

the London Olympics took place with Heathrow achieving the best overall rating in its history in terms of passenger satisfaction.

As regards the divestments triggered by the decision of the competition authorities, in April 2012 and January 2013 the sales of Edinburgh airport to GIP for GBP 807 million and of Stansted airport to Manchester Airport Group for GBP 1,500 million were announced.

In 2013 the Brent oil price is expected to be around USD 110 per barrel, down from the USD 130 reached in 2012. According to the International Air Transport Association (IATA) the outlook for world air traffic for 2013 is positive (+5.3%), based largely on a slight recovery of the world economy and on lower Brent oil prices.

The main uncertainties facing this business concern the new regulatory period that will commence in April 2014 and the possible development of a third runway at Heathrow. In 2013 progress will be made on the regulatory process with the CAA and the airlines.

In 2013 the strategy of the Airports Division will focus on growth, on increasing profitability and on improving passenger service at Ferrovial's airports. Also, having successfully completed the sales required by the UK competition authorities, the Group will continue to actively seek new investment opportunities.

### III. INFORMATION ON: THE ENVIRONMENT, EMPLOYEES, RESEARCH AND DEVELOPMENT, TREASURY SHARES, EVENTS AFTER THE REPORTING PERIOD, MAIN RISKS AND UNCERTAINTIES AND FINANCIAL RISK MANAGEMENT

- Within Ferrovial's commitments in the area of corporate responsibility, environmental policy holds a prominent place and focuses on the use of environmental management systems and the setting of objective indicators and follow-up mechanism for environmental performance. The Annual Corporate Responsibility Report published by the Company includes a detailed breakdown of the evolution of all these indicators in 2012.
- Also, investment in R&D is considered to be a strategic objective at the Company, an in-depth analysis thereof being presented in the Annual Corporate Responsibility Report.
- Human Resources policies are a key element in Ferrovial's commitments in the area of corporate responsibility. Human Resources activities are oriented towards guaranteeing sustainable growth of the organisation and developing the potential of its employees in order to increase the competitive level of the Company in the market. The annual report published by the Company monitors in detail the Human Resources activities undertaken in 2012, along with the main indicators related thereto.
- At 31 December 2012 no treasury shares were held. In 2012 2,807,305 treasury shares were acquired (directly and indirectly), which were subsequently sold for a gain of EUR 21 thousand.
- In January 2013 HAH announced the sale of Stansted airport for GBP 1,500 million and the first corporate bond issue of Ferrovial, amounting to EUR 500 million, maturing in five years and with an annual coupon rate of 3.375%, was successfully completed. The purpose of the issue was to reduce exposure to bank financing by obtaining financing from the capital markets.

- The information on risks and uncertainties is included in the Corporate Governance Report, which forms part of this report.
- The Group's activities are exposed to various types of financial risks, primarily interest rate risk, foreign currency risk and market risk. The principal hedging policies and the main derivatives arranged are described in Notes 3 and 11, respectively, to the Group's consolidated financial statements.

## IV. CORPORATE GOVERNANCE REPORT

In accordance with Spanish corporate law, the Annual Corporate Governance Report forms part of this directors' report. The aforementioned document was formally prepared by the Board of Directors and sent to the Spanish National Securities Market Commission together with the text of this directors' report.

## V. AUDIT AND CONTROL COMMITTEE REPORT

### COMPOSITION

Pursuant to the applicable legislation and the bylaws and the Board of Directors Regulations of Ferrovial, S.A. (the Company), all the members of the Audit and Control Committee are non-executive directors and the Committee is presided over by an independent director.

The members of the Committee are as follows:

- Juan Arena de la Mora, *Chairman* (Non-Executive Independent Director)<sup>1</sup>
- Gabriele Burgio (Non-Executive Independent Director)
- Leopoldo del Pino y Calvo-Sotelo for PORTMAN BAELA, S.L. (Non-Executive Proprietary Director)
- Santiago Fernández Valbuena (Non-Executive Independent Director)

### FUNCTIONS

The competencies of the Audit and Control Committee, which are governed by the Company's bylaws and by the Board of Directors Regulations, are summarised as follows:

#### ● In relation to external audit:

- Propose to the Board of Directors, for submission to the shareholders at the Annual General Meeting, the appointment of the external auditors, including the conditions of appointment; scope, dismissal or non-renewal.
- Act as a channel of communication between the Board of Directors and the auditors, with whom it shall discuss any significant internal control system weaknesses detected in the course of the audit.
- Verify compliance by senior management with the auditors' recommendations.
- Oversee the independence of the external auditors. Exercise control over the additional services of any class provided to the Company. Issue, prior to the issuance of the auditors' report, a report expressing its opinion concerning the independence of the external auditors.

#### ● In relation to internal audit:

- Propose the selection, appointment, re-appointment or replacement of the director of internal audit; propose a budget for these services.

<sup>1</sup> Juan Arena de la Mora was appointed as the Chairman of the Committee, for the statutory four-year period, at the meeting held on 22 February 2012.