

GENERAL MEETING OF SHAREHOLDERS 2004

Letter from the Chairman

23 June 2004

Ladies and Gentlemen:

1 - INTRODUCTION

This is the fifth time that I've stood before you on the occasion of our Company's General Meeting of Shareholders. I'd like to welcome you and thank you all for attending.

It is our intention during this general assembly to:

- Report on the activities of the FCC Group during the 2003 fiscal year.
- Set out the objectives for this year.
- Analyse the strategic orientation we propose for the future and
- Submit the proposals contained on the meeting agenda to you for your consideration.

In our daily work during the last financial year we were once again lucky to have the unconditional support of the shareholders, and most especially that of the majority shareholder, B-1998, S.L., through its partners, Esther Koplowitz and Veolia Environnement, S.A. I'd like to express to all of them our most sincere gratitude for their support, which has been a constant stimulus for the entire FCC staff.

I'd like to reiterate to Esther, within the framework of this annual encounter and our fondness for her, our special recognition of her personal commitment to the business project of FCC which guarantees a future of stability and progress. Not a day goes by that Esther is not attentive to the company's progress, showing initiative, proposing solutions and above all taking a real interest in the Company's employees, her most important and constant concern. Thank you, Esther, from the bottom of my heart.

2 - THE FCC GROUP IN FIGURES

During the last fiscal year, the Spanish economy continued its process of convergence with the countries of the European Union, increasing its gross domestic product (GDP) by 2.4%, well above the average growth of 0.7% recorded in the rest of the European Union.

The construction sector was one of the Spanish economy's most dynamic, which grew by 3.9% over the year before, 1.5 percentage points above the average growth rate of the Spanish economy and accounting for 17.7% of GDP in 2003.

The fundamental importance of the construction sector is also reflected in the effect it has on employment, providing jobs to 11.9% of the nation's working population, close to two million people.

This brisk activity in the construction sector generated an increase of 4.4% in cement consumption.

Within this context, the results of the FCC Group can be considered very satisfactory, as you will see from the data provided below.

The consolidated revenues were 6,050,000,000 euros, surpassing a billion of the old pesetas for the first time. This figure represents an increase of more than 10% over the previous fiscal year. If we compare these revenues with those of five years ago, we see that the figure increased by 83% during that time, from 3,303,000,000 euros in 1998 to 6,050,000,000 in 2003, with a cumulative annual growth rate of 13%.

Our three strategic sectors account for 96% of the Group's sales, with construction accounting for 48%, services 34% and cement 14%, of the consolidated revenues.

All of these strategic activities performed very well in the Spanish market in 2003. Services grew by 13.7%, construction by 16.8% and cement by 11.4%.

The positive performance of our basic activities in Spain offset the less satisfactory results of our foreign business as a consequence of the end of a service contract in Puerto Rico, the economic crisis in Latin American and the depreciation of the dollar and other

American currencies. Under these conditions, the contribution of international activity to the consolidated revenues was 10.5%, slightly lower than the 13.8% the year before.

We are confident that the clear signs of economic recovery in Latin America and the decided international expansion of some of our service activities, which we will discuss in more detail below, will have a positive effect on increasing the percentage of revenues from foreign business in the years to come.

The high revenue figure referred to above was accompanied by new construction and service contracts totalling 5,000,000,000 euros.

At the end of the fiscal year the portfolio of construction and service work pending completion was valued at 15,344,000,000 euros, which was higher than the year before.

When I said before that 2003 was an excellent year for the FCC Group, I was not only referring to the volume of business but also to the results obtained, as we will see below:

The gross operating profits, also known as EBITDA, closed the year up by 8.5%, at 804 million euros with a sales margin of 13.3%.

I should point out here that we have progressed from EBITDA of 427 million euros in 1998 to 804 million in 2003; in other words, a growth rate of 88% over the last five years. At the same time, the sales margin grew during the same period of time from 12.9% to 13.3%

Service activities continue to be the ones that contribute most to the consolidated gross operating profits (42%), followed by cement (34%) and construction (17%).

The profits from ordinary activities were 521 million euros, which represents an increase of 11% over the year before and an improvement in the sales margin, which was 8.6%.

