Headquarters of the ACS Group, Madrid

5 CORPORATE GOVERNANCE IN THE ACS GROUP

5.1. Ownership Structure

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5 CORPORATE GOVERNANCE IN THE ACS GROUP

Over the past years the ACS Group has undertaken to improve the communication with its shareholders and investors as a means of maintaining the policy on transparency which has always characterized it. The actions taken with respect to the Corporate Governance of the Group are oriented in this direction and, to this end, the Board of Directors of ACS, Actividades de Construcción y Servicios, S.A. has approved the Annual Report on Corporate Governance corresponding to 2003.

The mentioned Report follows the directives outlined by the Special Committee for the Promotion of Transparency and Security within the Markets and Publicly Quoted Companies ("Aldama Report") as recognised in the Law 26/2003 of July 17 and the Ministerial Order 3722/2003 in which it is outlined. The ACS Group communicated this to the Stock Market Commission (CNMV) and made it available to its shareholders through the corporate website (http://www.grupoacs.com) on April 30, 2004. This report contains the information related to the ownership and management of the Company, to the risk management, to the General Shareholders' Meetings and to the capital markets, the most significant aspects of which are described below.

5.1. OWNERSHIP STRUCTURE

5.1.1. Share capital

The share capital of the ACS Group as of December 31, 2003, was 177,790,246.50 euros, represented by 118,526,831 ordinary shares with a nominal value of 1.50 euros per share, all of which are of the same class and series.

The last change made in the share capital was the result of the share-for-share merger of ACS, Actividades de Construcción y Servicios, S.A. and Grupo Dragados, S.A. This event resulted in a capital increase by issuing 54,465,015 new shares of ACS of the same class and series, each with a nominal value of 1.50 euros, to compensate the exchange of shares with Dragados Group. At the moment of the merger, ACS was owner of 57,724,169 shares of Dragados while Dragados owned 2,396,253 treasury shares, whereby the latter were redeemed and were not part of the swap.

The fixed conversion rate between the shares of ACS and those of Dragados was 33 ACS shares for 68 Dragados shares. This conversion equation was established by the Boards of Directors of the two companies at their respective meetings on July 2, 2003, when the merger project was approved. The conversion was later approved at the Extraordinary General Shareholders' Meeting of each company, both of which were held on October 14, 2003.

Once the new shares of ACS had been issued, a request was forwarded for them to be listed and traded on the Madrid, Barcelona, Bilbao and Valencia stock exchanges. The first day of trading was December 15, 2003, the first working day following the registration of the deed of merger in the Mercantile Registry.

5.1.2. Significant shareholders

As of December 31, 2003, the Company has knowledge of the following significant shareholdings in its capital structure:

	Number of shares held directly	Direct shareholding	Numbers of shares held indirectly	Indirect shareholding	Total number of shares	% of total shareholding
Banca March, S.A.	-	-	14,419,014	12.165%	14,419,014	12.165%
Imvernelín Patrimonio, S.L.	10,389,264	8.765%	343,538	0.290%	10,732,802	9.055%
Mr. Florentino Pérez Rodríguez	-	-	5,950,363	5.020%	5,950,363	5.020%
The rest of the Board of Directors	673,085	0.568%	525,376	0.443%	1,198,461	1.011%
Subtotal controlled by the Board of Directors	11,062,349	9.333%	21,238,291	17.919%	32,300,640	27.252%
Fidelity International, Ltd.	-	-	3,608,380	3.044%	3,608,380	3.044%
Chase Nominees, Ltd. *	8,285,328	6.990%	-	-	8,285,328	6.990%
Treasury Stock	-	-	902,453	0.761%	902,453	0.761%
Total Significant Shareholdings	**19,347,677**	**16.323%**	**25,749,124**	**21.724%**	**45,096,801**	**38.048%**

* Banco Santander Central Hispano, S.A., issued a notification of the significant participation as the deponent of Chase Nominees, Ltd., under obligation to declare because of their intervention as nominee company (article 3.1 of Royal Decree 377/1991 of March 15) acting on behalf of its clients, none of which are subject to issuing a notification of significant participation in ACS if attending solely to the shareholding position of which Chase Nominees, Ltd. is aware

There is no knowledge of family, commercial, contractual or corporate relationships of any nature, nor of the existence of any quasi-corporate or concerted agreements between significant shareholders, there being no shareholder who can exert a controlling influence on the Company.

5.1.3. Participation of the members of the Board in the share capital

As of December 31, 2003, the Company was informed that its members of the Board had the following shareholdings in the Company:

Members of the Board	Date when first appointed	Date when last appointed	Number of shares held directly	Direct shareholding	Number of shares held indirectly	Indirect shareholding	Number of total shares	Total shareholding
Mr. Florentino Pérez Rodríguez	06/28/1989	10/14/2003	-	-	5,950,363	5.020%	5,950,363	5.020%
Mr. Antonio García Ferrer	10/14/2003	10/14/2003	2,640	0.002%	-	-	2,640	0.002%
Mr. Pablo Vallbona Vadell	11/07/1997	10/14/2003	-	-	-	-	-	-
Dr. José María Aguirre González	06/29/1995	10/12/2001	140,500	0.119%	-	-	140,500	0.119%
Mr. Agustín Batuecas Torrego	06/29/1999	10/14/2003	249,696	0.211%	-	-	249,696	0.211%
Mr. Miguel Blesa de la Parra	10/14/2003	10/14/2003	810	0.001%	-	-	810	0.001%
Dr. Álvaro Cuervo García	11/07/1997	06/19/2003	-	-	14,000	0.012%	14,000	0.012%
Mr. Isidro Fernández Barreiro	10/14/2003	10/14/2003	4,682	0.004%	-	-	4,682	0.004%
Dr. Joan David Grimà i Terré	10/14/2003	10/14/2003	-	-	-	-	-	-
Mr. José María Loizaga Viguri	06/28/1989	10/14/2003	42,771	0.036%	41,736	0.035%	84,507	0.071%
Mr. Pedro José López Jiménez	06/28/1989	10/14/2003	-	-	470,000	0.397%	470,000	0.397%
Mr. Santos Martínez-Conde Gutiérrez-Barquín	09/27/2001	06/19/2003	1,126	0.001%	-	-	1,126	0.001%
Mr. Miquel Roca i Junyent	10/14/2003	10/14/2003	12	0.000%	-	-	12	0.000%
Mr. Julio Sacristán Fidalgo	06/24/1998	06/19/2003	452	0.000%	-	-	452	0.000%
Comercio y Finanzas, S.A.	10/14/2003	10/14/2003	30,198	0.025%	-	-	30,198	0.025%
Imvernelin Patrimonio, S.L.	10/14/2003	10/14/2003	10,389,264	8.765%	343,538	0.290%	10,732,802	9.055%
Percacer, S.A.	10/14/2003	10/14/2003	200,198	0.169%	-	-	200,198	0.169%
Mr. José Luis del Valle Pérez	06/28/1989	10/14/2003	-	-	-	-	-	-

The members of the Board of Directors of the Company hold 27.25% of the share capital:

1. The significant shareholder Banca March, S.A. is represented in the Board of Directors by the executives of its associated company Corporación Financiera Alba, S.A., Mr. Pablo Valbona Vadell, Mr. Isidro Fernández Barreiros and Mr. Santos Martínez-Conde Gutiérrez-Barquín.
2. Imvernelin Patrimonio, S.L. is controlled by Financiera Alcor, S.A., which, in turn, has no controlling shareholder. It is understood that a tacit agreement exists between these companies that share, through the concerted exercise of their voting rights, a long-standing, common policy in the company:

- The following companies have the indicated shareholdings in Imvernelin Patrimonio, S.L.:
  - Comercio y Finanzas, S.A. 15.734%
  - Percacer, S.A. 15.734%
  - Corporación Financiera Alcor, S.A. 68.532%

- Corporación Financiera Alcor, S.A, owns 310,960 shares of ACS which represents 0.262% of its share capital. The following companies have the indicated shareholdings in Corporación Financiera Alcor, S.A.:
  - Comercio y Finanzas, S.A. 44.10%
    99.99% of the shares in this company are property of Mr. Alberto Alcocer Torra.
  - Percacer, S.A. 44.10%
    95% of the shares in this company are property of Mr. Alberto Cortina de Alcocer.
  - Mr. Alberto Alcocer Torra 5.90%
    Mr. Alberto Alcocer Torra directly owns 1,091 shares of ACS.
  - Mr. Alberto Cortina de Alcocer 5.90%
    Mr. Alberto Cortina de Alcocer directly owns 1,576 shares of ACS.

