

GENERAL MEETING OF SHAREHOLDERS 2003

Message from the Chairman

Ladies and Gentleman:

Allow me, first of all, to **thank you for attending** this General Meeting of Shareholders, in which we will explain and analyze:

- The **most notable events** affecting the Group during the last fiscal year.
- The strategic guidelines for action and the **objectives** we propose to achieve during the fiscal year in progress.
- The **proposals** we will submit to you for your consideration and approval, as shown on the Meeting Agenda.

Once again we are pleased to come to this meeting filled with the sincere and heartfelt satisfaction of being able to report that the FCC Group continues **to grow** and that we have achieved new **historical milestones** in our country's long evolution.

For the Board of Directors I am honored to preside over, it is at once a great satisfaction and a real motivation to know that we have the **permanent and decisive support of our shareholders**, and particularly our two majority shareholders, Esther Koplowitz and Veolia Environnement.

I would like to reiterate to **Esther** once again at this forum of the General Meeting of Shareholders our acknowledgement and appreciation for her ongoing availability to FCC and everything that redounds to the growth and expansion of the Group.

With regard to **Veolia Environnement** which, as you know, is the new name of Vivendi Environnement now that it has separated from Vivendi Universal and its group of companies, I would like to express our most sincere desire that the collaborative efforts with the FCC Group will continue, particularly in foreign markets where both companies have the opportunity to share our mutual and longstanding experience in the public service field.

1.- THE FCC GROUP IN FIGURES

Moving on to the evolution of the principal economic magnitudes last year, the **consolidated turnover** was 5,497 million euros, which represents a 6% increase over the year before.

As you can see on the graphic being projected, the change in the Group's turnover in recent years has been truly notable, with a **14% increase in the cumulative annual growth rate** over the last five years, which has enabled us to go from 2,912 million euros in 1997 to 5,497 million in 2002, in other words, an 89% increase.

There was no substantial change in the **contributions of the different areas** compared to the year before. The **three strategic sectors account for 98% of the Group's sales**. Construction accounted for 47%; Services for 36% and Cement for 15% of the consolidated turnover figure.

FCC's ongoing development in the years to come will depend on our success in winning new **service and construction contracts** to replace the annual consumption of the portfolio of pending work each year, particularly in a Group like ours with high volumes of sales such as the ones we are reaching.

In this regard I am pleased to note that in 2002 we won **new service and construction contracts** in the amount of 6,252 million euros, which is the **highest annual figure ever achieved** by the FCC Group in its more than 100-year history. While the figure for the previous year represented a historical record, that record was broken this year and surpassed by 17%.

Thanks to the performance of new contract awards, we have increased our **portfolio of contacts pending execution by** almost 1,600 million euros, bringing the total to 15,229 million euros, which means that our production is covered for at least 2.8 years.

The **gross operating profit (Ebitda)** was 741 million euros. On this point, allow me to emphasize the evolution of Ebitda over the last five years, during which the Group has gone from 345 million euros in 1997 to 741 millions last year, which amounts to an increase of more than 100 percent in the gross operating profit.

This has enabled us to improve the **profit margin** considerably, which rose from 11.9% five years ago to 13.5% in 2002.

The Services sectors is that which continues to account for the highest volume of the consolidated gross operating profit, with approximately 43%, followed by Cement with nearly 37%.

The change in **profits from ordinary activities** has been just as positive, coming in at 469

million euros with an annual increase of 8.1%, with an 8.5% profit margin.

Finally, after deducting corporate income tax and the amounts payable to minority shareholders, **the parent company's profit** was 273 million euros, a 13.3% increase over the year before.

The increase in profits attributable to the parent company for fiscal year 2002 was due to two factors:

- **An improvement, on one hand, in operating profitability**, which I have just mentioned, and on the other
- The effects of the **merger by absorption with Portland Valderrivas**, as a result of which the profits earned by the rest of the shareholders in Portland Valderrivas, who have joined our Group's shareholders, now go to FCC.

I should emphasize that the parent company's profits have **more than tripled in the last five years**, with a cumulative annual growth rate of 26.6%.