In addition to the progress of the operating magnitudes, the results of the companies carried by the equivalence method were up by 58%, thanks primarily to the excellent results of Realia Business, the real estate company which is owned equally by FCC and Caja Madrid and which practically doubled its contribution to the Group's results.

It should also be noted here that the Group improved its financial results by 11% as a consequence of lower indebtedness and a reduction of interest rates in both Europe and the United State.

After deducting the percentages corresponding to minority shareholders, the profit earned by the parent company was 309 million euros, which represents an increase of 13.2% compared to the year before and an improvement of one-tenth of a point of the sales margin, which stood at 5.1%.

In the last five years the profits earned by the parent company have more than tripled, with a cumulative annual growth rate of 25.5%.

The contribution of the different operating areas to the results of the parent company is led by cement (28%), followed by services (27%) and construction (23%).

As far as investments are concerned, a total of 624 million euros was allocated to investments during the fiscal year, broken down as follows:

- 53%, i.e., 331 million euros, for the acquisition of machinery and equipment to execute new contracts and update the current equipment.
- 22.5%, i.e., 140 million euros, for the formation or acquisition of operating companies.
- 12.5%, or 78 million euros, for the payment of concession fees.
- 12%, or 75 million euros, for the purchase of land and buildings.

Once again this year, the Services area was the most active in terms of investments, absorbing more than 52% of the total.

Last year we generated cash-flow of 708 million euros, with a significant increase of 22.5% over the year before and 11.7 of the revenue figure. This increase was due to the excellent ordinary results and the lower tax rate applied to this fiscal year.

In the last five-year period, a total of 2,698,000,000 euros of equity was generated. This is a very important piece of information since,

with the exception of the party used to pay dividends, the rest of the cash flow remains inside the financial circuit of the Group thereby increasing our investment possibilities.

As a consequence of the generation of significant cash-flow, the net financial indebtedness of the Group decreased to 547 millions euros, down from 650 million euros the year before. As a result, the EBITDA for the year would cover the Group's debt almost 1.5 times. Based on these figures, the leveraging ratio (understood as the indebtedness over equity plus debt) was 22.8% down from 28.2% in December the year before.

In addition, the Group's liquidity level is very high at nearly 700 million euros, as seen from the "Cash" and "Current Asset Investments" captions of the balance sheet ending on 31 December 2003.

All of this data reveals the excellent financial situation of the FCC Group, with a great deal of capacity to undertake investments in the future, both those derived from organic growth and other extraordinary investments that permit us to increase our size considerably.

The shareholder equity at the end of the fiscal year was 1,845,000,000 euros, with an annual increase in absolute values of 200 million euros, or 12.2%, due primarily to an increase in reserves and to the profits earned by the parent company.

Below I will discuss the evolution of the major sectors where we operate.

3 - SERVICES

Service activities had a good year in 2003. I include under this heading the business activities of FCC Medio Ambiente, Versia and Logística.

Revenues were 2,188,000,000 euros, up by more than 9% over the year before despite the negative repercussions, as mentioned previously, of the activity in Latin America as a consequence of the devaluation of most currencies there and market recessions.

The effects of this were felt most strongly by Proactiva Medio Ambiente, the company owned equally by FCC and Veolia Environnement, which handles both groups' waste management and water business in Latin America.

However, other business areas and other markets, particularly the Spanish market, were able to offset this situation. As indicated above, in Spain this sector grew by 13.7%.

FCC is the leading Spanish group in service management, especially those which have the greatest impact on the wellbeing of the inhabitants of large cities, such as garbage removal, street cleaning and waste management.

The figures I am about to cite below support this affirmation:

- In the urban sanitation area, i.e., the collection of solid waste and street cleaning, we serve more than 44 million residents of 3,000 cities and towns in 14 countries in Europe, Africa and America. Just last year we were awarded 169 new contracts with a total value in excess of 1,000,000,000 euros.
- In water management, in Spain only, handled by our subsidiary Aqualia, there were a total of 179 contracts signed between new awards and contract renewals. The portfolio of work pending completion in this business area is close to 5,000,000,000 euros.
- The industrial waste treatment business, which is handled under the *Ámbito* name, continues to be strong. Last year we handled 720,000 tons of different kinds of waste: inert, banal and hazardous, an increase of 24% over the year before.
- In airport handling we served 37 million passengers and 170,000 flights. Allow me to stop at this point to inform you that at the beginning of 2004, the subsidiary of the Group that specialises in this sector, Flightcare, which is attached to Versia, was awarded the second largest service contract in FCC's history in terms of business volume. It was awarded the first passenger and cargo handling license at the Brussels airport for a seven-year period. The contract is valued at more than 700 million euros.

