Residuos S.A (a)	70%	0	Barcelona
Econenergia Can Mata AIE	Deloitte	Cespa S.A.	30%	0	Barcelona
Tratamiento de Residuos y Energias Valencianas S.A	No obligation of audit	Cespa Gestion Residuos S.A (a)	55%	3	Valencia
Cespa Inversiones Ambientales S.A	No obligation of audit	Compañía Española de Servicios Públicos Auxiliares S.A (ii)	60%	6	Bilbao
Compañía Española de Servicios Públicos Auxiliares S.A (a)	Deloitte	Ferrovial Servicios S.A (i)	99.99%	1	Barcelona
Cespa Jardinería S.A.	Deloitte	Compañía Española de Servicios Públicos Auxiliares S.A	100%	8	Bilbao
Cespa Gestion Residuos S.A (a)	Deloitte	Compañía Española de Servicios Públicos Auxiliares S.A	100%	86	Barcelona
Cespa Conten S.A	Deloitte	Compañía Española de Servicios Públicos Auxiliares S.A	100%	13	Bilbao
Ecocat S.L (IP)	Deloitte	Compañía Española de Servicios Públicos Auxiliares S.A	50%	31	Barcelona
Sitkol, S.A.(a)	No obligation of audit	Compañía Española de Servicios Públicos Auxiliares S.A (i)	99%	5	Madrid
Emp.Mixta Almendralejo, S.A.	No obligation of audit	Compañía Española de Servicios Públicos Auxiliares S.A	51%	0	Badajoz
Sogarisa S.A (IP)	Deloitte	Ecocat S.L	50%	2	La Coruña
Ecocem S.A (IP)	No obligation of audit	Ecocat S.L	51%	0	Barcelona
Gestó de Residuos Especials de Catalunya S.A (IP)	Deloitte	Ecocat S.L	33.33%	1	Barcelona
Ingenieria Ambiental Granadina S.A (a)	Deloitte	Compañía Española de Servicios Públicos Auxiliares S.A	80%	3	Granada
Gestión Medioambiental de Toledo, S.A.	Almagro Auditores, S.L.	Compañía Española de Servicios Públicos Auxiliares S.A	55%	6	Toledo
CTR Fogars		Cespa Gestion Residuos S.A (a)	55%	0	
Autovía de Aragón, Sociedad Concesionaria, S.A.	Price Waterhouse Coopers	Grupisa Infraestructuras, S.A.	60%	8	
Swissport Handling S.A.		Swissport International AG	100%	5	
Novalis Medioambiente S.A.	No obligation of audit	Cespa Gestion Residuos S.A.	50%	0	Alicante
MOVITEC	No obligation of audit	Ecocat S.L	50%		Martorell
Ecoparc del Mediterrani, S.A	Deloitte	Cespa Gestion Residuos S.A (a)	48%		Barcelona
Swissport Menzies Handling Alicante		Swissport International AG	11%	0	
Swissport Menzies Handling		Swissport International AG	21%	0	
Swissport Menzies Handling		Ferrovial Servicios S.A	40%		
SWITZERLAND					
Swissport Baggage Sorting AG	Price Waterhouse Coopers	Swissport International AG	100%	1	Switzerland
Checkport Schweiz AG	Price Waterhouse Coopers	Swissport International AG	85%	2	Switzerland
PrivatPort SA	Price Waterhouse Coopers	Swissport International AG	51%	0	Switzerland
Fuelport Schweiz AG		Swissport International AG	49%	0	Switzerland
Swissport Group Services GmbH		Swissport International AG	100%	0	Switzerland
USA					
Swissport North America Inc.	Price Waterhouse Coopers	Swissport International AG	100%	72	USA
Swissport Cargo Holdings Inc.		Swissport International AG	100%	incl. In SP North America Inc.	USA
Swissport Cargo Services LP Inc.		Swissport International AG	100%	incl. In SP North America Inc.	USA
Swissport Corporation (USA) Inc.		Swissport International AG	100%	incl. In SP North America Inc.	USA
Swissport Fueling of Nevada Inc.		Swissport International AG	100%	incl. In SP North America Inc.	USA
Swissport Holdings Inc.		Swissport International AG	100%	incl. In SP North America Inc.	USA
Dapso Inc.		Swissport International AG	100%	incl. In SP North America Inc.	USA
Swissport USA Inc.		Swissport International AG	100%	incl. In SP North America Inc.	USA
Swissport CFE Inc.		Swissport International AG	100%	incl. In SP North America Inc.	USA
Swissport Cargo Services Inc.		Swissport International AG	100%	incl. In SP North America Inc.	USA
Swissport Fueling Inc.		Swissport International AG	100%	incl. In SP North America Inc.	USA
Hallmark Aviation Services Inc.		Swissport International AG	51%	incl. In SP North America Inc.	USA
New Age Aviation Security US, Inc.		Swissport International AG	51%	0	USA

Company	Auditor	Parent company	% interest	Net cost of shareholding (million euro)	Reg. Office
UNITED KINGDOM					
Amey UK Plc (a)	BDO	Ferrovial Servicios (iv)	99.9%	0	Oxford
AHL Holdings (Manchester) Ltd	Grant Thornton	Amey Ventures Investments Ltd	50%	0	London
AHL Holdings (Wakefield) Ltd	Grant Thornton	Amey Ventures Investments Ltd	50%	0	London
ALC (FMC) Ltd	KPMG	ALC (Superholdco) Ltd	100%	0	Oxford
ALC (Holdco) Ltd	KPMG	ALC (Superholdco) Ltd	100%	0	Oxford
ALC (SPC) Ltd	KPMG	ALC (Holdco) Ltd	100%	0	Oxford
ALC (Superholdco) Ltd	KPMG	Amey Ventures Investments Ltd	50%	0	Oxford
Amcroft Ltd	BDO	Amey plc	33.33%	0	Oxford
Amey 1321 Ltd	BDO	Amey plc	100%	0	Oxford
Amey Airports Ltd	BDO	Amey plc	100%	0	Oxford
Amey Belfast Schools Partnership Holdco Ltd		Amey Ventures Investments Ltd	100%	0	Oxford
Amey Belfast Schools Partnership PFI Co Ltd		Amey Belfast Schools Partnership HoldCo Ltd	100%		Oxford
Amey Building Ltd	BDO	Amey plc	100%	0	Oxford
Amey Community Ltd	BDO	Amey plc	100%	0	Oxford
Amey Construction Ltd	BDO	Amey plc	100%	0	Oxford
Amey Datel Group Ltd	BDO	Amey plc	100%	0	Oxford
Amey Datel Ltd	BDO	Amey Ow Ltd	100%	0	Oxford
Amey Datel Security And Communications Ltd	BDO	Amey Datel Group Ltd	100%	0	Oxford
Amey Datel Technology Ltd	BDO	Amey Datel Group Ltd	100%	0	Oxford
Amey Facilities Partners Ltd	BDO	Comax Holdings Ltd	100%	0	Oxford
Amey Fleet Services Ltd	BDO	Amey plc	100%	0	Oxford
Amey FMP Belfast Schools Partnership Holdco Ltd		Amey Ventures Investments Ltd	70%	0	Oxford
Amey FMP Belfast Schools Partnership SP Co Ltd		Amey FMP Belfast Schools Partnership Holdco Ltd	100%		Oxford
Amey Group Information Services Ltd	BDO	Amey plc	100%	0	Oxford
Amey Group Services Ltd	BDO	Amey plc	100%	0	Oxford
Amey Highways Lighting (Manchester) Ltd	Grant Thornton	AHL Holdings (Manchester) Ltd	100%	0	London
Amey Highways Lighting (Wakefield) Ltd	Grant Thornton	AHL Holdings (Wakefield) Ltd	100%	0	London
Amey Highways Ltd	BDO	Amey plc	100%	0	Oxford
Amey Information Services Ltd	BDO	Amey plc	100%	0	Oxford
Amey Insurance Company PCC Ltd	BDO Guernsey	Amey plc	100%	0	Guernsey
Amey IT Services Ltd	BDO	Amey plc	100%	0	Oxford
Amey Lagan Roads Financial plc	BDO	Amey Lagan Roads Holdings Ltd	100%	0	Belfast
Amey Lagan Roads Holdings Ltd	BDO	Amey Ventures Investments Ltd	50%	0	Belfast
Amey Legan Roads Ltd	BDO	Amey Lagan Roads Holdings Ltd	100%	0	Belfast
Amey LG Ltd	BDO	Amey plc	100%	0	Oxford
Amey Lighting (Norfolk) Ltd		Amey Lighting (Norfolk) Holdings Ltd	100%	0	Oxford
Amey Lighting (Norfolk) Holdings Ltd		Amey Ventures Investments Ltd	100%	0	Oxford
Amey LUL 2 Ltd	BDO	Amey Tube Ltd	100%	0	Oxford
Amey LUL Ltd	N/A Dormant	Amey plc	100%	0	Oxford
Amey Mechanical & Electrical Services Ltd	BDO	Amey Ppperty Ltd	100%	0	Oxford
Amey OW Group Ltd	BDO	Amey UK plc	100%	0	Oxford
Amey OW Ltd	BDO	Amey OW Group Ltd	100%	0	Oxford
Amey OWR Ltd	BDO	Amey OW Group Ltd	100%	0	Oxford
Amey plc (c.3)	BDO	Amey UK plc	100%	0	Oxford
Amey Procurement Solutions Ltd	BDO	Amey plc	100%	0	Oxford
Amey Programme Management Ltd	BDO	Amey plc	100%	0	Oxford
Amey Properties Ltd	BDO	Amey plc	100%	0	Oxford
Amey Property Ltd	BDO	Amey plc	100%	0	Oxford
Amey Rail Ltd	BDO	Amey plc	100%	0	Oxford
Amey Railtech Ltd	N/A Dormant	Amey OW Group Ltd	100%	0	Oxford
Amey Railways Holding Ltd	BDO	Amey plc	100%	0	Oxford
Amey Roads (North Lanarkshire) Ltd	BDO	Amey LG Ltd	66.67%	0	Oxford
Amey Services Ltd	BDO	Amey plc	100%	0	Oxford

Company	Auditor	Parent company	% interest	Net cost of shareholding (million euro)	Reg. Office
Amey Technology Services Ltd	BDO	Amey plc	100%	0	Oxford
Amey Tramlink Ltd	BDO	Treasurepark Ltd	100%	0	Oxford
Amey Tube Ltd	BDO	JNP Ventures Ltd	100%	0	Oxford
Amey Ventures Investments Ltd	BDO	Amey plc	100%	0	Oxford
Amey Ventures Ltd	BDO	Amey plc	100%	0	Oxford
Amey Wye Valley Ltd	BDO	Amey LG Ltd	80%	0	Oxford
BCN Data Systems Ltd (IP)	Price Waterhouse Coopers	Amey Information Services Ltd	50%	0	London
BCN Data Systems LLC	Price Waterhouse Coopers	BCN Holdings Inc	100%	0	London
BCN Holdings Inc	Price Waterhouse Coopers	BCN Data Systems Ltd (IP)	100%	0	London
Bushclose Ltd	BDO	Treasurepark Ltd	100%	0	Oxford
Comax Holdings Ltd	BDO	Amey plc	100%	0	Oxford
Comax Secure Business Services Ltd	N/A Dormant	Comax Holdings Ltd	100%	0	Oxford
E4D & G Holdco Ltd		Amey Ventures Investments Ltd	85%	0	Oxford
E4D & G Project Co Ltd		E4D & G Holdco Ltd	100%	0	Oxford
EduAction (Waltham Forest) Ltd (IP)	PKF (UK)	Amey plc	50%	0	London
Integrated Bradford Hold Co One Ltd	KPMG	Amey Ventures Investments Ltd	8.77%	0	Oxford
Integrated Bradford Hold Co One Ltd	KPMG	Integrated Bradford LEP Ltd	51%	0	Oxford
Integrated Bradford LEP Fin Co One Ltd	KPMG	Integrated Bradford LEP Ltd	100%	0	Oxford
Integrated Bradford LEP Ltd	KPMG	Integrated Bradford PSP Ltd	80%	0	Oxford
Integrated Bradford PSP Ltd (IP)	KPMG	Amey Ventures Investments Ltd	50%	0	Oxford
Integrated Bradford SPV One Ltd	KPMG	Integrated Bradford Hold Co One Ltd	100%	0	Oxford
JNP Ventures 2 Ltd	BDO	Amey Tube Ltd	100%	0	Oxford
JNP Ventures Ltd	BDO	Amey Ventures Ltd	100%	0	Oxford
Jubilee Rail Ltd	RSM Robson Rhodes	Amey LUL Ltd	50%	0	York
R T James & Partners Ltd	N/A Dormant	Amey OW Group Ltd	100%	0	Oxford
RSP (Holdings) Ltd	KPMG	Amey Ventures Investments Ltd	35%	0	Glasgow
Services Support (Avon & Somerset) Holdings Ltd	Deloitte and Touche	Amey Ventures Investments Ltd	50%	0	London
Services Support (Avon & Somerset) Ltd	Deloitte and Touche	Services Support (Avon & Somerset) Holdings Ltd	100%	0	London
Sherard Secretariat Services Ltd	BDO	Amey plc	100%	0	Oxford
The Renfrewshire Schools Partnership Ltd	KPMG	RSP (Holdings) Ltd	100%	0	Glasgow
Treasurepark Ltd	BDO	Amey Ventures Investments Ltd	100%	0	Oxford
Tube Lines (Finance) plc	Deloitte and Touche	Tube Lines (Holidings) Ltd	100%	0	London
Tube Lines (Holdings) Ltd (IP)	Deloitte and Touche	JNP Ventures 2 Ltd	66.67%	0	London
Tube Lines Ltd	Deloitte and Touche	Tube Lines (Holidings) Ltd	100%	0	London
Tube Lines Pension Scheme Trustees Ltd	Deloitte and Touche	Tube Lines Ltd	100%	0	London
Unity City Academy Trust	None required	Company Limited by guarantee		0	Middlesbrough
Williams Trustees Ltd	N/A Dormant	Amey OW Group Ltd	100%	0	Oxford
Wimco Ltd	BDO	Amey Railways Holding Ltd	100%	0	Oxford
Yarls Wood Immigration Ltd	Price Waterhouse Coopers	Amey Programme Management Ltd	50%	0	Broadway
Swissport Cargo Services Center (UK) Ltd.	Price Waterhouse Coopers	Swissport International AG	100%	334	UK
Swissport Ltd.	Price Waterhouse Coopers	Swissport International AG	100%	23	UK
Swissport Stansted Ltd.		Swissport International AG	100%	incl.in Swissport Ltd.	UK
Swissport Fueling UK		Swissport International AG	100%	incl.in Swissport Ltd.	UK
GERMANY					
Swissport Cargo Services Deutschland GmbH	Price Waterhouse Coopers	Swissport International AG	100%	2	Germany
Swissport Deutschland GmbH		Swissport International AG	100%	4	Germany
Swissport Ground Handling GmbH	Price Waterhouse Coopers	Swissport International AG	100%	0	Germany
Swissport Services GmbH		Swissport International AG	100%	0	Germany
Swissport Travel Center GmbH		Swissport International AG	100%	0	Germany

Company	Auditor	Parent company	% interest	Net cost of shareholding (million euro)	Reg. Office
PORTUGAL					
Cespa Portugal S.A	Deloitte	Compañía Española de Servicios Públicos Auxiliares S.A	100 %	12	Oporto
Citrup Lda	Deloitte	Cespa Portugal S.A	70 %	0	Oporto
Novipav Investimentos SGES S.A	Navalho, Martins&Associados	Grupisa Infraestructuras, S.A	100 %		Portugal
Sopovico Soc. Port. Vias de com S.A	Navalho, Martins&Associados	Novipav Investimentos SGES, S.A	100 %		Portugal
Ferrovial Construcoes Gestao e Manutencao, S.A	BDO	Ferrovial Servicios S.A (iv)	97.5 %	0	Portugal
Valor-Rib Industrial Residuos		Cespa Portugal S.A	45.0 %		
DUTCH ANTILLES					
Aerocargo N.V.		Swissport International AG	100 %	0	Dutch Antilles
Cargo Services Center International N.V.	Price Waterhouse Coopers	Swissport International AG	100 %	0	Dutch Antilles
Swissport Curacao		Swissport International AG	100 %	0	Dutch Antilles
FRANCE					
Swissport France	Price Waterhouse Coopers	Swissport International AG	100 %	0	France
Airport Services France	Price Waterhouse Coopers	Swissport International AG	100 %	0	France
Swissport Cargo Services France	Price Waterhouse Coopers	Swissport International AG	100 %	3	France
Swissport Nice SAS		Swissport International AG	100 %	0	France
Swissport Executive	Price Waterhouse Coopers	Swissport International AG	50.01 %	0	France
KENYA					
Airside Ltd. (Swissport Kenya)	Price Waterhouse Coopers	Swissport International AG	100 %	0	Kenya
Swissport Cargo Services Center East Africa B.V.	Price Waterhouse Coopers	Swissport International AG	100 %	0	Kenya
TANZANIA					
Swissport Tanzania Ltd.	Price Waterhouse Coopers	Swissport International AG	51 %	2	Tanzania
IRELAND					
Amey Business Services (Ireland) Ltd	BDO Ireland	Amey Community Ltd	100 %		Limerick
Landmille Ltd		Ferrovial Servicios, S.A.	100 %	0	UK
CAMEROON					
Camport S.A.		Swissport International AG	47 %	0	Cameroon
DOMINICAN REPUBLIC					
Carribbean Jets		Swissport International AG	34 %	incl. In SP Dominicana	Dominican Republic
Swissport Dominicana		Swissport International AG	34 %	0	Dominican Republic
MOROCCO					
Cespa Nadafa	Deloitte	Compañía Española de Servicios Públicos Auxiliares S.A (iii)	98.76 %	0	Tangiers
NIGERIA					
Airside Ltd. (Swissport Kenya)	Price Waterhouse Coopers	Swissport International AG	100 %	0	Kenya
Swissport Cargo Services Center East Africa B.V.	Price Waterhouse Coopers	Swissport International AG	100 %	20	Kenya
SOUTH AFRICA					
Checkport South Africa Ltd.		Swissport International AG	43 %	0	South Africa
Swissport South Africa (PTY) Ltd.	Price Waterhouse Coopers	Swissport International AG	51 %	0	South Africa
CHILE					
Grupisa Chile, S.A		Inversiones Grupisa Chile, S.A (v)	60 %		Chile
Inversiones Grupisa Chile, S.A		Grupisa Infraestructuras, S.A	100 %		Chile
LUXEMBOURG					
Swissport Lux S.A	Price Waterhouse Coopers	Ferrovial Servicios, S.A.	100 %		Luxembourg
Swissport Cargo Services Lux Sarl	Price Waterhouse Coopers	Swissport International AG	75 %	0	Luxembourg

Services

Company	Auditor	Parent company	% interest	Net cost of shareholding (million euro)	Reg. Office
ARGENTINA					
Swissport Argentina S.A.	Price Waterhouse Coopers	Swissport International AG	100 %	0	Argentina
AUSTRIA					
Swissport Austria GmbH		Swissport International AG	100 %	0	Austria
Swissport Cargo Services GmbH		Swissport International AG	100 %		
MEXICO					
Swissport Aviation Services de Mexico S.A. de C.V.	Price Waterhouse Coopers	Swissport International AG	70 %	7	Mexico
Swissport Cargo Services de Mexico S.A. de C.V.		Swissport International AG	100 %	3	Mexico
BRAZIL					
Swissport Brasil Ltda.	Price Waterhouse Coopers	Swissport International AG	99 %	25	Brazil
Swissport Cargo Services Brazil Logistica Ltda.	Price Waterhouse Coopers	Swissport International AG	51 %	0	Brazil
CANADA					
Swissport Canada Handling Inc.		Swissport International AG	100 %	0	Canada
NORWAY					
Swissport Cargo Service Holding B.V.		Swissport International AG	100 %	35	Norway
Swissport Nederland B.V.		Swissport International AG	100 %	5	Norway
Swissport Cargo Services The Netherlands B.V.		Swissport International AG	100 %	2	Norway
BELGIUM					
Swissport Cargo Services Belgium N.V.		Swissport International AG	100 %	0	Belgium
ISRAEL					
Swissport Cargo Services Israel Ltd.		Swissport International AG	51 %	0	Israel
Quality Airport Services Israel Ltd.		Swissport International AG	50 %	0	Israel
ITALY					
Swissport Cargo Services Italy S.R.L.		Swissport International AG	100 %	1	Italy
Swissport Italy S.R.L.		Swissport International AG	100 %	0	Italy
HUNGARY					
Swissport Cargo Services Magyarorszag Kft.		Swissport International AG	100 %	0	Hungary
RUSSIA					
Swissport Cargo Services St. Petersburg		Swissport International AG	51 %	0	Hungary
VENEZUELA					
Swissport Cargo Services Venezuela S.A.		Swissport International AG	88 %	0	Venezuela
Tramitaven C.A,		Swissport International AG	60 %	0	Venezuela
CYPRUS					
Swissport G.A.P. Vassilopoulos		Swissport International AG	51 %	0	Cyprus
Swissport Cyprus Ltd.		Swissport International AG	74.9 %	0	Cyprus
GREECE					
Swissport Hellas Cargo S.A.		Swissport International AG	41 %	1	Greece
Swissport Hellas S.A.		Swissport International AG	51 %	3	Greece
JAPAN					
Swissport Japan Ltd.		Swissport International AG	51 %	0	Japan

Servicios

Company	Auditor	Parent company	% interest	Net cost of shareholding (million euro)	Reg. Office
KOREA					
Swissport Korea Ltd.		Swissport International AG	51 %	4	Korea
POLAND					
Swissport Poland Ltd.		Swissport International AG	100 %	0	Poland
SINGAPORE					
Swissport Singapore Pte Ltd.	Price Waterhouse Coopers	Swissport International AG	100 %	6	Singapore
Peruvian Investments 2008 PTE. Ltd.		Swissport International AG	100 %	3	Singapore
UKRAINE					
Swissport Ukraine		Swissport International AG	70,6 %	1	Ukraine
BULGARIA					
Swissport Bulgaria		Swissport International AG	100 %	0	Bulgaria
CHINA					
Swissport HNA Ground Handling Co., Ltd.		Swissport International AG	49 %	4	China

(i) Remainder owned by Can-am, S.A.
(ii) 40 % through Cespa Conten, S.A.
(iii) 0.74 % through Cespa GR, S.A.
(iv) Remainder owned by Grupo Ferrovial, S.A.
(v) 9.23 % through Ferrovial Servicios, S.A.

Real state

Company	Auditor	Parent company	% interest	Net cost of shareholding (million euro)	Reg. Office
POLAND					
Budimex Nieruchomosci Sp. z o.o. (B.N.)	Deloitte Audyt Sp. z o.o.	Grimaldi Investment (i) (1) 50 % restante a través de Budimex Inwestycje	50 %	42	Warsaw
HOLLAND					
Grimaldi Investment BV		Grupo Ferrovial, S.A. (i)	99,5 %	13	Amsterdam
SPAIN					
Ferrovial FISA, S.L. (a)		Grupo Ferrovial, S.A. (i)	99 %	0	Madrid

Rest

Company	Auditor	Parent company	% interest	Net cost of shareholding (million euro)	Reg. Office
Ferrovial Telecomunicaciones, S.A.(a)	N/A	Grupo Ferrovial, S.A.(i)	99 %	0	Madrid

(i) Remaining participation through Can-am, S.A.
(a) Bellong to Grupo Ferrovial, S.A.y and subsidiaries fiscal group
(b) Bellong to Cintra Concesiones de Infraestructuras de Transporte, S.A. fiscal group
(c) Bellong to Inversora de Autopistas del Sur, S.L. fiscal group
(d) Bellong to Inversora de Autopistas de Levante, S.L. fiscal group
(IP) Companies consolidated using proportionate method

EXHIBIT I
(continuation)

Breakdown of the list of BAA Group companies

Company	Auditor	% interest	Reg. Office
BAA (NDH1) Limited	Price Waterhouse Coopers	100%	UK
Aberdeen Airport Ltd	Price Waterhouse Coopers	100%	UK
Glasgow Airport Ltd	Price Waterhouse Coopers	100%	UK
Edinburgh Airport Ltd	Price Waterhouse Coopers	100%	UK
Southampton International	Price Waterhouse Coopers	100%	UK
BAA Lynton Limited	Price Waterhouse Coopers	100%	UK
BAA USA (Holdings)	Price Waterhouse Coopers	100%	USA
BAA Harrisburg		100%	USA
BAA Air Terminals Inc		100%	USA
BAA Maryland		100%	USA
BAA Pittsburgh		100%	USA
BAA Boston Inc		100%	USA
BAA USA Inc		100%	USA
BAA Indianopolis		99%	USA
BAA Italia	Price Waterhouse Coopers	98%	Italy
Software Design SpA		49%	Italy
Societe Gestione Servizi Aeroporti SPA		65%	Italy
GESAC Engineering SRC		100%	Italy
BAA (DSH) Limited	Price Waterhouse Coopers	100%	UK
BAA (SH) Limited	Price Waterhouse Coopers	100%	UK
BAA (SP) Limited	Price Waterhouse Coopers	100%	UK
BAA (AH) Limited	Price Waterhouse Coopers	100%	UK
BAA Funding Limited	Price Waterhouse Coopers	100%	Jersey
Gatwick Airport Ltd	Price Waterhouse Coopers	100%	UK
Stansted Airport Ltd	Price Waterhouse Coopers	100%	UK
Heathdrow Airport Ltd	Price Waterhouse Coopers	100%	UK
Heathdrow Airport Community Board Insulation Limited	Price Waterhouse Coopers	100%	UK
Heathdrow Express Operating Company Limited		100%	UK
BAA Enterprises Limited	Price Waterhouse Coopers	100%	UK
Airportsmart Limited		42%	UK
Best of the Best plc		14%	UK
BMG (Ashford) General Partner Ltd	Price Waterhouse Coopers	100%	UK
The Outlet Company Ltd		100%	Jersey
Global Airport Services Ltd		50%	Jersey
BMG Europe Ltd	Price Waterhouse Coopers	100%	Jersey
UK Outlet Center 1 Ltd	Price Waterhouse Coopers	99%	UK
BMG (Swindon) Ltd		79%	UK
BMG (Ashford) Ltd		100%	UK
BMG (Cheshire Oaks) Ltd		100%	UK
The BMG (Co Phase IV) Ltd		99%	UK
BMG (Ashford) Partnership Trustco Ltd	Price Waterhouse Coopers	100%	UK
BMG (Bridgend) Ltd		75%	UK
BMG (Co 2) Ltd		100%	UK
BMG (Swindon) (Phases II&III) General Partner Ltd		100%	UK
The BMG (Ashford) Limited Partnership		99%	UK
BMG Bridgend (Phases II and III) General Partner Limited	Price Waterhouse Coopers	100%	UK
BMG Bridgend (Phases II and III) LTd Partnership	Price Waterhouse Coopers	2%	UK
BMG Swindon (Phase III) Trustco Ltd		100%	UK
The BMG (Swindon) (Phases II&III) Limited Partnership		73%	UK
BAA Airports Limited	Price Waterhouse Coopers	100%	UK
Airport Property GP (No.2) Ltd		50%	UK
Devon Nominees (No.3) Ltd		100%	UK
Devon Nominees (No.1) Ltd		100%	UK
Devon Nominees (No.2) Ltd		100%	UK
BAA Partnership Ltd		100%	UK

Breakdown of the list of BAA Group companies

Company	Auditor	% interest	Reg. Office
BAA International Ltd	Price Waterhouse Coopers	100%	UK
Airport Industrial Ltd Partnership		50%	UK
Airport Property Partnership		50%	UK
The Swindon Ltd Partnership		66%	UK
Devon Nominees Ltd		67%	UK
BAA (Hong Kong) Ltd		100%	UK
Airport Hotels General Partner Ltd		100%	UK
Stansted Site No. 6 Ltd		100%	UK
London Airports Ltd	Price Waterhouse Coopers	100%	UK
London Airports 1993 Ltd	Price Waterhouse Coopers	100%	UK
London Airpots 1992 Ltd	Price Waterhouse Coopers	100%	UK
Scottish Airports Ltd	Price Waterhouse Coopers	100%	UK
British Airports Services Ltd		100%	UK
Airports Uk Ltd		100%	UK
Airports Ltd		100%	UK
Southampton Handling Ltd		100%	UK
BAA General Partner Ltd	Price Waterhouse Coopers	100%	UK
BAA Properties Ltd	Price Waterhouse Coopers	100%	UK
BAA Trust Company Ltd		100%	UK
BAA Building Control Services Ltd	Price Waterhouse Coopers	100%	UK
BAA Business Suport Centre Ltd		100%	UK
BAA Lynton Management Ltd		100%	UK
Lynton Holdings Ltd		100%	UK
Lynton Investments Ltd		100%	UK
Lynton Netherlands		100%	Netherlands
Central Land Investment Holdings Ltd		75%	UK
Lynton MHA Ltd		100%	UK
Southampton Airport Ltd		100%	UK
Airport Hotels Trust Manager Ltd (Jersey)		100%	Jersey
Newlynton Limited		100%	UK
Lynton Unlimited		100%	UK
BAA Insuarance Services Ltd		100%	UK
BAA Pension Trust Co Ltd	Price Waterhouse Coopers	100%	UK
BAA Quest Trustee Ltd		100%	UK
Airport Express Rail Ltd		100%	UK
Midhust Investments Ltd		100%	UK
BAA Lynton Holdings Ltd		100%	UK
Lynton Properties Ltd		100%	UK
BAA Hotels Ltd		100%	UK
Airport Property GP (No.1) Ltd		100%	UK
9G Rail Ltd		100%	UK
BAA Lynton Developments Ltd		100%	UK
Lynton Estates Ltd		100%	UK
BAA General Partner Ltd		100%	UK
BAA (IP Holdco) Limited	Price Waterhouse Coopers	100%	UK
Summerbridge Properties Ltd	Price Waterhouse Coopers	100%	UK
World Duty Free Limited	Price Waterhouse Coopers	100%	UK
Precis (2204) Ltd		100%	UK
Eastleigh Airport Ltd		100%	UK
Precis (2207) Orbital Park Ltd		100%	UK
Airports International Ltd		100%	UK
Precis (2206) Ltd		100%	UK
Sanfield Lynton Ltd		50%	UK
Martyn Ventures Ltd		50%	UK
World Duty Free Inflight (Europe) Ltd		100%	UK

Company	Auditor	Parent Company	% interest	Net cost of shareholding (million euro)	Reg. Office	Assets (Milion euro)	Liabilities (Million euro)	Income (Million euro)	Net profit (Million euro)
Construction									
SPAIN									
Urbs Iudex et Causidicus, S.A.		Ferrovial Agromán, S.A.	22%	8	Catalonia	387	414	82	0
Clean Cenit A.I.E		Ferrovial Agromán, S.A.	13.39%	0	Madrid	3	3	1	0
POLAND									
Elektromontaż Poznań S.A.	Deloitte &Touche	Budimex, S.A.	30.78%	4	Poznań	27	10	34	1
PPHU PROMOS Sp. z o.o.		Budimex Dromex, S.A.(i)	25.53%	0	Krakow	2	1	3	0
		(i) 4,25% through Sprzgt Transport Sp z.o.o.							
Services									
SPAIN									
Madrid Calle-30, S.A.	KPMG	Empresa Mantenimiento y Explotación M-30, S.A	20%		Madrid	314,869	263,057	29,321	3,726
Asoc.Estudio Tecnologias Equipamientos de Carreteras, SA.	No obligation of audit	Grupisa S.A	9.23%	0	Madrid	666	61	233	-73
Necrópolis de Valladolid	BDO Audiberia	Sitkol S.A	49%	2	Valladolid	16,146	8,714	3,880	111
Valdedominguez 2000, S.A.	Deloitte	Compañía Española de Servicios Públicos Auxiliares S.A	20%	1	Madrid	15,509	11,795	7,768	1,629
Ingenieria Urbana S.A.	Deloitte	Compañía Española de Servicios Públicos Auxiliares S.A	35%	4	Alicante	58,308	43,904	49,931	3,147
Recollida de Residuos D´Osona S.L	No obligation of audit	Compañía Española de Servicios Públicos Auxiliares S.A	45%	0	Barcelone	2,566	1,616	3,636	2
Reciclados y Compostaje Piedra Negra, S.A	Deloitte	Compañía Española de Servicios Públicos Auxiliares S.A	45%	2	Alicante	17,242	6,337	8,476	432
Companya Especial de Recuperacions i Recondicionaments. S.L	No obligation of audit	Cespa Gestion Residuos S.A (a)	42.11%	1	Barcelone	1,421	2,611	-	-140
PORTUGAL									
Valorhospital S.A	No obligation of audit	Cespa Portugal, S.A.	35.13%	0	Porto	697.84	351,78	133.93	36.95
Ecoberiao		Cespa Portugal, S.A.	29%	0	Porto	10,417.57	10,262.34	14.51	14.51
ANDORRA									
Centre de Tractament de Residus d´Andorra	GM Consultors	Cespa Gestion Residuos S.A (a)	29%	2	Andorra la Vella	145,650.51	142,360.81	0.00	0.00
PERU									
Swissport GBH Peru S.A.		Swissport International AG	41%	2	Peru	12.058	4.777	15.125	1.928
HONDURAS									
Swissport GBH Honduras S.A.		Swissport International AG	41%	incl. In Swissport Peru	Honduras				
GREECE									
WSW Hellas Services S.A.,		Swissport International AG	21.25%	0	Greece	1,024	443	2,007	68
Toll roads and Car parks									
SPAIN									
Sociedad Municipal de Aparcamientos y Servicios, S.A.	Deloitte	Cintra Aparcamientos S.A	24.50%	4	Málaga	126	102	14	2
Estacionamientos y Servicios Extremeños, S.A	Deloitte	Cintra Aparcamientos S.A	25.00%	0	Badajoz	2	1	0	0
Infoser Estacionamientos A.I.E.		Dornier, S.A	33.33%	0	Madrid	4	4	1	0
Estacionamientos Urbanos de León, S.A	Deloitte	Dornier, S.A	43.00%	0	León	4	1	3	1
REAL STATE									
SPAIN									
Promociones Hábitat (i)		Ferrovial FISA	20.00%	0	Barcelone	-	-	-	-

(i) Without information from interventors

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Free translation of the auditor's report on the consolidated annual accounts originally issued in Spanish. In the event of a discrepancy, the Spanish language version prevails

AUDITOR'S REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS

To the shareholders of Grupo Ferrovial, S.A.

We have audited the consolidated annual accounts of Grupo Ferrovial, S.A. (Parent Company) and its subsidiaries (the Group) consisting of the consolidated balance sheet at 31 December 2008, the consolidated income statement, the consolidated statement of recognised income and expense, the consolidated cash flow statement and the related notes to the consolidated annual accounts for the year then ended, the preparation of which is the responsibility of the Directors of the Parent Company. Our responsibility is to express an opinion on the consolidated annual accounts taken as a whole, based on the work performed in accordance with auditing standards generally accepted in Spain, which require the examination, on a test basis, of evidence supporting the consolidated annual accounts and an evaluation of their overall presentation, the accounting principles applied and the estimates made. As it is indicated in Appendix 1 of the enclosed consolidated annual accounts, our work did not include the audit of the 2008 annual accounts of some companies of the Group, whose total assets and net income represent, respectively, 14% and 9% of the corresponding consolidated figures. The annual accounts of such companies have been examined by other auditors and our auditor's opinion on the consolidated annual accounts of Grupo Ferrovial, S.A. and its subsidiaries is based, in respect of such companies, only on these other auditors' reports.

For comparative purposes and in accordance with Spanish Corporate Law, the Parent Company's Directors have presented for each item in the consolidated balance sheet, the consolidated income statement, the consolidated statement of recognised income and expense, the consolidated cash flow statement and the related notes to the consolidated annual accounts, the corresponding amounts for the previous year as well as the amounts for 2008. Our opinion refers solely to the 2008 consolidated annual accounts. On 26 February 2008 we issued our audit report on the consolidated annual accounts for 2007, in which we expressed an unqualified opinion.

In our opinion, based on our audit and other auditors' report, the accompanying consolidated annual accounts for 2008 present fairly, in all material respects, the consolidated equity and the consolidated financial position of Grupo Ferrovial, S.A. and its subsidiaries as at 31 December 2008 and the consolidated results of their operations, changes in consolidated recognised incomes and expenses 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 as adopted by the European Union, applied on a basis consistent with the preceding year.

The accompanying consolidated Directors' Report for 2008 contains the information that the Parent Company's Directors consider relevant to the Group's position, the evolution 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 coincides with that of the consolidated annual accounts for 2008. 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.

Gonzalo Sanjurjo Pose
Audit Partner

26 February 2009

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Corporate Responsibility

Heathrow Airport's customer service staff
(London, United Kingdom)

Corporate responsibility policy

Ferrovial views its corporate responsibility as a strategic duty related to the company's sustainability, competitiveness and reputation, the purpose of which is to generate long-term value for all its stakeholders and the wider society.

Ferrovial's corporate responsibility policy is determined by its Board of Directors. One of the board's primary duties is to ensure compliance with the corporate responsibility principles and obligations voluntarily undertaken by the company (Board of Directors' Regulations) and laid out in the Code of Business Ethics.

Ferrovial has been a member of the Global Compact of the United Nations since 2002. In 2007, the Group adopted these principles as its standard of corporate responsibility for the operations of every affiliate company around the world.

In 2008, they became principles to which all companies dealing with Ferrovial must adhere thanks to their inclusion in the company's Buyer's Code. Ferrovial ratifies its commitment annually to the principles of the Global Compact.

Key issues

In the «Statement of Principles for Sustainable Development,» Ferrovial identifies the 10 key issues for the management of its corporate responsibility and the main lines of action associated with these issues. This statement, which is available through the company's internal communication channels, was signed by the former chairman and founder of Ferrovial in May 2004 and clearly reveals the strategic importance of corporate responsibility within the company.

These key issues are an expression of Ferrovial's main commitments in terms of corporate responsibility as laid out in the Code of Ethics and inspired by the principles of the Global Compact. The key issues encompass a solid analysis of the state of affairs that factors in the expectations of stakeholders, verified by different internal and external sources, as well as current and potential risks faced by Ferrovial. The chapter entitled «Assurance» provides a list of the studies carried out in order to keep abreast of stakeholder expectations.

External sources taken into account include the principles of the Global Reporting Initiative (GRI3), the demands of sustainability analysts (Dow Jones, FTSE4Good, Triodos Bank) and the observations of the leading international sustainability monitors.

Since 2004, Ferrovial has updated the lines of action for each key issue with specific plans, such as the new strategy «From Responsibility to Commitment» (2007), the new Quality and Environmental Policy (2008) and the Human Resources Plan (2008-2010).

Key issues

	Issue	Commitment	Lines of action
1	**Ethical integrity**	Ethical and professional conduct in all activities	• Fight corruption of every kind, including extortion and bribery (Global Compact)
2	**Corporate governance (1)**	Application of best practices of corporate governance	• Apply the best practices of corporate governance
3	**Human rights**	Respect, protection and promotion of human rights	• Support and respect the protection of basic internationally proclaimed human rights within its sphere of influence (Global Compact) • Make sure that its companies are not complicit in human rights violations (Global Compact)
4	**Dialogue with stakeholders**	Transparency of information	• Continually improve the lines of communication with all stakeholders, based on an innovative system of corporate information-sharing that covers financial aspects as well as environmental and social variables. • Notify all stakeholders of the company's principles of sustainable development and social responsibility, and encourage employee participation in projects of solidarity.
5	**Environmental impact**	Reduce the environmental impact of activities	• Promote the implementation of standardized environmental management systems in Ferrovial's different business areas. • Maintain a precautionary approach that benefits the environment (Global Compact). • Support initiatives to promote greater environmental responsibility (Global Compact). • Encourage the development and diffusion of environmentally friendly technologies (Global Compact).
6	**Human capital**	Hire and motivate the best human resources	• Design reliable tools for evaluating the quality of labor relations, motivation and professional advancement of those who work for Ferrovial as a way to improve the efficiency of our work. • Improve working conditions and ensure equal opportunity and non-discrimination among employees (2).
7	**Health and safety**	The health and safety of workers	• Make progress in the design and implementation of effective systems for preventing and mitigating occupational hazards that can be used as a model in the various fields in which we operate.
8	**Quality and innovation**	Quality and constant improvement of processes and activities and innovation	• Preserve and increase customer confidence in the company, striving to exceed their expectations of quality in our projects and services. • Promote innovation projects, scientific research and development as basic factors for achieving competitive success and market dominance.
9	**Supply chain**	Treat the supply chain as a key factor in the company's sustainable development strategy	• Encourage suppliers and subcontractors to gradually adopt principles in line with our corporate responsibility policy.
10	**Investment in the community**	Support socio-economic development wherever the company operates	• Plan investment in the community as a tool for aiding the development of societies wherever Ferrovial operates. • Work with governments, NGOs and other social agents on projects and activities related to social development, environmental conservation and occupational safety. • Be committed as a global company to the problems of the Planet , specially to poverty. (Strategic plan "From responsibility to committment")

(1) The Corporate Governance Report is presented along with the Management Report in accordance with the criteria established by the Spanish Securities Commission (CNMV).
(2) Includes the labor rights recognized among the principles of the Global Compact.
Source: Statement of Principles for Sustainable Development. Ferrovial, 2004.