The **contributions of the different areas to these profits** are reflected on the chart shown on the screen. As you can see, each one of the strategic sectors contributes a similar percentage of approximately 25%. The results of our other non-strategic activities account for 23.2% of the total, most of which comes from real estate and financial investments.

The excellent evolution of our profits, combined with the considerable sums being allocated each year to fixed asset depreciation, translated into the generation of significant **cash-flow** flowing through the Group's financial circuit.

More specifically, resources in the amount of 578 million euros were generated last year, with a 14,2% increase over the previous year. If we compare this figure with the turnover, we get a margin of 10.5 %.

Under the heading of **investments**, in 2002 we made acquisitions in the amount of 711 million euros, 27.9% higher than the year before. Of this amount:

- 48% of the total, or 344 million euros, was used to acquire the **equipment and machinery** needed to execute new contracts or to renovate existing assets.
- 23%, or 161 million euros, was invested in purchasing or founding **operating companies** that enable us to access new markets,
- 10% was used to pay **concession fees** for the concessions awarded to the Group, particularly in water management and

- The remaining 19% was used to acquire **real estate and computer equipment, etc.**

The Service area has been the most active in terms of fixed asset investments, accounting for more than 60% of the total.

This capacity to generate resources which I referred to above makes it possible for us to undertake such high levels of **investment** which have amounted to more than 3,300 million euros in the last five years, **without impairing our financial structure**. Proof of this is that despite such a notable investment effort:

- **Our capacity to take on new debt to undertake new operations remains practically intact**, since the leverage ratio as of the balance closed on 31 December was less than 30%.
- The **net indebtedness could be covered easily with the Ebitda generated last year**.
- Finally, we have a **very high level of liquidity**, as deduced from the closing balance on 31 December, where the “Cash and Banks” and “Current Asset Investments” **exceed 700 million euros**.

Moving on to a new heading, by the end of the fiscal year **Shareholders' Equity** amounted to 1,645 million euros, with an annual increase in absolute values of 354 million euros, which represents a 27% increase over 2001. A large part of this increase is due to the effects of the **merger by absorption of Portland Valderrivas**, which I will speak further about below.

2.- GROWTH STRATEGY AND FORECAST FOR 2003

The Group's growth strategy is set within the framework of the following coordinates, in keeping with what has been mentioned at previous General Meetings:

- Focus **development on the three sectors** which constitute the basic pillars of our activity: Services, Construction and Cement, fostering growth in terms of both size and profits.
- **Maintain the indisputable leadership in city maintenance services** on the Spanish market and **be the company of reference** among the best in the **construction and cement** sectors.
- **Combine organic or internal growth with the acquisition of interests in operating companies**, using our rationalized financial structure to do so and eventually using excess capacity as leverage with external resources.
- **Promote the synergies** derived from the contributions of the three strategic sectors.

A clear example of this can be found in the leading role of our Construction and Services areas in the joint venture which has been awarded the largest contract ever in Spain for the construction and operation of irrigation infrastructures for the Segarra-Garrigues canal in the province of Lleida. The contract is valued at 1,100 million euros.

- **Greater presence in foreign markets** with special emphasis on:
 - ✓ **Services**, where notable contracts were awarded last year, although this area's contribution to the consolidated figure **could be increased** and
 - ✓ **Construction**, whose presence in the international area we believe is **still clearly insufficient**, if we consider the accredited **technical and managerial capacity** we possess in Spain.
- This expansion of our activities to foreign markets is guided by **the logical criteria of prudence** which must necessary be observed in these cases. A recent example of why this is true can be found in the monetary upheavals which have severely affected the bottom lines of Spanish companies with significant interests in Latin America.

In our case, less than 3% of the consolidated sales come from countries located on the South American continent, as a result of which **the financial difficulties and political vicissitudes in these countries have not affected us in any significant way.**

- In order to **avoid excessive concentration** in a particular area, we are gradually

diversifying the geographical areas where we operate, with execution contracts in the United Kingdom, Belgium, Italy, the United States, France, Portugal, Greece, Egypt and Morocco, in addition to Latin America.