- The companies Aitena, Aitena Portugal, Loacsa and Logística Navarra offer logistical services to the automotive, computer and consumer products industry through 25 operating centres positioned strategically on the Iberian Peninsula and the Canary and Balearic Islands, with more than 300,000 square metres of storage space.
- In the urban furniture and outdoor advertising sector, Cemusa has installed 102,000 advertising supports in 120 cities in 11 European and American countries. It continued to perform brilliantly in international markets last year winning contracts in Belo Horizonte, Brazil and San Antonio, the capital of Texas, in the United States. In Portugal it was awarded a contract to manufacture, install, maintain and handle the advertising on 1,500 phone boxes for Portugal Telecom. During this fiscal year Cemusa won a tender in Vitoria, further consolidating its leadership in the Basque Country and all of Spain.
- We managed some 102,000 on-street regulated parking spaces and 10,500 spaces in 36 underground parking garages in 90 cities in Spain and Morocco. The largest underground parking garage operated by the FCC Group was inaugurated this year. It is located in Plaza del Castillo in Pamplona and can accommodate 954 vehicles. Some 11,000 new on-street regulated parking spaces are currently being added in Madrid, which means that we will be managing a total of 27,000 parking spaces in the city using parking metres.
- We inspected more than 1,800,000 vehicles in the 54 ITV stations we operate in Spain and Argentina. Last year, the initial terms of the concessions in the autonomous communities of Aragón and the Canary Islands were extended by 10 years. As a result, the average term remaining for all of the ITV concession in Spain is 15 years.
- We transported more than 50 million passengers with a fleet of more than 300 buses that travelled 24 million kilometres on city and intercity lines. The management of the Barcelona streetcar started last spring (Besós and Bajo Llobregat streetcars) and we continue to operate the Bulnes funicular.

These are the most important figures in services. In some of these activities, such as the urban waste management, we have such a high market share at the national level that it would be difficult to improve. However, our goal is to keep growing. And to do so we have what is undoubtedly the best technical staff in Spain to prepare for the different tenders and devise the best possible technical solutions to make our offers more effective and more competitive.

In water management, where our Group started working just 15 years ago, our goal is to increase our presence in the Spanish market through organic growth by staying abreast of the opportunities that arise for hydraulic infrastructure concessions.

We are equally committed to seeing the rest of our activities grow, some of which, such as industrial waste management, have developed very quickly in recent years.

As far as the business areas attached to the Versia subsidiary, such as parking space, transportation, technical vehicle inspections (ITV) outdoor publishing and airport handling, our goal is to continue expanding nationally and internationally, particularly in the countries comprising the euro and dollar zones, combining organic growth with the acquisition of new companies.

4 - CONSTRUCTION

In 2003, the construction sector was the so-called driving force behind the Spanish economy and all indications are that this will continue to be the case in the near future. Growth in this sector was 3.9%, a point and a half higher than the Spanish economy as a whole.

Within this framework, the construction activity of the FCC Group increased by 13%, with revenues of 2,950,000,000 euros, a clear indicator of the good work of the construction area last year.

FCC Construcción was awarded new contracts valued at more than 3,000,000,000 euros. As a result, the portfolio of construction contracts as of 31 December was valued at 3,660,000,000 euros, a historical record in this line of business.

In terms of revenues and growth percentages, FCC Construcción, following the recent merger of the two large construction companies, is the second largest construction companies in the Spanish market. Of the four largest, it is the one whose portfolio increased the most, with interior growth of 16.8% during the last fiscal year.

The following figures, which summarise some of our construction activities last year, will give you a clear idea of our capacity in the construction sector:

- 632 kilometres of expressways, motorways and roads, as well as the conservation and maintenance of another 10,300 kilometres.
- 32 kilometres of metropolitan railways, 134 kilometres of conventional railways and 130 kilometres of high speed railways.
- 16 water treatment and desalination plants.
- 20 million square metres of urbanisation and infrastructures.
- More than 15,000 homes plus commercial spaces and parking garages, with a total of 2.5 million square metres of constructed surface area.
- 6 million square metres of non-residential property.
- 48 tunnels totalling 100 kilometres long.