Table of key indicators concerning status, management and perception, which measure the economic, social and environmental impacts, as well as Ferrovial's performance in relation to relevant issues and courses of action, set out according to its corporate responsibility. The information gathered on these indicators has been compiled adhering to rules of consolidation and verifiability.

Progress indicators

		2008	2007	2006	Var 08-07	Scope
1	**Ethical Integrity**					
1	Ethical behavior (perceived)(*)	65	64	56	1.80 %	◑
2	Responsible use of market influence (perceived)(*)	66	65	58	1.20 %	◑
3	Investigations prompted by reports regarding Code of Ethics	145	110	80	31.82 %	◕
4	Training given regarding Code of Ethics (hours)	638	400	ND	59.50 %	●
5	Executives with Code of Ethics training	331	232	ND	42.67 %	●
6	Employees with Code of Ethics training	960	529	ND	81.47 %	●
7	Suppliers adhering to the Code of Ethics (%)	92	100	ND	-8.11 %	◑
2	**Human Rights**					
8	Investments in OECD countries (%)	100	100	100		●
9	Employees protected by collective bargaining agreements (%)	72.2	73.6	45		●
10	Equal opportunities (perceived)(*)	65	61	57	6.30 %	◑
11	Fair employee remuneration (perceived)(*)	65.3	62.5	60.1	4.39 %	◑
12	Proportion of women among new hires (%)	33	10.07	ND		●
13	Women in the workforce (%)	35	30	30		●
14	Female executives	415	450	437	-7.78 %	●
15	Human rights training (hours)	9,645	ND	ND		●
16	Employees with human rights training	10,675	ND	ND		●
17	Suppliers rated as low-risk in regards to human rights violations (%)	90	100	ND		◑
18	Suppliers evaluated in terms of human rights (%)	87	ND	ND		◑
19	Initiatives promoting Human Rights (€)	950,558	568,362	ND	67.25 %	●
3	**Dialogue with stakeholders**					
20	Transparency (perceived)(*)	64	62	57	44.62 %	◑
21	Meetings with investors	494	333	216	48.35 %	●
22	Presentations to analysts	4	2	9	100.00 %	●
23	Employees with Intranet access	5,858	7,025	8,200	-16.61 %	●
24	Meetings with suppliers and subcontractors	5,523	ND	ND		●
25	Supplier surveys	1,129	ND	ND		●
26	Meetings between executives and journalists	100	94	ND	6.38 %	●
27	Media presentations	4	4	ND	0.00 %	●
28	Hits on the website press room	177,986	169,510	91,735	5.00 %	●
29	Public opinion polls	1,352	1,002	ND	34.93 %	◑
4	**Environmental impact**					
30	ISO 14001 certified activity (%)	57	56	61		●
31	Environmental penalties (€)	87,855	216,386	5,692	-146.30 %	●
32	CO_2 emissions (t CO_2 eq.) (**)	1,083,265	ND	ND		●
33	Electricity consumption (Gj)	3,435,035	3,441,390	5,699,204	-0.18 %	●
34	Electricity produced by cogeneration (kwh)	66,082	61,050	66,017	8.24 %	●
35	Electricity produced by biogas recovery (Gj)	321,464	279,481	253,255	15.02 %	●
36	Thermal energy produced by biogas recovery (Gj)	118,168	175,134	187,485	-32.53 %	●
37	Reduction of waste sent to landfill (m^3)	12,557,018	13,173,555	10,389,549	-4.68 %	◑
38	Recovery in sorting plants (t)	887,015	857,626	693,752	3.43 %	●
39	Compost produced (t)	179,224	183,398	114,389	-2.28 %	●
40	Value of substitute fuels at cement plants (t)	45,413	33,501	17,485	35.56 %	●
41	Protection of the environment (perceived)(*)	62	58	53	44.62 %	◑

0-25 % ◔ 25-50 % ◑ 50-75 % ◕ 100 % ●

(*) Source: RepTrak
(**) For more details on CO_2 emissions, please refer to chapter on the environment.

Progress indicators

	2008	2007	2006	Var 08-07	Scope
5 Human capital					
42 Average workforce	106,596	102,425	88,902	4.07 %	●
43 International workforce (%)	60.33	59.82	59.67		●
44 Staff on long-term contract (%)	81.98	78.56	84.00		●
45 Staff on voluntary part-time contract (%)	15.44	11.63	30.63		●
46 Has good employees (perceived)(*)	72.70	70.93	68.85	2.50 %	◐
47 Workforce length of service (years)	6.44	6.26	6.5	2.87 %	●
48 Average employee age (years)	40	39	39	1.44 %	●
49 Takes an interest in employee welfare (perceived)(*)	65.78	62.53	58.22	5.19 %	◐
50 Satisfied employees (%)	71.00	NA	58.00 %		◕
51 Turnover rate (%)	10.87	10.25	7.30 %		●
52 Investment in training per employee (€)	259.8	314	214	-24.36 %	●
53 Investment in training/ turnover (%)	0.20	0.22			●
54 Employees given performance reviews (%)	68.27	37.00	ND		◐
55 Employees with variable remuneration (%)	17.45	20.26	32 %		◐
56 Employees promoted	4,972	6,075	4,846	-18.16 %	●
57 Employees sent abroad	426	363	210	17.36 %	◕
58 Good place to work (perceived)(*)	70.45	67.90	65.54	3.75 %	◐
59 Applications to work for Ferrovial	177,158	121,986	ND	45.24 %	◐
6 Health and safety					
60 Incidence Index (**)	95.20	104.43	84.54	-8.84 %	◐
61 Frequency Index (**)	58.68	63.78	47.61	-8.00 %	◐
62 Severity Index (**)	1.06	1.38	0.87	-23.19 %	◐
63 Occupational safety studies	6,594	ND	ND		●
64 Emergency plans	668	486		37.45 %	●
65 Visits from safety technicians	53,515	46,260	14,786	15.68 %	●
66 Training in safe workplace practices (hours)	423,843	452,729	ND	-6.38 %	●
67 Training for safety technicians (hours)	261,825	2,295	ND		●
68 Physical examination for employees	22,977	19,245	ND	19.39 %	●
69 Concern for health and safety (perception)(*)	65.78	62.53	58.22	5.19 %	◐
7 Quality and innovation					
70 Activity certified to the ISO 9001 standard (%)	67.00	65.00	75.00		●
71 Quality of products and services (perceived)(*)	70.74	69.30	68.80	2.07 %	◐
72 Customer satisfaction (0 to 5)	3.90	ND	3.90		●
73 Satisfactory complaints management (perceived)(*)	63.01	60.77	55.04	3.70 %	◐
74 Average complaint resolution time (days)	14	35	28	-44.00 %	●
75 Adaptation to change (perceived)(*)	68.90	67.61	65.86	1.91 %	◐
76 RDI budget (€M)	18.47	35.80	3.14	-48.39 %	●
77 Innovation project subsidies (€M)	1.17	0.99	0.63	18.18 %	●
8 Supply chain					
78 Number of suppliers	89,567	83,981	36,251	6.65 %	●
79 Purchasing needs (€)	207,061	ND	ND		●
80 EBITDA generated by purchases homologous with quality and environmental criteria (€)	291.05	ND	ND		●
81 Suppliers evaluated	3,106	ND	ND		◐
82 Suppliers rejected	104	ND	ND		◐
83 Suppliers certified in Quality, Environment and Human rights	10.63 %	7.64 %	ND		◐
84 Supplier incidents	159	388	262	-59.02 %	◐
85 Supplier training (hours)	40,932	14,442	ND	183.42 %	●
9 Investment in the community					
86 Socially-responsible investment (DJSI) (perception)(*)	72.00	72.00	68.00	0.00 %	◐
87 Contributes positively to society (perception)(*)	68.72	66.80	62.24	2.87 %	◐
88 Net job creation (%)	4.07	15.21	55.00	-73.23 %	●
89 Purchases from local suppliers	69,489	ND	ND		◐
90 Community-support projects	459	463	ND		●
91 Social investment in the Community (million €)	18.17	16.70	2.96	8.80 %	●
92 Social investment in comparison with EBITDA (%)	0.66	0.55	0.13		●
93 Support for social causes (perception)(*)	63.22	59.29	52.44	6.62 %	◐
94 Beneficiaries in social projects	491,001	330,000	ND	48.79 %	●
95 Employee participants	949	2,400	ND	-60.46 %	●
96 Multiplier effect (million €)	2.80	2.43	ND	15.23 %	●

0-25 % ◔ 25-50 % ◐ 50-75 % ◕ 100 % ●

(*) Source: RepTrak
(**) Only Spain

Progress in 2008

Some of the most important milestones and advances of 2008 in the fulfillment of corporate responsibility commitments undertaken by Ferrovial are as follows:

Policies

- **New definition of Corporate Values –** Following the growth experienced over the past decade, Ferrovial has presented a new set of values designed to create a culture within the organization that reflects the company's current diversity.
- **New Quality and Environmental Policy –** New standards of universal scope that affect the entire organization.
- **Buyer's Code of Ethics –** This code lays out the general principles that govern dealings between the company and its suppliers, including compliance with the Global Compact Principles.

Procedures

- **Internal fraud prevention procedure –** A new corporate procedure manual has been published to protect the assets of the Ferrovial Group by preventing in-house fraud.
- **Anti-harassment procedure –** (against workplace bullying): A new corporate procedure has been published for the Prevention of Workplace Bullying, Sexual Harassment and/ or Gender-based Harassment in the Ferrovial Group, which is enforced throughout Spain.
- **Whistleblowing Channel –** This new tool, created in 2008, will allow any employee with a founded suspicion or knowledge of a violation of the Code of Ethics to file an anonymous report via the corporate intranet that will lead to an investigation. In the future, this channel is expected to be made available to other stakeholders.

Management Systems

- **Global Corporate Risk Management (FRM) –** A new Corporate Risks Department has been created under the direct supervision of the CEO. This department has developed a new version of the global risk management system called Ferrovial Risk Management (FRM) that has been adapted to the company's growth and changing profile in recent years. This system seeks a closer association of the risks analyzed with the goals that these risks may affect, including the principles of the Code of Ethics.
- **Carbon footprint –** CO_2 emissions accounting for 72% of revenues have been measured. The measurements correspond primarily to the top carbon-producing sectors: airports, toll roads, parking and waste management.
- **OHSAS Certification –** The Construction division and the Toll roads and Car parks division obtained OHSAS international occupational health and safety certification.

Action plans

- **Equality Plan –** Working with renowned independent experts, Ferrovial has completed studies to determine the current degree of equality in all Spain-based companies with more than 250 employees. This is the first step toward developing and implementing the company's first Equality Plan in 2009.
- **Employee Satisfaction Survey –** This survey targeted 12,901 employees in every business area, including the majority of Ferrovial affiliates: Swissport, Amey, Budimex and Webber. BAA completed its survey in 2007, obtaining a response of 49%. The figures provided do not include data from the survey conducted on the 407-ETR highway in Canada. In the survey, 75% of employees said that they were committed to the company, and 71% are satisfied with it. The results showed improvement in every category in comparison with the previous survey.
- **Dialogue with stakeholders –** A Stakeholders' Forum has been created to provide a venue for discussing the structure and contents of Ferrovial's Annual Corporate Responsibility Report and to obtain their recommendations. Various opinion polls have been launched to ascertain stakeholder's expectations.
- **Juntos Sumamos (Stronger Together) –** Since 2005, Ferrovial has maintained this program through which employees can donate part of their wages to development aid projects. In 2008, a system was created so that the donors themselves can submit online votes to decide which projects will benefit from their gifts.
- **International volunteer plan –** The first international volunteer program has been created with the participation of 11 Ferrovial professionals in a Ferrovial project to supply drinking water and sanitation for 50,000 people in Tanzania.

Awards and distinctions

1. **Laur Klienta 2008 awarded to Budimex for its customer service** – Budimex Dromex was awarded the Laur Klienta 2008 prize in Poland. This award is organized by the Media Partner Group, one of Poland's leading media groups. (09/24/2008)
2. **ASQ Award for Heathrow's Terminal 5** – Terminal 5 at Heathrow Airport achieved the top ranking in three categories and the second-highest in another two on the Airport Service Quality Survey. The first-place rankings were achieved in the categories of restaurant facilities, business and atmosphere, and the second-place positions were in cleanliness and commercial facilities.
3. **CCPPP Award for the 407-ETR –** In 2008, the Canadian toll road ETR-

407 was again awarded for the quality of its service. On this occasion, the Canadian Council for Public-Private Partnerships (CCPPP) was responsible for acknowledging the work carried out in collaboration with Canada's national government.

4. **RIBA 2008 for Heathrow's Terminal 5 –** The Royal Institute of British Architects granted Ferrovial the RIBA 2008 Award for Terminal 5 in recognition of its contribution to the local environment.
5. **Quality of online information** – The Spanish Association of Business Administration and Accounting (AECA) has awarded Ferrovial an honorable mention in the Ibex 35 category in recognition of the quality of information disseminated via the Internet. The Ferrovial websites (www.ferrovial.es and www.ferrovial.com) are constantly updated and boast the latest multimedia tools. (06/24/2008)
6. **Gatwick among the top-ranking European airports in terms of quality –** The improved quality of services is already apparent to passengers. In fact, London Gatwick Airport is, according to travellers, one of the best in Europe. This was made clear in the latest quality survey carried out by the Airports Council International (ACI) between January and March of this year. (06/02/2008)
7. **The EC awards the CLONIC project –** The European Commission's LIFE Program has recognized the CLONIC project («Closing the Nitrogen Cycle from Urban Landfill Leachate by Biological Nitrogen Removal over Nitrite and Thermal Treatment») as one of the «Best LIFE Environmental Projects 2007-2008.» This project is sponsored by Cespa, a Ferrovial affiliate. LIFE is a European Union project that funds innovative initiatives in the environmental field.
8. **Southampton and Aberdeen Airports awarded for their customer service –** The airports of Aberdeen and Southampton, have each received an award for the quality of service they offer customers by the Airports Council International (ACI).
9. **Bioenergía Prize to the BICEPS Project –** Cespa was awarded the Silver Bioenergía 2008 Prize by the Technical Association for Waste Management and the Environment (ATEGRUS). The BICEPS project was launched in February 2007 and is expected to continue until September 2011. This project was also a runner-up for the Innovation Award granted by the Valencia Fair in 2008. (02/28/2008)
10. **Swissport, the best ground handling company –** Swissport International, the world's largest ground handling company in the aviation industry and a Ferrovial affiliate, was awarded the distinction of «Best Global Ground Handling Services Company 2008» for the second year running. The prize was given by the Institute of Transport Management (ITM). (02/28/2008).

Responsible investment indexes

Since 2001, the company has been listed on the Dow Jones Sustainability Index, one of the leading benchmarks in terms of sustainability. Its corporate responsibility policy has also earned Ferrovial a place in the FTSE4Good, ASPI Eurozone and Ethibel indices. The company's presence in these selective arenas confirms the fact that sustainability is a defining and essential factor in all of Ferrovial's corporate responsibility actions.

Ferrovial is a member of the following indices of socially responsible investment:

- **Dow Jones Sustainability Index –** Ferrovial now boasts Gold Class ranking in the construction industry. The company has been listed on this index for the past seven years.
- **FTSE4Good –** In September, Ferrovial successfully completed the biannual review of the FTSE4Good index, which includes those global companies with the greatest commitment to corporate responsibility according to the principles of socially responsible investment. In this latest review, the FTSE4Good analyzed the policies and procedures related to bribery and corruption. Ferrovial also passed the January 2009 review, which focused on aspects related to climate change.
- **Ethibel**
- **ASPI Eurozone**

Ethical integrity

The business and professional activities of Ferrovial and its employees are based on the value of integrity and carried out in accordance with the principles of honesty, avoidance of every form of corruption and respect for the individual circumstances and needs of all parties involved.

Commitment

- *Ethics and professionalism in every action.*

Lines of action

Fight corruption in all its forms, including extortion and bribery (Global Compact).

Milestones in 2008

- *Whistleblowing Channel*
- *Buyer's Code*
- *New procedure for the prevention of internal fraud.*

2009-2010 Objectives

- *Ensure that the principles of the Code of Ethics are spread throughout the organization.*
- *Extend the use of the Whistleblowing channel to other stakeholders.*

Ethical Integrity

	2008	2007	Var 08-07
Ethical behavior (perceived)(*)	65	64	1.80%
Responsible use of market influence (perceived)(*)	66	65	1.20%
Investigations prompted by reports about the Code of Ethics	145	110	31.82%
Training given regarding Code of Ethics (hours)	638	400	59.50%
Executives with Code of Ethics training	331	232	42.67%
Employees with Code of Ethics training	960	529	81.47%
Suppliers adhering to the Code of Ethics (%)	92	100	-8.11%

(*) Source: RepTrak

Ferrovial prohibits bribes to public authorities and civil servants and it forbids its employees to give or receive undue payments of any type as well as presents, gifts or favors from third parties outside the scope of regular market practices or which, by reason of their value, characteristics or circumstances, may reasonably alter the commercial, administrative or professional relations of its companies.

It also prohibits any action that may involve unfair competition practices and undertakes to ensure compliance with the competition laws applicable in the countries where it operates.

Fraud control is a duty assigned to the Internal Audit Department. One notable development is the creation of a new Whistleblowing Channel for anonymous reports regarding Code of Ethics violations. In 2008, there were no corruption investigations opened as a result of any reports made through this channel.

In January 2009, the FTSE4Good again ratified Ferrovial's inclusion on its indices after completing an evaluation of its anti-corruption policies and procedures.

Code of Business Ethics

Ferrovial has had a Code of Business Ethics in place since 2004, which establishes the principles that govern the company's actions:

- **Respect for the law –** Ferrovial's business and professional activities shall be carried out in strict compliance with the laws in effect in every country where it operates.
- **Ethical integrity –** The business and professional activities of Ferrovial and its employees shall be based on integrity and shall be carried out according to the principles of honesty, avoidance of every form of corruption and respect for the individual circumstances and needs of all the parties involved.
- **Respect for Human Rights –** all actions of Ferrovial and its employees shall scrupulously respect the Human Rights and Civil Liberties enshrined in the Universal Declaration of Human Rights.

These principles are a guarantee of integrity for Ferrovial and reflect the group's adherence to the major inter-governmental initiatives such as the ILO Tripartite Declaration, the OECD Guidelines and the United Nations Global Compact Principles, to which Ferrovial has made a special commitment. This code was updated in June 2004.

The Code of Ethics binds the entire company, its affiliates, all of its employees and executives and all other organizations associated with Ferrovial or any of the companies in its group, as well as any company fully or partially owned or controlled by Ferrovial.

At present, the code is enforced in the 49 countries where Ferrovial operates and applies to the total workforce of 106,596 employees (average value during 2008). In addition, some companies recently acquired by Ferrovial – BAA is a case in point – have their own Codes of Ethics already in force.

The full version of the Code of Ethics is available on the Ferrovial website in Spanish (www.ferrovial.es) and in English (www.ferrovial.com).

A. CODE OF ETHICS TRAINING

All employees who join Ferrovial receive a printed copy of the Code of Ethics in Spanish or English. They also have direct access to a PDF version of the code through the corporate intranet.

Code of Ethics Training

	2007		2008	
	Participants	*CSR Training (Hours)	Participants	*CSR Training (Hours)
Orientation Program	529	231	960	417
Executives Program	232	169	331	221
Total	**761**	**400**	**1.291**	**638**

*Code of Ethics training.

Specific training about the Code of Ethics is offered as part of the Corporate Responsibility course at the Corporate University SUMMA, in both the Executives Programs and Orientation Programs for new structural personnel. This training provides an overview of international regulations, practical cases involving Human Rights and business, and the specific relationship between corporate responsibility and management systems for certain areas of operations.

In 2008, 17% of executives received training related to the Code of Ethics, and 5% of clerical staff and university graduates received training in the orientation program. In total, between 2007 and 2008, this training was given to 0.74% and 1.2% of all employees respectively. Ferrovial estimates that within six years all of its employees will have received special training in this area.In the regular course of its dealings with suppliers and subcontractors, Ferrovial promotes various training initiatives on the implementation of the principles of the Code of Ethics principles in the supply chain.

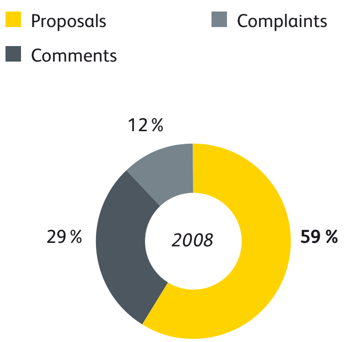
The in-house magazine «Inforvial» publicizes the good practices and initiatives, making it possible to highlight practical cases of applying the Code of Ethics Principles. This publication has a circulation of 10,000 copies and is distributed to company employees in Canada, Chile, Greece, Ireland, Italy, Poland, Portugal, Puerto Rico, Switzerland, the United Kingdom and the United States.

B. SUGGESTION BOX

Since 2004, Ferrovial has provided a «Suggestion Box» for employees. This box can be found on the corporate intranet, and contributors can submit either signed or anonymous suggestions.

In 2008, the company received 145 suggestions, 37 of which were anonymous. Of the rest, 47% were submitted by employees in the construction area, 12% in services, 3% in toll roads and parking facilities and 13% in the corporate area. The communications received can be broken down as follows:

Suggestion Box



Total Messages: 145

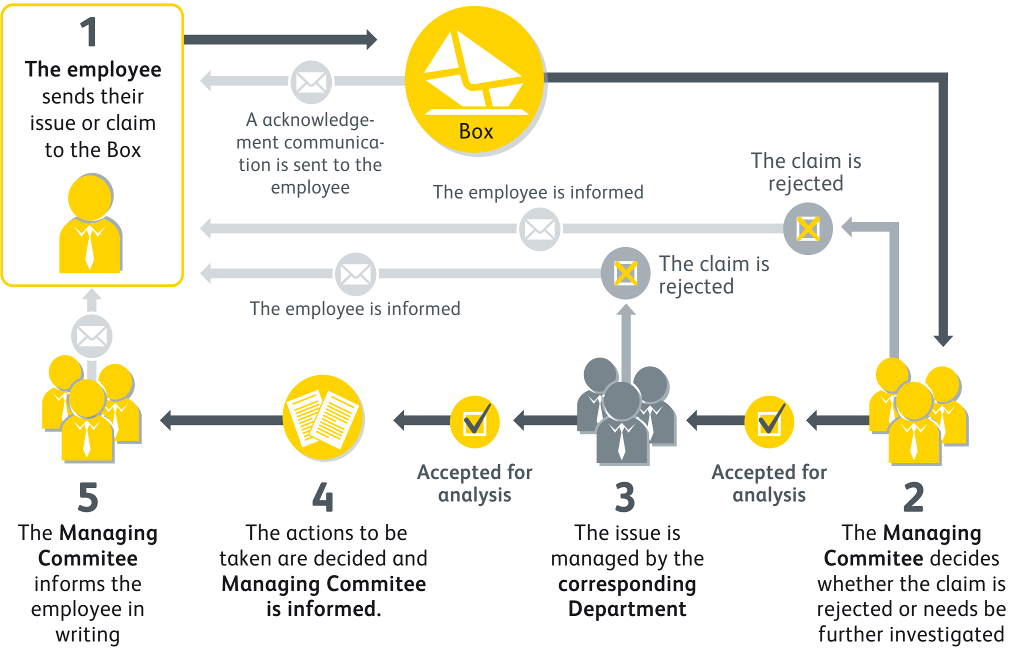
64% of the communications received are closed up to date.

Since its creation, more than 500 comments have been received. 96 were labeled as complaints by the autors.

How the Complaints Box works

The objective of this box is to provide employees with a channel of communication with the Management and Board of Directors in order to communicate or denounce irregularities , non-fulfilment of agreements or behavior which violates ethics or the law.

Once the communication is received, the following steps are followed:



Management of the communication

Procedures to handle communications:

Normal Procedure

A The Managing Commitee meets every month in order to analyze the claims received and to decide the actions to be taken.

Urgent Procedure

B For those claims that require inmediate action, the Managing Commitee can be urgently convened and it will take the necessary steps for the resolution of the communications. Cases of harassment must always be treated as urgent.

C. WHISTLEBLOWING CHANNEL

In late 2008, Ferrovial introduced a new Whistleblowing Channel called the «Complaints Box» where any employee with a founded suspicion or knowledge of a violation of the Code of Ethics can present an anonymous report via the corporate intranet that will result in an investigation being opened by the Whistleblowers' Box Managing Committee. This channel is initially open to staff with access to the Intranet (7.2% of the workforce).

The managing committee, which consists of the Director of Internal Audits and the General Director of Human Resources, meets at least once a month at the behest of the Director of Internal Audits. When the situation requires it, urgent meetings may also be convened by any member of the Managing Committee or by any other Department of the Group. This committee is responsible for taking measures to improve compliance and resolve incidences or doubts as to interpretation.

An emergency procedure has been established for any complaints whose contents call for immediate resolution. In such cases, the Director of Internal Audits, as the person responsible for the box, must decide if an urgent meeting of the managing committee is required or will set in motion the procedures that the group has established for addressing the reported problem.

The channel gives all employees of the Ferrovial Group (and of its affiliates) a direct line of communication to the company directors and management to denounce any matters of concern, such as irregularities, violations and unethical or illegal conduct. The channel guarantees absolute confidentiality and anonymity at all times if the whistleblower so desires. In the future, this resource may be extended to all stakeholders who show a legitimate interest in their relationship with the group.

Since being introduced in November 2008 until the end of the year, this box has not received any complaints or reports.

The Complaints Box procedures are available to employees in the section on Corporate Procedures of the Chairman's Office, on the intranet. In 2008, two new procedures were published on the use of this reporting channel: the fraud prevention and control procedure, and the protocol for the prevention of workplace bullying, sexual harassment and/ or gender-based harassment.

Risk management

Since 2003, Ferrovial has had a Global Risk Management (GRM) System in place that encompasses all areas of business activity carried out around the world, including those companies in which it has a controlling interest or is responsible for managing.

In 2008, the company created a new Corporate Risks Department under the supervision of the CEO. This department has developed a new version of the GRM called Ferrovial Risk Management (FRM) that has been adapted to the company's growth and changing profile in recent years.

The development of the new FRM, coordinated by the Risks Department, has involved representatives of the different business areas and of the Finance, Tax, Information Systems, Communications, Human Resources and Environment Departments. This joint effort has managed to define the structure of the elements comprising the new FRM, which have begun to be implemented in 2009.

Preventing fraud and corruption

Ferrovial has had an internal fraud prevention procedure in place since 2004. After the close of 2008, a new corporate procedure was published that aims to protect the assets of the Ferrovial Group by preventing in-house fraud.

The procedure applies to the employees of the Ferrovial Group and of all companies, associations or organizations in which Ferrovial has a controlling interest (50% or more) or in which it has a minority interest with managerial responsibilities.

Controlling investments and expenses

- **Procedure governing investments –** This procedure establishes the systems of checks and balances required to carry out large transactions of 1 million euro or more. In a graduated manner, and depending on the quantity, transactions must be approved by the CEO, the chairman or the board of directors. All preliminary agreements, option contracts and purchase agreements involving down-payments must also be given approval. The formal presentation of non-binding offers, including ITNs (invitations to negotiate), in the course of public or private contract bidding processes shall be presented in writing to the CEO with copies to the Secretariat and the Department of Finance.
- **Handling of cash and expenses –** To avoid possible bribery or corruption in connection with travel expenses, there is a regulation that requires all airline and train tickets, rental car fees and hotel reservations to be handled by the central travel agency with which each company regularly works.
- **Credit cards –** The use of company credit cards is limited exclusively to paying corporate travel expenses.
- **Cash availability –** In order to control the availability of cash, there is a regulation that controls requests for cash advances through the computerized expense management system. The maximum sum allowed for travel expenses is 1,200 euro for domestic trips and 3,000 euro for travel abroad.

Incompatibilities

Employees involved in purchases must not have any personal, financial, family or other interest, whether direct or indirect, in the supplying companies. If an interest does exist, the employee must notify his or her immediate supervisor. Since 2008, the purchases personnel in Ferrovial's Procurement Department are bound by specific principles of integrity published in the Buyer's Code. An immediate supervisor must be advised of any direct or indirect conflicts of interest arising from family connections, personal ties, financial interests or other factors. Employees who participate in purchases are prohibited from accepting special discounts or gifts valued at over 90 euro. Gifts of a lesser value may only be accepted if they are delivered to corporate headquarters. The code stipulates that invitations to trips, events or paid meals must be supervised, and employees should not accept invitations extended by suppliers.

The Appointments and Remunerations Committee is responsible for taking measures to make sure that Ferrovial does not hire, either as employees or as high-ranking executives, persons who have previously performed evaluations of the company for rating agencies unless more than two years have passed since they left the agency.

Human Rights

Ferrovial is committed to supporting and respecting the fundamental, internationally recognized Human Rights, and to ensure that its companies are not complicit in Human Rights violations.

Commitment

- *To respect, protect and promote Human Rights*

Lines of action

- *Support and respect the protection of internationally proclaimed basic Human Rights within its sphere of influence (Global Compact).*
- *Improve working conditions to ensure equal opportunities and non-discrimination among employees.*
- *Make sure that its companies are not complicit in Human Rights violations (Global Compact).*

Milestones in 2008

- *Procedure for the prevention of workplace harassment*
- *Analysis of Equal Opportunities*
- *Buyer's code*
- *Project for access to drinking water in Tanzania*

2009-2010 Objectives

- *Launch the equal opportunity plan*
- *Include Human Rights clause in centralized purchase agreements.*

Human Rights

	2008	2007	Var. 08-07
Investments in OECD countries (%)	100	100	
Employees protected by collective bargaining agreements (%)	72.2	73.6	
Equal opportunities (perceived)(*)	65	61	6.30%
Fair employee remuneration (perceived)(*)	65.3	62.5	4.39%
Proportion of women among new hires (%)	39.41	10.07	
Women in the workforce (%)	35	30	
Female executives	415	450	-7.78%
Human rights training (hours)	9,645	N/A	
Employees with human rights training	10,675	N/A	
Suppliers rated as low-risk in regards to human rights violations (%)	90	100	
Suppliers evaluated in terms of human rights (%)	87	N/A	
Human rights promotion initiatives (€)	950,558	568,362	67.25%

(*) Source: RepTrak

Ferrovial's Code of Ethics dictates that «all actions undertaken by the company and its employees shall scrupulously respect the Human Rights and civil liberties enshrined in the Universal Declaration of Human Rights.» The new Whistleblowing Channel allows any employee to report cases of inappropriate conduct or violations of the code. In 2008, no reports were made on Human Rights violations.

As a member of the United Nations Global Compact, Ferrovial has committed itself to support and respect the protection of the fundamental, internationally recognized Human Rights and to ensure that its companies are not complicit in Human Rights violations. This commitment also includes the basic labor rights and values laid out in the Declaration of the International Labor Organization (ILO): freedom of association and the effective recognition of the right to collective bargaining, the elimination of all forms of forced or compulsory labor, the effective abolition of child labor and the elimination of discrimination in respect of employment and occupation.

In 2008, Ferrovial's Procurement Department approved a new Buyer's code, which requires employees who handle the company's centralized purchases to verify that suppliers respect the principles of the Global Compact.

The new global corporate risk management system (FRM) covers the risks of Human Rights violations. The area of compliance risks includes risks due to insufficient or faulty procedures implemented to ensure compliance with the ethical principles that govern the company's relationship with its employees.

With regard to security staff training, the Manual on Security Duties and Procedures has been expanded with a section on employee regulations in regard to Human Rights. New instructions on this matter have also been issued to the different security departments.

With regard to the promotion of Human Rights, Ferrovial has expressed its commitment to the Millennium Development Goals. Along these lines, a project in the Mara region of Tanzania was launched in 2008 to provide access to drinking water for a population of 50,000 individuals. The company also began to study the CEO Water Mandate initiative of the United Nations with a view to endorsing it in 2009.

Thanks to these initiatives, the Realizing Rights initiative recognized Ferrovial as a leading multinational company in terms of its Human Rights policy.

Union association, negociation and strikes

The labor relations between Ferrovial and its employees are based on compliance with the applicable legislation in each country, international conventions and other legal and regulatory procurement governing employment.

In every country where it operates, Ferrovial guarantees the rights of workers such as the right to strike, freedom of association and the right to collective bargaining by appointed workers' representatives and unions. Collective bargaining agreements currently govern the working conditions of 72.2% of employees.

In 2008, 20 lawsuits were filed for limiting the regular exercise of union rights as well as 186 lawsuits for breach of the Workers' Collective Bargaining Agreement, and 807 strike days were called.

Ferrovial has no data on the percentage of employees affiliated with unions, given that they are not legally required to notify the company in such cases. At work centers where union dues are still paid through the office, the percentage is around 50% of employees.

Ferrovial undertakes to keep workers informed of the processes of organizational restructuring and to work together to understand issues from the employee's perspective. Since September 2007, and motivated by the restructuring of BAA, a formal employee polling process has been carried out through two committees (one for management and another for staff) of 12 members including union representatives. The members of these committees act as communication intermediaries between the national boards and the employees. The polling process lasts for three months, as dictated by the requirements of BAA and legal stipulations. Information is also available on the Intranet, where employees can check how the process is progressing

Equality and non-discrimination

The Code of Ethics states that all employees shall be given equal opportunity to advance their professional career based on the principle of merit. Ferrovial is fully committed to safeguarding the individual rights of its employees, particularly those related to privacy, dignity and equal opportunity.

During 2008, Ferrovial called in prestigious international experts to gauge and monitor the degree of equality in all Spanish companies with more than 250 employees. This is the first step toward developing and implementing the company's first Equality Plan in 2009.

The plan details specific measures for professional promotion and advancement, balancing work and family life and preventing harassment (bullying, sexual and/ or gender-based harassment) and defines an action protocol for such situations.

In 2008, the female component of the workforce across Ferrovial's companies increased by 6,925 individuals (in comparison with 2007), 22% of which occupy management positions.

Ferrovial applies, independently of gender, complete equality of financial retribution, based on salary categories.

Harassment

In 2008, Ferrovial published a new Procedure for the Prevention of Workplace Bullying, Sexual Harassment and/ or Gender-based Harassment in the Ferrovial Group that is enforced throughout Spain.

The plan was inspired by the third article of the Code of Ethics, which calls for respect for the law, ethical integrity and Human Rights. It also draws from the contents of Organic Law 3/2007, passed by the Spanish government on 22 March 2007 to guarantee the effective equality of men and women, and establishes measures to protect employees from potential situations of gender-based harassment in the workplace.

This procedure, drafted in accordance with the recommendations of the European Framework Agreement on ha-

Amey employees during a meeting (Oxford, United Kingdom)

rassment and violence in the workplace (enacted on 26 April 2007), guarantees the right to maintain the handling of all such matters and of the persons involved in the utmost privacy and confidentiality.

The procedure outlines measures taken immediately by the company in the event of reports of harassment, which include completing a thorough analysis of the situation to check the facts reported with every assurance of confidentiality and privacy for the parties involved in the process.

The plan is available on the corporate Intranet.

Integration of disadvantaged persons

Ferrovial has set itself the goal of incorporating people from the most disadvantaged social groups into the workplace, such as the long-term unemployed, battered women, immigrants and disabled persons.

Ferrovial cannot provide information on diversity percentages in terms of ethnic origin. This indicator is not recorded in employee files and any question regarding ethnicity could be construed as discriminatory.

In order to source employees from these social groups and to this end, depending on the vacancies to be filled, Ferrovial relies on the advice of the Integra Foundation, of which it is a trustee. In 2008, 20 socially disadvantaged individuals were given employment in Spain through this foundation.

Employees with disabilities or limited mobility can request assignment to work centers close to their place of residence and are provided with special parking spaces. Disabled relatives of employees (to the second degree of consanguinity or legal bond) are given preference in hiring processes.

Workers' representatives and corporate management are committed to helping those employees who have a harder time adapting, seeking alternatives for their professional advancement within the requirements of the organization. Ferrovial supports all integration initiatives for disabled persons and has opted to take the alternative measures to direct hiring provided under Spanish law to fulfill its social integration obligations.

Employees and activity in non-OECD countries

	Activity	Employees
Algeria	Handling	79
Argentina	Handling	319
Brazil	Handling	3,616
Bulgaria	Handling	194
Cameroon	Handling	58
Cyprus	Handling	602
Dominican Republic	Handling	790
Kenya	Handling	363
Korea	Handling	294
Nigeria	Handling	216
Russia	Handling	23
Singapore	Handling	295
South Africa	Handling	2,229
Tanzania	Handling	649
Ukraine	Handling	325
Venezuela	Handling	54
Total		10,106

Child labor

Ferrovial's Code of Ethics expresses its commitment to refrain from the use of child labor and to exclude any goods or services produced by the same from its business activities. The company also undertakes to respect the stipulations of the International Labor Organization (ILO) with regard to underage workers. Ferrovial demands strict observance of this principle from all of its employees and suppliers.

Ferrovial deems that there is currently very little risk of violating this commitment, since the majority of its investments are in OECD countries, which already have a legal framework for the

Summa, Ferrovial's Corporate University (El Escorial, Spain)

protection of labor rights.

At present, 90.6% of Ferrovial's 107,376 employees work in OECD member states, where Human Rights are effectively recognized in national legislation.

Through its Swissport affiliate, Ferrovial also provides airport ground handling services in certain non-OECD countries: Russia, Brazil, Tanzania, Kenya, Cameroon, Dominican Republic, Nigeria, Argentina, Venezuela, Cyprus, Singapore, Korea, Ukraine, Bulgaria and Algeria.

With regard to developing countries where there is a greater risk of child labor, in 2008 Ferrovial severed two ties inherited through its Swissport affiliate in the Philippines and India. The Group has amicably terminated the joint venture created between Swissport and the Indian handling company Punj Lloyd, and has sold the 40% interest that Swissport had in the Philippine company Citadel.

Most of Ferrovial's suppliers and subcontractors also operate in OECD countries and are therefore considered at low risk of Human Rights violations. All purchases and subcontracts are confirmed in contracts, subcontracts or orders for purchase and are consistently updated in accordance with the legislation in force in each country. The company's contracts all cite the specific obligation to abide by the legal regulations governing labor relations. Suppliers and subcontractors who operate outside of the OECD are bound by international Human Rights legislation. To ensure compliance, suppliers are periodically asked to produce documents accrediting this.

According to the last evaluation (2005-2006), internal procedures provide adequate protection against Human Rights risks in the area of the environment, safety and hygiene, which are the key factors associated with the current risks of Ferrovial's business activity.

In 2008, the wording of the standard agreement signed by regular suppliers was amended to include more details on social responsibility. Specifically, it now states that these suppliers must commit to uphold the principles of the Global Compact. All such agreements signed in 2009 will include this clause.

Training and awareness

Members of the management and administration staff are given training in Human Rights and in the company's Code of Ethics. In 2008, a total of 9,645 training hours on this subject were given to 10,675 employees. For the year 2009, Ferrovial plans to carry out a more intense information and awareness campaign about Human Rights, coinciding with the publication of the new Procedure for the Prevention of Workplace Harassment.

Some of the most important initiatives related to Human Rights training in 2008 were as follows:

- **International volunteering –** Ferrovial has launched a plan to raise employee awareness by encouraging their participation in development aid projects as international volunteers. In 2008, 11 employees from the construction and corporation divisions, Cadagua and Ferconsa participated in these projects. Volunteers were given a special training plan. A 50-minute documentary about the shortage of drinking water in Sub-Saharan Africa was also produced and posted on the corporate Intranet.
- **Suppliers –** As part of its purchase procedure, Ferrovial actively promotes the Global Compact principles in its supply chain.
- **Supply Chain Guide –** As an active sponsor of the UN Global Compact, in 2008 Ferrovial participated in a working group responsible for preparing a guide to establish the criteria for selecting and evaluating suppliers and subcontractors and analyze the risks deriving from Human Rights violations.

Promoting Human Rights

Women of Gadjibian district thank Ferrovial (Chad, Africa)) © Roger Calabuig

In 2008, Ferrovial contributed 950,558.16 euro to various development aid projects within the framework of the MDG.

Accepting the invitation extended by the United Nations, Ferrovial has made the Millennium Development Goals (MDG) the focal point of its action in the initiatives to promote Human Rights up until 2015. This is reflected in its strategy «From Responsibility to Commitment», ratified by the Board of Directors in 2007. Since that time, Ferrovial has held various meetings with representatives of the Spanish government, the United Nations and different NGOs to discuss the design of a model of public-private associations to further the Millennium Development Goals.

The company has identified three priority action areas on which to focus this first phase of its contributions: food, water and education. Specific projects in each of these areas were supported in 2008.

