

# 4

## Corporate Governance Report



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# A

## Ownership Structure

### A.1. Complete the following table on the company's share capital:

Date of last amendment	Share capital (€)	Number of shares
05-20-2004	176,436,567.00	352,873,134

### If there are different classes of shares, identify them in the following table:

Class	Number of shares	Par value
Single	352,873,134	0.50

### A.2. Detail the direct or indirect holders of significant shareholdings of the company at the close of the financial year, excluding the board members:

Name or corporate name of shareholder	Number of direct shares	Number of indirect shares <sup>(1)</sup>	Total share capital %
Corporación Financiera Alba, S.A.	0	63,266,134	17.929
Corporación Financiera Alcor, S.A.	932,880	36,506,074	10.610
Inversiones Vesán, S.A.	26,624,918	0	7.545

<sup>(1)</sup> Held through:

Name or corporate name of shareholder	Number of direct shares	Total share capital %
Alba Participaciones, S.A.	63,266,134	17.929
Comercio y Finanzas, S.A.	1,031,814	0.292
Mr. Alberto Cortina de Alcocer	4,828	0.001
Mr. Alberto de Alcocer Torra	3,273	0.001
Imvernelín Patrimonio, S.L.	34,380,000	9.743
Percacer, S.A.	1,086,159	0.308
<b>TOTAL</b>	<b>99,772,208</b>	

### Indicate the most significant changes in the shareholding structure occurring during the financial year:

Name or corporate name of shareholder	Transaction date	Description of the operation
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## A.3. Complete the following table on the members of the company's board of directors that hold shares in the company:

Name or corporate name of the shareholder	Date first appointment	Date last appointment	Number of direct shares	Number of indirect shares <sup>(1)</sup>	Total share capital %
Mr. Florentino Pérez Rodríguez	06-28-1989	10-14-2003	0	26,624,918	7.545
Mr. Pablo Vallbona Vadell	09-05-1997	10-14-2003	56,560	0	0.016
Mr. Antonio García Ferrer	10-14-2003	10-14-2003	7,920	0	0.002
Mr. José María Aguirre González	06-29-1995	06-12-2001	421,500	0	0.119
Mr. Agustín Batuecas Torrego	06-29-1999	10-14-2003	833,088	0	0.236
Mr. Álvaro Cuervo García	09-05-1997	06-19-2003	0	42,000	0.012
Mr. Manuel Delgado Solís	05-20-2004	05-20-2004	0	0	0.000
Mr. Javier Echenique Landiribar	05-20-2004	05-20-2004	24,438	0	0.007
Mr. Isidro Fernández Barreiro	09-05-1997	10-14-2003	14,046	40,000	0.015
Mr. Joan David Grimà Terré	10-14-2003	10-14-2003	0	2,550	0.001
Mr. José María Loizaga Viguri	06-28-1989	10-14-2003	128,313	225,000	0.100
Mr. Pedro-José López Jiménez	06-28-1989	10-14-2003	0	2,000,000	0.567
Mr. Santos Martínez-Conde Gutiérrez Barquín	06-19-2002	06-19-2003	6,208	0	0.002
Mr. Javier Monzón de Cáceres	05-20-2004	05-20-2004	4,200	0	0.001
Mr. Miguel Roca i Junyent	10-14-2003	10-14-2003	12	0	0.000
Mr. Julio Sacristán Fidalgo	06-24-1998	06-19-2003	1,356	0	0.000
Mr. José Luis del Valle Pérez	06-28-1989	10-14-2003	121,000	0	0.034

<sup>(1)</sup> Held through:

Name or corporate name of the direct shareholder	Number of direct shares
Fidwei Inversiones, S.L.	1,420,000
Lynx Capital, S.A.	580,000
Grial Inversiones Sicav, S.A.	2,550
Inversiones Europeas, S.L.	225,000
Inversiones Vesan, S.A.	26,624,918
Sociedad de Estudios de Estrategia Empresarial S.A.	42,000
Scm Correduría de Seguros, S.A.	40,000
<b>TOTAL</b>	<b>28,934,468</b>

**% Total share capital in power of the Board of Directors** **8.657**

## Complete the following table on the members of the board of directors of the company that hold rights over shares in the company:

Name or corporate name of the Board Member	Number of option rights held directly	Number of option rights held indirectly	Equivalent number of shares	% of share capital
Mr. Florentino Pérez Rodríguez	3,110,000	1	3,110,000	0.881
Mr. Agustín Batuecas Torrego	178,000	1	178,000	0.050
Mr. Antonio García Ferrer	840,000	1	840,000	0.238
Mr. José Luis del Valle Pérez	650,000	1	650,000	0.184

## A.4. Indicate any relationships of a family, commercial, contractual or corporate nature existing between holders of significant shareholdings, to the extent that they are known by the company, unless they are of little significance or derive from the ordinary course of business or trade:

Names or corporate names related	Type of relationship	Brief description
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A.5. Indicate the relationships of a commercial, contractual or corporate nature existing between holders of significant shareholdings and the company, unless they are of little significance or derive from the ordinary course of business or trade:

Names or corporate names related	Type of relationship	Brief description

A.6. Indicate the shareholders' agreements executed between shareholders and reported to the company:

Parties involved in side agreement	% of share capital affected	Brief description of agreement

Indicate the concerted actions existing between shareholders of the corporation that are known by the company:

Parties involved in side agreement	% of share capital affected	Brief description of concerted action

If there has been any modification or termination of said pacts or agreements or concerted actions during the financial year, indicate them expressly.

A.7. Indicate if there is any individual or legal entity that exercises or could exercise control over the company under the terms of article 4 of the Stock Exchange Law:

Name or corporate name

Comments

A.8. Complete the following tables on the company's treasury stock:

At the close of the financial year:

Number of direct shares	Number of indirect shares <sup>(1)</sup>	Total share capital %
0	0	0.000

<sup>(1)</sup> Held through:

Name or corporate name of the direct shareholder	Number of direct shares
<b>TOTAL</b>	

In accordance with the provisions set forth in Royal Decree 377/1991, detail the significant variations carried out during the financial year:

Date	Number of direct shares	Number of indirect shares	Total share capital %
02-22-2005	4,548,682	0	1.289
07-27-2005	3,820,762	0	1.083
09-13-2005	3,543,579	0	1.004
10-26-2005	4,268,947	0	1.210
12-05-2005	4,176,154	0	1.183

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Results obtained in the financial year on treasury stock transactions (thousand euros)	44,814
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#### A.9. Detail conditions and mandate from the shareholders' meeting to the board of directors for engaging in acquisitions or transfers of treasury stock described in section A.8.

The following resolution was adopted at the Ordinary General Shareholders' Meeting held on 05/19/05:

"Render the previous authorization granted by means of Resolution adopted by the General Shareholders' Meeting held on 05.20.04 null and void, and under the conditions and requirements set forth in Article 75 and related provisions of the Spanish Corporations Law, authorize both the Company's Board of Directors as well as those of subsidiary companies to acquire shares in the company for valuable consideration, the par value of which does not exceed 5% of the issued share capital. Such authorization shall be granted for a period of 18 months from the date of the aforementioned meeting. The minimum and maximum price shall be, respectively, the par value of the shares and the price at which they are traded on the stock market on the day of the purchase, or the price authorized by the competent body of the Stock Exchange or by the Spanish Stock Market Commission.

#### A.10. Indicate the legal and statutory restrictions on the exercise of voting rights, as well as the statutory restrictions on the acquisition or sale of holdings in the share capital:

Apart from legal restrictions, there are no statutory restrictions regarding the exercising of voting rights or to the acquisition or transfer of shares. Articles 11, 23 and 26 of the Company By-laws provide for these issues:

##### Article 11.

(...) The shares shall be transferable between Spanish physical individuals or legal personalities without any restriction whatsoever; and to foreign physical individuals or legal personalities with the legal restrictions that may apply in each case.

##### Article 23.

The General Meeting comprises all those that hold at least one hundred shares, either present or represented. The owners or holders of less than one hundred shares may group together in order to reach this number and may be represented either by one of them or by another shareholder who alone possesses the requisite number of shares required to form part of the General Meeting.

##### Article 26.

(...) Each shareholder shall have the right to the number of votes that corresponds to the number of shares held or represented. Said votes may be cast by postal correspondence or telegraph or any other means, providing that a full guarantee exists as to the identity of the person casting their vote(s) in this manner. Shareholders with attendance rights may be represented at the Meeting by any person. The right of representation granted to shareholders who only have voting right by grouping themselves together can fall to any of them.

# B

## Structure of the Company Administration

### B.1. Board of directors

#### B.1.1. Outline the maximum and minimum number of board members provided for in the Company By-laws:

Maximum number of Board Members	21
Minimum number of Board Members	11

#### B.1.2. Complete the following table with the board members:

Name or corporate name of the Board member	Position	Date first appointment	Date last appointment	Election procedure
Mr. Florentino Pérez Rodríguez	Chairman and CEO	06-28-1989	10-14-2003	General Meeting
Mr. Pablo Vallbona Vadell	Vice Chairman	09-05-1997	10-14-2003	General Meeting
Mr. Antonio García Ferrer	Executive Vice Chairman	10-14-2003	10-14-2003	General Meeting
Mr. José María Aguirre González	Board Member	06-29-1995	06-12-2001	General Meeting
Mr. Agustín Batuecas Torrego	Board Member	06-29-1999	10-14-2003	General Meeting
Mr. Alvaro Cuervo García	Board Member	09-05-1997	06-19-2003	General Meeting
Mr. Manuel Delgado Solís	Board Member	05-20-2004	05-20-2004	General Meeting
Mr. Javier Echenique Landiribar	Board Member	05-20-2004	05-20-2004	General Meeting
Mr. Isidro Fernández Barreiro	Board Member	09-05-1997	10-14-2003	General Meeting
Mr. Joan David Grimà Terré	Board Member	10-14-2003	10-14-2003	General Meeting
Mr. José María Loizaga Viguri	Board Member	06-28-1989	10-14-2003	General Meeting
Mr. Pedro-José López Jiménez	Board Member	06-28-1989	10-14-2003	General Meeting
Mr. Santos Martínez-Conde Gutiérrez-Barquín	Board Member	06-19-2002	06-19-2003	General Meeting
Mr. Javier Monzón de Cáceres	Board Member	05-20-2004	05-20-2004	General Meeting
Mr. Miguel Roca i Junyent	Board Member	10-14-2003	10-14-2003	General Meeting
Mr. Julio Sacristán Fidalgo	Board Member	06-24-1998	06-19-2003	General Meeting
Mr. José Luis del Valle Pérez	Secretary Board Member	06-28-1989	10-14-2003	General Meeting

Name or corporate name of the Board member	17
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#### Indicate the resignations from the board of directors that occurred during the period:

Name or corporate name of the Board member	Date of resignation
Mr. Miguel Blesa de la Parra	10-03-2005

## B.1.3. Complete the following tables on the board members and their position:

## Executive Directors

Name or corporate name of the Board member	Committee which proposed appointment	Position in the company's organizational chart
Mr. Agustín Batuecas Torrego	None	Board Member
Mr. José Luis del Valle Pérez	None	Secretary General and Member of the Board of Directors
Mr. Antonio García Ferrer	None	Executive Vice Chairman
Mr. Florentino Pérez Rodríguez	None	Chairman and CEO

## Proprietary &amp; External Directors

Name or corporate name of the Board member	Committee which proposed appointment	Name or corporate name of significant shareholder represented or that proposed his appointment
Mr. Manuel Delgado Solís	None	Corporación Financiera Alcor, S.A.
Mr. Javier Echenique Landiribar	None	Corporación Financiera Alcor, S.A.
Mr. Isidro Fernández Barreiro	None	Corporación Financiera Alba, S.A.
Mr. Pedro-José López Jiménez	None	Mr. Pedro José López Jiménez
Mr. Santos Martínez-Conde Gutiérrez Barquín	None	Corporación Financiera Alba, S.A.
Mr. Javier Monzón de Cáceres	None	Corporación Financiera Alcor, S.A.
Mr. Julio Sacristán Fidalgo	None	Inversiones Vesán, S.A.
Mr. Pablo Vallbona Vadell	None	Corporación Financiera Alba, S.A.

## Independent Non Executive Directors

Name or corporate name of the Board member	Committee which proposed appointment	Profile
Mr. José María Aguirre González	None	Businessman
Mr. Alvaro Cuervo García	None	Businessman
Mr. Joan David Grimà Terré	None	Businessman
Mr. José María Loizaga Víguri	None	Businessman
Mr. Miguel Roca Junyent	None	Lawyer

## Other Non Executive Directors

Name or corporate name of the Board member	Committee which proposed the appointment

Indicate the reasons why they cannot be considered proprietary or independent:

Indicate any variations that have occurred in the type of each board member during the period:

Name or corporate name of the Board member	Date of Change	Previous status	Current status



**B.1.4. Indicate whether the classification of board members in the above section corresponds with the provisions of the Rules of the Board of Directors:**

The rating of the Directors carried out in the foregoing point corresponds with the provisions set forth in article 3 of the Rules of the Board of Directors.