5.1.4. Treasury stock

Prior to the merger, Grupo Dragados, S.A., had directly and indirectly at their disposal 4,255,850 treasury shares with a total value of 60.1 million euros.

At the moment of the merger, the process was started to redeem the treasury shares owned directly (2,396,253), representing 1.39% of the share capital of Grupo Dragados, S.A., the acquisition value of which was 33.3 million euros. Given that the redemption of these shares was undertaken at the moment of the merger, no results were produced as a consequence of their sale or transmission.

The remaining treasury stock with indirect ownership (1,859,597) was exchanged as part of the merger for 902,453 new shares of ACS which represent a total indirect treasury stock of 0.76% of the share capital of ACS at the close of 2003.

Current authorization for the acquisition of treasury stock

At the General Shareholders' Meeting held on June 19, 2003, the Board of Directors of the Company as well as the Boards of the subsidiaries were authorised for the 18 month period following the date of the General Shareholders' Meeting, and under the conditions and requirements detailed in article 75 and related articles of the Corporations Law, to purchase treasury stock, the nominal value of which when added to that already owned by the company and its subsidiaries, shall not exceed 5% of the issued share capital. The minimum and maximum price shall be, respectively, the nominal value and the price that does not exceed that corresponding to the stock market session on the day of the purchase or those authorised by the competent body of the Stock Exchange or the Stock Exchange Commission (CNMV).

5.2 MANAGEMENT STRUCTURE

5.2.1. Responsibilities of the Board of Directors

The Board of Directors of the ACS Group has the responsibility of representing the Company and managing its business as well as performing those operations that are part of or related to its purpose and to act in accordance with the interests of the Company and of its shareholders.

In particular, the Board of Directors is responsible for the following:

- To accept the resignation of Board members.
- To appoint, revoke and accept the resignation of the Chairman, Vice Chairman and Secretary of the Board.
- To appoint, revoke and accept the resignation of the Board members who are to form part of the Commissions and Committees of the Board.
- To delegate to any of its members, all or part of the powers that correspond to the Board, with the exception of those that are non-transferable.
- To draw up the individual and consolidated annual accounts and management reports and submit them to the General Shareholders' Meeting for approval.
- To prepare the reports, including the Annual Report on Corporate Governance, and the proposals that, according to current legislation and the Company's Bylaws, are the responsibility of the Board of Directors.
- To approve the annual budgets.
- To approve the cession of rights on the commercial names, trademarks and industrial or intellectual property rights that belong to the Company or companies of the Group, providing they are of economic relevance.
- To approve the Rules of the Board of Directors.
- In general, to carry out all the functions that correspond to the Board according to Law, the Bylaws and the Rules of the Board of Directors, and to carry out all other functions that are delegated to the Board by the General Shareholders' Meeting, assigning only those that are expressly permitted in the resolution on delegation reached at the General Shareholders' Meeting.

The annual accounts prepared by the Board of Directors are presented to the Board by the Chairman and CEO and the Corporate General Manager who, in turn, is responsible for the economic-financial area of the Company.

5.2.2. Composition of the Board of Directors

In 2003, special relevance was given to the figure of the Independent External Board member, a person of recognized professional status who can bring experience and knowledge to the corporate governance and who, being neither an executive nor an owner, is elected as such and offers the characteristics that ensure a criterion which is both impartial and objective.

In this the respect, the General Extraordinary Shareholders' Meeting, which took place on October 14, 2003, increased the minimum (11) and maximum (21) number of member permitted on the Board of Directors, establishing a Board of Directors formed of 18 members of which 2 are Propietary and Executive Directors, 2 are Executive Directors, 8 are Propietary and External Directors and 6 are External and Independent Directors:

Chairman and CEO	Mr. Florentino Pérez Rodríguez	Propietary and Executive Director
Vice Chairmen	Mr. Antonio García Ferrer	Executive Director
	Mr. Pablo Vallbona Vadell	Propietary and External Director
Members	Dr. José María Aguirre González	External and Independent Director
	Mr. Agustín Batuecas Torrego	Propietary and Executive Director
	Mr. Miguel Blesa de la Parra	External and Independent Director
	Dr. Álvaro Cuervo García	External and Independent Director
	Mr. Isidro Fernández Barreiro	Propietary and External Director
	Dr. Joan David Grimà i Terré	External and Independent Director
	Mr. José María Loizaga Viguri	External and Independent Director
	Mr. Pedro López Jiménez	Propietary and External Director
	Mr. Santos Martínez-Conde Gutiérrez-Barquín	Propietary and External Director
	Mr. Miquel Roca i Junyent	External and Independent Director
	Mr. Julio Sacristán Fidalgo	Propietary and External Director
	Comercio y Finanzas, S.A. Represented by: Mr. Javier Monzón de Cáceres	Propietary and External Director
	Imvernelin Patrimonio, S.L. Represented by: Mr. Javier Echenique Landiríbar	Propietary and External Director
	Percacer, S.A. Represented by: Mr. Manuel Delgado Solís	Propietary and External Director
Secretary General & Board Member	Mr. José Luis del Valle Pérez	Executive Director

The Board members will hold the positions to which they are elected for a period not exceeding 5 years. They may be re-elected one or more times for the same periods of maximum duration. Nevertheless, should the maximum period of a member of the Board expire, he can continue to hold his position until the next General Shareholders' Meeting.

The members elected by cooption will continue to exercise their duties until the next General Shareholders' Meeting when the final election will take place to fill the vacancy.

The Board will elect a Chairman from among its own members, as set out by the current legislation, the Company's Bylaws and the Rules of the Board of Directors. The Chairman will carry out all the responsibilities that correspond to the most important executive position of the Company within the guidelines established by the General Shareholders' Meeting, the Board of Directors and the Executive Committee.

The Chairman will be granted the most extensive power of attorney in order to carry out his duties and, unless prohibited by Law, may delegate his power of attorney, either totally or partially, to any fellow member of the Board and to any member of the Company's top management, and, in general, to anyone he may consider suitable or necessary.

The Board may also elect from its members, one or two Vice Chairmen who will substitute the Chairman in case of delegation, absence or illness and, in general, will carry out all the functions that are attributed to them by the Chairman, the Executive Committee and the Board of Directors.

The substitution of the Chairman by the Vice Chairmen will take place following the order of their election, or failing this, in order of seniority, or, in the last case, in descending order of age.

The Board can designate a CEO in whom it will delegate all the faculties it requires, except for those that are considered non transferable by Law or the Company's Bylaws.

The Board of Directors will elect a Secretary who may or may not be a Board member but who should be a practicing lawyer. In addition to the functions attributed by current Law, the Company's Bylaws and the Rules of the Board of Directors, the Secretary of the Board of Directors will be responsible for scrutinizing the legality of the actions taken by the corporate bodies of which he is a member, making notifications to the effect in the Minutes.

5.2.3. Duties and Obligations of the members of the Board of Directors

According to the Rules of the Board of Directors, the members have the obligation to:

- Attend the meetings of the Board and the Committees of which they form part, unless there is a reasonable cause to delegate its representation and proxy to another Board member.
- To inform and prepare themselves adequately for Board meetings and to participate actively in the Board's debates.
- To oppose the approval of any resolutions that are understood to be against the Law or the Company's Bylaws or that are contrary to the interests of the Company, and to ensure that this opposition is clearly reflected in the Minutes of the meeting.
- To not disclose any discussions of the Board or information that has been obtained while acting as Board member that is not of general knowledge.

Additionally, the Board of Directors will be obliged to adopt or promote the adoption of as many measures as necessary or convenient to ensure the transparency of the actions of the Company in the financial markets and to carry out all functions that are necessary as a result of being a company quoted on the stock exchange.

To allow the General Shareholders' Meeting to carry out its duties properly, the Board of Directors shall make available to the shareholders before the General Meeting all the information legally required as well as any information that is of reasonable social interest and from which they can form an opinion.

In order to attain the maximum transparency and disclosure of all relevant information, as well as guarantee the immediate access to information by the shareholders and investors in general, the Board of Directors shall ensure that all information that is understood to be of general interest will be available on the Group's website. In particular, the Company's Bylaws, the Rules of the Board of Directors, the reports submitted to the stock exchanges, notification of the General Shareholders' Meeting and the proposals that are submitted for debate and approval at the General Shareholders' Meeting, and the resolutions adopted in the last General Shareholders' Meetings as well as the current Annual Report.