In order to properly manage these projects, in 2008 Ferrovial appointed a person within its Corporate Responsibility department to handle relations with co-operation agents and to ensure that the projects are framed within the context of achieving the MDGs; the funds are invested properly and efficiently; and that the parties involved abide by the standards of good governance and transparency set by the company. This sub-department also closely monitors the funded projects through biannual reports and on-site evaluations, as well as coordinating any necessary technical assistance.

Ferrovial actively participates in development aid projects, not solely as a mere donor. In addition to funding, it also offers technical assistance, technology and expert advice on project development. In 2008, 11 Ferrovial employees actively and directly participated in a development aid project: 5 water treatment experts, 2 topographers, 1 expert in environmental impact assessment, 1 geotechnical engineer, 1 contract bidding expert and 1 audiovisual technician.

As part of its commitment to the MDGs, in 2008 Ferrovial sponsored the conference of African and Spanish women entitled «For a Better World» and organized by the Ministry of the Presidency of the Spanish Government. Since 2006, Ferrovial has also participated in the social awareness campaign conducted by the Corporate Reputation Forum (FRC) under the slogan «2015: A Better World for Joana.»

Millennium Development Goals

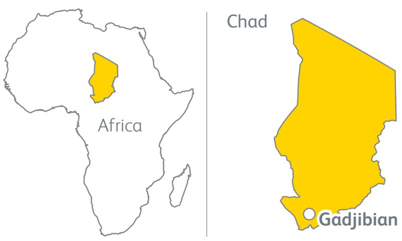
1. Eradicate extreme poverty and hunger.
2. Achieve universal primary education.
3. Promote gender equality and empower women.
4. Reduce child mortality for under 5-year-olds.
5. Improve maternal health.
6. Combat HIV/AIDS, malaria and other diseases.
7. Ensure environmental sustainability.
8. Develop a global partnership for development.

A. THE «JUNTOS SUMAMOS» PROGRAM (STRONGER TOGETHER)

Since 2005, Ferrovial has been developing the Juntos Sumamos program, which encourages the company and its employees to work together to meet the universal needs of society and stop Human Rights violations. Employees can choose to donate the fractions rounded off their paychecks or whatever amount they wish, and the company matches this quantity, thus doubling the amount of funding given to development aid projects. To date, a sum of 322,260.31 euro has been raised through this program to fund projects in countries in need of international aid.

A total of 91,029 euro was raised in 2008. In order to encourage employee involvement and transparency throughout the process, the company has introduced a new procedure for selecting the projects to be funded that allows the employees to vote on which initiatives they want to receive their donations. Ferrovial's Social Action department evaluates all the proposals received according to a pre-established scale and prepares a list of the five best projects. Employees can review the information about these projects on the intranet and vote which one they want to support. In 2008, Ferrovial was able to fund three different enterprises:

1. Drinking water for the rural population in Chad



- **Funding** *167,041 euro*
- **Direct beneficiaries** *5,000* **people**
- **Duration** *2 years*
- **Status** *Completed*
- **NGO** *Intermón Oxfam*

Funds raised by the 'Juntos Sumamos' Program 2005-2008

	Funds raised		
Year	**Employees**	**Ferrovial**	**Total**
2005	27,395	27,395	**54,790**
2006	42,553	42,553	**85,107**
2007	45,667	45,667	**91,334**
2008	45,514	45,514	**91,029**
Euro		**Total**	**322,260**

'Juntos Sumamos' projects financed in 2008

Program	Country/Region	NGO	Beneficiaries	Donated €	MDGs	Duration
Access to education / fight against child exploitation	Madagascar / Las Salinas	F. Agua de Coco	700	44,129	2, 3	6 months
Access to primary school education	India / Chandur	Madreselva	285	17,689	2, 3	15 months
Improvement in agricultural production	Mauritania / Brakna & Gorghol	Intermón Oxfam	9,000	29,211	1,3,7,8	4 years

Drinking water for the rural population of Chad

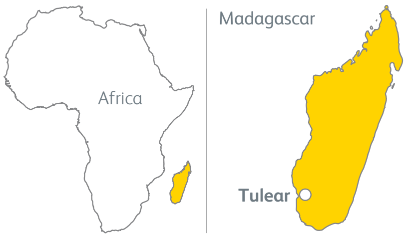
In 2006 and 2007, the «Juntos Sumamos» initiative raised 167,041 euro for the construction of 10 deep wells to provide drinking water for 5,000 people in the Republic of Chad. The project was supervised by Intermón Oxfam, which has worked in Chad since 1966 and currently has 15 development projects and 12 humanitarian aid projects underway to assist over 350,000 victims of the Darfur conflict.

The country's instability and extreme climate conditions have not been obstacles to the project's success. In November 2008, the head of Ferrovial's Social Action area visited the region to see how this project had affected the population. The local residents are openly grateful and eager to describe how it has improved their quality of life.

The project dovetails with the Millennium Development Goals, given that it has improved the rural population's access to drinking water (Goal 7). Specifically, it has reduced the rate of water-transmitted diseases, thus meeting the 4th development goal as well (reduce infant mortality). The direct relationship between access to water and the improvement of sanitary conditions also ties in with Goal 6 (fighting AIDS, malaria and other diseases).

A well, funded by Ferrovial employees in Gadjibian district (Chad, Africa)) © Roger Calabuig

2. Expansion of the Las Salinas School in Madagascar



- **Funding** *44,129 euro*
- **Direct beneficiaries** *700 people*
- **Duration** *6 months*
- **Status** *in progress*
- **NGO** *Fundación Agua de Coco*

Extension of the Education Center Las Salinas in Madagascar

1	2	3	4	5	6	7	8
	✓	✓					

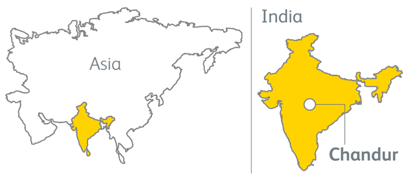
Children taking a bus (India)

This project consists of building and outfitting three new classrooms in a school in the Las Salinas areas. With this expansion, the school hopes to accommodate a total of 700 students and enable them to complete their primary education. The contributions of Ferrovial and its employees through the «Juntos Sumamos» program cover 100% of the project's estimated cost, which is 44,129 euro. This project is scheduled for completion in September 2009. Adding this new wing will help provide universal primary education (MDG 2) and promote gender equality by focusing particularly on the girls as a more disadvantaged student group (MDG 3).

Agua de Coco is a foundation that has spent 15 years working to improve the quality of life of boys and girls and their family environments through an innovative program which uses education as a catalyst for development. It began operating in Madagascar in 1996, and since then it has built three schools in different areas of the island and carried out a variety of activities to raise awareness and provide social support to the families of the children it aims to reach.

Las Salinas Education Center (Madagascar, Africa)

3. Access to primary education in India



- **Funding** *17,689 euro*
- **Direct Beneficiaries** *285 people*
- **Duration** *15 months*
- **Status** *in progress*
- **NGO** *Madreselva*

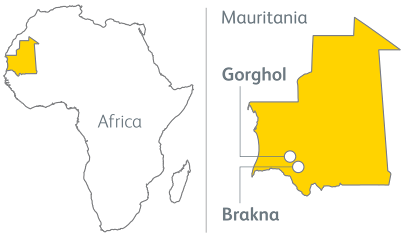
Access to primary education in India

1	2	3	4	5	6	7	8
	✓	✓					

This project entails building and outfitting a school with 7 classrooms to improve access to education for 285 boys and girls in the region of Chandur (India). The project will help reduce school drop-out rates and facilitate access to education, especially for girls, making a direct contribution to attaining Millennium Development Goals 2 (universal primary education) and 3 (promote gender equality and empower women).

The project is run by the Madreselva Foundation, which has been active in India since 1994. The donations of Ferrovial and its employees through the «Juntos Sumamos» program amount to 17,689 euro, and the estimated duration is 15 months.

4. Improving Food Safety in Mauritania



- **Funding** *29,211 euro*
- **Direct beneficiaries** *9,000 people*
- **Duration** *4 years*
- **Status** *in progress*
- **NGO** *Intermón Oxfam*

Improvement in Food Safety in Mauritania

1	2	3	4	5	6	7	8
			✓	✓	✓	✓	

This project seeks to improve and increase production in the farming, livestock and fishing industries by increasing each sector's financial and technical resources, with particular emphasis on reinforcing the skills and knowledge of the local population and associations.

The project is supported by a variety of public and private donors and will have an estimated duration of 4 years, benefiting around 9,000 women. Through the «Juntos Sumamos» program, Ferrovial and its employees have contributed 29,211 euro.

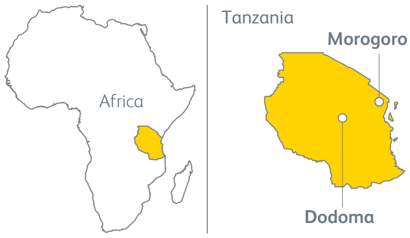
Woman tending to crops in Ari Hara (Mauritania, Africa) © Tomás Abella / Intermón Oxfam

The initiative is directly related to the achievement of Millennium Goal 1 (eradicate extreme poverty) because it seeks to increase per capita income, Goal 3 (promote gender equality and empower women) and part of Goal 7 (apply good agricultural and livestock farming practices to preserve the environment). As a project with multiple donors and participants, it is also a response to Goal 8 (promote partnership for development).

The project is supervised by Intermón Oxfam, which has been working continuously in Mauritania since 1995.

Community mobilization (Tanzania, Africa)

5. Study on Good Governance for Cooperation in Tanzania



- **Funding** *40,000 euro*
- **Direct beneficiaries** *Regions of Morogoro and Dodoma*
- **Duration** *6 months*
- **Status** *study phase*
- **NGO** *Intermón Oxfam*

Management of the cooperation in Tanzania

1	2	3	4	5	6	7	8
							✓

At the end of 2008, an initiative was launched to develop a plan of transparency and good governance for public institutions and social community organizations in the Tanzanian regions of Serengeti, Morogoro and Dodoma. The goal of the project is to ensure that all social investments are effective and reach their intended beneficiaries. The study is headed up by Intermón Oxfam and will last for six months.

Dialogue with stakeholders

Ferrovial works under the guiding principle of providing reliable, complete information that accurately reflects the situation of the company and the Group as well as its commercial activities and business strategies.

Commitment

- *Transparency of information*

Lines of Action

- *Continually improve the lines of communication with all stakeholders, based on an innovative form of corporate reporting that encompasses environmental and social variables as well as financial data.*
- *Notify all stakeholders of the principles of sustainable development and social responsibility and encourage employee participation in projects of solidarity.*

Milestones in 2008

- *Company-wide Employee Satisfaction Survey*
- *Opinion polling of stakeholders*

2009-2010 Objectives

- *The Main Ferrovial Stakeholders Program (MFS)*

Dialogue with stakeholders

	2008	2007	Chg 08-07
Transparency (perceived)(*)	64	62	44.62 %
Meetings with investors	494	333	48.35 %
Presentations to analysts	4	2	100.00 %
Employees with Intranet access	5,858	7,025	-16.61 %
Meetings with suppliers and subcontractors	5,523	n/a	
Supplier surveys	1,129	n/a	
Meetings between executives and journalists	100	94	6.38 %
Media presentations	4	4	0.00 %
Hits on the website press room	177,986	169,510	5.00 %
Public opinion polls	1,352	1,002	34.93 %

(*) Source: RepTrak

Ferrovial's relations with its stakeholders are conducted in a context of transparency, honesty and professionalism. Ferrovial considers stakeholders to be those individuals or social groups with a legitimate interest who are affected by the company's actions in the present or future.

Ferrovial defines stakeholders both as the internal groups that are part of the company's value chain (shareholders, employees, investors, customers and suppliers), which are considered as partners in business development, as well as the so-called external stakeholders: the administration and government authorities, the media, analysts, the business community, unions, the non-profit sector and society in general, starting with the local communities where Ferrovial operates.

To understand the shareholder's opinions and expectations, surveys were conducted on the following groups:

- 100 press, radio, TV and Internet journalists.
- 50 politicians of different administrative levels: Parliament, Senate, mayor's offices, Spanish Government and Autonomous Regions.
- 50 executives and business people.
- 25 financial analysts.
- 25 opinion leaders.
- 1,002 people with knowledge of Ferrovial.
- 100 Global MFS08 Study.

Policy of transparency

Ferrovial works under the guiding principle of providing its shareholders, investors, analysts and the market in general, with reliable, complete information that accurately reflects the situation of the company and the Group as well as its commercial activities and business strategies.

The policy of transparency is pursued within the legal limits (in compliance with applicable regulations and time periods) and based on respect for the rights of all interested parties. With regard to financial information, Ferrovial has a procedure for controlling information on major transactions that applies the measures stipulated by the Spanish Securities Market Law on financial reporting of large transactions.

In its communications with users and employees, Ferrovial guarantees the right to privacy, confidentiality and protection of personal information. Ferrovial also requires its employees to make discreet and professional use of the company information to which they have access.

Ferrovial has a Crisis Notification procedure to ensure that reliable information quickly reaches the organizational levels where decisions must be made in a crisis situation that may result in significant consequences or damages to employees, the public, customers, users, the environment or the company's reputation and interests. This protocol is linked to Ferrivial's corporate risk management system (FRM).

The professional nature of the relationship between Ferrovial and its stakeholders dictates that dialogue be channeled through different departments or areas, which are generally supervised by the CEO and are specially equipped to deal with each stakeholder.

Shareholders and Investors

Shareholders
Tel.: +34 902 253 050 (toll free in Spain)
Fax: +34 91 586 26 89
- accionistas@ferrovial.es
- www.ferrovial.com

- Ferrovial's business activities and strategic decisions focus on creating value for its shareholders, promoting transparent management practices, adopting the best practices of Corporate Governance in its companies and strictly adhering to the applicable regulations in this area at all times.
- The Corporate Governance Report, attached to the report on corporate responsibility in this annual report, offers detailed information on the company's relations with its shareholders, the Rules of the General Shareholders Board and the rights and participation of shareholders.
- Through the website, shareholders can access all documentation on the company and review the procedures for registering to attend shareholders' meetings and instructions for casting or delegating absentee votes, among other details. Since 2005, shareholders can participate virtually in shareholders' meetings and submit their votes by e-mail.
- Ferrovial has a Investor Relations service in permanent operation through three channels of communication: the Shareholder Relations Toll Free Line, an e-mail address and a fax line.

Employees

Human Resources
Apartado de Correos 2160
28080 Madrid

- www.ferrovial.com

- The policy of communication with employees is always based on the respect for privacy and confidentiality of information provided. Ferrovial only requests and uses employee information as needed to efficiently manage its business activities or as required by the legislation in force. In turn, employees are obligated to make discreet and professional use of the company information to which they have access in the course of performing their duties, and are required to inform their immediate supervisor of any situation that could be considered a conflict of interests.
- To ascertain its employees' expectations, Ferrovial carried out its Employee Satisfaction Survey in 2008. The survey targeted a group of 12,901 employees from every department, including the majority of affiliates: Swissport, Amey, Budimex and Webber. BAA conducted its survey in 2007 and obtained a 49% response rate. In the Ferrovial survey, 75% of employees said that they were committed to the company and 71% indicated they were satisfied with it. Ratings improved across the board, in every category, in comparison with the previous survey. The figures given here do not include the data from the Satisfaction Survey of the 407-ETR highway operations in Canada.
- **Ferrovial has two official channels of in-house communication:**

- **The Corporate Intranet, Ferronet**: This is the main channel for internal communication with employees, together with the department-specific channels: Canal Corporación, Construnet, Cinnet, Servinet, Budinet, Cadanet, Cepsanet and the Amey and BAA intranets. At present, 5,858 employees have access to the company intranet or intranets in their respective business divisions.
- **Inforvial** is Ferrovial's in-house magazine. With a circulation of over 10,000 copies published every trimester, this magazine contains several sections that inform employees of how business is going, the company's outlook, corporate news, the key events of the trimester, etc. Amey and BAA also have their own in-house magazines called The HUB and Airwaves respectively.

- **Each year, numerous events are organized to encourage interaction among employees. Some notable examples are:**

- The **Annual Manager's Meeting**, where Ferrovial's top **500 executives** from around the world meet with the board of directors and share their opinions on the Group's annual results and objectives.
- **The Cross-Area Meetings**, where market trends are shared.
- **Conocer+ (Know more),** a program of staff meetings for sharing information and knowledge about the Group's activities. This initiative also has a site on the corporate intranet.
- **Ferrovial Day**, designed as an opportunity for the company to share some time with its employees and their families.
- The **Ferrovial Olympics**, which registered record numbers of participants for the third year running.

Customers and users

Quality and Environment

- dca@ferrovial.es
- www.ferrovial.com

- Ferrovial has over 1 billion users who depend on and benefit from the infrastructure and services it puts on the market. Ferrovial's policy with regard to its customers and users is to meet their expectations as best as possible, whilst striving to anticipate their requirements (Code of Ethics).
- It is the customer's right and the company's obligation to protect customer privacy with regard to the products and services they require. The privacy policy complies with the applicable legislation in each country. Reference legislation are the Organic Law on Personal Data Protection (Spain), the Data Protection Act (United Kingdom) and the Personal Information and Electronic Act (United States). The organizational procedures of the quality system ensure the correct storage and privacy of all incoming and outgoing information.
- The channels for handling customer or user opinions, doubts and complaints are the customer satisfaction survey, the services provided by the after-sales or customer care departments and the websites of the concessions or companies.

Analysts

Investor Relations
Tel.: +34 91 586 27 30
Fax.: +34 91 586 26 89
- *ir@ferrovial.es*
- *www.ferrovial.com*

- The Investor Relations Department, as part of Ferrovial's Financial Department, is responsible for handling relations with shareholders, investors and analysts.
- In 2008, 494 meetings were held with investors and analysts, 88% of which were with international investors.Of these meeting 19 were roadshows, two more than the 17 organized last year. 164 meetings were held in Ferrovial offices.
  The company offered two presentations for analysts: a presentation on annual results, broadcast on the corporate website, and the Investor Day, which this year addressed the regulatory framework of BAA.
- Over the course of the year, the company replied to 1,104 e-mails requesting financial documents or information and answered 759 phone calls. The majority of calls were placed by minority shareholders, followed by companies seeking financial information. All requests for information were handled individually.
- In 2008, the CNMV (Spanish Securities Commission) was notified of 12 significant events. Every time a significant event is relayed to the CNMV or when any notification is considered of interest to analysts or investors, these stakeholders receive a personalized notice by e-mail.
- The Institutional Investor Research Group has ranked Ferrovial as the sixth-best IBEX 35 company in terms of financial reporting.

Suppliers and subcontractors

Procurement Departament
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- *informacion@obralia.com*
- *http://www.obralia.com/*
- *www.ferrovial.com*

- Ferrovial's relations with its suppliers and subcontractors are considered an essential part of its activity. Its policy on quality considers suppliers and subcontractors as partners, «seeking mutual benefit, working together creatively to offer customers the best quality and service, and establishing long-term relationships if possible.» In 2008, Ferrovial dealt with approximately 89,567 suppliers.
- The Procurement Department is responsible for dealing with the main suppliers and subcontractors, striving to establish long-term relationships and obtain the maximum benefit for both parties.
- Ferrovial requires its suppliers and subcontractors to abide by the principles of the Global Compact. Since 2005, the company has held various meetings to raise supplier awareness about certain aspects of corporate responsibility.

Governments and authorities

Institutional Relations:
Tel.: +34 91 586 28 93
Fax.: +34 91 586 26 59
- *comunicaciones@ferrovial.es*
- *www.ferrovial.com*

- As part of the community in which it operates, Ferrovial participates in various social initiatives introduced by local governments or organizations. Notable examples are the «For a Better World» Conference of African and Spanish Women, organized by the government of Spain, and the sponsorship of Madrid's candidacy to host the 2016 Olympic Games.
- In relations with public authorities and civil servants, Ferrovial prohibits bribery in any form and forbids its employees to give or receive undue payments of any type as well as presents, gifts or favors from third parties outside the scope of regular market practices or which, by reason of their value, characteristics or circumstances, may reasonably alter the commercial, administrative or professional relations of its companies. For the same reasons, Ferrovial does not make direct or indirect contributions to political parties. Ferrovial has a variety of internal control procedures and mechanisms to avoid bribery and corruption, which are described in the section on ethical integrity.
- In 2008, BAA and Ferrovial actively participated in the regulation processes related to airport price controls in the London area as well as the competition process affecting BAA airports.

Business Community

Institutional Relations:
Tel.: +34 91 586 28 93
Fax.: +34 91 586 26 59
- *comunicaciones@ferrovial.es*
- *http://www.ferrovial.com*

- In every country where it operates, Ferrovial cultivates many of its relationships with the sector, industries and competitors by actively participating in business associations or sector organizations related to its fields of activity and interest.

In 2008, Ferrovial was a member of the following organizations:

Spain

- Agrupación de Empresarios Construcción de Toledo
- Agrupación provincial de empresarios de garajes, aparcamientos y estaciones de lavado y engrase de Cantabria
- Asociación Andaluza de Empresas de Regulación del Estacionamiento y Explotación de Aparcamientos (ASEPAN)
- Asociación Catalana de Instalaciones de Tratamiento de Residuos Especiales (Acitre)
- Asociación Científica Hormigón Estructural (ACHE)
- Asociación Cluster de Industrias de Medio Ambiente de Euskadi (Aclima)
- Asociación de Aparcamientos de Murcia
- Asociación de Constructores de Baleares
- Asociación de Empresarios de la Construcción de la Provincia de Las Palmas (AEC)
- Asociación de Empresarios de la Construcción en Palencia (AECOPA)
- Asociación de Empresas Constructoras de Ámbito Nacional (SEOPAN)
- Asociación de Empresas de la Construcción de Madrid (AECON)
- Asociación de Empresas de Limpieza Técnica Industrial Mecanizada (ASELIME)
- Asociación de Empresas Vascas por la Sostenibilidad (IZAITE)
- Asociación de los Profesionales de los Espacios Verdes de Cataluña (APVEC)
- Asociación de Sociedades Españolas Concesionarias de Autopistas, Túneles, Puentes y Vías de peaje (ASETA)
- Asociación Empresarial de Limpieza Pública (ASELIP)
- Asociación Empresarial de Transportes de Vizcaya (ASETRAVI)
- Asociación Empresarial Sevillana de Constructores y Promotores de Obras (GAESCO)
- Asociación Empresarios de Vizcaya (ECOVA)
- Asociación Española de Aparcamientos (ASEPARC)
- Asociación Española de Arboricultura (AEA)
- Asociación Española de Empresas de Jardinería (ASEJA)
- Asociación Española de Gestores de Residuos (ASEGRE)
- Asociación Española de Ingeniería Sísmica
- Asociación Española de la Carretera
- Asociación Española de Parques y Jardines Públicos (AEPJP)
- Asociación Española de Responsables de Compras o Existencias (AERCE)
- Asociación Española Túneles y Obras Subterráneas (AETOS)
- Asociación Nacional de Empresas de Regulación de Estacionamiento (ANERE)
- Asociación Nacional de Empresas Forestales (ASEMFO)
- Asociación para el progreso de la Dirección (APD)
- Asociación Provincial de Empresarios de la Construcción de la Coruña
- Asociación Provincial de Empresarios de la Construcción de Lugo
- Asociación Provincial de Empresarios de la Construcción de Orense
- Asociación Provincial de Empresarios de la Construcción de Pontevedra
- Asociación Provincial de Empresarios de la Construcción y Obra Pública de Valencia (APECOP)
- Asociación Provincial de Empresas de la Construcción de Castellón de Castellón (APECC)
- Asociación Técnica de la Carretera (ATC)
- Asociación Técnica de Puertos y Costas
- Asociación Técnica Española de Climatización Refrigeración (ATECYR)
- Asociación Técnica para la Gestión de Residuos y Medio Ambiente (ATEGRUS)
- Asociación Valenciana de Empresas de la Construcción y Obras Públicas (ASVECOP)
- Asociación Vallisoletana de Empresarios de la Construcción (AVECO)
- Cámara de Comercio de Barcelona (Área De Medio Ambiente)
- Cámara de Contratistas de Andalucía
- Cámara de Contratistas de Castilla y León
- Cámara de Contratistas de Extremadura
- Cámara de Contratistas de la Comunidad Valenciana
- Cámara Oficial de Contratistas de Cataluña
- Centro Científico y Técnico de la Construcción (CSTB)
- Centro Tecnológico de la Construcción de la Región de Murcia
- Círculo de Economía
- Club Español de los Residuos (ISR)
- Comité Nacional Español Grandes Presas (CNEGP)
- Confederación Asturiana de la Construcción
- Confederación Empresarial de la Provincia de Tarragona (CEPTA)
- Ecoembalajes España (ECOEMBES)
- Federación de Empresarios de Toledo (FEDETO)
- Federación de Empresas de la Construcción de Zaragoza (FECZA)

- Federación Empresarial Balear de Transportes
- Federación Empresarial del Auto-Transporte (FEAT)
- Federación Española de Asociaciones del Sector de Aparcamientos (FEDASA)
- Federación Provincial de Entidades de la Construcción de Sta. Cruz de Tenerife (FEPECO)
- Federación Regional de Empresarios de la Construcción de Murcia
- Fundació Fòrum Ambiental
- Fundación para la investigación y Desarrollo Ambiental (FIDA)
- Gestora de Runes
- Gremio de Constructores de Obras de Cataluña
- Innovación, Desarrollo y Transferencia de Tecnología (IDETRA)
- Internacional Erosion Central Asociation (IECA)
- Internet Association for Bridge and Structural Engineering (IABSE)
- Puertos del Estado
- Sistema Integrado de Gestión de residuos de productos fitosanitarios
- Sociedad Española de Mecánica de Rocas (SEMR)
- Sociedad Española de Mecánica del Suelo y Cimentaciones (SEMSC)
- Sociedad Española de Presas y Embalses (SEPREM)
- The International Association for Shele Spatial Structures

Canada

- International Bridge, Tunnel and Turnpike Association (IBTTA)
- Canadian Council on Public-Private Partnerships (CCPPP)
- The Toronto Board of Trade
- The Ontario Chamber of Commerce
- The C.D. Howe Institute

Chile

- Asociación de Concesionarios de Obras de Infraestructura Pública A.G. (COPSA)
- Cámara Chilena de la Construcción A.G. (CChC)

United States

- Inter Agency Group (IAG)
- International Bridge, Tunnel and Turnpike Association (IBTTA)
- St. Joseph County Chamber of Commerce
- Elkhart County Chamber of Commerce
- Northwestern Regional Planning Commission
- Michiana Area Council of Governments
- Indiana Toll Road Economic Development Corridor
- Texans for safe reliable Transportation

Portugal

- Associação de Sociedades Concessionárias de Auto-estradas SCUT (ASCAS)
- Casa de España
- Câmara de Comércio e Indústria Luso-Espanhola (CCILE)
- Centro Rodoviário Português (CRP)
- Prevenção Rodoviária Portuguesa (PRP)

Ireland

- Irish Business and Employers Confederation (IBEC)
- Irish Toll Industry Association

United Kingdom

- The Airport Operators Association
- Airports Council International – Europe (ACI-Europe)
- Airports Council International – World (ACI-World)
- The London Chamber of Commerce and Industry
- The Confederation of British Industry
- London First
- Central London Partnership

Switzerland

- International Air Transport Association (IATA)
- International Aviation Handlers Association (IAHA)
- Transported Asset Protection Association (TAPA)

Unions

Corporate Responsibility
Tel.: +34 91 586 02 75
www.ferrovial.com

- Beyond mere social dialogue, unions are eager to participate as «stakeholders» in the application of corporate responsibility policies. Ferrovial maintains open communication with unions on the topic of corporate responsibility through diverse initiatives such as the Global Compact, where unions are represented, and the Corporate Responsibility Observatory.
- Ferrovial has also actively cooperated with the investigation into the «corporate culture, policies and practices of IBEX 35 companies» launched by the Confederated Board of Directors of the General Workers' Union (UGT) and funded by the Directorate-General of Self-Employment and the European Social Fund, operating under the aegis of the Ministry of Labor and Social Affairs.

The Media

Corporate Communications
Tel.: +34 91 586 00 00
comunicacion@ferrovial.es
www.ferrovial.com

- Ferrovial maintains personal, direct and constant contact with around 24 international media organizations, based on transparency and close cooperation with journalism professionals. Global relations with these media are coordinated by the Corporate Communications Department. In 2008, 93 press releases were issued in Spanish and English, meetings between the Spanish and English-speaking press and Ferrovial executives were organized and over 1,100 calls from journalists were handled.

- Ferrovial does not adhere to any particular voluntary or standard communication code, but all of its informative and advertising actions are carried out in accordance with applicable general regulations.
- Ferrovial currently maintains consistent and visible communications, as reflected in the RepTrak results gleaned from 1,002 surveys of stakeholders in 2008.
- Ferrovial's international expansion has also posed a significant challenge in terms of communications. Interest in the activities of the company and its affiliates has increased exponentially around the world.
- Relations with the Spanish media are positive: 75% consider that relations between Ferrovial and the press are good, according to the Key Audience Research (KAR) report prepared by IPSOS.
- In 2008, the number of hits registered on the online press room reached 110,535, compared with the 106,983 hits received in 2007.
- The Spanish Association of Business Administration and Accounting has officially recognized the excellent quality of information disseminated online by Ferrovial.

Non-profit sector

Corporate Responsibility
Tel.: +34 91 586 02 75
- rsc@ferrovial.es
- www.ferrovial.com

With the goal of creating long-term value for society, Ferrovial is actively engaged with the organizations of civil society and the so-called Non-profit sector. Relations with the non-profit sector are divided into five levels:

- **Participation in non-profit institutions –** Ferrovial is actively involved with numerous non-profit organizations with multiple stakeholders. Notable examples include the Spanish Global Compact Association (Asepam), of which Ferrovial is a founding partner, the Corporate Reputation Forum, the Business and Society Foundation (Forética) and the Spanish contingent of the London Benchmarking Group (LBG). Since the debates on corporate responsibility began in 2003, Ferrovial has actively participated in working groups developed within the CEOE (Spanish Confederation of Business Associations) to define the company's position in this area: the role of the company is to create wealth and employment, with corporate responsibility activities as voluntary measures and part of a strategy to improve competitiveness.
- **Strategic partnerships for project development –** Ferrovial maintains strategic partnerships for developing projects with non-profit sector institutions. One notable example is the partnership with the Massachusetts Institute of Technology (MIT) to develop joint research projects on corporate responsibility as part of the Industrial Liaison Program. With regard to social projects with non-governmental organizations (NGOs), at present Ferrovial has a strategic partnership with Intermón-Oxfam and with AMREF-Flying Doctors. The chapter on community provides details about specific social investment projects and initiatives carried out during the past year.
- **Institutional encounters –** During the year, 9 institutional encounters and meetings with non-profit sector organizations were held at Ferrovial. Among them was a presentation at Ferrovial headquarters of the project to revise the AA1000 accountability standard.
- **Participation in events –** Ferrovial executives actively participated in conferences and events. One notable example is the participation in the Davos Forum since its inception and in the National Environmental Congress (CONAMA).
- **Relations through official communication channels –** The e-mail address rsc@ferrovial.es has received 36 requests for assistance and 37 invitations to attend courses or presentations related to Corporate Responsibility.

Diploma presentation of the «Companies, Magistrates and Judges» program (Madrid, Spain).

Environment

Ferrovial aims to be recognized across the world as an efficient and exemplary company noted for its commitment to sustainable development.

http://medioambiente.ferrovial.es (Spanish)

Commitments

- *Reduce the environmental impact of its activities.*
- *Maintain a precautionary approach that benefits the environment.*

Lines of action

- *Promote the implementation of standardized environmental management systems in Ferrovial's various lines of business.*
- *Encourage the development and dissemination of environmentally friendly technologies.*
- *Support initiatives that promote greater environmental responsibility.*

Milestones in 2008

- *The new Quality and Environmental Policy.*
- *ISO 14001 certification for Spanish highways.*
- *Completion of the first phase of a worldwide greenhouse gas emissions compensation project.*

2009-2010 Objectives

- *Launch the procedure for a global calculation of the carbon footprint and subsequent verification by an independent entity.*
- *Implement the Employee Mobility Plan at headquarters.*
- *Up-to-date indicators on the corporate scorecard balance.*

Environmental Impact

	2008	2007	Var 08-07
ISO 14001 certified activity (%)	57	56	
Environmental sanctions (€)	87,855	216,386	-146.30%
CO_2 emissions (t CO_2 eq.) (*)	1,083,265	NA	
Electricity consumption (Gj)	3,435,035	3,441,390	-0.18%
Electricity produced by cogeneration (kwh)	66,082	61,050	8.24%
Electricity produced by biogas recovery (Gj)	321,464	279,481	15.02%
Thermal energy produced by biogas recovery (Gj)	118,168	175,134	-32.53%
Reduction of waste sent to landfill (m^3)	12,557,018	13,173,555	-4.68%
Recovery in sorting plants (t)	887,015	857,626	3.43%
Compost produced (t)	179,224	183,398	-2.28%
Value of substitute fuels at cement plants (t)	45,413	33,501	35.56%
Protection of the environment (perceived)(**)	62	58	6.90%

(*) For more details on CO_2 emissions, please refer to chapter on the carbon footprint
(**) Source: RepTrak

In 2008, Ferrovial updated its Quality and Environmental Policy in an attempt to adapt it to the company's new profile and the new corporate risks derived from the acquisition of BAA. The new policy is based on the sustainability criteria and commitments that the entire corporation, including its business divisions and affiliates around the world as well as employees, is obligated to fulfill.

The new version features new aspects such as dialogue with stakeholders, eco-efficiency and the reduction of greenhouse gas emissions, considered key elements of corporate public commitments. Closer collaboration with NGOs, authorities and regulatory bodies is also considered a key element.

Ferrovial's environmental policy is based on the Sustainability Policy that governs the entire Group, which is designed, enacted and supported by the organization's highest-ranking executives. Starting from the basis of this shared commitment, each department develops its own policy according to the risks and stakeholder demands of each business activity.

Environmental Policy

Among the primary requirements and commitments of Ferrovial's environmental policy are:

- **Vision –** To maximize value for the shareholders and the company and ultimately consolidate a worldwide reputation as an efficient, exemplary organization in the sectors in which it operates. It is a company that takes its responsibilities as a global corporation seriously and is renowned for its commitment to sustainable development.
- **Mission –** To design, build, finance and manage infrastructures and services in a responsible manner. To focus on meeting the expectations of its customers and users, making efficient use of available resources whilst minimizing the environmental impact of its activities.

Principles

- **Meeting the expectations of customers and users –** The customers and users are the heart and soul of everything the company does. Its goal is to provide them with the best possible experience in the use of its infrastructures and services.
- **Participation at every level –** To support the motivation, participation, training and advancement of every member of the organization as a vital ingredient in the company's success.
- **Mutually beneficial relationships with suppliers and partners –** To seek mutual benefit in dealings with partners and suppliers in order to achieve the highest possible degree of competitiveness, quality and environmental performance.
- **Eco-efficiency –** To minimize the environmental impact of its activities, using all available scientific data, by making responsible and efficient use of natural resources, reducing waste production and landfill use as much as possible and cutting back its emissions of air pollutants, particularly greenhouse gases.
- **The value of commitment –** An organization that follows through on its commitments, respecting the legislation in force and honoring agreements reached with customers and users. It guarantees the quality, safety and environmental performance of its products and services.
- **On-going improvement –** To seek excellence in everything it does, evaluating the key aspects of activities and implementing management systems to constantly improve its processes, technical capacities and performance. Open lines of communication are established between the company's various divisions and businesses to make the most of synergies and opportunities that its experience and best practices can offer.
- **Intelligent dialogue with stakeholders –** To develop reporting systems and lines of communication to maintain a productive and mutually beneficial dialogue with relevant stakeholders; these tools help understand their expectations, control business risks and make the most of new opportunities.

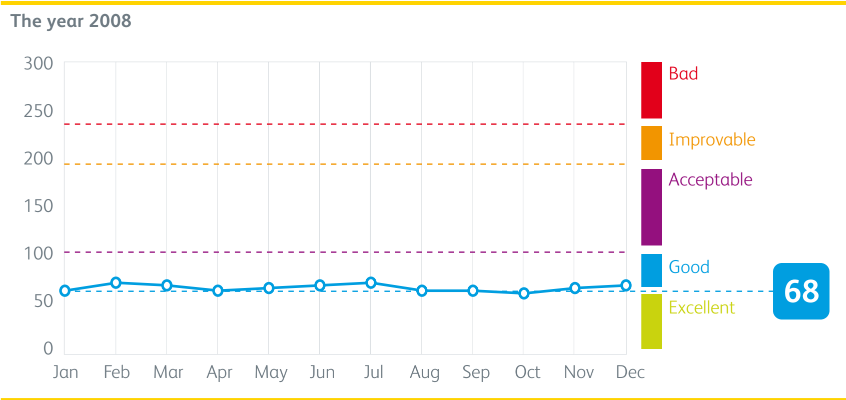
Environmental Performance Index (EPI)

In order to evaluate the environmental performance of the construction sector in real time, Ferrovial created the Environmental Performance Index (EPI). This clear, concise graphic index compiles all information regarding the company's environmental management since late 1996.

The EPI concept is unprecedented in the construction industry. The quantitative information provided makes it possible to analyze the causes of variations and make informed decisions in the area of environmental management.

The index has been validated by the Rey Juan Carlos University and officially recognized by the Alfonso Martín Escudero UNESCO Chair for the Environment. For further information about the Environmental Performance Index (EPI), please visit

☛ http://www.ferrovial.es/en/index.asp?MP=19&MS=895&MN=2&TR=C&IDR=2049



A. EPI project in Services division

In 2008, the final phase of the EPI project was launched in the services division. This project is currently at the operational testing stage following the data upload prior to production launch, which is scheduled for the first trimester of 2009. Once it is up and running, this EPI will compile all environmental data from the different business areas, making it a highly effective management tool.

Environmental goals and indicators

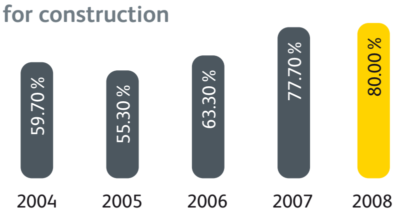
Production centers set their environmental goals each year with a view to minimizing their impact on their surroundings. These goals are a key factor in monitoring the evolution of environmental performance and ensuring on-going improvement, and they also play an important part in designing global strategies. The process of setting and following through on environmental goals involves every level of the company's organizational structure.

Most goals are set in order to reduce the consumption of raw materials, maximize reuse and recycling and, above all, cut back on greenhouse gas emissions.

Construction

- The percentage of projects with environmental goals increased from 78% in 2007 to 80% in 2008.

Environmental objectives for construction

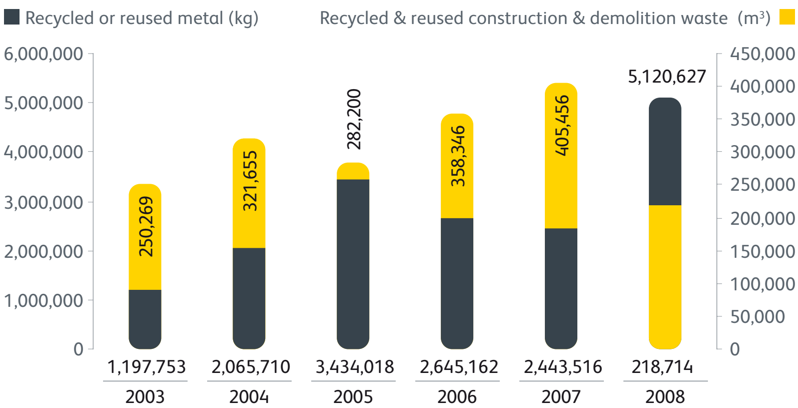


- The percentage of projects in progress with such goals is considered to be at the theoretical maximum, making it hard to improve upon current figures.
- Analyzing the results in detail, it is clear that the number of goals set per project is on the rise. This year the average number of goals per project was 2.7, compared with the 2.5 recorded in 2007.
- Project goals related to soil reuse continue to be a priority.
- Project goals related to Construction and Demolition Waste (CDW) recycling (metal, wood, plastic and cardboard) are still on the rise.

Services

- **Cespa** – Generally speaking, goals with long-term implications will be maintained. Specifically, the 2009 program will include actions aimed at reducing greenhouse gases.
- An increase of 3% in avoided greenhouse gas emission, thanks to biogas capture at landfill sites.
- 2.5% increase in electrical power generated by biogas produced in Controlled Tanks.
- Development of the R&D and innovation project known as EMISION II (search for waste materials as alternative absorbents in biogas cleaning filters)
- 10% reduction in CO_2 emissions of the Quality and Environment Department thanks to business travel mobility measures (replacing trips with video conferences, using less contaminating modes of transportation, route optimization, etc.).
- Increased number of company vehicles that run on alternative fuels.
- Training sessions to promote fuel-efficient driving.
- Sustainable consumption practices implemented at all Ferrovial work centers.