As I said before, the outlook is good for the construction sector. During the last legislature, the administration approved investments valued at 120,000,000,000 euros through the year 2007. Half of this work has already been completed, but the rest is in the planning or initial stages of construction. As these are high volume projects, the production volume is guaranteed.

The Socialist Party is also planning intensive development in the area of transportation infrastructures, which will be further specified by the Government with the passage of the Infrastructure and Transport Strategic Plan. Among other things, this Plan calls for special efforts in the conservation of the road system, a field in

which FCC Construcción, through its subsidiary Matinsa, has extensive experience.

As far as the construction work associated with the National Hydrological Plan Act, the Ministry of the Environment has already announced that this will continue, although the Cabinet at its meeting last Friday approved a Legislative Decree abolishing the articles of the law relative to the transfer of the Ebro.

As an alternative solution to the transfer infrastructure and in order to deal with the shortage of water resources in the Cataluña, Júcar, Segura and Sur basins, the recently passed Legislative Decree, aside from other measures (such as efforts to reuse and save on water and the creation of a water bank) calls for the construction of a significant number of sea water desalination plants and the enlargement of some existing ones, which will involved a total investment of some 3,700,000,000 euros.

This is a field where the FCC Group has extensive experience through Aqualia and SPA, so our perspectives in view of the new approach taken by the Ministry are frankly positive.

This optimism regarding the short and medium term future of our construction activities in Spain is also based on two other very significant aspects:

- Greater participation of local and regional administrations in public works. In 2003, for example, 58% of all public work contracts were put out to bid by local and regional administration, where FCC Construcción has traditionally had a high market share, occupying first place in the last four years.
- At the same time we are focusing on the construction work promoted by private business in order to decrease our dependence on public works. The development of this market is a priority for us.

As far as the international market is concerned, there are some interesting possibilities in the countries of Eastern Europe that have recently joined the European Union and the surrounding countries. Having carefully studied the real possibilities some of these countries (such as Romania) have to offer in terms of the future

development of their infrastructures, it is possible that we will be working in that geographical area permanently in the near future through the acquisition of local firms.

5 - CEMENT

The General Meeting of Shareholders of Cementos Portland, held in June of 2003, agreed to change the company's name to Cementos Portland Valderrivas, recovering the names of the two companies that created the company through the merger that took place in 1993.

Cementos Portland Valderrivas, like FCC, is a company with a long history that celebrated its one hundred year anniversary last year. It is a large, well-managed company in which FCC possesses 58.8% of the shares.

Last year, the company had revenues of 866 million euros, an increase of 4.2% over the previous year, thanks mostly to its sales in Spain which were up by 11.4%.

The contribution of international business to the total revenues decreased due to a 17% depreciation of the dollar last year. Had this not been the case, international revenues would have grown by 3.9%.

In 2003, for the first time, the companies that make up the Cementos Portland Valderrivas Group sold more than 10 million tons of cement and clinker. 7.8 million tons were sold on the domestic market and 230,000 tons were exported by the subsidiary Cementos Alfa to the distribution terminal located in the United Kingdom.

The factories in the United States sold nearly 2 million tons, which represents an increase of 2.4% over the figure for 2002.

In 2003, Cementos Portland Valderrivas sold its 15% stake in the company EHN which produces eolic energy, generating capital gains in the amount of 82.9 million euros. It used this extraordinary income to amortise part of the goodwill from the acquisition of Giant Cement and certain allowances for that company in the amount of 60.8 million euros.

Taking advantage of the growth of the cement market in Andalucia, which topped 15%, the new installations at the factory in Alcalá de Guadaira in the province of Sevilla, in which 74 million euros were invested, became operational at the beginning of the year. As a result, this factory, which boasts the largest cement furnace in Spain, has increased its production capacity by more than 30% with a production capacity of 1.8 million tons per year and a significant reduction of its operating costs.

The factories operated by Cementos Pórtland Valderrivas in the United States are also being modernised. The factories in South Carolina and Maine are transforming their wet clinker furnaces into dry ones. The transformation of the Maine factory is already underway and the modernization of the South Carolina factory will get underway at the beginning of next year.