**B.1.5. If applicable, indicate any powers delegated to the board members or chief executive officers:**

Name or corporate name of Board Member	Brief description
Mr. Florentino Pérez Rodríguez	All Powers corresponding to the board except those that cannot be transferred

**B.1.6. If applicable, identify the members of the board that hold the positions of administrators or directors of other companies that form part of the listed company:**

Name or corporate name of Board Member	Corporate name of the Group Entity	Position
Mr. José María Aguirre González	Cobra, Instalaciones y Servicios, S.A. ACS Servicios, Comunicaciones y Energía, S.L.	Chairman Vice Chairman
Mr. Agustín Batuecas Torrego	Compañía Navarra de Autobuses, S.A. Jiménez Lopera, S.A. Autedia, S.A. Intercambiador de Transportes Príncipe Pío, S.A. Continental Auto, S.L. Alsina Graells de Auto Transporte Movelia Tecnologías, S.L. Autocares Discrecionales del Norte, S.L. Servicios Generales de Automoción, S.A. Construirail, S.A. Continental Rail, S.A. Transportes Alsina Graells Sur, S.A. Hijos de Simón Maestra García, S.A. Setra Ventas y Servicios, S.A. Autobuses García, S.L. Intercambiador de Transportes Avenida de América, S.A. Intercambiador de Transportes Plaza de Castilla, S.A. Explotación Comercial de Intercambiadores, S.A.	Secretary General and Member of the Board Of Directors Individual representing Continental Auto, S.L., Chairman and CEO Individual representing Continental Auto, S.L., Chairman and CEO Individual representing Continental Auto, S.L., Chairman and CEO Chairman and CEO Individual representing Continental Auto, S.L., Chairman and CEO Individual representing Continental Auto, S.L., Chairman and CEO Individual representing Continental Auto, S.L., Chairman and CEO Individual representing Continental Auto, S.L., Chairman and CEO Board Member Individual representing Continental Auto, S.L., Chairman and CEO Individual representing Continental Auto, S.L., Chairman and CEO Individual representing Continental Auto, S.L., Chairman and CEO Individual representing Continental Auto, S.L., Chairman and CEO Individual representing Continental Auto, S.L., Chairman and CEO Individual representing Continental Auto, S.L., Chairman and CEO Individual representing Continental Auto, S.L., Chairman and CEO Individual representing Continental Auto, S.L., Chairman and CEO
Mr. José Luis del Valle Pérez	ACS ervicios y Concesiones, S.L. ACS Servicios. Comunicaciones y Energía, S.L. Dragados, S.A. Iberpistas, S.A.C.E Cobra. Instalaciones y Servicios, S.A. Sociedad Española de Montajes Industriales, S.A. Dragados Concesiones de Infraestructuras, S.A. Clece, S.A. Continental Auto, S.L. Xfera Moviles, S.A. Dragados Servicios Portuarios y Logísticos, S.L. Saba Aparcamientos, S.A. Urbaser, S.A. Dragados Industrial, S.A.	Secretary General and Member Of The Board Of Directors Secretary General and Member Of The Board Of Directors Secretary General and Member Of The Board Of Directors Secretary General and Member Of The Board Of Directors Secretary General and Member Of The Board Of Directors Secretary General and Member Of The Board Of Directors Board Member Board Member Board Member Board Member Board Member Board Member Board Member Board Member
Mr. Manuel Delgado Solís	Dragados, S.A. Unión Fenosa, S.A.	Board Member Board Member
Mr. Javier Echenique Landiribar	ACS Servicios. Comunicaciones y Energía, S.L.	Board Member
Mr. Isidro Fernández Barreiro	Xfera Moviles, S.A.	Board Member
Mr. Antonio García Ferrer	ACS Servicios y Concesiones, S.L. Inmobiliaria Urbis, S.A. Acs Servicios. Comunicaciones y Energía, S.L. Dragados, S.A. Abertis Infraestructuras, S.A.	Board Member Board Member Board Member Board Member Board Member
Mr. Pedro-José López Jiménez	ACS Servicios y Concesiones, S.L. Dragados, S.A. Unión Fenosa, S.A.	Board Member Vice Chairman Chairman
Mr. Santos Martínez-Conde Gutiérrez-Barquín	Unión Fenosa, S.A.	Board Member
Mr. Javier Monzón de Cáceres	ACS Servicios y Concesiones, S.L.	Board Member
Mr. Julio Sacristán Fidalgo	Autopistas Aumar, S.A.C.E	Board Member
Mr. Pablo Vallbona Vadell	Abertis Infraestructuras, S.A.	Vice Chairman

**B.1.7. Detail, if applicable, the board members of the company who are members of the board of directors of other companies that are listed on official stock exchanges in Spain and which do not form part of the company's group and of which the company is aware:**

Name or corporate name of Board Member	Listed Company	Position
Mr. José María Aguirre González	Acerinox, S.A.	Board Member
Mr. José María Aguirre González	Banco Guipuzcoano, S.A.	Chairman
Mr. Alvaro Cuervo García	Tafisa. Tableros de Fibras, S.A.	Vice Chairman
Mr. Javier Echenique Landiribar	Uralita, S.A.	Board Member
Mr. Javier Echenique Landiribar	Ence, S.A.	Board Member
Mr. Javier Echenique Landiribar	Telefónica Móviles, S.A.	Board Member
Mr. Isidro Fernández Barreiro	Prosegur, S.A.	Board Member
Mr. Joan David Grimà Terré	Antena 3, Tv, S.A.	Board Member
Mr. José María Loizaga Víguri	Zardoya Otis, S.A.	Vice Chairman
Mr. Pedro-José López Jiménez	Lingotes Especiales, S.A.	Board Member
Mr. Pedro-José López Jiménez	Compañía Española de Petróleos, S.A. (CEPSA)	Board Member
Mr. Santos Martínez-Conde Gutiérrez-Barquín	Acerinox, S.A.	Board Member
Mr. Javier Monzón de Cáceres	Indra Sistemas, S.A.	Chairman

**B.1.8. Complete the following tables showing the total remuneration of the Board Members accrued during the financial year:**

a) In the company object of the present report

Nature of remuneration	Figures in thousand euros
Fixed salary	2,353
Variable remuneration	2,834
Expenses	0
Statutory dues	1,700
Stock options and/or financial instruments	1,463
Others	0
<b>TOTAL</b>	<b>8,350</b>

Other benefits	Figures in thousand euros
Advances	0
Loans	0
Funds and Pension Plans: Contributions	2,035
Pension Plans: Contracted Obligations	2,035
Life Insurance Premiums	11
Guarantees constituted by the Company in favour of Board Members	0

b) Received by board members of the company for belonging to other boards of directors and/or senior management of companies of the group:

Nature of remuneration	Figures in thousand euros
Fixed salary	308
Variable remuneration	0
Expenses	0
Statutory dues	523
Stock options and/or financial instruments	59
Others	60
<b>TOTAL</b>	<b>950</b>

Other benefits	Figures in thousand euros
Advances	0
Loans	0
Funds and Pension Plans: Contributions	0
Pension Plans: Contracted Obligations	0
Life Insurance Premiums	0
Guarantees constituted by the Company in favour of Board Members	0

c) Total compensation per type of board member:

Classes of board members	By company	By group
Executive Directors	7,155	543
Proprietary & External Directors	747	341
Independent Non Executive Directors	448	66
Other Non Executive Directors	0	0
<b>TOTAL</b>	<b>8.350</b>	<b>950</b>

d) Respect to profit due to the parent company:

<b>Total board member remuneration</b> (thousands of euros)	9,300
<b>Total board member remuneration/ profit due to parent company</b> (expressed as %)	1.528

**B.1.9. Identify the members of senior management that are not in turn executive directors, and indicate the total remuneration accrued in their favour during the financial year**

Name or corporate name	Position
Mr. Ángel García Altozano	Corporate General Manager of ACS Actividades de Construcción y Servicios, S.A.
Mr. Marcelino Fernandez Verdes	Chairman and CEO of Dragados, S.A. (Head of the Construction and Concessions Area)
Mr. Juan Ernesto Pérez Moreno	Assistant to the Chairman of Dragados, S.A.
Mr. Maximiliano Navascués Redondo	Director of Contracts of Dragados, S.A.
Mr. Alfonso Costa Cuadrench	Director of Technical Services of Dragados, S.A.
Mr. Gonzalo Gómez-Zamalloa Baraibar	Director of Building of Dragados, S.A.
Mr. Ignacio Segura Suriñach	Director of Building of Dragados, S.A.
Mr. Jose María López Piñol	Director of Civil Work of Dragados, S.A.
Mr. Luis Nogueira Miguelsanz	Secretary General of dragados, S.A.
Mr. Antonio Cortes Sanchez	International Director of Dragados, S.A.
Mr. Ricardo Martín de Bustamante Vega	Director of Civil Works of Dragados, S.A.
Mr. Octavio del Real Sanchez	Director of Investees of Dragados, S.A.
Mr. Manuel Perez Beato	Chairman and CEO of Vías y Construcciones, S.A.
Mr. Antonio Alfonso Sanchez	Board Member and General Manager of Vías y Construcciones, S.A.
Mr. Manuel Alvarez Muñoz	Director de Producción de Vías y Construcciones, S.A.
Mr. Rafael Valero Sin	Sole Administrator of Tecsa. Empresa Constructora, S.A.
Mr. Enrique Perez Rodriguez	Sole Administrator of Comunidades Gestionadas, S.A.
Mr. Jose Luis Sarabia Centeno	Sole Administrator of Dragados y Construcciones Especiales, S.A.
Mr. Francisco Javier Asencio Marchante	Sole Administrator of Geotecnia y Cimientos, S.A.
Mr. Eugenio Llorente Gómez	CEO of Cobra Instalaciones y Servicios, S.A.
Mr. Jose Reis Costa	Chairman of Procme, Ltd
Mr. Daniel Vega Baladrón	CEO of Sociedad Española de Montajes Industriales, S.A.
Mr. Juan Agustín Sanchez Bernal	Chairman of Aplicacion de Pinturas Api, S.A.
Mr. Lorenzo Diaz Revenga	Chairman and CEO of Dragados Industrial, S.A.
Mr. Mateo Rodriguez Sanchez Del Moral	General Manager of Ingenieria Industrial y Plantas
Mr. Carlos Rodriguez Mendez	General Manager of Control y Montajes Industriales, S.A.
Mr. Pedro Ascorbe Trián	General Manager of Dragados Off-Shore, S.A.
Mr. Juan Enrique Ruiz Gonzalez	General Manager of Dragados Sistemas, S.A.
Mr. Antonio Benitez Vilches	General Manager of Mantenimiento y Montajes Industriales, S.A.
Mr. Demetrio Ullastres Llorente	Chairman and CEO of ACS Servicios y Concesiones, S.L. (Head of the Services Area)
Mr. Ignacio Perez Rodriguez	Executive Chairman of ACS Servicios, Comunicaciones y Energía, S.L. (Head of the Industrial Services Area)
Mr. Jose Alfonso Nebreira García	General Manager of ACS, Servicios, Comunicaciones y Energía, S.L.
Mr. Jose Romero de Ávila González-Albo	General Manager of ACS Servicios, Comunicaciones y Energía, S.L.
Mr. Juan Galvañ Morante	Secretary General of ACS Servicios y Concesiones, S.L.
Mr. Javier Polanco Gómez-Lavín	CEO of Urbaser, S.A.
Mr. Jose Naranjo Hiraldo	General Manager of Urbaser, S.A.
Mr. Juan Carlos Pery Paredes	CEO of Dragados Servicios Portuarios y Logísticos, S.L.
Mr. Cristóbal Valderas Alvarado	CEO of Clece, S.A.
Mr. Victor Revuelta García	General Manager of Dragados Concesiones de Infraestructuras, S.A.
Mr. Manuel García Buey	General Manager of Dragados Concesiones de Infraestructuras, S.A.
Mr. Francisco Fernández Lafuente	General Manager of Offers of Dragados Concesiones de Infraestructuras, S.A.
Mr. Carlos Gerez Pascual	Director of Machinery of Dragados, S.A.
Mr. Epifanio Lozano Pueyo	Administration Manager of ACS Servicios Comunicaciones y Energía, S.A.
Mr. Pablo García Arenal	General Manager of Plants of Cobra Instalaciones y Servicios, S.A.
Mr. Andrés Sanz Carro	Secretary General of Semi/Maessa
Mr. Manuel Andrés Martínez	General Manager of Services of Urbaser, S.A.
Mr. José Ontañón Carrera	General Manager of Waste Treatment of Urbaser, S.A.
Mr. Javier San Millán Pérezagua	General Manager of Clece, S.A.

<b>Total board member remuneration</b> (thousands of euros)	23,723
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**B.1.10. Indicate on an aggregate basis if there are guarantee or protection clauses, in the case of dismissal or changes of control in favour of members of senior management, including the executive directors, of the company or its group. Indicate if these contracts have to be notified and/or approved by the bodies of the company or its group:**

Number of beneficiaries	16	
	Board of directors	General meeting
Body authorising the clauses	X	
	YES	NO
Is the General Meeting informed about the clauses?		X

**B.1.11. Indicate the process to determine the compensation of members of the board of directors and the related clauses of the Company By-laws:**

The remuneration of the different board members for statutory dues was proposed by this board at the proposal of the Remuneration Committee. Every year, the global amount is submitted to the approval of the company Shareholders' Meeting within the agreement regarding the allocation of profits.

This matter is regulated through the last three paragraphs of article 34 of the Company By-laws which set forth: "In addition to the allowances and expenses agreed by the General Meeting, for statutory participation, the Board of Directors shall also be entitled to remuneration that does not exceed ten percent of the distributable net profit. This can only be allocated once the legal reserves and, if applicable, the statutory reserve have been made and the shareholders have been paid a dividend of at least four percent of the paid-up capital for each share.

Express authorisation is hereby given to allow remuneration to all or any of the members of the Board of Directors, as well as executive staff of the company and the companies that belong to the same Group, which consists in the surrender of company shares or of stock option rights or through a reference to the value of said shares, in the manner, terms and conditions set by the General Shareholders' Meeting through the opportune agreement with the legally established requirements.

The Board of Directors shall decide on the manner of distributing the remuneration due through the application of this article, including the different amounts".