- Over the last fiscal year we have been studying different possibilities for **increasing our presence in foreign markets**, but in most cases,
 - ✓ Either because the **circumstances on international markets** advised against assuming risks beyond what we considered convenient or admissible in terms of good Group management,
 - ✓ Or because **there were aspects of the operations we considered inappropriate or incompatible** with our business philosophy,

We have preferred **prudence over entering into operations which did not fit in with the FCC criteria for selecting investments**.

- And this can be said not only of our **international business activities**, but of our dealings on the **Spanish market** as well. I have made it clear in previous General Shareholders' Meetings that our priority, the guiding principle which takes precedence above the rest in our day-to-day operations, is to **place profitability before growth**.

Despite our prominent position in the three basic market sectors, **we do not believe in a development strategy that is based on growth for the sake of growth**. On the contrary, our expansion is based on **living priority to profits** rather than adhering strictly to the size of the turnover figure.

This has been and continues to be our business focus and the one we are committed to for the future. We are firmly convinced that it is the right one for the medium to long term and that it will bring about the **true growth of the Group**.

Moving on to the **forecasts for this fiscal year**, based on the data available at this time I can tell you that:

- The **consolidated turnover** is expected to grow by 6% and to exceed 5,800 million euros.
- The **gross operating profit (Ebitda)** is expected to be about 800 million euros, which represents an 8% increase over the year before. This favorable EBITDA performance will make it possible to bring the margin, which was 13.5% of turnover in 2002, up by three or four tenths.
- The **parent company's net profit** is expected to be in excess of 280 million euros, with an annual increase of approximately 4%.

I will now say a few words about the evolution of the principal sectors in which we operate.

3.- SERVICES

The **revenues** from the different activities grouped under this head were 2,003 million euros, with an annual increase of 4,3%.

The favorable evolution of **service contracts in Spain**, which grew by 11.2% compared to the year before, **offset the lower contribution** to revenues of **Proactiva Medio Ambiente**, a company owned in equal percentages by FCC and Veolia Environnement which channels the waste and water management activities of both Groups in Latin America. There were two factors which contributed to Proactiva's performance:

- **Contraction of revenues** due to a drop in the value in euros of our billing in these countries as a result of currency devaluations in most of them.
- **Non-renewal of a water management contract in Puerto Rico**, due to the conditions offered by a competitor which we consider to be beyond the natural limits of prudence which govern our business activities.

One of priority strategic objectives is to **maintain the outstanding position of leadership** we enjoy on the Spanish services market. This obliges us to place **special emphasis on all new contract awards** and on the renewal of current contracts on the expiration date.

It fills me with satisfaction to confirm that fiscal year **2002 was particularly brilliant** in this regard, with contract awards in the amount of 3,300 million euros. This is, far and away, **the highest annual figure for new service contracts achieved by our Group in its 103-year history**. As a result, the value of the contracts pending execution reached a record high of more than 11,600 million euros, equivalent to 70 months of sales in the Services Area.

Of all the contracts awarded last year, I would especially like to mention the one awarded by the **City of Madrid** for the **collection and removal of solid urban waste** for the outlying districts surrounding the capital. This is the highest volume contract ever put out to tender by the City of Madrid. It is valued at 700 million euros and has an initial ten-year term which may be extended to twelve.

- **For the last 60 years** and as a result of the successive contracts put out to bid, **we have been rendering these services in Madrid**. At the end of 2002, the contract for the collection and removal of waste from the districts to the east and west of the city was put out to tender upon the expiration of our contracts.
- The tender conditions made provisions for the contracts for these zones to be awarded to different bidders. Despite this, the **municipal council decided in our favor in both cases**, in acknowledgement of the wide range of technical and economic alternatives we had offered. I would like to point out that the quality of our proposal **drew the unanimous**

praise of all of the political parties represented on the city council.

- Once the new services are fully operational, Madrid, will enjoy some of the **most modern services** of this kind rendered anywhere in the world.
- This contract will be executed using a **fleet of 277 new vehicles** that run on compressed natural gas, a **clean, non-polluting fuel**.
- More than 58 million euros will be **invested** in equipment and material resources.

I will now speak briefly about the evolution last year of the Group's different **service activities**:

- Under the heading of **city maintenance**, which refers primarily to the collection, treatment and elimination of solid urban waste and to street and sewer cleaning, we render these services in more than 1,700 cities and towns to a total population of 43.5 million inhabitants in 13 countries.
- As far as the **treatment and elimination of industrial waste is concerned**, it is now a magnificent reality just two years after we entered this sector.

