

4. CREATION OF SHAREHOLDER VALUE

Chapter 3 developed a measure for shareholder value orientation of executives and classified 38 Spanish and European companies¹⁰ according to their orientation towards the interests of shareholders during the 3-year-period 1998 – 2000. The primary objective of this doctoral thesis is to find out whether or not shareholder value orientation materializes finally in shareholder value creation. Therefore, it is necessary to quantify also the creation of shareholder value. Analogously to chapter 3 the present chapter 4 develops in its first part (subchapter 4.1) a fitting method to calculate shareholder value creation. Afterwards performance of the selected firms is computed (subchapter 4.2).

4.1. MODEL OF CALCULATION OF SHAREHOLDER VALUE CREATION

In previous chapters performance measurement has already been discussed. Subchapter 2.2 examined various metrics concerning their suitability to measure correctly the creation of shareholder value. The analysis of shareholder value variable *Human resources* (section 2.3.3.) showed that EVA and REVA are reasonable tools to evaluate the performance of executives and staff with respect to their contribution of wealth creation for shareholders. Those instruments are better than, for instance, the pure share price because only very few people in a company can be made completely responsible for everything that affects shareholder value in the firm while maybe thousands of collaborators influence shareholders' wealth – but only in their respective working place or field. Moreover, the current share price may be disturbed for some reason

¹⁰ See explanations in chapter 1 and the introduction to subchapter 3.2.

(noise effects), and it makes no sense to pay managers for circumstances they cannot influence. Or, in the worst case, managers could be incited to send wrong signals to the market and trigger punctually a price reaction in order to get a bonus because that extra payment is bound on the share's price at a certain date.

At the end of the day, however, shareholders want to see return on their investments. Hence, creation of shareholder value has to do with return (increased share prices and / or dividends and other payouts to shareholders) on the long run, and should therefore be the basis for an analytical tool that measures the creation of shareholder value during several years. Assuming that an efficient market reflects all available information in the share price at every moment, it is logical to link *relative* share prices of a period to the performance of the same period.

Those are the conditions and requisites of the valuation model:

- The performance period has to be identical with the analysis period of shareholder value orientation, i.e. comprise financial years 1998 –2000. This period is long enough to identify the creation of value – if not in absolute terms, then at least relative to other companies.
- To compare only the quotation of the starting point, the last price quoted in 1997, to the last quotation of the financial year 2000, recorded on December, 29th, could be somewhat disturbing since, for instance, there may be one event at the end of 2001 that is under or overestimated by investors at the moment of the last quotation of 2001. By taking into account the last

quotations of the twelve quarters following the starting date the results of value creation efforts become more smoothed.

The calculation of shareholder value creation starts with the last price listed at the stock exchange previous to the research period that comprises the financial years 1998, 1999 and 2000. That is the price of the last deal quoted in 1997.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Performance date or event date	Event	Relation (1:x)	Amount	Share value	Number of normalized shares	Adjusted value	Adjusted percentage
31.12.1997				1,000.00	1.000000		100.00%
31.03.1998				1,100.00	1.000000		110.00%

Table 20: Calculation scheme I shareholder value

This share value, column (5), corresponds *per definitionem* to 1.000000 share (6) and represents 100.00% of the basis value (starting point), (8). The transformation of the share value into a percentage reference ensures that value evolutions of the shares of all companies in the sample set will be comparable. The percentage consideration allows also to abstract from currencies. In any case quotation of December 31st, 1997 is set 100.00%, representing a price in Spanish pesetas (companies of the IBEX 35 selective index in its composition as per July 1st, 1999, and 5 representatives of the New Market in Spain), French francs (Aventis SA and Danone SA), Finnish marks (Nokia OY) or German marks (DaimlerChrysler AG and Allianz AG). Then, in the next step, the last quotations of the quarters in the financial years 1998, 1999 and 2000 are taken

as the basis to calculate the creation of shareholder value. If, for example the share price goes up from ESP 1,000.00 on December 31st, 1997 to ESP 1,100.00 on March 31st, 1998, the adjusted percentage (fixed at 100.00% on December 31st, 1997) will be 110.00% on March 31st, 1998 (8).

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Performance date or event date	Event	Relation (1:x)	Amount	Share value	Number of normalized shares	Adjusted value	Adjusted percentage
31.12.1997				1,000.00	1.000000	1,000.00	100.00%
15.01.1998	Dividend		200.00	800.00	1.250000	1,000.00	100.00%

Table 21: Calculation scheme II shareholder value

Some events (specified in column (2)) alter the value of a share. If, for instance, a company pays dividends to its shareholders, the share price has to be corrected by the full amount of the dividend (see subsection 2.3.4.1). Technically, the problem is solved in this valuation model by “normalizing” the share quantity (6). The model eliminates the dividend payment adjusting the share value (7) that is the basis to compute the “adjusted percentage” (8) as the reference to determine the creation of shareholder value.

An example: the share value before dividend payment be ESP 1,000.00¹¹ (5, previous line). Then the company pays a dividend (2) at the date stated in column (1) of ESP 200.00 (4). Hence the new theoretical share value is ESP

¹¹ Although shares priced in ESP are full pesetas amounts this model considers two sub-unit digits in order to maintain the format for EUR prices (European stock exchanges switched from local currencies to EUR on January 1st, 1999) and coincide with the format of shares priced in DEM, FIM and FRF.

800.00 (5). The model normalizes the number of shares from 1.000000 (6, assumption of this example that no other relevant event took place between December 31st, 1997 and event date January 15th, 1998) to 1.250000 (6) and multiplies this new factor with the theoretical share price after dividend payment (5) taking the last recorded quotation (i.e., that of the end of the previous quarter), resulting in this case an adjusted value (7) of $ESP\ 800.00 \cdot 1.250000 = ESP\ 1,000.00$, and consequently the same adjusted percentage (8) as before dividend payment (assumption of reinvestment).

Other possible events (2) altering the number of normalized shares (6) are

- paybacks of the share's face or nominal value,
- paybacks of additional paid-in capital (voluntary reserves),
- and, as a special form of dividend payment, in some cases, an attendance compensation for shareholders who participate in the General Shareholders' Meeting.

Stocks splits are already considered in the share values (5) that are the prices delivered by Bolsa de Madrid (Madrid Stock Exchange) regarding the selected Spanish shares, Handelsblatt (downloaded from Internet web site www.handelsblatt.de) regarding the prices of DaimlerChrysler AG and Allianz AG, Nokia (downloaded from Internet web site www.nokia.com) regarding the share prices of Nokia OY, and Euronext Stock Exchanges (downloaded from Internet web site www.euronext.fr) regarding the quotations of Aventis SA and Danone SA shares.

Stock prices of the Spanish companies delivered by Bolsa de Madrid are denominated in ESP for the financial year 1998, so that a conversion into euros at a rate 1:166.386 (official conversion rate of the European Central Bank) at the beginning of 1999 is formally treated as a split (3). Quotations of the remaining five European companies were already delivered in euros for the last quotation of 1997 and the 1998 financial year stock prices.

Once computed the adjusted percentages (8) for all twelve quarters of the research period following the starting point December 31st, 1997, those percentages are summed up and divided by 12 resulting a shareholder value creation measure without unit specification. “The mean (...), or arithmetic average, is by far the most commonly used measure of central tendency. It reports the average score of a distribution, and its calculation is straightforward ... Since the computation of a mean requires the mathematical procedures of addition and division, its is fully justified only when working with interval-ratio data.” (Healey 2002: 71, 72) The condition is given in the present case so that the mean can be considered a correct statistical magnitude for the purpose in question.

Although a value of 1.00 (example) can be interpreted in the sense that the company’s share price did not move on average and the company did actually destroy shareholder value, the purpose is not to measure the isolate performance of companies but to measure their performance in relation to other companies. This benchmark serves later (chapter 5) to relate the real shareholder value creation to the quantified orientation of the company towards shareholders interests (chapter 3), and to determine whether the latter tends to lead to shareholder value creation or not.

The following subchapter calculates this benchmark figure for all companies of the research sample.

4.2. CREATED VALUE FOR SHAREHOLDERS

As explained in the introduction to subchapter 3.2 (valuation of shareholder value orientation) out of the 45 companies selected for the research sample¹² seven companies were eliminated because they do not provide the full database. Consequently, value creation is calculated for the same 38 companies that were evaluated concerning their value orientation in the previous chapter. However, the computation of value creation for the eliminated companies for information purposes (as done regarding value orientation, annex 7.3) does not make sense in the framework of the valuation rules developed in this chapter.

¹² Banco Santander and Banco Central Hispano are treated as one entity throughout the research period, see chapter 1.

4.2.1. Autopistas, Concesionaria Española, S.A.

Analysis of share performance

Company: **ACE Autopistas, Concesionaria Española, S.A.**

Performance date or event date:	Event ¹ :	Relation (1:x)	Amount:	Share value ² :	# normalized shares ³ :	Adjusted value:	Adjusted percentage:
31.12.1997				2,045.00	1.000000	2,045.00	100.00%
31.03.1998				2,600.00	1.000000	2,600.00	127.14%
02.06.1998	D		37.0000	2,563.00	1.014436	2,600.00	127.14%
30.06.1998				2,375.00	1.014436	2,409.29	117.81%
30.09.1998				2,170.00	1.014436	2,201.33	107.64%
30.10.1998	D		38.0000	2,132.00	1.032517	2,201.33	107.64%
31.12.1998				2,360.00	1.032517	2,436.74	119.16%
01.01.1999	C	166.386		14.18	171.796399	2,436.74	119.16%
31.03.1999				11.87	171.796399	2,039.22	99.72%
07.06.1999	D		0.2224	11.65	175.076299	2,039.22	99.72%
30.06.1999				11.35	175.076299	1,987.12	97.17%
30.09.1999				10.36	175.076299	1,813.79	88.69%
28.10.1999	D		0.2284	10.13	179.022837	1,813.79	88.69%
31.12.1999				9.65	179.022837	1,727.57	84.48%
31.03.2000				9.84	179.022837	1,761.58	86.14%
02.06.2000	D		0.2223	9.62	183.160705	1,761.58	86.14%
30.06.2000				9.11	183.160705	1,668.59	81.59%
30.09.2000				8.90	183.160705	1,630.13	79.71%
26.10.2000	D		0.2239	8.68	187.887122	1,630.13	79.71%
31.12.2000				9.31	187.887122	1,749.23	85.54%

performance calculation: adjusted percentages of end quarter quotations divided by number of quarters after begin (12)

SHAREHOLDER VALUE CREATION 0.98

this value is nothing than a benchmark, it is not a unit that can separately be interpreted

notes:

¹ redenomination of local currency to euros is shown as a stock split 166,386 in case of pesetas

events are: Dividend payments (D), Payback of face value (P), Payback of additional paid-in capital (A), Attendance compensation Shareholder Meeting (S), Conversion into euros (C)

the historical prices already consider ordinary stock splits

² share value after event on basis of last pricing of former quarter

³ normalization of shares simulates re-investment of dividends or other paybacks, or undoes splits for mathematical reasons

4.2.2. ACS, Actividades de Construcción y Servicio, S.A.

Analysis of share performance

Company: **ACS ACS, Actividades de Construcción y Servicios, S.A.**

Performance date or event date:	Event ¹ :	Relation (1:x)	Amount:	Share value ² :	# normalized shares ³ :	Adjusted value:	Adjusted percentage:
31.12.1997				3,690.00	1.000000	3,690.00	100.00%
31.03.1998				5,690.00	1.000000	5,690.00	154.20%
30.06.1998				4,605.00	1.000000	4,605.00	124.80%
13.07.1998	D		55.0000	4,550.00	1.012088	4,605.00	124.80%
30.09.1998				4,030.00	1.012088	4,078.71	110.53%
31.12.1998				5,600.00	1.012088	5,667.69	153.60%
01.01.1999	C	166.386		33.66	168.397259	5,667.69	153.60%
31.03.1999				28.70	168.397259	4,833.00	130.98%
30.06.1999				27.76	168.397259	4,674.71	126.69%
12.07.1999	D		0.3606	27.40	170.613558	4,674.71	126.69%
30.09.1999				25.06	170.613558	4,275.58	115.87%
31.12.1999				23.55	170.613558	4,017.95	108.89%
31.03.2000				29.00	170.613558	4,947.79	134.09%
26.06.2000	D		0.3907	28.61	172.943271	4,947.79	134.09%
30.06.2000				29.50	172.943271	5,101.83	138.26%
30.09.2000				25.54	172.943271	4,416.97	119.70%
31.12.2000				25.10	172.943271	4,340.88	117.64%

performance calculation: adjusted percentages of end quarter quotations divided by number of quarters after begin (12)

SHAREHOLDER VALUE CREATION 1.28

this value is nothing than a benchmark, it is not a unit that can separately be interpreted

notes:

¹ redenomination of local currency to euros is shown as a stock split 166,386 in case of pesetas
 events are: Dividend payments (D), Payback of face value (P), Payback of additional paid-in capital (A), Attendance compensation Shareholder Meeting (S), Conversion into euros (C)

the historical prices already consider ordinary stock splits

² share value after event on basis of last pricing of former quarter

³ normalization of shares simulates re-investment of dividends or other paybacks, or undoes splits for mathematical reasons

4.2.3. Aceralia Corporación Siderúrgica, S.A.

Analysis of share performance

Company: **ACR Aceralia Corporación Siderúrgica, S.A.**

Performance date or event date:	Event ¹ :	Relation (1:x)	Amount:	Share value ² :	# normalized shares ³ :	Adjusted value:	Adjusted percentage:
31.12.1997				1,870.00	1.000000	1,870.00	100.00%
31.03.1998				2,210.00	1.000000	2,210.00	118.18%
05.06.1998	D		75.0000	2,135.00	1.035129	2,210.00	118.18%
30.06.1998				2,265.00	1.035129	2,344.57	125.38%
30.09.1998				1,195.00	1.035129	1,236.98	66.15%
31.12.1998				1,420.00	1.035129	1,469.88	78.60%
01.01.1999	C	166.386		8.53	172.230941	1,469.88	78.60%
22.03.1999	D		0.1503	8.38	175.317517	1,469.88	78.60%
31.03.1999				10.41	175.317517	1,825.06	97.60%
11.06.1999	D		0.3606	10.05	181.608516	1,825.06	97.60%
30.06.1999				11.65	181.608516	2,115.74	113.14%
30.09.1999				12.00	181.608516	2,179.30	116.54%
31.12.1999				13.19	181.608516	2,395.42	128.10%
25.02.2000	D		0.1503	13.04	183.701135	2,395.42	128.10%
31.03.2000				12.45	183.701135	2,287.08	122.30%
09.06.2000	D		0.3606	12.09	189.180642	2,287.08	122.30%
30.06.2000				9.60	189.180642	1,816.13	97.12%
30.09.2000				9.31	189.180642	1,761.27	94.19%
31.12.2000				9.01	189.180642	1,704.52	91.15%

performance calculation: adjusted percentages of end quarter quotations divided by number of quarters after begin (12)

SHAREHOLDER VALUE CREATION 1.04

this value is nothing than a benchmark, it is not a unit that can separately be interpreted

notes:

¹ redenomination of local currency to euros is shown as a stock split 166,386 in case of pesetas

events are: Dividend payments (D), Payback of face value (P), Payback of additional paid-in capital (A), Attendance compensation Shareholder Meeting (S), Conversion into euros (C)

the historical prices already consider ordinary stock splits

² share value after event on basis of last pricing of former quarter

³ normalization of shares simulates re-investment of dividends or other paybacks, or undoes splits for mathematical reasons

4.2.4. Acerinox, S.A.

Analysis of share performance

Company: **AGS Agbar, Sociedad General de Aguas de Barcelona, S.A.**

Performance date or event date:	Event ¹ :	Relation (1:x)	Amount:	Share value ² :	# normalized shares ³ :	Adjusted value:	Adjusted percentage:
31.12.1997				2,093.00	1.000000	2,093.00	100.00%
08.01.1998	D		15.0000	2,078.00	1.007218	2,093.00	100.00%
31.03.1998				2,563.00	1.007218	2,581.50	123.34%
30.06.1998				2,850.00	1.007218	2,870.57	137.15%
01.07.1998	D		18.3333	2,831.67	1.013740	2,870.57	137.15%
30.09.1998				2,306.00	1.013740	2,337.68	111.69%
31.12.1998				3,166.00	1.013740	3,209.50	153.34%
01.01.1999	C	166.386		19.03	168.672079	3,209.50	153.34%
05.01.1999	D		0.1002	18.93	169.564716	3,209.50	153.34%
31.03.1999				18.56	169.564716	3,147.12	150.36%
30.06.1999				16.83	169.564716	2,853.77	136.35%
01.07.1999	D		0.1100	16.72	170.680273	2,853.77	136.35%
30.09.1999				15.73	170.680273	2,684.80	128.28%
31.12.1999				14.54	170.680273	2,481.69	118.57%
11.01.2000	D		0.1202	14.42	172.103047	2,481.69	118.57%
31.03.2000				16.45	172.103047	2,831.10	135.26%
30.06.2000				14.00	172.103047	2,409.44	115.12%
03.07.2000	D		0.1202	13.88	173.593496	2,409.44	115.12%
30.09.2000				14.03	173.593496	2,435.52	116.36%
31.12.2000				13.01	173.593496	2,258.45	107.90%

performance calculation: adjusted percentages of end quarter quotations divided by number of quarters after begin (12)

SHAREHOLDER VALUE CREATION 1.28

this value is nothing than a benchmark, it is not a unit that can separately be interpreted

notes:

¹ redenomination of local currency to euros is shown as a stock split 166,386 in case of pesetas
events are: Dividend payments (D), Payback of face value (P), Payback of additional paid-in capital (A), Attendance compensation Shareholder Meeting (S), Conversion into euros (C)

the historical prices already consider ordinary stock splits

² share value after event on basis of last pricing of former quarter

³ normalization of shares simulates re-investment of dividends or other paybacks, or undoes splits for mathematical reasons