**B.1.12. Indicate the identity of any board members that are, at the same time, board members or executives at companies that hold significant shareholdings in the listed company and/or entities in the group:**

Name or corporate name of Board Member	Name or corporate name of the significant shareholder	Position
Mr. Isidro Fernández Barreiro	Corporación Financiera Alba, S.A.	CEO
Mr. Santos Martínez-Conde Gutiérrez-Barquín	Corporación Financiera Alba, S.A.	General Manager
Mr. Florentino Pérez Rodríguez	Inversiones Vesan, S.A.	Administrator
Mr. Pablo Vallbona Vadell	Corporación Financiera Alba S.A.	Vice Chairman

**Detail of any relevant relationships, other than those contemplated in the chart above, which could bind any board members with significant shareholders and/or their group companies:**

Name or corporate name of Board Member	Name or corporate name of the significant shareholder	Description of Relationship
Mr. Manuel Delgado Solís	Imvernelín Patrimonio, S.L.	Lawyer
Mr. Manuel Delgado Solís	Percacer, S.A.	Lawyer
Mr. Isidro Fernández Barreiro	Corporación Financiera Alba, S.A.	Director of Banca March S.A., main shareholder of Corporación Financiera Alba, S.A.
Mr. Julio Sacristán Fidalgo	Inversiones Vesán, S.A.	Brother In Law of Mr. Florentino Pérez, Administrator of Inversiones Vesán, S.A.
Mr. Pablo Vallbona Vadell	Corporación Financiera Alba, S.A.	Executive Vice Chairman of Banca March, S.A., main shareholder of Corporación Financiera Alba, S.A.

### **B.1.13. Indicate any amendments made to the Rules of the Board of Directors during the financial year.**

### **B.1.14. Indicate the procedures for appointment, re-election, evaluation and removal of the board members. Detail the competent bodies, the steps to follow and the criteria to use in each of the procedures.**

The issue is regulated in the Rules of the Board of Directors, in the following articles, the literal content of which is the following:

#### [Article 3. Composition and appointment](#)

Within the limits set forth in article 13 of the Company By-laws in force and without prejudice to the powers of proposal which, in accordance with current legislation, corresponds to the shareholders, it shall fall to the Board of Directors to propose to the General Shareholders' Meeting both the number of Directors as well as the individuals or legal entities that must be appointed. The appointment proposal shall record the executive, external and proprietary or external and independent status of the proposed Board members.

In addition, in the event of vacancies, the Board of Directors may provisionally fill them from among the shareholders until the next General Shareholders' Meeting, when the definitive election shall take place

#### [Article 4. Duties](#)

(...) In particular, the Board of Directors shall be responsible for:

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 that are to form part of the Committees and Commissions set forth in these Regulations.

#### [Article 11. Period of appointment of the Directors](#)

The Directors shall exercise their role for the period for which they are elected. Under no circumstances may this exceed a period of five years. They may be re-elected one or more times for terms of an equal duration. The foregoing is without prejudice to the Directors continuing to exercise their position until the next General Shareholders' Meeting takes place once their term has expired.

The Directors elected through co-optation shall exercise their role until the next General Shareholders' Meeting, when the definitive election to cover the vacancy shall take place.

#### [Article 17. The Chairman](#)

The Board shall elect a Chairman from among its members. The chairman, in addition to the duties that correspond to him by virtue of current legislation, the Company By-laws and these Rules, shall undertake duties that befit the status of the top executive post of the company, within the guidelines laid down by the General Shareholders' Meeting, the Board of Directors and the Executive Committee.

The Chairman shall have the widest possible powers for the purpose of carrying out his duties and, unless lawfully prohibited, may totally or partially replace same in favour of other members of the Board and executive personnel of the company and, in general, to whoever he deems fit and proper.

#### [Article 18. The Vice Chairmen](#)

The Board may likewise elect one or two Vice Chairmen from among its Directors: The Vice Chairmen shall deputise for the Chairman in those instances of delegation, absence or illness and, in general, shall exercise all those duties that fall to the Chairman, the Executive Committee and the Board of Directors.

The replacement of the Chairmen by the Vice Chairmen shall be carried out in accordance with the order of their appointment or, in the absence of this, through the order of their seniority and, finally, in order of age from eldest to youngest.

#### [Article 19. The Chief Executive Officer](#)

The Board may appoint a Chief Executive Officer (CEO) and award him the powers required unless these are prohibited from being delegated through the Law or through the Company By-laws.

#### [Article 20. The Secretary](#)

The Board of Directors shall appoint a Secretary. The Secretary which is not required to be a Board Member and must be a practising Lawyer. In addition to the duties for which the Secretary is responsible under current legislation, the Company By-laws and these Rules, the Secretary of the Board of Directors must also oversee the legality of the acts that emanate from the company bodies that it forms part of, providing the due warnings and taking minutes of the same.

**B.1.15. Indicate the events in which Board Members are obliged to resign.**

This is not expressly considered.

**B.1.16. State whether the function of the chief executive officer of the company rests with the chairman of the board. If this is the case, indicate the measures that have been taken to limit the risks of accumulation of powers in a single person:**

YES	NO
X	

**Measures to limit risks**

The Chairman of the Board, Mr. Florentino Pérez Rodríguez, is also CEO, and has delegated all the powers of the Board, except those that cannot be transferred. His duty is not only delimited by this scope of powers that cannot be transferred, but also by the duties that he carries out as Chairman of the Executive Committee. There is no other specific risk limitation of the accumulation of these duties.

**B.1.17. Are higher majorities required, different from the legal majority, in any type of decision?:**

YES	NO
	X

Indicate how resolutions are adopted in the board of directors, identifying at least, the minimum quorum of attendance and the type of majority to adopt resolutions:

**Adoption of resolutions**

Description of agreement	Quorum	Type of Majority

**B.1.18. State whether there are specific requisites, different from those related to board members, to be nominated chairman.**

YES	NO
	X

**Description of requisites**

**B.1.19. Indicate if the chairman has a casting vote:**

YES	NO
	X

**Matters where the casting vote exists**

--

B.1.20. Indicate if the Company By-laws or the Rules of the Board of Directors establish any limit on the age of board members:

YES	NO
	X

Age limit of chairman

Age limit of chief executive officer

Age limit of board member

B.1.21 Indicate if the Company By-laws or the Rules of the Board of Directors establish a limited mandate for independent board members:

YES	NO
	X

Maximum number of mandate years 0

B.1.22. Indicate if there are formal processes for the delegation of votes in the board of directors. If so, explain them briefly.

Without prejudice to the obligation to attend, the Directors that cannot attend a meeting in person may be represented and cast a vote through another Director. This delegation must be made in writing to the Chairman and must in the form of a letter, telegram, telex or fax or any other written means that acknowledges receipt by the addressee.

B.1.23. Indicate the number of meetings that the board of directors has held during the year. In addition, indicate the number of time the board has meet without the presence of the chairman, if applicable:

Number of board meetings	6
Number of board meetings without the presence of the Chairman	0

Indicate the number of meetings held during the year by the different board committees:

Number of meetings of the Executive Committee or Representative	12
Number of meetings of the Audit Committee	5
Number of meetings of the Appointment and Remuneration Committee	4
Number of meetings of the Strategy and Investments Committee	0
Number of meetings of the Committee	0

B.1.24. Indicate whether the parent company and consolidated accounts that are presented to the board of directors for their approval are previously certified:

YES	NO
X	

Identify, if applicable, the person/people that has/have certified the company's individual and consolidated financial statements, for their preparation by the board:

Name	Position
Mr. Ángel García Altozano	Corporate General Manager

**B.1.25. Explain the mechanisms established by the board of directors, if there are any, to avoid the parent company and consolidated accounts that it prepares being presented in the Shareholders' Meeting with a qualified auditor's report.**

In this regard, in accordance with article 20 b of the Company By-laws, routine meetings are held between the Accounts Auditor and the Audit Committee to analyse any differences between the accounting criteria followed by the Company and its group of companies and the auditor's interpretation of the accounts. It is considered that the 2005 auditors' reports on ACS Actividades de Construcción y Servicios, S.A. and the ACS Group will be favourable, as they were in 2003 and 2004.

**B.1.26. Outline the measures adopted so that the information released to the stock exchange is transmitted in a symmetrical and equitable manner.**

We try to ensure that knowledge of relevant facts for the market is restricted to the minimum number of identified persons, until the public in general is made aware of the corresponding relevant fact through the dissemination of same.

**B.1.27. Is the Secretary of the Board of Directors a board member?:**

YES	NO
X	

**B.1.28. Indicate the mechanisms established by the company, if any, to preserve the independence of the auditor, of the financial analysts, of the investment banks and the rating agencies.**

With regard to the auditor, Article 23 of the Rules of the Board of Directors expressly sets forth that in addition to the appointment proposal, the Audit Committee shall be responsible for dealing with the external auditors in order to receive information on those matters that could jeopardise their independence and any others related to the process of implementation of the accounts auditing as well as those other communications provided for in accounts auditing legislation and technical standards of auditing. Elsewhere, both article 20 b of the Company By-laws as well as article 23 of the Rules of the Board of Directors set forth that the appointment of the members of the Audit Committee cannot fall to anybody that is currently performing this task or who had carried out tasks of an executive or work nature in the Company during the three immediately preceding years. Moreover, the appointment of the Chairman must fall to a non-executive board member of the Company who cannot remain in this post for a period greater than four years. He can, however, be re-elected once a period of one year has elapsed from his stepping down.

**B.1.29. Indicate if the auditing firm undertook other work for the company and/or its group other than the audit and in this case indicate the amount paid in fees for said work and the percentage that it represents of the total fees invoiced to the company and/or group.**

YES	NO
X	

	Company	Group	Total
Amount from work other than the audit (thousand euros)	153	300	453
Amount from work other than audit / Total amount invoiced by auditing firm (in %)	5,188	10,173	15,361



**B.1.30. Indicate the number of uninterrupted years that the current auditing firm has carried out the audit of the annual accounts of the company and/or its group. Also indicate the percentage that the number of years audited by the current auditing firm represents of the total number of years which the annual accounts have been audited:**

	Company	Group
Number of uninterrupted years	16	16

  

	Company	Group
Number of years audited by current auditing firm / Number of years that the company has been audited (in %)	100,000	100,000

**B.1.31. Indicate the shareholdings of members of the board of directors of the company in entities that have the same, analogous or complementary kind of activity to the business purpose of both the company and its group, which have been notified to the company. Also indicate the positions or duties that they perform in these companies:**

Name or corporate name of the Board member	Name of the object company	% shareholding	Position or function
Mr. José María Aguirre González	Inmobiliaria Urbis, S.A.	0.000	
Mr. José Luis del Valle Pérez	Sagital, S.A. Inmobiliaria Paredes, S.A. Inversiones Montecarmelo, S.A. Del Valle Inversiones, S.A.	5.100 14.902 23.490 33.330	Sole Administrator Joint and Several Administrator
Mr. Manuel Delgado Solís	Cintra, S.A. Unión Fenosa, S.A.	0.000 0.000	
Mr. Isidro Fernández Barreiro	Iberdrola Endesa, S.A. Fadesa Grupo Ferrovial, S.A. FCC	0.002 0.004 0.013 0.004 0.001	
Mr. Antonio García Ferrer	Inmobiliaria Urbis, S.A.	0.000	Board Member
Mr. José María Loizaga Viguri	Inversiones Europeas, S.L. Capital Stock Mercapital, S.L.	99.970 99.990 20.224	Vice Chairman Chairman Chairman
Mr. Pedro-José López Jiménez	Unión Fenosa, S.A. Atlas Copco, SE Terratest Técnicas Especiales, S.A.	0.098 0.000 45.000	Chairman Board Member Chairman (Held through Fapindus, S.L.)
Mr. Santos Martínez-Conde Gutiérrez Barquín	Unión Fenosa, S.A. Metrovacesa, S.A. Gas Natural SGD, S.A. S.G. Aguas de Barcelona, S.A. Inmobiliaria Urbis, S.A. Endesa, S.A. Iberdrola Abengoa Gamesa Corporación Tecnológica, S.A. FCC Abertis Infraestructuras, S.A. Enagas, S.A. Grupo Ferrovial, S.A. Telefónica Móviles, S.A.	0.001 0.001 0.001 0.003 0.002 0.001 0.001 0.002 0.001 0.003 0.000 0.001 0.001 0.000	Board Member
Mr. Javier Monzón de Cáceres	Indra Sistemas, S.A. YPF, S.A. Banco Inversis Net, S.A.	0.044 0.000 0.000	Chairman Board Member Individual representing Board Member Indra Sistemas S.A.
Mr. Pablo Vallbona Vadell	Abertis Infraestructuras, S.A.	0.001	Non-Executive Vice-Chairman

**B.1.32. Indicate and detail, if applicable, if there is any procedure for the board members to obtain external advice:**

YES	NO
	X

## Detail of procedure

**B.1.33. Indicate and if applicable provide details of any procedure for board members to obtain the information required to prepare for the meetings of the administrative bodies with sufficient time:**

YES	NO
X	

## Detail of procedure

In article 15, the Rules of the Board of Directors expressly consider the right of the board members to request and obtain the information and advice required to carry out their functions. The information that they consider necessary is to be requested through the chairman or the secretary of the board.