Amey – This company has set the goal of reducing its carbon footprint by 10% by the year 2010, measured in tonnes of CO_2 emitted/ million pounds of turnover.



Carbon footprint

Ferrovial believes that the best way to fight emissions is to eradicate the source. As the company improves its performance in this area, it has introduced a compensation project which starts by identifying and classifying emissions.

In 2008, Ferrovial worked to identify all sources of emissions in the company's activities. A procedure for calculating the carbon footprint was designed that will serve to consolidate criteria when establishing the methodology for collecting data and to set priorities once the critical emissions sources have been identified. The next phase will work on defining measuring systems and the most efficient reporting methods.

One of the primary conclusions was the decision to establish Scope 1 and Scope 2 reporting. There are companies that already have Scope 3 data. Once the reports are unified, it will be possible to track the evolution of the company's emissions and thus ensure the effectiveness of the measures introduced.

Due to the addition of new business activities and continual efforts to improve the scope of the data reported, up until now it has been difficult to track the evolution of emissions produced by all components of the Ferrovial Group, since the scope of the data reported has been different each year.

The goals for 2009 for the entire corporation are:

- To launch the carbon footprint calculation procedure worldwide and have it verified by an independent source.
- To implement a strategy to reduce Ferrovial's global carbon footprint, based on the data obtained from the Carbon Footprint Calculation Procedure.
- To establish principles of sustainability that will allow the company to pursue a common global strategy in all its companies and affiliates.
- To update indicators of the corporate scoreboard balance.
- To implement the Personal Mobility Plan at the corporation headquarters.

Ferrovial has also set long-term environmental goals to be met progressively over the 2008-2012 period:

- **Strategy to fight climate change.** The primary goal in this area is to improve energy efficiency and reduce greenhouse gas emissions in airport ground facilities. The goal is to reduce emissions by 15% from 1990 levels by 2010 and, in the second phase, achieve a 30% reduction by the year 2020.
- **Gradual implementation of the Employee Mobility Plan –** in the rest of the Group's headquarters starting in 2009.
- **Reduce the quantity of waste disposed of in landfills –** by 56 million m^3 between 2005 and 2012 in the construction division. In 2008, the construction division reduced its landfill production by 12.5 million m^3. The total amount of material saved from landfill dumping since 2005 represents 74.1% of the total overall goal. In the last 4 years, 41,411,522 cubic meters of material were saved from landfill dumping.

A. GREENHOUSE GAS EMISSIONS (GGE)

Despite major improvements in environmental management systems, the global figures for greenhouse gas emissions have increased in a manner proportional to the growth of business activity, which spiked with the acquisition of BAA.

The magnitude of BAA's impact in every area is much greater than the rest of Ferrovial's activities, particularly with regard to emissions generated by electrical power and fuel consumption at airports and not including those produced by vehicles, refrigerants and Scope 3.

The reported data shows the company's upward growth trend and a growing preference for reuse instead of elimination.

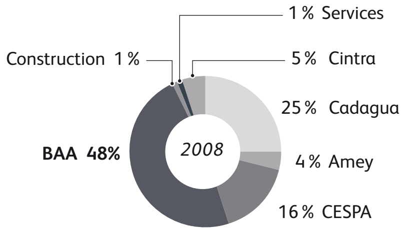
2008 was the first year in which emissions produced by the construction and services divisions were recorded.

Energy use aside, the conversion factors used to calculate emissions have been updated to adapt them to the procedures established by the GHG Protocol. These factors have been revised upwards, resulting in an increase in global figures (primarily from the United Kingdom and North America).

The data's partial figures have experienced a generalized increase given that, in addition to this factor, new parameters have been included in the emissions calculations of Cadagua and Cespa, taking into account fuel consumption from fixed and mobile sources not considered until now.

The sum of these factors underscores the need for standardized calculation criteria making the carbon footprint a useful tool for defining Ferrovial's strategy in the fight against climate change.

Emissions (t CO_2)



B. ENERGY EFFICIENCY

Although Ferrovial's activities are not governed by the Emissions Trading scheme, years ago the company began introducing strategies to reduce greenhouse gas emissions. The aim is to introduce less contaminating processes and anticipate future regulations that may apply to the Group's activities, particularly in

GHG emissions

	Cintra	Cadagua	Amey	Cespa	BAA	Construction	Services	(t CO_2eq)
Total	51,462	265,811	39,608	169,997	529,646	10,685	16,056	1,083,265

the areas of waste management and air traffic. Energy efficiency is a main pillar of Ferrovial's strategy to fight climate change.

The company with the greatest impact in terms of energy consumption is BAA, which owns 7 airports in the United Kingdom and manages several international airports. The complexity of this business is rooted in the variety of activities carried out in airports, ranging from security and shopping to strategy and investments, which requires collaboration with many different kinds of organizations.

Two fundamental impacts deriving from airport activities are directly related to climate change: emissions generated by energy consumption in airport facilities, and emissions generated by air traffic and ground vehicles coming and going from the airport.

BAA tries to minimize the emissions of those activities which it can directly influence – those related to ground facilities. Other aspects associated with air or ground traffic would require the intervention and participation of other organizations.

The construction of the new Heathrow East terminal will be a wonderful opportunity to improve upon all of the factors that play a role in achieving efficiency by getting involved at the planning stage. The building of this new terminal has introduced new challenges in terms of energy efficiency and the responsible use of resources.

The primary goal in this area is to cut CO_2 emissions by 40%. Half of that reduction will be achieved by using renewable energy sources.

1. Energy strategy in airports

- **Design phase (Be lean)**
- Control the presence of natural light to cut back on artificial lighting needs. Provide good winter insulation to minimize heating costs and avoid the accumulation of radiation in summer to cut back on air conditioning.
- Use awnings to avoid solar radiation heating and excessive exposure to sunlight.
- Reduce water consumption in air conditioning by using an aquifer to supply water and taking advantage of its natural cooling properties. This would cut back on both energy and water use for air conditioning.
- Reuse ventilation heat using exchanges that transfer the heat generated inside buildings to the ventilation systems in order to minimize emissions produced by heating equipment.
- **Generating and consuming clean energy produced at the airport (Be clean)**
- Generate energy from biomass in a gasification plant that generates gas from biomass waste collected at Heathrow Airport.
- Produce photovoltaic energy using solar panels on the terminal's roof.
- Reuse wastewater for sanitation and air conditioning.
- **Using clean energy sources (Be green)**
- Use renewable energy sources (such as wind turbines).
- Plan to install more photovoltaic panels in the future.

Amey – Over the course of 2008 and thanks to the installation of energy optimization systems and other measures, this company managed to reduce energy consumption in the Sherard Building by over 10%.

The installation of a specific device in the Amey offices within this same building resulted in an average savings of 14.13%, the equivalent of an annual savings of 48 tonnes of CO_2.

Office energy-saving plan – In an attempt to identify new ways to save energy at the head offices of the construction division, the company carried out a study of measures to be implemented. Hopefully the conclusions can be extrapolated to the rest of the company's head offices. The goal is to reduce electrical power consumption by 20%.

The proposed measures to be adopted focus on two different areas:

- HVAC. This accounts for approximately 70% of the building's power consumption.
- Lighting and mechanics. This accounts for approximately 30% of the building's power consumption.

C. WASTE MANAGEMENT

The strategy for waste management is based on reuse as opposed to elimination. Ferrovial supports investment in technology to recapture and use landfill biogas produced by the decomposition of waste to produce energy.

GGE avoided using landfill biogas

	t eq CO_2
2008	526,302
2007	514,221
2006	483,291
2005	510,595
2004	573,000

This reduces dependence on fossil fuels and the emissions that these generate, and it also avoids methane emissions, which have a greater impact on global warming than CO_2.

Better technologies have also been introduced to reduce the quantity of waste sent to landfills. Waste treatment and separating plants are automated and optimized with this technology to increase the percentage of materials that can be reused.

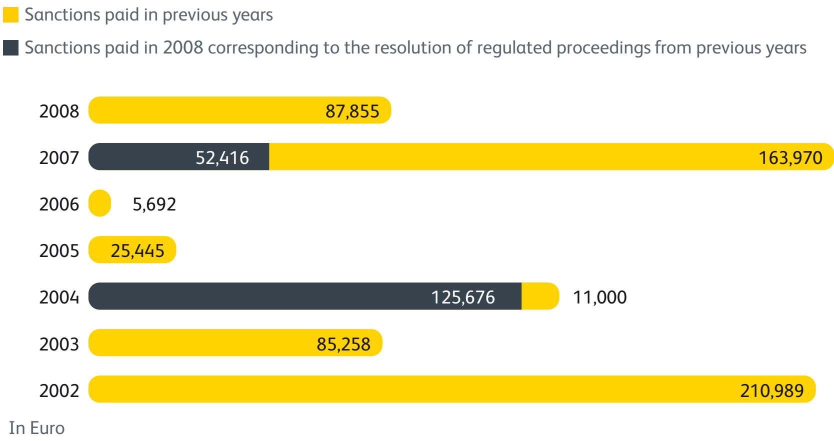
GGE avoided through waste treatment improvements

	t eq CO_2
2008	361,105
2007	328,099
2006	240,061
2005	260,061
2004	169,406

Citizens have an important part to play in the success of the recycling process, which is why the company is carrying out different informative campaigns to promote understanding and awareness in the community.

Environmental sanctions

In 2008, a total of 87,855 euro was paid in environmental sanctions received during the year. The amounts paid in 2008 for processes begun in 2007 were almost entirely the result of sanctions for noise pollution at airports. Ferrovial reports the effective sanctions in 2008 as well as from previous years, given that legal processes often take longer than a year. Consequently, the figures only include those sanctions that were made effective in 2008, not proposed fines.



Consumption

A. WATER

Total water consumption (5,888,567 cubic meters) dropped a bit comparing to last year despite the fact that infrastructures activity increased by 54.7% due to the inclusion of two new toll roads (Euroscut Azores and Ionian Roads) and the sharp spike in water use on the Indiana Toll Road due to the recalibration of flow meters.

BAA is by far the largest consumer of resources of all Ferrovial affiliates. The primary uses of water are aircraft maintenance and cleaning, clean water in public bathroom sinks for passengers and catering services.

Total water consumption in airports was 3% lower than in 2007 and 8% lower than in 2006 due to the water-saving measures introduced. The new Heathrow East Terminal, still under construction, has set a goal of reducing water consumption by 5% in comparison with Terminal 5.

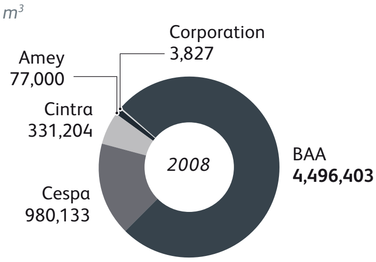
Some of the most important water-saving measures in airports are:

- Detecting and sealing leaks
- Monitoring water consumption
- Water-saving systems on cisterns and faucets
- Collecting rainwater and well water

Many of the regular operations that require water, such as toilet flushes or irrigation, do not have to use drinking water. Heathrow Airport's new Terminal 5 has two independent water supply systems that provide non-drinking water from wells or rainwater collection, thus reducing the public water supply demand by 70%. The rainwater collection system uses approximately 85% of all water captured, while the two wells that tap water from the aquifer are currently under construction at T5 and are 150 meters deep. The two systems combined can provide an average flow of 55 liters per second of non-drinking water.

Water Consumption 2008

In m^3



Total: 5,888,567

1. Saving Water

Saving water has become a top priority, not only at the corporate level but also at the level of national and community policies. Water-saving management is carried out in three ways:

- Efficient water use in production activities
- Installing low-flow devices when constructing buildings and homes.
- Water-saving programs at main offices

One of the measures introduced is the reuse of water, primarily in construction and urban services.

Consumption of reused water reached 502,384 m^3 in 2008.

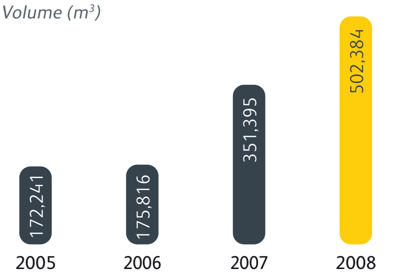
The management of drinking water demand and efficiency is a top priority both in Spain and in Europe. Some public authorities choose to reuse purified wastewater for irrigating municipal parks and gardens and street cleaning, which comes from the Wastewater Regeneration Stations. The services provided by CESPA to the Municipal Government of Madrid in 2008 made use of 241,200 m^3 of this treated water.

There is an R&D and innovation project (PETRI-M) focused on minimizing the technical risks of this practice, which aims to prevent the formation of biofilms in irrigation systems and studies the effects of irrigating public green areas with wastewater.

In the construction sector, the supply comes primarily from treatment systems (decanting and pH adjustment) for water generated on-site, mainly in cement factories and tunnels. These waters are used for road irrigation, dust control, container cleaning and, when possible, cement mixing. Another possible source is the water collected from emptying flooded basements or foundations.

A third step, the filtration process, is used to improve the quality of water reused primarily for irrigation, process water or street cleaning (154,200 m^3 in 2008).

Recycled water
Volume (m^3)



B. ELECTRICAL ENERGY

In 2008, Ferrovial added two new companies to the data on its services in the United Kingdom – Amey and Tube Lines. As a result, the overall figures have remained practically constant, although in relative terms there is a clear downward trend.

Notable efforts were made by Chilean toll roads, which together have reduced consumption by 18% (over 56,000 GJ), and by the 407 Express Toll Road (Canada) with a 24% reduction (14,000 GJ).

1. Electrical consumption

(Evolution of total electricity consumption since 2006 without data for Amey or Tube Lines, which were added to the consolidation in 2008).

	2006	2007	2008
Cespa	148,395	126,533	**151,170**
Cintra	265,704	214,038	**327,783**
BAA	5,244,972	3,060,000	**2,815,341**
Corporation	9,436	9,443	**9,511**
Ferrovial Agromán	7,384	7,810	**7,267**
Services	3,247	3,156	**6,316**

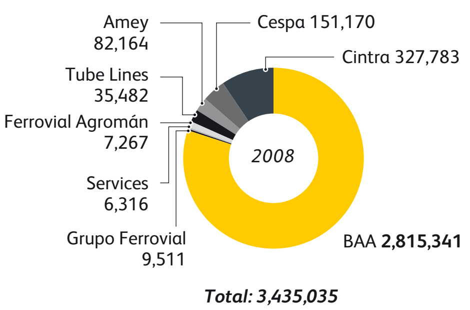
In GJ (Giga-joules)

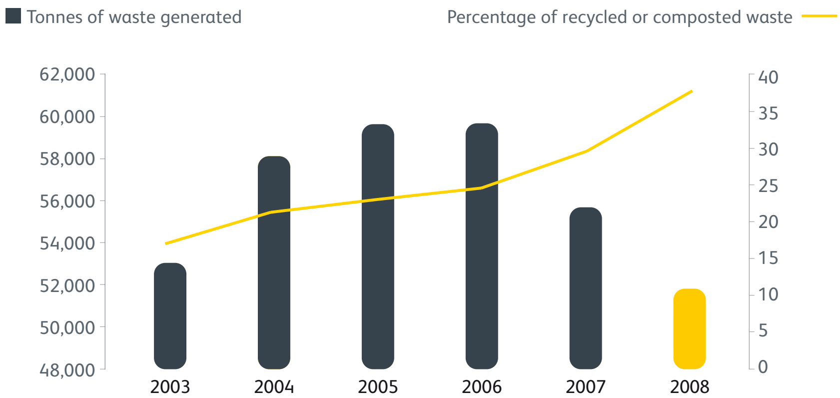
Waste management

The waste management policy shared by all companies in the Group is based on a minimization of waste production, proper waste management and an emphasis on recovery, reuse and recycling.

- **Cespa** is the company specialized in offering environmental services (road cleaning, maintenance and creation of green areas), and waste management and treatment in Spain and Portugal.
  The main lines of action pursued in recent years in an attempt to minimize the company's environmental impact can be summed up as follows:
  - Degasification of landfills and harvesting electrical energy from the biogas collected.
  - Improved level of waste reuse thanks to new technologies.
  - Introduction of clean vehicles in contract bids presented.
  - Inclusion of green purchase criteria in the supplier selection process.
- **BAA airports** generate around 56,000 tonnes of waste each year. 90% are generated by the companies operating in these facilities, primarily airport shops and aircraft cleaning crews. Of all this waste, only 10% can be considered as the direct product of BAA activities, specifically its construction and restoration projects.
  The goal is to reduce the amount of waste sent to landfills by promoting recycling and trying to extend these good practices to the other companies operating in the Group's airports.
  The goals for 2020 are:
  - Zero landfill waste.
  - 70% of airport waste recycled.
  - 90% recycling rate for construction activities.

Electricity consumption 2008
In GJ (Giga-joules)





Sludge treatment

Filtered sludge or biosolids are a by-product of wastewater treatment that constitutes a valuable resource due to its high levels of organic material and essential plant nutrients. The dehydration process significantly reduces the weight and volume of the sludge without compromising its basic properties, thereby increasing the possibilities of reuse.

Cadagua is the Group company specialized in water treatment. The drying of dehydrated sludge passed through filters is associated with an energy cogeneration process. The thermal drying of mud involves applying heat to evaporate most of the water mixed in with the sludge.

In the plants run by Cadagua, energy cogeneration is achieved by using natural gas in motor-generators, turbo-generators or Centidry. This cogeneration produces mechanical and thermal energy from the natural gas. Cogeneration in urban wastewater filtering plants offers both economic and environmental benefits.

This process produces electrical energy, reducing operating costs and generating heat, and through thermal drying this yields a product: dry granulated biosolids with a significantly reduced volume of granular particles, highly sanitized and potentially useable. Cadagua owns the largest Thermal Sludge Drying Plant in Europe (southern Madrid, 300,000 tonnes/ year).

During 2007, Cadagua's thermal drying plants treated 247,305,300 m^3 of dehydrated filtered sludge and obtained 53,490,151 m^3 of sludge granules.

Resource conservation

Ferrovial believes that the most important impact of its activity is the emission of greenhouse gases and the effect on natural systems and biodiversity. The Group supports initiatives that aim to improve certain ecosystems in the areas affected by its construction, concession or operating activities. Ferrovial maintains that the best way to carry out these projects is by collaborating with experts in each specific field.

A. NATIONAL PARKS

Ferrovial participates in this project made possible by a collaboration agreement signed by the Independent Agency of Natural Parks, the Secretary-General for the Prevention of Pollution and Climate Change of Spain's Ministry of the Environment, the National Meteorological Agency and the Biodiversity Foundation.

The end goal of this project is to create a network of meteorological stations for the long-term study of weather and biodiversity indicators to track to effects of climate change on the natural parks and, by extension, on the environment.

In 2008, a collaboration agreement was signed by the Independent Agency of National Parks, the former Secretary-General for the Prevention of Pollution and Climate Change (which was supervised by the Spanish Office of Climate Change), the National Meteorological Agency and the Biodiversity Foundation.

The aim of this agreement is to establish a partnership of collaboration and coordination to ensure the proper operation of the Climate Change Monitoring Program in the National Parks Network. This program involves the creation of a network of multi-parameter meteorological stations (17 on land and one oceanographic buoy) in three national parks (Picos de Europa, Sierra Nevada and the Cabrera archipelago) that will record a series of measurements (standardized according to international climate change monitoring systems) and key biological indicators.

The anticipated results of this agreement are:

- The creation and maintenance of a database containing the different meteorological and biological parameters to be measured within the Climate Change Monitoring Program of the National Parks Network.
- The organization and compilation of all data in an electronic format that can be accessed by the general public and particularly by researchers.

B. BROWN BEAR

The Rañadoiro Tunnel works, whose construction is being supervised by Ferrovial Agromán, is an environmentally friendly civil engineering project. The usual good practices of environmental management have been enhanced by a collaboration agreement with the Brown Bear Foundation for a close monitoring of the project's effects on this species, made necessary by the fact that the Rañadoiro region is the natural habitat of this and other emblematic species.

The brown bear population living in the Cantabrian Mountain Range features genetic traits that differentiate it from other bear populations, making it unique in the world. Consequently, these brown bears are considered especially interesting and valuable from a zoological and conservationist perspective. The Cantabrian brown bear is one of the smallest and most endangered bear species in the world, with between 105 and 130 living specimens.

The Cantabrian bear needs a large territory to survive because it relies on a wide variety of habitats in which to find food and shelter.

Ferrovial Agromán and the Principality of Asturias, aware of the importance of preserving the brown bear's habitat, sought out the Brown Bear Foundation in order to sign the aforementioned collaboration agreement.

The primary goal of this collaboration between the foundation and Ferrovial Agromán is to make sure that human activities do not affect the fauna populations in the area. However, once monitoring activities commenced, new technically viable environmental improvements were introduced to take the initiative one step further. Some examples are:

- Using removed earth to fill degraded areas and partially recover the land's original contours instead of creating a new dumping ground, and restoring quarries still in operation.
- Reducing the impact of clearing vegetation at the tunnel mouths and adapting blasting activities to minimize impact on fauna.
- Minimizing the number of access routes to the construction site.
- Minimizing the effects of overpasses on riverbeds and banks.
- Optimizing the restoration of spaces not affected by construction activity by way of compensation. The restored areas have been adapted to meet the real needs of the brown bear and wood grouse populations.

Sustainable construction

Ferrovial applies efficiency criteria to all of its construction activities. Since the sale of its real estate business in December 2006, the company's efforts have focused on achieving better energy efficiency in the upkeep of its facilities and buildings. This is precisely the phase responsible for the greatest energy consumption, given that its lifecycle is likely to extend over a period of several years.

A case in point is the Cadagua facilities. Their electronic water treatment equipment comes with a guarantee that at least 50% of the components are recyclable.

A. ENVIRONMENTAL RESOURCE CENTER, CASTILLA-LEÓN

In 2008, Ferrovial Agromán finished the Environmental Resource Center of Castilla-León, located in Valladolid. It is considered one of the «greenest buildings» in Spain and is a model of eco-efficient and bioclimatic architecture. The sustainability criteria were applied at each stage of the project, from the initial blueprints to its construction and opening, with a view to reducing water and energy consumption.

The Green Building Challenge, the leading international body that certifies environmental excellence and awards the Green Seal, has given this center the highest rating for a Spanish building created within these parameters. The center is shaped like a geometric prism and has a semi-basement level to reduce its impact on the natural surroundings. The total built surface area is 3,500 square meters.

The design also features a flat roof covered with plants that act as a screen for dust and contamination as well as a sound absorbent and cooling agent. The structure itself has walls made of concrete and ceramic bricks with low thermal conductivity and the insulation is cellulose fiber made of recycled paper,

Environmental Resource Center, built by Ferrovial Agromán (Valladolid, Spain) making it possible to save considerably on energy use.

Moreover, the HVAC system boasts a radiant heating and cooling floor that uses thermal solar energy to save on heating costs in winter and provides free air conditioning in summer. The structure is equipped with a heat pump, an absorption machine and a biomass boiler. The lighting is provided by low-wattage lamps and a lighting management system that controls light intensity according to specific needs.

Inside, the facilities have an environmental education and information center where visitors can become familiar with the most modern sustainability principles in use today. It also has an office area and another multi-purpose area with a conference room and space for workshops, documentation and consultation.

Adjacent to the center is a car parks partially hidden amid plants and canopies of photovoltaic solar panels that provide electrical power. The Regional Government of Castilla-León has invested 8 million euro in the center.

Mobility

All reports about climate change show the important contribution of the transport sector to global warming. Statitics referring to personal mobility correspond to 23% of total emissions and 14% of natural resources use. Moreover, 58% of the total emissions generated by transport sector comes from personal mobility.

Specifically, 40% of the greenhouse gas emissions produced by Heathrow Airport in London can be traced back to ground vehicle traffic coming and going from the airport. It is obvious that a significant part of the environmental impact of these facilities depends on the habits of users.

In 2008, Ferrovial introduced a Mobility Plan to improve the efficiency of personal modes of transportation used by its employees, suppliers and customers. The project, as part of larger efforts to fight climate change, will gradually gain momentum in collaboration with the Mobility Foundation created by the Municipal Government of Madrid. At the first stage, the main goals will be:

- To reduce commutes to work in private vehicles by providing alternative modes of transportation.
- To create tools to measure the ecological footprint of company mobility.
- To develop a pilot project capable of verifying the validity of the method agreed upon by both parties.

Once these goals have been achieved, the scope of action will gradually expand to include all of the aforementioned groups. The ultimate objective is to accurately measure the impact of mobility actions associated with the company in terms of emissions, reduce these emissions as much as possible by implementing certain tools, and finally offset this impact through different preventive and compensatory measures.

A. PILOT MOBILITY PLAN

Cespa has developed a Pilot Mobility Plan that is currently in force at its offices in Albarracín, Madrid, and which the company intends to introduce at all other Cespa facilities in the future.

The primary goal of the Mobility Plan is to improve the quality of life of employees and minimize social and environmental impact by raising awareness and calling for the involvement of everyone in the organization.

After completing a survey on employee commuting habits, a series of conclusions were drawn that will help to develop an action plan.

The Action Plan consists of various initiatives that will cut emissions of environmentally harmful gases, reduce commuting costs and improve the mobility of Cespa employees.

- **Carpooling –** A web application has been set up so that employees interested in sharing a ride to work can connect.
- **Reserved parking spots for carpool vehicles –** Cespa offers HOV (High Occupancy Vehicle) parking spots to those employees who choose to share a ride to work.

- **Bicycle parking –**Cespa also recognizes the value of biking to work over reasonable distances, and therefore it also offers reserved bike stands for safeguarding the bicycles of employees who travel to work.

- **Training employees in cost-efficient driving techniques –** Various Cespa drivers were trained in 2008 in cost-efficient driving techniques as part of the larger training program that will continue in 2009.

☛ http://www.cespa.es/index.php?orden=7

B. ONE PLANET BUSINESS

In 2008, the first phase of work related to the One Planet Business project, led by WWF UK, was completed. The fruit of these first two years of work is a report presenting conclusions and recommendations on improving personal mobility. Ferrovial participated as a representative of an infrastructure management company, through Cintra.

This report includes the conclusions of all work sessions held between the representatives of government bodies, private companies from different sectors (aviation, automotive, tourism, etc.) and NGOs. As a result of this cooperative effort, all aspects and points of view regarding personal mobility were represented in the joint quest to establish specific sustainability goals.

- http://www.wwf.org.uk/what_we_do/changing_the_way_we_live/transport/?2326/One-Planet-Mobility-report

C. ELECTRIC VEHICLES

The principal innovation project in the field of sustainable mobility in the airports division is Personal Rapid Transit (PRT). This is a low-energy electric vehicle used to transport passengers between terminals that runs along rails and does not require a driver. The project, developed by ATS and BAA, will be completed in 2009 and will introduce 18 vehicles, each capable of transporting four passengers and their luggage. This amenity will substantially reduce the waiting time for passengers at current transfer stations.

Amey has launched a pilot project to test the operation of the electric car. The plan covers a four-year period and will be implemented in several large British cities and at Oxford, where Amey has its headquarters. This new generation of electric cars will be mass marketed starting in 2012, but some companies are already using them to reduce their carbon dioxide (CO_2) emissions. The cars do not emit even one gram of CO_2 and are quieter than fuel-operated vehicles. They can achieve a top speed of nearly 100 kilometers per hour thanks to 30-kilowatt electric engine.

The car takes eight hours to recharge and can be plugged into any power outlet, even in private homes. It can travel 70 kilometers without recharging.

Amey is responsible for managing the company vehicles and logistics of major British companies and the British government. It manages over 6,000 vehicles in the United Kingdom, which emit nearly 33,000 tonnes of CO_2 per year. In addition to electrical power, the company is also investigating other alternative fuel sources such as hydrogen and natural gas.

D. COMPANY VEHICLES

The entire fleet of rented and leased vehicles used by Ferrovial executives has been set an emissions limit of 140ppm of CO_2.

The Ferrovial Group and Cespa have also signed an agreement to trade in their vehicles via the ProClima (Pro Climate) Forum of the Municipal Government of Madrid in the period leading up to 2012. The rental of these less contaminating vehicles will allow the company to reduce emissions by at least 6%.

Part of the environmental commitment of the urban services division (Cespa) is the progressive incorporation of new technologies and alternative fuels in its company vehicles. Specifically, and depending on the vehicle in question, it focuses on biodiesel, natural gas, natural liquid gas, electricity and bimodal solutions.

Motivated by its awareness of the effects of greenhouse gases (and particularly of CO_2), the Quality and Environment Department has taken the initiative to introduce the calculation of its «ecological footprint.» This action consists in monitoring the trips made by each of the department technicians in 2008. For this reason, all commutes to and from the office were documented, as well as all trips to visit the facilities of Ferrovial companies using any means of transportation, whether public (subway, train, bus, etc.) or private (personal vehicle).

These monitoring activities aim to calculate the monthly CO_2 emissions generated by the Quality and Environment Department in order to compensate for them through tree planting or other similar initiatives.

Raw materials

Ferrovial pays close attention to the eco-design aspects of construction activities, particularly with regard to the use

Amey has carried out a pilot test on the electric car in order to reduce CO_2 emissions (Oxford, UK) of reused or recycled materials. For this reason it has developed a computer system for knowledge management in the purchases division (i-purchases) that will allow national and international production centers to share information.

This database includes suppliers who offer commonly used products with environmental improvements. These are primarily recycled materials, ranging from paving materials and acoustic insulation made from recycled rubber to street furniture, signage and pipes.

The services division has created its own green purchase guide, which includes specific products, equipment and manufacturers suited to meet their needs.

A. AIRPORTS

Expansion work at airports, restoration work and infrastructure modernization require well-planned construction projects. In such projects, the environment is directly impacted by the consumption of energy and material resources and by waste production.

The biggest impact of a building is produced by its use, which means that incorporating sustainability criteria in the design of new buildings and improving energy supply systems in existing structures is very important.

In 2007, BAA became a member of the UK Green Building Council (UK-GBC) with a view to improving the incorporation of sustainability criteria in the construction process.

The environmental performance of suppliers is periodically checked using the Supplier Evaluation Process (SEP). In 2007, suppliers were asked for sustainability-oriented management practices, and in 2008 goals were set to allow the company to verify compatibility with management strategies for waste, energy and raw materials. Since 2007, this evaluation process has been carried out as part of the procedure for awarding contracts.

Ferrovial has established strategies to minimize the use of materials that are harmful to the environment and human health. Key elements of this strategy are:

- **Concrete –** Increase the use of recycled cement, gravel and sand in the manufacture of concrete. This reduces the need for energy and raw materials and cuts back on waste production.
- **Fluorinated gases – HFC and HCFC** Currently study into the possibility of using alternatives to these refrigerants in equipment. The goal for 2010 is to eliminate these gases in 100% of BAA-owned equipment.
- **PVC –** Promote a limited use of PVC, encouraging the use of alternative materials whenever possible.
- **Formaldehyde –** The goal is to eliminate 100% of this substance from all furniture, internal structures, equipment and finishes.
- **Chemical compounds –** Minimize the use of hazardous chemical products and volatile organic compounds found in paints, insulation and adhesives. The goal for 2010 is that all products of this nature should have the Blue Angel Eco Label 7 or the EU Ecolabel Class II 8 (at minimum) or else be replaced with water-based solvents. The T5 power generator uses ammonia as a refrigerant instead of HCFCs.

B. CERTIFIED WOOD

Ferrovial requires its wood suppliers to provide information and guarantees regarding the origin of their materials. Since 2005, the purchases protocol includes clauses that call for a contractual obligation to use materials of guaranteed origin and to give preference to suppliers who offer certified wood.

Ferrovial uses wood as an auxiliary material and is therefore not critical to its business operations, except in the case of housing construction where there are more specifications regarding the finishing touches of the homes.

The division that uses the largest quantities of wood is construction, and the annual cost of wood purchased for formwork, planking, plywood, particleboard and similar needs amounts to approximately 10 million euro. This wood comes from controlled pine logging in Spain, and in every case suppliers must offer guarantees regarding the wood's origin.

Each year, 5 million euro is set aside for the purchase of wood laminate. This material consists of three layers: two of inferior quality (from pine pulp) and the third layer of beech, oak, cherry or jatoba hardwood. Most of these trees are harvested in North America and Europe, where their logging is controlled. In the case of jatoba wood, it is imported from legal logging operations in South America, the Caribbean or the Antilles.

The supplier of oak planks for wood laminate is certified by CIDEMCO (Private center for flooring research technologies).

Wood used for exterior finishes is usually obtained from tropical trees such as jatoba, Borneo teak (from Southeast Asia and Oceania), arewood (Central and South America) and sasswood (Africa). These types of wood are provided by suppliers with the AITIM quality seal (Wood Industries Technical Research Association) for parquetry flooring and the FSC (Forest Stewardship Council) certification that guarantees the wood was harvested from a forest under sustainable management.

In those cases where the project is designed by a company other than Ferrovial, the use of certified wood is up to the customer, although if asked for advice Ferrovial always recommends using certified wood.

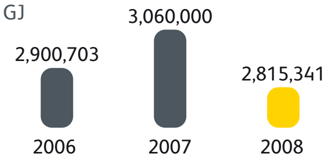
In airports, works is also underway to increase the use of FSC-certified wood as per the recommendations of organizations such as the WWF (World Wildlife Fund) and the WW-GFTN (World Wildlife Fund – Global Forest and Trade Network). The goal for 2010 is for 100% of the wood used in construction to be FSC-certified.

Environmental performance in airports

Electricity consumption

The consumption of electricity is 98 % of the total energy consumption in airport buildings and infrastructures. However, measures undertaken by BAA's Energy Efficiency Plan led to an important reduction in 2008.

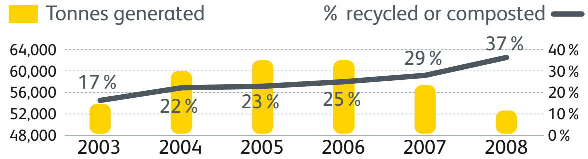
Consumption in airports



Waste

More than 50,000 tonnes of waste were generated in the company's aiports in 2008. 90 % of the waste comes from companies that operate in our airports. Ferrovial's objective is to reduce the proportion of waste sent to landfill by promoting recycling.

Waste generated by airports



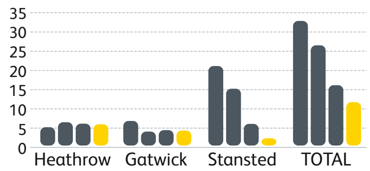
Noise

Communities near airports are affected by the noise from airplanes. Different measures are being undertaken at the source (to promote the use of quieter airplanes), the environment (installation of noise barriers) or the recipient (facilitate the insulation of adjacent schools and hospitals).

Complaints decrease year after year, as shown in the adjacent graph. The total includes complaints from all BAA-managed airports, but it also shows the evolution of complaints at the three London airports, as they are the one receiving the most complaints.

Complaints regarding noise

Evolution 2005-2008, in thousands

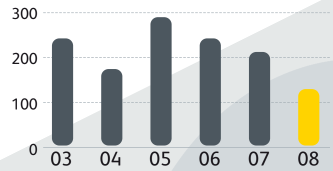


Water

The overall water consumption in airports decreased by 3 % compared to 2007, and by 8 % compared to 2006, as result of the water saving measures undertaken.

- Leak detection and elimination
- Water consumption monitoring
- Water saving systems in cisterns and faucets
- Rain water collection and wells

Planes that exceed noise limits during takeoff



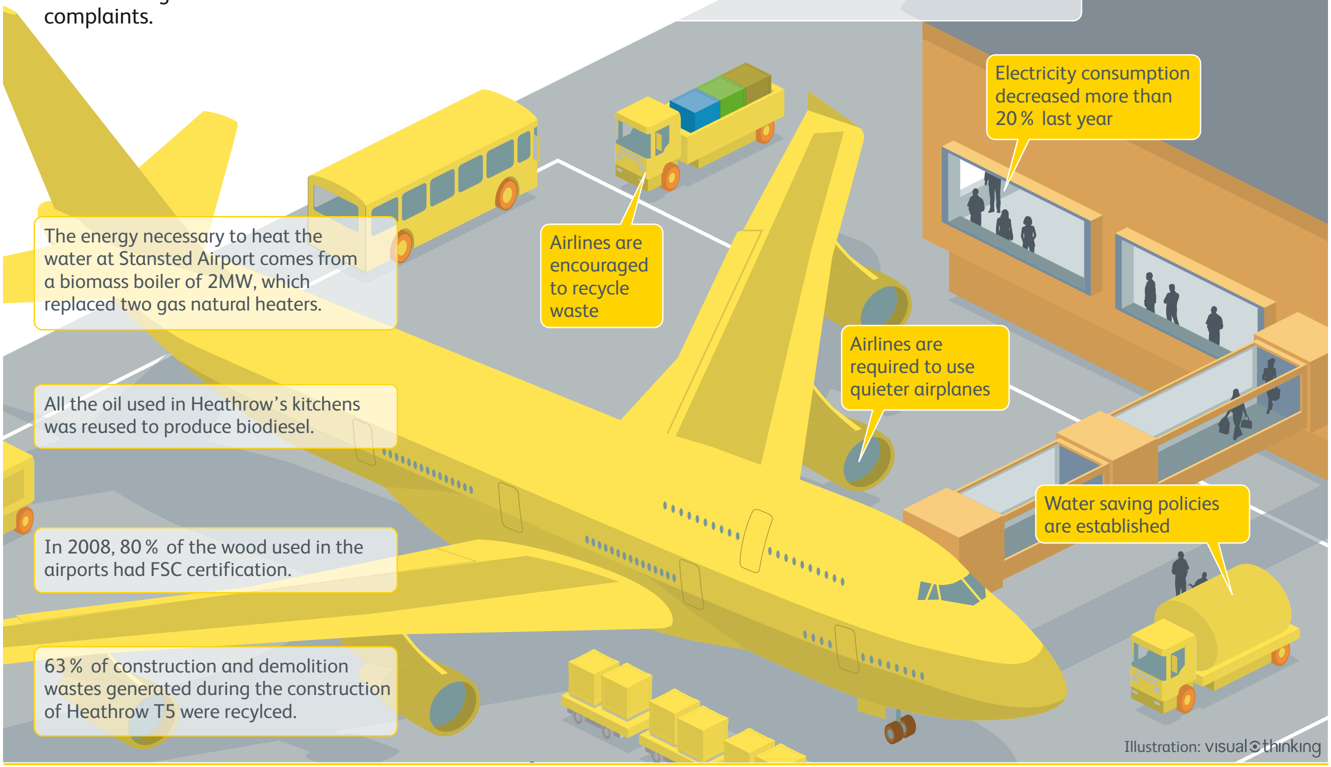


Illustration: visual thinking

Environmental Performance of Infrastructures

Cintra's environmental policy is committed, among other things, to the continual improvement, the optimization of resources, complying with the law, the implementation of certified management systems and active communication with stakeholders.

R&D&I on road enbankments

The Project EXPERTAL "Experimental basis for the ecological sustainability of toll road embankments" aims to obtain better knowledge of the plant life on the artificial road slopes. This knowledge will enable the optimization of its maintenance in a sustainable, ecological and economic way. Proper development and maintenance of the vegetation cover guarantees the embankment's stability and erosion resistance.

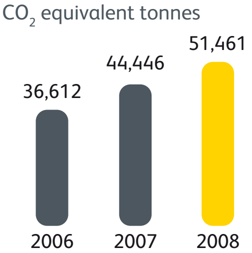
Emissions

In spite of the increase in the overall data as a consequence of two new concessions (Azores and Greece), the evolution of greenhouse gases emissions has been positive, since the overall emissions of the rest has been lower than last year.

It is important to highlight that the tool that calculates emissions has been updated, which has increased emissions related to electricity consumption. Despite the important reduction in the consump-tion of electricity, it did not result in a proportional reduction in the emissions.

Evolution

CO_2 equivalent tonnes



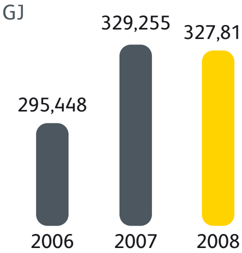
Energy consumption

The energy consumption of the main toll roads, the car parks and the central offices reached 327,809.52 GJ in 2008, meaning a reduction of 0.44 % with regard to the previous year, in spite of the inclusion in the consolidated measurements of two new toll roads and the headquarters in Santiago de Chile.

This reduction in energy consumption is due to the efforts made on the Chilean toll roads which reduced overall consumption by 18 % (more than 56,000 GJ), and on the 407-ETR which has the highest levels of energy consumption in absolute figures and which obtained a reduction of 24 % (14,000 GJ) this year.

Energy consumption

GJ



Environmental performance in construction activities

Every project undertaken by Ferrovial implements an Environmental Management Plan, customized according to the features of the location, which determines proper environmental performance, by means of a previous evaluation of the environmental impact of the work, or the establishment of environmental objectives, among other requirements.