4.2.5. Agbar, Sociedad General de Aguas de Barcelona, S.A.

Analysis of share performance

Company: **AGS Agbar, Sociedad General de Aguas de Barcelona, S.A.**

Performance date or event date:	Event ¹ :	Relation (1:x)	Amount:	Share value ² :	# normalized shares ³ :	Adjusted value:	Adjusted percentage:
31.12.1997				2,093.00	1.000000	2,093.00	100.00%
08.01.1998	D		15.0000	2,078.00	1.007218	2,093.00	100.00%
31.03.1998				2,563.00	1.007218	2,581.50	123.34%
30.06.1998				2,850.00	1.007218	2,870.57	137.15%
01.07.1998	D		18.3333	2,831.67	1.013740	2,870.57	137.15%
30.09.1998				2,306.00	1.013740	2,337.68	111.69%
31.12.1998				3,166.00	1.013740	3,209.50	153.34%
01.01.1999	C	166.386		19.03	168.672079	3,209.50	153.34%
05.01.1999	D		0.1002	18.93	169.564716	3,209.50	153.34%
31.03.1999				18.56	169.564716	3,147.12	150.36%
30.06.1999				16.83	169.564716	2,853.77	136.35%
01.07.1999	D		0.1100	16.72	170.680273	2,853.77	136.35%
30.09.1999				15.73	170.680273	2,684.80	128.28%
31.12.1999				14.54	170.680273	2,481.69	118.57%
11.01.2000	D		0.1202	14.42	172.103047	2,481.69	118.57%
31.03.2000				16.45	172.103047	2,831.10	135.26%
30.06.2000				14.00	172.103047	2,409.44	115.12%
03.07.2000	D		0.1202	13.88	173.593496	2,409.44	115.12%
30.09.2000				14.03	173.593496	2,435.52	116.36%
31.12.2000				13.01	173.593496	2,258.45	107.90%

performance calculation: adjusted percentages of end quarter quotations divided by number of quarters after begin (12)

SHAREHOLDER VALUE CREATION 1.28

this value is nothing than a benchmark, it is not a unit that can separately be interpreted

notes:

¹ redenomination of local currency to euros is shown as a stock split 166,386 in case of pesetas
 events are: Dividend payments (D), Payback of face value (P), Payback of additional paid-in capital (A), Attendance compensation Shareholder Meeting (S), Conversion into euros (C)

the historical prices already consider ordinary stock splits

² share value after event on basis of last pricing of former quarter

³ normalization of shares simulates re-investment of dividends or other paybacks, or undoes splits for mathematical reasons

4.2.6. Corporación Financiera Alba, S.A.

Analysis of share performance

Company: **ALB Corporación Financiera Alba, S.A.**

Performance date or event date:	Event ¹ :	Relation (1:x)	Amount:	Share value ² :	# normalized shares ³ :	Adjusted value:	Adjusted percentage:
31.12.1997				2,675.00	1.000000	2,675.00	100.00%
31.03.1998				3,553.00	1.000000	3,553.00	132.82%
10.06.1998	D		10.0000	3,543.00	1.002822	3,553.00	132.82%
30.06.1998				2,808.00	1.002822	2,815.93	105.27%
30.09.1998				2,853.00	1.002822	2,861.05	106.96%
10.11.1998	D		10.0000	2,843.00	1.006350	2,861.05	106.96%
31.12.1998				3,950.00	1.006350	3,975.08	148.60%
01.01.1999	C	166.386		23.74	167.442519	3,975.08	148.60%
31.03.1999				22.08	167.442519	3,697.13	138.21%
10.06.1999	D		0.0601	22.02	167.899536	3,697.13	138.21%
30.06.1999				26.16	167.899536	4,392.25	164.20%
30.09.1999				25.90	167.899536	4,348.60	162.56%
10.11.1999	D		0.0600	25.84	168.289395	4,348.60	162.56%
31.12.1999				33.96	168.289395	5,715.11	213.65%
31.03.2000				31.35	168.289395	5,275.87	197.23%
12.06.2000	D		0.0600	31.29	168.612098	5,275.87	197.23%
30.06.2000				27.60	168.612098	4,653.69	173.97%
10.11.2000	D		0.0600	27.54	168.979444	4,653.69	173.97%
30.09.2000				28.65	168.979444	4,841.26	180.98%
31.12.2000				24.73	168.979444	4,178.86	156.22%

performance calculation: adjusted percentages of end quarter quotations divided by number of quarters after begin (12)

SHAREHOLDER VALUE CREATION 1.57

this value is nothing than a benchmark, it is not a unit that can separately be interpreted

notes:

¹ redenomination of local currency to euros is shown as a stock split 166,386 in case of pesetas
 events are: Dividend payments (D), Payback of face value (P), Payback of additional paid-in capital (A), Attendance compensation Shareholder Meeting (S), Conversion into euros (C)
 the historical prices already consider ordinary stock splits

² share value after event on basis of last pricing of former quarter

³ normalization of shares simulates re-investment of dividends or other paybacks, or undoes splits for mathematical reasons

4.2.7. Acciona, S.A.

Analysis of share performance

Company: **ANA Acciona, S.A.**

Performance date or event date:	Event ¹ :	Relation (1:x)	Amount:	Share value ² :	# normalized shares ³ :	Adjusted value:	Adjusted percentage:
31.12.1997				4,143.00	1.000000	4,143.00	100.00%
02.01.1998	D		27.5000	4,115.50	1.006682	4,143.00	100.00%
31.03.1998				5,266.00	1.006682	5,301.19	127.96%
30.06.1998				6,080.00	1.006682	6,120.63	147.73%
01.07.1998	D		27.5000	6,052.50	1.011256	6,120.63	147.73%
30.09.1998				5,925.00	1.011256	5,991.69	144.62%
31.12.1998				11,590.00	1.011256	11,720.46	282.90%
01.01.1999	C	166.386		69.66	168.258840	11,720.46	282.90%
04.01.1999	D		0.1803	69.48	168.695498	11,720.46	282.90%
31.03.1999				47.49	168.695498	8,011.35	193.37%
30.06.1999				46.23	168.695498	7,798.79	188.24%
01.07.1999	D		0.2043	46.03	169.444470	7,798.79	188.24%
30.09.1999				43.21	169.444470	7,321.70	176.72%
31.12.1999				56.00	169.444470	9,488.89	229.03%
17.01.2000	D		0.2404	55.76	170.175022	9,488.89	229.03%
31.03.2000				47.15	170.175022	8,023.75	193.67%
30.06.2000				39.90	170.175022	6,789.98	163.89%
01.07.2000	D		0.2705	39.63	171.336395	6,789.98	163.89%
30.09.2000				37.46	171.336395	6,418.26	154.92%
31.12.2000				39.00	171.336395	6,682.12	161.29%

performance calculation: adjusted percentages of end quarter quotations divided by number of quarters after begin (12)

SHAREHOLDER VALUE CREATION 1.80

this value is nothing than a benchmark, it is not a unit that can separately be interpreted

notes:

¹ redenomination of local currency to euros is shown as a stock split 166,386 in case of pesetas

events are: Dividend payments (D), Payback of face value (P), Payback of additional paid-in capital (A), Attendance compensation Shareholder Meeting (S), Conversion into euros (C)

the historical prices already consider ordinary stock splits

² share value after event on basis of last pricing of former quarter

³ normalization of shares simulates re-investment of dividends or other paybacks, or undoes splits for mathematical reasons

4.2.8. AUREA Concesiones de Infraestructura, S.A.C.E.

Analysis of share performance

Company: **AUM Autopistas del Mare Nostrum, S.A. Concesionaria del Estado**

Performance date or event date:	Event ¹ :	Relation (1:x)	Amount:	Share value ² :	# normalized shares ³ :	Adjusted value:	Adjusted percentage:
31.12.1997				2,725.00	1.000000	2,725.00	100.00%
31.03.1998				3,305.00	1.000000	3,305.00	121.28%
16.04.1998	P		30.0000	3,275.00	1.009160	3,305.00	121.28%
30.06.1998				3,195.00	1.009160	3,224.27	118.32%
15.07.1998	D		30.0000	3,165.00	1.018726	3,224.27	118.32%
30.09.1998				3,155.00	1.018726	3,214.08	117.95%
15.10.1998	D		60.0000	3,095.00	1.038475	3,214.08	117.95%
31.12.1998				3,970.00	1.038475	4,122.75	151.29%
01.01.1999	C	166.386		23.86	172.787690	4,122.75	151.29%
31.03.1999				19.88	172.787690	3,435.02	126.06%
15.04.1999	P		0.2104	19.67	174.635542	3,435.02	126.06%
30.06.1999				19.27	174.635542	3,365.23	123.49%
15.07.1999	D		0.2404	19.03	176.841750	3,365.23	123.49%
30.09.1999				19.48	176.841750	3,444.88	126.42%
15.10.1999	D		0.4808	19.00	181.317061	3,444.88	126.42%
31.12.1999				17.12	181.317061	3,104.15	113.91%
31.03.2000				16.23	181.317061	2,942.78	107.99%
19.04.2000	P		0.2104	16.02	183.697936	2,942.78	107.99%
30.06.2000				14.00	183.697936	2,571.77	94.38%
15.07.2000	D		0.3606	13.64	188.554659	2,571.77	94.38%
30.09.2000				17.30	188.554659	3,262.00	119.71%
15.10.2000	D		0.5409	16.76	194.640389	3,262.00	119.71%
31.12.2000				17.28	194.640389	3,363.39	123.43%

performance calculation: adjusted percentages of end quarter quotations divided by number of quarters after begin (12)

SHAREHOLDER VALUE CREATION 1.20

this value is nothing than a benchmark, it is not a unit that can separately be interpreted

notes:

¹ redenomination of local currency to euros is shown as a stock split 166,386 in case of pesetas
 events are: Dividend payments (D), Payback of face value (P), Payback of additional paid-in capital (A), Attendance compensation Shareholder Meeting (S), Conversion into euros (C)

the historical prices already consider ordinary stock splits

² share value after event on basis of last pricing of former quarter

³ normalization of shares simulates re-investment of dividends or other paybacks, or undoes splits for mathematical reasons

4.2.9. Banco Bilbao Vizcaya Argentaria, S.A.

Analysis of share performance

Company: **BBV Banco Bilbao Vizcaya (Argentaria), S.A.**

Performance date or event date:	Event ¹ :	Relation (1:x)	Amount:	Share value ² :	# normalized shares ³ :	Adjusted value:	Adjusted percentage:
31.12.1997				1,643.00	1.000000	1,643.00	100.00%
10.01.1998	D		6.3333	1,636.67	1.003870	1,643.00	100.00%
31.03.1998				2,456.00	1.003870	2,465.50	150.06%
10.04.1998	D		12.3333	2,443.67	1.008936	2,465.50	150.06%
30.06.1998				2,623.00	1.008936	2,646.44	161.07%
11.07.1998	P		3.3333	2,619.67	1.010220	2,646.44	161.07%
11.07.1998	D		8.7000	2,610.97	1.013586	2,646.44	161.07%
30.09.1998				1,520.00	1.013586	1,540.65	93.77%
10.10.1998	D		7.7000	1,512.30	1.018747	1,540.65	93.77%
31.12.1998				2,225.00	1.018747	2,266.71	137.96%
01.01.1999	C	166.386		13.37	169.505230	2,266.71	137.96%
11.01.1999	D		0.0462	13.33	170.092875	2,266.71	137.96%
31.03.1999				13.80	170.092875	2,347.28	142.87%
10.04.1999	D		0.0895	13.71	171.203215	2,347.28	142.87%
30.06.1999				14.01	171.203215	2,398.56	145.99%
12.07.1999	D		0.0556	13.95	171.885358	2,398.56	145.99%
14.07.1999	P		0.0200	13.93	172.132065	2,398.56	145.99%
30.09.1999				12.38	172.132065	2,130.99	129.70%
11.10.+10.12.1999	D		0.1112	12.27	173.692208	2,130.99	129.70%
18.12.1999	S		0.0135	12.26	173.883541	2,130.99	129.70%
31.12.1999				14.14	173.883541	2,458.71	149.65%
10.01.2000	D		0.1073	14.03	175.212891	2,458.71	149.65%
31.03.2000				15.36	175.212891	2,691.27	163.80%
24.04.2000	D		0.0600	15.30	175.900001	2,691.27	163.80%
25.04.2000	P		0.0300	15.27	176.245580	2,691.27	163.80%
30.06.2000				15.65	176.245580	2,758.24	167.88%
10.07.2000	D		0.0640	15.59	176.969289	2,758.24	167.88%
30.09.2000				17.12	176.969289	3,029.71	184.40%
10.10.2000	D		0.0640	17.06	177.633338	3,029.71	184.40%
31.12.2000				15.85	177.633338	2,815.49	171.36%

performance calculation: adjusted percentages of end quarter quotations divided by number of quarters after begin (12)

SHAREHOLDER VALUE CREATION 1.50

this value is nothing than a benchmark, it is not a unit that can separately be interpreted

notes:

¹ redenomination of local currency to euros is shown as a stock split 166,386 in case of pesetas

events are: Dividend payments (D), Payback of face value (P), Payback of additional paid-in capital (A), Attendance compensation Shareholder Meeting (S), Conversion into euros (C)

the historical prices already consider ordinary stock splits

² share value after event on basis of last pricing of former quarter

³ normalization of shares simulates re-investment of dividends or other paybacks, or undoes splits for mathematical reasons

4.2.10. Bankinter, S.A.

Analysis of share performance

Company: **BKT Bankinter, S.A.**

Performance date or event date:	Event ¹ :	Relation (1:x)	Amount:	Share value ² :	# normalized shares ³ :	Adjusted value:	Adjusted percentage:
31.12.1997				4,320.00	1.000000	4,320.00	100.00%
03.01.1998	D		30.0000	4,290.00	1.006993	4,320.00	100.00%
31.03.1998				5,550.00	1.006993	5,588.81	129.37%
04.04.1998	D		31.0000	5,519.00	1.012649	5,588.81	129.37%
30.06.1998				4,975.00	1.012649	5,037.93	116.62%
04.07.1998	A		25.0000	4,950.00	1.017764	5,037.93	116.62%
04.07.1998	D		32.0000	4,918.00	1.024386	5,037.93	116.62%
30.09.1998				4,010.00	1.024386	4,107.79	95.09%
03.10.1998	D		33.0000	3,977.00	1.032886	4,107.79	95.09%
31.12.1998				5,230.00	1.032886	5,401.99	125.05%
01.01.1999	C	166.386		31.43	171.857768	5,401.99	125.05%
04.01.1999	D		0.2043	31.23	172.982318	5,401.99	125.05%
31.03.1999				32.79	172.982318	5,672.09	131.30%
05.04.1999	D		0.2103	32.58	174.098908	5,672.09	131.30%
30.06.1999				39.50	174.098908	6,876.91	159.19%
03.07.1999	A		0.1503	39.35	174.763687	6,876.91	159.19%
03.07.1999	D		0.2076	39.14	175.690589	6,876.91	159.19%
30.09.1999				36.80	175.690589	6,465.41	149.66%
02.10.1999	D		0.2141	36.59	176.718727	6,465.41	149.66%
31.12.1999				50.15	176.718727	8,862.44	205.15%
08.01.2000	D		0.2206	49.93	177.499513	8,862.44	205.15%
31.03.2000				65.90	177.499513	11,697.22	270.77%
01.04.2000	D		0.2271	65.67	178.113315	11,697.22	270.77%
30.06.2000				51.50	178.113315	9,172.84	212.33%
01.07.2000	D		0.2076	51.29	178.834208	9,172.84	212.33%
30.09.2000				45.30	178.834208	8,101.19	187.53%
07.10.2000	D		0.2141	45.09	179.683440	8,101.19	187.53%
31.12.2000				36.40	179.683440	6,540.48	151.40%

performance calculation: adjusted percentages of end quarter quotations divided by number of quarters after begin (12)

SHAREHOLDER VALUE CREATION 1.61

this value is nothing than a benchmark, it is not a unit that can separately be interpreted

notes:

¹ redenomination of local currency to euros is shown as a stock split 166,386 in case of pesetas

events are: Dividend payments (D), Payback of face value (P), Payback of additional paid-in capital (A), Attendance compensation Shareholder Meeting (S), Conversion into euros (C)

the historical prices already consider ordinary stock splits

² share value after event on basis of last pricing of former quarter

³ normalization of shares simulates re-investment of dividends or other paybacks, or undoes splits for mathematical reasons

4.2.11. Hidroeléctrica del Cantábrico, S.A.

Analysis of share performance

Company: **CAN Hidroeléctrica del Cantábrico, S.A.**

Performance date or event date:	Event ¹ :	Relation (1:x)	Amount:	Share value ² :	# normalized shares ³ :	Adjusted value:	Adjusted percentage:
31.12.1997				2,226.00	1.000000	2,226.00	100.00%
15.03.1998	D		17.9167	2,208.08	1.008114	2,226.00	100.00%
31.03.1998				2,550.00	1.008114	2,570.69	115.48%
15.06.1998	D		18.7500	2,531.25	1.015582	2,570.69	115.48%
30.06.1998				2,333.00	1.015582	2,369.35	106.44%
15.09.1998	D		18.7500	2,314.25	1.023810	2,369.35	106.44%
30.09.1998				2,233.00	1.023810	2,286.17	102.70%
15.12.1998	D		18.7500	2,214.25	1.032479	2,286.17	102.70%
31.12.1998				2,620.00	1.032479	2,705.10	121.52%
01.01.1999	C	166.386		15.75	171.790110	2,705.10	121.52%
15.03.1999	D		0.1127	15.63	173.028388	2,705.10	121.52%
31.03.1999				14.36	173.028388	2,484.69	111.62%
15.06.1999	D		0.1252	14.23	174.550233	2,484.69	111.62%
30.06.1999				13.96	174.550233	2,436.72	109.47%
15.09.1999	D		0.1252	13.83	176.129850	2,436.72	109.47%
30.09.1999				13.58	176.129850	2,391.84	107.45%
15.12.1999	D		0.1252	13.45	177.768779	2,391.84	107.45%
31.12.1999				13.98	177.768779	2,485.21	111.64%
15.03.2000	D		0.1475	13.83	179.664379	2,485.21	111.64%
25.04.2000	S		0.0246	13.81	179.984467	2,485.21	111.64%
31.03.2000				23.20	179.984467	4,175.64	187.58%
15.06.2000	D		0.1474	23.05	181.135301	4,175.64	187.58%
30.06.2000				21.96	181.135301	3,977.73	178.69%
15.09.2000	D		0.1474	21.81	182.359334	3,977.73	178.69%
30.09.2000				20.35	182.359334	3,711.01	166.71%
15.12.2000	D		0.1474	20.20	183.689844	3,711.01	166.71%
31.12.2000				19.90	183.689844	3,655.43	164.22%

performance calculation: adjusted percentages of end quarter quotations divided by number of quarters after begin (12)