5.2.4. Functioning of the Board of Directors

The Board of Directors will meet when the interests of the Company so require, by prior announcement from the Chairman, or failing that, through a Vice Chairman, whether at their own initiative or upon request of at least two members of the Board. In any case, the Board will meet at least four times a year in order to know how the Group is performing against budgets and the previous financial period.

It is understood that the Board is convened when either through physical presence or representation by proxy, half of the members plus one are in attendance. Without prejudice to their obligation to attend, any member that cannot be present at a meeting personally may be represented and vote at the meeting by proxy of another member.

Unless otherwise provided for by current legislation, the Company's Bylaws or the Rules of the Board of Directors, the agreements of the Board of Directors will be reached through absolute majority of the members in attendance at the meeting whether they are present or represented by proxy. The adoption of agreements in writing and without any meeting will only be acceptable when no member of the Board opposes the agreement and everything else established in the current legislation is met.

In 2003 the Board of Directors met on six occasions, the Chairman being present on each one.

5.2.5. Committees of the Board of Directors

In the interest of obtaining greater efficiency while carrying out its functions, the Board of Directors can delegate its duties to the Executive Committee, the Audit Committee and the Compensation Committee. These functions are foreseen in the current legislation, the Company's Bylaws and the Rules of the Board of Directors.

Executive Committee

The Executive Committee will exercise all the duties that are delegated to it by the Board of Directors, except for those that by Law or the Corporate Bylaws are considered non transferable. Nevertheless, the Board of Directors may recover any matter that it is responsible for knowing about or deciding upon. For its part, the Executive Committee may submit to the Board of Directors any issue requiring a decision, even if it is of the Executive Committee's responsibility, if this Committee understands that the Board of Directors should decide on the aforementioned issue.

The current formation of the Executive Committee is as follows:

	Significant shareholder	Position
Chairman	Mr. Florentino Pérez Rodríguez	Propietary and Executive Director
Vice Chairman	Mr. José María Loizaga Viguri	External and Independent Director
Members	Mr. Antonio García Ferrer	Executive Director
	Mr. Isidro Fernández Barreiro	Propietary and External Director
	Imvernelín Patrimonio, S.L. Represented by: Mr. Javier Echenique Landiribar	Propietary and External Director
	Mr. Pablo Vallbona Vadell	Propietary and External Director
	Mr. Pedro López Jiménez	Propietary and External Director
Secretary	Mr. José Luis del Valle Pérez	Executive Director

The Executive Committee will meet as many times as convened by its Chairman, either at his own initiative or at the request of a minimum of two of its members. It is considered that the Committee is in session when the majority of its members, either present or represented by proxy, are in attendance. An agreement will be reached by the majority of those in attendance, whether actually present or represented by proxy.

Audit Committee

The Audit and Control Committee is currently made up as follows:

	Significant shareholder	Position
Chairman	Mr. Santos Martínez-Conde Gutiérrez-Barquín	Propietary and External Director
Members	Dr. Álvaro Cuervo García	External and Independent Director
	Mr. Julio Sacristán Fidalgo	Propietary and External Director
Secretary	Mr. José Luis del Valle Pérez	Executive Director

The Committee will be considered convened when the majority of its members are in attendance and will reach agreements by the majority of votes. The Chairman will have the deciding vote in the case of a tie. The Audit Committee will be convened at least twice a year or whenever it is called to session by the Chairman. It will convene at the initial and final stages of the process of auditing the financial statements of the Company and the consolidated financial statements of the Group of Companies and always prior to issuing the relevant audit reports.

The responsibilities of the Audit and Control Committee are as follows:

- To report to the General Shareholders' Meeting on issues raised by the shareholders that fall under the Committee's responsibility.
- To propose the appointment of external auditors to the Board of Directors of the Company in order for the Board to subsequently propose the appointment at the General Shareholders' Meeting as referred to in Article 204 of the Corporations Law.
- To revise and approve any significant changes in the accounting procedures of the Company and of the subsidiaries forming its Group of Companies, as well as, in general, the relationship with the external auditors in order to receive information on those matters that could put their independence in jeopardy, any other relations with the process of auditing the accounts and those other foreseeable communications on the legislation regarding the auditing of accounts and the technical rules applied to auditing.
- To supervise the internal auditing services within the Company's structure.
- To be aware of the process of financial information and the Company's internal control systems.
- To revise the estimates made by the management of the Company and of the companies forming its Group and inform on any possible fiscal or legal eventualities of a significant nature.
- To know the results of inspections carried out by official institutions.
- To know the accounts information that the Company provides periodically to the stock exchanges.
- To know any other issue of a special nature entrusted to the Committee by the Board of Directors.
- As far as necessary and with due adjustment, the method of operation set forth in the Rules of the Board of Directors will be applied to the Audit and Control Committee.

Compensation Committee

The Compensation Committee is formed of the following:

	Significant shareholder	Position
Chairman	Mr. Pablo Vallbona Vadell	Propietary and External Director
Members	Mr. José María Aguirre González	External and Independent Director
	Mr. José María Loizaga Viguri	External and Independent Director
	Imvernelín Patrimonio, S.L.	Propietary and External Director
Secretary	Mr. José Luis del Valle Pérez	Executive Director

The committee shall be convened once the majority of its members are present and decisions will be made by majority vote. In the case of a tie, the vote of the Chairman will determine the result. The committee will be called to meet by the Chairman at least twice a year.

The Compensation Committee is responsible for informing the Board of Directors of the following:

- The remuneration scheme for the Chairman of the Board of Directors and other Top Management of the Company.
- The remuneration of the Board members.
- Long term plans based on share value, such as stock option plans.

5.2.6. Remuneration of the members of the Board and the Management Team

The members of the Board are remunerated according to current legislation and the Company's Bylaws. To this effect, the Board of Directors, subject to the report from the Compensation Committee, determines the final distribution of the global amount to be paid as well as the periodicity of payment.

In addition to certain expenses and allowances agreed upon at the General Shareholders' Meeting, the Board of Directors will receive as statutory participation, a remuneration that will not exceed ten percent of the net profit and will be payable only after having made the required allocations to the legal reserve and, when applicable, to the statutory reserve, as well as the assignment to the shareholders of a dividend of at least four percent of the paid up capital per share.

The Board of Directors will decide how the global amount of their fees will be distributed among its members, including in different amounts.

The compensation to all or some of the members of the Board of Directors, as well as to the management of the Company and the Group's companies, may be in the form of company stock or stock options or may be fixed to the value of these stocks in the form, terms and conditions defined at the General Shareholders' Meeting.

The compensation for the Company's Board members and the Group's management team for the financial year 2003 was broken down as follows:

Compensation of the Board of Directors

The remuneration accrued during the financial year 2003 by the members of the Board of Directors of the Company, including that received by the members of the Board of Directors of Grupo Dragados, S.A., was 1,485 thousand euros for salaries and professional fees and 1,535 thousand euros for statutory obligations, without receiving any other amounts for other concepts.

In addition to the amounts mentioned above, the remuneration accrued during the financial year 2003 by the members of the Board of Directors of the Company, including that received by the members of the Board of Directors of Grupo Dragados, S.A., from all of the companies of the Group was 4,065 thousand euros for salaries and professional fees and 210 thousand euros for statutory obligations, without receiving any other amounts for other concepts.

This information does not include compensations in the form of pension plans which are covered in the corresponding section.

Management Team Compensation

a) Salaries

The compensation accrued in 2003 for the Group Management Team, excluding the members of the Board of Directors which is detailed in the previous section, was as follows:

(Thousands of Euros)	
Fixed salary	8,988
Variable compensation	8,277
Attendance fee as members of the Board of Directors of other subsidiary companies	482
Total	**17,747**

b) Stock option plan

ACS has a stock option plan that was approved by its Board of Directors at their meeting held on December 16, 1999, and amended at their meeting on June 13, 2000, making use of the authorization granted at the General Shareholders' Meeting on June 29, 1999. The plan was reassigned with the consent of the Board of Directors at their meeting on March 12, 2002.

With regards to the Stock Option Plan, on December 10, 2002, a brochure was registered with Number 3,992, dealing specifically with the compensation systems in conformance with amendment 16 of Law 24/1988 of July 28 on Stock Markets which includes the main characteristics of our plan.