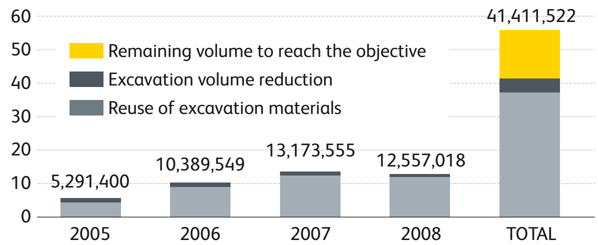
Waste minimization

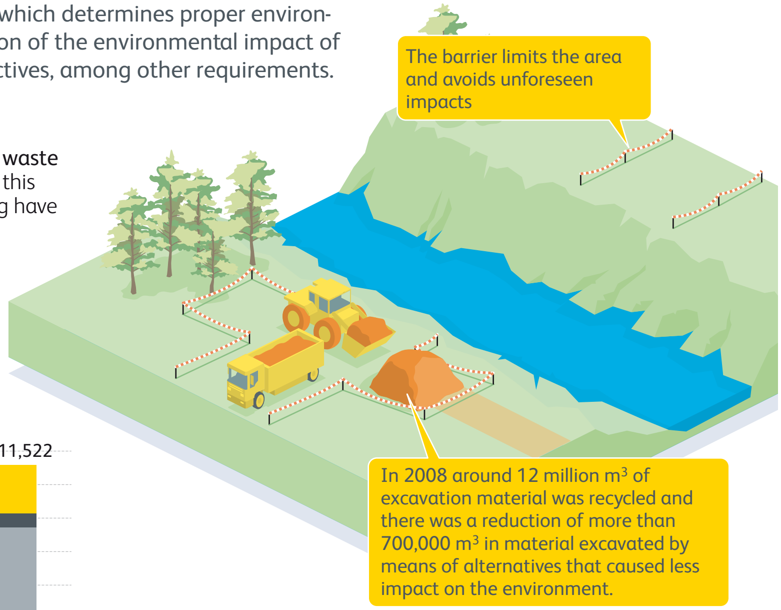
One of the priorities in this area is the minimization of waste sent to landfill coming from construction activities. For this purpose, initiatives aiming at waste reduction or recycling have been undertaken.

For the period between 2005 and 2012 there is an objective to reduce the volume of construction waste sent to landfill by **56 million cubic meters.**

Reduction of waste sent to landfill

In million cubic meters





As of year end, there has been **a reduction of 41.4 million cubic meters of material sent to landfill.**

Restoration of the site

This is a crucial step before the delivery of the project. One of our concerns is that not only is the operation carried out in the best possible way, but also to make it sustainable in the long-term and in relation to its use of resources such as water, substrate, seeds or seedlings.

Part of our objectives are based on the proposal of technical improvements tp the project, such as the use of existing roads and tracks as routes to the site, in order to avoid opening new access routes (35,900 m in 2008), replanting with species of low water consumption (10,000 m² in 2008) and native species (76,195 units).

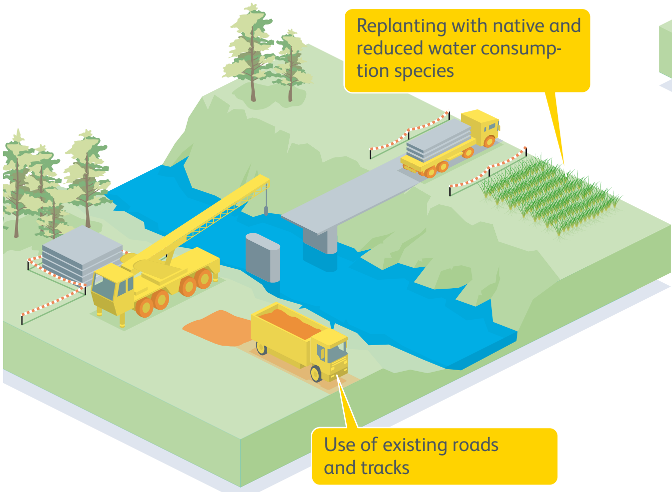
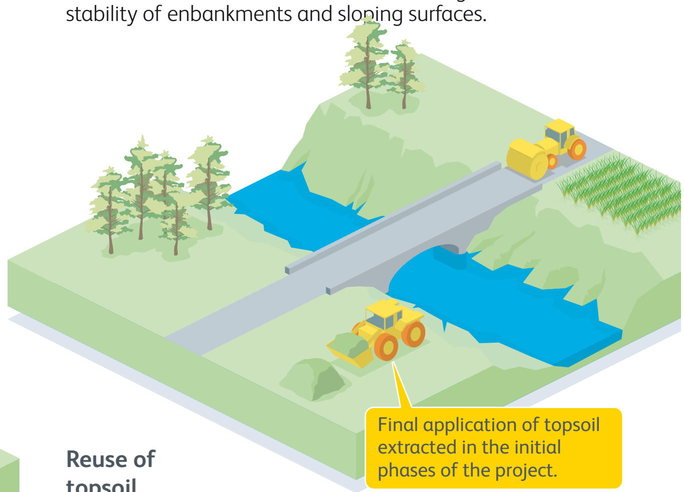


Illustration: visual thinking

Topsoil

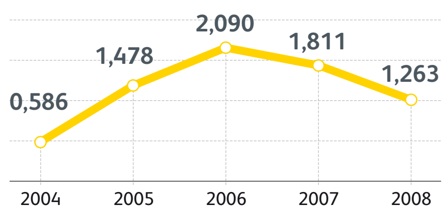
Proper management of topsoil from its extraction during excavation until its final application, is a key factor for successful restoration because this material is an autochthonous seed bank and the substrate that will guarantee the stability of enbankments and sloping surfaces.



Reuse of topsoil

In million cubic meters

The volume of topsoil reused has decreased due to the decrease of contracts undertaken in 2008.



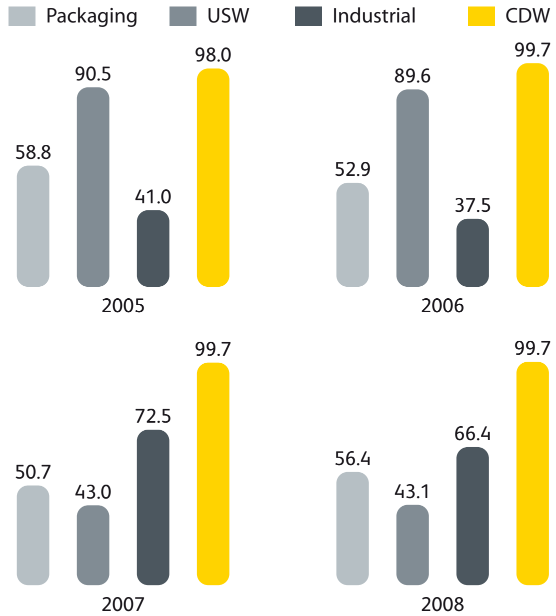
Environmental performance in services

Waste recovery

One of the activities that contributes to the reduction of landfill waste is the improvement of sorting procedures in order to increase the percentage of recovered materials. The main change in this respect was the recovery of packaging that grew from 50.97 % to 56.45 %.
This increased was caused by the automation of the facilities in Seville, Talavera de la Reina and Cerceda in Spain, that had better performance and, therefore, a higher percentage of recovery.

Evolution of the percentage of waste recovered

Percentage of total received



Compost produced

Composting is a technique in which organic matter is decomposed in a controlled environment, imitating natural procedures of thermophilic fermentation to produce compost, a useful product serving as fertilizer for soil and vegetation. It is, therefore, a way of generating added value from the waste.

Organic matter is about 48 % of the total urban waste generated. There is a trend towards the reuse of this material by means of composting or biomethanization. The quality of the compost generated mainly depends on the purity of the organic matter, which depends on the previous sorting and preparation.

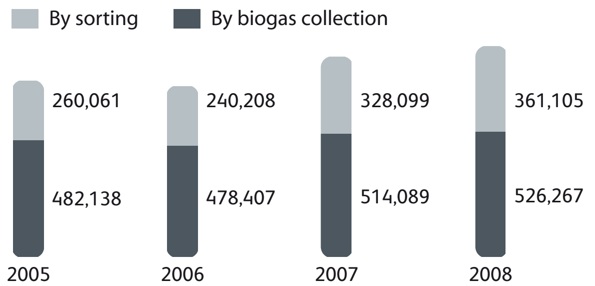
Thousands of tonnes of compost generated

Percentage of compost generated from waste processed in composting plants

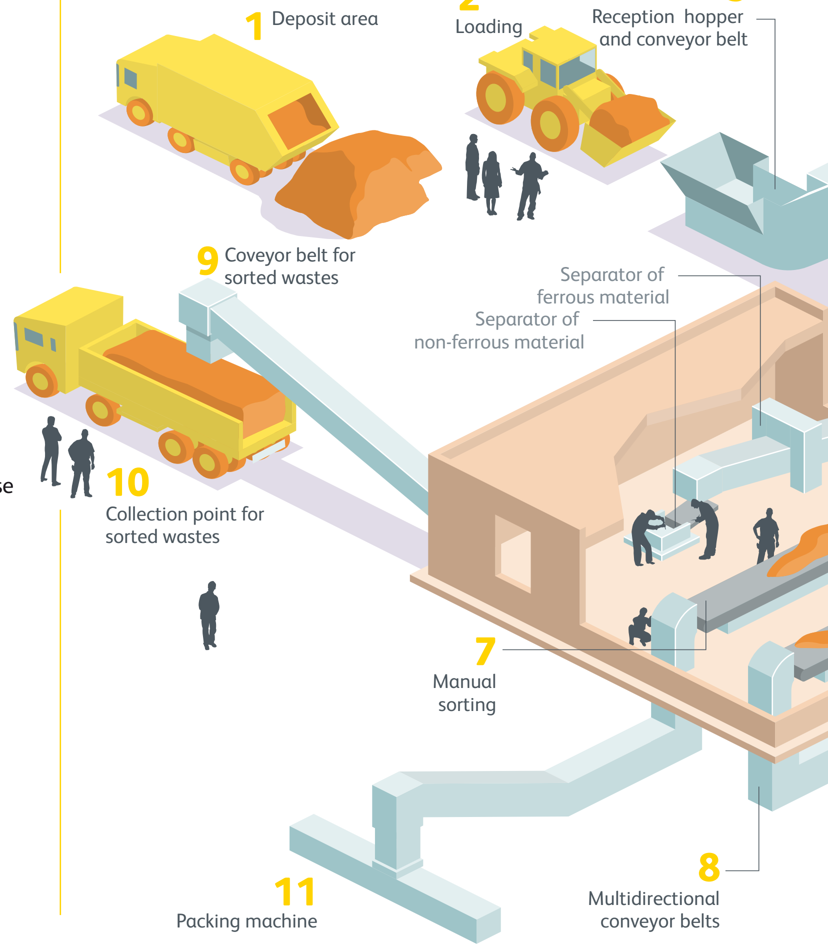
Avoided emissions

Greenhouse gases emissions generated per tonne of waste have remained stable compared to last year with a slight increase of 1 %. Avoided emissions through sorting activities and biogas collection continue their upward trend. The reason is the increasing quantity of waste received in sorting plants (two new plants were opened) and their automation. In the case of emissions avoided by biogas collection, there is a general increase in the implementation of collection wells as well as in the degasification of the Xixona landfill in Alicante, Spain).

Equivalent tonnes of CO_2 avoided



Sorting and recycling



Energy generated from wastes

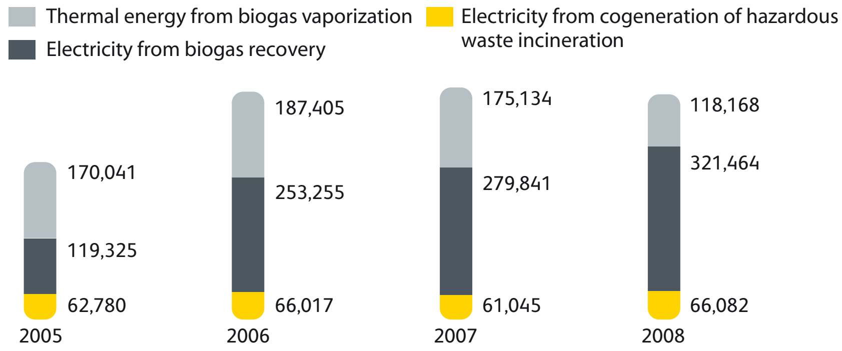
The wastes that we managed can be and must be reused.

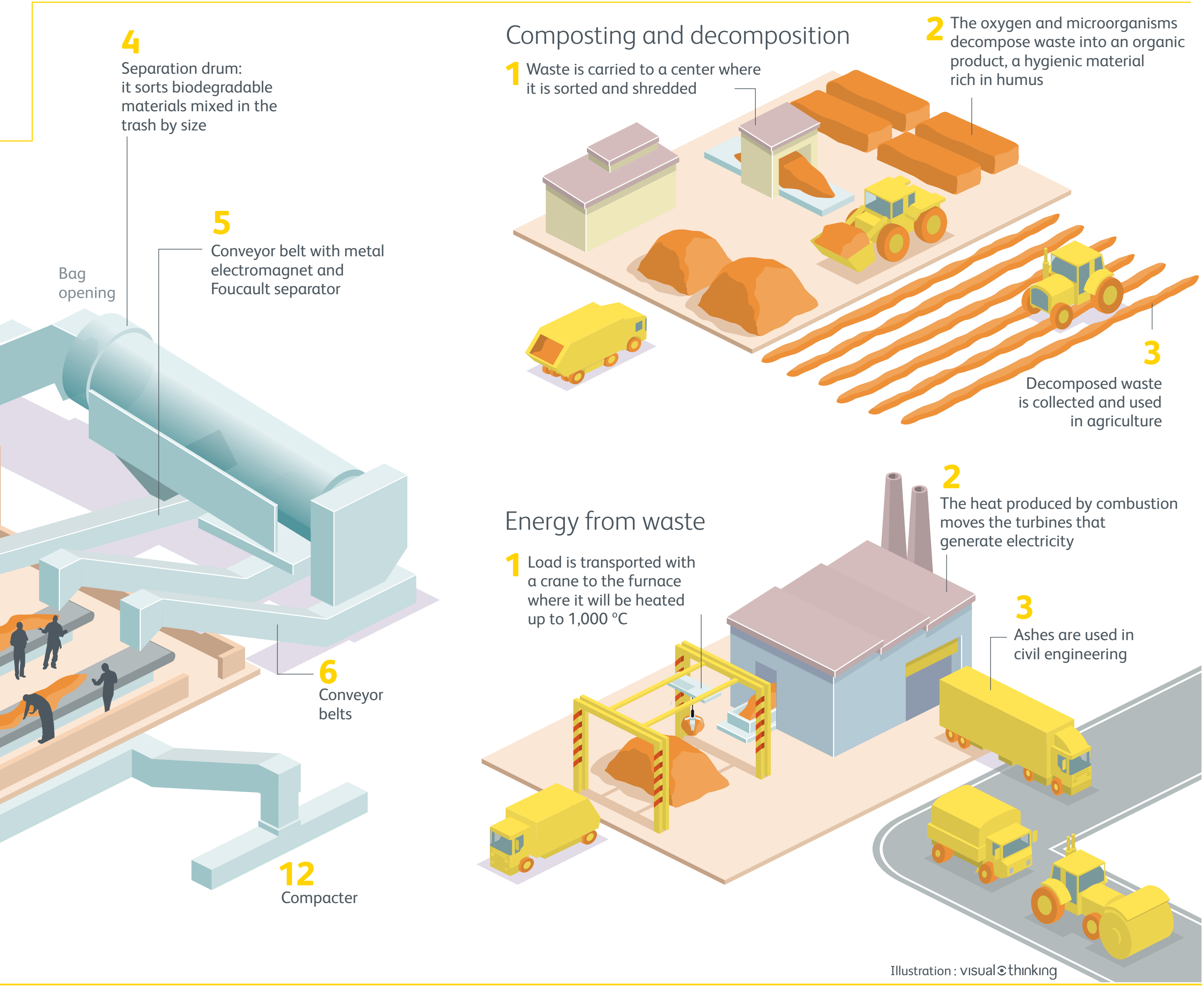
The decomposition of waste in anaerobic conditions produces biogas, a gas mainly composed of methane that can be used as fuel to produce electric or thermal energy.

Incineration, as a system of energy recovery, provides more than 66,000 GJ of electricity in 2008 from hazardous wastes.

Distribution of energy generated from waste

GJ





Human capital

Ferrovial is a diverse and global company with an average workforce of over 106,596 employees, working in 49 different countries. The combination of talent and dedication embodied in Ferrovial's professionals is one of the vital pillars that ensure the company's success.

Commitment

- *To recruit and motivate the best human capital.*

Lines of action

- *To define, implement and manage a global, well-balanced human resources model that focuses on process and groups of strategic importance to the organization.*
- *To design reliable instruments for evaluating the quality of labor relations and the degree of motivation and career advancement of those who work for Ferrovial as the means for improving efficiency in the workplace.*

Milestones in 2008

- *Definition of corporate values.*
- *International Employee Satisfaction Survey with a 58% participation rate.*
- *First Strategic Management Program.*

2009-2010 Objectives

- *Transmit Ferrovial's new corporate values.*
- *Implement a worldwide intranet for the entire group.*
- *Establish flexible remuneration plans for all structural staff in Spain.*
- *Implement job position map for structural staff positions.*
- *Offer career training plans in strategic support areas in Ferrovial University.*
- *Implement the Management Abilities Global Model.*

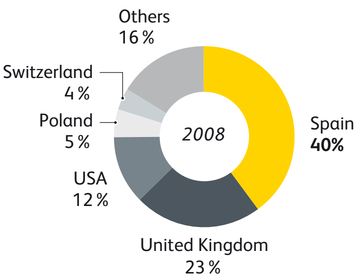
Human Capital

	2008	2007	Var. 08-07
Average workforce	106,596	102,425	4.07%
International workforce (%)	60.33	59.82	
Staff on long-term contract (%)	81.98	78.56	
Staff on voluntary part-time contract (%)	15.44	11.63	
Has good employees (perceived)(*)	72.70	70.93	2.50%
Workforce length of service (years)	6.44	6.26	2.87%
Average employee age (years)	40	39	1.44%
Takes an interest in employee welfare (perceived)(*)	65.78	62.53	5.19%
Satisfied employees (%)	71.00	NA	
Turnover rate (%)	10.87	10.25	
Investment in training per employee (€)	259.8	314	-24.36%
Investment in training/ turnover	0.20%	0.22%	
Employees given performance reviews (%)(**)	68.27	37.00	
Employees with variable remuneration (%)	17.45	20.26	
Employees promoted	4.972	6.075	-18.16%
Employees sent abroad	426	363	17.36%
Good place to work (perceived)(*)	70.45	67.90	3.75%
Applications to work for Ferrovial(***)	177,158	121,986	45.22%

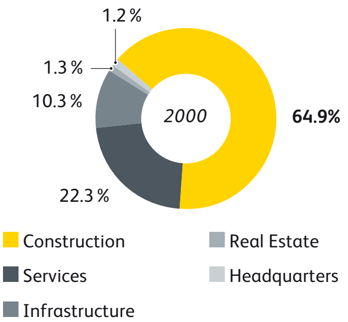
(*) Source: RepTrak
(**) See Talent Management
(***) Spain only

International Profile

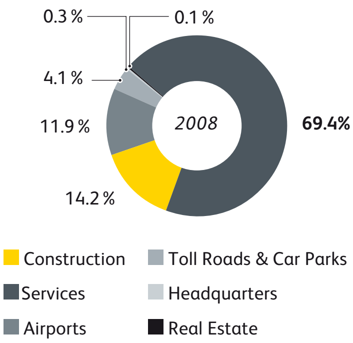
Geographical distribution of Ferrovial employee



Employees by business area



Employees by business area



The working relationship with Ferrovial employees is handled by the Human Resources Department, which is responsible for defining, enacting and overseeing a global, balanced model focused on those processes and groups of strategic importance to the organization. This duty is particularly vital today given the significant growth that the company has experienced in recent years as well as its increasing diversification and internationalization.

Ferrovial's vision for its Human Resources Department is a team capable of providing innovative people management solutions that are attuned to the new needs of the company and its professionals and generate value for the organization.

By business areas: 12.6% of employees works in the Airports division; 4.2% in Toll roads and Car parks, 13% in Construction, 70% in Services and 0.3% in Headquarters.

More than 81% of the employees are operators and technicians, 9% are graduates and undergraduates, 7.42% are admin staff and 1.79% are managers that at the end of 2008, had a average age of 44 and nine years of experience in the company.

Job quality

71% of Ferrovial employees indicated that they were satisfied with their jobs in the 2008 Employee Satisfaction Survey (which had a target sample group of 12,901 employees and a response rate of 59%). The main ambition expressed by Ferrovial workers is to have quality employment defined by the following aspects:

- Job stability.
- Remuneration.
- Workplace atmosphere.

A. JOB STABILITY

82% of employees have long-term contracts. Most of these contracts are service contracts subject to subrogation in case of awarding to another company.

After 10 years of intense growth, Ferrovial continues to create jobs despite the international economic crisis. In 2008, Ferrovial increased its average workforce by 4,172 people, bringing the total to 106,596 employees. This represents a 4% increase in comparison with the same period last year. By business area, the economic crisis has hit hardest in the construction division, whose workforce was reduced by 0.2% in Spain.

Since February 2006, Ferrovial has had a Professional and Personal Life Conciliation Plan (Plan Concilia) in place for the purpose of creating a working environment that allows employees to meet their personal and family needs while maintaining their levels of productivity and competitiveness.

Thanks to this plan, which affects all employees in Spain, Ferrovial was already a step ahead when the new Spanish Equality Law was passed in 2008.

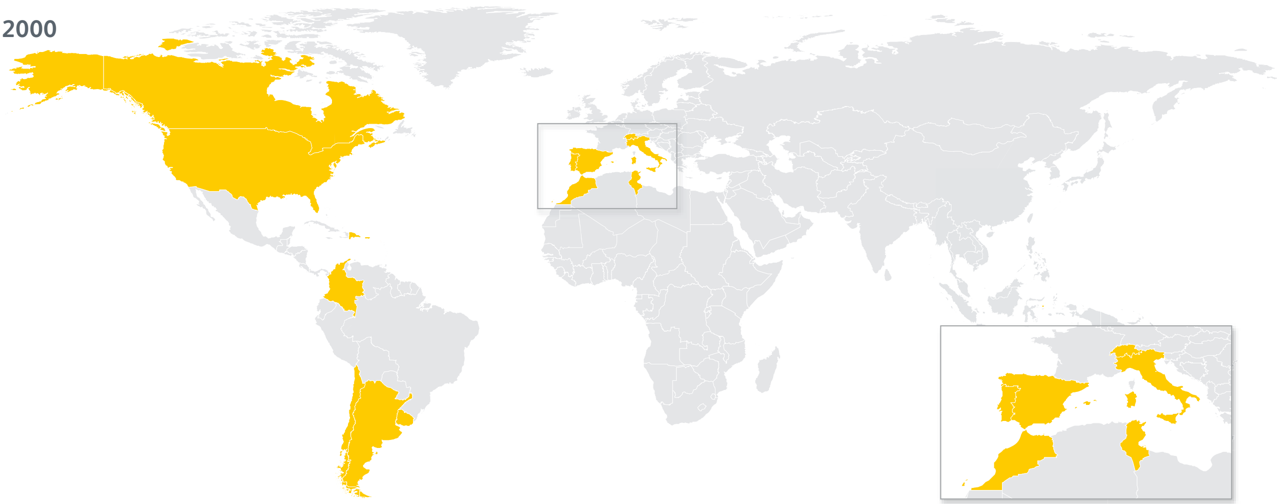
According to Spanish labor law in force, all Ferrovial employees can:

- **In case of maternity –** 16 week-leave after the birth, with the possibility of taking the last 10 weeks of maternity leave as part-time hours. Possibility of accumulating breastfeeding hours after maternity leave and substituting them for a 13 additional working day-leave. Request of an extended leave of absence without pay till the third year after the birth. Possibility of requesting reduced working hours due to legal guardianship responsibilities established in the labor law in force.
- **In case of paternity –** Two days of paid leave and an additional paternity leave of 13 working days.

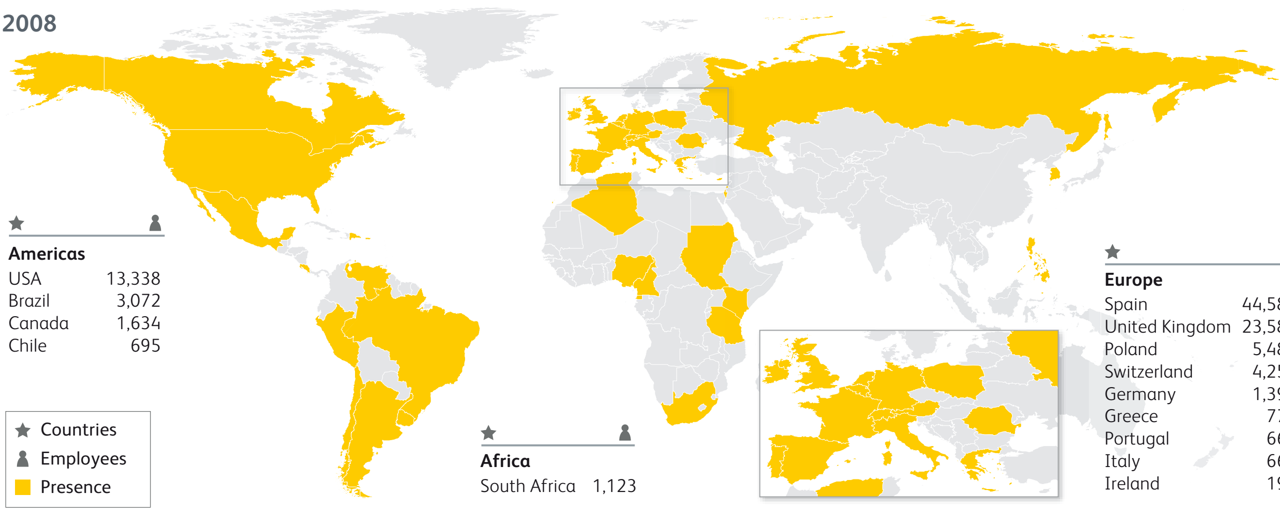
Additionally, all structural staff in Spain can benefit from two measures:

International Expansion

2000



2008



- **Extended maternity leave –** With a view to facilitating preparations for the arrival of a future child in cases of both pregnancy and adoption, female workers are entitled to an extension on their maternity leave (paid leave of absence) of 14 calendar days to be taken immediately prior to the date of birth or legal completion of an adoption.
- **Sabbatical leave –** Employees who have worked for at least five consecutive years (not cumulative) at the company may request a sabbatical of no more than one month (to be taken in a single leave of absence) subject to prior consensus with their immediate superior with regard to the specific dates. This shall be considered a leave of absence without pay or rights accumulated during the period (vacation time, bonuses and variable remuneration). Social security contributions will be made based on the minimum wage for that employee's professional category. Sabbaticals must be requested with at least two months' advance notice, and while on leave employees may not perform any activities that are remunerated or incompatible with their professional activity at Ferrovial.

In 2009 there will be a revision of the aforementioned measures inside Ferrovial Equal Opportunities Plan launched by the new Internal Communication and Employee Corporate Responsibility Department.

B. REMUNERATION AND FLEXIBILITY

Staff costs have increased by 1.02% to 3.83 billion euro. 85.08% of this sum corresponds to the payment of salaries and wages, and the remainder is social security and similar contributions.

Ferrovial has continued the process of introducing a combination of fixed and variable remuneration scheme in its attempt to maintain a strong competitive edge in the market. At present, the variable remuneration system is provided to 17.45% of the workforce, which represents almost all structural personnel.

These remuneration policies are complemented by other plans. Examples include the payment plan tied to company share performance or the personal compensation and flexibility plans, which allow workers to set aside part of their annual earnings to acquire different products and services with better conditions.

The stock options plan, designed as a biannual tool for long-term earnings, is aimed at encouraging the Group's professionals to make a personal commitment to the organization and enables it to maintain a stable management team whose interests dovetail with Ferrovial's shareholders

Over the past year, Ferrovial also continued with the «12,000 Plan.» Through this remuneration program, approximately 364 executives, department heads and other similar management-level employees whose declared tax home is Spain are paid part of their variable salary in the form of Ferrovial shares.

In 2008, a new Remuneration and Benefits Department was created within the larger Human Resources Department. This new office is responsible for reviewing the variable remuneration schemes and procuring the convergence of social benefits among all Ferrovial business areas, With regard to remuneration policies on a global scale, Ferrovial wants to make use of the best practices of its various companies and provide the Group with a homogeneous remuneration policy that is aligned with concrete business goals and competitive with the standard practices of each country, while also encouraging the widespread use of different payment schemes. The idea is to establish mechanisms that will favor the internationalization and cross-sectional capabilities of Ferrovial management by implementing best practices in the area of employee remuneration. The remuneration policy for expatriated workers will also be monitored at the global level to maintain market competitiveness in terms of salaries.

C. WORKPLACE ATMOSPHERE

In 2008, Ferrovial completed its third Employee Satisfaction Survey, which targeted more than 12,901 people and had a response rate of over 59% (18% higher than for the last survey in 2005). For the first time, this survey also included Ferrovial's foreign affiliates except for BAA, given that the latter had already carried out a similar survey last year.

The results show a general improvement in the evaluation of the various dimensions analyzed. Overall satisfaction was indicated by 71% of its professionals, which is well above the average for similar companies.

The results of the Satisfaction Survey were posted on the corporate intranets for all employees to see. The report also covers the actions taken as a result of the last survey and the 2009-2011 action plan.

The Human Resources Department has committed to implement the 2009-2010 Action Plan, and to this end it has created a Satisfaction Committee charged with the mission of following up on the implementation of the different action plans.

	2008		2005
Commitment	75%	↑	71%
Overall satisfaction	71%	↑	63%
Focus on customers	58%	↑	52%
Career advancement & training	58%	↑	55%
Management styles	55%	↑	52%
Organization	51%	↑	42%
Communication & Internal relations	44%	↑	40%
Pay and Benefits	31%	↑	26%

As a result of this latest Satisfaction Survey, Ferrovial has launched three initiatives that will be developed between 2009 and 2010.

- **Conoce (Know) –** This is the program that will channel all actions related to the practices of Internal Communication and Corporate Responsibility for Employees. It will aim to help senior management become more familiar with the organization, facilitate communications between departments and business areas and establish protocols for action. It will also be responsible for launching new initiatives and realizing social actions that characterize the Ferrovial team spirit.
- **Crece (Grow)–** This is the program that will channel the definition, implementation and supervision of innovative human resources development solutions, such as identifying and encouraging in-house talent, outlining career training plans (SUMMA), internationalizing succession management, encouraging internal promotion, searching for new management development tools, etc. All of these solutions are highly profitable for both the employees and for the organization.
- **Compensa (Align) –** This is the program that will channel all actions aimed at adapting Ferrovial practices and models to the market around us, actions that will work to improve different aspects of remuneration (in both its models and processes) and to provide transparent, highly visible information about what the company does for its staff.

Talent management

Ferrovial has grown exponentially in recent years, and it has also experienced intense diversification and internationalization. For this reason, it is vital for the company's business interests to have a global people management model that can provide the company with the capacities (knowledge and abilities) needed to ensure its sustainable progress.

Voluntary staff turnover was at 10.87% in 2008 and 10.25% in 2007. The average staff turnover rate for women has dropped considerably from 28.95% last year to 13.75% in 2008.

A. ATTRACTING TALENT

Attracting talent is an essential part of the human resources strategy as a means of ensuring that the company hires professionals with the capacity to contribute to the success of business endeavors.

In 2008, a total of 177,158 people presented job applications at Ferrovial companies in Spain. The total number of women hired by Ferrovial in 2008 was 23,928, representing 39.41% of all new hires (63,137).

- **+ Talento Program –** Varios initiatives exist for attracting talent. This program aims to boost the recruitment of new professionals by asking employees to suggest potential candidates. This process provides the organization with a pool of recommended candidates (over 500 applications were presented), and the recommending employee is given a financial incentive for his/ her contribution.
- **Forums and presentations –** Ferrovial seeks candidates in the leading job forums and maintains collaboration agreements with university centers, business schools and foundations in the countries where it operates. Ferrovial also keeps a high profile through presentations and agreements with Spanish and international universities such as MIT, Cornell, Texas A&M, Imperial Collage, the Wharton-Lauder Institute and the 2nd Internship Program of the U.S.-Spain Council Foundation.

B. JOB OPPORTUNITIES BOARD AND INTERNAL PROMOTION

The intranet contains an area where job opportunities are posted for experienced professionals who already work for Ferrovial, which at present is accessible to staff in Spain. The Human Resources Department guarantees the complete confidentiality of all applications for the duration of the process.

Job vacancies are identified by the respective department or division heads, which send an official hiring request to the Human Resources Department. The person in charge of the selection process draws from different recruitment sources according to the position requirements, and in the case of Spain all vacancies are posted in-house if at least two years' experience is needed. These vacancies are published on the corporate intranet designed to offer current employees a better chance at career advancement and promotion.

The mobility of professionals is a key factor that optimizes their contribution to the company's value and facilitates their own career advancement, as it exposes them to a variety of different organizations, sectors and geographic locations. In this respect, the Job Opportunities Board aims to offer the company's current employees a chance to move forward, whether it be through promotion, geographic relocation or assignment to new duties that can further their careers.

In 2008, 4,972 employees were promoted, 33% of whom were women.

C. PERFORMANCE EVALUATION

Thanks to the system of evaluation according to abilities (e-performance), the organization is able to identify the strengths and opportunities for improvement of employees with a view to planning training and advancement activities attuned to their needs.

The goal of the performance evaluation is to ensure equal-opportunity treatment for all employees when it comes to improving their abilities through training and career advancement. The evaluation includes the opinion of the employee's immediate superior regarding his/ her chances of promotion in the medium term.

This process, performed on an annual basis and currently limited to Spain, had a participation rate of 68% this year. The company's intention is to gradually increase the number of employees who receive this evaluation.

In order to evaluate abilities at the management level, the organization has the 360° Management Abilities Evaluation Process. Based on management abilities evaluation questionnaires filled out by the employee's superior, peers and co-workers, this process offers a comprehensive vision of how others perceive that person's management style and makes it possible to identify the path that his/ her career advancement should take.

During 2009, a special task group will review the management abilities of current employees to make sure that they are consistent with Ferrovial values, and to align them with the new organization needs inside the plan forthe progressive internationalization of Human Resources activities.

D. PROFESSIONAL ADVANCEMENT

Performance evaluation processes allow the identification of facets that employees need to develop, which can be accomplished with the Personal Advancement Plans that are drafted during evaluations. These plans, defined by the results of the Performance Evaluation, provide an annual opportunity to offer professionals two different advancement tools: training development (through Ferrovial's Summa University) and non-training actions proposed by the organization.

Also, the company's process of internationalization, diversification and sustainable growth has resulted in an increasing number of overseas relocation requests among Ferrovial employees. Willingness to relocate abroad is needed by the company, particularly among personnel with extensive knowledge of the business at the global level. At present Ferrovial has 426 Spanish employees posted overseas.

E. TRAINING

Ferrovial is committed to maintaining an investment policy for the personal and professional education of its employees. In 2008, a total of 27.90 million euro was invested in training, which translates into an investment of 259.80 euro per employee. In total, 2,024,854 training hours were given – 324,000 more than last year.

Summa Corporate University indicators

Total number of hours given at SUMMA during the year	59,315
Number of training hours given at SUMMA per participant during the year	20.41
Overall satisfaction ratings: Facilities and computer equipment	7.9
Number of employees who have attended SUMMA training courses during the year	2,906
Number of employees who have participated in SUMMA orientation programs	417
Overall satisfaction ratings: Campus evaluation	7.9
Overall satisfaction ratings: Teacher evaluation	8.7
Overall satisfaction ratings: Contents and methodologies	7.9
Overall satisfaction ratings: Organization	8.2

- **Ferrovial University**

  Part of these training activities were channeled through the Ferrovial University, created in 2007 as a place where professionals from the different companies and various nationalities that make up the group can come together and share their knowledge and experiences.

  Ferrovial University has continued to educate employees in the corporate values and to serve as a catalyst for tapping the organization's hidden talents through the programs offered at its three schools: the Leadership School, designed to develop abilities; the Business School, focused on the shared knowledge of the value chain, and the Cultural Integration School.

  In 2008, over 2,900 people participated in the programs offered by Ferrovial University at its headquarters in El Escorial. The university has maintained the same course offering as in the past, which included a wide range of actions, from orientation programs for new employees to programs for executives in cooperation with the most prestigious business schools. It also introduced new initiatives this year, such as the design of career training plans in core areas and the preparation of Innovation and Improvement Projects (IIP) drawn up by participants in several different training programs.

  One of this year's highlights was the first edition of the «Ferrovial Senior Management Program», which brought together over 50 executives from the companies that comprise the group. Thus, executives from Webber, Amey, Ferrovial Servicios, Swissport, Cespa, Poland Real Estate, Corporation, Ferrovial Agromán, Cintra, Budimex, Ferrovial Aeropuertos and BAA were given the chance to share opinions and working methods with other professionals in similar positions of responsibility from other countries and businesses. In addition, the program featured the participation of Ferrovial's chairman, Rafael del Pino, and CEO, Joaquín Ayuso, who shared their vision of the future challenges facing the company with participants.

  Over the course of the year, important contributions to the Ferrovial University experience were made by in-house experts, who shared their knowledge and internal good practices with participants in the different programs. Another good example of the commitment of the group's highest-ranking executives to corporate training and knowledge-sharing is the Ferrovial University Academic Committee, made up of executives with outstanding track records from different companies within the group. Their participation throughout the year has contributed decisively to the alignment of university initiatives with the needs of the various businesses.

  Ferrovial University has a specific site on the intranet that allows employees to access information and notices regarding the different actions set in motion. This area is organized into different sections, such as history, course calendar, available training courses, etc.).

F. MANAGEMENT SUCCESION PLANNING

Management succession planning aims to cover any possible vacancies in senior positions by creating a reserve of qualified successors. This process, which affects the top management levels in Ferrovial's Business Units, facilitates the creation of a pool of management candidates by identifying professionals with leadership potential. It also ensures the continuity of management positions and the organization's strategic planning by minimizing the impact of changes in positions of responsibility.

G. CORPORATE VALUES

In 2007, Ferrovial launched a global project to define the company's values that would provide a detailed analysis of the corporate culture of the different organizations that comprise the group and make a proposal reflecting this diversity. To achieve this goal, work has been carried out with various groups of professionals from every Ferrovial company, who have given their vision of the organization through surveys, group meetings and in-depth interviews.

This work has led to the formulation of the new corporate values:

- Solution – Anticipate, improve and solve.
- Innovation – Progress, create and inspire.
- Efficiency – Efficacy, results and reliability.
- Respect – Care and protect.
- Collaboration – Teamwork, cooperate and share.
- Integrity – Ethics and transparency.

All of these values are shared elements that serve to strengthen and define the company, and are now being further developed. The new values were presented to the organization by Rafael del Pino, Chairman of the Ferrovial Group, during the Annual Manager's Meeting.

Health and safety

Ferrovial undertakes to provide employees with a safe workplace and constantly update occupational safety measures, as well as scrupulously respect the applicable regulations in this area wherever it operates.

Commitment

- *Employee health and safety.*

Lines of Action

- *Advance in the design and implementation of efficient systems to prevent and reduce workplace risks that serve as a reference for the different sectors in which the company operates.*

Milestones in 2008

- *The acquisition of OHSAS 18001 certification in the Construction division.*
- *The inauguration of a new fire station at Heathrow.*
- *A 15% decline in workplace accidents in the Construction division.*

2009-2011 Objectives

- *To prevent major accidents and reduce the number of minor accidents.*
- *To improve safety awareness and the efficiency of safety teams.*
- *To research and invest in safer technologies.*

Health and safety

	2008	2007	Var 08-07
Incidence Index (*)	95.20	104.43	-8.84%
Frequency Index (*)	58.68	63.78	-8.00%
Severity Index (*)	1.06	1.38	-23.19%
Occupational safety studies	6.594	NA	
Emergency plans	668	486	37.45%
Visits from safety technicians	53.515	46.260	15.68%
Training in safe workplace practices (hours)	423,843	452,729	-6.38%
Training for safety technicians (hours)	261,825	2,295	
Physical examination for employees	22,977	19,245	19.39%
Concern for health and safety (perception)(**)	65.78	62.53	5.19%

(*) Only Spain
(**) Source: RepTrak

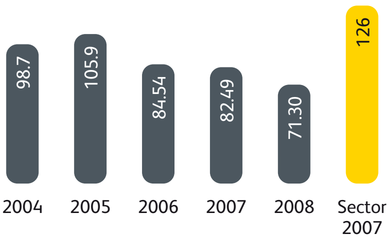
For Ferrovial it is essential to watch over the health and safety of those who make, distribute or use the Company's products and services. This involves an effort to reduce accident risks that may occur around the Company's activities, especially in airports and toll roads, by the means of proper design, investment in health and safety measures and greater planning.