SHAREHOLDER VALUE CREATION 1.32

this value is nothing than a benchmark, it is not a unit that can separately be interpreted

notes:

¹ redenomination of local currency to euros is shown as a stock split 166,386 in case of pesetas

events are: Dividend payments (D), Payback of face value (P), Payback of additional paid-in capital (A), Attendance compensation Shareholder Meeting (S), Conversion into euros (C)

the historical prices already consider ordinary stock splits

² share value after event on basis of last pricing of former quarter

³ normalization of shares simulates re-investment of dividends or other paybacks, or undoes splits for mathematical reasons

4.2.12. Gas Natural SGD, S.A.

Analysis of share performance

Company: **CTG Gas Natural SDG, S.A.**

Performance date or event date:	Event ¹ :	Relation (1:x)	Amount:	Share value ² :	# normalized shares ³ :	Adjusted value:	Adjusted percentage:
31.12.1997				2,633.00	1.000000	2,633.00	100.00%
08.01.1998	D		34.0000	2,599.00	1.013082	2,633.00	100.00%
31.03.1998				3,266.00	1.013082	3,308.73	125.66%
22.05.1998	S		0.9400	3,265.06	1.013374	3,308.73	125.66%
30.06.1998				3,693.00	1.013374	3,742.39	142.13%
01.07.1998	D		43.0000	3,650.00	1.025312	3,742.39	142.13%
30.09.1998				3,350.00	1.025312	3,434.80	130.45%
31.12.1998				5,150.00	1.025312	5,280.36	200.55%
01.01.1999	C	166.386		30.95	170.597561	5,280.36	200.55%
11.01.1999	D		0.2344	30.72	171.899324	5,280.36	200.55%
31.03.1999				28.50	171.899324	4,899.13	186.07%
30.06.1999				23.50	171.899324	4,039.63	153.42%
01.07.1999	D		0.3065	23.19	174.171079	4,039.63	153.42%
30.09.1999				20.08	174.171079	3,497.36	132.83%
31.12.1999				22.87	174.171079	3,983.29	151.28%
11.01.2000	D		0.1050	22.77	174.974415	3,983.29	151.28%
31.03.2000				20.39	174.974415	3,567.73	135.50%
10.05.2000	S		0.0025	20.39	174.995563	3,567.73	135.50%
30.06.2000				18.80	174.995563	3,289.92	124.95%
03.07.2000	D		0.1350	18.67	176.261268	3,289.92	124.95%
30.09.2000				18.89	176.261268	3,329.58	126.46%
31.12.2000				19.40	176.261268	3,419.47	129.87%

performance calculation: adjusted percentages of end quarter quotations divided by number of quarters after begin (12)

SHAREHOLDER VALUE CREATION 1.45

this value is nothing than a benchmark, it is not a unit that can separately be interpreted

notes:

¹ redenomination of local currency to euros is shown as a stock split 166,386 in case of pesetas
 events are: Dividend payments (D), Payback of face value (P), Payback of additional paid-in capital (A), Attendance compensation Shareholder Meeting (S), Conversion into euros (C)

the historical prices already consider ordinary stock splits

² share value after event on basis of last pricing of former quarter

³ normalization of shares simulates re-investment of dividends or other paybacks, or undoes splits for mathematical reasons

4.2.13. Grupo Dragados, S.A.

Analysis of share performance

Company: **DRC Dragados y Construcciones, S.A.**

Performance date or event date:	Event ¹ :	Relation (1:x)	Amount:	Share value ² :	# normalized shares ³ :	Adjusted value:	Adjusted percentage:
31.12.1997				1,081.00	1.000000	1,081.00	100.00%
31.03.1998				1,723.00	1.000000	1,723.00	159.39%
26.05.1998	D		15.0000	1,708.00	1.008782	1,723.00	159.39%
30.06.1998				1,636.00	1.008782	1,650.37	152.67%
30.09.1998				1,258.00	1.008782	1,269.05	117.40%
26.10.1998	D		15.0000	1,243.00	1.020956	1,269.05	117.40%
31.12.1998				1,743.00	1.020956	1,779.53	164.62%
01.01.1999	C	166.386		10.48	169.872745	1,779.53	164.62%
31.03.1999				10.13	169.872745	1,720.81	159.19%
30.06.1999				11.37	169.872745	1,931.45	178.67%
30.09.1999				10.80	169.872745	1,834.63	169.72%
25.10.1999	D		0.0902	10.71	171.302678	1,834.63	169.72%
31.12.1999				8.76	171.302678	1,500.61	138.82%
31.03.2000				9.00	171.302678	1,541.72	142.62%
08.05.2000	D		0.0902	8.91	173.035960	1,541.72	142.62%
30.06.2000				7.51	173.035960	1,299.50	120.21%
30.09.2000				9.01	173.035960	1,559.05	144.22%
25.10.2000	D		0.0902	8.92	174.784817	1,559.05	144.22%
31.12.2000				11.60	174.784817	2,027.50	187.56%

performance calculation: adjusted percentages of end quarter quotations divided by number of quarters after begin (12)

SHAREHOLDER VALUE CREATION 1.53

this value is nothing than a benchmark, it is not a unit that can separately be interpreted

notes:

¹ redenomination of local currency to euros is shown as a stock split 166,386 in case of pesetas

events are: Dividend payments (D), Payback of face value (P), Payback of additional paid-in capital (A), Attendance compensation Shareholder Meeting (S), Conversion into euros (C)

the historical prices already consider ordinary stock splits

² share value after event on basis of last pricing of former quarter

³ normalization of shares simulates re-investment of dividends or other paybacks, or undoes splits for mathematical reasons

4.2.14. Endesa, S.A.

Analysis of share performance

Company: **ELE Endesa, S.A.**

Performance date or event date:	Event ¹ :	Relation (1:x)	Amount:	Share value ² :	# normalized shares ³ :	Adjusted value:	Adjusted percentage:
31.12.1997				2,705.00	1.000000	2,705.00	100.00%
02.01.1998	D		28.0000	2,677.00	1.010459	2,705.00	100.00%
31.03.1998				3,775.00	1.010459	3,814.48	141.02%
18.06.1998	D		49.0000	3,726.00	1.023748	3,814.48	141.02%
30.06.1998				3,355.00	1.023748	3,434.67	126.98%
30.09.1998				3,200.00	1.023748	3,275.99	121.11%
31.12.1998				3,760.00	1.023748	3,849.29	142.30%
01.01.1999	C	166.386		22.60	170.337310	3,849.29	142.30%
04.01.1999	D		0.1923	22.41	171.799434	3,849.29	142.30%
31.03.1999				23.38	171.799434	4,016.67	148.49%
28.04.1999	S		0.0090	23.37	171.865703	4,016.67	148.49%
30.06.1999				20.68	171.865703	3,554.18	131.39%
01.07.1999	D		0.3366	20.34	174.709093	3,554.18	131.39%
30.09.1999				17.84	174.709093	3,116.81	115.22%
31.12.1999				19.71	174.709093	3,443.52	127.30%
03.01.2000	D		0.2164	19.49	176.648227	3,443.52	127.30%
31.03.2000				23.97	176.648227	4,234.26	156.53%
30.06.2000				20.29	176.648227	3,584.19	132.50%
03.07.2000	D		0.3726	19.92	179.953084	3,584.19	132.50%
30.09.2000				21.30	179.953084	3,833.00	141.70%
31.12.2000				18.15	179.953084	3,266.15	120.74%

performance calculation: adjusted percentages of end quarter quotations divided by number of quarters after begin (12)

SHAREHOLDER VALUE CREATION 1.34

this value is nothing than a benchmark, it is not a unit that can separately be interpreted

notes:

¹ redenomination of local currency to euros is shown as a stock split 166,386 in case of pesetas

events are: Dividend payments (D), Payback of face value (P), Payback of additional paid-in capital (A), Attendance compensation Shareholder Meeting (S), Conversion into euros (C)

the historical prices already consider ordinary stock splits

² share value after event on basis of last pricing of former quarter

³ normalization of shares simulates re-investment of dividends or other paybacks, or undoes splits for mathematical reasons

4.2.15. Fomento de Construcciones y Contratas, S.A.

Analysis of share performance

Company: **FCC Fomento de Construcciones y Contratas, S.A.**

Performance date or event date:	Event ¹ :	Relation (1:x)	Amount:	Share value ² :	# normalized shares ³ :	Adjusted value:	Adjusted percentage:
31.12.1997				2,900.00	1.000000	2,900.00	100.00%
07.01.1998	D		25.0000	2,875.00	1.008696	2,900.00	100.00%
31.03.1998				4,150.00	1.008696	4,186.09	144.35%
30.06.1998				3,955.00	1.008696	3,989.39	137.57%
06.07.1998	D		16.5000	3,938.50	1.012921	3,989.39	137.57%
30.09.1998				3,315.00	1.012921	3,357.83	115.79%
31.12.1998				5,275.00	1.012921	5,343.16	184.25%
01.01.1999	C	166.386		31.70	168.535956	5,343.16	184.25%
07.01.1999	D		0.1803	31.52	169.499938	5,343.16	184.25%
31.03.1999				28.50	169.499938	4,830.75	166.58%
25.06.1999	S		0.0057	28.49	169.533548	4,830.75	166.58%
30.06.1999				27.75	169.533548	4,704.56	162.23%
06.07.1999	D		0.1503	27.60	170.456488	4,704.56	162.23%
30.09.1999				25.63	170.456488	4,368.80	150.65%
31.12.1999				20.20	170.456488	3,443.22	118.73%
07.01.2000	D		0.1563	20.04	171.785384	3,443.22	118.73%
31.03.2000				22.30	171.785384	3,830.81	132.10%
22.06.2000	S		0.0007	22.30	171.790592	3,830.81	132.10%
30.06.2000				19.80	171.790592	3,401.45	117.29%
03.07.2000	D		0.1322	19.67	172.945510	3,401.45	117.29%
30.09.2000				18.70	172.945510	3,234.08	111.52%
31.12.2000				20.20	172.945510	3,493.50	120.47%

performance calculation: adjusted percentages of end quarter quotations divided by number of quarters after begin (12)

SHAREHOLDER VALUE CREATION 1.38

this value is nothing than a benchmark, it is not a unit that can separately be interpreted

notes:

¹ redenomination of local currency to euros is shown as a stock split 166,386 in case of pesetas

events are: Dividend payments (D), Payback of face value (P), Payback of additional paid-in capital (A), Attendance compensation Shareholder Meeting (S), Conversion into euros (C)

the historical prices already consider ordinary stock splits

² share value after event on basis of last pricing of former quarter

³ normalization of shares simulates re-investment of dividends or other paybacks, or undoes splits for mathematical reasons

4.2.16. Iberdrola, S.A.

Analysis of share performance

Company: **IBE Iberdrola, S.A.**

Performance date or event date:	Event ¹ :	Relation (1:x)	Amount:	Share value ² :	# normalized shares ³ :	Adjusted value:	Adjusted percentage:
31.12.1997				2,005.00	1.000000	2,005.00	100.00%
02.01.1998	D		32.0000	1,973.00	1.016219	2,005.00	100.00%
31.03.1998				2,385.00	1.016219	2,423.68	120.88%
30.06.1998				2,490.00	1.016219	2,530.39	126.20%
01.07.1998	D		42.0700	2,447.93	1.033684	2,530.39	126.20%
30.09.1998				2,365.00	1.033684	2,444.66	121.93%
31.12.1998				2,655.00	1.033684	2,744.43	136.88%
01.01.1999	C	166.386		15.96	171.990487	2,744.43	136.88%
04.01.1999	D		0.2043	15.75	174.221571	2,744.43	136.88%
31.03.1999				13.72	174.221571	2,390.32	119.22%
30.06.1999				14.77	174.221571	2,573.25	128.34%
01.07.1999	D		0.2674	14.50	177.433881	2,573.25	128.34%
30.09.1999				13.92	177.433881	2,469.88	123.19%
31.12.1999				13.76	177.433881	2,441.49	121.77%
03.01.2000	D		0.2163	13.54	180.267594	2,441.49	121.77%
31.03.2000				13.63	180.267594	2,457.05	122.55%
30.06.2000				13.50	180.267594	2,433.61	121.38%
03.07.2000	D		0.2842	13.22	184.144170	2,433.61	121.38%
30.09.2000				14.40	184.144170	2,651.68	132.25%
31.12.2000				13.35	184.144170	2,458.32	122.61%

performance calculation: adjusted percentages of end quarter quotations divided by number of quarters after begin (12)

SHAREHOLDER VALUE CREATION 1.25

this value is nothing than a benchmark, it is not a unit that can separately be interpreted

notes:

¹ redenomination of local currency to euros is shown as a stock split 166,386 in case of pesetas

events are: Dividend payments (D), Payback of face value (P), Payback of additional paid-in capital (A), Attendance compensation Shareholder Meeting (S), Conversion into euros (C)

the historical prices already consider ordinary stock splits

² share value after event on basis of last pricing of former quarter

³ normalization of shares simulates re-investment of dividends or other paybacks, or undoes splits for mathematical reasons

4.2.17. Corporación Mapfre, Compañía Internacional de Reaseguros, S.A.

Analysis of share performance

Company: **MAP Mapfre**

Performance date or event date:	Event ¹ :	Relation (1:x)	Amount:	Share value ² :	# normalized shares ³ :	Adjusted value:	Adjusted percentage:
31.12.1997				4,040.00	1.000000	4,040.00	100.00%
31.03.1998				5,880.00	1.000000	5,880.00	145.54%
01.06.1998	D		45.0000	5,835.00	1.007712	5,880.00	145.54%
30.06.1998				5,380.00	1.007712	5,421.49	134.20%
30.09.1998				2,825.00	1.007712	2,846.79	70.47%
15.12.1998	D		42.5000	2,782.50	1.023104	2,846.79	70.47%
31.12.1998				3,850.00	1.023104	3,938.95	97.50%
01.01.1999	C	166.386		23.14	170.230167	3,938.95	97.50%
31.03.1999				18.35	170.230167	3,123.72	77.32%
01.06.1999	D		0.2915	18.06	172.977934	3,123.72	77.32%
30.06.1999				19.75	172.977934	3,416.31	84.56%
30.09.1999				17.55	172.977934	3,035.76	75.14%
15.12.1999	D		0.2554	17.29	175.532710	3,035.76	75.14%
31.12.1999				16.32	175.532710	2,864.69	70.91%
31.03.2000				16.55	175.532710	2,905.07	71.91%
01.06.2000	D		0.2915	16.26	178.679751	2,905.07	71.91%
30.06.2000				13.27	178.679751	2,371.08	58.69%
30.09.2000				17.75	178.679751	3,171.57	78.50%
15.12.2000	D		0.2705	17.48	181.444402	3,171.57	78.50%
31.12.2000				20.30	181.444402	3,683.32	91.17%

performance calculation: adjusted percentages of end quarter quotations divided by number of quarters after begin (12)

SHAREHOLDER VALUE CREATION 0.88

this value is nothing than a benchmark, it is not a unit that can separately be interpreted

notes:

¹ redenomination of local currency to euros is shown as a stock split 166,386 in case of pesetas
 events are: Dividend payments (D), Payback of face value (P), Payback of additional paid-in capital (A), Attendance compensation Shareholder Meeting (S), Conversion into euros (C)

the historical prices already consider ordinary stock splits

² share value after event on basis of last pricing of former quarter

³ normalization of shares simulates re-investment of dividends or other paybacks, or undoes splits for mathematical reasons

4.2.18. NH Hoteles, S.A.

Analysis of share performance

Company: **NHH NH Hoteles, S.A.**

Performance date or event date:	Event ¹ :	Relation (1:x)	Amount:	Share value ² :	# normalized shares ³ :	Adjusted value:	Adjusted percentage:
31.12.1997				815.00	1.000000	815.00	100.00%
31.03.1998				1,315.00	1.000000	1,315.00	161.35%
30.06.1998				2,315.00	1.000000	2,315.00	284.05%
30.09.1998				1,720.00	1.000000	1,720.00	211.04%
31.12.1998				2,065.00	1.000000	2,065.00	253.37%
01.01.1999	C	166.386		12.41	166.386000	2,065.00	253.37%
31.03.1999				10.63	166.386000	1,768.68	217.02%
30.06.1999				12.42	166.386000	2,066.51	253.56%
30.09.1999				11.00	166.386000	1,830.25	224.57%
31.12.1999				11.18	166.386000	1,860.20	228.24%
31.03.2000				12.28	166.386000	2,043.22	250.70%
30.06.2000				12.05	166.386000	2,004.95	246.01%
07.07.2000	D		0.2150	11.84	169.408644	2,004.95	246.01%
30.09.2000				13.25	169.408644	2,244.66	275.42%
31.12.2000				13.10	169.408644	2,219.25	272.30%

performance calculation: adjusted percentages of end quarter quotations divided by number of quarters after begin (12)

SHAREHOLDER VALUE CREATION 2.40

this value is nothing than a benchmark, it is not a unit that can separately be interpreted

notes:

¹ redenomination of local currency to euros is shown as a stock split 166,386 in case of pesetas
 events are: Dividend payments (D), Payback of face value (P), Payback of additional paid-in capital (A),
 Attendance compensation Shareholder Meeting (S), Conversion into euros (C)

the historical prices already consider ordinary stock splits

² share value after event on basis of last pricing of former quarter

³ normalization of shares simulates re-investment of dividends or other paybacks, or undoes splits for mathematical reasons