The characteristics of the Stock Option Plan are as follows:

- The number of shares subject to the Stock Option Plan was initially one million ninety-five thousand (1,095,000) and subsequently was increased by one hundred and ninety-two thousand two hundred and thirty five (192,235) shares to a maximum total of one million two hundred and eighty-seven thousand two hundred and thirty-five (1,287,235) shares.
- The acquisition price will be twenty-seven euros and thirty-one cents (27.31) per share for the one million ninety-five thousand (1,095,000) shares and thirty euros and fifty-seven cents (30.57) for the remaining one hundred and ninety-two thousand two hundred and thirty-five (192,235) shares.
- The options will be executable in three equal fractions, accumulative if so decided by the beneficiary during the fourth, fifth and sixth years following January 1, 2000, inclusive. Nevertheless, if the employment relationship is terminated due to reasons other than a legally legitimate dismissal or the voluntary resignation of the beneficiary, the options will be exercisable six months after such event takes place in the case of death, retirement, pre-retirement or permanent disability and within thirty (30) days for any other case.
- Tax retainments and taxes due, where applicable, as consequence of executing an option will be exclusively paid by the exclusively paid beneficiary.
- The coverage will be through the Banco Bilbao Vizcaya Argentaria, S.A., or any other banking entity determined by the Chairman and CEO who will sign whatever agreements or conditions deemed necessary to this effect. All expenses derived from this coverage will be reimbursed by ACS.
- The options are not transferable, which denies the heirs the possibility of exercising them. In the case of death, the options can be exercised by the beneficiaries (including, where applicable, the dower). The period in which they can be exercised will be six months as of the date of death, the beneficiaries having the right to exercise all of the options awarded to the deceased director. The options will be extinguished if they are not exercised before the mentioned period has expired.
- The settlement of the options will take place, where applicable, by means of one of the following methods:
  - If the director has the intention of holding the stock for future sale, he will pay the option cost, and the financial entity will deduct from the number of shares that it must give to the director, the number of shares, rounded upwards, whose market value is equivalent to the amount that must be withheld for personal income taxes plus the expenses derived from exercising the options ("cash for stock" method).
  - Alternatively, the director can request the financial entity to deliver a number of ACS shares whose market value equals the difference between the option cost and the market value of the shares at the date of exercise less in all cases the amount to be withheld for personal income taxes plus the expenses derived from exercising the options ("cash less" method).
  - If the director does not have any interest in maintaining ownership of the shares acquired, he can request that he be given an amount in cash equivalent to the difference between the exercise price and the market price of the shares at the time of exercising the option, deducting in all cases the amount to be withheld for personal income taxes plus the expenses derived from exercising the options ("exercise and sell" method).

As of December 31, 2003, this stock option plan had not been modified nor had any other stock option plan been approved for the members of the Board of Directors.

There are no other securities that give direct or indirect rights to the Company's share capital other than those mentioned above.

As of the December 31, 2003, the following members of the Executive Team and members of the Board of Directors of ACS held stock options in virtue of the plan described above:

Company	Position[1]	Number of stock options
ACS, Actividades de Construcción y Servicios, S.A.	Chairman and CEO[2]	302,118
	Corporate General Manager	147,670
	Secretary General[2]	128,447
ACS, Proyectos Obras y Construcciones, S.A.	Chairman and CEO	90,000
	Executive Assistant to the CEO	28,000
	Executive Assistant to the CEO	28,000
	Manager	15,000
	Secretary General	18,700
Vías y Construcciones, S.A.	Chairman and CEO	70,000
Comunidades Gestionadas, S.A.	CEO	28,000
Cobra Instalaciones y Servicios, S.A.	CEO	90,000
	General Manager	28,000
	General Manager	15,000
	Secretary General	15,000
Procme, Ltd.	CEO	28,000
Sociedad Española de Montajes Industriales, S.A.	CEO	28,000
	Secretary General	15,000
Aplicación de Pinturas API, S.A.	Chairman	19,000
Técnicas Medioambientales TECMED, S.A.	CEO	28,000
Continental Auto, S.A.	Chairman and CEO[2]	28,000
Total		**1,149,935**

Note: Each one of these options gives the right to subscribe one ACS share
[1] Corresponds to the positions held during 2003 prior to the merger
[2] Members of the Board of Directors. These members have not called their option rights in advance

c) Pension Plans

As a result of the merger with Grupo Dragados, S.A., the Company assumed the obligation to pay to those employees who meet certain conditions, a monthly monetary supplement to the obligatory payments made by the general Social Security Administration for retirement, disability, widowhood and orphanage.

In 2000, the above obligations were externalised based on the available information at the end of that year. More specific information regarding variables and hypothesis that are relevant in determining the levels of obligation regarding pensions became available in 2001 (fundamentally definitive pension groupings, pensionable salaries and retirement age estimates). Based on the regularization mechanism foreseen in the insurance contract signed on the December 21, 2000, the actuarial valuation of our commitments was realized.

The actuarial hypotheses used are indicated below, with the exception of the applied technical interest rate that has decreased as a consequence of the reduction in interest rates an it is now between 5.93% and 4.32%.

Annual growth rate of the maximum pension paid by the Social Security Administration	2.00%
Annual growth rate of salaries	2.35%
Annual growth rate of the Consumer Price Index (CPI)	2.00%
Mortality Table*	PERMF-2000 P

* Guaranteed, hypothesis there will not be any change

A definitive financing plan which has been totally provisioved for, was established until 2004, maintaining its financing period up to 2004 as established in the provisional plan. Additionally, in 2003 the Company paid 13,714 thousand euros to insurance companies to cover our commitments with the management team and the members of the Board of Directors due starting on January 1, 2004. These commitments were arranged through collective insurance savings policies the contribution to which is defined in relation to the benefits in the form of capital.

The net accrued premium in 2003 to cover our obligations to directors and members of the Board of Directors was 548 thousand euros.

d) Insurance

All members of the management team, including those who are members of the Board of Directors, are included in a collective policy that covers the life and accident insurance commitments for the management staff in the socio-economic agreement. The commitment acquired by the Group is to pay the annual premium that, in 2003, was 38 thousand euros.

5.2.7. Other information regarding the Board of Directors

Members with executive positions in the ACS Group

The following members hold the indicated executive positions in the Group:

- Mr. Florentino Pérez Rodríguez is Chairman and CEO and has been delegated all the faculties corresponding to the Board of Directors excepting those that are non-transferable.
- Mr. Antonio García Ferrer is the Executive Vice Chairman and has been granted a general power of attorney by the Board of Directors.
- Mr. José Luis del Valle Pérez, is the Secretary General of the ACS Group and member of the Boards of Directors of several companies of the Group.
- Mr. Agustín Batuecas Borrego is Chairman and CEO of Continental Auto, S.L.

Board members with executive positions in companies that are significant shareholders

According to the information made available, the following members of the Board of Directors are members and/or executives of the following companies that are significant shareholders of ACS:

	Significant shareholder	Position
Mr. Florentino Pérez Rodríguez	Inversiones Vesán, S.A.	Administrator
Mr. Pablo Vallbona Vadell	Corporación Financiera Alba, S.A.	Vice Chairman and CEO
Mr. Isidro Fernández Barreiro	Corporación Financiera Alba, S.A.	CEO
Mr. Santos Martínez-Conde Gutiérrez-Barquín	Corporación Financiera Alba, S.A.	General Manager

Board members related to significant shareholders

According to the information made available, the following members of the Board of Directors represent or are related in some way to significant shareholders of the Company:

	Significant Shareholder	Relationship Description
Mr. Julio Sacristán Fidalgo	Mr. Florentino Pérez Rodríguez	Family
Mr. Pablo Vallbona Vadell	Banca March	Executive Vice Chairman

Board members who are members of the Boards of Directors of other publicly quoted companies

According to the information made available, the following members of the Board of Directors are also members of the Boards of Directors of publicly quoted companies in Spain other than the ACS Group:

Dr. José María Aguirre González	*Chairman of Banco Guipuzcoano, S.A.* *Board member of Acerinox, S.A.*
Mr. Miguel Blesa Parra	*Vice Chairman of Iberia Líneas Aéreas de España, S.A.* *Board member of Endesa, S.A.*
Dr. Álvaro Cuervo García	*Board member of Tafisa, Tableros de Fibras, S.A.*
Mr. Isidro Fernández Barreiro	*Board member of Prosegur*
Mr. Antonio García Ferrer	*Board member of Abertis Infraestructuras, S.A.* *Board member of Inmobiliaria Urbis, S.A.*
Dr. Joan David Grimà i Terré	*Board member of Antena 3, TV* *General Manager of Santander Central Hispano*
Mr. José María Loizaga Viguri	*Chairman of Cartera Hotelera, S.A.* *Vice Chairman of Zardoya Otis, S.A.*
Mr. Pedro José López Jiménez	*Board member of Lingotes Especiales, S.A.*
Mr. Santos Martínez-Conde Gutiérrez-Barquín	*Board member of Acerinox, S.A.*
Mr. Miquel Roca i Junyent	*Non-member Secretary of Abertis Infraestructuras, S.A.* *Non-member Secretary of Banco Sabadell, S.A.*
Mr. Pablo Vallbona Vadell	*Vice Chairman of Abertis Infraestructuras, S.A.*