**B.1.34. Indicate if there is a liability insurance policy that covers the company's board members:**

YES	NO
X	

## B.2. Committees of the board of directors

**B.2.1. Identify the administrative bodies:**

Name of body	Number of members	Functions
Board of Directors	17	The representation of the company and the administration of its businesses and the carrying-out of as many operations as form the corporate purpose or are related thereto.
Executive Committee	7	Through delegation from the board of directors, this committee shall hold all the powers that correspond to this body, except those that cannot be transferred by law or through a provision in the company by-laws. That notwithstanding, the board of directors may discuss the knowledge and decision of any issue that falls under its terms of reference, and the executive committee may submit any matter to the decision of the board of directors when, although the matter could be dealt with by the committee, this body believes it is necessary for the board to take the appropriate decision
Audit Committee	4	<p>A) To inform the general meeting on matters raised by the shareholders.</p> <p>B) To propose the appointment of the external accounts auditor to the board of directors of the company in order that the latter can present this proposal to the general meeting, in accordance with article 204 of the revised text of the public limited corporations law.</p> <p>C) To review and approve any significant changes to the accounting policies of the company and the subsidiary companies that form the group of companies. Likewise, in general, all dealings with the external auditors in order to receive information on those issues that could jeopardise their independence as well as any others related to the process of implementation of accounts auditing and any other communications set forth in legislation governing accounts auditing and the technical rules of accounting.</p> <p>D) To supervise the internal audit services if this body exists within the business organisation.</p> <p>E) To be aware of the financial information process and the internal control systems of the company.</p> <p>F) To review and provide information on the estimates made by the company management and those that are integrated into its group of companies on possible tax and legal contingencies of a significant nature.</p> <p>G) To be aware of the results of inspections carried out by official authorities.</p> <p>H) To be aware of the information regarding the company's accounts that is periodically supplied to the stock market.</p> <p>I) Any other special issues that are referred to the board of directors.</p>
Remuneration Committee	4	<p>The remuneration committee will report to the board of directors on the following matters:</p> <ol style="list-style-type: none"> <li>1. The remuneration scheme of the chairman of the board of directors and other top executives.</li> <li>2. Remuneration of the Board members.</li> <li>3. Any long-term plans based on share value, such as stock options.</li> </ol>

## B.2.2. Detail of all the committees of the board of directors and its members:

### Executive Committee

Name	Position
Mr. Florentino Pérez Rodríguez	Chairman
Mr. José María Loizaga Viguri	Member
Mr. Javier Echenique Landiribar	Member
Mr. Isidro Fernández Barreiro	Member
Mr. Antonio García Ferrer	Member
Mr. Pedro-José López Jiménez	Member
Mr. Pablo Vallbona Vadell	Member
Mr. José Luis del Valle Pérez	Secretary (Non Member)

### Audit Committee

Name	Position
Mr. Santos Martínez-Conde Gutiérrez Barquín	Chairman
Mr. Alvaro Cuervo García	Member
Mr. Manuel Delgado Solís	Member
Mr. Julio Sacristán Fidalgo	Member
Mr. José Luis del Valle Pérez	Secretary (Non Member)

### Remuneration and Appointment Committee

Name	Position
Mr. Pablo Vallbona Vadell	Chairman
Mr. José María Aguirre González	Member
Mr. Javier Echenique Landiribar	Member
Mr. José María Loizaga Viguri	Member
Mr. José Luis del Valle Pérez	Secretary (Non Member)

### Strategy and Investments Committee

Name	Position
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## B.2.3. Provide a description of the organisation and operating rules, along with the responsibilities that are attributed to each board committee.

These are included in articles 21 to 24 of the Rules of the Board of Directors, the contents of which are the following:

### [Article 21. The Committees](#)

For greater efficiency in the exercise of its duties and without prejudice to the statutory powers that correspond to the Board for the creation of the Committees that it deems necessary, an Executive Committee shall be formed, with delegated powers from the board, an Audit Committee and a Remuneration Committee, with the functions that are set forth in these Rules within the framework of current legislation and the Company By-laws

### [Article 22. The Executive Committee](#)

The Executive Committee shall comprise the Chairman of the Board, who shall be its Chairman, and by the one or two Vice Chairmen, if these positions have been designated, by the Board Members designated by the Board of Directors, and by the Secretary of the Board, with voice but without vote, who shall act as Secretary.

The Executive Committee shall meet as often as it is convened by the Chairman, either on his own initiative or when at least two members request same. The Committee is understood to be validly constituted when the majority of its elements are either present or represented and, save any other provision set forth in current legislation, in the Company By-laws or in these Rules, shall adopt its resolutions through a majority of attendees, either present or represented.

Through delegation of the Board of Directors, this Committee shall hold all the powers that correspond to this body, except those that cannot be transferred by law or through a provision in the Company By-laws. That notwithstanding, the Board of Directors may discuss the knowledge and decision

of any issue that falls under its terms of reference, and the Executive Committee may submit any matter to the decision of the Board of Directors when, although the matter could be dealt with by the Committee, this body believes it is necessary for the Board to take the appropriate decision.

The provisions set forth in these rules regarding the operation of the Board of Directors shall be applied as necessary and with the natural adaptations.

### Article 23. The Audit Committee

In accordance with the provisions set forth in article 20 b of the Company By-laws, there shall be an Audit Committee that shall comprise a minimum of three and a maximum of five members who shall be appointed and discharged, from among its members, by the Board of Directors. This appointment cannot fall to anyone who currently occupies this post, or who has carried out tasks of an executive or work nature in the company during the three immediately preceding years. The appointment of the Chairman, also to be made by the Board of Directors, must fall on one of the non-executive directors of the Company. The chairman cannot hold this post for a period of more than four years, although he may be re-elected once a period of one year has elapsed from his stepping down. The Secretary of the Board of Directors of the Company shall attend these meetings in the capacity of Secretary, with voice but without vote.

This shall only be understood to be constituted when the majority of its members are present and shall adopt its resolutions through a majority of attendees. In the event of a tie, the Chairman shall have the casting vote. It shall meet whenever the Chairman convenes a meeting and at least twice a year, coinciding with the initial and final stages of the auditing of the Company's financial statements and the consolidated accounts of the Group of Companies and always prior to the issue of the audit reports. The Company's Auditor may attend these meetings, whenever especially convened, for the purpose of explaining the most significant aspects of the audit.

The Audit Committee shall be responsible for the following functions:

- a) To inform the General Shareholders Meeting on issues of its competence raised by shareholders.
- b) To propose the appointment of the external auditors referred to in Section 204 of the Revised Text of the Corporations Law to the Board of Directors of the Company for submittal to the General Shareholders' Meeting.
- c) To revise and approve any significant changes to accounting policies of the Company and the subsidiaries in the Corporate Group, as well as the Corporate Group itself. Likewise, in general, all dealings with the external auditors in order to receive information on those issues that could jeopardize their independence as well as any others related to the process of implementation of accounts auditing and any other communications set forth in legislation governing accounts auditing and the technical rules of accounting.
- d) To supervise the internal audit services if this body exists within the business organisation.
- e) To be aware of the financial information process and the internal control systems of the company.
- f) To review and provide information on the estimates made by the Company management and those that are integrated into its Group of Companies on possible tax and legal contingencies of a significant nature.
- g) To be aware of the results of inspections carried out by official authorities.
- h) To be aware of the information regarding the company's accounts that is periodically supplied to the Stock Market.
- i) Any other special issues that are referred to the Board of Directors.

The provisions set forth in these rules regarding the operation of the Board of Directors shall be applied to the Audit Committee as necessary and with the natural adaptations.

### Article 24. The Remuneration Committee

Likewise, the Board of Directors shall set up a Remuneration Committee to be made up of a Chairman and a minimum of two Board members who shall be freely elected and moved from among its members, by the Board of Directors. Furthermore, it shall perform their functions during the term for which they were appointed. This period cannot exceed four years. The Secretary of the Board of Directors of the Company shall attend these meetings in the capacity of Secretary, with voice but without vote.

This shall only be understood to be validly constituted when the majority of its members are present and shall adopt its resolutions through a majority of attendees. In the event of a tie, the Chairman shall have the casting vote. It shall meet whenever the Chairman convenes a meeting and at least twice a year

The Remuneration Committee is responsible for providing the Board of Directors with information on:

- 1.- The remuneration scheme of the Chairman of the Board of Directors and other top executives.
- 2.- Remuneration of the Board Members.
- 3.- Long-term plans that may be established in accordance with the value of the share, such as stock option plans.

The provisions set forth in these rules regarding the operation of the Board of Directors shall be applied to the Remuneration Committee as necessary and with the natural adaptations.

**B.2.4. Indicate the powers of assessment, consultation and, if applicable, the delegations held by each of the committees:**

Committee Name	Brief description
Executive Committee	The executive committee has all the powers that correspond to the board of directors except for those that cannot be transferred by law or because of the company by-laws.
Audit committee	The audit committee is responsible for the following functions of advice and consultancy, as well as those that the board of directors may entrust to it: <ul style="list-style-type: none"> <li>- To inform the general meeting on matters raised by the shareholders.</li> <li>- To propose the appointment of the external accounts auditor to the board of directors in order that the latter can present this proposal to the general meeting, in accordance with article 204 of the revised text of the public limited corporations law.</li> <li>- To review and approve any significant changes to the accounting policies of the company and the subsidiary companies that form the group of companies. Likewise, in general, all dealings with the external auditors in order to receive information on those issues that could jeopardise their independence as well as any others related to the process of implementation of accounts auditing and any other communications set forth in legislation governing accounts auditing and the technical rules of accounting.</li> <li>- To review and provide information on the estimates made by the company management and those that are integrated into its group of companies on possible tax and legal contingencies of a significant nature.</li> </ul>
Remuneration Committee	All of the functions of the compensation committee may be considered to be advice or consultancy tasks on behalf of the board of directors.

**B.2.5. Indicate, if applicable, if there are regulations of the board committees, where they can be consulted, and amendments made during the year. In addition, indicate on a voluntary basis if any annual report has been prepared on the activities of each committee.**

The Board Committees are regulated through the Rules of the Board of Directors and the activity of each committee is set forth in minutes that are sent to each and every one of its members. In addition, the Audit Committee issued the corresponding report for the General Shareholders' Meeting with regard to the accounts for the 2004 financial year and must do the same in 2006 for the 2005 accounts.

**B.2.6. In the event that there is an executive committee, explain the level of delegation and autonomy that it has in carrying out its functions, in passing resolutions on the administration and management of the company.**

Through delegation of the board of directors, this Committee shall hold all the powers that correspond to this body, except those that cannot be transferred by law or through a provision in the Company By-laws. That notwithstanding, the board of directors may discuss the knowledge and decision of any issue that falls under its terms of reference, and the executive committee may submit any matter to the decision of the board of directors when, although the matter could be dealt with by the committee, this body believes it is necessary for the board to take the appropriate decision.

**B.2.7. Indicate if the members of the executive committee reflect the shareholding in the board of the different board members based on their status:**

YES	NO
	X

**If no, please explain the composition of its executive committee:**

The Executive Committee comprises an independent board member, two executive board members and four proprietary board members as well as a Secretary with voice but without vote.

**B.2.8. If there is an Appointment Committee, indicate if all its members are non-executive board members:**

YES	NO
	X

# C

## Associated Operations

### C.1. Detail the relevant operations that involved a transfer of resources or obligations between the company or entities of the group and significant shareholders of the company:

Name or corporate name of the significant shareholder	Name or corporate name of the Company or its group entity	Nature of relationship	Description of the operation	Amount (thousands of euros)
Banca March, S.A.	ACS Group companies	Commercial	Finance lease agreements	8,340
Banca March, S.A.	ACS Group companies	Commercial	Financing agreements: loans	11,430
Banca March, S.A.	ACS Group companies	Commercial	Financing agreements: others (specify)	101,520
Banca March, S.A.	ACS Group companies	Commercial	Guarantees and underwriting	34,940
Rosan Inversiones, S.L.	Dragados S.A.	Commercial	Reception of services	2,369

### C.2. Detail of the relevant operations that involved a transfer of resources or obligations between the company and entities of its group and the administrators or executives of the company:

Name or corporate name of the significant shareholder	Name or corporate name of the Company or its Group Entity	Nature of relationship	Description of the operation	Amount (thousands of euros)
---	---	------------------------	------------------------------	-----------------------------

### C.3. Detail the relevant operations made by the company with other companies belonging to the same group, provided that they are not eliminated in the process of preparing the consolidated financial statements and do not form part of the normal business of the company in terms of its business purpose and conditions:

Corporate name of its group entity	Brief description of the operation	Amount (thousands of euros)
------------------------------------	------------------------------------	-----------------------------

### C.4. Identify, if applicable, the existence of any conflicts of interest faced by the board members of the company, as established under article 127 of the Corporations Law.

## C.5. Mechanisms established to detect and regulate possible conflicts of interest between the company and/or the group, board members, executives or significant shareholders.

1<sup>st</sup> - There are several standards included in the Rules of the Board of Directors. Article 13 specifically regulates conflicts of interest. With regard to the duty of loyalty, this article stipulates that the board members shall avoid conflicts of interest between themselves, or their most immediate relatives and the Company. Should any conflict of interest exist and be unavoidable, this must be notified to the Board of Directors and recorded in the Minutes of the first board meeting that takes place. Shares, stock or derivative options that refer to the value of the share of which they are holders, either directly or indirectly, must also be notified to the Company as soon as possible, and under all circumstances within the five days that follow. This applies both to the Board Members as well as their most immediate relatives.

The Board Members must also notify the Company of any significant changes in their professional capacity and, specifically, those changes that affect their designation as a board member. They shall likewise inform the Company of any legal or administrative procedure that could have a negative affect on the reputation of the Company.

The Board Members shall abstain from intervening in the deliberations and of taking part in the voting on those matters in which they have a particular interest. This shall also be expressly recorded in the Minutes.

Likewise, on regulating the non-competition and the use of information, article 14 sets forth that the board members cannot, either directly or indirectly, hold positions in companies or firms that are competitors of the company or of any of the group companies or provide representation services on behalf of same.

The board members cannot use restricted information that they have become aware of through the exercise of their position as a board member for any private purpose. More specifically, unless expressly authorised by the board of directors, the board members cannot benefit from commercial transactions that they have become aware of in their capacity as a board member.

Unless it is a duly authorised payment in kind, board members cannot make use of company assets or use these assets to obtain a patrimonial advantage without paying the adequate consideration.

2<sup>nd</sup> - Likewise, there are Rules of Conduct in the Stock Markets that include a set of rules designed to detect and regulate any possible conflicts of interest between the Company and/or its group, its board members, directors or significant shareholders.

In its meeting of July 17, 2003, the Executive Committee of ACS, Actividades de Construcción y Servicios, S.A., by virtue of the powers vested in it by the Board of Directors, approved the Rules of Conduct in the Stock Markets, informing the Spanish Stock Market Commission (CNMV) of this on July 31, 2003. On the other hand the Board of Directors, in its meeting of July 1, 2004, unanimously resolved to approve a series of amendments to the Rules of Conduct in the Stock Exchange which was notified to the CNMV on July 2, 2004.