4.2.19. Banco Popular Español, S.A.

Analysis of share performance

Company: **POP Banco Popular Español, S.A.**

Performance date or event date:	Event ¹ :	Relation (1:x)	Amount:	Share value ² :	# normalized shares ³ :	Adjusted value:	Adjusted percentage:
31.12.1997				5,325.00	1.000000	5,325.00	100.00%
02.01.1998	S		36.5000	5,288.50	1.006902	5,325.00	100.00%
31.03.1998				7,620.00	1.006902	7,672.59	144.09%
01.04.1998	D		37.0000	7,583.00	1.011815	7,672.59	144.09%
30.06.1998				6,540.00	1.011815	6,617.27	124.27%
01.07.1998	D		38.0000	6,502.00	1.017728	6,617.27	124.27%
30.09.1998				4,475.00	1.017728	4,554.33	85.53%
01.10.1998	D		39.5000	4,435.50	1.026791	4,554.33	85.53%
28.12.1998	A		65.0000	4,370.50	1.042062	4,554.33	85.53%
31.12.1998				5,350.00	1.042062	5,575.03	104.70%
01.01.1999	C	166.386		32.15	173.384591	5,575.03	104.70%
04.01.1999	D		0.2404	31.91	174.690690	5,575.03	104.70%
31.03.1999				29.80	174.690690	5,205.78	97.76%
05.04.1999	D		0.2464	29.55	176.147245	5,205.78	97.76%
30.06.1999				34.87	176.147245	6,142.25	115.35%
01.07.1999	D		0.2524	34.62	177.431550	6,142.25	115.35%
30.09.1999				32.42	177.431550	5,752.33	108.02%
01.10.1999	D		0.2625	32.16	178.879915	5,752.33	108.02%
31.12.1999				32.37	178.879915	5,790.34	108.74%
03.01.2000	D		0.2650	32.11	180.356419	5,790.34	108.74%
31.03.2000				32.00	180.356419	5,771.41	108.38%
03.04.2000	D		0.2740	31.73	181.914058	5,771.41	108.38%
30.06.2000				32.40	181.914058	5,894.02	110.69%
03.07.2000	D		0.2775	32.12	183.485578	5,894.02	110.69%
30.09.2000				34.75	183.485578	6,376.12	119.74%
02.10.2000	D		0.2900	34.46	185.029711	6,376.12	119.74%
31.12.2000				37.10	185.029711	6,864.60	128.91%

performance calculation: adjusted percentages of end quarter quotations divided by number of quarters after begin (12)

SHAREHOLDER VALUE CREATION 1.13

this value is nothing than a benchmark, it is not a unit that can separately be interpreted

notes:

¹ redenomination of local currency to euros is shown as a stock split 166,386 in case of pesetas

events are: Dividend payments (D), Payback of face value (P), Payback of additional paid-in capital (A), Attendance compensation Shareholder Meeting (S), Conversion into euros (C)

the historical prices already consider ordinary stock splits

² share value after event on basis of last pricing of former quarter

³ normalization of shares simulates re-investment of dividends or other paybacks, or undoes splits for mathematical reasons

4.2.20. Centros Comerciales Carrefour, S.A.

Analysis of share performance

Company: **PRY Centros Comerciales Carrefour (Pryca), S.A.**

Performance date or event date:	Event ¹ :	Relation (1:x)	Amount:	Share value ² :	# normalized shares ³ :	Adjusted value:	Adjusted percentage:
31.12.1997				2,270.00	1.000000	2,270.00	100.00%
31.03.1998				2,900.00	1.000000	2,900.00	127.75%
10.06.1998	D		70.0000	2,830.00	1.024735	2,900.00	127.75%
30.06.1998				2,840.00	1.024735	2,910.25	128.20%
30.09.1998				2,960.00	1.024735	3,033.22	133.62%
31.12.1998				4,400.00	1.024735	4,508.83	198.63%
01.01.1999	C	166.386		26.44	170.501555	4,508.83	198.63%
31.03.1999				18.61	170.501555	3,173.03	139.78%
16.06.1999	D		0.4207	18.19	174.445159	3,173.03	139.78%
30.06.1999				16.24	174.445159	2,832.99	124.80%
30.09.1999				17.60	174.445159	3,070.23	135.25%
31.12.1999				15.51	174.445159	2,705.64	119.19%
31.03.2000				13.59	174.445159	2,370.71	104.44%
30.06.2000				14.99	174.445159	2,614.93	115.20%
30.09.2000				15.49	174.445159	2,702.16	119.04%
30.10.2000	D		0.3200	15.17	178.124951	2,702.16	119.04%
31.12.2000				11.70	178.124951	2,084.06	91.81%

performance calculation: adjusted percentages of end quarter quotations divided by number of quarters after begin (12)

SHAREHOLDER VALUE CREATION 1.28

this value is nothing than a benchmark, it is not a unit that can separately be interpreted

notes:

¹ redenomination of local currency to euros is shown as a stock split 166,386 in case of pesetas
 events are: Dividend payments (D), Payback of face value (P), Payback of additional paid-in capital (A), Attendance compensation Shareholder Meeting (S), Conversion into euros (C)

the historical prices already consider ordinary stock splits

² share value after event on basis of last pricing of former quarter

³ normalization of shares simulates re-investment of dividends or other paybacks, or undoes splits for mathematical reasons

4.2.21. Ebro Puleva, S.A.

Analysis of share performance

Company: **PUL (Ebro) Puleva**

Performance date or event date:	Event ¹ :	Relation (1:x)	Amount:	Share value ² :	# normalized shares ³ :	Adjusted value:	Adjusted percentage:
31.12.1997				325.00	1.000000	325.00	100.00%
31.03.1998				456.00	1.000000	456.00	140.31%
30.06.1998				276.00	1.000000	276.00	84.92%
30.09.1998				216.00	1.000000	216.00	66.46%
31.12.1998				285.00	1.000000	285.00	87.69%
01.01.1999	C	166.386		1.71	166.386000	285.00	87.69%
31.03.1999				1.44	166.386000	239.60	73.72%
30.06.1999				1.50	166.386000	249.58	76.79%
30.09.1999				1.50	166.386000	249.58	76.79%
31.12.1999				1.46	166.386000	242.92	74.75%
31.03.2000				1.81	166.386000	301.16	92.66%
17.04.2000	D		0.2644	1.55	194.854703	301.16	92.66%
30.06.2000				1.71	194.854703	333.20	102.52%
14.07.2000							
30.09.2000				1.82	194.854703	354.64	109.12%
14.12.2000	S		0.0012	1.82	194.986694	354.64	109.12%
15.12.2000	D		0.2644	1.55	228.160787	354.64	109.12%
31.12.2000				1.45	228.160787	330.83	101.79%

performance calculation: adjusted percentages of end quarter quotations divided by number of quarters after begin (12)

SHAREHOLDER VALUE CREATION 0.91

this value is nothing than a benchmark, it is not a unit that can separately be interpreted

notes:

¹ redenomination of local currency to euros is shown as a stock split 166,386 in case of pesetas

events are: Dividend payments (D), Payback of face value (P), Payback of additional paid-in capital (A), Attendance compensation Shareholder Meeting (S), Conversion into euros (C)

the historical prices already consider ordinary stock splits

² share value after event on basis of last pricing of former quarter

³ normalization of shares simulates re-investment of dividends or other paybacks, or undoes splits for mathematical reasons

4.2.22. Repsol YPF, S.A.

Analysis of share performance

Company: **REP Repsol (YPF), S.A.**

Performance date or event date:	Event ¹ :	Relation (1:x)	Amount:	Share value ² :	# normalized shares ³ :	Adjusted value:	Adjusted percentage:
31.12.1997				2,166.00	1.000000	2,166.00	100.00%
09.01.1998	D		29.6667	2,136.33	1.013887	2,166.00	100.00%
31.03.1998				2,670.00	1.013887	2,707.08	124.98%
30.06.1998				2,816.00	1.013887	2,855.11	131.81%
14.07.1998	D		37.0000	2,779.00	1.027386	2,855.11	131.81%
30.09.1998				2,000.00	1.027386	2,054.77	94.86%
31.12.1998				2,523.00	1.027386	2,592.09	119.67%
01.01.1999	C	166.386		15.16	170.942606	2,592.09	119.67%
14.01.1999	D		0.1923	14.97	173.138578	2,592.09	119.67%
31.03.1999				15.90	173.138578	2,752.90	127.10%
30.06.1999				19.80	173.138578	3,428.14	158.27%
01.07.1999	D		0.2482	19.55	175.336483	3,428.14	158.27%
30.09.1999				18.39	175.336483	3,224.44	148.87%
31.12.1999				23.02	175.336483	4,036.25	186.35%
13.01.2000	D		0.1600	22.86	176.563685	4,036.25	186.35%
31.03.2000				22.91	176.563685	4,045.07	186.75%
30.06.2000				20.85	176.563685	3,681.35	169.96%
13.07.2000	D		0.2600	20.59	178.793241	3,681.35	169.96%
30.09.2000				20.85	178.793241	3,727.84	172.11%
31.12.2000				17.02	178.793241	3,043.06	140.49%

performance calculation: adjusted percentages of end quarter quotations divided by number of quarters after begin (12)

SHAREHOLDER VALUE CREATION 1.47

this value is nothing than a benchmark, it is not a unit that can separately be interpreted

notes:

¹ redenomination of local currency to euros is shown as a stock split 166,386 in case of pesetas

events are: Dividend payments (D), Payback of face value (P), Payback of additional paid-in capital (A), Attendance compensation Shareholder Meeting (S), Conversion into euros (C)

the historical prices already consider ordinary stock splits

² share value after event on basis of last pricing of former quarter

³ normalization of shares simulates re-investment of dividends or other paybacks, or undoes splits for mathematical reasons

4.2.23. Banco Santander Central Hispano, S.A.

Analysis of share performance

Company: **SAN Banco Santander (Central Hispano), S.A.**

Performance date or event date:	Event ¹ :	Relation (1:x)	Amount:	Share value ² :	# normalized shares ³ :	Adjusted value:	Adjusted percentage:
31.12.1997				1,272.00	1.000000	1,272.00	100.00%
31.01.1998	D		7.5000	1,264.50	1.005931	1,272.00	100.00%
31.03.1998				1,955.00	1.005931	1,966.60	154.61%
06.04.1998	D		8.7500	1,946.25	1.010454	1,966.60	154.61%
15.06.1998	P		5.0000	1,941.25	1.013056	1,966.60	154.61%
30.06.1998				1,962.00	1.013056	1,987.62	156.26%
31.07.1998	D		8.5000	1,953.50	1.017464	1,987.62	156.26%
30.09.1998				1,097.00	1.017464	1,116.16	87.75%
31.10.1998	D		8.5000	1,088.50	1.025410	1,116.16	87.75%
31.12.1998				1,410.00	1.025410	1,445.83	113.67%
01.01.1999	C	166.386		8.47	170.613791	1,445.83	113.67%
31.01.1999	D		0.0511	8.42	171.647818	1,445.83	113.67%
31.03.1999				9.50	171.647818	1,630.65	128.20%
10.04.1999	D		0.0361	9.46	172.301857	1,630.65	128.20%
30.06.1999				10.10	172.301857	1,740.25	136.81%
31.07.1999	D		0.0550	10.05	173.245272	1,740.25	136.81%
30.09.1999				9.71	173.245272	1,682.21	132.25%
30.10.1999	D		0.0550	9.66	174.232169	1,682.21	132.25%
31.12.1999				11.24	174.232169	1,958.37	153.96%
31.01.2000	D		0.0550	11.19	175.088812	1,958.37	153.96%
31.03.2000				11.23	175.088812	1,966.25	154.58%
29.04.2000	D		0.0625	11.17	176.068792	1,966.25	154.58%
30.06.2000				11.05	176.068792	1,945.56	152.95%
31.07.2000	D		0.0661	10.98	177.128534	1,945.56	152.95%
30.09.2000				12.44	177.128534	2,203.48	173.23%
31.10.2000	D		0.0661	12.37	178.074893	2,203.48	173.23%
31.12.2000				11.40	178.074893	2,030.05	159.60%

performance calculation: adjusted percentages of end quarter quotations divided by number of quarters after begin (12)

SHAREHOLDER VALUE CREATION 1.42

this value is nothing than a benchmark, it is not a unit that can separately be interpreted

notes:

¹ redenomination of local currency to euros is shown as a stock split 166,386 in case of pesetas

events are: Dividend payments (D), Payback of face value (P), Payback of additional paid-in capital (A), Attendance compensation Shareholder Meeting (S), Conversion into euros (C)

the historical prices already consider ordinary stock splits

² share value after event on basis of last pricing of former quarter

³ normalization of shares simulates re-investment of dividends or other paybacks, or undoes splits for mathematical reasons

4.2.24. Sol Meliá, S.A.

Analysis of share performance

Company: **SOL Sol Meliá, S.A.**

Performance date or event date:	Event ¹ :	Relation (1:x)	Amount:	Share value ² :	# normalized shares ³ :	Adjusted value:	Adjusted percentage:
31.12.1997				2,033.00	1.000000	2,033.00	100.00%
31.03.1998				2,400.00	1.000000	2,400.00	118.05%
30.06.1998				2,433.00	1.000000	2,433.00	119.68%
10.07.1998	D		14.0000	2,419.00	1.005788	2,433.00	119.68%
30.09.1998				1,500.00	1.005788	1,508.68	74.21%
30.12.1998	D		13.3967	1,486.60	1.014851	1,508.68	74.21%
31.12.1998				1,650.00	1.014851	1,674.50	82.37%
01.01.1999	C	166.386		9.92	168.857043	1,674.50	82.37%
31.03.1999				11.31	168.857043	1,909.77	93.94%
30.06.1999				13.65	168.857043	2,304.90	113.37%
30.09.1999				11.32	168.857043	1,911.46	94.02%
31.12.1999				11.25	168.857043	1,899.64	93.44%
31.03.2000				13.10	168.857043	2,212.03	108.81%
30.06.2000				11.70	168.857043	1,975.63	97.18%
03.07.2000	D		0.1205	11.58	170.614223	1,975.63	97.18%
30.09.2000				11.07	170.614223	1,888.70	92.90%
24.10.2000	D		0.0001	11.07	170.615749	1,888.70	92.90%
31.12.2000				11.01	170.615749	1,878.48	92.40%

performance calculation: adjusted percentages of end quarter quotations divided by number of quarters after begin (12)

SHAREHOLDER VALUE CREATION 0.98

this value is nothing than a benchmark, it is not a unit that can separately be interpreted

notes:

¹ redenomination of local currency to euros is shown as a stock split 166,386 in case of pesetas
 events are: Dividend payments (D), Payback of face value (P), Payback of additional paid-in capital (A),
 Attendance compensation Shareholder Meeting (S), Conversion into euros (C)

the historical prices already consider ordinary stock splits

² share value after event on basis of last pricing of former quarter

³ normalization of shares simulates re-investment of dividends or other paybacks, or undoes splits for mathematical reasons

4.2.25. Altadis, S.A.

Analysis of share performance

Company: **TAB Altadis (Tabacalera), S.A.**

Performance date or event date:	Event ¹ :	Relation (1:x)	Amount:	Share value ² :	# normalized shares ³ :	Adjusted value:	Adjusted percentage:
31.12.1997				2,470.00	1.000000	2,470.00	100.00%
19.01.1998	D		23.2000	2,446.80	1.009482	2,470.00	100.00%
31.03.1998				3,524.00	1.009482	3,557.41	144.02%
07.04.1998	D		28.0000	3,496.00	1.017567	3,557.41	144.02%
30.06.1998				3,140.00	1.017567	3,195.16	129.36%
30.09.1998				3,115.00	1.017567	3,169.72	128.33%
31.12.1998				3,580.00	1.017567	3,642.89	147.49%
01.01.1999	C	166.386		21.52	169.308881	3,642.89	147.49%
18.01.1999	D		0.1863	21.33	170.787771	3,642.89	147.49%
31.03.1999				18.77	170.787771	3,205.69	129.78%
30.06.1999				19.60	170.787771	3,347.44	135.52%
19.07.1999	D		0.2284	19.37	172.801303	3,347.44	135.52%
30.09.1999				17.78	172.801303	3,072.41	124.39%
13.11.1999	S		0.0902	17.69	173.681943	3,072.41	124.39%
31.12.1999				14.20	173.681943	2,466.28	99.85%
31.03.2000				14.00	173.681943	2,431.55	98.44%
31.03.2000	D		0.2300	13.77	176.582948	2,431.55	98.44%
30.06.2000				16.09	176.582948	2,841.22	115.03%
14.07.2000	D		0.2700	15.82	179.596690	2,841.22	115.03%
30.09.2000				16.35	179.596690	2,936.41	118.88%
31.12.2000				16.50	179.596690	2,963.35	119.97%

performance calculation: adjusted percentages of end quarter quotations divided by number of quarters after begin (12)

SHAREHOLDER VALUE CREATION 1.24

this value is nothing than a benchmark, it is not a unit that can separately be interpreted

notes:

¹ redenomination of local currency to euros is shown as a stock split 166,386 in case of pesetas

events are: Dividend payments (D), Payback of face value (P), Payback of additional paid-in capital (A), Attendance compensation Shareholder Meeting (S), Conversion into euros (C)

the historical prices already consider ordinary stock splits

² share value after event on basis of last pricing of former quarter

³ normalization of shares simulates re-investment of dividends or other paybacks, or undoes splits for mathematical reasons

4.2.26. Telefónica, S.A.

Analysis of share performance

Company: **TEF Telefónica, S.A.**

Performance date or event date:	Event ¹ :	Relation (1:x)	Amount:	Share value ² :	# normalized shares ³ :	Adjusted value:	Adjusted percentage:
31.12.1997				1,450.00	1.000000	1,450.00	100.00%
19.01.1998	D		13.3333	1,436.67	1.009281	1,450.00	100.00%
31.03.1998				2,306.00	1.009281	2,327.40	160.51%
18.05.1998	D		20.6667	2,285.33	1.018408	2,327.40	160.51%
30.06.1998				2,363.00	1.018408	2,406.50	165.97%
30.09.1998				1,726.00	1.018408	1,757.77	121.23%
31.12.1998				2,103.00	1.018408	2,141.71	147.70%
01.01.1999	C	166.386		12.64	169.448807	2,141.71	147.70%
31.03.1999				13.09	169.448807	2,218.08	152.97%
30.06.1999				15.57	169.448807	2,638.32	181.95%
30.09.1999				15.03	169.448807	2,546.82	175.64%
31.12.1999				24.80	169.448807	4,202.33	289.82%
31.03.2000				26.40	169.448807	4,473.45	308.51%
30.06.2000				22.50	169.448807	3,812.60	262.94%
30.09.2000				22.45	169.448807	3,804.13	262.35%
31.12.2000				17.70	169.448807	2,999.24	206.84%

performance calculation: adjusted percentages of end quarter quotations divided by number of quarters after begin (12)