Board members who are also members of the Boards of Directors of other companies of the Group

The following members of the Board of Directors are members of the Board of Directors of other Group companies:

Dr. José María Aguirre González	*Chairman of Cobra, Instalaciones y Servicios, S.A.*
Mr. Agustín Batuecas Torrego	*Chairman and CEO of Continental Auto, S.L.*
Mr. José Luis del Valle Pérez	*Board member and Secretary of ACS, Proyectos Obras y Construcciones, S.A.* *Board member of ACS Sonera, Telefonía Móvil, S.L.* *Board member of Continental Auto, S.L.* *Board member and Secretary of Cobra, Instalaciones y Servicios, S.A.* *Board member and Secretary of Sociedad Española de Montajes Industriales, S.A.* *Board member and Secretary of Técnicas Medioambientales, S.A.* *Board member of Xfera Móviles, S.A.*
Mr. Isidro Fernández Barreiro	*Board member of Xfera Móviles, S.A.*
Mr. Pedro José López Jiménez	*Board member of Continental Auto, S.L.* *Board member of Sociedad Española de Montajes Industriales, S.A.* *Board member of Vías y Construcciones, S.A.* *Vice Chairman of ACS, Proyectos Obras y Construcciones, S.A.* *Board member of Técnicas Medioambientales, S.A.* *Vice Chairman of Cobra, Instalaciones y Servicios, S.A.*
Mr. Santos Martínez-Conde Gutiérrez-Barquín	*Board member of Consejero de Técnicas Medioambientales, S.A.* *Board member of Sociedad Española de Montajes Industriales, S.A.* *Board member of Vías y Construcciones, S.A.* *Board member of ACS, Proyectos Obras y Construcciones, S.A.* *Board member of Cobra, Instalaciones y Servicios, S.A.* *Board member of Continental Auto, S.L.*

Mechanisms established to detect and regulate possible conflicts of interest:

a) Rules of the Board of Directors

The Rules of the Board of Directors contain several of these mechanisms. Article 13 specifically regulates conflicts of interest, whereby in virtue of their loyalty as representatives of the Company, the Board members shall avoid any conflict of interest between themselves and their immediate relatives on the one hand, and the Company on the other and will inform the Board of Directors of any possible conflict of interest whenever such a conflict cannot be avoided, and this conflict of interest shall be recorded in the Minutes of the next Board Meeting. Furthermore, the Board members shall inform the Company as soon as possible, or within the following five days, with regards to the shares, stock options or derivatives based on share value that are held directly or indirectly by the members themselves, or by members of their immediate families.

The Board members shall notify the Company of any significant changes in their own professional situation, particularly any change that affects the status or condition that was taken into account when they were appointed members of the Board. In addition, they shall inform the Company of any legal or administrative procedure that may have a serious negative effect on the Company's reputation.

Board members shall abstain from intervening in deliberations and voting on issues in which they have a special interest. This will be duly noted in the Minutes.

In addition, article 14 on non-competition and the use of information, establishes that Board members cannot hold, directly or indirectly, any position in or provide representation for any company or firm that competes with the Company or with any company within the Group.

Board members cannot use for private purposes in any way, non-public information to which they have had access as a result of their role as member of the Board. In particular, Board members cannot use for their own personal benefit knowledge on any commercial operation of which they may have become aware of while acting as Board member.

With the exception of a duly authorized payment in kind, Board members cannot make use of Company assets nor can they use their position to obtain an increase in their net worth without making the corresponding compensation.

b) Rules of Conduct in the Stock Market

The Executive Committee of ACS, Actividades de Construcción y Servicios, S.A, used the duties delegated to it by the Board of Directors to approve at its meeting held on July 17, 2003, the Rules of Conduct in the Stock Market and the document was submitted to the Stock Exchange Commission (CNMV) on July 31, 2003, as Relevant Fact Nº 43782.

The Rules of Conduct in the Stock Market include measures to detect and control possible conflicts of interest between the Company and/or its Group and its Board members, Directors and significant shareholders. Thus, it is generally applicable to the members of the Board of Directors as well as to those representatives and employees of the Company who perform activities that can have a fundamental influence on the price of the shares of the Company, as well as external advisors, who for specific purposes dispose of privileged or reserved information regarding the shares of the Company.

The Rules will be applied to matters concerning shares, stock options and similar contracts that involve the right to subscribe or acquire shares of the Company or whose underlying object involves the Company shares, convertible and non-convertible bonds, debentures, promissory notes, subordinate debt and in general any type of financial instrument issued by the Company or, if applicable, by companies of the Group.

During the analysis or negotiation phase of any type of legal or financial transaction that could significantly affect the stock price as referred to in the Rules, those individuals of the Company who are responsible for such operations shall:

a) Limit the exposure of the transaction strictly to those people, within or outside the organization whose involvement is indispensable.
b) Maintain, for each transaction, a register of the names of the people referred to paragraph a) as well as the date on which each of them had access to the information.
c) Clearly inform the people included in the registry of the nature of the information they have received, their duty to keep it confidential and the prohibition to use it.
d) Establish security measures for keeping, filing, accessing, copying and distributing the information.
e) Monitor the stock market performance of the negotiable securities or the financial instruments related to the transaction in process as well as the information published by the media that could affect the process, whether specialised in economic information or not.
f) If unusual trading volumes and transaction prices take place and there is a reasonable basis for believing that these changes are the result of a premature, partial or distorted disclosure of information on an upcoming transaction, the people in charge of such transaction shall immediately inform the Secretary to the Board of Directors so that he can give clear and precise notice of a relevant event indicating the state of the transaction in progress or containing an advance notice of the information to be made public.

The people subject to the Rules who carry out any type of transaction involving securities or financial instruments issued by the Company have the following obligations:

a) To inform the Company in writing, through the Chairman of the Monitoring Unit, of the purchase or sale operations or acquisition of stock options undertaken on behalf of their personal account in relation to the securities that are covered by these Rules. Operations made by the spouse shall also be considered on equal terms as those undertaken by the person subject to the Rules, unless they only affect the spouse's personal wealth or are excluded from the marital economic regime. Also included are operations made by children under age or disabled individuals under the responsibility of the affected party or by legal entities controlled directly and indirectly or by third parties. Excluded from this obligation to inform are those operations in which the affected party subject to these Rules has not intervened, being operations undertaken by entities that manage his investment portfolio in a stable manner. In this case, it will be sufficient to inform the Chairman of the Monitoring Unit of the existence of a portfolio management contract and the name of the managing entity.
b) To provide detailed information on the personal transactions related to the securities within the scope of the application of these Rules when requested by the Chairman of the Monitoring Unit.
c) A newly elected member of the Board of Directors, proxy representative or new employee of the Company subject to these Rules shall inform the Chairman of the Monitoring Unit in writing of the detail of the stock of the Company or companies of the Group that he owns, directly or indirectly through controlled companies or through third parties who act in concert, as well as that owned by children under age or disabled who are economically dependent on the person subject to the Rules or his/her spouse, except in the latter case when this ownership only affects the latter's patrimony or is not included in the marriage settlement. As well, they must inform in writing about the existence of a stable contract for portfolio management and the name of the management entity.
d) To submit to the Monitoring Unit, through its Chairman, any doubts regarding the application of these Rules and refrain from any action until a response is received referring to the consultation.
e) To inform the Monitoring Unit in writing, as foreseen in the Bylaws and these Rules, of any possible conflicts of interests because of patrimony or family relations to the fourth degree by consanguinity or second degree by affinity, or for any other reason. As well, it is considered that there is a possible conflict of interest derived from the personal patrimony when a relationship exists in which the affected party directly or indirectly controls 25% of a company or in the case when although the percentage is lower the person subject to the Rules exercises functions of authority or control.

Without prejudice to the above, when the transactions on securities or financial instruments issued by the Company are undertaken by members of the Board, they must also inform the stock markets on which these issues are traded as well as the Stock Market Commission (CNMV) in the terms foreseen by Law.

The Rules foresee a Monitoring Unit that will keep an updated list of the Board members, representatives and personnel of the Company as well as external advisors who are subject to the Rules in a general or specific way and this list will be available to the supervising authorities of the stock markets. This Unit will be formed of the Secretary to the Board of Directors, who will preside over the Committee, the Corporate General Manager and the Administrative Director who will be its Secretary.