In general, the Rules apply to the members of the Board of Directors, members of the Group Management Committee as well as, in general, those representatives and personnel of the Company that carry out activities that could fundamentally influence the Company's share listing. Likewise, those representatives or personnel of the Company as well as external consultants who hold privileged or inside information regarding the Company's shares, with regard to a specific operation, shall also be specifically bound by these rules.

The Monitoring Unit provided for in the Rules shall have an updated list of the Board Members, representatives and personnel of the Company as well as external consultants bound by the same regulations. This list shall be made available to all supervising authorities of the stock markets. Both the inclusion on this list as well as exclusion from same shall be communicated in writing by the Chairman of the Monitoring Unit to all those affected.

The Regulations are applied with regard to shares, stock options and similar contracts that grant the right to subscribe to or acquire Company shares, convertible or non-convertible securities, bonds, promissory notes, junior debt and, in general, any kind of financial instrument issued by the Company or, if applicable, by Group entities. The Regulations shall also apply to cases of conflicts of interest pursuant to article 7 of same.

All persons to whom the Regulations apply must abstain from carrying out, or preparing to carry out, any kind of acts that falsify the free formation of prices on the stock market. Moreover, they must abstain from using all manner of privileged information, whether for personal gain or on behalf of third parties, which they have gained through the exercise of their functions at the Company or on behalf of the Company.

All members of the board of directors, representatives and personnel of the Company that possess privileged information regarding the negotiable securities and financial instruments issued by the Company or Group entities, are bound to safeguard same. This is without prejudice to their duty to communicate this information and to collaborate with the legal and administrative authorities in the terms legally set forth.

During the study or negotiation stages of any kind of legal or financial operation that could have an appreciable influence on the listing of the securities to which the Regulations refer, the Company personnel that are in charge of these operations shall be obliged:

- a) Inform only those people about the transaction, whether inside or outside the organisation, whose involvement is indispensable.
- b) Maintain, for each transaction, a register of the names of the people referred to in paragraph a), stating the date on which each had access to the information.
- c) Clearly inform the persons listed on the register of the nature of the information, their duty to keep it confidential and the prohibition from using it.
- d) Establish security measures for maintaining, filing, accessing, copying and distributing the information.

- e) Monitor the performance of the negotiable securities or financial instruments related to the transaction in process as well as the information made public in any specialised and ordinary media that could affect the process.
- f) In the event of unusual corporate volumes or prices, and if there are reasonable grounds to believe that these changes are the result of premature, partial or distorted reporting of the transaction, the individuals responsible for the transaction shall immediately inform the Secretary of the Board of Directors, who shall then report a relevant occurrence, providing clear and precise information on the status of the transaction underway or containing advanced notice of the information to be made public.

Persons subject to the Regulations who carry out any kind of operation on negotiable securities or financial instruments issued by the Company must observe the following duties:

- a) To provide the Company, via the Chairman of the Monitoring Unit, with written information on any kind of purchase or sale or acquisition of option rights operation, carried out on their own behalf and which is related to the securities that constitute the target scope of these Regulations. Also considered on the same level as operations carried out on their own behalf are those carried out by the spouse, unless this only affects their private or exclusive wealth in accordance with the financial marriage rules, by children under legal age or disabled under paternal powers of the obligee or by companies that are directly or indirectly controlled, or by intervening persons. Those operations that have not involved intervention by the person that is subject to these Regulations because they were ordered by the entities that the affected person has entrusted their securities portfolio management to on a stable basis are excluded from this information obligation. In this case it shall be sufficient to inform the Chairman of the Monitoring Unit of the existence of the portfolio management contract and the name of the managing agent.
- b) At the request of the Chairman of the Monitoring Unit, to provide full details of the operations carried out on their own behalf that are related to the securities that constitute the objective sphere of application of these Regulations.
- c) To communicate in writing to the Chairman of the Monitoring Unit, at the time of acquiring the status of Board Member, representative or staff member of the Company that is subject to these regulations, the list of the securities of the Company or the Group entities of which they are the holder, directly or indirectly via controlled companies or through intervening persons or entities or persons and entities that act jointly, as well as those that are owned by their children under the legal age or disabled under paternal powers of the obligee or those carried out by the spouse, unless this only affects their private or exclusive wealth in accordance with the financial marriage rules. In addition, written notification of the existence of the portfolio management contract and the name of the managing agent must be given.
- d) Submit to the Monitoring Unit, via its Chairman, any doubts regarding the application of these Rules, abstaining from any action until a response to the query has been received.

Without prejudice to the foregoing, when the operations on securities or financial instruments issued by the Company are carried out by Board Members, these must also be notified to the Stock Exchanges where the shares are listed and the Stock Market Committee, in the legally determined manner.

The Secretary of the Monitoring Unit shall maintain the communications, notifications and anything else related to the Regulations duly filed and organised. Moreover, the Secretary shall maintain said file confidential and may, at any time, request confirmation from persons that are bound by the Regulations of balances of securities and financial instruments that derive from the file.

The Monitoring Unit, through its Chairman, is responsible for formulating and maintaining an updated list of all persons subject to these Rules. The Monitoring Unit shall comprise the Secretary of the Board of Directors, who shall chair, the Corporate Director General and the Director of Administration, who shall act as Secretary.

Breach of the rules of conduct contained herein with regard to the provisions set forth in the Stock Market regulations may give rise to the corresponding administrative sanctions and other consequences that derive from applicable legislation. This shall be considered to be a work misdemeanour in so far as it affects Company staff.



# D

## Risk Control Systems

### **D.1. General description of the risk policies of the company and/or its group, detailing and evaluating the risks covered by the system, along with the justification of the appropriateness of these systems for the profile of each type of risk.**

The diversity and complexity of the markets in which the Group carries out its activities imply a variety of risks that can be grouped into the following categories:

Client risks, derived from their quality of credit, default, concentration of risks and executed works pending certification.

Operating risks, stemming from the businesses that the Group develops and which vary depending on the area of activity, but which can be summarised into risks for changes to deadlines and costs, risks for quality deficiencies, labour risks, environmental risks and risks for third party damages.

Financial risks, as a consequence of borrowing levels, working capital, exposure to different currencies and rates of interest, guarantees and underwriting. The intrinsic risks of new investments are also the object of analysis and control, as are the risks derived from the deterioration of the Group's assets

Market risks, both regulatory as well as structural, inherent to the diverse markets where the Group has a presence, as well as the risk concentration levels of each country.

The risk control systems of the Group are based on a set of strategic and operational strategies targeted at the compliance with the risk policies by each area of the Group's activity. These assume a decentralised model that allows each business unit to exercise its control and risk evaluation policies under a few basic principles. These principles are the following:

Definition of the maximum limits of risk that can be assumed by each business in accordance with the characteristics and expected returns of same.  
Setting up of the identification, approval, analysis, control and information procedures of the different risks for each business area.

Coordination and communication to ensure that the risk policies and procedures of the areas of activity are consistent with the Group's global risk policy.

The systems supply the information necessary to enable the supervision of exposure to risk of each business area and due assessment of same. It also allows the corresponding management information to be prepared for decision taking. The control systems implemented in each business area may be classified into the following categories:

#### **Quality management systems.**

These are the means used to ensure the products manufactured and the services provided are in accordance with the requirements specified in the contract, as well as legal and statutory requirements, for the purpose of ensuring client satisfaction.

The systems, which meet the requirements of the ISO 9001 standard, are based on preliminary identification of the relevant processes from the quality management point of view in which the activities developed in different areas are organised, in order to plan them and track them accordingly.

The periodic review of the systems by the management and the setting of targets allows for ongoing improvements to be made to same.

### **Environmental management systems.**

The implantation of these systems to the different business areas of the Group allows the corresponding activities to be implemented, thus ensuring maximum respect of the environment.

The systems, standardised in accordance with the ISO 14001 international standard, are based on the identification and evaluation of the environmental aspects on which they could have an impact. The actions required to prevent or minimise this impact are planned and suitable control measures are put in place, in accordance with current legal requirements that are in force and with the environmental code of conduct for each area of activity. The basic criteria of this code of conduct are:

Incorporation of the most advanced technologies in environmental issues, such as:

- Conservation of energy and raw materials.
- Using recyclable and biodegradable materials.
- Minimising waste production and a respectful treatment with the environment
- Promoting the reforestation and landscaping of construction sites.

Development of specific actions for activities that so require, depending on the effect of the impact and the means.

Ongoing information to the client with regard to the environmental risks and possible measures of prevention.

### **Technical-economic management systems.**

The Group has diverse economic and productive control systems designed to find out the economic forecasts and associated deadlines as well as the information regarding the real situation of the project during both the tender stage as well as the execution of the project.

These systems are integrated into a global budgetary and economic control system for each business, and are adapted to the characteristics of each area of activity in order to provide the information required to those in charge of the business operation and allow them to control the risks derived from any changes and to adopt the most suitable decisions to optimise the management of same.

All the information is considered in a single Economic Information System which permits the tracking and control of all the consolidated criteria in a swift, dynamic and rigorous way. This allows the Group management to have in-depth awareness of the financial situation, of the potential and assumed risks, thus becoming an essential element in the decision-making process.

### **Labour risk prevention management systems.**

The ACS Group has developed a labour risk prevention policy that fully complies with current legislation. The policy is based on specific management systems for each business area. The criteria taken into consideration in this policy follow the basic principles of training, participation, individual responsibility and control of safety conditions.

The systems are adapted to the particular characteristics of each area of activity. Labour risk prevention plans are designed and implanted based on the identification of the existing risks for the purpose of removing them and on the evaluation of existing risks in order to minimise them and put in place the necessary protection measures.

As with all management systems adopted by the Group, it is based on initial specific planning for each business which is tracked and updated during the development of same in order to provide ongoing improvement with regard to the efficiency.

### **Financial risk control systems.**

Essentially targeted at identifying, evaluating and covering the risks derived through:

Non-payment or default with certain types of clients. The procedures are based on:

Analysis of the client's financial solvency and of the proposed contract conditions by the risk committee of each activity at its periodic meetings. This evaluation of the clients' solvency continues to be performed throughout the term of the contract.

Decision on the go-ahead or, if appropriate, the establishing of specific conditions in the contract targeted at ensuring payment.

Individualised negotiation with the client with legal support.

Centralised signing of contracts.

The management of the risk relating to variations in exchange rates is performed by arranging the debt in the same functional currency as the currency of the assets financed by the Group abroad. To hedge net positions in currencies other than the euro in the execution of contracts currently in force or which the Group has already committed to, the Group uses several financial instruments for the purpose of reducing its exposure to exchange rate risk.

Interest rates in cash flows, which depend on fluctuations in market interest rates and which subsequently give rise to alterations in debt-related cash flows, are managed by insuring the rate to a great extent using financing instruments referenced to values reducing its fluctuation.

To manage the liquidity risk arising due to temporary difference between fund needs and the generation thereof, a balance is maintained between the term and the flexibility of the debt arrangements, through the use of staggered financing in line with the Group's fund needs.

The new investments, which require rigorous analysis and evaluation of the risks that are inherent to same.

The Group has a strategy for covering accidental risks which could affect Group assets and activities that involves the underwriting of insurance policies for any coverable risks. These policies are reviewed periodically to adapt them to the current and specific status of the risk covered.

## **D.2. Indicate the control systems established to evaluate, mitigate or reduce the main risks of the company and its group.**

Nothing other than those described in the foregoing section D.1 and D.4.

## **D.3. In the event that any of the risks that affect the company and/or its group had occurred, indicate the circumstances that caused them and whether the control systems established have worked.**

## **D.4. Indicate if there is a committee or any other governing body responsible for establishing and supervising the control mechanisms and outline its functions.**

Specific procedures and different organisational levels to manage the risks indicated in sections D1 and D2 have been set up. These have been established for each business and ensure that the adopted risk profiles adapt to the performance criteria established by the Board of Directors for each activity. These procedures work with the global policy of risks that is structured as follows:

The Management Committee determines the Group's global risk policy and, if appropriate, sets up the management mechanisms that ensure that the risks are kept within the approved levels.

The Board of Directors entrusts the Audit Committee with the task of monitoring compliance with the established procedures and effective supervision of compliance with the established risk levels for each business activity.

The risk control systems according with the established policies are developed in the corresponding management systems.

Actions taken with risk levels that are greater than those set forth in the global risk policy must have the prior approval of the Management Committee.

## **D.5. Identification and description of the processes of compliance with the different regulations that affect the company and/or its group.**

Throughout this report, direct or indirect reference has been made to the processes for complying with the various regulations to which the Company is subject, such as those included in the following sections:

A.9. On the conditions and the deadline/s for the authorisation/s required from the board of directors for the purchase or transfer of treasury stock described in section A.8.

A.10. On the legal and statutory restrictions on exercising voting rights, as well as the legal restrictions on the purchase or transfer of investments in the share capital.

B.1.11. on the process to be established for the remuneration of members of the Board of Directors and the and the relevant By-law clauses in this connection.

B.1.14. On appointment, re-election, evaluation and movement of the board members and competent bodies, as well as the steps to be followed and the criteria to be used in each one of the procedures.

B.1.25. On the mechanisms established by the Board of Directors to prevent opinions which are qualified in the audit report on the individual and consolidated financial statements they have prepared when submitted to the General Shareholders' Meeting.

B.1.28. On the mechanisms established by the company to conserve the independence of the auditor, financial analysts, investment banks and rating agencies.

B.2.1. On the different functions of the Company's management bodies.

B.2.3. On the organization and operating rules, as well as the responsibilities attributed to each of the Board committees.

B.2.4. On the authority to advise and consult, and if appropriate on the powers held by each of the committees.

C.5. On the mechanisms established to detect and regulate possible conflicts of interest between the company and/or the group, board members, executives or significant shareholders.

E.1. On the quorum established in the By-laws which is required for the General Shareholders' Meeting to be held. Describe how it differs from the minimum provided in the Spanish Corporations Law.

E.2. On the system of adoption of shareholders' agreements.