SHAREHOLDER VALUE CREATION 2.03

this value is nothing than a benchmark, it is not a unit that can separately be interpreted

notes:

¹ redenomination of local currency to euros is shown as a stock split 166,386 in case of pesetas
 events are: Dividend payments (D), Payback of face value (P), Payback of additional paid-in capital (A), Attendance compensation Shareholder Meeting (S), Conversion into euros (C)

the historical prices already consider ordinary stock splits

² share value after event on basis of last pricing of former quarter

³ normalization of shares simulates re-investment of dividends or other paybacks, or undoes splits for mathematical reasons

4.2.27. Tele Pizza, S.A.

Analysis of share performance

Company: **TPZ Tele Pizza, S.A.**

Performance date or event date:	Event ¹ :	Relation (1:x)	Amount:	Share value ² :	# normalized shares ³ :	Adjusted value:	Adjusted percentage:
31.12.1997				616.00	1.000000	616.00	100.00%
31.03.1998				1,158.00	1.000000	1,158.00	187.99%
30.06.1998				1,626.00	1.000000	1,626.00	263.96%
30.09.1998				950.00	1.000000	950.00	154.22%
31.12.1998				1,349.00	1.000000	1,349.00	218.99%
01.01.1999	C	166.386		8.11	166.386000	1,349.00	218.99%
31.03.1999				7.07	166.386000	1,176.35	190.97%
30.06.1999				5.02	166.386000	835.26	135.59%
30.09.1999				4.35	166.386000	723.78	117.50%
31.12.1999				4.20	166.386000	698.82	113.45%
31.03.2000				9.20	166.386000	1,530.75	248.50%
30.06.2000				5.90	166.386000	981.68	159.36%
30.09.2000				5.61	166.386000	933.43	151.53%
31.12.2000				2.59	166.386000	430.94	69.96%

performance calculation: adjusted percentages of end quarter quotations divided by number of quarters after begin (12)

SHAREHOLDER VALUE CREATION 1.68

this value is nothing than a benchmark, it is not a unit that can separately be interpreted

notes:

¹ redenomination of local currency to euros is shown as a stock split 166,386 in case of pesetas

events are: Dividend payments (D), Payback of face value (P), Payback of additional paid-in capital (A), Attendance compensation Shareholder Meeting (S), Conversion into euros (C)

the historical prices already consider ordinary stock splits

² share value after event on basis of last pricing of former quarter

³ normalization of shares simulates re-investment of dividends or other paybacks, or undoes splits for mathematical reasons

4.2.28. Unión Eléctrica Fenosa, S.A.

Analysis of share performance

Company: **UNF Unión Eléctrica Fenosa, S.A.**

Performance date or event date:	Event ¹ :	Relation (1:x)	Amount:	Share value ² :	# normalized shares ³ :	Adjusted value:	Adjusted percentage:
31.12.1997				1,460.00	1.000000	1,460.00	100.00%
02.01.1998	D		27.2800	1,432.72	1.019041	1,460.00	100.00%
31.03.1998				1,701.00	1.019041	1,733.39	118.73%
30.06.1998				1,975.00	1.019041	2,012.61	137.85%
01.07.1998	D		28.4000	1,946.60	1.033908	2,012.61	137.85%
30.09.1998				2,130.00	1.033908	2,202.22	150.84%
31.12.1998				2,455.00	1.033908	2,538.24	173.85%
01.01.1999	C	166.386		14.75	172.027823	2,538.24	173.85%
04.01.1999	D		0.1626	14.59	173.944713	2,538.24	173.85%
31.03.1999				13.83	173.944713	2,405.66	164.77%
15.05.1999	S		0.0135	13.82	174.114963	2,405.66	164.77%
30.06.1999				12.68	174.114963	2,207.78	151.22%
01.07.1999	D		0.1800	12.50	176.622218	2,207.78	151.22%
30.09.1999				14.09	176.622218	2,488.61	170.45%
31.12.1999				17.34	176.622218	3,062.63	209.77%
03.01.2000	D		0.1883	17.15	178.561266	3,062.63	209.77%
31.03.2000				21.46	178.561266	3,831.92	262.46%
13.05.2000	S		0.0296	21.43	178.807647	3,831.92	262.46%
30.06.2000				18.95	178.807647	3,388.40	232.08%
03.07.2000	D		0.2120	18.74	180.830660	3,388.40	232.08%
30.09.2000				20.41	180.830660	3,690.75	252.79%
31.12.2000				19.55	180.830660	3,535.24	242.14%

performance calculation: adjusted percentages of end quarter quotations divided by number of quarters after begin (12)

SHAREHOLDER VALUE CREATION 1.89

this value is nothing than a benchmark, it is not a unit that can separately be interpreted

notes:

¹ redenomination of local currency to euros is shown as a stock split 166,386 in case of pesetas

events are: Dividend payments (D), Payback of face value (P), Payback of additional paid-in capital (A), Attendance compensation Shareholder Meeting (S), Conversion into euros (C)

the historical prices already consider ordinary stock splits

² share value after event on basis of last pricing of former quarter

³ normalization of shares simulates re-investment of dividends or other paybacks, or undoes splits for mathematical reasons

4.2.29. Uralita, S.A.

Analysis of share performance

Company: **URA Uralita, S.A.**

Performance date or event date:	Event ¹ :	Relation (1:x)	Amount:	Share value ² :	# normalized shares ³ :	Adjusted value:	Adjusted percentage:
31.12.1997				1,740.00	1.000000	1,740.00	100.00%
06.02.1998	P		40.0000	1,700.00	1.023529	1,740.00	100.00%
31.03.1998				2,110.00	1.023529	2,159.65	124.12%
30.06.1998				2,185.00	1.023529	2,236.41	128.53%
01.07.1998	D		20.0000	2,165.00	1.032985	2,236.41	128.53%
30.09.1998				1,150.00	1.032985	1,187.93	68.27%
25.11.1998	S		1.8750	1,148.13	1.034672	1,187.93	68.27%
10.12.1998	D		20.0000	1,128.13	1.053015	1,187.93	68.27%
31.12.1998				1,580.00	1.053015	1,663.76	95.62%
01.01.1999	C	166.386		9.50	175.206924	1,663.76	95.62%
10.02.1999	P		0.2404	9.26	179.757756	1,663.76	95.62%
31.03.1999				8.25	179.757756	1,483.00	85.23%
18.06.1999	S		0.0090	8.24	179.954398	1,483.00	85.23%
28.06.1999	D		0.1202	8.12	182.618042	1,483.00	85.23%
30.06.1999				8.15	182.618042	1,488.34	85.54%
30.09.1999				7.76	182.618042	1,417.12	81.44%
01.12.1999	D		0.1202	7.64	185.491293	1,417.12	81.44%
31.12.1999				7.01	185.491293	1,300.29	74.73%
31.03.2000				8.43	185.491293	1,563.69	89.87%
20.06.2000	S		0.0099	8.42	185.708437	1,563.69	89.87%
27.06.2000	S		0.1322	8.29	188.671174	1,563.69	89.87%
30.06.2000				6.30	188.671174	1,188.63	68.31%
30.09.2000				6.87	188.671174	1,296.17	74.49%
31.12.2000				6.10	188.671174	1,150.89	66.14%

performance calculation: adjusted percentages of end quarter quotations divided by number of quarters after begin (12)

SHAREHOLDER VALUE CREATION 0.87

this value is nothing than a benchmark, it is not a unit that can separately be interpreted

notes:

¹ redenomination of local currency to euros is shown as a stock split 166,386 in case of pesetas

events are: Dividend payments (D), Payback of face value (P), Payback of additional paid-in capital (A), Attendance compensation Shareholder Meeting (S), Conversion into euros (C)

the historical prices already consider ordinary stock splits

² share value after event on basis of last pricing of former quarter

³ normalization of shares simulates re-investment of dividends or other paybacks, or undoes splits for mathematical reasons

4.2.30. Vallehermoso, S.A.

Analysis of share performance

Company: **VAL Vallehermoso, S.A.**

Performance date or event date:	Event ¹ :	Relation (1:x)	Amount:	Share value ² :	# normalized shares ³ :	Adjusted value:	Adjusted percentage:
31.12.1997				1,556.00	1.000000	1,556.00	100.00%
07.01.1998	D		27.5000	1,528.50	1.017991	1,556.00	100.00%
31.03.1998				2,023.00	1.017991	2,059.40	132.35%
24.06.1998	D		27.5000	1,995.50	1.032020	2,059.40	132.35%
30.06.1998				1,880.00	1.032020	1,940.20	124.69%
20.07.1998	P		5.0000	1,875.00	1.034772	1,940.20	124.69%
30.09.1998				1,585.00	1.034772	1,640.11	105.41%
31.12.1998				2,030.00	1.034772	2,100.59	135.00%
01.01.1999	C	166.386		12.20	172.171657	2,100.59	135.00%
05.01.1999			0.0545	12.15	172.944201	2,100.59	135.00%
31.03.1999				9.90	172.944201	1,712.15	110.04%
05.04.1999	D		0.0744	9.83	174.253744	1,712.15	110.04%
30.06.1999				9.39	174.253744	1,636.24	105.16%
30.09.1999				9.04	174.253744	1,575.25	101.24%
31.12.1999				6.98	174.253744	1,216.29	78.17%
03.01.2000	D		0.0654	6.91	175.901879	1,216.29	78.17%
31.03.2000				7.00	175.901879	1,231.31	79.13%
19.04.2000	D		0.0946	6.91	178.311634	1,231.31	79.13%
30.06.2000				6.25	178.311634	1,114.45	71.62%
03.07.2000			0.0500	6.20	179.749631	1,114.45	71.62%
30.09.2000				6.80	179.749631	1,222.30	78.55%
31.12.2000				6.48	179.749631	1,164.78	74.86%

performance calculation: adjusted percentages of end quarter quotations divided by number of quarters after begin (12)

SHAREHOLDER VALUE CREATION 1.00

this value is nothing than a benchmark, it is not a unit that can separately be interpreted

notes:

¹ redenomination of local currency to euros is shown as a stock split 166,386 in case of pesetas

events are: Dividend payments (D), Payback of face value (P), Payback of additional paid-in capital (A), Attendance compensation Shareholder Meeting (S), Conversion into euros (C)

the historical prices already consider ordinary stock splits

² share value after event on basis of last pricing of former quarter

³ normalization of shares simulates re-investment of dividends or other paybacks, or undoes splits for mathematical reasons

4.2.31. Viscofan, Industria Navarra de Envolturas Celulósicas, S.A.

Analysis of share performance

Company: **VIS Viscofan, Industria Navarra de Envolturas Celulósicas, S.A.**

Performance date or event date:	Event ¹ :	Relation (1:x)	Amount:	Share value ² :	# normalized shares ³ :	Adjusted value:	Adjusted percentage:
31.12.1997				1,912.00	1.000000	1,912.00	100.00%
29.01.1998	D		7.5000	1,904.50	1.003938	1,912.00	100.00%
31.03.1998				3,250.00	1.003938	3,262.80	170.65%
30.06.1998				3,570.00	1.003938	3,584.06	187.45%
10.07.1998	A		9.0000	3,561.00	1.006475	3,584.06	187.45%
30.09.1998				1,845.00	1.006475	1,856.95	97.12%
31.12.1998				2,295.00	1.006475	2,309.86	120.81%
01.01.1999	C	166.386		13.79	167.463412	2,309.86	120.81%
29.01.1999	D		0.0481	13.75	168.049204	2,309.86	120.81%
31.03.1999				12.26	168.049204	2,060.28	107.76%
30.06.1999				11.00	168.049204	1,848.54	96.68%
09.07.1999	A		0.0270	10.97	168.463410	1,848.54	96.68%
30.09.1999				8.62	168.463410	1,452.15	75.95%
31.12.1999				7.72	168.463410	1,300.54	68.02%
31.01.2000	D		0.0480	7.67	169.517404	1,300.54	68.02%
31.03.2000				8.06	169.517404	1,366.31	71.46%
30.06.2000				6.86	169.517404	1,162.89	60.82%
05.07.2000	D		0.0540	6.81	170.862385	1,162.89	60.82%
30.09.2000				7.25	170.862385	1,238.75	64.79%
31.12.2000				4.55	170.862385	777.42	40.66%

performance calculation: adjusted percentages of end quarter quotations divided by number of quarters after begin (12)

SHAREHOLDER VALUE CREATION 0.97

this value is nothing than a benchmark, it is not a unit that can separately be interpreted

notes:

¹ redenomination of local currency to euros is shown as a stock split 166,386 in case of pesetas

events are: Dividend payments (D), Payback of face value (P), Payback of additional paid-in capital (A), Attendance compensation Shareholder Meeting (S), Conversion into euros (C)

the historical prices already consider ordinary stock splits

² share value after event on basis of last pricing of former quarter

³ normalization of shares simulates re-investment of dividends or other paybacks, or undoes splits for mathematical reasons

4.2.32. Amper, S.A.

Analysis of share performance

Company: **AMP Amper**

Performance date or event date:	Event ¹ :	Relation (1:x)	Amount:	Share value ² :	# normalized shares ³ :	Adjusted value:	Adjusted percentage:
31.12.1997				2,057.00	1.000000	2,057.00	100.00%
15.01.1998	D		20.0000	2,037.00	1.009818	2,057.00	100.00%
31.03.1998				2,050.00	1.009818	2,070.13	100.64%
30.06.1998				2,100.00	1.009818	2,120.62	103.09%
10.07.1998	D		22.5000	2,077.50	1.020755	2,120.62	103.09%
30.09.1998				1,052.00	1.020755	1,073.83	52.20%
31.12.1998				1,640.00	1.020755	1,674.04	81.38%
01.01.1999	C	166.386		9.86	169.839345	1,674.04	81.38%
15.02.1999	D		0.1352	9.72	172.201876	1,674.04	81.38%
31.03.1999				7.50	172.201876	1,291.51	62.79%
30.06.1999				7.70	172.201876	1,325.95	64.46%
15.07.1999	D		0.1352	7.56	175.280159	1,325.95	64.46%
30.09.1999				8.37	175.280159	1,467.09	71.32%
31.12.1999				7.50	175.280159	1,314.60	63.91%
31.03.2000				9.90	175.280159	1,735.27	84.36%
30.06.2000				7.62	175.280159	1,335.63	64.93%
30.09.2000				7.69	175.280159	1,347.90	65.53%
31.12.2000				5.68	175.280159	995.59	48.40%

performance calculation: adjusted percentages of end quarter quotations divided by number of quarters after begin (12)

SHAREHOLDER VALUE CREATION 0.72

this value is nothing than a benchmark, it is not a unit that can separately be interpreted

notes:

¹ redenomination of local currency to euros is shown as a stock split 166,386 in case of pesetas

events are: Dividend payments (D), Payback of face value (P), Payback of additional paid-in capital (A), Attendance compensation Shareholder Meeting (S), Conversion into euros (C)

the historical prices already consider ordinary stock splits

² share value after event on basis of last pricing of former quarter

³ normalization of shares simulates re-investment of dividends or other paybacks, or undoes splits for mathematical reasons

4.2.33. Zeltia, S.A.

Analysis of share performance

Company: **ZEL Zeltia**

Performance date or event date:	Event ¹ :	Relation (1:x)	Amount:	Share value ² :	# normalized shares ³ :	Adjusted value:	Adjusted percentage:
31.12.1997				67.50	1.000000	67.50	100.00%
31.03.1998				87.00	1.000000	87.00	128.89%
19.06.1998	P		2.0833	84.92	1.024534	87.00	128.89%
30.06.1998				153.00	1.024534	156.75	232.23%
30.09.1998				200.00	1.024534	204.91	303.57%
31.12.1998				260.00	1.024534	266.38	394.64%
01.01.1999	C	166.386		1.56	170.468090	266.38	394.64%
03.03.1999	P		0.0025	1.56	170.741253	266.38	394.64%
31.03.1999				3.98	170.741253	679.55	1006.74%
30.06.1999				3.81	170.741253	650.52	963.74%
23.07.1999	P		0.0125	3.80	171.303271	650.52	963.74%
30.09.1999				3.78	171.303271	647.53	959.30%
31.12.1999				4.37	171.303271	748.60	1109.03%
31.03.2000				14.02	171.303271	2,401.67	3558.03%
30.06.2000				15.75	171.303271	2,698.03	3997.08%
08.09.2000	P		0.0200	15.73	171.521076	2,698.03	3997.08%
30.09.2000				21.68	171.521076	3,718.58	5509.00%
31.12.2000				12.45	171.521076	2,135.44	3163.61%

performance calculation: adjusted percentages of end quarter quotations divided by number of quarters after begin (12)

SHAREHOLDER VALUE CREATION 17.77

this value is nothing than a benchmark, it is not a unit that can separately be interpreted

notes:

¹ redenomination of local currency to euros is shown as a stock split 166,386 in case of pesetas
 events are: Dividend payments (D), Payback of face value (P), Payback of additional paid-in capital (A), Attendance compensation Shareholder Meeting (S), Conversion into euros (C)

the historical prices already consider ordinary stock splits

² share value after event on basis of last pricing of former quarter

³ normalization of shares simulates re-investment of dividends or other paybacks, or undoes splits for mathematical reasons

4.2.34. Allianz AG

Analysis of share performance

Company: **ALZ Allianz**

Performance date or event date:	Event ¹ :	Relation (1:x)	Amount:	Share value ² :	# normalized shares ³ :	Adjusted value:	Adjusted percentage:
31.12.1997				238.26	1.000000	238.26	100.00%
31.03.1998				285.56	1.000000	285.56	119.85%
30.06.1998				307.54	1.000000	307.54	129.08%
08.07.1998	D		0.9715	306.57	1.003169	307.54	129.08%
30.09.1998				264.85	1.003169	265.69	111.51%
31.12.1998				312.40	1.003169	313.39	131.53%
31.03.1999				282.00	1.003169	282.89	118.73%
30.06.1999				269.00	1.003169	269.85	113.26%
00.07.1999	D		1.1248	267.88	1.007381	269.85	113.26%
30.09.1999				270.60	1.007381	272.60	114.41%
31.12.1999				333.50	1.007381	335.96	141.01%
31.03.2000				425.50	1.007381	428.64	179.90%
30.06.2000				380.00	1.007381	382.80	160.67%
12.07.2000			1.2500	378.75	1.010706	382.80	160.67%
30.09.2000				371.50	1.010706	375.48	157.59%
31.12.2000				400.70	1.010706	404.99	169.98%

performance calculation: adjusted percentages of end quarter quotations divided by number of quarters after begin (12)

SHAREHOLDER VALUE CREATION 1.37

this value is nothing than a benchmark, it is not a unit that can separately be interpreted

notes:

¹ redenomination of local currency to euros is shown as a stock split 166,386 in case of pesetas
events are: Dividend payments (D), Payback of face value (P), Payback of additional paid-in capital (A), Attendance compensation Shareholder Meeting (S), Conversion into euros (C)

the historical prices already consider ordinary stock splits

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4.2.35. Aventis S.A.