The Company develops rigorous tests that guarantee safe products and useful services for end users.

In 2008, workplace accidents in the Construction division fell substantially by 15% to 71.30 workplace accidents for every thousand persons exposed. In the same period, the average for the sector resulted in 126 accidents per thousand exposed. The Frequency Index dropped 14% to 40.16. The accident rate includes accidents occurring while travelling for work purposes at the national level.

The incidence index fell by more than 9% overall to 95.20 workplace accidents for all Ferrovial divisions in Spain. The overall frequency index for the divisions also fell 8% to 58.68%.

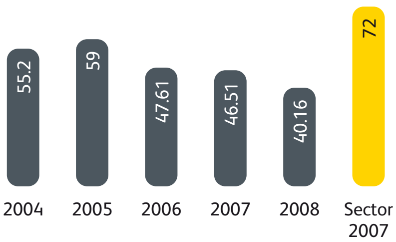
Incidence index



Ferrovial

Incidence index: represents the number of accidents which occurred during the working day for every thousand workers exposed and is based on the formula: II = total number of accidents involving days off work which occurred during the working day x 10^3 / (average number of workers).

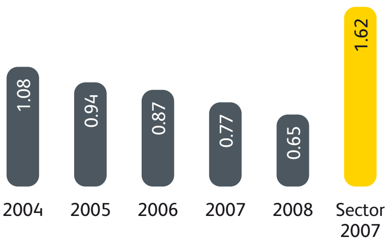
Frequency index



Ferrovial

Frequency index: represents the number of accidents which occurred during the working day for every million hours worked and is based on the formula: fi = total number of accidents involving days away from work which occurred during the working day x 10^6 / (n° of hours worked).

Severity Index



Ferrovial

Severity index: represents the number of working days lost as a result of accidents for every 1000 hours work. It is based on the formula: SI = number of working days lost per year x 10^3 / (number of hours worked).

Ferrovial Agromán workers during the constuction of a tunnel for the new baggage system at Heathrow airport

Health and safety policy

Each business division has a safety policy adapted to its associated risks, which is committed to the responsibilities involved in health and safety at all facilities and in all operations and enables risks to be eliminated while preventing any accident or incident that may harm its employees, Company assets or the environment.

At the corporate level, Ferrovial undertakes in its Code of Business Ethics to provide a safe environment for its employees and constantly update occupational safety measures as well as scrupulously respect applicable regulations in this area wherever it operates.

This commitment is summarized in three lines of action:

- **Safe work practices and conditions.** In order to guarantee safety in the workplace, risks are identified and evaluated in workcenters, with the participation of employee representatives and with activities aimed at eliminating or reducing these risks.
- **Fostering a preventive culture.** Ferrovial promotes a health and safety-conscious culture among all its employees by providing different preparatory and informative activities designed to raise employee awareness of the need to work safely.
- **Employee participation**. Ferrovial carries out regular consultations on safety activities through the workplace Health and Safety Committee. Furthermore, it consults and participates in projects by holding regular meetings with Company subcontractors in which specific safety measures are established, in accordance with the potential risks associated to their activities.

Certified management systems

All workplaces implement certified safety management systems. BAA airports, Ferrovial-Agromán, Cespa and Amey currently operate under OHSAS 18001 certification, the main world standard for identifying, prioritizing and managing health and occupational safety as well as part of the business practices. This percentage includes Ferrovial's aim to obtain OHSAS certification in all its business areas.

The Occupational Safety Management Systems implemented in each division envisions the different obligations to be complied with in relation to employee health and safety. These systems are periodically revised to adapt them to national and European legal requirements. The head of each workplace is responsible for implementing the Management System.

Occupational safety

Ferrovial has Health and Safety Committees at all centers employing 50 or more workers, in accordance with Spanish law. A total of 48% of all employees are represented in these committees. The Committee meets at least once every quarter and participates in drawing up, putting into practice and evaluating the Company's occupational safety programs and plans, in order to promote initiatives for effective safety methods and procedures and proposing improvements for conditions or corrections for existing deficiencies to the Company. In 2008, 6,594 occupational safety studies were carried out and 668 emergency plans were drafted.

BAA has a health and safety management structure that covers and represents 100% of Company employees that is specifically approved by the British authorities. The terms of reference in the health and safety area are adopted in consensus with the trade unions.

Ferrovial has risk evaluation procedures in each company to estimate their magnitude and adopt preventive measures for the future. Each work center integrates the occupational safety plan through the evaluation of risks which is extended to each company job, taking into account existing or foreseen work conditions.

Periodically and according to need, the Company conducts a review of the risk evaluation, when:

- Work teams change, chemical preparations or substances change, new technologies are introduced or workplace conditions are modified.
- An employee whose personal characteristics makes him or her sensitive to workplace conditions joins the workforce
- When employee health has been harmed

Hazardous elements will be determined on the basis of information obtained about the organization, characteristics and complexity of existing Company jobs, raw materials, work teams and employee state of health. Those exposed to these elements will be identified and the existing risk assessed according to objective criteria.

Road safety

Road safety is one of the greatest challenges facing international public health today. The solution to this global challenge involves improving infrastructures, user behavior and vehicle safety as well as demanding greater stringency in complying with traffic regulations.

Ferrovial's strategy for toll road safety revolves around:

- Decision-making support for road safety managers on the basis of available information and data
- Research and development of safer toll road designs
- Improvements in preventing adverse weather incidents
- Ongoing audits of compliance with health and safety standards
- Contributions to raising social awareness of road safety

To design safer, more sustainable roads, Ferrovial takes an active part in the FÉNIX project to research and develop asphalt mixes and in two research projects with the Asociación de Empresas de Conservación y Explotación de Infraestructuras (ACEX) to optimize the road safety solutions applied to conserve and improve preventive winter road safety treatments (automated weather forecast system).

Ferrovial's maintenance subsidiary Grupisa is developing the Infocoex system for traffic management and surveillance in relation to road safety, which integrates all the surveillance and traffic computer and communications systems. The system's development, which involves an investment of 1.8 million euro, is slated for completion in 2010.

Health supervision

The Company's supervision of employee health with respect to inherent workplace risks takes the shape of health checks prior to joining the staff and regular subsequent check-ups conducted at each work center in line with specific protocols. A total of 22,977 employees underwent health checks in 2008.

Eye exams and a vaccination campaign were carried out for employees in the Corporate area during the year.

Training and awareness raisings

(Campaigns, handbooks and programs developed by each business area in 2008)

Safety personnel received 261,825 hours of training in 2008.

AIRPORTS

- BAA has several different online health and safety training courses available on the «BAA Uni» system.

TOLL ROADS AND CAR PARKS

- A compendium that covers the essentials norms for safe toll road maintenance and upkeep personnel. It includes the required steps to prevent accidents by applying safety protocols in mechanical or electricity maintenance or actions on runways and in areas.
- Fire prevention course with real fire for personnel at Cintra's Spanish toll roads: Ausol, Radial 4, Madrid-Levante and Autema.
- Occupational safety handbook for on-street parking personnel. It includes safety measures to minimize risk factors and take the correct action in emergency situations, as well as health care and habitual illnesses prevention.

SERVICES

- Amey– 4,744 health and safety training days were held in 2008.
- Cespa organized the Second Occupational Safety Workshop, together with the motto «Thanks for taking care of yourself while you work».
- Swissport carried out 15 health and safety training programs in Switzerland. In France, it carried out 40 health and safety training sessions.

Fireman at Aberdeen Airport (Aberdeen, United Kingdom)

In Cyprus, it conducted informative programs on hazardous goods and ramp safety, which included pamphlets and posters. In Singapore, it carried out a health and safety campaign with work sessions on stress, back posture (ergonomics) and AIDS.

CONSTRUCTION

- Annual training program in the area of workplace safety for the entire Company: including a yearly catalogue of courses, depending on the job position. With this aim, courses on safety and health with a specific content are delivered, according to the target group (Directors, Implementation Managers, Managers, Administrative staff, skilled workers, machinery operators, etc.). In addition, the new hires are given a welcome course to raise awareness of the Company's health and safety requirements.
- Awareness: Institutional campaign «Committed to safety», distribution of different handbooks on workplace risks in permanent centers, as well as onsite safety videos for specific construction activities.

Auditing and control

All the accidents that occurred in 2008 were investigated and preventive measures were adopted to avoid a repetition of this type of situation in the future.

Technicians made 53,515 visits to monitor and control safety plans in the different centers during the year, 16% more than in the previous year. As a result of these visits 668 emergency plans were created, compared with the 486 created in 2007.

- **Airports –** Airports are audited on a yearly basis by health and safety authorities, because of the type of public service they offer. The audit involves the verification of BAA's compliance with British health and safety legislation and is a condition for renewing its operating license.
- **Toll roads –** All health and safety incidents are investigated.
- **Services –** The Eurolimp and Swissport subsidiaries were audited within the Services area during 2008. These audits monitor the manner in which initial and regular risk assessments are carried out, type and planning of safety activities, appropriateness of the procedures and resources required to conduct required safety activities and available Company resources, whether its own or leased, taking into account the way in which they are organized or coordinated, as applicable.
- **Construction –** Monitoring and control in the area of health and safety is handled through special onsite supervision of workplace conditions and through controlling subcontractors. Before the start of any work with subcontractors a «commitment to prevention of occupational risks» is established which is added to the contract, thereby forming an integral part of it, and through which they participate. Workplace conditions are supervised through regular visits or internal audits to analyze and control safety conditions, as well as comply with the Company's occupational risk management system.

The audits also assess the integration of safety into the Company's general management system, in both the business as a whole as well as all its hierarchical levels, through the implementation and application of the Occupational Safety Plan, and the system's effectiveness in preventing, identifying, assessing, correcting and controlling occupational risks in all phases of Company operations.

Live fire prevention exercise (Spain)

Quality and innovation

Ferrovial provides services to more than 1 billion customers and users through its airports, toll roads and other transport infrastructures. The challenge is to best meet customer expectations through quality, safety and innovation.

Commitment

- *To quality and the constant improvement of processes, activities and innovation.*

Lines of Action

- *Maintain and increase customers' trust, exceeding their expectations of quality in projects and services.*
- *Promote innovative projects, scientific research and development, as well as basic factors for competitive success and the creation of a differential market value.*

Milestones in 2008

- *The inauguration of Heathrow's Terminal 5 and reduction of queuing times at security checkpoints.*
- *AENOR's certification of the R&D&I Management System and its integration into the Quality and Environmental Management Systems.*
- *The introduction of electronic toll systems on toll roads.*
- *The modernization of London's Underground lines and the implementation of an integrated system to improve Madrid's subway network (Metro).*

2009-2010 Objectives

- *BAA's 291 million-euro investment in the construction of the Crossrail project, a high-speed train that will connect Heathrow to the center of London in just a few minutes from 2017 onwards.*
- *To reduce queuing times to less than 5 minutes for 95% the time.*
- *To reduce the time to process customer complaints across all business lines.*
- *To improve the complaints reception channels.*

Quality and innovation

	2008	2007	Var 08-07
Activity certified to the ISO 9001 standard (%)	67.00	65.00	
Quality of products and services (perceived)(*)	70.74	69.30	2.07%
Customer satisfaction (0 to 5)	3.90	ND	
Satisfactory complaints management (perceived)(*)	63.01	60.77	3.70%
Average complaint resolution time (days)	14	35	-44.00%
Adaptation to change (perceived)(*)	68.90	67.61	1.91%
R&D&I budget (million euro)	18.47	35.80	-48.39%
Innovation project subsidies (million euro)	1.17	0.99	18.18%

(*) Source: RepTrak

Ferrovial's infrastructures provide services to more than 1 billion customers and users. One of the pillars of its Corporate Responsibility policy is to best meet customer expectations through quality, safety and the constant improvement of all its products and services.

The Company has a Quality Management System certified to the ISO 9001 standard that currently covers 67% of its activities and will be extended to the Group's other activities.

Some Company divisions have an R&D&I Management System designed to the UNE 166002:2006 standard. This system ensures the highest technical quality and profitability of Company projects while guaranteeing the transparency of its R&D&I activities.

Customer satisfaction level was 3.9 out of 5 points in 2008.

Ferrovial's Quality and Environment Department handles complaints from customers or users who are dissatisfied with the solutions provided by the business area and request solutions via Ferrovial channel. Three complaints were handled at the Corporate level, two of which were from homeowners.

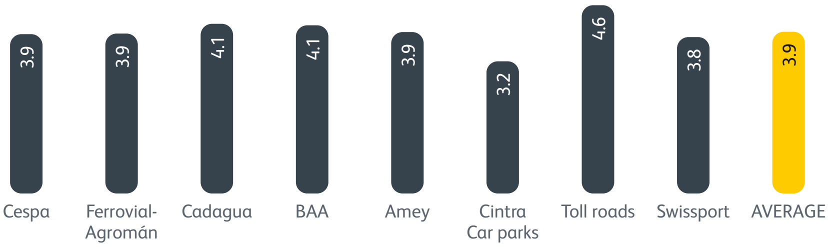
Complaints are received by e-mail, telephone or post and registered in the Shyva application, which monitors the number of complaints, analyses their causes and identifies the companies involved and resolution time, among other indicators.

As for resolution time, 66.7% of the complaints received were resolved in fewer than 4 weeks and 33.3% were resolved in fewer than 8 weeks. All the complaints received have now been closed.

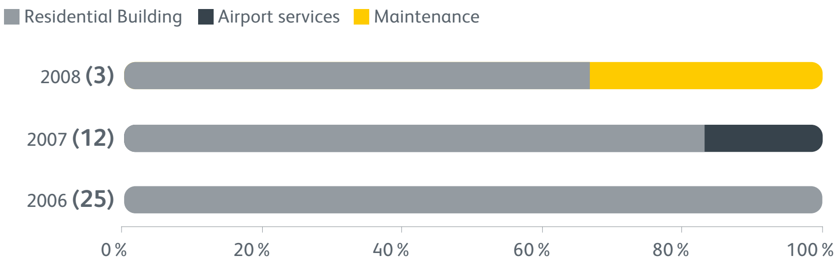
The most relevant advances in quality management were the improvements introduced in Heathrow Airport's management, because of their impact on users. Other outstanding initiatives included Terminal 5's inauguration, investments in security checkpoint efficiency, the implementation of biometric controls at Customs and investments to enable Airbus A380 operations.

Customer satisfaction

Scale from 1 to 5

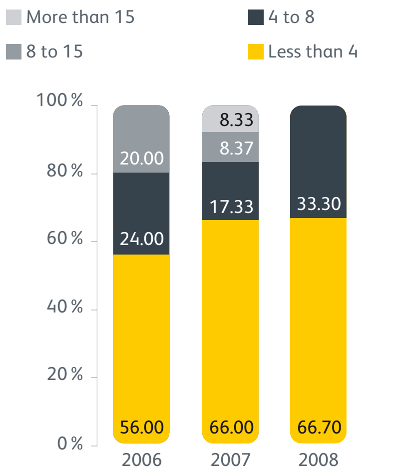


Cause of the claims



Claims received

Resolution time (weeks)



Other advances during the year were:

- The implementation of the Integrated Quality System (SIC in Spanish) in 80% of all Ferrovial's construction works. The purchasing specs were adapted to the Technical Building Code and good practice files were devised in relation to the most frequent pathologies found in construction works.
- Ferrovial Agromán finished developing the post-sales phase incident management application denominated GREPA, which was implemented at 11 worksites in 2008; the first indicator is expected to be obtained in 2009.
- Document management. Cadagua began developing a document management program for documents related to contracts (offers, technical documents, projects) which will be complete in 2009. Cespa and MCI finalized the Administrative Documents Database application (BDDA) and production is expected to begin in February. Amey is conducting a major overhaul of the Documentum system to improve its document localization capacity.

Innovation and Quality Policy

Ferrovial has specific quality policies in place for each product and service it offers on the market and revised its corporate Quality and Environment Policy in 2008, with the participation of all Company divisions. The new policy establishes the principles that govern the

Company's performance at the global level:

- **Meeting user and customer expectations –** users and customers are the core of Ferrovial's activity. The Company aims to provide the best experience in the use of its infrastructures and services.
- **The value of commitment–** As an organization, Ferrovial is committed to its undertakings. It respects the legislation in force and complies with agreements signed with its customers as regards quality and environmental behavior, as well as guaranteeing the safety of its products and services.
- **On-going improvement–** Ferrovial strives for excellence in the exercise of its business activities by measuring key aspects and implementing management systems to constantly improve processes, technical capacities and performance. It establishes fluid communication channels between different Company areas to benefit from synergy and opportunities.

Ferrovial promotes on-going, systematic innovation as a tool for improving competitiveness and productivity. As a result of this vision, R&D&I policy is developed in each business area in which the need to improve operational processes arises. Ferrovial assumes the following lines of action in this area:

- Promote R&D&I opportunities within the Company's business areas
- Develop and apply new technologies and methodologies that improve Ferrovial's technical capacity and increase productivity
- Implement and maintain a R&D&I Management System certified to the UNE 166002 standard in the Company and establish mechanisms that ensure on-going improvement in its effectiveness
- Develop a culture of R&D&I in employees, encouraging creativity and teamwork
- Systematize the compilation of knowledge obtained from R&D&I for its dissemination and application in the Company and, whenever appropriate, within society as a whole
- Use appropriately and protect R&D&I results

Ferrovial guarantees the protection of its customers' privacy with respect to contracting products and services. The privacy policy is governed by the pertinent national legislation in each country where it operates. Benchmark legislation includes the Organic Constitutional Law on Protecting Personal Data (Spain), the Data Protection Act (United Kingdom) and the Personal Information Protection and Electronic Documents Act (U.S.). The Quality System's organizational procedures ensure the proper archiving of all documentation and the privacy of all incoming and outgoing information.

As for products and service labeling policy, specific labeling is not required, since most of Ferrovial's activities do not generate marketable products. Customer-generated waste or hazardous waste is labeled in accordance to the legislation in force.

Quality Management

Ferrovial has specific quality departments for each business area and activity that are coordinated by a Quality and Environment Department at the corporate level. This structure allows the relationship with each customer and user to be specialized and managed more closely. The Company has had a quality indicator system at the corporate level since 2004 and a system scorecard that is reported to the Management Committee each quarter.

In 2008, new key management indicators were added to the corporate scorecard and some of the existing indicators were modified in response to an analysis of the results obtained. These indicators are a selection of those established by the divisions to control their main processes and are systematically sent to Ferrovial's Quality and Environment Department.

Quality management rests on two pillars: the integral Quality Management System and customer services. Ferrovial's different business lines have a Quality Management System that is certified to ISO 9001:2000 standards by the main certification accrediting firms.

A total of 67% of all business activity was certified to the ISO 9001 standard in 2008, two percent higher than in 2007, since the Toll Roads division certified the 407 ETR (Canada). The percentage corresponding to the Construction division fell since the number of contracts awarded outside Spain rose and only contracts where an on-going permanence exists are certified. 53 external audits were conducted and a total of 67 certifications awarded according to the ISO 9001 standard during the year. Furthermore, all systems are internally audited by teams of qualified auditors who are independent from the audited area. In 2008, a total of 382 internal audits were conducted, 414 production centers were audited and 986 assessment visits were made.

The Quality and Environment Department, in collaboration with the Quality and Environment Departments in other business areas, launched a search engine application denominated Normateca to locate the technical standards applicable to all Company business divisions in Spain The application's objective is to circulate the legislation and regulations applicable in Spain, thus decreasing the risk of incompliance. A total of 1,067 users visited the application to send more than 5,100 consultations during the year.

The business areas with products or services that depend on a close relationship with customers and users have formal communication channels integrated into post-sales or customer service departments. When a close relationship exists with customers, as is the case of construction or water treatment, customers directly contact the person responsible for the contract. Ferrovial has an e-mail address where customers can send their complaints, comments or doubts (☛ dca@ferrovial.es).

A. AIRPORTS

In 2008, the Airports division's main milestone was the inauguration of Heathrow's Terminal 5, which has been operating properly since June, contributing to a widespread improvement in Heathrow's punctuality levels.

Heathrow, Gatwick and Stansted improved their punctuality in the third quarter of 2008, in comparison with the same period of the previous year. According to the Civil Aviation Authority (CAA), the average delay in all scheduled flights fell 17 minutes during this period.

As part of its plan to improve passenger services, BAA will be contributing 230 million pounds to the construction of the Crossrail project, one of the largest transport infrastructures projects in the United Kingdom in the past 50 years. Crossrail is a fast train that will connect Heathrow to the center of London in just a few minutes as of 2017. Direct service from the airport to the center of London, the City and Canary Wharf will run four times an hour. The line will later be extended to Shenfield and Abbey Wood and will have 38 stations, 118.5 kilometers of tracks and 41.5 kilometers of tunnels. The project is expected to generate 30,000 jobs.

The main advances in the Airports area in 2008 were:

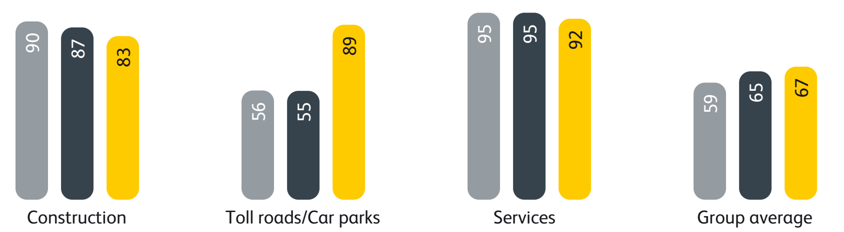
1. Heathrow

- The installation of a device to measure passenger lines at security checkpoints. The SQM system was installed in Terminals 1 and 4 to ensure an accurate computation of security line queuing times.
- The implementation of biometric controls at Customs (fingerprint scan) in Heathrow's Terminal T5 in order to make the border control process more agile.
- The modernization of airport operations as a result of the incorporation of Airbus A380 operations.
- The installation of a wireless communications system in Heathrow's Terminal 5 to improve the work of personnel.
- The issuance of boarding cards through cell phones. The project pilot was developed on limited routes departing from Heathrow, Edinburgh, Belfast and Manchester.
- Heathrow's parking lot has a device that shows users the exact spot where they left their cars.

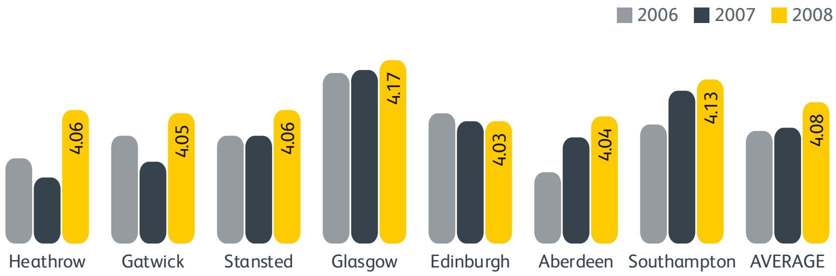
	AREA	Major aspects and processes measured by indicators
1	**Construction**	• Effectiveness of worksite quality plans • Incidents reported at building worksites • Close of complaints received by the end of the year
2	**Infrastructures**	• Toll road accident rate • Saturation of concessionaire toll lines • Parking lot/area repair and incident response time • Availability of parking lot/area service • Complaints received • User satisfaction (through surveys)
3	**Maintenance, cleaning and upkeep**	• Indefinite contract conditions • Service incidents and complaints index • Customer satisfaction (through surveys) • Road infrastructure accident and incident response time • Road infrastructure repair response time
4	**Water treatment, urban solid waste and biosolid thermal drying**	• Flows treated without incident • Disposal incidents • Response time for carrying out corrective work orders • Customer satisfaction (through surveys)
5	**Urban services**	• Customer and user satisfaction (through surveys)

Percentage of Certified Activity (ISO 9001)

Figures in percentage



Airport User Satisfaction



2. Other airports

- Southampton became the United Kingdom's first airport to provide updated information on the status and schedules of buses, ferries, trains and roads in accordance with updated data through the Internet.
- Aberdeen airport won the World's Best Airport Award and Southampton won the Airport Personnel Award from the Airports Council International (ACI). These awards recognize the quality of customer service at the two airports. Aberdeen Airport has launched a program to improve its access roads.
- Glasgow inaugurated an expansion in which BAA is investing 31 million pounds. The second phase has a budget of 12 million pounds and envisions the construction of a new security area.
- The high quality of the service at BAA's Scottish airports was recognized by Dutch airline KLM with «five crowns».
- BAA installed self-check-in machines at Edinburgh airport for all airlines.

B. TOLL ROADS AND CAR PARKS

Cintra has been implementing an Integrated Quality and Environmental Management System for bidding on, implementing and operating transport infrastructure concessionaire activities since 2006. The main advances in the Toll Roads division in 2008 were:

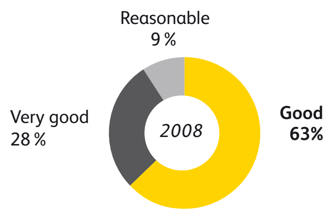
1. Toll roads

Chilean toll road customer satisfaction scorecard

- Toll roads in Spain, Portugal and Chile have now implemented this Quality Management System (SGC), which is certified according to the ISO 9001 standard.
- The toll road concessionaires' Management System, THORS, was implemented in the 5 toll road concessionaires Cintra manages in Chile.
- The quality of the Canadian 407 ETR's service was recognized by the Canadian Council for Public-Private Partnerships.
- The Indiana Toll Road implemented a dynamic tolling system on the Skyway access bridge.
- The Chicago Skyway toll road implemented a new back office system to optimize toll collection processes and the interoperability of its electronic tolling system.
- In Portugal, Cintra selected the Via Verde toll road to test technology that allows tolls to be collected without barriers.
- **Customer service –** Most toll road concessionaires have their own Customer service. The ETR 407 toll road in Toronto (Canada) has a Customer Center; the Indiana Toll Road's call center contacted approximately 5000 users to ascertain user satisfaction and improve processes; the Chicago Skyway, Autema, Ausol, Radial 4, Madrid-Levante, Cintra Chile and Eurolink each have respective websites and customer service phone lines; and since 2006, the Spanish concessionaire Autema has been implementing a pilot experience called Mystery Client to ascertain user perception of toll areas in connection with aspects such as transaction speed and treatment received. The positive response rate was 90%.
- **Complaints –** Cintra has a management indicator to measure the volume of complaints received about the Spanish toll roads on Ferrovial's Corporate Scorecard, whose algorithm considers the number of complaints, average daily intensity (ADI) of vehicles, length of toll roads and vehicles-Km. This indicator's result during the year was 27.4.

Service on the Irish toll roads

Users opinion about service on M4/M6 toll roads in Ireland



2. Car Parks

- All business divisions (off-street and on-street parking (O.R.A.) and towing services) have implemented certified quality management systems.
- **Customer service** –The Company has a Customer Department to attend to consultations from off-street car parks and metered car parks users. Furthermore, the Sales Department also handles consultations and complaints related to construction of resident parking spaces and assignment of use.
- **Satisfaction –** Cintra Aparcamientos and Dornier user satisfaction was 6.43 points out of 10, practically one point higher than the reference value, which indicates user satisfaction with the service offered.
- **Claims –** The indicator for claims related to off-street and on-street parking (O.R.A.)

and towing services contracts includes variables on the number of operations and claims received. In 2008, the result was 5.01.

C. SERVICES

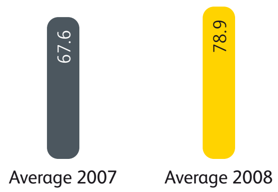
In 2008, the main advances in the Service division were:

1. Amey

- Amey concluded works on the bridge over the A725 before the scheduled deadline in High Blantyre (Scotland).
- Amey's subsidiary, Tube Lines, has reduced delays on the London Underground by 22%, compared with the year before, as a result of the works to update the suburban line. Tube Lines invested 204 million pounds in updating the lines it maintains. In the year's second quarter, a record figure of 29 days without delays was achieved. The Company expects to invest 85 million pounds to improve service on the London Underground.

Customer satisfaction (Amey)

In percentage

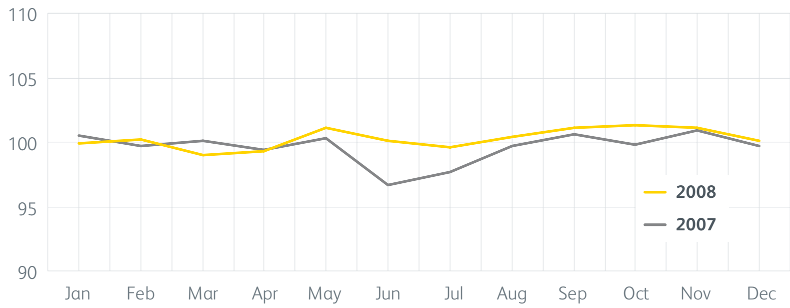


2. Swissport

- Swissport implemented a Quality Management System at its headquarters and all offices with management and operational functions. This Management System is oriented towards Total Quality and is certified to the ISO 9001 standard.
- **Customer satisfaction –** Swissport has developed an indicator denominated SLA Monitor to measure and quantify compliance with requisites and objectives established by customers. A total of 130 customers at 27 airports were taken into account for this calculation. The average result was 100.3 in 2008, which indicates that Swissport surpassed its customers' expectations, since the score was over 100.

SLA Monitor

Swissport quality indicators



Customer satisfaction (Swissport)

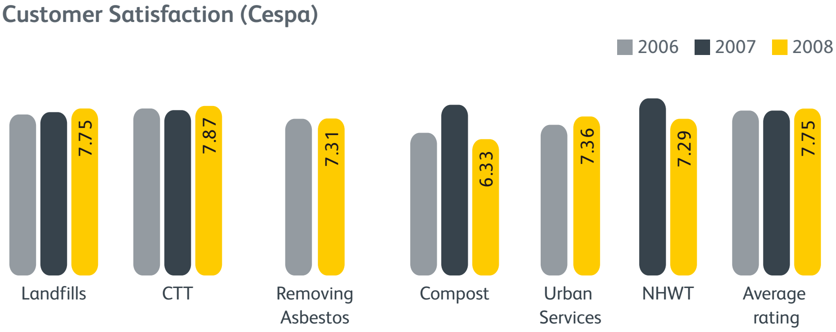
3. Cespa

- Cespa obtained 7 new certifications for urban solid waste selection and treatment plant management.
- **Customer service –** Customer service is structured independently at each plant. For public contracts, these service requirements are usually marked by customer bid specifications and for private contracts, each work center has a central switchboard that channels consultations towards the most appropriate personnel for solution.
- Incident management: Cespa has developed an incident management system (IMMS Cespa) that ascertains the status of services in real time

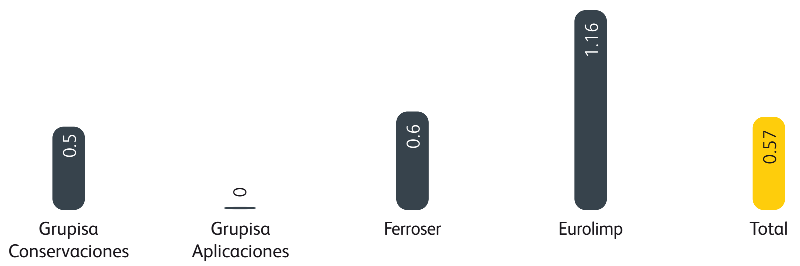
4. MCI

- In 2008 Aenor's new external audit of the Conservation and Maintenance Departments companies' Quality and Environment Systems resulted in the renewal and updating of all existing certifications. Eurolimp's and Ferroser's general certificates extended the scope of its auxiliary services management, in both quality as well as the environment.
- Improved cleaning of Madrid's Metro, for which an integrated management system for plants and movable machinery is being developed. The project began in March 2007 and is slated for completion in September 2009.
- **Customer service –** Ferroser, Eurolimp and Grupisa receive and mana-

Customer Satisfaction (Cespa)



Claims received per contract (2008)



ge customer breakdown notifications through their call centers. These departments are channels for ascertaining opinions, doubts and/or complaints from users or customers.

- **Complaints –** A total of 324 complaints were received, 96.3% of which had been closed by year end and the remainder in process of resolution. There is an Incidents, Complaints and Non-conformances procedure that establishes the system for handling customers or stakeholder complaints of any kind originating in worksites, services and management and organizational units. MCI has a management indicator to measure the volume of complaints received per number of contracts that is part of Ferrovial's Corporate Scorecard.

D. CONSTRUCTION

Ferrovial developed a plan to ensure the quality of its buildings and construction projects based on the ISO 9001 standard, specific building codes, good practices and the Company's own experience. The quality management system for buildings and construction projects monitors 100% of all works developed all over the world.

In 2008, the main advances in the Construction division were:

- The implementation of a web tool that allows information generated at a worksite to be managed from the point of view of all participants. The GECOB21 project has a global budget of 1.5 million euro and is subsidized by the Ministry of Industry.
- The Quality Department and Technical Department have jointly developed a collection of good practice files based on a building's main pathologies. Each file graphically presents a problem as well as its possible causes and the good practices to be carried out as well as preventive measures to avoid these problems from appearing.
- **Complaints** – Cadagua received no complaints in 2008 and those from other years are now closed. Ferrovial Agromán received 157 quality-related complaints. The closing rate for complaints was 65% by the year's end and claims pending closing are being processed in compliance with the procedure. Ferrovial has an external communications and customer complaints procedure that indicates how complaints received from sites, services and units are to be handled. Complaints are followed up through the SIC application.

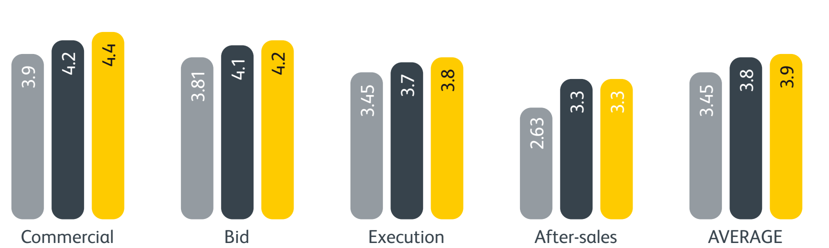
R&D&I Management

Each business area has an R&D&I director who is responsible for establishing the R&D&I policy, assigning the human and material resources required, establishing the protection policy and exploiting the results obtained as well as approving Ferrovial's presence in certain R&D&I organizations and forums to identify expectations of future processes or product development.

Innovation is not only a competitive tool in Ferrovial, but rather one of the main sources of value creation for all its stakeholders and society in general. As a result, it is a member of different organizations and takes part in the main public or private initiatives developed worldwide in relation to innovation that promote the exchange of experiences and good practices among experts in this area.

Some of the organizations and initiatives in which Ferrovial takes an active part are listed below.

Customer Satisfaction (Ferrovial Agromán)



Customer Satisfaction (Cadagua)

R&D&I Management

	Organization/Initiative	Description
	International	
1	**Massachusets Institute of Technology (MIT)**	Collaboration agreement called the Industrial Liaison Program with the Massachusetts Institute of Technology to develop innovative projects in Ferrovial's industries and businesses. Through this agreement, MIT makes such valuable resources such as its staff, the chance to attend its conferences and occasional assessment on research projects available to Ferrovial.
	Europe	
2	**Energy Efficient Buildings Joint Technology Initiative (E2B JTI)**	An initiative to develop ideas that reduce energy consumption and CO_2 emissions in new or existing buildings in the EU.
3	**European Construction Technology Platform (ECTP)**	A European Union body to promote competitiveness in the construction sector by analyzing the challenges this sector must face in relation to society and sustainable and technological development.
4	**Joint Technology Initiative (JTI)**	An initiative made up of Europe's major construction companies to channel European Commission funds for R&D projects in the industry. This initiative manages a 1.2 billion European fund to develop innovation projects in Spain.
5	**European Network of Construction Companies for Research and Development (ENCORD)**	Collaboration network made up of European construction companies that exchange good practices and develop joint ideas to promote new R&D programs within the European framework. Ferrovial intends to become part of this network in 2009.
	Spain	
6	**Sistema Integral de Seguimiento y Evaluación (SISE)**	Body responsible for evaluating and monitoring/control how resources designated to innovation in the construction industry are being managed.
7	**Plataforma Española de la Construcción (PTEC)**	An initiative whose objective is to guarantee sustainable development in the construction sector, ensuring the greatest effectiveness of public and private investments in R&D&I. This initiative concentrates on four strategic lines: sustainable construction, health and safety, communication technologies and materials research. Ferrovial is currently spearheading projects in the sustainable construction strategic lines and focusing its research on the life cycle of infrastructures and buildings, improving materials and processes and respect for the environment.

Innovation projects

To ensure on-going innovation, Ferrovial takes an active part in several research, development and innovation (R&D&I) projects, which have a budget of more than 50 million euro.

Innovation projects

	Project	Description	Research center/ Program/ Sponsor	Period
	Airports			
	Research line: Sustainable mobility			
1	**Personal Rapid Transit (PRT)**	Installation of a fleet of 18 low-consumption electrical vehicles to transport passengers between Heathrow airport terminals.	BAA and ATS	2007-2009
	Toll roads			
	Research line: Road Safety			
2	**FÉNIX**	Strategic research on safer, more sustainable roads through 12 research lines that range from the development of active nanomaterials to reducing vehicle emissions, developing more environment-friendly, safer materials, etc.	Asociación de Fabricantes de Mezclas Asfálticas (ASEFMA)	until 2010
3	**ACEX**	Optimization of road safety solutions applied from the conservation viewpoint, preventive road treatments and the development of conservation positioning systems	Asociación de Empresas de Conservación y Explotación de Infraestructuras (ACEX)	2006-2008
	Services			
	Research line: Energy exploitation			
4	**BICEPS (Biogas Integrated Concept)**	A project undertaken by Cespa in collaboration with the Murcia Municipal Council to obtain energy from different kinds of biogases, based on the concept of biogeneration.	11 European universities and companies. VI EU Framework Program.	NA
5	**MICROPHILOX**	An economic and technical viability study conducted by Cespa to implement a system that takes advantage of biogas energy, which is based on applying microturbines and developing a biological purification system to eliminate the main contaminants from this process.	Institut Químic de Sarrià and the Austrian technology center PROFACTOR. The European Union's LIFE Focus-Environment Programme	since 2005
	Research line: Waste management			
6	**ALTER**	A study of alternatives to landfills for rejected products from urban solid and non-hazardous industrial waste treatment.		until 2008
7	**CONCRETE**	A project to recover waste from the iron, steel and casting industries, largely used in controlled landfills, as well aggregate for manufacturing concrete. This concrete will be used to manufacture breakwater blocks, although other uses are planned in the future.		2007-2008

Innovation projects

	Project	Description	Research center/ Program/ Sponsor	Period
	Research line: Managed landfill sites			
8	**EMISSION**	Evaluation of methods and systems to purify biogas.		
9	**SEALANT**	Study of sealant in controlled deposits.		2008
10	**CONTROLLED DEPOSIT BIOREACTORS**	A research project to implement a bioreactor system for managing controlled waste deposits that will accelerate the stabilization process and reduce environmental risks and the economic costs of management.		Since 2006
11	**LEACHATE DRYING**	A research project for drying leachate from controlled hazardous waste deposit conducted at the Company's Energy and Waste Technologies pilot plant. This process produces a waste powder that can be managed as non-hazardous waste.		Since 2008
12	**TECNOPLASMA**	Design of an atmospheric treatment technology through non-thermal plasma oxidation coupled to a PNTC catalytic oxidation system, to be applied in treating odoriferous emissions and volatile organic compounds from compost plants, biomethanization, eco-parks and leachate treatment plants.		NA
13	**PANAMMOX**	Partial nitration and anaerobic ammonium oxidation for landfill leachate treatment through the PANI-SBR and ANAMMOX processes.		
14	**STABILITY**	Stability of slopes at landfill sites.	University of Cantabria.	
15	**MODUELO PROGRAM**	An analysis of the physiochemical characteristics of certain types of waste.	University of Cantabria and University Jaume I in Castellón	2005-2009
	Research line: Energy recovery from waste			
16	**TRADE**	Tests of low-quality compost combustion on movable grill furnaces.	University of Gerona. Ministry of Science and Innovation	2007-2009
	Research line: New alternatives for waste recovery			
17	**ENOLOGY**	Extraction de biosurfactants from distilled grape pulp and their evaluation for the biocorrection of soil contaminated with hydrocarbons.	University of Santiago and University of Vigo. The Galician Government.	Since 2008
	Construction			
	Research line: Sustainable construction			
18	**CLEAM (Environmental-Friendly, Efficient and Clean Construction)**	A study to develop new sustainable construction applications in the area of linear transport (roads and railways): separation and reuse of construction waste, development of advanced concretes and sealants; new techniques for revegetation, restoration and ecological integration and infrastructure design with a reduced impact on biodiversity.	CENIT Program	2007-2010
19	**COMPOSPAN (environmental-friendly, efficient, clean construction)**	Research in new structural concepts in compound materials for a light-maximizing isostatic road bridge located in the port zone.	CDTI	2008-2010
	Research line: Knowledge management			
20	**Machinery service knowledge management**	Development of a knowledge management IT system to share information on machinery between Company worksites and work centers.	Aid from the Ministry of Industry, Tourism and Commerce (MITYC)'s R+D Avanza Plan for the MITYC's knowledge society technologies tractor projects	2007-2008
21	**GECOB21**	Design of a web tool that manages worksite information for all participants.		

