

CHAIRMAN'S REPORT

Ladies and gentlemen:

Once again this year, and as has been the case since the General Meeting of shareholders in 2000, I come before you at this general assembly to report on the company's activity during the last financial year.

As you know, in 2004 the Board of Directors appointed Mr. Rafael Montes Sánchez as the Managing Director and decided that I should continue as the non-executive Chairman of the Board.

The Managing Director will therefore explain the company's 2004 results and future plans, while I will limit myself to a few comments on the Group's institutional life and a brief description of my five years as the Chief Executive Officer.

At the October Board meeting, I notified the Board of my intention to step down as the Chairman of the company on my 70th birthday, following a period, which culminated with the appointment of the new Managing Director.

I had therefore always believed that the most appropriate time for me to say goodbye would be at today's General Meeting.

However, a few days ago the Group's majority shareholders, our beloved and admired Esther Koplowitz, and the entire Board asked me to stay on as the Chairman until the next General Meeting.

I was happy to accede to their wishes, thanking all of them, and especially Esther herself, for the show of confidence and fondness implicit in that request.

I would like to quickly summarize what it has meant to me to hold the office of Executive Chairman of this Group.

When I stood before you in the year 2000 to present the accounts for the 1999 financial year, the revenues for that year were 3,829 million euros. We've just closed the 2004 financial year with revenues of 6,286 million euros, which represents an increase in that time of 64%.

In 1999, the company earned net profits of 199 million euros while in 2004 the net profits were 388 million euros, meaning that over the years that figure has increased by 119%.

As far as dividends are concerned, a very important question for shareholders, in the year 2000 a dividend of 0.29 euros per share was paid out against 1999 profits, while this year we are proposing the approval of a dividend of 1.36 euros per share. This represents an increase of 369% and makes the Group with the highest dividend payment in its sector.

The market has also recognised FCC's management ratios as evidenced by the stock market capitalisation which has gone from 2,426 million euros in 1999 to xxxxxxxx as of yesterday. In other words, during this time the value of our Group increased by XXX.

At the end of 1999 there were 45,141 employees; today there are 63,602. During this time employment grew by 41% with the creation of 18,461 jobs.

The contrast between the 1999 and 2004 figures demonstrate our company's development over the years. I should add that this growth has been achieved without having to resort to hefty investments, based fundamentally on the organic growth of the Group's different activities.

I believe, therefore, that we are in a good position to face the future with optimism and to undertake the challenges which the future holds in store for us, which the Managing Director will discuss in further detail. I know that this will required a great deal of effort, but I also have a great deal of faith in our magnificent Managing Director and the exceptional capacity of the managers and employees with whom I have had the pleasuring of working with since I took possession of my office and who stand out for their unwavering identification with FCC and the pride they feel in being part of a common endeavour.

I would also like to mention that 2004 was a year of intense activity in the area of the company's corporate governance.

As you will recall, at the last General Meeting the shareholder Acciona, S.A., which holds a 15.06% stake in FCC, designated by the proportional representation system three directors who were subsequently removed by the shareholders on the understanding that an incompatibility existed since they were representatives of a direct competitor of FCC.

We proceeded with caution on that occasion and the courts, to date, have decided in our favour. However, this conflict is still not definitively settled as the court's decision has been appealed, although we hope that our position will be upheld.

Subsequently, in the month of July 2004, the French company Veolia Environnement, S.A. which as you know owned 49% of the capital in B-1998, S.L., decided to disinvest.

Esther Koplowitz, in an exemplary gesture, once again, bought back that 49% and then allowed other investors to acquire stakes in B-1998, S.L. As a result, the company's financial partners were able to acquire a portion of B-1998's capital: Inversiones Ibersuizas, the Aguinaga family, Robert Peugeot, Pedro Agustín del Castillo, Bodegas Faustino and Banco de Negocios EBN, a company owned by diverse savings banks. As a result, Esther Koplowitz currently owns 73% of B-1998 while the remaining 27% is in the hands of the investors named above.

These new partners have contributed stability and their professional collaboration and I would like to thank them publicly for having confidence in us.

In closing I would like to refer to the measures taken to adapt the company to good corporate governance practices. I am pleased to report that we are up to date in this area and that we are a transparent company with governing bodies that guarantee effective business management.

For the second year in a row we have approved the Annual Corporate Governance Report and the Board of Directors has updated the regulations governing the Board and the General Meeting which you will be asked to ratify at this session. We also have an Executive Committee, and Audit and Control Committee, an Appointments and Remuneration Committee and more recently a Strategy Committee chaired by Esther Koplowitz.

All of these decisions have been taken in the belief that they will improve the company, make it more competitive and more efficient in its decision-making. They have all been reported to the National Securities Market Commission accordingly and are available to the general public on FCC's website.

Finally, I'd like to thank you all for attending and for supporting our proposals.

Thank you.