Analysis of share performance

Company: **AVT Aventis**

Performance date or event date:	Event ¹ :	Relation (1:x)	Amount:	Share value ² :	# normalized shares ³ :	Adjusted value:	Adjusted percentage:
31.12.1997				41.10	1.000000	41.10	100.00%
31.03.1998				48.01	1.000000	48.01	116.80%
26.05.1998	D		0.8575	47.15	1.018188	48.01	116.80%
30.06.1998				51.99	1.018188	52.93	128.78%
30.09.1998				35.83	1.018188	36.48	88.75%
31.12.1998				43.84	1.018188	44.64	108.62%
31.03.1999				41.90	1.018188	42.66	103.80%
26.05.1999	D		0.9147	40.99	1.040911	42.66	103.80%
30.06.1999				44.31	1.040911	46.12	112.22%
30.09.1999				48.50	1.040911	50.48	122.83%
31.12.1999				57.70	1.040911	60.06	146.13%
31.03.2000				57.20	1.040911	59.54	144.87%
05.06.2000	D		0.6750	56.53	1.053341	59.54	144.87%
30.06.2000				76.45	1.053341	80.53	195.93%
30.09.2000				85.00	1.053341	89.53	217.84%
31.12.2000				93.50	1.053341	98.49	239.63%

performance calculation: adjusted percentages of end quarter quotations divided by number of quarters after begin (12)

SHAREHOLDER VALUE CREATION 1.44

this value is nothing than a benchmark, it is not a unit that can separately be interpreted

notes:

¹ redenomination of local currency to euros is shown as a stock split 166,386 in case of pesetas

events are: Dividend payments (D), Payback of face value (P), Payback of additional paid-in capital (A), Attendance compensation Shareholder Meeting (S), Conversion into euros (C)

the historical prices already consider ordinary stock splits

² share value after event on basis of last pricing of former quarter

³ normalization of shares simulates re-investment of dividends or other paybacks, or undoes splits for mathematical reasons

4.2.36. Groupe Danone

Analysis of share performance

Company: **DAN Danone**

Performance date or event date:	Event ¹ :	Relation (1:x)	Amount:	Share value ² :	# normalized shares ³ :	Adjusted value:	Adjusted percentage:
31.12.1997				81.94	1.000000	81.94	100.00%
31.03.1998				114.03	1.000000	114.03	139.16%
00.05.1998	D		4.2305	109.80	1.038528	114.03	139.16%
30.06.1998				127.07	1.038528	131.96	161.04%
30.09.1998				112.28	1.038528	116.60	142.30%
31.12.1998				121.96	1.038528	126.66	154.57%
31.03.1999				116.55	1.038528	121.04	147.72%
26.06.1999	D		4.5000	112.05	1.080236	121.04	147.72%
30.06.1999				125.00	1.080236	135.03	164.79%
30.09.1999				114.25	1.080236	123.42	150.62%
31.12.1999				117.00	1.080236	126.39	154.24%
31.03.2000				115.50	1.080236	124.77	152.26%
30.05.2000	D		5.2500	110.25	1.131676	124.77	152.26%
30.06.2000				139.00	1.131676	157.30	191.97%
30.09.2000				155.60	1.131676	176.09	214.90%
31.12.2000				160.60	1.131676	181.75	221.80%

performance calculation: adjusted percentages of end quarter quotations divided by number of quarters after begin (12)

SHAREHOLDER VALUE CREATION 1.66

this value is nothing than a benchmark, it is not a unit that can separately be interpreted

notes:

¹ redenomination of local currency to euros is shown as a stock split 166,386 in case of pesetas

events are: Dividend payments (D), Payback of face value (P), Payback of additional paid-in capital (A), Attendance compensation Shareholder Meeting (S), Conversion into euros (C)

the historical prices already consider ordinary stock splits

² share value after event on basis of last pricing of former quarter

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4.2.37. DaimlerChrysler AG

Analysis of share performance

Company: **DCR DaimlerCrysler**

Performance date or event date:	Event ¹ :	Relation (1:x)	Amount:	Share value ² :	# normalized shares ³ :	Adjusted value:	Adjusted percentage:
31.12.1997				64.53	1.000000	64.53	100.00%
31.03.1998				86.92	1.000000	86.92	134.70%
30.06.1998				90.75	1.000000	90.75	140.63%
30.09.1998				71.48	1.000000	71.48	110.77%
31.12.1998				84.11	1.000000	84.11	130.34%
31.03.1999				80.60	1.000000	80.60	124.90%
	D		2.3500	78.25	1.030032	80.60	124.90%
30.06.1999				84.00	1.030032	86.52	134.08%
30.09.1999				64.70	1.030032	66.64	103.27%
31.12.1999				77.20	1.030032	79.52	123.23%
31.03.2000				68.40	1.030032	70.45	109.18%
	D		2.3500	66.05	1.066680	70.45	109.18%
30.06.2000				54.95	1.066680	58.61	90.83%
30.09.2000				50.53	1.066680	53.90	83.53%
31.12.2000				45.20	1.066680	48.21	74.72%

performance calculation: adjusted percentages of end quarter quotations divided by number of quarters after begin (12)

SHAREHOLDER VALUE CREATION 1.13

this value is nothing than a benchmark, it is not a unit that can separately be interpreted

notes:

¹ redenomination of local currency to euros is shown as a stock split 166,386 in case of pesetas

events are: Dividend payments (D), Payback of face value (P), Payback of additional paid-in capital (A), Attendance compensation Shareholder Meeting (S), Conversion into euros (C)

the historical prices already consider ordinary stock splits

² share value after event on basis of last pricing of former quarter

³ normalization of shares simulates re-investment of dividends or other paybacks, or undoes splits for mathematical reasons

4.2.38. Nokia Corp.

Analysis of share performance

Company: **NOK Nokia**

Performance date or event date:	Event ¹ :	Relation (1:x)	Amount:	Share value ² :	# normalized shares ³ :	Adjusted value:	Adjusted percentage:
31.12.1997				4.07	1.000000	4.07	100.00%
31.03.1998				6.33	1.000000	6.33	155.53%
00.04.1998	D		0.0775	6.25	1.012395	6.33	155.53%
30.06.1998				8.48	1.012395	8.59	210.94%
30.09.1998				8.49	1.012395	8.60	211.19%
31.12.1998				13.03	1.012395	13.19	324.12%
31.03.1999				18.64	1.012395	18.87	463.66%
00.04.1999	D		0.1200	18.52	1.018955	18.87	463.66%
30.06.1999				21.25	1.018955	21.65	532.01%
30.09.1999				21.02	1.018955	21.42	526.25%
31.12.1999				45.00	1.018955	45.85	1126.61%
31.03.2000				55.25	1.018955	56.30	1383.22%
04.04.2000	D		0.2000	55.05	1.022657	56.30	1383.22%
30.06.2000				53.45	1.022657	54.66	1343.02%
30.09.2000				45.92	1.022657	46.96	1153.82%
31.12.2000				47.50	1.022657	48.58	1193.52%

performance calculation: adjusted percentages of end quarter quotations divided by number of quarters after begin (12)

SHAREHOLDER VALUE CREATION 7.19

this value is nothing than a benchmark, it is not a unit that can separately be interpreted

notes:

¹ redenomination of local currency to euros is shown as a stock split 166,386 in case of pesetas

events are: Dividend payments (D), Payback of face value (P), Payback of additional paid-in capital (A), Attendance compensation Shareholder Meeting (S), Conversion into euros (C)

the historical prices already consider ordinary stock splits

² share value after event on basis of last pricing of former quarter

³ normalization of shares simulates re-investment of dividends or other paybacks, or undoes splits for mathematical reasons

5. ANALYSIS OF THE ORIENTATION-CREATION RELATION

Chapter 3 evaluated to what extent the researched companies were shareholder value orientated during the three-year research period, and scored the shareholder value orientation of each company. Then, chapter 4 developed a valuation model in order to quantify the value creation of these companies. It is the purpose of this chapter to find out if there exists a relation between shareholder value orientation and shareholder value creation. **The hypothesis is that there is a positive relation, that is, the more a company focuses on the objective to create shareholder value the more value it will create for its shareholders:**

H₀: shareholder value orientation is not positively related to shareholder value creation

H₁: shareholder value orientation is positively related to shareholder value creation

The hypothesis can be tested by applying a regression analysis because “regression analysis may be broadly defined as the analysis of relationship among variables.” (Chatterjee, Price 1977: 1). The two variables subject to this regression analysis are *shareholder value orientation* and *shareholder value creation*. As explained previously in chapter 3, two analyses will be conducted: one taking into consideration the information contribution of the returned questionnaires, and another without this effect discounting the additional score replying companies achieved for information contained in the questionnaires. The reason is that not all companies answered the questionnaires.

The database for the regression analysis is hence the empirical results of value orientation and creation which is summarized in the following table:

Company		Orientation		Creation
Code	Name	Total score with questionnaire	Total score without questionnaire	Value creation
ACE	Autopistas, Concesionaria Española, S.A.	4.32	4.32	0.98
ACS	ACS, Actividades de Construcción y Servicios, S.A.	6.09	6.09	1.28
ACR	Aceralia Corporación Siderúrgica, S.A.	7.14	6.41	1.04
ACX	Acerinox, S.A.	3.85	3.85	1.11
AGS	Agbar, Sociedad General de Aguas de Barcelona, S.A.	5.91	4.82	1.28
ALB	Corporación Financiera Alba, S.A.	5.09	5.09	1.57
ANA	Acciona, S.A.	6.64	6.64	1.80
AUM	AUREA Concesiones de Infraestructura, S.A.C.E.	5.45	5.45	1.20
BBV	Banco Bilbao Vizcaya Argentaria, S.A.	9.32	8.18	1.50
BKT	Bankinter, S.A.	7.35	7.35	1.61
CAN	Hidroeléctrica del Cantábrico, S.A.	6.86	6.86	1.32
CTG	Gas Natural SDG, S.A.	6.59	6.59	1.45
DRC	Grupo Dragados, S.A.	6.45	6.45	1.53
ELE	Endesa, S.A.	7.86	7.86	1.34
FCC	Fomento de Construcciones y Contratas, S.A.	4.64	4.64	1.38
IBE	Iberdrola, S.A.	7.32	7.32	1.25
MAP	Corporación Mapfre, Compañía Internacional de Reaseguros, S.A.	5.95	4.27	0.88
NHH	NH Hoteles, S.A.	6.55	6.55	2.40
POP	Banco Popular Español, S.A.	6.75	6.75	1.13
PRY	Centros Comerciales Carrefour, S.A.	4.59	4.59	1.28
PUL	Ebro Puleva, S.A.	2.00	2.00	0.91
REP	Repsol YPF, S.A.	7.14	7.14	1.47
SCH	Banco Santander Central Hispano, S.A.	9.73	8.86	1.42
SOL	Sol Meliá, S.A.	5.41	5.41	0.98
TAB	Altadis, S.A.	6.82	6.82	1.24
TEF	Telefónica, S.A.	8.09	8.09	2.03
TPZ	Tele Pizza, S.A.	7.00	7.00	1.68
UNF	Unión Eléctrica Fenosa, S.A.	8.05	7.27	1.89
URA	Uralita, S.A.	6.27	6.27	0.87
VAL	Vallehermoso, S.A.	7.59	6.64	1.00
VIS	Viscofan, Industria Navarra de Envolturas Celulósicas, S.A.	3.80	3.80	0.97
AMP	Amper, S.A.	5.73	5.73	0.72
ZEL	Zeltia, S.A.	5.00	5.00	17.77
ANZ	Allianz AG	9.18	7.55	1.37
AVT	Aventis S.A.	7.14	7.14	1.44
DAN	Groupe Danone	7.95	7.95	1.66
DCX	DaimlerChrysler AG	8.73	7.86	1.13
NOK	Nokia Corp.	6.73	6.73	7.19

Table 22: Empirical results: value orientation and value creation

The table shows that the ratio for value creation lies between 0.72 (Amper, S.A.) and 2.40 (NH Hoteles, S.A.) for all companies but two outliers: Zeltia, S.A. reached a score of 17.77 and Nokia Corp. was rated 7.19. What make Zeltia and Nokia outliers?

Zeltia is a pharmaceutical company that develops anti-cancer drugs in the basis of maritime organisms. Some of the drugs have already successfully surpassed various laboratory stages, and it can be expected that the company

in case of success (that is a license to treat patients with the company's drugs) will make a great deal with its products. So, the hopefully extraordinary future success with some products explains the evolution of Zeltia's share price during the research period. This single effect is stronger than the price influence of shareholder value orientation as presented in this thesis.

Nokia's performance is not so spectacular as that of Zeltia shares. However, the company's value creation exceeds that of the rest of the companies by far. The reasons behind the extraordinary increase of Nokia share price has to do with the product also. Nokia is one of the largest producers of mobile telephones worldwide. During the period of this research high tech firms as Nokia, above all those that belong to the telecommunications and Internet sector, experienced an extraordinary revaluation since investors and analysts expected high growth and profit opportunities for them.

In both cases, not the orientation towards the creation of shareholder value reflected in the eleven variables analyzed in this thesis but very optimistic expectations concerning future success of the companies' products led to a phenomenal value creation, respectively. Therefore, both companies, Zeltia, S.A. and Nokia Corp., will be eliminated in this statistical analysis.

The regression analyses are conducted with the statistical tools provided by Microsoft Excel 2000.¹³

¹³ "For detailed information about the algorithms used to create the Microsoft Excel analysis tools and functions, see the following book: Strum, Kirk 1988. For detailed information about statistical methods or the algorithms used to create the Microsoft Excel statistical tools and functions, see the following books: Abramowitz, Stegun 1972; Box, W.G. Hunter, J.S. Hunter; Devore 1995, McCall 1990; Press, Teukolsky, Vetterling, Flannery 1992." (Microsoft Excel online help function, Microsoft Excel 2000)

The data consists then of 36 observations on the dependent variable *shareholder value creation* and the explanatory variable *shareholder value orientation*.

In a first step the regression analysis takes as independent variable values of shareholder value orientation including information from questionnaires.

The result is this statistical summary:

	Coefficients	Standard Error	<i>t</i>
Variable	0.085	0.034	2.54
Intercept	0.780	0.226	3.45
<i>n</i> = 36	$R^2 = 0.159$	$s = 0.328$	

Table 23: Summary output of regression analysis with information from questionnaire

Shareholder value orientation explains 15.9% of shareholder value creation. Since the *t*-value for 34 degrees of freedom is 2.0322, the H_0 hypothesis can be rejected. The size of the standard error, $s = 0.328$, is relatively small compared to the scatter in the values of value creation which ranges from 0.72 to 2.40. A positive result can be reported: shareholder value orientation turns to account.

It is worthwhile to see what happens when scores coming from questionnaires are not taken into consideration. Questionnaires gave *all* selected research companies the opportunity to provide further information. Therefore, it is justified to determine the explanation power of shareholder value orientation for shareholder value creation with *additional* scores from questionnaire. Unfortunately, not all companies returned the questionnaire. So, and bearing in mind that companies which replied questionnaires turned out with higher scores, it

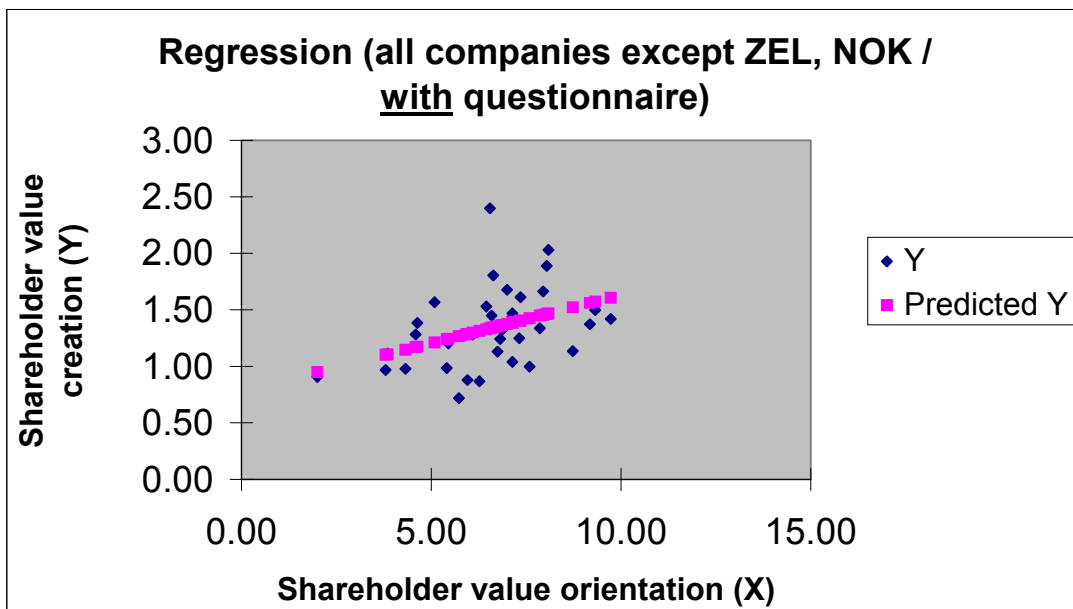
makes sense to repeat the above regression analysis excluding information from questionnaires.