We recently created the “**Ámbito**” **name brand** which encompasses all of our activities in this sector. With 20 treatment plants, we have the **most complete network of facilities in Spain**. In 2002, we handled a total of 580,000 tons of waste.

One of the new market segments we are targeting is the provision of **comprehensive waste management services**. This refers to the waste produced in large industries and includes the recycling and treatment of the waste generated in productive processes, the decontamination of solid, the treatment of contaminated water, etc.

- In **water management** we obtained a total of 67 new contracts. In this activity we render our services to 700 cities and towns in Spain with a combined population of 7.2 million inhabitants for drinking water and 9.5 million for wastewater treatment.

As I mentioned above, we have a very active role in the construction and management, for the next 30 years, of the contract awarded in 2002 for the irrigation of 70,000 hectares in the province of Lleida using the Segarra-Garrigues canal.

- We manage 100,000 above-ground **parking spaces** in more than 90 cities in Spain and Morocco, as well as 10,000 underground parking spaces.
- In the last quarter of 2002 we started rendering **handling** services at the Brussels airport to some 16 million passengers per year.

This contract is in addition to the 10 airports where we currently provide handling services in Spain. Last year we served 36 million passengers on 160,000 flights by more than 100 airline companies.

We have grouped all of our airport handling contracts under the "Flightcare" name.

- More than 1,700,000 **vehicles were inspected** at the 50 stations we operate in Spain and Argentina.
- In the **street furniture** sector we have boosted our presence abroad with contract awards in Brazil. We are currently present in 110 cities in 11 countries, where we manage more than 100,000 street furniture and advertising elements.
- We have expanded our **logistics** management capacity with three new industrial buildings in Spain and Portugal with a total combined surface area of 42,000 square meters.
- Last year we **transported** 45 million passengers using a fleet of 300 buses which traveled 23 million kilometers.

The references in this activity were increased with the participation of our Group in the construction and management of the new Glories-Besòs local train which will join the Estación del Norte and the Villa Olímpica in Barcelona with Badalona and Sant Adrià del Besòs. This contract award is complementary to the one we are working on for the Diagonal-Baix Llobregat line in the Catalán capital.

These are the most relevant events which occurred during the last fiscal year in the Services area.

In world as competitive as the one in which companies currently operate, to be successful obtaining new contracts good commercial management is not enough if the company does not have the solid support of competent **technical services** which are capable of using the most modern technology available to **prepare innovative offers** the increase the efficiency of the services rendered.

The **contribution of our technical services** was decisive in the Group's successful bid for the Madrid contract which I discussed in some detail above. In addition to this valuable collaboration, the Annual Report you have all received describes in detail the technological innovations we have implemented for the dual purpose of:

- Searching for **ideal designs** for the equipment used to render the services in order to facilitate working in hard-to-reach areas and to improve technical features and reduce costs.

- **Minimizing environmental impact**, which encompasses numerous facets such as:
 - ✓ **Reducing the contamination** produced by the atmospheric emissions or noise caused by equipment.
 - ✓ **Appropriate treatment of waste through its final destination**
 - Either by **eliminating** it properly in a way which is neutral to the environment or
 - By **recycling** the waste or using it to **generate fuel**.

We have created a **new brand image** to replace the name of our subsidiary, FCC Agua y Entorno Urbano, which encompasses all of the urban services activities not strictly related to waste and water management. Hereinafter it will be known as **FCC Versia**.

Finally, before concluding this chapter, I would like to summarize the **growth strategy in Services**, the parameters of which are as follows:

- In the **Spanish market**:
 - ✓ Preferential treatment for activities with **good growth potential** in which our current presence can be substantially increased, either **through organic growth or by purchasing companies**.
 - ✓ To do so, we will be on the alert for **new business opportunities** as they arise in activities related to the provision of services.
- On the **international front**:
 - ✓ We will continue the work we are doing to **increase the geographical diversification** of our sales, always guided by the principle of **prudence** that must apply to our actions abroad. This is especially true in the case of service contracts, due to the possible negative effects on the income statement of contract awards received under less than favorable conditions, usually for extended periods of time.
 - ✓ Focus our activities on those **fields where we have ample experience in Spain** and hence proven know-how which can be applied in other countries.
 - ✓ Without ruling out the possibility of organic growth, the strengthening of our international presence will be based, fundamentally, in **acquiring interests in companies** that are fully operational.