E.3. On the rights of the shareholders in relation to general shareholders' meeting, where these differ from those established under Spanish corporation law.

E.4. On the measures adopted to encourage the shareholders' participation at General Shareholders' Meetings.

Notwithstanding the above, together with the information relating to risk control systems described earlier in this section, reference should be made to the following issues:

## 1. Technological innovation and protection of the environment.

ACS, Actividades de Construcción y Servicios, S.A. believes that sustainable growth, its vocation of respect and care for the environment and the fulfilment of its expectations should influence decisively on its strategy and on each of its actions. This commitment is identifiable in each of the activities in which the Group is present, as well as all the investments that it promotes and in the decisions it takes, in order to satisfy its clients and its shareholders, fostering profitable growth, quality and technological development. Equally important is the growing demand for the respect of the environment by implementing measures which prevent or minimize the effect on the environment of Group's infrastructure development and services activities.

### 1.1. Research and development activities.

The Company, considered individually, is not carrying out any research and development activities. However, the ACS Group is committed to a policy of the continued improvement of its processes and of technology applied to its activity area. In view of this objective, it has its own research program to develop new technological knowledge applied to the design of processes, systems and new materials, etc. in each activity which it manages.

### 1.2. Environmental protection.

As in the case of the previous section, the Company does not individually engage in any activity relating to the environment. However, the construction of infrastructures, the main activity of ACS, inevitably involves several different types of environmental effects, including the use of materials deriving from natural resources, the use of energy during the construction stage and subsequently throughout the life of the infrastructure, the generation of waste, and visual and landscape effects. Given the Group's vocations to protect the environment ever since it was created, in 2005 the Group carried out two main actions: it continued promoting the main criteria of its environmental policy, the main objective of which is to minimize the effect of its activity on the environment. Also, once again this year, the Environmental Management System continued to be used to gather detailed information by the actions taken by each Group company within the scope of the protection of the environment.

## 2. Information and transparency.

Shareholders' right to information is detailed in several parts of the regulations of the shareholders' meeting. Hence, in order for the shareholders' meeting to properly serve the function for which it was designed, the Board of Directors of the Group makes available to all shareholders, prior to each shareholders' meeting, all information to which shareholders are entitled or that to which they are not entitled but should be made available to them given the nature of said information and the desire of shareholders to develop criteria. Accordingly, the Board of Directors shall process any requests made by shareholders either before or during the General Meeting with maximum diligence, providing that the information is not detrimental to Company interests.

In line with the firm commitment of ACS Group to transparently, fairly and symmetrically report the information needed to evaluate the performance of the Group, more efficient and flexible channels of reporting have been established in order for said information to reach shareholders, potential investors and the general public in a consistent, immediate and fluent manner.

### 3. Financial information.

The ACS Group has taken the necessary measures to ensure that the information provided in the quarterly, half-yearly and annual reports is made available to shareholders in a clear, rigorous and timely manner. To this end, the Audit Committee reviews this information before it is made public, to verify that it has been drawn up in accordance with the same professional principles, criteria and practices as the accounts, and that it is just as reliable.

The individual and consolidated annual accounts are presented to the Board of Directors by the Chairman and the Secretary of the Board following the preparation of same by the Corporate General Management on which the Financial Management of the company depends.

The section on "Listed Company Obligations" of the Rules of the Board of Directors establishes that the Board of Directors shall adopt or promote any measures deemed necessary or advisable to ensure the transparency of Company's operations on the financial markets and the exercise of any duties inherent in its status as a listed company.

To this regard, the relevant occurrences reported to the Spanish Stock Market Commission (CNMV) shall be disclosed to the fewest people possible, who will be duly identified, until they are made public.

### 4. Website.

The Group has progressively updated the contents of the corporate website (<http://www.grupoacs.com>) throughout 2005, with special emphasis on the Shareholder and Investor Information pages, offering timely information on the performance of stock, the economic and financial progress of the Company in general, corporate activity in the Group and the Investor's Agenda, making all reports and documents of their interest available to ACS shareholders in order to facilitate accessibility.

In addition to this Annual Report, other information that can be consulted on our website includes:

- The Company By-laws.
- The Shareholders' General Meeting By-laws.
- The Rules of the Board of Directors.
- The Annual Corporate Governance Report.
- The Audit Committee Report.
- The Rules of Conduct in the Stock Market.
- The notice of the General Shareholders Meeting of May 18 and 19 along with the documents and information for this Meeting.

# E

## General Meeting

### **E.1. State the quorum for the constitution of the general shareholders' meeting established in the Company By-laws. Describe how it differs from the minimum levels established in the Corporations Law.**

The Company By-laws do not differ in any way from the Revised Text of the Corporations Law in force, where articles 26 and 29 set forth the following:

The resolutions shall be adopted by a majority vote of shareholders present or represented, except where the law demands a qualified majority.

The Ordinary or Extraordinary General Meeting shall be valid at first call when the shareholders present or represented possess at least twenty-five percent of the subscribed capital with a right to vote; the second call shall be validly constituted whatever the amount of capital is represented.

However, in order that the Ordinary or Extraordinary General Shareholders' Meeting can resolve to issue securities, increase or decrease capital, transfer, merge or divide the company and, in general, any amendment of the Company By-laws, shareholders with a minimum of fifty percent of the capital subscribed and with a right to vote must be present or represented at the first call. The second call only requires that shareholders with twenty-five percent of said capital be present or represented.

When shareholders with less than fifty per cent of the capital subscribed and with a right to vote are present or represented, the resolutions referred to in the aforementioned paragraph can only be validly adopted with the favourable vote of two thirds of the capital either present or represented at the Meeting.

### **E.2. Explain the regime for the adoption of resolutions. Describe how it differs from the regime envisaged in the Corporations Law.**

This has been explained in the foregoing section E.1 which also states that the regime does not differ in any way from the Corporations Law.

### **E.3. Detail the rights of shareholders with respect to the shareholders' meetings that are different from those established in the Corporations Law.**

There are no rights that are different to those set forth in the Corporations Law.

**E.4. Indicate, if applicable, the measures adopted to encourage the participation of shareholders in the General Meetings.**

Implantation of measures that make the vote delegation mechanism more transparent and to accentuate communication of the company with its shareholders.

To provide detailed justification of the voting proposals that are offered in the application, with regard to the adoption of resolutions that involve a certain delegation importance, and reveal the existence of any conflict of interest, whenever appropriate.

The creation of channels or instruments of flexible communication. In addition to the standard information that the company provides in the form of annual, six-monthly or quarterly reports, to promote meetings with market analysts, in order that these experiences reach the investors. The purpose of these measures is to maintain permanent communication channels with the shareholder that are complementary to the right to question at the general Meeting provided for under current legislation. This will allow shareholders to obtain the information they require at any time. In addition, article 26 of the Company By-laws expressly includes the possibility of shareholders casting their vote from outside the General Meeting. For the first time, at the Ordinary Shareholders' Meeting hold in May 19, 2005, this method of voting was disseminated and the necessary rules and procedures for the remote voting via internet or fax were detailed at the corporate website of the company.

**E.5. Indicate if the position of chairman of the shareholders' meeting coincides with the chairman of the Board of Directors. Detail, in this event, the measures adopted to guarantee the independence of the shareholders' meeting and that it functions correctly:**

YES	NO
X	

Detail of measures

**E.6. Indicate, if applicable, the amendments made to the regulations of the shareholders' meeting during the year.**

**E.7. Indicate attendance figures for the Shareholders' Meetings held in the year that the present annual report refers to:**

Attendance information

Date of the General Meeting	% attending in person	% by proxy	% remote voting	Total %
05-19-2005	39.475	17.897	0.001	57.373

**E.8. Indicate briefly the resolutions adopted in the Shareholders' Meetings held during the year that the present annual report refers to and voting percentage by which each resolution was adopted.**

ORDINARY GENERAL MEETING. MAY 19, 2005

The proposals of the Board regarding item 1 on the agenda, read by the Secretary under letters a) b) and c) (approval of the individual and consolidated accounts, approval of the proposal for the allocation of profits and approval of the Annual Corporate Governance Report for the 2004 financial year), were approved by a majority with 200,771,627 votes in favour (representing 99.170% of the shares present or represented), 1,678,211 abstentions (representing 0.829% of the shares present or represented) and 2,775 votes against (representing 0.001% of the shares present or represented).

The proposal of the Board regarding item 2 on the agenda, read by the Secretary under letter d) (approval of the management of the Board of Directors), was approved by a majority with 199,963,337 votes in favour (representing 98.770% of the shares present or represented), 2,470,738 abstentions (representing 1.220% of the shares present or represented) and 18,538 votes against (representing 0.009% of the shares present or represented).

The proposal of the Board regarding item 4 on the agenda, read by the Secretary under letter e) (authorisation for the share derivative acquisition), was approved by a majority with 65,041,156 votes in favour (representing 99.212% of the shares present or represented), 516,341 abstentions (representing 0.788% of the shares present or represented) and 468 votes against (representing 0.000% of the shares present or represented).

The proposal of the Board regarding item 5 on the agenda, read by the Secretary under letter g) (designation of the auditors for the 2006 financial year), was approved by a majority with 202,346,252 votes in favour (representing 99.947% of the shares present or represented), 96,091 abstentions (representing 0.047% of the shares present or represented) and 10,270 votes against (representing 0.005% of the shares present or represented).

The proposal of the Board regarding item 6 on the Agenda, read by the Secretary under letter g) (modification of the share option plan approved at the past General Shareholders' Meeting to increase the maximum number of shares affected to 4% of the share capital) was approved by a majority vote with 202,297,853 votes in favour (representing 99.924% of the shares present or represented), 135,528 abstentions (representing 0.067% ) and 19,232 votes against (representing 0.009% of the shares present or represented).

The proposal of the Board regarding point 7 of the Agenda, read by the Secretary under letter h) (delegation of power of attorney to execute and formalise resolutions), was approved by a majority with 202,377,601 votes in favour (representing 99.963% of the shares present or represented), 72,237 abstentions (representing 0.036% of the shares present or represented) and 2,775 votes against (representing 0.001% of the shares present or represented).

The Board's proposal to approve the minutes of the General Meeting was approved by a majority of 202,315,768 votes in favour (representing 99.932% of the shares present or represented), 134,070 abstentions (representing 0.066% of the shares present or represented) and 2,775 votes against (representing 0.001% of the shares present or represented).

**E.9. Indicate, if applicable, the number of shares required to attend the shareholders' meeting and if there is any limitation in the Company By-laws in this respect.**

In this respect, article 23 of the Company By-laws and article 1.3 of the Regulations of the General Meeting, state that this is made up of shareholders that possess at least one hundred shares, either present or represented. The owners or holders of less than one hundred shares may group together in order to reach this number and may be represented either by one of them or by another shareholder who alone possesses the requisite number of shares required to form part of the General Meeting.

**E.10. Outline and justify the policies followed by the company regarding voting by proxy in the General Meeting.**

The company does not pursue any policy with regard to the vote delegation at the General Meeting.

**E.11. Indicate if the company is aware of the policy of institutional investors regarding whether they participate or not in company decisions:**

YES	NO
	X

**Describe the policy**

**E.12. Indicate the Internet address and procedure to access to the information on corporate governance at the company's website.**

The address is [www.grupoacs.com](http://www.grupoacs.com) / Corporate Governance.

Access is very simple: once at the web page you choose the language (Spanish or English). A presentation of the Group appears which you can skip by clicking "skip intro"; a page appears with several tabs on the edge, one of which is "CORPORATE GOVERNANCE"; if you click on this tab the following sub-sections appear: "Company By-laws", "Shareholders' General Meeting By-laws", "Annual Corporate Governance Report", "Board of Directors", "Shareholders' Agreements" and "Rules of Conduct of the Stock Market"; Each sub-section contains pertinent information. If you click on "Annual Corporate Governance Report" and following a brief introduction, there is a specific instruction to click on it and download the 2003 or 2004 annual report as a PDF.



# F

## Degree of compliance with the Corporate Governance Recommendations

Indicate the company's degree of compliance with the corporate governance recommendations, or, if applicable, the decision not to adopt these recommendations.

In the event that any recommendations are not complied with, explain the recommendations, rules, practices or criteria that the company follows.

Should the single document referred to in ORDER ECO/3722/2003, dated December 26 not been prepared, the recommendations of the Good Corporate Governance and the Aldama Report should be used as references to complete this section

Section F lists the most relevant aspects with regard to compliance with the recommendation of Corporate Governance included in the Good Corporate Governance Code ("Olivencia Code") which have been updated and, wherever appropriate, amended by the Special Commission for the Promotion of Transparency and Security on the Markets and in Listed Companies ("Aldama Committee").

### Recommendation 1. Functions of Board of Directors:

"The Board of Directors should expressly undertake, as a core aspect of its role, the general duty of supervision, exercising the responsibilities that this involves without delegation and establishing a formal catalogue of matters reserved thereto."

The recommendation is widely considered in the Rules of the Board of Directors, where article 4 states for these purposes:

"In accordance with the provisions of article 18 of the Company By-laws in force, the Board of Directors is responsible for the representation of the Company and the administration of its businesses as well as whatsoever other operations make up the Company's corporate purpose or are related thereto.

The Board of Directors, in the exercise of its duties, shall act in accordance with company interest and in benefit of the shareholders' interest

More specifically, it shall fall to the Board of Directors to:

Accept the resignation of Board Members.

Appoint, revoke and accept the resignation of the Chairman, Vice chairman and Secretary of the Board.

Appoint, revoke and accept the resignation of the Board members that are to form part of the Committees and Commissions set forth in these Rules.

Delegate the powers that correspond to the Board Member to any members, either totally or partially, except those that cannot be transferred.

Prepare the individual and consolidated annual accounts and management reports and submit them for approval at the General Shareholders' Meeting.

Prepare the reports, including the Annual Corporate Governance Report, and the proposals which, in accordance with current legislation and the Company By-laws, the Board of Directors has to adopt.

The approval of annual budgets.