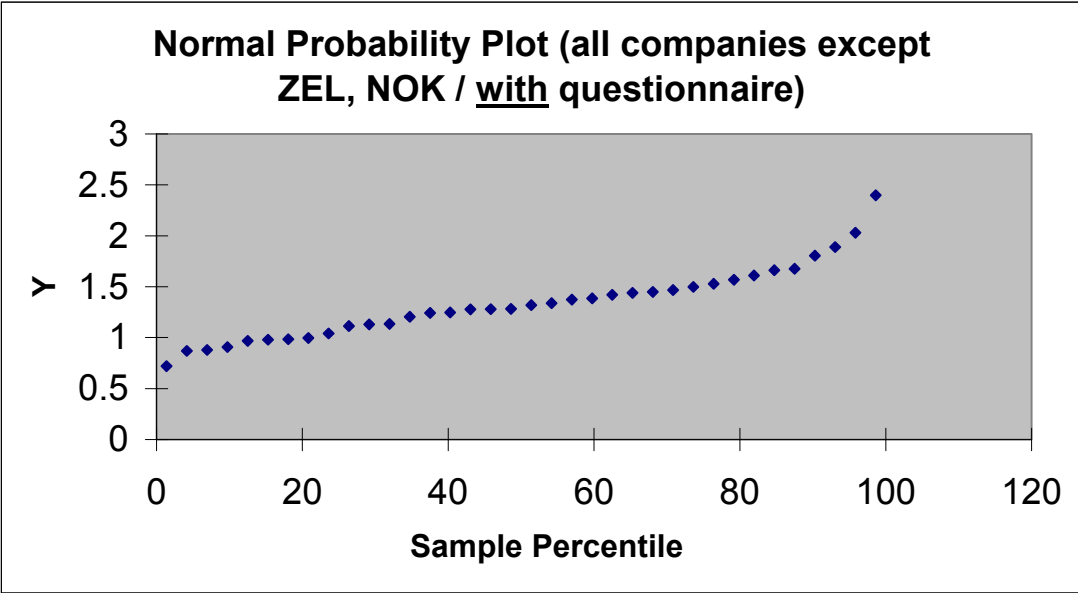
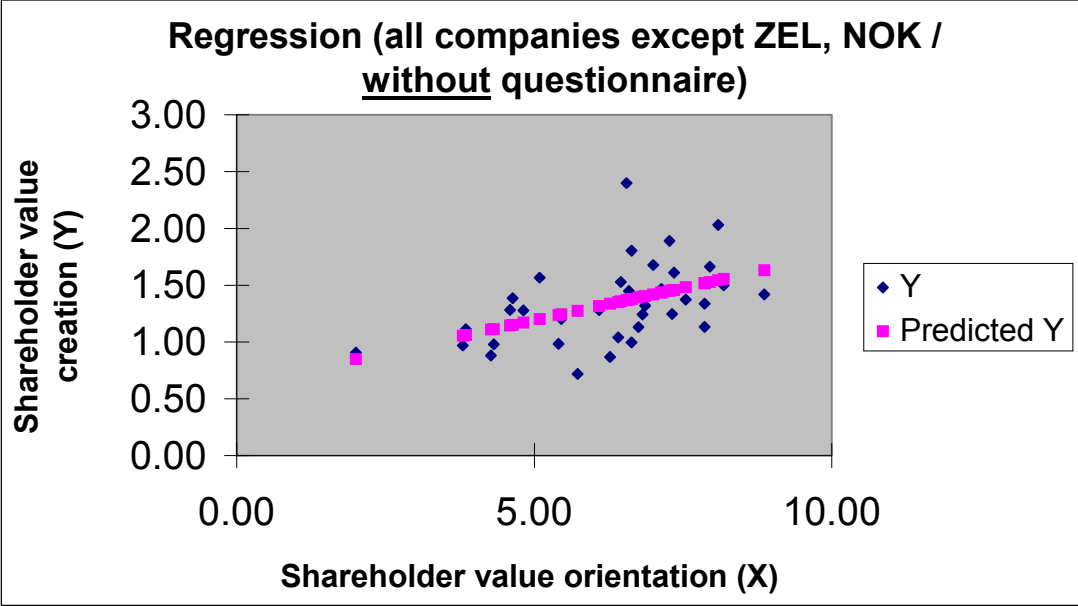
Indeed, the summary output shows a much higher coefficient of determination which increases from $R^2 = 0.159$ to $R^2 = 0.234$.

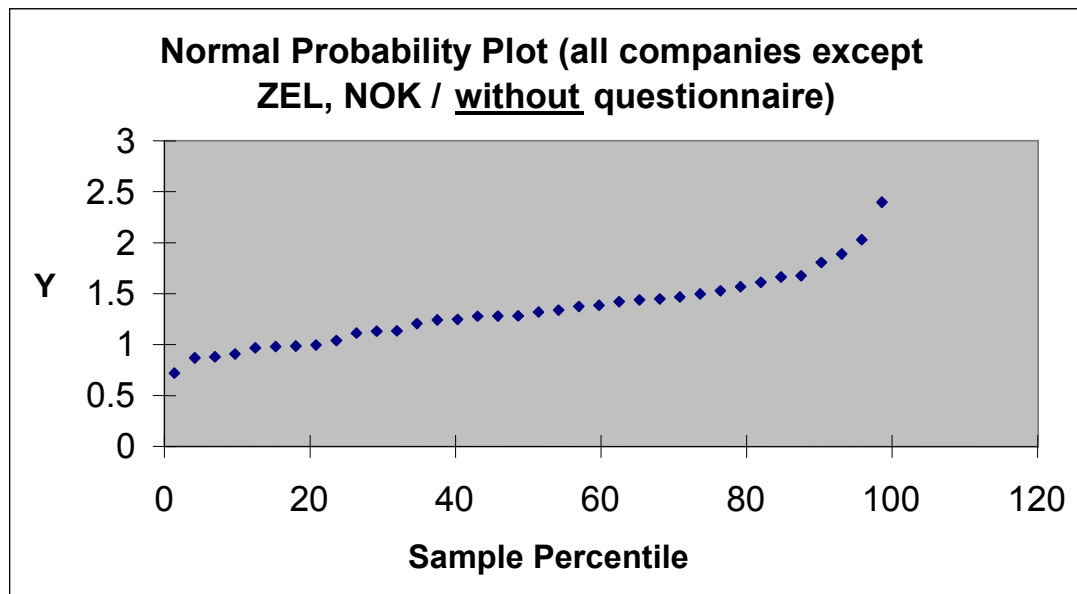
	Coefficients	Standard Error	<i>t</i>
Variable	0.114	0.035	3.23
Intercept	0.622	0.228	2.73
<i>n</i> = 36	$R^2 = 0.234$	$s = 0.313$	

Table 24: Summary output of regression analysis without information from questionnaire

The following graphs show the regression and the normal probability plot in order to check normality for both regression analyses, with and without information from the questionnaire.







In the case of the regression analysis that considers information from questionnaires, for NH Hoteles, S.A. the standard residual is 3.28 while 25 observations (69.4%) are between -1 and 1 , and 35 observations (97.2%) lie between -2 and 2 . When information from questionnaires is eliminated the standard residual of NH Hoteles, S.A. is 3.33 being 26 observations (72.2%) between -1 and 1 , and again 35 observations (97.2%) between -2 and 2 . The reasons for the outlier position of NH Hoteles, S.A. cannot be found so easily as before in the cases of Zeltia, S.A. and Nokia Corp. In consequence, the result of this regression analysis should be considered valid.

In summary, the regression analyses conducted in this chapter prove a significant relation between shareholder value orientation and shareholder value creation. Due to model assumptions the determination coefficient is higher when information that comes from the questionnaire is not included. If the reality is supposed to be within the range of the R^2 for all companies but Zeltia and Nokia with their specific reasons for out-

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lier positions whereby questionnaires are included and the R^2 for all companies except Zeltia and Nokia without questionnaire information, then between 15.9% and 23.4% of shareholder value creation is due to shareholder value orientation. The (bigger) rest comes from other factors, presumably from general market movements. In any case, it can be concluded that shareholder value orientation pays and that companies which pursue the objective to create value through a right understanding and application of the main value drivers have good chances to outperform other companies less shareholder value orientated.

6. CONCLUSIONS

The central task of this doctoral dissertation is to explain and to quantify the relation between shareholder value orientation and shareholder value creation. The research proceeded in four steps. After determining the value of a firm and how to measure value variations, the impact of the major shareholder value variables on the creation of value was examined from a theoretical point of view by means of a revision of the literature in this field. The obtained theoretical findings served to determine in quantitative terms the shareholder value orientation of the companies that were chosen to build the sample of this research. Then, shareholder value creation of the same companies was calculated. Reference period of both empirical studies were the financial years 1998 to 2000, both included. Finally, a statistical analysis quantified the relation between shareholder value orientation and shareholder value creation. This chapter summarizes the most important theoretical and empirical outcomes of this research, discusses results, and makes some proposals for further researches.

The net value of a company attributable to shareholders is the value of the firm less its debts. The total value can be split into three components:

1. The discounted value of the cash flow proceeding from the firm's activities during the planning period.
2. A "residual value" which represents the discounted value of the period following the forecast horizon.

3. The market value of all assets and investments that do not generate cash flow and could be sold.

The financial plan has to be interpreted and executed in a dynamic way taking into account the value of real options.

A performance measure that is generally applicable and results consistent with the NPV (net present value) criterion is, for example, Stern Stewart's EVA[®] (Economic Value Added). EVA can be defined as the residual amount after deducting from incoming revenues the totality of costs including capital opportunity costs and taxes.

Eleven shareholder value variables were identified to be crucial for the creation of value: The general attitude of companies towards the creation of shareholder value, investments, managerial and organizational flexibility, human resources, dividend payments and dividend policy, growth, mergers and alliances as two outstanding measures of corporate control, liquidity of shares, risk management, cost management, and competitive advantages.

A positive general *attitude* towards the objective of value maximization for shareholders is an indispensable condition.

Basic success condition for *investment* projects is that they fit in the corporate strategy. It is an outstanding task of management to choose the best project alternative from a set of all possible projects. The evaluation of all found or created investment options is especially crucial since only a correct evaluation assures that shareholder value will be created. Besides investing in new projects that promise an increase of shareholder value, companies also have to

replace fixed assets when they are economically written off, that is when a replacement increases the firm's value. The special challenge of a replacement is to find the optimal moment for the investment. Shareholder value oriented investment policy does not limit itself to prepare the optimal decisions to realize investment projects. Rather, only those companies which establish the complete controlling cycle – planning, realization, control of deviation, and if necessary corrections – will maximize their shareholder value. Finally, when the investment project is finished a post-completion audit should take place.

Investment controlling and post-completion audits express management's *flexibility*. If deviations in relation to the original plan are discovered, often procedures and maybe also strategies must be changed in order to profit from new information. Flexibility, also in form of flexible production processes, just-in-time logistics or flexible working hours are valuable. A management that deliberately defers, switches, or abandons projects, or alters operating scales, or exercises growth options, generates value for shareholders. Applied flexibility creates real options that can be valued by means of techniques of option pricing.

Human resources play a decisive roll for the success of a company and its capability to create value. If managers are able and willed to make the best decisions, to adapt the firm in a flexible manner to permanently changing market conditions, and to act always on behalf of shareholders, they will have a great impact on firm's value. Employment contracts and the remuneration system set the course for managers' efficiency. Both are optimal if a manager who maximizes his or her own utility maximizes shareholder value at the same time. Conditions for a shareholder value efficient reward system are appropriate per-

formance measures and the optimal composition of rewards. Not only managers create (or destroy) shareholder value but also all the staff is crucial for the performance of a company. Many human resource practices have been identified to be value drivers: internal career opportunities, training, result-oriented appraisals, employment security, participation in decision-making, improvement of processes, existence of job descriptions, profit sharing, self-directed teams, job-rotation, problem solving groups, quality circles, total quality management, hiring criteria, grievance procedures, or social events are some important human resources practices that influence the creation of shareholder value.

The *dividend*-invariance proposition of Miller and Modigliani (1961) that the amount of dividend that a company pays to its shareholders does not affect shareholder value when the investment decision is made is generally accepted. However, it can be observed that share prices react on announcements that a dividend will be increased or cut. It is not the payment but information about dividend policy, which has an impact on shareholder value. Normally, dividend increases point at good prospects and justify higher share prices, while dividend cuts are signs of pessimism and share prices should correct downwards. However, if management explains cuts with attractive investment possibilities that can be cheaper financed through retained liquidity than through the capital market for debt, the signal can be positive. Share repurchases are special “dividend payments” without long-term character: management does not feel obliged to maintain the cash out level in the future. So-called gratis share issues do not have any impact on shareholder value.

Growth usually sounds well to managers. But growth for its own sake does not create shareholder value, whatever kind of growth (revenues, produc-

tion outcome, staff...) is meant. Only the case of market share growth is severely disputed among theorists. However, efforts to prove, generally or context specific, a direct correlation between growth of market share and creation of shareholder value have not succeeded so far. While some authors come to the theoretical conclusion that in a market growth environment firms can increase shareholder value by increasing market share, other authors find the contrary. Empirical studies lead to different results as well. A significant number of researchers prove a positive correlation between market share growth and shareholder value creation, but also a lot of studies argue the relationship is not causal but to be attributed to other factors as management quality or luck.

Corporate control is treated in this thesis as a shareholder value variable analyzing mergers, acquisitions and strategic alliances. Seen from the point of view of the shareholders of the acquiring firm, the condition for a justified merger is that the purchase price must not be higher than the isolated price of the target firm plus savings or additional profits from synergies that are expected to be realized. But success of a merger not only depends upon the fulfillment of financial conditions. If there are theoretically ideal circumstances for a shareholder value increasing outcome but the merger is poorly installed, all efforts can end in failure, and shareholder value is destroyed. If a firm is targeted for a takeover attempt, the operation may be in the best interest of target's shareholders. When the acquirer offers a premium that exceeds target firm's value to such a degree that shareholders cannot expect from their incumbent managers to generate at least the same value, shareholders will consider accepting a takeover of their company. Empirical analyses of mergers show that in many cases shareholders did not profit from the operation. Alternatively, so-

called strategic imperatives can be obtained also by means of collaboration, like participation or a wide range of strategic alliances.

Market *liquidity* of shares is a highly relevant shareholder value variable. The higher the bid-ask spread the higher are trading costs, that is, liquidity costs. “Investors require a higher expected return from an asset with lower liquidity to compensate for its higher trading costs. Thus, firms have an incentive to carry out policies which increase liquidity of the financial claims they issue, since this may lower the required return on these claims and increase their value.” (Amihud, Mendelson 1988: 6) Some measures to increase liquidity are going public, standardize claims, limit liability, disclose internal information, underwrite and certificate, or list shares in various and important stock exchanges. Not only share liquidity but also bond liquidity (where bonds are issued) has an impact on shareholder value.

Risk determines the required rate of return and, thus, the value of a project or the value of the total company as the sum of all its projects if the time-structure of cash flows is given. The reduction of any kind of risk that does not reduce the inflow of cash or increase cash outflows creates value. The Capital Asset Pricing Model and the Arbitrage Pricing Theory are two useful and most frequently used quantitative tools to measure the required rate of return. Given the impact that risk has on the value of a company the topic should concern top management directly. Management has to define risk policies and to control the firm's risk position. Concerning some frequently proposed general risk strategies this thesis comes to the following conclusions: Diversification increases shareholder value only in extreme situations when it reduces the probability of bankruptcy. Normally investors prefer to diversify according to their own criteri-

ons, and penalize diversifying firms discounting from the price of the firm's shares a so-called "conglomerate discount". Risk insurances make sense if investors are not fully informed of companies' exposures (normal case), and if companies have lower transaction costs than investors. The capital structure does not matter in perfect capital markets; managers cannot create shareholder value by altering the capital structure. However, in the not so perfect real world high gearing increases the danger of financial distress, and the variability in corporate earnings can affect firm's ability to take full advantage of tax credits and write offs. Companies, which invest in foreign countries, have to cope with political risks. There are many useful strategies to remain relatively independent from arbitrary decisions of foreign governments.

Companies that are oriented towards the creation of shareholder value are always eager to cut unnecessary *costs*. Generally, cost reductions that lead to higher returns without affecting the market risk of a project or the whole firm, and without knocking off real options, increase the company's value. Cost accounting systems provide a wide range of tools for a solid cost analysis. The combination of traditional systems and new tools, such as activity based costing, gives executives the best chances to pursue an optimal cost management. Costs can be reduced by restructuring, downsizing, outsourcing, lean production, and the use of dynamic sources of cost efficiency.

Shareholder value variable *competitive advantages* is the culmination of most value drivers, or, rather said, their synthesis, but it is at the same time an "independent" variable for enabling an independent approach to create shareholder value. Competitive advantages are necessary if a company, which works in a nearly perfect market, aims to gain more than capital costs, that is, if its ob-

jective is to create shareholder value. A network of relational contacts, innovation, and / or reputation are the preconditions for competitive advantages. The three main generic strategies for achieving competitive advantage are cost leadership, differentiation, and focus, while specific strategies are, for example, overwhelming size, preferred access to resources or customers, or policies that limit competitors.

The briefly summarized theoretical findings concerning these shareholder value variables built the ground for the evaluation of shareholder value orientation of the sample companies. Companies were scored in function of their understanding and application of shareholder value variables. A general valuation framework was developed in order to define the quality of shareholder value orientation for each of the eleven score categories (0 to 10 points). That scheme was then extended to each shareholder value variable.

How are shareholder value variables understood and applied in the sample of the 38 companies that provided the full database? The average score creates an indicator. When interpreting average scores according to score definitions of the general valuation scheme (chapter 3) one has to bear in mind that the valuation scheme only refers to the understanding and application of the variable and does not consider neither extra points for additional information and positive tendencies nor reductions of points. So, there is a danger to assess understanding and application of variables too positively. Nevertheless, the interpretation is accepted as being correct.