The basic lines of our strategy which I have just mentioned are intended to enable us to achieve our **first objective** which, as I have indicated above, is to **maintain our indisputable position of leadership in urban services** among Spanish companies.

4.- CONSTRUCTION

The activity in the construction sector has continued to be, as it has been in the last five years, one of the factors **energizing the Spanish economy** as a whole.

Over the past year, it continued to maintain a rhythm of growth **notably higher than that of the Gross Domestic Product**. The **Outlook is excellent**, in view of the stability of the sector thanks to the long-term effects of the demand for new civil work derived from the execution of the National Infrastructure Plan, the National Hydrological Plan and the Irrigation Plan.

The **revenues** earned last year from Construction amounted to 2,613 million euros, an increase of 9.1% compared to the year before. This is a higher rate of growth than the average for the sector overall and for the Group.

As a result of an effective **contracting** policy, in 2002 we were the construction company awarded the **highest volume of public sector contracts**, which permitted us to reach historical levels never before reached by FCC Construcción. The total value of new contract awards was 2,800 million euros, an 18% increase over the previous year, yielding a portfolio of work pending completion valued at a historical 3,400 million euros which covers almost 16 months of turnover.

The importance of our construction activities can be seen in the following figures which summarize **the projects have been working on throughout the year**:

- 782 Km. of **roads and highways**, in addition to the maintenance and conservation of an additional 3,400 kms.
- 142 Km. of **high speed railroad lines**, 109 km. of conventional railroad lines and 26 km. of metropolitan rail lines.
- 33 plants for the treatment, purifications or desalination of **water**.
- 4.7 million square meters of **non-residential buildings**.
- 22 million square meters of **urbanization and** infrastructures.
- More than 14,000 **new homes**, in addition to retail space and parking spaces, adding up to a total of 2 million square meters of space.

The list of data provided above demonstrates the **strength** of our construction activities and the **technical ability** required to execute such a variety and high volume of projects.

This ability for innovative procedures is demonstrated by the fact that our **technical services**

participate actively in the two most highly specialized areas of civil engineering: structures and tunnels. I would like to give a few examples of this below:

- The contribution of constructive solutions for the **execution of uniquely designed bridges using successive projections**, as well as the Navia and Sella viaducts, or **special structures** like the roof on the new Zaragoza-Delicias high speed train station or the tightened facades on the new terminal building at Barajas airport.
- Ample experience in the construction of **tunnels**, as demonstrated by the fact that in 2002 we worked on a total of 30 tunnels with total combined length of 132 kilometers.

Just a few days ago a contract valued at 530 million euros was awarded to a joint venture in which FCC Construcción holds a 50% interest. The contract refers to the construction of two parallel tunnels measuring 10.4 km long on the high speed train line along the Cantabrian coast. Due to the characteristics of the terrain, this construction Project poses a significant technical challenge.

- Participation in projects involving the **research and development of new technologies** which affect constructive processes as well as the materials used or the waste products produced.

The implementation of **practices which are respectful of the natural environment** and which control noise and vibrations, reduce atmospheric emissions, reduce the generation of waste, etc., is becoming increasingly important.

As far as specific projects are concerned, I would like to speak for a moment about the completion of a unique, complex and innovative construction project which received extensive coverage in the press and culminated a process of notable technical effort.

I am talking about the world's largest floating dock which was used to **enlarge the La Condamine marina in the Principality of Monaco**. It will be used for docking boats, port protection, as a parking area for 400 vehicles and for retail and recreational areas, esplanade, etc.

It measures 352 meters long by 28 meters wide and 19 meters high and weighs 165,000 tons. It has 8,000 square meters of constructed surface area divided into six levels.

It was built in Algeciras and transported by ocean to Monaco.

The **growth strategy** of FCC Construcción is based on the following principles:

- Maintaining our position as a **company of reference on the Spanish construction market**.