5.3 RISK MANAGEMENT

The diversity and complexity of the fields in which the Group carries out its activities imply a series of risks that can be categorized as follows:

- *Client Risk,* derived from their credit levels, payment arrears, concentration of risks and work performed pending certification.
- *Operational Risks,* corresponding to the businesses carried out by the Group and that vary according to the area of activity. These can be considered as risks due to differences in agreed completion dates, costs, risks due to deficiencies in quality, labour risks, risks to the environment and risks regarding third parties.
- *Financial Risks,* as a result of levels of debt, tendencies in working capital, exposure to different currencies and interest rates, guarantees and bonds. Intrinsic risks of new investments are also an area of analysis and risk control, as well as risks derived from the deterioration of the Group's assets.
- *Market Risks*, either regulatory or structural, these risks are inherent within the various markets that the Group operates in, as well as the concentration of risk in a given country.

To manage these risks, specific procedures have been established at different organizational levels for each line of business in order to guarantee that the risk profiles comply with the operational criteria established by the Board of Directors for each activity. These procedures are established on the basis of the global risk policy that is structured as follows:

- The Management Committee determines the Group's global risk policy and, where applicable, establishes the control mechanisms that assure that risks are kept within approved levels.
- The Board of Directors has delegated to the Audit Committee the responsibility of supervising these risks to ensure that the established procedures are followed as well as effectively controlling that the relevant risk levels for each activity are not surpassed.
- The risk control mechanisms according to the established policies are developed in the corresponding management systems.

Activities with risk levels that are greater than those established in the global risk policy must be approved by the Management Committee in advance.

The Group's risk control systems are based on a set of strategic and operative actions that are aimed towards compliance with risk policies by each area of activity of the Group and they are organized in a decentralized model which, therefore, allows each business unit to carry out its control policies and risk evaluation under certain basic principles. These principles are as follows:

- Definition of the maximum risk limits acceptable for each business area according to the characteristics and expected profitability.
- Establishment of procedures to identify, approve, analyse, control and inform about the different risks for each business area.
- Coordination and communication so that the risk policies and procedures within the business areas are consistent with the Group's global strategy.

The systems provide the information necessary to supervise and evaluate the risk exposure of each business area as well as to develop the resulting management information required for making decisions. The control systems developed in each business area can be classified within the following categories:

5.3.1. Quality Control Systems

These make up the processes used to ensure that the work carried out and services provided meet the requirements specified in the contract as well as the legal and standard requirements, in order to ensure client satisfaction.

The systems, according to the requirements of the ISO 9001 standards, are based on identifying the relevant processes in advance from a quality control standpoint and organizing the activities developed by the different areas in order to adequately plan them and following up on them.

The regular review of the systems by the Management and the establishment of targets allow the continued improvement of such systems.

5.3.2. Environment Control Systems

The implementation of these systems in the different business areas of the Group allows the relevant areas to develop their activity while guaranteeing maximum respect to the environment.

The systems, regulated by the international standard ISO 14001, are based on identifying and evaluating the environmental aspects in which the business can have an impact, planning the necessary steps to take in order to avoid or minimize risks by establishing adequate control measures in accordance with current legal requirements and the environmental code of conduct corresponding to each business unit. The basic criteria is as follows:

- To incorporate the most advanced technological innovations regarding environmental matters, for example:
  - Saving energy and raw materials.
  - Using recyclable and biodegradable materials.
  - Minimizing the production of waste and treating it in a way that respects the environment.
  - Promoting reforestation and the landscaping of construction sites.
- To develop specific actions for the business activities that require them because of their impact on the environment.
- To provide continous information to the client regarding environmental risks and possible preventive measures.

5.3.3. Techno-Economic Control Systems

The Group has various economic and production control systems designed to give a reliable understanding of the economic expectations and time allowances of a project from the phase of making the initial offer to while the project is under execution and information on the real situation at any given moment.

These systems are integrated within a global economic and budgetary control system for each business area and are adjusted to the characteristics of its activities in order to provide the information necessary for the people in charge of the area to control the risks arising from any possible deviation and to make the appropriate decisions to optimise the management process.

All the information is kept in a single Economic Information System which allows the consolidated parameters to be supervised and controlled easily, dynamically and rigorously. By giving the Group's Management organisms detailed knowledge of the economic situation and potential and assumed risks, this system has become an essential element in the decision making process.

5.3.4. Control systems for preventing accidents in the work place

The ACS Group has developed a work accident prevention policy that is in accordance with current legislation and on which the control systems are based specifically for each line of business. The policy is based on the basic principals of training, involvement individual responsibility and security control.

The systems are adapted to the individual features of each work site. Labour risk prevention plans are designed and introduced based on identifying existing risks in order to eliminate them if possible, and if not, to minimize them and take the required protective measures.

As with all of the Group's management systems, an initial specific plan is developed for each business. This plan is followed and updated throughout the progress of the project with the objective of continuously improving its efficiency.

5.3.5. Systems to control financial risks

Essentially directed at identifying, evaluating and covering the risks derived from:

a) Non-payment or delays in payment within certain types of clients, the procedures of which are based on:
  - Analysis of the client's financial solvency and the conditions of the contract proposed by the risks committee of each business activity at their regular meetings.

- Decisions on whether or not to contract or, depending on the case, to include specific conditions within the contract to guarantee payment.
- Individualized client negotiation with legal support.
- Centralized signing of contracts.

b) The variation in currency rates, which are covered through policies of financing in local currency and hedges for capital intensive infrastructure projects which financing is arranged in a currency that is not the local one.

c) The variation in interest rates, whose follow ups fluctuations determine the financial leverage structure for each business unit and the consolidated Group.

d) The write-down or restructuring of any asset whether financial or set aside for the productive activities of the Group.

e) New investments that require a rigorous analysis and evaluation of the inherent risks involved.

The Group follows a policy that covers accidental risks that can affect the assets and activities of the Group by contracting insurance policies for those risks which can be covered. The risks are revised periodically in order to adapt the policies to the current specific situation of the risk covered.

5.4 GENERAL SHAREHOLDERS' MEETINGS

The General Shareholders' Meeting is formed of all the shareholders who hold at least one hundred shares, whether they are physically present or represented by proxy. The owners or holders of less than one hundred shares can pool together to meet the one hundred share minimum and be represented by one of their group of shareholders or by another shareholder who individually has sufficient shares to attend the General Shareholders' Meeting.

The resolutions will be reached by majority vote by the shareholders present or represented by proxy, except in those cases in which the Law requires a qualified majority.

The Ordinary and Extraordinary General Shareholders' Meetings shall be validly convened, on first call, when the shareholders present or represented by proxy hold at least twenty-five percent of the subscribed capital with the right to vote; on second call, constitution of the General Shareholders' Meeting is considered valid regardless of the capital represented at the meeting.

However, if the Ordinary and Extraordinary General Shareholders' Meeting is to agree on a debenture issue, the increase or reduction of the company's share capital, a transformation, merger or spin off of the company, or, in general any modification to the Company's Bylaws, the shareholders present or represented by proxy must hold at least fifty percent of the subscribed capital with the right to vote for the meeting to be considered as convened on the first call. On second call, twenty-five percent of the share capital will be sufficient.

When the shareholders present or represented by proxy hold less than fifty percent of the subscribed capital with the right to vote, the resolutions referred to in the above paragraph shall only be valid when two thirds of the capital present or represented at the General Shareholders' Meeting vote for them.

The company does not follow a policy on the assignment of votes by proxy for the General Shareholders' Meeting.