These renovations will improve the efficiency levels of these factories considerably, which will in turn have a very positive effect on the income statement.

Further acquisitions in Spain or abroad in the near future are not ruled out as a means of contributed to the growth of Cementos Pórtland Valderrivas.

6 – FINANCIAL DIVERSIFICATION

This section includes all of the investments in the activities not included in the sectors mentioned above.

I will begin with the real estate sector.

- Realia Business, a company that is owned in equal parts by FCC and Caja Madrid, has become one of the leading companies in the sector in the development of real estate products as well as the management and operation of offices buildings and shopping and entertainment centres. Its revenues in 2003 were 470 million euros, an increase of 14.9% over the previous years, almost doubling its profits during that time, with profits of 106 million euros last year.

It has 100 real estate development projects underway, with nearly 900,000 square metres of developable land.

It has 500,000 square metres of leased office space in singular buildings located in Spain and Portugal with an average occupancy rate of nearly 95%.

It possesses 9 million square metres of land for future development, which means that it has the capacity to develop more than 2,650,000 square metres which is sufficient to accommodate 30,000 homes plus 50,000 parking spaces and commercial space.

- Torre Picasso, Madrid's largest office building a symbol of modernity, with 120,000 square metres of constructed space, has 70,165 square metres of leasable office space, 7,967 square metres of commercial space and 844 parking spaces. The average occupancy rate last year was higher than 93%.
- FCC possesses an 8.26% share in Xfera, the holder of a UMTS mobile telephone license. This company is about to launch its commercial offer to the public.
- Grubarges Inversión Hotelera, a company founded in 1998 and held Grucycsa, BBVA Group and Barceló in three equal parts, at one point owned 30 hotels in Spain, the United States and Mexico. In July of 2003, the Grubarges partners reached an agreement to dissolve their "joint venture", commencing the process of selling the joint venture's assets, a process that is now in the advanced stages.

7 – TECHNOLOGY AND THE ENVIRONMENT

While the people responsible for the different business areas were achieving the magnificent results mentioned above, the technical professionals carried on with their innovative efforts in order to introduce into all activities management methods which were at once more efficient, more respectful of the environment and safer and more comfortable for employees.

We can say, without hesitation, that the FCC Group has always, throughout its one hundred year history, been a pioneer in Spain in the application of the most modern technologies and its respect for the environment.

- Environmental management methods are applied to all of the construction projects awarded to FCC Construcción, and the Group facilities whose activities can have an impact on the environment. It takes place at all organisational and hierarchical levels and is fully integrated in the business management system.

As part of the dynamics of the implementation of Good Practices, the Group makes every effort to achieve levels that higher than those required by law.

- Cementos Pórtland Valderrivas has signed with the Governments of Navarra and will soon do so with the Community of Castilla–León, voluntary environmental agreements which envisage the measures for the prevention, reduction and control of the pollutions from its factories, similar to the one signed a year ago with the Government of the Community of Madrid.

Under these agreements, Cementos Portland Valderrivas undertakes to reach, before 31 October 2006, the objectives set out in the Pollution Prevention and Control Act, thereby complying with the legal requirements a full year in advance of the deadline.

To achieve these environmental goals, the cement company plans to invest 40 million euros in the three-year period between 2004 and 2006, which accounts for more than 40% of the total

investment planned by Cementos Pórtland Valderrivas for that period.

8 – OUTLOOK FOR 2004

Moving on to the subject of the outlook for this fiscal year, I should start by saying that, as everyone knows, we had a very satisfactory first quarter in which we clearly surpassed the objectives set by management.

If we look at the forecasts of the strategic plan for the end of the year, which we hope to be able to surpass, I can share with you some of the things you can expect to see:

- Growth of more than 4% of the revenues, which will close at around 6,306,000,000 euros.
- An 8.5% increase in the gross operating profits (Ebitda) which will be approximately 873 million euros. We expect an improvement of five-tenths of a point in the profit margin, which will finish at 13.8% compared to 13.3% in fiscal year 2003.
- Net profits for the parent company of around 340 million euros, which will represent an increase of approximately 10% over the previous year.

9 – STRATEGIC ORIENTATION FOR THE FUTURE

- The future strategy of the Group is fundamentally based on the development of its basic sectors:
 - Services
 - Construction
 - Cement

These are the cornerstones of our activity and the ones that will enable our size and our profits to grow.