- **Increasing the level of diversification** in terms of both **products** and **markets**.

✓ With regard to the **first of these**, our actions will focus on two fronts:

- **Strengthening** the development of the companies controlled by FCC Construcción involved in **activities which are not strictly limited to construction**, but rather complementary to it such as prefabricated products, infrastructure conservation, design and construction of wastewater treatment plants, engineering, etc.
- Increasing our presence in the **industrial sector** in order to reduce our dependence on demand in the construction sector in the face of eventual changes in the economic cycle.

✓ On the **international front**, we will focus our expansion efforts on achieving a **stable presence** in countries with a sufficient degree of economic development and **infrastructures capable of generating significant demand** for new construction work.

As I mentioned above, we consider that the current contribution of the contracts executed abroad to revenues is **insufficient**, as our only stable presence at this point is in Portugal. The dimensions of our construction activities have led us to make **the expansion of the geographical area** in which we operate a **strategic priority**.

✓ All of the above **does not rule out participating on large projects** in certain countries within the framework of an administrative concession.

5.- CEMENT

Pursuant to the resolution passed at the last General Meeting of Shareholders, in September of 2002 our company **absorbed and merged with Portland Valderrivas**. By virtue of the share exchange agreement established in the merger process, 13.2 million new shares were issued and delivered to the shareholders in the absorbed company.

Following this operation:

- **Cementos Portland**, whose shares trade on the Spanish stock exchange and in which we possess more than 58% of the share capital, is the **leader of our Group's cement activities** and the company which controls the groups of subsidiaries and affiliates operating in the production of cement and concrete, sales of aggregates, etc.
- The ownership of 80% of the **Torre Picasso** building in Madrid was transferred **to the parent company directly**.

As a consequence of the good performance levels in this sector in recent years, Cementos Portland generated **revenues** in the amount of 831 million euros last year, an increase of 5% over the year before.

29% of this amount is generated by the sales of Group companies located on the east coast in the United States and, to a lesser degree, by exports to third party countries. Consequently, within our Group the Cement business is the one with the **highest level of activity abroad**.

We are in the process of implementing an **investment plan** for the period from 2002 to 2005 in the amount of 450 million euros. It will be used to:

- **Expand the productive capacities of** facilities that are nearing the saturation point.
- **Build new facilities**, such as the dry mortar manufacturing plant in Morata de Tajuña (Madrid), and to
- **Update production systems** in order to reduce costs and thus be more competitive.

In keeping with our concern for **environmental protection**, which is a constant in the work of Cementos Portland, an agreement was signed recently with the Community of Madrid **for the prevention and control of contamination** at the El Alto factory.

With this agreement we are several years ahead of the legal obligation which will be imposed on all companies in the sector starting in October 2007 and which calls for all cement companies to **operate within certain limits of atmospheric emissions**. In the case of the El Alto factory, **we**

are already compliant to a large extent.

The **strategy for our cement activity** is based on the following:

- **Consolidating the positions achieved in the Spanish and American markets**, following the notable levels of growth in recent years which have made it possible to more than triple revenues in the last five years.
- **Completing the investment plan** which I mentioned above and which, when fully operational, will give a new dimension in terms of volume and profitability to Cementos Portland and its group of companies.
- The **future** development of this activity will depend on the **acquisition of new companies or operating concerns**. Given the structure of supply in Spain, there are very limited possibilities for these operations in our country. We therefore believe it would be more interesting to focus on growth in **international markets and markets other than those** where we currently operate.

6.- FINANCIAL DIVERSIFICATION

This chapter refers to the investments in **non-strategic sectors**, whose validity is subject to criteria of financial opportunity and optimization of value.

- **Realia Business** continued its excellent evolution, increasing its turnover by 34 % to 410 million euros.