Innovation projects

	Project	Description	Research center/ Program/ Sponsor	Period
	Research line: Water			
22	**ULTRAFILTRATION**	Water purification using ultrafilter membranes.	The University of Granada's Water Institute. (Empresa Municipal de Abastecimiento y Saneamiento de Granada, Emasagra). Ministry of Education and Science (Profit Program).	2005-2008
23	**SLUDGE REDUCTION**	Excess sludge production reduction through physiochemical procedures.	The University of Valladolid's Department of Chemical Engineering. Ministry of the Environment and Ministry of Education and Science (Profit Program).	2005-2008
24	**MINIMIZATION**	Study of technologies to minimize subproducts from waste water treatment plant sludge gasification.	Center for Technological, Environmental and Energy Research-CIEMAT. Ministry of the Environment.	2007-2008
25	**REVERSE OSMOSIS ENERGY RECOVERY**	Overall optimization of the general treatment system in a reverse osmosis seawater desalination plant.	CIEMAT (Center for Technological, Environmental and Energy Research). University of Granada. Ministry of the Environment. The Basque Government's INNOTEK Program.	2007-2009
26	**NUTRIENT RECOVERY**	A study of processes to minimize sludge production, recover nutrients and optimize energy consumption in waste water treatment.	The University of Valladolid's Department of Chemical Engineering. Ministry of the Environment, and Rural and Marine Affairs.	2008-2011
27	**WASTE SLUDGE RECOVERY**	Technologies to reduce, reuse and recover waste generated in waste water treatment plant sludge gasification.	CIEMAT (Center for Technological, Environmental and Energy Research). Ministry of the Environment, and Rural and Marine Affairs.	2008-2011
28	**BIO-REACTORS USING SUBMERGED MEMBRANES**	A study of advanced technologies to eliminate nutrients and xenobiotics in waste water treatment.	Water Treatment and Management Technologies Group (University of Granada). Ministry of the Environment and Rural and Marine Affairs.	2008-2010
29	**BIOFILTERS**	Study of biofilter and sequential tank technologies: experimentation in a wastewater treatment plant		2007-2009
30	**SLUDGE GASIFICATION**	Development of engineering for a real-scale study of alternatives for recovering sludge via gasification.		2007-2009

Supply Chain

Ferrovial's relations with its suppliers and subcontractors are an essential part of its business activity. It seeks to achieve mutual benefits, by joining forces and creativity, in order to offer clients higher quality services, while establishing long-term relationships wherever possible.

Commitment:

- *To consider the value chain as a key piece of the company's sustainable development strategy*

Lines of Action:

- *To encourage suppliers and subcontractors to progressively incorporate principles that go hand in hand with corporate responsibility policy*

Milestones in 2008:

- *A new draft of the Collaborating Supplier Agreement model, which introduces corporate responsibility as a relevant aspect in this relationship*
- *The approval of a Buyer's Code of Ethics to be applied in all Ferrovial companies and businesses worldwide. This Code makes explicit mention of the principles of the United Nations Global Compact.*

Objectives:

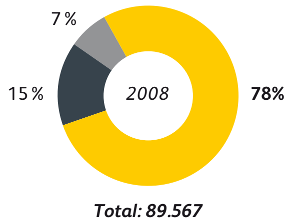
- *Introduction of corporate responsibility clauses in all Collaborating Supplier Agreements signed from 2009 onwards.*
- *Cadagua has begun to develop work instructions for transacting purchases in 2008, which is forecast for completion in 2009.*

Supply chain

	2008	2007	Var 08-07
Number of suppliers	89,567	83,981	6.65 %
Purchasing needs (€)	207,061	ND	
EBITDA generated by purchases aligned with quality and environmental criteria (€)	291.05	ND	
Suppliers evaluated	3,106	ND	
Suppliers rejected	104	ND	
Suppliers certified in Quality, Environment and Human rights	10.63 %	7.64 %	
Supplier incidents	159	388	-59.02 %
Supplier training (hours)	40,932	14,442	183.42 %

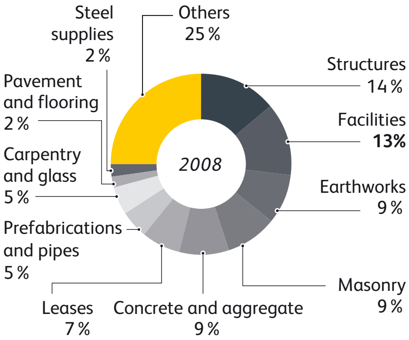
Supplier origin

Origin of Ferrovial suppliers



Supplier profiles

Data corresponding to 80% of all purchases by invoicing



Ferrovial's relations with its suppliers and subcontractors are an essential part of its business activity. It seeks to achieve mutual benefits, by joining forces and creativity, in order to offer clients higher quality services, while establishing long-term relationships wherever possible. The Procurement Department is responsible for managing relationships with major suppliers and subcontractors to achieve long-term relationships and obtain the utmost benefit for both parties.

In 2008, Ferrovial had business relations with 89,567 suppliers, 15% of which accounted for 88% of all purchases effected. By geographical area, 78% of all suppliers and subcontractors were contracted in Spain, 7% in the United Kingdom and 15% in other countries.

By volume, 72% of all purchases were handled by the Construction division, which has centralized purchase management to control and provide detailed knowledge of Ferrovial's supply chain, although it also provides assessment for the many decentralized purchases transacted by the Group's different companies with most suppliers. Decentralized purchases are handled by the corresponding business departments.

Purchase Management encompasses the principles, policies and processes Ferrovial has established to conduct its works and services according to the purposes required by customers, optimizing prices and complying with deadlines and specific quality requirements with the greatest profitability.

Purchasing procedure

Purchasing procedures are drafted and applied in each country in which Ferrovial operates in accordance with ISO 9001 and ISO 14001 standards and tailored to each market's specific features, although they maintain basic operating standards and principles in common to optimize purchasing costs.

The basic principles are:

- Benefits from economies of scale in purchasing and purchase centralization when it adds value.
- Coordinated purchasing among different countries.
- International /global vision of the supplier market.
- Transparent purchasing process.
- Use of Company IT systems to manage purchasing knowledge and control the purchasing process in itself.

Supplier quality is managed and monitored by procedures set out in the ISO 9001 and ISO 14001 standards, which enable the Company to evaluate the quality of work and supplies and identify incidents so as to be able to take the opportune corrective measures and, in cases of serious incidents, disqualify a supplier from working with Ferrovial or its subsidiaries.

Centralized purchase management

The Construction division, which is responsible for the centralized purchasing system, has unified procedures that allow treatment to be equal at the Company level, yet tailored to each country's specific features, so that purchases can be managed in any country in which it operates. This enables these aspects to be managed globally, each country's main purchases to be known and needs to be aggregated, ensuring that all purchases are effected in the best possible price conditions from suppliers that can assume the above requirements, thus guaranteeing equal opportunities in the contracting process.

The centralized procedures apply to all purchases (or leases) of products and services within the Process Monitoring Plan at sites that require specific environmental conditions or those with a relevant economic impact. The following is guaranteed in all cases:

- Broad-based access
- Equal information and fair supplier treatment
- Competitive-based, justified award decision
- Strictly professional relationship with suppliers

The centralized procedure regulates aspects such as spec sheets, offer applications, offer studies, supplier selection, purchase requirements (including drafting purchasing documents), product or service reception, supply or service evaluation and the entire operations scheme of the process itself.

Purchase Management

Ferrovial's relations with its suppliers and subcontractors are an essential part of its business development and seek a mutual benefit that provides the customer with quality and service improvements.

Principles guaranteed for all purchases:

- **A** Wide range of suppliers.
- **B** Equal information and fair treatment of suppliers.
- **C** Justified selection, based on competitiveness.
- **D** Strictly professional relationship with suppliers.

Procedures and control mechanisms:

The overall function of the Procurement Department is to optimize the cost of purchases.
Purchase management includes two categories:

- **I** Centralized purchases → Those corresponding to consistent and frequently purchased products or services with which it is possible to obtain better results through economies of scale
- **II** Non-centralized purchases → The remaining purchases.

In every case, the purchasing system must guarantee that products and services fulfil quality, cost, environmental performance, health and safety requirements.

Purchasing process:

Ferrovial has a non-centralized system for every division.
The purchasing system for a construction site:

1 Fixing purchasing needs

- The Site Manager **fixes the purchasing needs and includes them in the Purchase Plan**, which is updated according to the program and the project's progress.
- The Site Manager defines the **purchase specifications** and includes them in the requests and contracts by means of purchasing applications, Integrated Quality System (SIC in Spanish) and databases of specification types.
- **A request for offers is carried out** providing the documentation needed to guarantee that the supplier is aware of the quality required.

2 Negociation and selection of offer

- **A high number of suppliers is required.** In the case there are less than three, this must be justified in writing.
- **Offers must be consistent.** In the case of a supplier not being able to offer any one of the required elements, the offer is completed by estimating the cost based on the lowest price offered for this element.
- **All conditions included in the contract must be agreed:** work included in the cost, measurement systems, payment systems, penalties, ...

3 Awarding the purchase

- The Procurement Department or the Site Manager **selects the best offer.**
- In the case of it not being the cheapest offer, **the decision must be justified.**
- Provided the supplier does not appear as "disqualified" in the Supplier Catalogue, **the purchase is awarded to the supplier.**

A. SUBMISSION OF OFFERS

The centralized procedure applies to all purchases (or leases) of products and services within the Process Monitoring Plan or those that require specific environmental conditions or have a significant economic effect.

The site manager establishes the purchasing needs, includes them in a purchase plan and keeps it updated, according to work plan and progress. Once the products and services in the purchase plan have been identified, the site manager drafts the specifications sheets, which are included in the orders and contracts and supported by IT procurement applications, the Integrated Quality System and a spececification-type database. This quality monitoring system is certified by the ISO 9001 standard.

The offer is processed through the Internet portal or traditional methods, by submitting the documentation needed to guarantee knowledge of the quality required by the supplier. A comparison table that includes technical and economic aspects is devised for the studying of the offer and final supplier selection.

B. OFFER SELECTION

Ferrovial always has an ample number of suppliers (minimum 3) for each offer, otherwise express permission must exist.

Ferrovial has a portal in the Purchasing Management section of its website to ensure transparency and suppliers' broad-based access to purchasing processes. Major purchases being processed are published and updates continuously posted on this webpage, so that any supplier in the world can contact the Company to send offers. There were 207,061 offers for purchasing needs in 2008.

The offers included are homogeneous, so that comparisons are accurate. The negotiation process with suppliers is not complete until all purchasing conditions have been agreed upon. Before the sale is effected, the Company

Suppliers Catalogue is checked to see that the selected supplier is not listed as «rejected».

C. PURCHASE MANAGEMENT SUPPORT TOOLS

As a support to optimize management, Ferrovial has developed the following IT systems of its own, which are tailored to sector and Company procedures. These systems cover knowledge management in this area to the conclusion of the purchasing process and use the Internet as a means of communication with suppliers and among the Company's participating divisions, providing transparency and adequate control:

- **Online purchase management program (B2B) –** This program ranges from drafting purchasing plans and identifying potential suppliers to issuing orders or purchasing contracts and the management reports needed to implement purchasing strategy and compliance monitoring.
- **Consultation programs –** This allows decentralized management through knowledge management, enabling any Company center or worksite to consult information on suppliers and real purchase prices for products and services.
- **Access from all production centers and real-time information on aspects of the purchasing process –** supplier agreements at the Company level, new products on the market, alternative construction systems that allow cost cuts, a technical sector bibliography, price evolution indices, etc…
- **Computerized issuance and control of orders –** and contracts with suppliers. Additional automatic order invoicing and payment control.

Buyer's code

Supplier management and relations in Ferrovial must be based on an efficient, ethical rigorous bond. Ferrovial's Procurement Department approved a Buyer's Code in 2008, which supplements Ferrovial's Code of Business Ethics and is applicable to all Procurement Department personnel, who are required to acknowledge this in writing.

The document's objective is to set general guidelines for ordinary purchasing operations (broad-based access, equal opportunity and fair treatment of suppliers, competitive-based, justified award decision and a strictly professional relationship with suppliers), without seeking to cover all possible situations exhaustively. The Code specifically establishes the followings principles, which must be taken into account in all purchases:

- **Ferrovial's general interest–**This goal must preside over any negotiation.
- **Integrity –** Direct or indirect conflicts of interests, whether due to family, personal or financial links or any other kind, must be reported to superiors. Special discounts for purchasing personnel and gifts worth over 90 euro are not permitted. Only gifts received at Company headquarters are allowed, in cases of gifts worth lesser amounts. The Code establishes the supervision of invitations for trips, events and meal payments to prevent invitations from suppliers.
- **Professionalism –** Professional conduct to avoid overly-personal relationships outside the strictly professional realm with suppliers that may interfere in negotiations. Purchasers must treat any relevant supplier information that may influence the final result of an award formally, so that it forms part of the purchase file. Purchasers must also oversee training.
- **Confidentiality –** Confidentiality in business or technical information related to the purchase in question or any other aspect that may harm the Company's negotiation stance or benefit any supplier in particular over others.

Corporate Responsibility clause

The Procurement Department can ban contracts with any supplier for causes of interest to Ferrovial, which include violations of its Code of Ethics in relation to the principle of abolishing child labor. No suppliers were excluded for this reason in 2008.

Ferrovial suppliers are not merely sporadic supplier of goods or executors of works. To harness the potential of long-term relationships, Ferrovial manages its purchases through collaboration and framework agreements that establish the principles underlying the business relationship. At present, 70% of the Company's suppliers have a collaborating supplier statute. This agreement allows suppliers to be ensured of broad-based access to all purchasing processes related to their business and requires them to submit offers.

In 2008, Ferrovial introduced a specific corporative responsibility clause in the agreements on which the Collaborating Supplier Agreement is based. All these types of agreements signed during 2009 will incorporate these clauses. The clause demonstrates Ferrovial's interest in constant improvement and in particular, aspects related to corporate responsibility and sustainable development.

Ferrovial has informed its suppliers of its adhesion to Global Compact Principles, presented them with a copy of those principles and encouraged them to take them into account during their operations.

In this agreement, suppliers undertake to:

- Comply with all sectorial or environmental legislation applicable to any aspect of Ferrovial's activities or services
- Comply with all health and safety rules and occupational safety commitments established at Ferrovial work centers
- Comply with Global Compact Principles
- Study possible collaboration with Ferrovial to carry out joint aid projects for disadvantaged groups

The quality and environment clauses must be complied with but are not evaluated individually in contracts signed with suppliers in the Services division. In case of incompliance, they would be transferred to the Quality and Environment and Purchasing Departments to register the incidence.

Supplier evaluation

Ferrovial conducts a prior evaluation of suppliers in all countries in which it is present, particularly in the new markets in which the Company has recently begun to operate, such as Poland and the United Kingdom. Ferrovial already has a very loyal supplier base in Spain that has been working with the Company for many years.

All suppliers must comply with the following requirements:

- Environmental and sector legislation applicable to any aspect of Ferrovial's activities or services
- The health and safety regulations and commitments to occupational safety established in Ferrovial work centers.
- The principles in the United Nation's Global Compact.

Supplier and subcontractor evaluation processes are based on measuring behavior through incidents registered and take supplier and subcontractor profiles into account. 319 supplier-related incidents were registered in 2008, 200 of which were related to health and safety issues and 119 to the environment.

If the Procurement Department receives three incidents in a year, the supplier passes onto a «rejected» list and a ban is enacted on any contracts with it for 3 years. The Procurement Director's authorization is required before transactions can be entered into with the supplier after this period.

A total of 3.5% of the suppliers and subcontractors with which the Company worked in 2008 underwent an evaluation process. 104 of the suppliers evaluated registered incidents and were therefore rejected.

All the suppliers and subcontractors working for the Construction division are evaluated for quality (1,526) and 95% of all suppliers in Spain are evaluated for environmental behavior. The wood's origin is closely scrutinized to ensure it is sourced from responsibly managed forests.

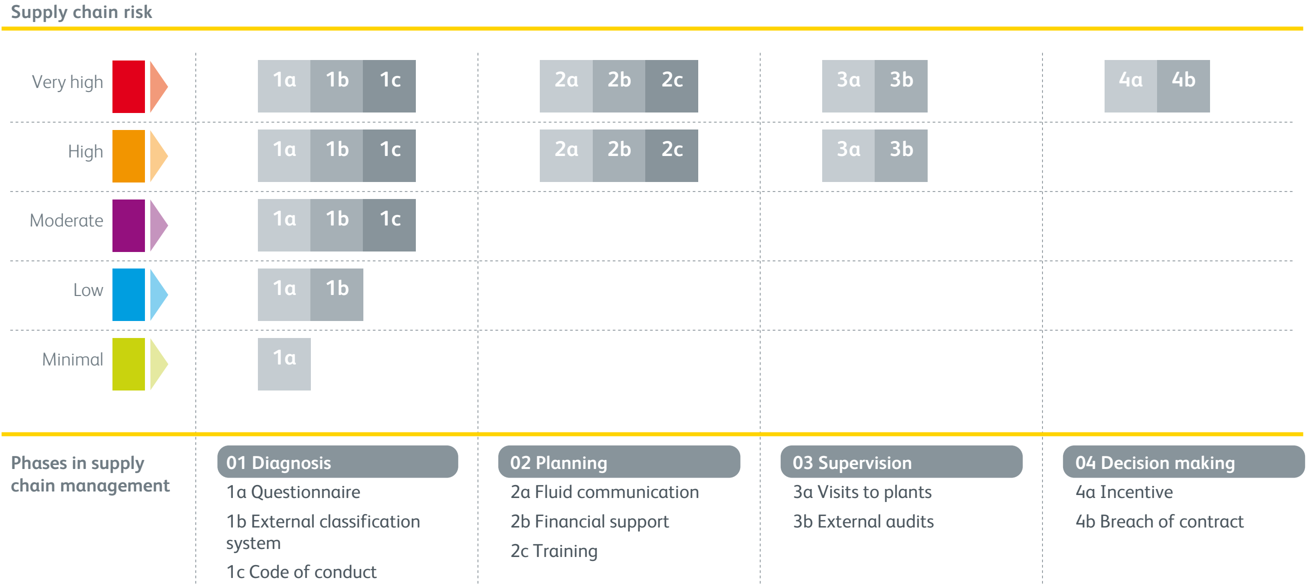
A. QUALITY AND ENVIRONMENT CONTROL

A total of 1,596 suppliers were found to be approved in regards to quality and environmental criteria in Ferrovial Agromán. Ferrovial conducted an analysis of its suppliers to ascertain how many of them had ISO 9001 quality certification and ISO 14001 environmental certification in 2008.

Each division's Procurement Department is responsible for keeping follow-up information on supplier quality updated and making it available to managers through the procurement computer applications.

Reception control consists in ensuring that products and services conform to purchase specifications and that the

Supply chain risk



former have not suffered any damage during handling, intermediate storage or transport operations.

Supplier quality control is effected through end of work files that evaluate the following factors: delivery date compliance, product quality, technical skill, prices, environmental behavior and health and safety. This last factor currently has the most weight in the supplier and subcontractor evaluations. The end of work files are reviewed each month, incorporated into the supplier database and made available to all Company work centers.

The Procurement Department has a scorecard with detailed information on all Company purchases: amount in purchases, number of orders and incidents. This scorecard is monitored each month and reported once a year to the General Director of the corresponding division.

B. COMPLIANCE WITH HUMAN RIGHTS

An analysis of Human Rights-related risks in the supply chain is conducted according to risk-country and in accordance with the methodology for managing supply chains disseminated by the Global Compact.

The diagnosis did not reveal any significant changes in the risk-supplier profile with respect to supplier profile, product and origin country, in comparison with previous years. Ferrovial has a risk of Human Rights violation between minimum and low for 90% of its business. Most of Ferrovial's investments are in OECD countries whose legislation recognizes and guarantees respect for Human Rights, which is why the risk of incompliance by suppliers and subcontractors has been rated as low.

Nevertheless, Ferrovial works proactively to improve the flow of information and supplier training. In 2008, 1,129 surveys were given to suppliers and 5,523 meetings and 51 forums held with them. Of special interest were supplier and subcontractor training programs in areas such as quality, the environment, technique, health and safety and topics related to the Code of Ethics. Suppliers received a total of 40,932 hours in these training programs.

Incidents

The number of evaluated suppliers with incidents was 159 in 2008. These incidents corresponded to all countries in the supplier database, which does not include Chile and Puerto Rico.

Of all the incidents, 112 were caused by aspects related to the provision of service (mainly failure to comply with dates). Twenty incidents were also registered for health and safety, 14 for document-related incidents, 9 for environmental aspects and 4 for legal incompliance.

In Cespa's case, the launch of a business support project for centralized incident resolution in 2007 notably increased the number of incidents managed by the Purchasing Department in 2008.

Investment in the community

Ferrovial wants to be a good corporate citizen by investing in the local communities in which it carries out its activities, promoting employee participation in the community, and maintaining a high level of integrity and transparency.

Commitment:

- *Support of socio-economic development in locations where it is present.*

Lines of action:

- *Plan for investment in the Community as an instrument to develop the societies in the areas in which Ferrovial carries out its activities.*
- *Collaborate with governments, NGOs, and other social agents on projects and activities related to social development, environmental conservation, and occupational safety.*
- *Commit itself as a global company to the problems that affect the Planet, particularly poverty. (Strategic plan «From responsibility to commitment»)*

Milestones in 2008:

- *42.22% of the projects include a measurement of the return for Ferrovial and a description of the benefits for the Community.*

2010 Objectives:

- *90% of the social action projects are strategic.*
- *Measurement of return for 60% of the social projects.*

Investment in the community

	2008	2007	Var 08-07
Socially-responsible investment (DJSI) (perception)(*)	72.00	72.00	0.00 %
Contributes positively to society (perception)(*)	68.72	66.80	2.87 %
Net job creation (%)	4.07	15.21	-73.23 %
Purchases from local suppliers	69,489	ND	
Community-support projects	459	463	
Social investment in the Community (million €)	18.17	16.70	8.80 %
Social investment in comparison with EBITDA (%)	0.66	0.55	
Support for social causes (perception)(*)	63.22	59.29	6.62 %
Beneficiaries in social projects	491,001	330,000	48.79 %
Employee participants	949	2,400	-60.46 %
Multiplier effect (million €)	2.80	2.43	15.23 %

(*) Source: RepTrak

Ferrovial is one of the founder companies of LBG Spain, established in 2007. LBG is a methodology created in 1994 in the United Kingdom by *The Corporate Citizenship Company* with the objective of measuring the social impact of the investment in the community.

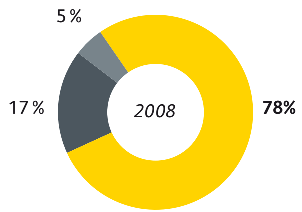
In 2008, Ferrovial promoted 459 social projects that directly benefited 491,001 people. In line with previous years, in 2008, Ferrovial allocated 6,326,647.39 euro to finance different strategic social investment projects, 78% of Ferrovial's total contributions to the Community. The progressive trend to reduce one-time contributions (philanthropy) was maintained, dropping from 18% in 2007 to 17% in 2008.

Ferrovial's goal is to promote strategic investments in the Community, without excluding occasional donations and sponsorship, which also have value for the company from the commercial perspective.

The following, among others, are some of the highlights:

Donations

Investment in the community Sponsorship
One-time contributions



- The volume of funds mobilized by other companies or organizations for social projects in which Ferrovial participates increased 15% (multiplier effect).
- Participation by 949 employee volunteers who devote at least four work-hours. The drop in this goal in comparison with the previous year (-60%) was due to a change in the calculation of the employees classified as volunteers. The 2008 figures incorporate stricter training and commitment requirements for employees to qualify for the condition of volunteer.

Community investment policy

Ferrovial conceives investment in the Community as a strategic instrument for the development of societies in the areas in which Ferrovial carries out its activities. Ferrovial's different courses of actions include collaboration with governments, NGOs, and other social agents on projects and activities related to social development, environmental conservation, and occupational safety.

To determine the strategic nature of the projects, Ferrovial has developed an evaluation process that takes the following aspects in to account:

- **Relation to Corporate Responsibility Strategy –** In 2007, Ferrovial prepared a plan called «From Responsibility to Commitment» for 2008-2010, which, in addition to reinforcing the commitment to its stakeholders through the 10 principles of the Global Compact, increased its social commitment through the investment in projects with a significant local impact for the Community. The projects will be specially aimed at integration and social welfare, and people at risk of exclusion and immigrants, disabled people, and the elderly have been identified as the priority groups for actions.
- **Continuity of projects** through medium and long-term alliances with Non-profit sector institutions with proven reputations and transparency, and that are also committed to the development of the projects.
- **Sustainability of projects** in a reasonable time frame, in order to avoid generating dependency in the communities that receive assistance from Ferrovial.
- **Multiplier effect –** Mobilize funds from other donors for social projects underway.
- **Encourage employee participation –** in the company's social commitment. Ferrovial intends to significantly strengthen this method of contribution in 2008.

Job Creation and purchasing

Ferrovial carries out its activities around the world, generating employment at the local level and promoting purchasing from local suppliers. It is important to note that despite the economic crisis, Ferrovial has maintained job creation in the principal markets in which it operates.

- **Net job creation by country / Number of employees**.

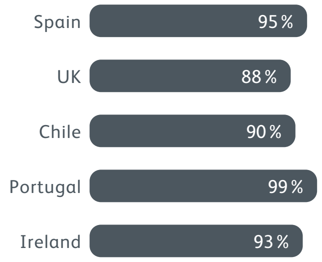
Ferrovial has a series of purchasing policies that are adapted to international expansion, maintaining the goal of strengthening long-term relations with suppliers and subcontractors. To achieve this, the centralized management needed to supply all of the company's projects is combined with a decentralized focus that allows local project managers to establish strong ties with local subcontractors, which in general have less global exposure.

In terms of supplier management, the centralized purchasing procedures do not make any distinction between local and foreign suppliers, provided that they have the capacity to supply the products and services with the quality required to carry out the works or services.

Ferrovial's policy in the majority of the countries in which it works has been to contract local suppliers, thus promoting the development of the local community. The main market, from the point of view of purchasing, is in Spain. 95% of the centralized purchases made in Spain are from national suppliers, with 5% from foreign suppliers. Of the total amount of purcha-

Local purchasing

Percentage of purchases made from local suppliers



Area of action	Projects	Beneficiaries	Contribution 08	Contribution 07	Variation
Education and youth activities	195	315,307	1,982,278.58	406,716	387.39 %
Art and culture	30	142,075	1,466,846.22	3,031,560	-51.61 %
Economic development	32	51,031	1,269,904.95	122,390	937.59 %
Social integration	63	33,827	691,714.08	207,957	232.62 %
Environment	20	2,925	493,212.00	132,430	272.43 %
Health	60	5,840	140,078.67	124,353	12.65 %
Humanitarian aid	10	220	85,497.24	568,362	-84.96 %
Other	85	18,374	2,031,905.01	25,849	7760.67 %
Total	**495**	**569,599**	**8,161,436.75**	**4,619,617**	

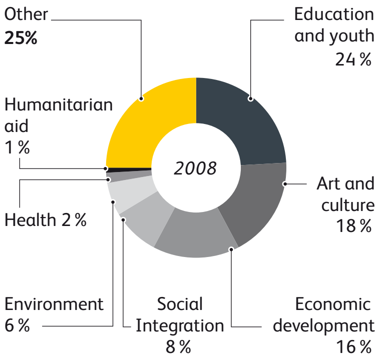
ses made in the Procurement Department for works in Spain, approximately 25% of the total purchases are compared with bids from the international market.

Local suppliers are almost fully relied upon for purchases in the other markets in which Ferrovial operates: UK (88 %), Chile (90 %), Portugal (99 %), and Ireland (93 %).

Social action

Social action projects in the Community are those projects that directly benefit the communities in which Ferrovial carries out its activities. During 2008, Community investment projects directly benefited more than 569,599 people, with a contribution per beneficiary of 14.32 euro, compared with 20 euro allocated in 2007.

Area of action

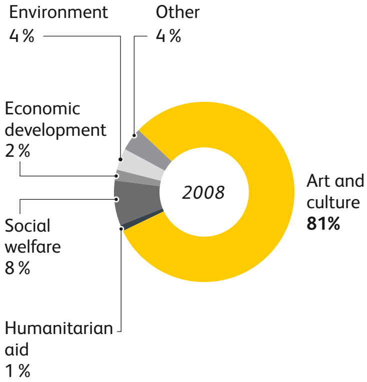


- **Education and training –** 195 projects have been carried out with schools, support for schools and education in values; development of skills and employability of young people; or collaboration agreements with universities, training programs, and the distribution of publications, among others. 315,307 people have benefited. 24% of the contributions were allocated to education projects.
- **Economic development –** 32 programs were supported, benefiting 51,031 people. 16% of the contributions were allocated to economic development projects.
- **Social integration –** 63 projects aimed at promoting entry into the job market of people at risk of social exclusion, such as unemployed young people, long-term unemployed people, and immigrants, were carried out. Initiatives or institutions that complement social services for children, the elderly, the disabled, or the poor. 33,827 people have benefited. 8% of the contributions were allocated to social integration projects.
- **Health –** The company collaborated on 60 initiatives that benefited 5,840 people. The majority of the contributions were made directly to children's or maternity hospitals, although specific donations were also made to campaigns related to cancer, leukemia, cystic fibrosis, Har Syndrome, autism, diabetes, heart diseases, or lupus, and campaigns to prevent drug abuse and promote healthy habits among young people. 2% of the contributions were allocated to health-related projects.
- **Art and culture –** Ferrovial participated in 30 projects that benefited 142,075 people. 18% of the contributions were allocated to projects related to art and culture.
- **Environment –** The company participated in 20 projects to minimize impacts (noise, CO_2), conserve the natural environment, and increase awareness of power consumption and mobility. These projects directly benefited 2,925 people. 6% of the contributions were allocated to environmental projects.

A. Spain

2.3 million euro was allocated to 51 projects of community investment, benefiting 195,000 people.

Projects in Spain



Members of the Non-profit sector

- Intermon Oxfam
- Aldeas Infantiles
- Médicos Sin Fronteras
- Fundación AMREF
- Fundación Ampans
- Fundación Integra
- Fundación Adecco
- Cooperación Internacional ONG
- Fundación Movilidad
- Fundación Conama

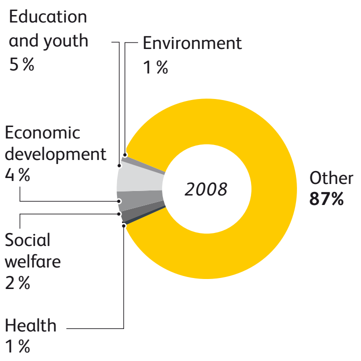
	Project	Description	Company	Partner
1	**Juntos sumamos**		• Corporation	• Ferrovial, Ferrovial-Agromán, Cintra, Servicios
2	**Improvement of healthcare services in Catalonia**	Donation to the Catalan Hospital Union	• MCI	• Catalan Hospital Union, Association of Social and Healthcare Institutions
3	**Sustainability Observatory**	The goal of the Spanish Sustainability Observatory is to stimulate changes toward Sustainability, providing society with accurate and relevant information in this regard.	• Corporation	• Universidad de Alcalá Foundation
4	**Platform for Urban and Territorial Sustainability**	Create an interactive space for knowledge, information, reflection, and that invites participation through the use of the internet.	• Cintra	• General Foundation of the Universidad de Alcalá / OSE
5	**Design of mobility strategy at the international level**	Improve mobility of people.	• Corporation	• Mobility Foundation
6	**Mobility Week**	Facilitate awareness of social actions in the area of mobility, such as Public transportation, Bike lanes, ORA System, Parking lots, etc. by the City Hall.	• Cintra Aparcamientos	• Palma City Hall
7	**27th Highway Week**	Consolidate the efforts made, especially in the last twenty years, and lay the groundwork for the future of our highways. Study of a global transition to a new model for the development and management of the roadway network.	• Ferrovial Agromán	• Spanish Highway Association
8	**"For a better world" encounter between African and Spanish women**	Fight against poverty in response to the famine that affects Africa and move forward in the fight against social inequality and discrimination.	• Corporation	• Ministry of the Office of the President
9	**Ampans Foundation**	Facilitate employment of people with disabilities within the toll road's area of influence	• Autema	• Ampans Foundation
10	**Purchase of Christmas Cards from Doctors without Borders**	Medical help for underprivileged countries	• Cintra	• Médicos Sin Fronteras
11	**Purchase of Down Art paintings**	Aid for the Down Syndrome collective	• Cintra	• Parents' Association of the Fray Bernardino Alvarez Occupational Center

	Proyecto	Descripción	Compañía	Socio
12	**Recogida de juguetes en oficinas centrales**	Facilitar juguetes a familias sin recursos.	• Cintra	• Cooperación Internacional ONG
13	**Función benéfica Circo del Sol**	Ayuda humanotaria a proyectos de Intermon en Burkina Faso y Haití.	• Cintra	• Intermón Oxfam
14	**Ayuda humanitaria para niños sin recursos**	Ayuda humanitaria para niños sin recursos.	• Cintra	• Aldeas Infantiles
15	**Un mar de posibilidades**	Desarrollo acciones conjuntas, con el Comité Olímpico Español, el Consejo Superior de Deportes y el Comité Paralímpico Español, así como con otras entidades e instituciones públicas, en las que se utiliza el deporte como herramienta de integración.	• Ferrovial Agromán	• Fundación Adecco
16	**Palau de la Música Catalana**	La Fundación Orfeó Català-Palau de la Música Catalana, es una institución destinada a fomentar la cultura musical. Sus objetivos son, en esencia, estimular y fomentar toda clase de actividades culturales, especialmente en el aspecto musical.	• Ferrovial Agromán	• Palau de la Música Catalana
17	**Miembro de Honor Fundación Orfeo Catalán de la Música**	La Fundació Orfeó Català-Palau de la Música Catalana, es una institución destinada a fomentar la cultura musical. Sus objetivos son, en esencia, estimular y fomentar toda clase de actividades culturales, especialmente en el aspecto musical.	• Ferrovial Agromán	• Fundación Orfeo Catalán
18	**Proyecto Escultórico "Panta Rei"**	Mejora de las proyectos culturales de la ciudad de Málaga.	• Ferrovial Agromán	• Ayuntamiento de Málaga
19	**Teatro Real de Madrid**	Contribución a la difusión de las actividades musicales, líricas y coreográficas.	• Ferrovial Agromán	• Fundación del Teatro Lírico
20	**Abadía de Montserrat**	Promover el arte y la cultura de un símbolo religioso de la zona de influencia de la autopista.	• Autema	• Fundación provada Abadía de Monserrat

B. United Kingdom

9.9 million euro were allocated to 359 investment projects in the community, benefiting 147,000 people. 486 volunteers participated in the projects.

Projects in United Kingdom



Main counterparts

- Hillingdon Community Trust
- VSO GlobalXchange
- Gatwick Airport Community Trust
- London Borough of Hillingdon
- Local Community Groups
- Heathrow City Partnership
- Youthnet
- Young Engineers
- Urban Futures
- Harlow Schools
- Slough Borough Council
- VSO GlobalXchange
- Fulcrum Challenge

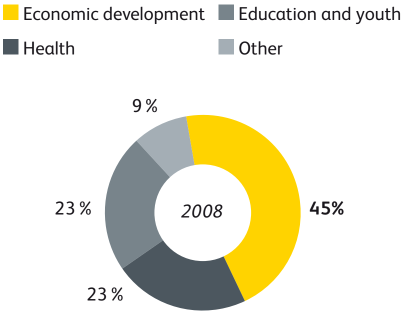
United Kingdom

	Projects	Description	Partner
1	**Hillingdon Community Trust**	Supports a range of community projects in Hillingdon	Hillingdon Community Trust
2	**Hillingdon local labor program**	Range of skill and employablity projects	London Borough of Hillingdon
3	**Noise Insulation Scheme Residential**	To provide acoustic insulation to residential buildings in the community.	8,500 homes around Heathrow
4	**Night Noise**	To provide acoustic insulation to bedrooms of residential buildings in the community.	41,000 households
5	**Community buildings Noise Insulation Scheme**	To provide acoustic insulation to noise-sensitive buildings in the community. We have developed a community-led body which is responsible for making necessary decisions involved in administering this scheme.	66 Community buildings
6	**Home Relocation Assistance Scheme**	To provide home-owners with financial assistance with the costs of moving away from areas of high levels of airport noise.	2600 households
7	**Property Market Support Bond**	To ensure that properties within the boundary can be bought and sold at normal market rates.	Approx 700 properties
8	**Home Owner Support Scheme**	To ensure that properties within the contour can be bought and sold at normal market rates.	1196 households
9	**Contribution to Heathrow City Partnership**	A range of regeneration projects in the communities closest to Heathrow	Heathrow City Partnership
10	**Slough Construction Employment project**	Assisting unemployed Slough residents to enter airport employment	Slough Borough Council
11	**Green Corridor**	Delivers range of environmental projects in areas near Heathrow	Green Corridor
12	**Heathrow Construction Training Centre**	Provides construction apprenticeships for local young people	Carillion Construction Training
13	**Workplace Coordinator project**	Helped local residents access construction jobs at Heathrow	Local employment agencies

C. United States

158,566 euro were allocated to 15 investment projects in the community, benefiting 176,000 people. 214 volunteers participated in the projects

Projects in United States



Main counterparts

- Black Creativity Exhibit
- IL Military Family Relief Fund
- After School Matters
- Indiana Troopers Association
- Art Institute and Columbia College
- Hope Ministries
- Spanish Coalition for Jobs

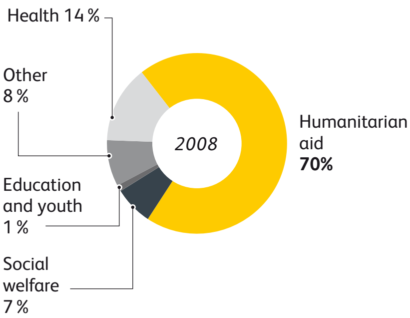
United States

	Project	Description	Company	Partner
1	**Gala Black Creativity**	Presents exhibits and related programming that recognize African-American achievements.	CHICAGO SKYWAY	Black Creavity Exhibit
2	**Chicago's Birthday Photography Contest**	Winning photograph featured on the toll plaza on the Chicago Skyway	CHICAGO SKYWAY	Art Institute and Columbia College
3	**Glam Odyssey Fashion Show**	Helps rural African Americans from the South adjust to urban living.	CHICAGO SKYWAY	Chicago Urban League
4	**Spanish Coalition For Jobs Annual Dinner**	Enhances quality of life for Latinos through educational, vocational and employment services.	CHICAGO SKYWAY	Spanish Coalition for Jobs
5	**After School Matters Performance/Dinner**	Expand out-of-school opportunities for Chicago teens.	CHICAGO SKYWAY	After School Matters
6	**ITRCC support for community groups**	Money went to support Sunshine Kids Foundation, which adds quality of life to children with cancer by providing them with exciting, positive group activities	Indiana Toll Road	Sunshine Kids
7	**ITRCC support for Little League**	Little League teams provide extracurricular activities for children and adults	Indiana Toll Road	Several institutions
8	**ITRCC support for local community development**	The St. Joe County Chamber of Commerce works to improve the surrounding community and economy through projects and new initiatives	Indiana Toll Road	The Chamber of Commerce of St. Joseph County
9	**ITRCC support for local community development**	The Greater Elkhart Chamber of Commerce works to improve the surrounding community and economy through projects and new initiatives	Indiana Toll Road	Greater Elkhart Chamber of Commerce
10	**Blue Santa Toydrive**	Help to establish good will and community relations, corporate responsibility, corporate reputation, community commitment	SH130	IRWA Chapter 74 / Blue Santa

D. Canada

300,000 euro were allocated to 12 investment projects in the community, benefiting 2,475 people. 47 volunteers participated in the projects

Projects in Canada



Main counterparts

- Jane-Finch Minor Tennis League
- United Way of York Region
- Durham Abilities Centre
- The George Hull Centre Foundation
- Chum CP24 Christmas Wish
- York University
- Leafs Fund for Kids
- Erin Mills 98 Rep A
- Vaughan Soccer Club
- City of Vaughan Hockey Association
- James Birrell Foundation/Sick Kids Foundation

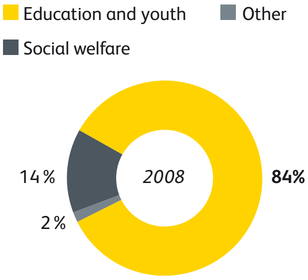
Canada. Main social projects funded by 407 - ETR

	Project	Description	Partner
1	Campaña United Way	Employees contribute via payroll deductions to the United Way which supports over 40 community-living agencies and 100 programs in York Region.	United Way of York Region
2	York University Scholarship Fund	Provides scholarship funds to deserving graduate students.	York University
3	MLSE Sponsorship	Donation is linked to 407 ETR's major sports sponsorship. Donation to Leafs Fund supports programs that improve the lives of children and youth by providing access to sports and recreation opportunities that encourage health.	Leafs Fund for Kids
4	IceWave	Funds raised support one of Canada's leading edge pediatric cancer institutes.	James Birrell Foundation/Sick Kids Foundation
5	Abilities Centre	Funds support programs that enrich the quality of life of people with special needs, and/or those who have a varying degree of abilities and challenges,	Durham Abilities Centre
6	George Hull Centre	Programs to improve children, youth and familiy's life quality.	The George Hull Centre Foundation

E. Chile

Cintra's concessionaires allocated 138,000 euro to 90 investment projects in the community, benefiting 47,417 people. 90 volunteers participated in the projects.