5.4.1. General Shareholders' Meetings held in 2003

The following is a detail of the General Shareholders' Meetings held in 2003:

Date of the General Shareholders' Meeting	% physically present	%represented by proxy	%postal vote	Total
June 19, 2003	43.253%	18.946%	0%	**62.199%**
October 14, 2003	11.601%	59.785%	0%	**71.386%**

5.4.2. Ordinary General Shareholders' Meeting of June, 19

The Ordinary General Shareholders' Meeting called on May 29, 2003, was held on June 19 of the same year. All the points on the Agenda were approved as detailed below:

		Votes in favor	% of shares present or represented	Abstensions	% of shares present or represented	Votes against	% of shares present or represented
Point 1	Approval of the Annual Reports, Balance Sheets, Statements of Income and Management Reports corresponding to the year 2002 for the Company and the consolidated Group of Companies of which ACS, Actividades de Construcción y Servicios, S.A., is the parent company. Application of results	39,454,328	99.02%	383,057	0.96%	8,785	0.02%
Point 2	Approval of the activities of the Board of Directors during 2002	39,837,539	99.98%	8,356	0.02%	275	0.00%
Point 3	Ratification, dismissal and appointment, as appropriate, of the following Members of the Board of Directors: Appointment of Mr. Santos Martínez-Conde y Gutiérrez-Barquín as Member of the Board of Directors	39,567,938	99.30%	50	0.00%	278,182	0.70%
	Appointment of Dr. Álvaro Cuervo García and Mr. Julio Sacristán Fidalgo as Members of the Board of Directors	24,129,653	60.56%	15,438,335	38.74%	278,182	0.70%
Point 4	Authorization to derivatively acquire treasury stock	39,845,895	99.999%	0	0.000%	275	0.001%
Point 5	Designation of auditors of the Company and of the Group	39,845,118	99.997%	0	0.000%	1,052	0.003%
Point 6	Modification of the Bylaws by including a new article, that will be called article 20 bis, concerning the Audit Committee	39,838,695	99.98%	7,200	0.02%	275	0.00%
Point 7	Delegation of the powers to formally execute and sign agreements	39,845,895	99.999%	0	0.000%	275	0.001%
Point 8	Reading and approval, if appropriate, of the Minutes of the Meeting	39,845,845	100.00%	50	0.000%	275	0.00%

5.4.3. Extraordinary General Shareholders' Meeting of October, 14

The Extraordinary General Shareholders' Meeting called on September 10, 2003, was held on October 14 of the same year. All the points on the Agenda were approved as detailed below:

		Votes in favor	% of shares present or represented	Abstensions	% of shares present or represented	Votes against	% of shares present or represented
Point 1	Aproval of the balance sheet for the merger of the Company as of April 30, 2003, and verified by the Company's Auditor	45,700,582	99.93%	10,552	0.02%	20,066	0.04%
Point 2	Aproval of the merger of ACS, Actividades de Construcción y Servicios, S.A., and Grupo Dragados, S.A., by the former company taking over the latter with dissolution without liquidation of the company that was taken over and transfer in block of all its patrimony in accordance with the Merger Project in deposit with approval of said Project. Determination of the rate of exchange between the company taken over with respect to the company taking it over	45,716,326	99.97%	10,552	0.02%	4,322	0.01%
Point 3	Increase of the share capital as a consequence of the merger and resulting modification of article 6 of the Company Bylaws. Modification of article 13 of the Company Bylaws	45,709,707	99.97%	11,292	0.02%	10,201	0.02%
Point 4	Resignation and appointment of Members of the Board of Directors:						
	Appointment of Mr. Agustín Batuecas Torrego as Member of the Board of Directors	30,141,551	65.91%	15,497,983	33.89%	91,666	0.20%
	Appointment of Mr. José María Loizaga Viguri as Member of the Board of Directors	30,141,551	65.91%	15,498,003	33.89%	91,666	0.20%
	Appointment of Mr. Pedro López Jiménez as Member of the Board of Directors	30,141,651	65.91%	15,497,883	33.89%	91,666	0.20%
	Appointment of Mr. Florentino Pérez Rodríguez as Member of the Board of Directors	30,005,060	65.61%	15,634,474	34.719%	91,666	0.20%
	Appointment of Mr. José Luis del Valle Pérez as Member of the Board of Directors	30,141,651	65.91%	15,497,883	33.89%	91,666	0.20%
	Appointment of Mr. Pablo Vallbona Vadell as Member of the Board of Directors	45,629,370	99.78%	10,164	0.02%	91,666	0.20%
	Condition the merger by takeover of Grupo Dragados, S.A., by ACS, Actividades de Construcción y Servicios, S.A., to the recording of this event in the Registry of Companies, this event and the establishment of eighteen for the number of Members of the Board of Directores being effective as of th date of said entry	45,629,370	99.78%	10,164	0.02%	91,666	0.20%
	Dismissal of Mr. Francisco Servando Verdú Pons as Member of the Board of Directors when the merger by takeover of Grupo Dragados, S.A., by ACS, Actividades de Construcción y Servicios, S.A., is recorded in the Registry of Companies and effective as of the date of said entry	45,629,370	99.78%	10,164	0.02%	91,666	0.20%
	Appointment of Mr. Isidro Fernández Barreiro as Member of the Board of Directors when the merger by takeover of Grupo Dragados, S.A., by ACS, Actividades de Construcción y Servicios, S.A., is recorded in the Registry of Companies and effective as of the date of said entry	45,629,370	99.78%	10,164	0.02%	91,666	0.20%
	Appointment of Mr. Antonio García Ferrer, Mr. Miguel Blesa de la Parra, Dr. Joan David Grimà i Terré, Mr. Miguel Roca Junyent, Imvernelin Patrimonio, S.L., Percacer, S.A., and Comercio y Finanzas, S.A., as Members of the Board of Directors when the merger by takeover of Grupo Dragados, S.A., by ACS, Actividades de Construcción y Servicios, S.A., and effective on the date of said registration	30,141,651	65.91%	15,497,883	33.89%	91,666	0.20%
Point 5	Delegation of the authority to execute and sign agreements.						
	Delegation of faculties	45,727,332	99.99%	0	0.00%	3,868	0.01%
	Approval of the Minutes of the Meeting	45,730,060	99.998%	0	0.00%	740	0.00%

5.4.4. 2004 Ordinary General Shareholders' Meeting

By resolution of the company's Board of Directors at their meeting on March 25, 2004, the Ordinary General Shareholders' Meeting will be held in Madrid at 12:30 on May 19 or 20, 2004, on first and second call respectively, at the Palacio Municipal de Congresos, on Avenida de la Capital de España Madrid s/n, Campo de las Naciones with the following Agenda:

1. Approval of the Annual Report, Balance Sheets, Statements of Income and Management Reports for 2003 of ACS and the consolidated group of companies of which ACS, Actividades de Construcción y Servicios, S.A., is parent company. Profit distribution. Annual Report on Corporate Governance.
2. Approval of the management of the Board of Directors during 2003.
3. Ratification, dismissal and appointment, where applicable, of Directors.
4. Authorization for the derivative acquisition of treasury stock.
5. Appointment of Company and Group auditors.
6. Reduction of the share capital by redeeming 902,453 shares of the Company's treasury stock with the resulting modification of Article 6 of the Company's Bylaws.
7. Reduction of the nominal value of shares from 1.50 euros to 0.50 euros and the consequent increase in the number of outstanding shares by three, with the resulting modification of Article 6 of the Company's Bylaws and delegation of authority to execute this.
8. Modification of articles 13, 15, 20 bis), 22, 26 and 28 of the Company's Bylaws.
9. Authorization to the Board of Directors for the establishment of a Stock Options Plan.
10. Approval of the Rules governing the General Shareholders' Meeting and report on the Rules of the Board of Directors.
11. Delegation of powers to execute and sign agreements.
12. Reading and approval, if applicable, of the minutes of the General Meeting.

5.4.5. Rules on the General Shareholders' Meeting

During the 2003 financial year, work was started to prepare the rules on the General Shareholders' Meeting and the consequent modifications to the Company's Bylaws that the Board of Directors will propose at the General Shareholders' Meeting to take place on May 19 and 20, 2004 on first and second call, respectively and that is based on the following principles of the Code of Good Governance:

- To introduce measures focused on building a more transparent system of delegation of votes and on highlighting the communication between the Company and its shareholders.
- To explain in detail the voting proposals that are offered in the request form, in relation to adopting resolutions of certain importance of delegation and reveal the existence of any possible conflicts of interest when the situation could arise.
- To establish channels and instruments that permit flexible communication. In Addition to the standard information that the company supplies in the form of annual, half-year and quarterly reports, to favour meetings with financial analysts so that this information can be made available to their investors. The objective that these measures pursue is to create permanent channels of communication with the shareholders that are complimentary to those that satisfy the right established by Law to question whenever a General Shareholders' Meeting takes place. The objective is for shareholders to be able to obtain the information they require at any given moment.

5.5. INFORMATION AND TRANSPARENCY

The shareholders right to information is covered in the precepts of the Rules of the General Shareholders' Meeting that will be presented for their approval at the Ordinary General Shareholders' Meeting.

So that the General Shareholders' Meeting of the Company can adequately carry out its functions, before each General Meeting is held, the Board of Directors of the Company shall make available to the shareholders all the information that is legally required or that, even if it is not, should reasonably be provided on its social interest and the interest of the shareholders, so that they may form an opinion. Following this line, the Board of Directors will be obliged to handle with the maximum diligence any requests made by the shareholders on the occasion of the General Meeting, whether prior to or after it, providing that they do not prejudice the interests of the company.