Its main activities include leasing and residential real estate development:

- ✓ It **owns office buildings and shopping centers in** Spain and Portugal, which it leases, totaling more than 400,000 square meters with an occupancy rate of 93%.
- ✓ In real estate development, last year Realia handled more than 8,000 homes.
- The **Torre Picasso** building in Madrid with its 121,000 square meters, is close to a 100% occupancy rate.
- As UMTS technology is still not operations, **Xfera**, a company in which we hold a minority interest, has reported the following significant events:
 - ✓ It has deployed a network of sites in strategic locations to **conduct technical tests**.
 - ✓ The **bonds which** Xfera had presented to the government to guarantees its compliance with the conditions of its offer have been **reduced by 84%**.
 - ✓ The European Commission has recommended that UMTS operators be permitted to **share the use of infrastructures** in order to facilitate the proper deployment of these networks and services.
 - ✓ In view of the delays being experienced by Xfera in the commencement of its activities, and in keeping with the policy of prudence which characterizes FCC, we have made a **provision equivalent to 50% of our investment** in the company against the fiscal year results.

7.- PERSONNEL

FCC's growth brings with it an increase in its staff to cover the execution of new contract awards.

There was a net increase of 2,885 **new jobs** last year, bringing the number of total staff at the end of the year to 54,881 employees, 16% of whom are assigned to our international contracts.

The chart being projected on the screen demonstrates that in the last five our staff has increased by more than 18,200 new employees.

As indicated at other General Meetings, the **training** of our employees is an unwavering objective of FCC's employment policy. We are firmly convinced that only by having the best professionals will it be possible to achieve the goals we have set for ourselves, creating an ever bigger, more efficient and more competitive company.

In keeping with this goal, last year a total of 18,948 employees participated in more than 325,000 hours of education and training on a variety of subjects, with special emphasis on the prevention of accidents and safety in the workplace, recycling of professional skills, specific courses for each one of our activities, etc.

The Board of Directors would like to express to the entire staff of the FCC Group its gratitude for their collaboration, professionalism and dedication in their daily work, without which the achievements mentioned above would not have been possible.

8.- DIVIDEND

If the proposal for the distribution of profits which will be submitted to you for consideration under the pertinent Agenda item is approved, 72 million euros will be allocated to the payment of a dividend on all shares in circulation. This represents a 15.1% increase over the year before.

The per-share dividend we are proposing will maintain the upward trend of recent years. The amount of the dividend would be 0.5506 euros per share and is 4.2 times that dividend paid five years before.

An interim dividend of 0.297 euros per share was paid in January of this year.

The remainder of the dividend will be paid starting on 1 July.

9.- AGENDA

The following matters will be submitted to you, the shareholders, for your consideration during this General Meeting:

- **Approval of the annual accounts and application of results** for fiscal year 2002, in accordance with the documentation which has been available to shareholders since 27 May.
- Under the heading of **appointment of board members**, we propose the incorporation of
 - ✓ Jean Francois-Poncet, who has held positions of great responsibility in the company and the French government and is a former Minister of Foreign Affairs.
 - ✓ Paul-Louis Girardot, who joined Compagnie Générale des Eaux in 1964 and was its Managing Director from 1981 through 1998. He is currently the Director of Veolia Environnement.
- Authorization to **purchase treasury stock**, renewing the authorization granted at last year's General Meeting.
- Appointment of Deloitte & Touche as the **auditors** for this fiscal year.
- In compliance with the provisions of the Financial System Reform Measures Act of 22 November last, we propose modifying the articles of incorporation in order to include the competencies, number of members and functions of the **Audit Committee**.

In relation to this law, I am pleased to inform you that the Board of Directors, at the meeting held before this General Meeting, approved the **Internal Code of Conduct** in matters relative to the securities market. This document will be forwarded to the National Securities Market Commission immediately and published on our Internet website.

10.- CONCLUSION

This has been a summary of the current situation of our Group, our achievements and the goals we have set for ourselves for the future.

If I had to synthesize the characteristic features of FCC, I would summarize them in the following four points:

- We are a **company of reference** in the sectors where we operate, with a consolidated market share.
- We have a **properly diversified productive structure** in terms of the sources of income from sales and the origin of the profits we earn.
- We are a **dynamic** group which is able to **invest** high volume of resources each year thanks to a **solid financial structure**.
- We have a highly motivated and qualified **staff**.

This magnificent reality which is today FCC is a superb foundation upon which to continue building our future. The nearly 55,000 people who work for the Group devote themselves to this exciting endeavor day in and day out.

All that remains at this point is to thank you for attending and for your ongoing support as shareholders.