Projects in Chile



Main counterparts

- Neighborhood Councils and Communities
- Carabineros de Chile, Tenencia Carretera y Retenes
- Fire Departments
- Public Service Institutions
- Universidad de Concepción
- 59 schools near the toll road
- Sala Cuna de la Comuna de Cabrero
- San Clemente, San Rafael, and Pelarco Rodeo Club

Chile

	Project	Description	Company	Partner
1	**"If we see each other, we protect each other") Road Safety Campaign**	Protect children, adolescents, and students who travel on our road against accidents.	Autopista del Bosque	8 schools near the Route
2	**Carabineros de Chile. (joint support)**	Facilitate the organization's work.	Autopista del Bosque	Carabineros de Chile, Tenencia Carretera y Retenes
3	**Fire Department (joint support)**	Facilitate the organization's work.	Autopista del Bosque	3 Fire Departments near the Route.
4	**1st Company of Fire Fighters of Bulnes**	Facilitate the organization's work.	Autopista del Bosque	1st Company of Fire Fighters of Bulnes.
5	**Villa El Sol Committee**	Improve the quality of life of residents. (safer)	Autopista del Bosque	Neighborhood community
6	**Concessions week**	Provide information to the community regarding the concessions	Autopista del Bosque	Universidad de Concepción Students
7	**Activity with Pre-School Education Community**	Improve quality and facilitate education for pre-school children.	Autopista del Bosque	Sala Cuna de la Comuna de Cabrero
8	**Participation in Christmas festivals**	Improve the quality of life of residents.	Autopista del Bosque	Neighborhood community
9	**"Be everyone's hero" Highway Safety Campaign. Route 5 South**	Learning to use the new road infrastructure safely.	Autopista del Maipo	21 schools near Route 5 South
10	**"Be everyone's hero" Highway Safety Campaign. Route 5 South**	Learning to use the new road infrastructure safely	Autopista del Maipo	14 schools near the South Access
11	**"When I take care of the environment, I take care of myself" Values Workshop**	Strengthening children in their values, self-esteem, respect for their immediate environment, and the new works.	Autopista del Maipo	3 schools near the South Access
12	**Physical conditioning workshop for senior citizens**	Senior citizens from the area receive instruction on physical activities suitable for their condition and guidelines to continue exercises at home, which helps improve their health.	Autopista del Maipo	Neighborhood community
13	**"Expresarte" Values Workshop**	Strengthening adolescents in their values, self-esteem, respect for their immediate environment, and the new works.	Autopista del Maipo	1 school near the South Access.
14	**Pastry-training workshops in Alianza with Carozzi**	Incorporate a new work tool that expands employment options	Autopista del Maipo	Neighborhood councils

Chile

	Project	Description	Company	Partner
15	**Specialized workshop in chocolate confection in Alianza with Empresas Carozzi.**	Incorporate a new work tool that expands employment options	Autopista del Maipo	Students at the polytechnical school
16	**Training workshops for basic electrical and gas fitting, in Alianza with Sodimac.**	Incorporate a new work tool that expands employment options	Autopista del Maipo	Neighborhood councils
17	**5 jogging and bicycle biathlons**	Opportunity for recreation through family sports activities. Encourages a healthy lifestyle in an area of high social risk	Autopista del Maipo	Neighborhood community
18	**Participation in the COPSA exhibit on Highway Safety**	Community awareness of the concession system	Autopista del Maipo	Students at the Elisa Valdés school
19	**Family Road Race for Women's Day**	Opportunity for family sporting activity and recognition of women – neighbors. Encourages a healthy lifestyle in an area of high social risk.	Autopista del Maipo	Neighborhood community
20	**Participation in Christmas festivities in neighborhood associations.**	Recreation at the family level	Autopista del Maipo	Neighborhood councils
21	**Pilot Plan for the National Museum of Natural History**	School children acquire scientific knowledge to reinforce what they learn in school.	Autopista del Maipo	2 schools near the South Access.
22	**Campaign to support schools to implement elements for studying**	Improve conditions of establishments to make them more comfortable and attractive to students, as well as to teaching and administrative staff.	Ruta de la Araucanía	Neighborhood community
23	**Contributions to different public service institutions**	Optimize the services provided by the different community institutions.	Ruta de la Araucanía	Public Service Institutions
24	**Contribution to neighbors in the community near the concession route.**	Contribute to the beautification of the town of PUA, in addition to the satisfaction of contributing to sectors with few resources in the region.	Ruta de la Araucanía	PUA Neighborhood Council
25	**School infrastructure improvement campaign**	Improve conditions of establishments to make them more comfortable and attractive to students, as well as to teaching and administrative staff.	Ruta de los Ríos	Educational Institutions
26	**Campaign to support schools to implement elements for studying**	Graduation of students to better confront the challenges of mid-level and advanced education.	Ruta de los Ríos	Educational Institutions
27	**Contributions to different public service institutions**	Optimize the services provided by the different community institutions.	Ruta de los Ríos	Public Service Institutions
28	**Highway Safety Campaign**	Reduce traffic accidents where pedestrians are involved	Ruta de los Ríos	Educational Institutions
29	**"Learning to take care of ourselves" Highway Safety Campaign**	Create awareness and consciousness of proper use of the highway. Reduce accident rates between pedestrians and cyclists.	Talca Chillán	68 schools near the highway

Assurance

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A free translation from the original in Spanish. In the event of a discrepancy, the Spanish language version prevails.

INDEPENDENT REVIEW REPORT

To the Management Committee of Grupo Ferrovial, S.A. (hereinafter Grupo Ferrovial):

Scope of our work

We have reviewed that the chapter on Corporate Responsibility Corporate Responsibility within the Annual Report 2008 of Grupo Ferrovial, adheres to the principles of inclusivity, materiality and responsiveness set out in AccountAbility Principles Standard 2008 (AA 1000 APS). Additionally we have reviewed the Corporate Responsibility Corporate Responsibility indicators included on page 300 of that report.

The preparation of the chapter on Corporate Responsibility in 2008 as well as the contents included within the chapter is the responsibility of Grupo Ferrovial management, which is also responsible for designing, adapting and maintaining the internal control systems from which the information has been obtained. Grupo Ferrovial has also developed the bases and criteria for the preparation of the above-mentioned Corporate Responsibility indicators, details of which are presented on pages 301 and 302 of the Grupo Ferrovial Annual Report for 2008. Our responsibility is to issue an independent report based on the procedures applied in our review.

Criteria and Standards followed to carry out the revision

We have undertaken our work in accordance with Standard ISAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). We have also taken into consideration the Guidelines on reviews for Corporate Responsibility Reports issued by the Spanish Institute of Chartered Accountants (Instituto de Censores Jurados de Cuentas de España). In addition, we have applied Assurance Standard 2008, (AA1000 AS) to provide moderate assurance on the application of the principles established in Standard AA 1000 APS (2008) and the Corporate Responsibility performance indicators described on page 300 of Grupo Ferrovial's Annual Report for 2008 (moderate assurance type 2). The other indicators included in the chapter on Corporate Responsibility in said report have not been revised.

Our review consisted of posing questions to the Management and units of Grupo Ferrovial which participated in the preparation of the chapter on Corporate Responsibility 2008, as well as the application of certain analytical procedures and sample-based testing, an overview of which is described below:

- Interviews with Grupo Ferrovial personnel in order to understand the management approach applied as well as to obtain the necessary information for the external review.
- Analysis of the processes used in compiling and validating the information presented in the table of Corporate Responsibility indicators described on page 300.
- Review the results obtained from the dialogue process with its stakeholders and analysis of public information on issues relevant to Grupo Ferrovial.
- Review of activities related to identifying and considering stakeholders carried out during the year, based on Grupo Ferrovial's understanding of its stakeholders' requirements.
- Analysis of whether the contents of the chapter on Corporate Responsibility in the 2008 Annual Report are in line with the principles of inclusivity, materiality and responsiveness established by Standard AA1000APS (2008).

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PRICEWATERHOUSECOOPERS

- Revision, through sample-based testing reviews, of the quantitative information regarding the Corporate Responsibility indicators described on page 300 of the Annual Report for 2008, established in accordance with the bases and criteria indicated on pages 301 and 302, and whether they have been properly compiled on the basis of the data provided by Grupo Ferrovial's information sources.

The scope of a review is substantially lower to that of a reasonable assurance engagement, hence, accordingly, provides lower assurance. Under no circumstances can this report be construed as an audit report.

Independence
The engagement has been carried out by a team made up of specialists in sustainability with experience in reviewing reports of this kind. We have performed our work in accordance with the independence rules laid down by the Code of Ethics of the International Federation of Accountants (IFAC).

Conclusion
On the basis of the results of our review, nothing has come to our attention that causes us to believe that the 2008 Corporate Responsibility chapter in the 2008 Annual Report of Grupo Ferrovial has not been prepared, in all material respects, in accordance with the principles of inclusivity, materiality and responsiveness established by Standard AA 1000 APS (2008) and that the related Corporate Responsibility indicators included on page 300 of said Annual Report, have not been prepared in accordance with the bases and criteria described on pages 301 and 302 of said report, or that they contain significant errors.

Recommendations
Additionally, through the review process carried out, some observations and recommendations regarding areas for improvement in the management of Corporate Responsibility and the application of the principles of inclusivity, materiality and responsiveness have arisen. The following is a summary of the most significant recommendations, which, in any event, do not change the conclusions expressed in this report.

Inclusivity
In FY 2008, Grupo Ferrovial has continued the process initiated in 2007 to involve their stakeholders. Amongst other outstanding initiatives, in 2008 an Employee Satisfaction Survey was undertaken and a Global Main Ferrovial Stakeholders (MFS) study was launched to obtain greater knowledge about their stakeholder's perceptions and expectations. Moreover, a new internal channel for formal complaints has been implemented. For FY 2009, and in accordance with their explicit commitment to transparency and continuing improvement of their communication channels, it is recommended that Grupo Ferrovial continues in this direction in all countries where it is present. For this reason, it will be particularly important to make progress on the objective included in the Corporate Responsibility chapter of their Annual Report for FYs 2009-2010 in order to promote the Main Ferrovial Stakeholders (MFS) program, an initiative to build a new permanent communications and dialog system with their key stakeholders globally.

Materiality
In 2007 the board of directors of Grupo Ferrovial approved the Corporate Responsibility policy. Furthermore, it defined the Corporate Responsibility strategy included in the document 'From responsibility to commitment' among other significant milestones that have consolidated the Group's progress in sustainability management. In FY 2008, the definition of relevant issues has been updated to incorporate new consultation tools for the above-mentioned stakeholders. The Group's growth in recent years, the diversity of business areas which it faces and the specific context of some countries in which it is present (e.g. United Kingdom) suggest that Grupo Ferrovial should continue advancing in the systematic revision and prioritisation of relevant issues at both corporate and local level, and in consequence, in the definition and alignment of its key corporate responsibility indicators with the identified material issues.

(2)

Responsiveness
In recent years Grupo Ferrovial has undergone important changes in size and performance areas which have led to a review of its relevant issues. In FY 2008, considerable progress has been made in new corporate initiatives such as the new definition of corporate values, the creation of a new corporate risk management, the approval of a new quality and environmental global policy and other actions described in the Corporate Responsibility chapter. These initiatives will result in a closer alignment of the Group's companies in relation to principles, policies and corporate strategies and consequently to its response capacity with its stakeholders. Therefore it is recommended that in 2009 Grupo Ferrovial should continue advancing in its effort to consolidate these global initiatives in each of the countries in which it is present.

In relation to the process for designing the indicators, the Grupo has strengthened the coordination mechanisms among the different areas involved in the process and has substantially improved transparency with respect to the scope of the indicators set out in the Corporate Responsibility chapter. However, in 2009 the Group should continue to make progress in the key indicators selection criteria, the progressive inclusion of the whole Group and the subsequent independent review of those criteria, in accordance with the definition of the relevant issues.

PricewaterhouseCoopers Asesores de Negocios, S.L.

Guillermo Massó
Partner

28 April 2009

(3)

Indicators

	TOTAL	Business Volume (*)
1 Ethics integration		
Proposals in the Suggestions Box	85	◑
Comments in the Suggestions Box	42	◑
Formal complaints in the Suggestions Box	18	◑
2 Human rights		
Number of women forming part of the workforce	38,055	●
Percentage of women among the newly incorporated	39.41 %	●
Number of women among the newly incorporated	1,644	●
Number of women at a management level	415	●
3 Dialogue with stakeholders		
Number of meetings with investors and analysts at a corporate level	494	●
Numbers of calls received by the Shareholder Service at a corporate level	759	●
Communications received by the Suggestion Box	145	◑
Employees with access to the corporate intranet	5,858	●
People surveyed on their perception of Ferrovial	1,352	◑
4 Environmental impact		
EPI (monthly values for 2008)	68	◑
Percentage of net sales with ISO 14001 standard-compliant management plans	57 %	●
5 Human capital		
Average length of service of employees	6.44	●
Percentage of employees satisfied with their jobs according to the Employee Satisfaction Survey	71 %	●
Number of Employee Satisfaction Surveys distributed	12,901	●
Number of surveys answered by the total number of distributed Employee Satisfaction Surveys	7,550	●
Number of applications to work for Ferrovial (Infojobs)	177,158	◑
Percentage of employees that receive performance assessments and professional development (Spain)	68.27 %	◑
6 Health and safety		
Incidence Index	95.20	◑
Frequency Index	58.68	◑
Severity Index	1.06	◑
7 Quality and innovation		
Percentage of ISO 9001 standard-compliant activities	67 %	●
Number of external complaints received	3	●
Client satisfaction	3.9	●
8 Supply chain		
Number of standardised suppliers or those evaluated with quality and environmental criteria	1,596	◑
9 Investment in the community		
Investment in the community	4,496,484	◑

0-25 % ◔ 25-50 % ◑ 50-75 % ◕ 100 % ●

(*) This information was provided by Grupo Ferrovial S.A. to clarify the parameter of the verified indicators according to the applicable business volume for each indicator and is not part of the scope of review conducted by PricewaterhouseCoopers.

Indicators

		2008
1	**Ethics integration**	
	Proposals in the Suggestions Box	Number of proposals with regards to corruption made by employees and posted into Suggestion Boxes of Grupo Ferrovial S.A. during 2008.
	Comments in the Suggestions Box	Number of comments with regards to corruption made by employees and posted into Suggestion Boxes of Grupo Ferrovial S.A. during 2008.
	Formal complaints in the Suggestions Box	Number of formal complaints with regards to corruption made by employees and posted into Suggestion Boxes of Grupo Ferrovial S.A. during 2008.
2	**Human rights**	
	Number of women forming part of the workforce	Total number of women forming part of the workforce of Grupo Ferrovial S.A. during 2008.
	Percentage of women among the newly incorporated	Percentage of women among the newly incorporated by Grupo Ferrovial S.A. in 2008.
	Number of women among the newly incorporated	Number of women among the newly incorporated by Grupo Ferrovial S.A. in 2008.
	Number of women at a management level	Number of women that hold management level posts in Grupo Ferrovial S.A. in 2008.
3	**Dialogue with stakeholders**	
	Number of meetings with investors and analysts at a corporate level	Number of meetings with investors and analysts held by Grupo Ferrovial S.A. companies quoted on the stock exchange in 2008.
	Numbers of calls received by the Shareholder Service at a corporate level	Number of calls received by the Shareholder Service Department in relation to Grupo Ferrovial S.A. companies quoted on the stock exchange in 2008.
	Communications received by the Suggestions Box	Number of communications received in the Suggestions Box (suggestions, complaints and comments) from employees of Grupo Ferrovial S.A. during 2008.
	Employees with access to the corporate intranet	Number of employees with access to the corporate intranet as of December 31, 2008.
	People surveyed on their perception of Ferrovial	Number of people surveyed in Spain about Grupo Ferrovial S.A. and its subsidiary and associated companies in Spain, through the RepTrak study in 2008.
4	**Environmental impact**	
	EPI (monthly values for 2008)	"Average of the monthly values of the index on the global environmental behaviour of construction activity by FERROVIAL AGROMÁN, S.A., COMPAÑÍA DE OBRAS CASTILLEJOS, S.A., FERROVIAL CONSERVACIÓN, S.A. (FERCONSA) and the UTE between these companies and third parties, whenever the object of the UTE is construction activity and the company belonging to GRUPO FERROVIAL has recognised responsibility in the environmental management of the work in Spain. It is based on a mathematical algorithm validated by the Rey Juan Carlos University and recognised by the Alfonso Martín Escudero/UNESCO Chair in the Environment. The description of the indicator is specifi ed at www.canalconstruccionsostenible.com. The following are the calculation criteria for the variables: - Weighted assessment of environmental impacts caused by works. - Percentage of works under construction with environmental objectives, which are those established by the Company itself, in addition to those in technical specifications sheets. Works under construction are defined as those with a percentage of execution (annual average) between 10% and 85%. - Amount suggested in environmental infringement proceedings."
	Percentage of net sales with ISO 14001 standard-compliant management plans	Percentage of net sales with ISO 14001 standard-compliant management plans in 2008, compared with the consolidated revenue from each company in accordance with Grupo Ferrovial's Consolidated Annual Accounts.
5	**Human capital**	
	Average length of service of employees	Average number of years that employees from Grupo Ferrovial S.A. remain working for the company.
	Percentage of employees satisfied with their jobs according to the Employee Satisfaction Survey	Percentage of employees satisfied with their jobs in the Employee Satisfaction Survey of the employees undertaken by an external consultant in 2008 for all Group's subsidiaries.
	Number of Employee Satisfaction Surveys distributed	Number of Employee Satisfaction Surveys distributed by an external consultant.
	Number of surveys answered by the total number of distributed Employee Satisfaction Surveys	Number of serveys answered by the total number of distributed Employee Satisfaction Surveys, undertaken by an external consultant.
	Number of applications to work for Ferrovial (Infojobs)	Number of candidancies received, from the recruitment agency Infojobs, to work for Grupo Ferrovial in Spain during 2008.
	Percentage of employees that receive performance assessments and professional development (Spain)	Percentage of employees of Grupo Ferrovial in Spain that receive performance assessments and professional development during 2008.

Indicators

	2008
6 Health and safety	
Incidence Index	Number of accidents which occurred during the working day or on the way to and from work for every thousand workers exposed in Grupo Ferrovial S.A and its subsidiary and associated companies in Spain in 2008. It is based on the formula: II = total number of accidents involving days away from work which occurred during the working day (including on the way to and from work) x 10^3 /average number of workers.
Frequency Index	Number of accidents which occurred during the working day or on the way to and from work for every thousand workers exposed in Grupo Ferrovial S.A and its subsidiary and associated companies in Spain in 2008. It is based on the formula: II = total number of accidents involving days away from work which occurred during the working day (including on the way to and from work) x 10^3 /average number of workers.
Severity Index	Number of working days lost as a result of accidents which occurred during the working day or on the way to and from work for every 1000 hours worked in Grupo Ferrovial S.A and its subsidiary and associated companies in Spain in 2008. It is based on the formula: SI = number of working days lost per year (including on the way to and from work) x 10^3 / number of real hours worked (theoretical hours worked minus hours lost by A.W. including on the way to and from work).
7 Quality and innovation	
Percentage of ISO 9001 standard-compliant activities	Percentage of ISO 9001 standard-compliant activities in 2008 compared with the consolidated revenue of each company in accordance in accordance with Grupo Ferrovial's Consolidated Annual Accounts.
Number of external complaints received	Number of external complaints received in corporate HQ about Grupo Ferrovial S.A. or its subsidiaries and associated companies.
Client satisfaction	Level of client satisfaction of Grupo Ferrovial, measured on a scale of 1-5.
8 Supply chain	
Number of standardised suppliers or those evaluated with quality and environmental criteria	Number of standardised suppliers or those evaluated with quality and environmental criteria according to a series of factors relevant to Ferrovial Agromán S.A. (except for Chile and the Dominican Republic) as of December 31, 2008.
9 Investment in the community	
Investment in the community	Amounts settled by Grupo Ferrovial S.A. including: obligatory contributions of 1% of the total public works budget to conservation works on Spanish Historic Heritage by infrastructure concessions, investments in collaboration with the community to support social initiatives, investments carried out to improve the business activity and occasional contributions carried out in the community.

Reporting principles

The present Corporate Responsibility Report endeavors to offer balanced, reliable information on Ferrovial performance in the material issues raised by stakeholders. In this way, this document has been compiled in compliance with the AA1000AS Standard and uses the third version of the Global Reporting Initiative (GRI) Guidelines as a reference.

A. THE AA1000 STANDARD

For the second consecutive year, the Corporate Responsibility Report has applied the principles of the AA1000 Standard, a key tool for aligning information presented in reports with stakeholder expectations. This new feature affects the report's structure, which now includes an expanded section on stakeholder relations.

The AA1000 Standard is based on three fundamental pillars:

- Relevance. This means that the information included in the report is needed by stakeholders, i.e., it ensures reporting on all those «material» aspects that could influence stakeholder decisions or actions if omitted or distorted.
- Exhaustiveness. This analyses the extent to which the reporting organisation can identify and cover material aspects of its sustainable performance and present sufficient information in terms of quality and amount.
- Capacity for response. This means reporting on the capacity to respond to stakeholder expectations.

B. THE GRI3 GUIDES

This report is based on the third version of the Global Reporting Initiative (GRI) Guidelines, which includes a series of criteria and indicators that aim to define a report's content, scope and coverage, as well as ensure the quality of the information disclosed. A GRI index is presented in the final part of the Corporate Responsibility section of this report.

Ferrovial self-rated this Report as B level, according to GRI guideline requirements.

The following are among the principles on which the GR13 is based:

- Principles for defining content
  - Materiality
  - Stakeholder participation
  - Context of sustainability
  - Exhaustiveness
- Principles for defining the quality of reports
  - Balance
  - Comparability
  - Accuracy
  - Regularity
  - Clarity
  - Reliability

As regards the principles underpinning reporting content, Ferrovial's activities are described in the specific sections on materiality, stakeholder dialogue and principles for sustainable development.

A series of measures were applied during 2008 to ensure the quality of this report:

- The implementation of a Corporate Responsibility Information System at Ferrovial (see the section on the Information Consolidation Process) that allows clear, reliable, regular, comparable and accurate information to be obtained.
- Ferrovial hosted a Stakeholders' Dialogue Forum with its Stakeholders last 12th February 2008 in which representatives of several interest groups were asked to share their opinions on the rough draft of the Corporate Responsibility Report 2007, based on the following GRI3 principles. Experts shared their opinions with the department directors involved in managing Ferrovial's corporate responsibility actions. This annual report includes 60% of these non-binding recommendations.

Scope of the information

Ferrovial's information boundaries take in the companies and any other form of association in which it is a majority shareholder or in charge of managing. It also includes all companies that generate significant impacts on sustainability.

Ferrovial comprises the parent company Ferrovial, S.A. and its subsidiaries and the associated companies through which the Company conducts business in the following divisions:

Airports – One of the leading companies in this area is BAA Plc, a British firm that holds the titles to seven UK airports and other business assets through investee companies. After selling Belfast City Airport, Ferrovial also owns one airport out of BAA boundaries: Aeropuerto Cerro Moreno Sociedad Concesionaria, S.A..

Toll roads and Car parks – This includes developing, financing, executing and operating toll road and car park projects,, and is conducted primarily by two companies: Cintra, S.A. and Cintra Aparcamientos, S.A., which are associated with the following companies: Dornier, S.A., Sociedad Unipersonal, Femet, S.A., Autopista del Sol, C.E.S.A, Autopista Terrasa Manresa, S.A., Autopista Madrid Sur C.E.S.A., Autopista Madrid Levante, C.E.S.A., Autopista M-203 Alcalá-O'Donnell, S.A., Cintra Portugal, Cintra Chile Limitada, 407 International Inc., Eurolink Motorway Operation, Ltd. N4/N6 (M4), Eurolink Motorway Operations (M3) Ltd, Cintra Texas Corp Skyway Concession Co.LLC, ITR Concession Company, Nea Odos Sociedad Anónima Concesionaria and Ionian Road.

Services – Ferrovial Servicios S.A. is the parent company in this division, which is divided into the following business areas:

- Maintenance and upkeep of infrastructures, buildings and facilities. Conducted by Amey, Plc. in the UK and Grupisa, S.A. in Spain.

- Airport handling. Conducted by the Swissport Group.
- Facility Management. Handled primarily by Ferrovial Servicios S.A., Eurolimp in Spain.
- Urban services and waste treatment. Fundamentally handled by Cespa, S.A., Ecocat S.L. (IP) and Cespa Portugal S.A.

Construction and execution – of all kinds of public and private works both in Spain as well as abroad, fundamentally conducted by Ferrovial Agromán, S.A., this business division's flagship company. The following are responsible for some of this division's most salient activities: Construcción España (Ferrovial Agromán, S.A., Compañía de Obras Castillejos, S.A., Edytesa, S.A., Técnicas del Pretensado y Servicios Auxiliares, S.L., Ferrovial Conservación, S.A., Ditecpesa, S.A.). Some of the more noteworthy international construction activities included those in Poland conducted by Budimex, S.A. and its subsidiaries, Ferrovial Agromán Canada, Inc, Ferrovial Agromán Chile, S.A., Ferrovial Agromán US Corp, Ferrovial Agromán Irlanda Ltd, Ferrovial Agromán Portugal, S.A., and Webber. Other activities within this division are: construction in the United Kingdom (Ferrovial Agroman UK, Ltd) and industrial construction (Cadagua, S.A., Boremer, S.A., Cadagua Portugal, S.A., Cadagua Chile, S.A., and Cadagua Polonia, S.A.).

Real estate – Ferrovial Group sold its shares in Ferrovial Inmobiliaria S.A. in 2006, however it continues to be active in the Polish real estate market through its subsidiary Budimex Nieruchomosci Inwestycje Sp. Zo.o, a company jointly owned in equal parts by the Ferrovial Group and Budimex. Corporate responsibility data has not been compiled by this company since 2007.

Should the scope of the information provided in the Annual Report be less than that of the group total, it will be indicated at the foot of the page.

Information consolidation process

Since 2007 Ferrovial has a system for reporting and consolidating corporate responsibility information.

This system helps improve the quality of the information and facilitate compiling information for internal and external reporting, e.g., the Annual Report, sustainability indices (Dow Jones, FTSE4Good, etc.), the United Nations Progress Report and other observatories or barometers that are kept informed of the activity developed. It also helps the reputed third parties that need the traceability of these indicators to verify them.

Reporting at the corporate level was chosen as the appropriate method to compile information on the Group's Corporate Responsibility. This level of reporting means working via two means: geographically, encompassing all of Ferrovial's subsidiaries worldwide, and also by business areas, which encompass all of Ferrovial's divisions - construction, services, toll roads, car parks and airports. This means that the data collected can be cross-referenced to obtain the information needed.

The reporting process has several stages: data introduced by users from their own companies, then the information passes though several validation phases until it is verified and consolidated in the end.

Information is collected from 150 users from 100 companies (only companies with activities excluding vehicle companies). Consolidated information is collected on approximately 96 indicators in all. The consolidation criteria used by the system has not been modified with regard to previous years. All the companies have reported their indicators on Social Corporate Responsibility by December 2008.

Reformulation of information presented

The consolidated information reflected in this report may display significant variations in terms of comparability, because of the wider scope of coverage. Especially significant was the incorporation of BAA's data, which was not reported in the 2006 report, and the greater amount of information from Swissport that has been incorporated.

The principles in GRI3 and the AA1000AS Standard were used as the basis for information presentation, which is why the scope of indicators is wider. It also determines the absence of historical data of some indicators.

Stakeholders participation in the Annual Report

In 2008 Ferrovial hosted a Stakeholders Forum with the objective of discussing the structure and contents of the Corporate Responsibility Annual Report and obtaining their recommendations. For this purpose, three meetings were held in Madrid between January and July 2008.

- Workshop (introductory meeting): 01/22/2008

- Stakeholders Forum: 02/12/2008
- Conclusions Meeting: 07/09/2008

The selection criteria of stakeholders participating in this Forum were based on Ferrovial's material issues : labor aspects, suppliers, quality, corporate communication and dialogue with stakeholders, environment, reporting process and relations with the community.

Materiality

Stakeholders demands were considered in order to review the materiality matrix. This information were obtained by the means of opinion polls to:

- 100 press, radio, TV and Internet journalists.
- 50 politicians of different administrative levels: Parliament, Senate, mayor's offices, Spanish Government and Autonomous Regions.
- 50 executives and business people.
- 25 financial analysts.
- 25 opinion leaders.
- 1,000 people with knowledge of Ferrovial, following the Rep Trak model, which interprets corporate reputation according to seven dimensions: Products, Workplace, Governance, Leadership, Innovation, Citizenship, Finances. These dimensions are composed of 26 attributes weighted according to the sector, company and stakeholder analyzed.

Ferrovial has undertaken for the first time the study Global MFS, based on an online opinion surveys of 100 relevant stakeholders (60% from Spain and 40% from United Kingdom) conducted through a forced choice list of attributes referring the Company's Corporate Responsibility. The aim of this survey is to determine the relative weight (relevance) that every attribute has for the stakeholders. The study recognizes four dimensions of corporate responsibility, that match up with four of the seven dimensions of RepTrak: Government, Offer, People and Citizenship.

- Media clipping. Analysis of 300 news published between January and October 2008 on the Internet. The objective of this analysis is to understand the maturity of corporate responsibility material issues in the public opinion.
- Competitor benchmarking: In September 2008, an analysis was carried out on the annual reports of Ferrovial's main competitors, and a comparison of the issues considered by them. The companies selected to be analyzed were those that form part of DJSI World 2008 index: Acciona, Balfour Beatty, FCC, ACS, Hochtief and Vinci.

Independent verification

The Independent Review Report in the Corporate Responsibility Report was produced by PriceWaterhouseCoopers and based on the principles of materiality and the reliability of its most relevant indicators.

The review was conducted in accordance with the materiality criteria in the AA1000AS Standards issued by Accountability, the Institute of Social and Ethical Accountability.

Verification work was conducted according to the standards and procedures set out in ISAE 3000 Assurance Engagements other than Audits on Reviews of Historical Information within the International Framework for Assurance Engagements.

Glossary

- **AA1000 AS (AA1000 Assurance Standard)**
  Standard of general application, issued on March 2003 by the Institute of Social and Ethical Accountability (United Kingdom), to assess, demonstrate and strengthen credibility and quality of the competency report. It is a voluntary standard but it is extended to and followed by several experts in CR report verification.
- **Accessibility**
  Condition that all environments, processes, goods, products and services, as well as objects or instruments, tools and devices should meet in order to be comprehensible and usable for everybody, autonomously and in conditions of safety and comfort.
- **Analyst**
  Entity that writes reports about Grupo Ferrovial describing its performance in different aspects, usually summarized with a rating index.
- **Association**
  Group of individuals that voluntary adheres an agreement to create an organization looking for an objective.
- **Bimodal vehicle**
  Hybrid Vehicle combining an electric engine and a diesel engine.
- **Biodegradable waste**
  Waste that can decompose aerobically or anaerobically, such as garden waste, paper and cardboard.
- **Biodiesel**
  Synthetic liquid biofuel obtained from natural lipids such as vegetable oils or animal fats.
- **Biomass**
  Organisms dead recently or their metabolic wastes.
- **CAMM**
  Computer Aided Maintenance Management Software applied to the maintenance of water facilities.
- **CDW (Construction and Demolition Waste)**
  This includes hazardous waste, non-hazardous waste and non-hazardous inert waste.
- **CFC (chlorofluorocarbon)**
  Greenhouse effect gases included in Montreal Protocol of 1987 and used in refrigeration, air conditioning, packaging, insulation, solvent or propellant for aerosol. As they are destroyed in the low atmosphere, they move to the high atmosphere where, in proper conditions, decompose ozone. Source: IPCC (Intergovernmental Panel on Climate Change).
- **Child Labor**
  Any systematic economic activity, whether paid or not, carried out by children under the age of 14 who are forced by people or circumstances to meet their own needs or those of their family, which impedes their full physical, mental and intellectual development.

- **CNG**
  Compressed natural gas.
- **Competitor**
  Company that performs the same activity and shares the same market.
- **Composting**
  Biological aerobic process, in which microorganisms act on rapidly biodegradable material (plant remains, animal excrement and urban waste), to produce compost.
- **Corporate Governance**
  System directing the control and management of a company. Group of principles and performance rules that guide the company's way of doing business and the relationship with its stakeholders.
- **Corporate reputation**
  This is the recognition that the stakeholders of a company give to its corporate performance, taking into account the level of fulfillment of their commitments with customers, employees, shareholders and the whole community.
- **Development**
  Consists of applying the results of research or any other type of scientific knowledge for the manufacture of new materials or products, the design of new production processes or systems or the substantial technological improvement of existing materials, products, processes or systems.
- **Disability**
  Restriction or absence (due to a deficiency) of the ability of performing an activity in the way or inside the margin considered normal for any person. Source: WHO (World Health Organization).
- **Eco-efficiency**
  Term introduced in 1992, in a publication called «Changing Course» to describe a way to produce economically profitable goods and services, reducing the ecological impact at the same time. Source: Business Council for Sustainable Development (BCSD).
- **EIA**
  Environmental Impact Assessment.
- **EMAS (Environmental Management and Audit System)**
  Voluntary tool that enables the assessment and improvement of the environmental performance of an organization as well as the dissemination of proper information to any interested party. The objective of this system is to promote an ongoing improvement of the environmental performance of organizations.
- **Employee**
  Person who is part of Ferrovial's workforce or of one of its subsidiaries.
- **Environmental impact**
  Any change to the environment, whether beneficial or adverse, as a result, wholly or in part, of the activities, products and services of an organization, according to UNE-EN ISO 14001.
- **Ethical rating agency**
  Companies of analysis and ethical rating that provide the market with information about the corporate social responsibility performance of the main quoted companies.
- **FREE System**
  Centralized system for rotation parking, consisting of control equipment which lists free parking places in real time and on the internet.
- **FSC (Forest Stewardship Council)**
  The only certification system to receive the recognition of a large number of institutions, companies and ecological and socially responsible organizations on a global scale. Wood based products bearing the FSC certificate have been extracted and processed in accordance with ecological, sustainable, socially fair and responsible criteria.
- **GIS Platform**
  Geographic Information Systems.
- **GPS**
  Global Positioning System.
- **Greenhouse gases**
  Contaminating gases released into the atmosphere as a result of the incineration of fossil fuels and other resources, which worsen the greenhouse effect (effect recognized as the principal cause of global climate change). These gases include CO_2, CH_4, N_2O, HFCs, PFCs, SF_6 and other CO_2 equivalents. They are controlled under the Kyoto Protocol.
- **Handling**
  Activities involving the handling of luggage and goods in ports and airports.
- **Hazardous waste**
  Waste that according to its characteristics of corrosiveness, reactivity, explosiveness, toxicity, flammability and infectiousness, could be a risk for the public health or cause adverse effects in the environment.
- **IATA (International Air Transport Association)**
  Instrument for co-operation between airlines, promoting safety, reliability, trust and economy in air transport to the benefit of consumers around the world.
- **IDAM**
  Seawater Desalination Installation
- **IMADE**
  Madrid Institute of Development Service Network for the Development and Creation of Businesses.
- **Innovation**
  Activity whose result is a technological advance in obtaining new products or production processes and substantial improvements to existing ones.

- **Intangible assets**
Non-material goods that can be managed and give value to the company as trade, image, reputation, know how, abilities and motivation of employees, etc.
- **ISO (International Standardization Organization)**
International non governmental organization composed by representatives of national normalization entities, producing international industrial and commercial rules.
- **ISPA (Instrument for Structural Policies for Pre-Accession)**
Financial instrument for environmental projects that enable the application of European directives requiring major investment.
- **ISO**
Regulation established by the International Standard Organisation.
- **ISO 9001**
Quality management system.
- **ISO 14001**
Environmental management system.
- **LNG**
Liquefied Natural Gas.
- **Materiality**
Principle that determines the information contained in the CR or sustainability annual report of an organization. According to the materiality, the report should include aspects and indicators showing significant social, environmental and economical impacts for the company or those impacts that could substantially influence in the assessments or decisions of their stakeholders. Occupational disease. In Spanish law, an occupational disease is understood as one that is not a workplace accident or a professional disease.
- **Occupational risks**
According to Spanish Law 31/1995 of 8th November about Occupational Heath and Safety, this is the possibility for a worker of suffering an injury as a consequence of his work. To rate a risk in terms of seriousness, it is necessary to quantify the probability as well as the severity of it.
- **OSHAS 18001**
Specification that establishes the requirements to set up an Occupational Safety and Health Administration System in any company. This system enables the control of labor risks and the improvement of the performance in this area.
- **ORA**
Parking Regulations Ordinance.
- **Partner**
Company associated with Ferrovial in a certain business, generally sharing risks and profits.
- **PFI**
Private Finance Initiative.
- **PPP (Public Private Partnership)**
Co-operation between the public authorities and private businesses to guarantee the financing, construction, renewal, management or maintenance of an infrastructure or the provision of a service.
- **Purchasing needs**
Total number of purchases and contracts of more than 3,000 euro made in a year.
- **R&D&I**
Research, Development and Innovation
- **Research**
Original planned investigation aiming to develop new knowledge and a deeper understanding of scientific and technological issues.
- **Recycling**
Process for recovering physical or chemical useful elements, from materials used with a specific purpose, and that can be reused for the same or for another purpose.
- **Reptrak**
Tool created by the Spanish Corporate Reputation Institute (fRC, Foro de Reputación Corporativa) in collaboration with the Reputation Institute whose objective is to measure the reputation added index of a company.
- **SA 8000**
Certification of company social management, specially labor aspects.
- **Selective collection**
Differentiated collecting system of fermentable organic materials and recyclable matters, as well as any other element that enables the separation of valued materials contained in wastes.
- **Shareholder**
Person or company (corporations included) that owns one or more Ferrovial's shares.
- **Socially Responsible Investing**
Initiatives aiming to facilitate the incorporation of social, economical and environmental responsibility criteria in the decision of investors.
- **Stakeholders**
Stakeholders are defined as those individuals or groups:
a) who can reasonably expect to be significantly affected by the activities, products and/or services of the organisation; or
b) whose actions might reasonably be expected to affect the capacity of an organisation to successfully implement its strategies and achieve its objectives.
- **Structural personnel**
Workers employed under a contract by Grupo Ferrovial companies.

- **Supplier**
  Natural or legal person who provides products or services (sub-contractor) which must meet certain quality specifications and fixed requirements.
- **Sustainable development**
  This term was first used in 1987 (Brundtland Report). . According to the Rio Declaration on Environment and Development (1992), this is development which meets the needs of present generations without compromising the ability of future generations to meet their own needs.
- **TEA-21**
  Transportation Equity Act for the 21st Century.
- **Non-profit sector**
  The sector made up of nonprofit organizations, for charitable and altruistic purposes, such as foundations, associations and non-governmental organizations (NGOs).
- **UNE Standard**
  Regulation established by AENOR.
- **Urban Solid Waste (USW)**
  Those generated in urban areas, as a consequence of consumer activities and housework management (housing), services (hotels, restaurants, hospitals, offices, markets, etc.) and thoroughfare traffic (litter bins and small and big thoroughfare waste).
- **Urban Solid Waste Management**
  According to the Spanish Law 42/1975 about urban solid waste, this is the group of activities directing the most adequate use of urban solid waste according to their characteristics, for the protection of human health, natural resources and environment. It involves collecting, storing, transport, processing and transforming or disposal operations, as well as reuse, recovering and recycling operations.
- **User**
  Person, organization, entity or group who makes use of Grupo Ferrovial's professional services, or has done it in the past.e
- **Traceability**
  Group of measures, actions and procedures that enable the registration and identification of a product, from its origin till its final destination.
- **Waste**
  Any substance or object belonging to any of the categories that figure as an annex in the Spanish Law 10/1998 of April 21st, regarding waste, of which the owner discards or intends to discard.
- **Water treatment plants**

- EDAR: Waste Water Treatment Plant.
- ERAR: Waste Water Regeneration Plant.
- ETAP: Drinking Water Treatment Plant.

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