In accordance with this firm commitment of the ACS Group to communicate the necessary information in a transparent, fair and unbiased way so that the progress of the Company can be readily evaluated, the most efficient means have been used so that the same information is immediately available to all shareholders, potential investors and the general public at the same time.

5.5.1. Financial Information

The ACS Group has adopted the necessary measures to ensure that the information supplied by the Company in the form of annual, half-year and quarterly reports is available to the shareholders in a clear, rigorous and timely way. To this end, the Audit Committee will review this information before it is made public in order to verify that it has been obtained in accordance with professional principles, criteria and practices with which the accounts are drawn up and that is as reliable as they are.

5.5.2. Information on ACS Stock

Pages 146 and 147 of this Annual Report contain detailed information on the performance of the ACS shares during 2003.

5.5.3. Information provided to the Stock Exchanges

The main channel used by the Group to transfer its evolution and main events to the stock market is through its communications to the Stock Exchange Commission (CNMV). During 2003, 36 communications were made, of which 32 involved Relevant Facts and the rest concerned corporate results and presentations.

The main Relevant Facts were:

- January 15 (Registry No. 39248): The Company communicates that, with the prior approval of its Executive Committee in the session held on the day before, January 14, ACS, Actividades de Construcción y Servicios, S.A., presented a Public Takeover Bid for 17,253,137 shares of Grupo Dragados, S.A., representing 10% of its share capital at the price of 22.22 euros per share and without requiring the acquisition of a minimum number of shares to make the offer effective.
- January 27 (Registry No. 39430): Banco Zaragozano communicates that the participation of Banco Zaragozano, S.A. in the share capital of ACS, Actividades de Construcción y Servicios, S.A., as of January 27 was 5.00017%.
- February 18 (Registry No. 39854): The Company remits information on the Audit Committee titled "Audit and Control" that was created as a result of the agreement reached at the Board of Directors meeting held on February 19, 1998, when its duties and Regulations were defined.
- March 18 (Registry No. 40687): The Company communicates the resignation of Mr. Alberto Alcocer Torra.
- May 29 (Registry No. 42296): The Company submits the Agenda for the Ordinary General Shareholders' Meeting to be held on June 18, 2003, on first call, or June 19, 2003, on second call.
- June 20 (Registry No. 42770): The Company communicates that at its meeting on June 19, 2003, the Board of Directors approved the Rules of the Board of Directors.
- June 20 (Registry No. 42769): ACS gives notification of the resolutions adopted at the Ordinary General Shareholders' Meeting held, on second call, on June 19, 2003.
- June 20 (Registry No. 42771): ACS submits the agreements reached on the appointments of the new members of the Company's Board of Directors as well as of the Chairman and the members of the Audit and Compensation Committees.
- June 30 (Registry No. 43003): The Company submits information on its participation in Xfera Móviles, S.A. On June 23, 2003, several agreements were signed whereby shareholders of Xfera promise to purchase from Venditelecom España S.L. and Vivendi Telecom International, S.A., both pertaining to Grupo Vivendi Universal, S.A, and the latter two promise to sell and transfer, at the symbolic total price of 1 euro, all of the shareholdings that the latter two companies have in Xfera and which represent 31.4% of the share capital. The fulfilment of these agreements was conditioned by compliance with the regulatory and statutory requirements as well as the substitution of the bank guarantees. As a consequence of these promises, ACS, Actividades de Construcción y Servicios, S.A., (ACS) would increase its direct and indirect shareholding in Xfera from the current 19.9% to a maximum of 34.8%, although in virtue of the agreements with the shareholder Sonera Holding, B.V. (Sonera) the commitments of financial assistance to Xfera from ACS is reduced to 29.4% with Sonera assuming the difference.
- July 3 (Registry No. 43143): On July 2, 2003, the members of the Board of Directors of the ACS Group and Dragados Group approve in an extraordinary meeting the start of the merger process between these companies in which the former will absorb the latter. The share conversion rate proposed by the respective Boards will be 33 new shares of ACS for every 68 shares of Dragados.
- July 3 (Registry No. 43109): The Company submits the literal text of the agreements approved by the Board of Directors regarding the merger with Grupo Dragados, S.A.
- July 25 (Registry No. 43599): Banco Zaragozano has agreed to sell to Deutsche Bank AG London 2,203,200 shares of ACS, Actividades de Construcción y Servicios, S.A., representing 5% of the company's share capital. On the same day it was communicated as a Relevant Fact with Registry No. 43606, that the figure constituting 5% of the share capital of ACS, Actividades de Construcción y Servicios, S.A., was 3,203,200 shares instead of the number of shares mentioned in the previous Relevant Fact notification.
- July 25 (Registry No. 43604): Deutsche Bank AG London notifies that it has purchased 3,203,200 shares of ACS from Banco Zaragozano, equivalent to 5% of its share capital. Subsequently, Deutsche Bank AG London sold the ACS shares to a limited number of institutional clients at a price of 37.15 euros per share.
- July 31 (Registry No. 43782): The Company submits the Rules of Conduct regarding the Stock Market. In its meeting held on July 17, the Executive Committee of ACS, Actividades de Construcción y Servicios, S.A., under the authority vested in it by the Board of Directors, approves the Rules of Conduct regarding the Stock Market and these Rules are submitted as a Relevant Fact for the purpose of making them public.
- September 11 (Registry No. 44466): The Board of Directors of ACS, Actividades de Construcción y Servicios, S.A., in its meeting held on September 10, 2003, agrees to convene a Extraordinary General Shareholders' Meeting on October 13, 2003, on first call or on the following day, October 14, 2003, on second call.
- September 17 (Registry No. 44530): The Company provides additional information regarding the Extraordinary General Shareholders' Meeting, reiterating the right of the shareholders to examine the legal Documentation made available to them with regards to the merger by absorption of Grupo Dragados, S.A., by ACS, Actividades de Construcción y Servicios, S.A., either at the corporate headquarters or by sending it to them free of charge.

- October 3 (Registry No. 44769): At the request of the Stock Exchange Commission (CNMV), ACS submits an Explanatory Booklet by Price Waterhouse Coopers Auditores S.L., regarding the merger of ACS and Grupo Dragados.
- October 15 (Registry No. 44992): The Company gives notification regarding the re-election, discharge and election of the Members of the Board of Directors, establishing a total number of eighteen members, plus the delegated Committees, and informs of the re-election of the Chairman of the Board of Directors, Mr. Florentino Pérez Rodríguez, as CEO of the Company.
- October 15 (Registry No. 44993): The Company submits the resolutions approved at the Extraordinary General Shareholders' Meeting. On October 16 as a Relevant Fact with Registry No. 45013, the Company notified the quorums for the Meetings and the results of the voting on the resolutions concerning the merger with Grupo Dragados, S.A.
- December 12 (Registry No. 46379): The Company submits the information regarding the inscription brochure, the merger deeds and the trading of the shares newly issued for the conversion of the shares of Grupo Dragados, S.A.
- December 19 (Registry No. 46493): The Company notifies the appointment of Members of the Board of Directors of ACS, Actividades de Construcción y Servicios, S.A.

In addition, seven company presentations were made throughout the year at special events held throughout Europe, featuring the Presentation of Company Results for the financial year 2002, on February 26, 2003, at the Madrid Stock Exchange and the Presentation of the Project of the Merger with Grupo Dragados that was held on July 3, 2003, at the Madrid Stock Exchange and on July 7 in London. These presentations proved to be successful, each one being attended by more than 150 people. Numerous meetings were also held with institutional investors and information requests from our shareholders were handled through the Investor Relations telephone line.

5.5.4. Website

The Group has progressively updated the contents of its corporate website (http://www.grupoacs.com) throughout 2003. Special emphasis was placed on those pages related to Investor Relations through which shareholders could be informed in a timely manner about the performance of their stocks, the Company's general economic and financial progress and all the corporate actions, including all reports and documents of interest to the shareholders, with the object of accommodating accessibility.

Other than this Annual Report, it is possible to consult the following documents from our website:

- Company's Bylaws .
- Rules of the General Shareholders' Meeting.
- Rules of the Board of Directors.
- Annual Report on Corporate Governance.
- Audit Committee Report.
- Rules of Conduct in the Stock Market.
- The notification of the Ordinary General Shareholders' Meetings on May 19 or 20, along with the documents and information for this meeting.

5.5.5. Degree of observance of the recommendations for good governance

The Annual Report on Corporate Governance is available on the Group's Website and contains a detailed explanation regarding the execution of the above recommendations.

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