Approval of any mergers, spin-offs or concentration transactions concerning the main subsidiaries of the Group in which the Company is the controlling company.

Approval of the issue of series of bonds, promissory notes, debentures or similar titles by the main companies of the Group in which the Company is controlling company.

Approve the assignment of rights over the trade name, brands and other rights of industrial and intellectual property that belong to the Company of Group companies, providing these are of financial relevance.

To modify these Rules.

Carry out, in general, all of the functions that correspond legally, statutorily and in accordance with these regulations and to perform whatsoever other function delegated by the General Shareholders' Meeting. The Board may, in turn, only delegate those that are expressly able to be transferred through the delegation resolution of the General Shareholders' Meeting."

#### Recommendation 2. Independent Board Members:

“The Board of Directors should include a reasonable number of Independent Non-Executive Directors, who are professionally-renowned people not associated with Senior management and the major shareholders.”

In compliance with the recommendations of Corporate Governance included in the Good Corporate Governance Code (“Olivencia Code”), and the report issued by the Special Commission for the Promotion of Transparency and Security on the Markets and in Listed Companies (“Aldama Committee”), ACS Actividades de Construcción y Servicios S.A. gives special relevance to the Independent Board Member, a professional of note who can contribute their experience and knowledge to the corporate governance and who, as they are neither executive nor proprietary, is elected as such and satisfies the conditions that ensure their impartiality and criteria objectivity.

At 12.31.05. the Board of Directors of the Company, comprising seventeen members, has the following Independent Board Members: Mr. José María Aguirre González, Mr. Alvaro Cuervo García, Mr. Joan David Grimà Terré, Mr. José María Loizaga Viguri and Mr. Miguel Roca Junyent, a total of five, of a Board consisting of 17 members (29.41% of the total number of Board Members).

#### Recommendation 3. Composition of the Board of Directors:

“The composition of the Board of Directors should be such that the Non-Executive Members (Proprietary and Independent Members) comprise a clear majority over the Executive Members, and the proportion between proprietary Members and Independent Members shall be set in consideration of the relationship between majority shareholders and the others.”

This recommendation has been updated by the Aldama Report, by stating:

“The establishment of rules, criteria or recommendations of corporate governance and, in particular, the composition of the Board of Directors and its Committees, must take into account the structure of ownership in order to comply with the general objectives of protecting minority shareholders.

The Committee recommends that the Board of Directors, through its board members, represent the largest percentage of capital possible.

We have also looked at the difficulty of setting up a rule of a general nature to define the number and proportion that the Independent Non Executive Directors should reach: one possibility that could be applied, by updating the Good Corporate Governance report, would be to have a large majority of External Directors on the board and, within these, a very significant participation of independent Directors, taking into account the ownership structure of the company and the capital represented by the Board”.

As indicated previously, the Board of Directors is made up of 17 member, of which: 4 are Executive Board Members, 8 are External and Proprietary Board Members and 5 are Independent Board Members.

#### Recommendation 4. Number of Board Members:

“The Board of Directors should be the appropriate size to achieve more efficient and participatory operations. In theory, the appropriate size could range between five and fifteen members.”

The current number of Members of the Board of Directors is 17, within the 11 - 21 range established in the Company By-laws. This number is considered appropriate for the volume of the share structure and the Company’s main financial magnitudes.

#### Recommendation 5. Chairman of the Board of Directors:

“That should the board opt for the formula of accumulation in the Chairman as chief executive of the company, it takes the precautions necessary to reduce the concentration of power in a single person. One of the topics that the Committee has paid special attention to, is whether or not it is advisable to recommend the separation of the position of Chairman of the Board and the function of chief executive of the company. The Commission has been very sensitive to the argument of the separation of positions and functions but at the same time has been unable to stop weighing up the disadvantages of the dualist alternative, namely: it may deprive the company of clear leadership; it may make the transfer of information between the company management and the Board notably more difficult; and it may generate coordination costs in the organisation. In view of the foregoing, the Commission has finally decided not to vote in favour of the separation of positions and that, in summary, it must reiterate the criteria of the Good Corporate Governance Committee, including the precautions therein. In the last analysis, this criteria is justified through the conviction that the option of a leadership structure of one kind or another -dual or unitary- cannot be formulated as a general rule, but rather that this depends crucially on the circumstances of each company”.

The Chairman and CEO of ACS, Actividades de Construcción y Servicios S.A. is vested with all the transferable powers of the Board of Directors, which were listed in the analysis of the degree of observance in Recommendation 1. His duties are defined not only by the scope of those non-transferable powers, but by his duties as Chairman of other Board Committees as well, most notably the Executive Committee, as well as the Audit and Remuneration Committees.

#### Recommendation 6. Secretary of the Board:

“Major importance should be given to the Secretary of the Board, reinforcing his independence and stability and stressing his duty to safeguard the formal and material legality of Board actions.”

This recommendation is broadly observed by the Company through the figure of the Secretary-Board Member, who has acted as Secretary since 1991. The figure is regulated in Article 20 of the Rules of the Board of Directors. “The Board of Directors shall appoint a Secretary, who may or may not be a Board Member, and who must be a practising lawyer. In addition to the duties that the Secretary is responsible for through current legislation, the Company By-laws and these Rules, the Secretary of the Board of Directors must also oversee the legality of the acts that emanate from the company bodies that it forms part of, providing the due warnings and taking minutes of same.”

#### Recommendation 7. Executive Committee Composition:

“The composition of the Executive Committee, when there is one, should reflect the same balance among the different types of Board Members, and the relations between the two bodies should be based on the principle of transparency, so the Board is fully aware of the matters addressed and the resolutions passed by the Committee.”

In addition to the Secretary of the board, with voice but without vote, the Executive Committee is made up of 7 Board Members, two of which are Executive Board Members, one is an External and Independent Board Member. The remaining 4 are External and Proprietary Board Members. Through delegation from the Board of Directors, the Executive Committee exercises all the corresponding powers except those that cannot be transferred by law or because of the Company By-laws. That notwithstanding, the Board of Directors may discuss the knowledge and decision of any issue that falls under its terms of reference, and the Executive Committee may submit any matter to the decision of the Board of Directors when, although the matter could be dealt with by the Committee, this body believes it is necessary for the Board to take the appropriate decision.

#### Recommendation 8. Delegated Control Committees:

“The Board of Directors should set up delegated control Committees, comprised exclusively of non-executive Board Members, covering information and accounting control (audit); appointment of Board Members and senior managers (appointment); determining and reviewing the remuneration policy (compensation); and assessing the governance system (compliance).”

The Board of Directors of the Company has two Committees in place: the Audit Committee and the Remuneration Committee. In addition to the Secretary-Board Member without voting rights, the Audit Committee is comprised of three Proprietary Non-Executive Board Members and an Independent Board Member; the Remuneration Committee is comprised, in addition to the Secretary-Board Member without voting rights, of two Proprietary Non-Executive Members and two Independent Board Members. Each Committee has the responsibilities established in the Rules of the Board of Directors

#### Recommendation 9. Information to Board Members:

“The necessary measures should be taken to ensure that the Board Members receive sufficient information, adequately in advance, specifically drawn up for the preparation of board meetings, without the significance or reserved nature of such information serving as grounds for its omission, with the exception of special circumstances.”

Article 15 of the Rules of the Board of Directors includes the right of the Board Members to request the documentation that they require in order to carry out their functions. This request is to be made through the Chairman or the Secretary of the Board of Directors.

#### Recommendation 10. Functioning of the Board of Directors:

“In order to ensure the suitable operation of the Board, its meetings should be held as often as necessary for the performance of its tasks; the Chairman should encourage all Board Members to contribute and freely take positions; particular care should be taken with the formulation of the minutes and the quality and efficiency of their work should be evaluated at least once a year”.

Article 16 of the Company By-laws sets forth that the Board shall meet whenever the interests of the Company are at stake. It shall be convened by its Chairman or, in his absence, a Vice chairman, either through his own initiative or when requested to do so by at least two Board Members. Article 8 of the Rules of the Board of Directors also provides for the foregoing. Under all circumstances, the Board shall meet at least four times a year in order to monitor the progress of the Group in comparison with the budgets and the previous financial year.

The notification of the meeting shall be sent by letter, telex, telegram, fax or any written procedure that requires acknowledgement of receipt by the different Board members. Said notification shall include the agenda and shall be sent at three days prior to the meeting unless reasons of urgency prevent this.

Elsewhere, there is a yearly calendar of pre-set sessions, which facilitates the tasks of the Board Members. The Board Members shall be provided with whatsoever information or clarification that they require in relation to the points included in the Agenda. This shall be provided either during the meeting or afterwards.

The Board of Directors met 6 times during the 2005 financial year.

#### Recommendation 11. Appointment and Reappointment of Board Members:

“The Board's involvement in the appointment and reappointment of its members should follow a formal, transparent procedure, based on a reasoned proposal by the Appointment Committee.”

The Board does not have an Appointments Committee. The Rules of the Board of Directors set forth that within the limits established in article 13 of the Company By-laws and without prejudice to the powers of proposal that correspond to the shareholders in accordance with current legislation, it shall fall to the Board of Directors to propose to the General Shareholders' Meeting both the number of Board Members as well as the type of persons, natural or legal, who should be nominated. The appointment proposal shall record the executive, external and proprietary or external and independent status of the proposed Board members.

In addition, in the event of vacancies, the Board of Directors may provisionally fill them from among the shareholders until the next General Shareholders' Meeting, when the definitive election shall take place.

#### Recommendation 12. Resignation of Board Members:

“Company regulations should include the obligation of Board Members to resign in those cases in which they could have a negative effect on the operation of the Board or the Company's credit and reputation.”

This is not expressly considered.

#### Recommendation 13. Age of Board Members:

"There should be an age limit on the position of Director, which could be from sixty-five to seventy for executive Directors and the Chairman and somewhat more flexible for the rest of the members."

The Aldama Report has reviewed the criteria of the Good Corporate Governance Report with regard to this point and it does not set an age limit, rather it requires the company that adopts a policy in this respect to clearly establish same in its internal regulations. The Rules of the Board of Directors do not set forth an age limit to be appointed Board Member or for the exercise of this position.

#### Recommendation 14. Information Facilities for Board Members:

"The right of all Board Members to collect and obtain the necessary information and counsel to perform their supervisory tasks should be formally recognised, and suitable channels should be provided to exercise that right, with recourse to external experts in special circumstances."

Article 15 of the Rules expressly consider the right of the Board Members to request and obtain the information and advice required to carry out their functions. The information that they consider necessary is to be requested through the Chairman or the Secretary of the Board.

#### Recommendation 15. Remuneration of Board Members:

"The Policy for the remuneration of Board Members, which must be proposed, assessed and reviewed by the Remuneration Committee, should follow the criteria of moderation, and should correspond to Company profits and detailed and individualised information."

The total remuneration of the Board of Directors during the 2005 financial year in return for statutory duties was € 1,699,986.77. The distribution of this amount was approved by the Board at the proposal of the Remuneration Committee.

#### Recommendation 16. General Duties of the Board Members and Conflicts of Interest:

"The Company's internal regulations should establish the obligations resulting from the general obligations of diligence and loyalty of the Members of the Board. In particular, they should include conflicts of interest, the duty of confidentiality, exploitation of business opportunities and the use of Company assets."

Articles 13 and 14 of the Rules of the Board of Directors specifically regulate conflicts of interest. With regard to the duty of loyalty, these article stipulate that the Board Members shall avoid conflicts of interest between themselves, or their most immediate relatives and the Company. Should any conflict of interest exist and be unavoidable, this must be notified to the Board of Directors and recorded in the Minutes of the first Board meeting that takes place. Shares, stock or derivative options that refer to the value of the share of which they are holders, either directly or indirectly, must also be notified to the Company as soon as possible, and under all circumstances within the five days that follow. This applies both to the Board Members as well as their most immediate relatives.

The Board Members must also notify the Company of any significant changes in their professional capacity and, specifically, those changes that affect their designation as a board member. They shall likewise inform the Company of any legal or administrative procedure that could have a negative affect on the reputation of the Company.

The Board Members shall abstain from intervening in the deliberations and of taking part in the voting on those matters in which they have a particular interest. This shall also be expressly recorded in the Minutes.

Board Members cannot, either directly or indirectly, hold positions in companies or firms that are competitors of the Company or of any of the Group companies or provide representation services on behalf of same.

The Board Members cannot use restricted information that they have become aware of through the exercise of their position as a Board Member for any private purpose. More specifically, unless expressly authorised by the Board of Directors, the Board Members cannot benefit from commercial transactions that they have become aware of in their capacity as a Board Member.

Unless it is a duly authorised payment in kind, Board Members cannot make use of Company assets or use these assets to obtain a patrimonial advantage without paying the adequate consideration.

#### Recommendation 17. Transactions with significant shareholders:

"The Board of Directors should promote appropriate measures to extend the obligation of loyalty to significant shareholders, in particular establishing precautions on the transactions performed between them and the Company."

Section C.5.2) of this Annual Corporate Governance Report recognises the Rules of Conduct in the Stock Market, made up of a set of rules designed to detect and regulate possible conflicts of interest between the company and/or its group, and its board members, directors or core shareholders.

This report also contains detailed information regarding the transactions performed by the company with its significant shareholders.

#### Recommendation 18. Communication with Shareholders:

"Measures should be undertaken to make the mechanism for delegating votes by proxy more transparent and improve Company communication with its shareholders, particularly with institutional investors."

Both the Company By-laws and the Shareholders' General Meeting By-laws envisage the right to information, representation and voting by electronic or other telematics means, thus favouring the participation of shareholders in Company management.

Without prejudice to the foregoing, article 5 of the By-laws of the Board stipulates that:

“In order for the General Shareholders Meeting to function properly, the Board of Directors shall make all legally-required information available to the shareholders before the General Meeting as well as any information that should be reasonably furnished on the basis of corporate interest and on the basis of which shareholders may form an opinion. Following this line, the Board of Directors shall be obliged to deal with shareholders’ requests either before or after the Meeting, with the maximum diligence, providing the company’s interest are not harmed.