- We will reinforce our undeniable position of leadership in city maintenance services and continue to be a company of reference, among the largest in the sector, in construction and cement.

- We will maintain our financial investments in other activities of the Group considered non-strategic, based on the following guidelines:
 - Optimisation of the investment value.
 - Responding to the financial needs of the Group.
- We will increase our revenues based primarily on a criterion of profitability, combining organic growth with that achieved through acquisitions.
- We will foster the synergies derived from our activities in the three strategic sectors.
- We will promote our presence in foreign markets in both the services and construction sectors, adhering to a criterion of prudence. This policy of prudence has been extremely positive in view of the minimal impact which the financial crisis affecting Latin American countries has had on our Group.
- We will diversify the geographical areas where we operate to avoid excessive concentration in any one area. In doing so, in addition to our logical expansion in Latin America, we are reinforcing our presence in Western Europe, Northern Africa, the United States and Eastern Europe (especially in the countries that recently joined the European Union).
- We will take advantage of investment opportunities thanks to the solid financial position of the Group, its ability to generate cash-flow and to assume debt.
- We will develop these strategies with the support of a staff we are truly proud of, a highly qualified professional staff with the “know-how” required to enable the Group to keep growing in all strategic areas.

10 - PERSONNEL

Before discussing the subject of personnel, I must start out by referring to the terrorist attacks of 11 March in Madrid which had devastating effects on three of the Group's employees as they were going to work.

One of them, Álvaro de Miguel Jiménez, died on the spot. Álvaro, who was 26 years old, was responsible for overseeing the work on the enlargement of the Schools of Law and Philology at the Universidad Complutense de Madrid.

Susana Morán Díaz-Pinto who, like Álvaro, also worked at the Madrid Edificación III office and was pregnant, was seriously injured. Two months later and as a consequence of her injuries from the attack, she had to be operated on and lost the baby she was expecting.

Also injured, although to a lesser degree, was Antonio Montes Torres, who worked at the Madrid Edificación II office.

In the name of all of the shareholders and employees of FCC, I vigorously condemn these barbaric acts. I say a prayer for Álvaro's soul and extend my wishes to Susana and Antonio for their full recovery.

At the end of fiscal year 2003, FCC had a staff of 61,790 employees, an increase of 6,909 over the year before. This is irrefutable proof of our company's strength. The Board of Directors would like to thank all of them for their dedication and professionalism, which have permitted us to achieve the results discussed above. They are, without a doubt, the Group's most valuable asset.

One of the priorities of FCC's labour policy is personnel training. We aspire to have the best professionals and to provide them with optimum working conditions, which will in turn increase the level of efficiency of our activities.

In keeping with this objective, last year we offered 1,703 courses, seminars, workshops, etc. which were attended by 24,575 employees and which comprised more than 370,000 classroom hours.

Much of this training focuses on questions relative to accident prevent and safety in the workplace. The goal is to encourage employees to use the measures that will contribute to eliminating risks and making everyone's job safer.

We are now seeing the positive results of these efforts, which have been ongoing for many years. FCC Construcción is one of the companies with the lowest rates in the sector, in terms of frequency and seriousness, of occupational accidents. The number of accidents is almost one-third of the average of the member companies of SEOPAN and one-half in terms of seriousness. We may congratulate ourselves on these results, but we must continue striving to reduce the number of accidents.

11 - DIVIDEND

The Board of Directors of FCC, at its meeting on 14 June 2004, at the proposal of the representatives of on the Board of Directors, after lengthy reflection on the subject, decided to raise the dividend to a pay-out of the consolidated profits of FCC of 45%.

According to this proposal, the new distribution of FCC profits would be as follows:

Parent company profits 2003 149.8 million €

Distribution:

- <u>To interim dividend</u>	0.368 € per share
- <u>To complementary dividend</u>	<u>0.699 € per share</u>
Total dividend per share	1.067 € per share

- To voluntary reserves: The rest.

As you can see from the graph on the screen, the amount of shareholder remuneration has gone from 19.8 million euros in 1998 to 138.8 million euros in 2003. This means that the dividend payments during this time, in constant euros, have multiplied by seven.

Thanks to the favourable evolution of FCC's results, this significant growth in dividend payments is compatible with the traditional self-financing policy of the Group.

12 – SOME INFORMATION ON THE SHAREHOLDERS AND THE VALUE OF FCC STOCK

The shares held by the Belgian group CNP were acquired by the company Acciona which, after successive acquisitions, now control 15%. As a result, it has become a significant shareholder of our Group in which, as you all know, B-1998 owns a 52.1% stake.

On 15 June, Acciona contacted our Stock Market Department to raise questions and request information or clarifications on certain points of the Annual Corporate Governance Report recently approved by the Board of Directors of FCC. These questions were answered by our company yesterday.

On 17 June, Acciona notified FCC of its decision to exercise the option of appointing directors to the Board under the proportional system, which entitles it to appoint three directors. We will address this issue under the pertinent agenda item.

FCC stock closed the year with an appreciation that was well above the sector average and that of the Ibex-35: 36.6%. The value of the shares ranged between a low of 20.85 euros and a high of 29.77 euros, ending the year on 31 December 2003 at 29.24 euros per share. The stock market capitalisation as of that date was 3,818,000,000 euros.

13 – ADAPTATION OF THE COMPANY TO THE RULES OF TRANSPARENCY AND GOOD CORPORATE GOVERNANCE

More than a decade ago, a worldwide movement arose which promoted greater transparency in company management, especially publicly traded companies, and the implementation of certain practices which have come to be known as "good corporate governance".

These mechanisms are considered to make business management more efficient and to avoid the recurring financial scandals that have affected thousands of small investors who invested their savings in the stock market.

In Spain, following a period of information and after exhorting companies to comply with the corporate governance recommendations, the subject has been legally regulated in different laws that have introduced changes to the Securities Market Act and the Public Corporations Act.

These laws stipulate the obligation of companies to implement the following instruments to facilitate the transparency and good corporate governance:

- a) General Meeting Regulations.
- b) Board of Directors Regulation.
- c) Audit Committee.
- d) Internal Code of Conduct.
- e) Annual Corporate Governance Report.
- f) Website.
- g) Adaptation of the articles of association to the modifications introduced by these laws.

Our company, aware of the concern for good corporate governance and in response to the legal requirements, has now implemented all of these instruments, to wit:

- Audit Committee
- Internal Code of Conduct
- General Meeting Regulations and amendment of the articles of association to bring them in line with legal requirements, which will be proposed to this General Meeting for its approval.

- Regulations of the Board of Directors which will be reported to the General Meeting.
- Annual Corporate Governance Report and Website

With this, FCC has culminated the process of adapting its internal regulations to the principles of transparency and good corporate governance.

14 – AGENDA

During this General Meeting we will submit the following items to your for your consideration:

- Approval of the income statements and application of fiscal year 2003 profits, in accordance with the documentation that has been available to shareholders since 3 June 2004.
- Under the heading of the ratification, appointment or re-election of Directors, following the request of Acciona to appoint three directors we will reduce the number of directors originally proposed by the Board of Directors from nine to six. Consequently, we propose the appointment of:
 - Henri Proglio
 - Rafael Montes Sánchez
 - EAC Inversiones Corporativas, S.L
 - Jean François Dubos
 - Olivier Orsini
 - Jean Marie Messier
- In order to comply with the legislation on good corporate governance and transparency, we propose:
 - The amendment of certain articles of the articles of association.
 - The approval of the Regulations of the General Meeting.
- As in previous years, we will request a renewal of the authorisation to purchase treasury stock.
- We will also propose the re-election of Deloitte as the auditors for fiscal year 2005.

15 – CONCLUSION

- What I have described to you is the reality of our Group for fiscal year 2003 and the goals we have proposed for the future.
- Summarising, we can say that
 - √ We are the leader in services and a company of reference in our other areas of activity.
 - √ Our activities are properly diversified to ensure that we do not depend on the cycles of any one market.
 - √ We have sustained organic growth of around 10% which, given our market share in Spain in the different sectors where we operate, can be considered more than acceptable.
 - √ Our solid financial position and ability to generate cash-flow will enable us to make investments in the future that will allow us to grow even more.
 - √ Our staff of 60,000 people is highly qualified and is our best guarantee for facing the future with expectation and tranquillity.

Finally, I would like to thank you for attending and for your support of our proposals.

Thank you very much.