For the purposes of transparency and maximum dissemination of the corresponding information as well as the promotion of immediate access to same by the shareholders and investors in general, the Board of Directors shall have a Company web page that includes all those documents that are for general dissemination and, especially, the Company By-laws; the Rules of the Board of Directors; the reports which, in accordance with legislation in force, must be given to the Stock Markets; the calls to the General Shareholders’ Meetings and the proposals that are submitted for deliberation and approval as well as the resolutions adopted at the last General Shareholders’ Meeting”

#### Recommendation 19. Transparency on the Markets:

“The Board of Directors, beyond the requirements imposed by current legislation, should take responsibility for providing markets with rapid, accurate and reliable information, especially with regard to the structure of the shareholder body and substantial changes to governance regulations, in particular associated transactions of particular significance or those regarding treasury stock.”

Article 7 of the Rules of the Board of Directors, entitled “Listed Company Obligations”, provides that “the Board of Directors shall adopt or promote any necessary or advisable measures to ensure the transparency of the Company’s operations on the financial markets and the performance of those duties inherent in its condition as a listed company in the stock markets”.

#### Recommendation 20. Financial information:

“All periodic financial information, in addition to the annual information provided to the markets, should be formulated in accordance with the same professional practices and principles as the annual accounts, and should be verified by the Audit Committee before being published.”

The financial information that, in accordance with the legislation currently in force is given to the markets, is verified beforehand by the Audit Committee of the Company.

#### Recommendation 21. External Auditors:

“The Board of Directors and the Audit Committee should monitor situations that could jeopardise the independence of the Company’s external auditors. In particular, they should verify the fees paid for all items in proportion to the auditing firm’s total income, and all fees for non-auditing professional services should be published.”

Included in the functions set forth in article 20 b of the Company By-laws for the Audit Committee is “To revise and approve significant changes in the accounting policies of the Company and its subsidiaries that form part of the Group of Companies. Also, in general, the Audit Committee shall be responsible for dealing with the external auditors in order to receive information on those matters that could jeopardise their independence and any others related to the process of implementation of the accounts auditing as well as those other communications provided for in accounts auditing legislation and technical standards of auditing.”

#### Recommendation 22. Qualified opinions in Auditor’s Report:

“The Board of Directors should prevent the accounts from being submitted to the General Shareholders Meeting with qualified opinions and provisos in the Auditors’ report. When this is not possible, the Board and the auditors should clearly explain the contents and scope of the discrepancies to the shareholders and the markets.”

In this regard, periodic agreements are entered into by the account auditor and the Audit Committee. These agreements allow any differences in accounting criteria between the accounting policies of the Company, its group companies and the auditor’s interpretation of same to be checked beforehand. The foregoing is in accordance with article 20 b of the Company By-laws. It is thought that the audit report, both for ACS Actividades de Construcción y Servicios, S.A. as well as ACS Group for the 2005 financial year shall be issued with a favourable opinion, as were the opinions that corresponded to the 2003 and 2004 financial years.

# G

## Other Information of Interest

If it is considered that there is some principle or matter that is relevant with respect to the practices of corporate governance applied by the company that has not been covered by the present report, include it below and explain its content.

This section may include any information, clarification or detail related to the above sections of the report, so far as it is relevant and not repetitive.

Specifically, indicate whether the company is subject to legislation other than Spanish legislation in matters of corporate governance and, if applicable, include information that the company is required to supply and which is different to that required in this report.

We include hereunder information and clarification regarding the following sections of the Report:

### A. Ownership Structure.

#### A.2. Detail the direct or indirect holders of significant shareholdings, of their importance at the close of the financial year, excluding the Board Members:

IMVERNELIN PATRIMONIO, S.L. is controlled by CORPORACION FINANCIERA, ALCOR, S.A., which in turn does not have a controlling shareholder; There is considered to be a tacit agreement between the parties. adopting a long-standing common policy in the Company through the agreed exercise of the voting rights that it is entitled to. Actividades de Construcción y Servicios, S.A. 1. IMVERNELIN PATRIMONIO, S.L. owns 34,380,000 shares of ACS, Actividades de Construcción y Servicios, S.A. representing 9.743% of the company's share capital. The partners of IMVERNELIN PATRIMONIO, S.L. are the following companies (with their respective shareholding percentages): a) COMERCIO Y FINANZAS, S.A. 15.734% b) PERCACER, S.A. 15.734% c) CORPORACION FINANCIERA ALCOR. S.A. 68.532% 2. CORPORACION FINANCIERA ALCOR, S.A. owns 932,880 shares of ACS. Actividades de Construcción y Servicios S.A. representing 0.264% of this company's share capital. The partners of CORPORACION FINANCIERA ALCOR, S.A. are the following: a) COMERCIO Y FINANZAS, S.A. (40.832%). 99.99% of the shares of this company are held by Mr Alberto de Alcocer Torra. b) PERCACER, S.A. (40.832%). 95% of the shares of this company are held by Mr Alberto Cortina de Alcocer. c) Mr Alberto de Alcocer Torra (5.465%) d) Mr Alberto Cortina de Alcocer (5.465%). The aforementioned shareholders of IMVERNELIN PATRIMONIO, SL and CORPORACION FINANCIERA ALCOR, SA. directly hold the following Company securities - PERCACER, S.A. 1,086,159 - COMERCIO Y FINANZAS, S.A. 1,031,814 - Mr. Alberto Cortina de Alcocer 4,828 - Mr. Alberto de Alcocer Torra 3,273.

#### A.8. Company's treasury stock.

At the end of 2005, the company had no treasury stock. As discussed in section A.9. of this report, in view of the authorization granted by the General Shareholders' Meeting held on may 19, 2005, ACS Actividades de Construcción y Servicios, S.A.. acquired 25,534,111 own shares for 532,828 thousand euros in 2005. It also disposed of 25,261,080 own shares for 606,773 thousand euros.

### B. Company's Management Structure.

#### B.1. Board of Directors.

**B.1.3.** The Board Member Mr. Agustín Batuecas Torrego is considered to be an Executive Board member, given that he is the CEO of Continental Auto, S.L., a 100% subsidiary of ACS, Actividades de Construcción y Servicios, S.A.

**B.1.6.** If applicable, identify the members of the Board that hold the positions of administrators or directors of other companies that form part of the listed company:

The companies IBERPISTAS, S.A.C.E. SABA APARCAMIENTOS, S.A., XFERA MÓVILES, S.A., ABERTIS INFRAESTRUCTURAS, S.A., INMOBILIARIA URBIS, S.A., AUTOPISTAS CONCESIONARIA ESPAÑOLA, S.A.U., AUTOPISTAS AUMAR, S.A.C.E. are held, directly or indirectly, by ACS Actividades de Construcción y Servicios, S.A. although they do not form part of the ACS Group of Companies. Mr Isidro Fernández Barreiro is a Board Member of Xfera Móviles, S.A. through the shareholding block that Corporación Financiera Alba, S.A. has in this company.

**B.1.7.** Detail, if applicable, the Board members of the Company who are members of the Board of Directors of other companies that are listed on official Stock Exchange in Spain and which do not form part of the Company's group and of which the company is aware: Mr. Pedro López Jiménez is a Board Member of Lingotes Especiales, S.A. through Fapindus, S.L.

**B.1.8 a) and b) and B.1.9.** The benefits to be compensated with its own financial instruments relate to share option plans which management has a right to exercise. In accordance with IFRS, these options are considered may be paid with equity instruments but not in cash. Accordingly, they were measured at their reasonable value on the day they were granted and charged income over the period in which they accrued on the basis of the different periods of irrevocability of the options. Since there are no comparable market values, the reasonable value of the share options was determined using valuation techniques considering all the factors and conditions which would have been taken into account by independent and perfectly informed parties when determining the transaction value thereof. These costs do not imply the recognition of income for the beneficiaries until the date on which the options are exercised, as set forth in the different plans and in the law in force. The total remuneration for management amounts to 2,993 thousand euros and the total remuneration for administrators with management functions is 1,522 thousand euros (1463 thousand euros plus 59 thousand), which were included remuneration headings. The amount corresponding to the entry "Pension Funds and Plans: Contributions" includes the payments made by the Company in the financial year. The amount corresponding to the entry "Pension Funds and Plans: Obligations Acquired" additionally includes the obligations that may be imputed to the year for this concept, even though they may have been paid earlier. In 2005, both amounts were the same.

**B.1.21.** There is no limit to the term of Independent Non-Executive Directors. Article 11 of the Rules of the Board of Directors sets forth for the Board Members, in general, that they shall exercise their role for the period for which they are elected. Under no circumstances may this exceed a period of five years. They may be re-elected one or more times for terms of an equal duration. The foregoing is without prejudice to the Directors continuing to exercise their position until the next General Shareholders' Meeting takes place once their term has expired.

**B.1.23.** The committee called "Appointment and Remuneration committee" in this report is the Remuneration Committee at ACS, Actividades de Construcción y Servicios, S.A.

**B.1.24.** The individual and consolidated annual accounts are presented to the Board of Directors by the Chairman and the Secretary of the Board following the preparation of same by the Corporate General Management on which the Financial Management of the company depends.

**B.1.31.** YPF, S.A. is an Argentine company whose taxpayer identification number is 30-54668997-9.

**B.2.2.** Mr. José-María Loizaga Viguri is the Vice-Chairman of the Executive Committee.

The committee called "Appointment and Remuneration committee" in this report is the Remuneration Committee at ACS, Actividades de Construcción y Servicios, S.A.

## **C. Associated Transactions.**

**C.1.** With respect to transactions with the Company's significant shareholders, it is important to point out that in the Meeting of the Board of Directors of ACS, Actividades de Construcción y Servicios, S.A. held on May 29, 2005, it was reported that a construction contract was entered into by Rosan Inversiones, S.L., a company controlled by the Chairman of ACS, Actividades de Construcción y Servicios, S.A. with the subsidiary Dragados, S.A. under market conditions both legally and economically. Of this amount, 2,293 thousand euros was executed at December 31, 2005.

These commercial transactions were carried out in the normal course of business, under market conditions, and are habitual operations of Group companies.

**C.2.** With respect to this section, the only transactions performed between the company's management and administrators relate to the remunerations already disclosed in the different sections of the Annual Corporate Governance Report, and specifically in B.1.8 and B.1.9. In any case, in 2005, the ACS Group has maintained business relations with companies in which some of its board members perform functions of responsibility. All of these commercial dealings have been carried out in the normal course of business under market conditions and correspond to the habitual operations of the Group Companies. These relations are detailed as follows:

Description of Transaction	Thousands of Euros	Related Party
Financing agreements: loans	5,919	Banco Guipuzcoano
Guarantees	11,536	Banco Guipuzcoano
Provision of services	163	Indra Sistemas, S.A.
Sale of goods	82	Indra Sistemas, S.A.
Others <sup>(1)</sup>	50,886	Unipsa, Correduría de Seguros, S.A.
Cooperation agreements	1,091	Terratest Técnicas Especiales, S.A.
Dividends and other benefits paid	554	Fidwei Inversiones, S.L.
Dividends and other benefits paid	85	Lynx Capital, S.A.
Provision of services	11,311	Terratest Técnicas Especiales, S.A.
Operating lease agreements	647	Fidalsar, S.L.
Reception of services	694	Indra Sistemas, S.A.
Provision of services	1,948	Indra Sistemas, S.A.
Finance lease agreements	4,242	Banco Santander Central Hispano
Finance lease agreements	3,154	Banesto
Finance lease agreements	48	Hispamer
Financing agreements: loans	191,340	Banco Santander Central Hispano
Financing agreements: loans	56,665	Banesto
Financing agreements: loans	5,787	Banespa
Financing agreements: loans	2,319	Banco Santander Brasil
Financing: mainly confirming	313,000	Banco Santander Central Hispano
Financing: mainly confirming	122,997	Banesto
Financing: mainly confirming	2,032	Banco Santander Serfin
Guarantees	931,366	Banco Santander Central Hispano
Guarantees	461,229	Banesto
Long-term financing agreements: loans	375,862	Banco Santander Central Hispano
Long-term financing agreements: loans	451,431	Banesto
Purchase of 22.07% of Union Fenosa, S.A.	2,219,286	Banco Santander Central Hispano
Bridge loan repaid on November 11, 2005 for the acquisition of 22.07% of Unión Fenosa, S.A.	2,219,286	Banco Santander Central Hispano
Provision of services	524	Grupo Zardoya

<sup>(1)</sup> 50,886 thousand euros with Unipsa, Correduría de Seguros, S.A. (company related to Banca March, S.A.) corresponding to "intermediate premiums" and not to considerations for insurance broker services

The transactions performed with Banco Guipuzcoano are indicated due to the fact that Mr. José María Aguirre González acts as Chairman of its Board of Directors.

The transactions performed with Indra Sistemas, S.A. are indicated due to the fact that Mr. Javier Monzón de Cáceres is the Chairman of this company.

The transactions performed with Terratest Técnicas Especiales, S.A., Fidalsar, S.L., Fidwei Inversiones, S.L., Lynx Capital, S.A. and Atlas Copco, S.A.E. are indicated due to relationship of Mr. Pedro José López Jiménez with these companies.

The transactions performed with Banco Santander Central Hispano and its group companies are indicated due to the relationship of Board Member Mr. D. Joan-David Grimà Terré with these companies.

The transactions performed with Grupo Zardoya se are indicated due to the relationship of Board Member Mr. Jose María Loizaga with this company. The transactions performed in 2005 related to the execution of contracts entered into amounting to 2,301 thousand euros.

**Specifically, indicate whether the company is subject to legislation other than Spanish legislation in matters of corporate governance and, if applicable, include information that the company is required to supply and which is different to that required in this report.**

The company is not subject to legislation that is different to Spanish legislation in matters of corporate governance.

**This Annual Corporate Governance Report was approved by the Board of Directors of the company at it session held on 03-30-2006.**