It came out that *general shareholder value orientation* is quite satisfying with an average score of 7.45 points. Companies consciously and explicitly

stress the objective of value creation for shareholders. Hidroeléctrica del Cantábrico achieved the highest score, Puleva showed the least general shareholder value orientation.

Concerning the specific shareholder value variables, *corporate control* holds the top position when evaluating the application of this variable (average 9.19). On average, it can be assumed that companies involved in mergers or establishing strategic alliances create shareholder value. Best in class are Gas Natural, Iberdrola, Indra Sistemas, Aventis, and DaimlerChrysler. Only Contiente did not pass the examination.

Very sophisticated is also the application of shareholder value variable *investments* (average 8.34). Most companies prove that they understand the extraordinary importance of investments for shareholder value creation and apply the variable consciously in a way that enables to assume that value will be really created. Winners are Aguas de Barcelona and Aurea (Aumar). Telefónica Publicidad e Información showed the worst application.

Growth is important to many of the selected companies, and the variable is well understood (average 6.86). Generally, it can be supposed that this variable is consciously applied to the goal of creating shareholder value. Allianz showed a nearly perfect understanding, while Puleva disappointed again.

Four variables are understood and applied in a way that shows that they are used to create shareholder value: *cost management*, *liquidity of shares*, *risk management*, and *dividends*. However, considerable deficiencies in both understanding and application were detected.

Cost management comes to an average score of 6.45 points. Banco Santander Central Hispano is the company with the best concept, understanding and application of this variable. Acerinox, Continente, FCC, Amadeus, and Zeltia fail to explain shareholders their cost management.

Liquidity follows with an average score of 6.29 points. Allianz demonstrates the best performance, while Altadis (Tabacalera) is the weakest company concerning this variable.

Risk management (average 6.13) ranks seventh among all shareholder value variables and has not an adequate priority for too many of the researched companies. The overall impression is that the importance of this variable is generally underestimated. The best mark corresponds to Banco Santander Central Hispano. Maybe banks have on average a better risk management than other companies since it is a direct function of their business and central banks control the risk managements of banks. However, firms in other sectors have a great opportunity to create shareholder value by installing or improving their risk management. Acerinox, Indra Sistemas, Puleva, and Terra Networks did not refer to the obligatory variable *risk management* at all.

The relatively weak average score of shareholder value variable *dividends* (6.11) is interpreted less seriously since the overall impact on value creation is less extensive than in the case of *risk management* or *cost management*. Best practices were found at the two banks Bankinter and Banco Bilbao Vizcaya Argentaria. From those companies, which explained their dividend policy (not an obligatory variable), Pryca comes out with the lowest score.

Shareholder value variable *human resources* comes only to an average score of 5.49 that stands just for the right *basic* understanding and application, but does not indicate that companies use this value driver consciously to create shareholder value. The reason is that many companies failed to present the remuneration system for executives. At the upper end of the valuation scale is Allianz and at the lower end is Aurea (Aumar).

The importance of *flexibility* is not recognized by many of the researched companies (average 5.45). Banco Bilbao Vizcaya Argentaria could be a model for them. Acerinox, Puleva, and Telefónica Publicidad e Información are the companies with the highest need to improve.

The worst average score corresponds to shareholder value variable *competitive advantages*: 4.34 points on average are interpreted in the sense that the importance of competitive advantages is recognized, but an application aimed at creating shareholder value cannot be proved. The reason is the different valuation of the variable due to its different nature. Repsol, Banco Santander Central Hispano, DaimlerChrysler, and Nokia earned highest scores. Autopistas, Alba, Aurea (Aumar), Banco Popular, and Puleva are the outstanding underperformers.

Overall winners of the scoring are the two banking groups Banco Santander Central Hispano (average 9.73) and Banco Bilbao Vizcaya Argentaria (average 9.32). Both entities are noticeable for their sophisticated risk and cost management. Puleva (average 2.00) and Continente (2.10) are on the opposite side of the score list. They do not inform shareholders adequately or fail in understanding and / or application of shareholder value variables.

Value creation was measured in this doctoral thesis in the following way: Quoted stock prices at the end of the twelve quarters during the research period 1998 to 2000 (adjusted for dividend payments, paybacks of face value, paybacks of additionally paid-in capital, compensations for attendance to shareholder meetings, splits) were taken and the standardized average price level of each share was determined.

The results of the value creation calculation showed standardized levels between 0.72 (Amper) and 2.40 (NH Hoteles) for all but two companies that can be classified as outliers for their strong deviations from the rest.

The regression analyses proved a significant relation between shareholder value orientation and shareholder value creation. Due to model assumptions (information coming from questionnaires can only improve the scoring of a company) the determination coefficient is higher when information that comes from the questionnaire is not included. Results show that between 15.9% and 23.4% of shareholder value creation is due to shareholder value orientation. The rest comes from other factors, presumably from general market movements. This doctoral thesis concludes that shareholder value orientation pays, and that companies which pursue the objective to create value through a right understanding and application of the main value drivers have good chances to outperform other companies less shareholder value orientated.

This thesis took as research period the three financial years 1998, 1999, and 2000 and analyzed the shareholder value orientation and shareholder value creation of 38 mainly Spanish blue chip companies. The framework of this research limits any generalization of the results obtained. An extension to a sam-

ple with more companies, including also small firms and firms from other countries and continents, is necessary to affirm or modify the conclusions reached in this doctoral thesis. Another limitation for any generalization lies in the relative short research period. To what extent shareholder value orientation explains shareholder value creation when a full economic cycle and / or a full cycle of a bullish and bearish stock market is analyzed is an interesting question to be further studied.

Extensions of the present research can come up with interesting answers not only to these questions but also to topics such as the following:

- Which are the reasons why executives do not apply theories?
- Are some variables more important than others? How can a different significance be stated?
- Can some variables be considered basis or condition for other variables?
- Is there theoretically a best practice to apply the variables?
- What are the conditions and requirements for an integrative approach?
How should the most important shareholder value variables be brought into a quantitative model?

This thesis can be viewed as a first step for further research to develop an integrated framework that includes the most influential variables in a shareholder value model.

7. ANNEXES

7.1. LIST OF RESEARCHED COMPANIES

Code	Company	Index	Sector
ACE	Autopistas, Concesionaria Española, S.A.	IBEX 35	Infrastructure
ACS	ACS, Actividades de Construcción y Servicios, S.A.	IBEX 35	Construction
ACR	Aceralia Corporación Siderúrgica, S.A.	IBEX 35	Steel
ACX	Acerinox, S.A.	IBEX 35	Steel
AGS	Agbar, Sociedad General de Aguas de Barcelona, S.A.	IBEX 35	Water
ALB	Corporación Financiera Alba, S.A.	IBEX 35	Investment holding
ANA	Acciona, S.A.	IBEX 35	Infrastructure
ARG	Argentaria, Caja Postal y Banco Hipotecario, S.A.	IBEX 35	Banks
AUM	Autopistas del Mare Nostrum, S.A., Concesionaria del Estado	IBEX 35	Infrastructure
BBV	Banco Bilbao Vizcaya, S.A.	IBEX 35	Banks
BCH	Banco Central Hispano, S.A.	IBEX 35	Banks
BKT	Bankinter, S.A.	IBEX 35	Banks
CAN	Hidroeléctrica del Cantábrico, S.A.	IBEX 35	Electricity
CTE	Centros Comerciales Continente, S.A.	IBEX 35	Retailer
CTG	Gas Natural SDG, S.A.	IBEX 35	Oil and gas
DRC	Dragados y Construcciones, S.A.	IBEX 35	Construction
ELE	Endesa, S.A.	IBEX 35	Electricity
FCC	Fomento de Construcciones y Contratas, S.A.	IBEX 35	Construction
FER	Grupo Ferrovial, S.A.	IBEX 35	Construction
IBE	Iberdrola, S.A.	IBEX 35	Electricity

IDR	Indra Sistemas, S.A.	IBEX 35	Electronic and electric equipment
MAP	Corporación Mapfre, Compañía Internacional de Reaseguros, S.A.	IBEX 35	Insurance
NHH	NH Hoteles, S.A.	IBEX 35	Hotels
POP	Banco Popular Español, S.A.	IBEX 35	Banks
PRY	Centros Comerciales PRYCA, S.A.	IBEX 35	Retailer
PUL	Puleva, S.A.	IBEX 35	Food producers
REP	Repsol, S.A.	IBEX 35	Oil and gas
SCH	Banco Santander, S.A.	IBEX 35	Banks
SOL	Sol Meliá, S.A.	IBEX 35	Hotels
TAB	Tabacalera, S.A.	IBEX 35	Tobacco
TEF	Telefónica, S.A.	IBEX 35	Telecoms
TPZ	Tele Pizza, S.A.	IBEX 35	Food producers
UNF	Unión Eléctrica Fenosa, S.A.	IBEX 35	Electricity
URA	Uralita, S.A.	IBEX 35	Building materials
VAL	Vallehermoso, S.A.	IBEX 35	Construction
VIS	Viscofan, Industria Navarra de Envolturas Celulósicas, S.A.	IBEX 35	Cellulose casings
AMS	Amadeus Global Travel Distribution, S.A.	IBEX NM	Travel distribution
AMP	Amper, S.A.	IBEX NM	Electronic and electric equipment
TPI	Telefónica Publicidad e Información, S.A.	IBEX NM	Telecoms
TRR	Terra Networks, S.A.	IBEX NM	Telecoms
ZEL	Zeltia, S.A.	IBEX NM	Pharmaceutical / Biotech
ANZ	Allianz AG	EuroStoxx 50	Insurance
AVT	Aventis SA	EuroStoxx 50	Pharmaceutical / Biotech

DAN	Groupe Danone	EuroStoxx 50	Food producers
DCR	DaimlerChrysler AG	EuroStoxx 50	Automobile
NOK	Nokia Corp.	EuroStoxx 50	Information technology

Table 25: Companies of the research sample

7.2. QUESTIONNAIRE

After termination of the analysis of the annual reports of the companies making up the research sample a questionnaire was sent to these companies' CEOs in order to complete information. Questionnaires were submitted on December 1, 2001 and those which were returned arrived by end of February, 2002.

Purpose of the questionnaire was to give companies the additional opportunity to give their opinion on topics that

- are usually not addressed in the annual reports (for example: How do you measure the value of your competitive advantages?)
- concern the orientation towards the objective of shareholder value creation regarding variables which do not affect a company specifically (non-obligatory variables).

It was also intended to double-check whether the theory behind each and every shareholder value variable is correctly understood and applied. Therefore, the questionnaire is based on the findings of chapter 2 which lays the theoretical fundamentals for this research. If there are not a limited number of possible answers, questions are formulated in the open form so as to assure that the real shareholder value orientation is expressed.

Original questionnaires contain lines to fill in the answers. These lines are omitted here since they consume space but do not contribute information.

Questionnaire CEOs – Creation of value for shareholders

Please fill in your answers in the lines (*alternatively in English, Spanish, or German*). If you need more space, please use the back of the paper. Maybe some questions are not relevant to your company or you do not want to answer. Then, your collaboration is also very appreciated if the questionnaire is completed partly. Thank you very much for your help.

1. Creation of shareholder value

What meaning has the objective of shareholder value creation for you and your company?

- foremost objective
- important objective
- shareholders are seen as important as other stakeholders
- little meaning to our company
- creation of shareholder value is not an objective of our company

2. Investments

Which are the financial preconditions to undertake an investment?

Do you have established a procedure or process to select investment projects? Please describe.

Do you have special rules for replacement decisions? Which?

Do you link investments and your corporate strategy? In how far?

How do you measure the success of your investments?

Do you post-audit your investment projects? How are those postmortem analyses conducted?

What are the characteristics of your international investment policy?

3. Managerial and organizational flexibility

Which forms of managerial / strategic or organizational flexibility are typical in your company?

Has managerial / strategic and / or organizational flexibility a worth for you and your company? If affirmative, do you evaluate flexibility in numerical terms? Which?

4. Human resources

Do you have a remuneration system that includes a variable component?

Yes

No

If affirmative:

Which employees are eligible for a bonus payment?

What kind of incentives do you pay? (for example: cash, shares, stock options [granted gratis?, is the exercise price fixed until expiry date?, when can options be exercised?])

When do you pay the incentives?

Within 3 months after year end closing

Approximately 12 months after year end closing

More than 2 years after year end closing

In different partly payouts, i.e.

Could you please describe briefly the main characteristics of your bonus system / program? Do you differentiate between members of the Board of Directors and other executives regarding the formula you apply?

What are the measures you apply in order to calculate the bonus?

Which HR measures or practices do you find appropriate to help creating shareholder value and what are the benefits of those measures?

5. Dividend payments and dividend policy

Do dividend payments create shareholder value?

- Yes. Why?
- No. Why?

What dividend policy do you pursue and why?

Which effects have share repurchase programs, dividend cuts, and gratis shares from your point of view?

6. Growth

Is growth an objective of your company?

- Growth is the most important objective of our company.
- Growth is important to us.
- Growth may be a means to achieve other objectives, namely:

If affirmative:

Which kind of growth do you pursue (for example: income, revenues, market share, profit, earnings per share, others...)?

Why is growth an objective of your company?

What weight has the objective growth in comparison to other managerial objectives, what are those other objectives?

When, you think, market share growth can contribute to shareholder value creation?

7. Corporate control: mergers, acquisitions and alliances

Was your company involved in a merger and acquisition process (acquirer and / or target firm) during the last four years?

- Yes
- No

If affirmative:

Acquirer: What are the objectives to acquire another firm?

Target firm: How did you react on the bid? Why?

Which measures would you take into consideration in order to prevent or defend a “hostile takeover”?

What are the financial and strategic motives and conditions for a successful merger from you point of view?

Which are the most significant milestones of the merger process and post merger integration?

When are strategic alliances better than a acquisition or a merger?

8. Liquidity of shares

Does the liquidity of your company’s shares influence shareholder value? Why?

How can you increase the liquidity of your company’s shares?

9. Risk management

What is the current β (beta) of your company? _____

Is your company rated? Rating: _____ Agency: _____

Could you please define the cornerstones of your risk management?

What measures do you take in order to reduce risk (please specify)?

- Diversification:
- Risk insurances:
- Optimization of capital structure:
- Regarding political risks:
- Other risk reducing measures:

Who in your company is responsible for the risk management (function and position)?

How do you determine the risk of investment projects?

10. Cost management

Do you run currently a cost cutting program?

Yes

No

If affirmative, please specify:

What are your cost cutting strategies?

Which cost accounting system(s) do you employ?

11. Competitive advantages

Which are your main competitive advantages?

Please indicate your strategies to create competitive advantages:

How do you measure the value of your competitive advantages?

12. Other questions

Do you have “real options” in your company? Please specify.

How do you calculate the value creation of R&D efforts?

Your comments:

THANK YOU VERY MUCH!

Table 26: Questionnaire

The following table lists the target persons and their respective functions in the company, addressed to complete the questionnaire. As stated above, targets were the sample companies' Chief Executive Officers. In the cases where presidents of the Board of Directors are also first executives of the company, questionnaires were sent to them.

Company	First executive	Title
Acciona, S.A.	Vicente Soto Ibáñez	Vice President and General Manager
Aceralia Corporación Siderúrgica, S.A.	José Ramón Álvarez Rendueles	Chairman
Acerinox, S.A.	Victoriano Muñoz Cava	Chairman and CEO
Autopistas, Concesionaria Española, S.A.	Salvador Alemany Mas	Managing Director
ACS, Actividades de Construcción y Servicio, S.A.	Florentino Pérez Rodríguez	Chairman
Sociedad General de Aguas de Barcelona, S.A.	Ricardo Fornesa Ribó	Executive Chairman
Corporación Financiera Alba, S.A.	Isidro Fernández Barreiro	Managing Director
Aurea Concesiones de Infraestructuras, S.A.	Luis Ferreiro Martínez	CEO
Banco Popular Español, S.A.	Fulgencio García Cuellar	CEO
Bankinter, S.A.	Jaime Botín de Sautuola García de los Ríos	Chairman
Banco Bilbao Vizcaya Argentaria, S.A.	Pedro Luis Uriarte Santamariana	Vice Chairman of the Board and CEO
Banco Santander Central Hispano, S.A.	Ángel Corcóstegui Guraya	First Vice Chairman and CEO
Hidroeléctrica del Cantábrico, S.A.	Oscar Fanjul Martín	Chairman
Grupo Dragados, S.A.	Eloy Domínguez-Adame Cobos	Vice Chairman of the Board and CEO
Endesa, S.A.	Rafael Miranda Robredo	Managing Director
Fomento de Construcciones y Contratas, S.A.	Marcelino Oreja Aguirre	Chairman

Grupo Ferrovial, S.A.	Santiago Bergareche Busquet	CEO
Gas Natural SDG, S.A.	José Luis López de Silanes Busto	CEO
Iberdrola, S.A.	Javier Herrero Sorriqueta	CEO
Indra Sistemas, S.A.	Javier Monzón de Cáceres	Chairman
Corporación Mapfre, Compañía Internacional de Reaseguros, S.A.	Domingo Sugranyes Bickel	Executive Vice Chairman and CEO
NH Hoteles, S.A.	Gabriele Burgio	Chairman and CEO
Centros Comerciales Carrefour, S.A.	José María Folache González-Parrado	CEO
Ebro Puleva, S.A.	José Manuel Fernández Norriella	Chairman
Repsol YPF, S.A.	Alfonso Cortina de Alcocer	Chairman and CEO
Sol Meliá, S.A.	Gabriel Escarrer Jaume	CEO
Altadis, S.A.	Pablo Isla Álvarez de Tejera	Chairman
Telefónica, S.A.	César Alierta Izuel	Chairman and CEO
Tele Pizza, S.A.	Pedro Ballvé Lantero	Chairman
Unión Eléctrica Fenosa, S.A.	Victoriano Reinoso Reino	CEO
Uralita, S.A.	Manuel Masnou Puig	CEO
Vallehermoso, S.A.	Emilio Novela Berlín	Managing Director
Viscofan, Industria Navarra de Envolturas Celulósicas, S.A.	Sixto Jiménez Muniáin	CEO
Amper, S.A.	Enrique Used Aznar	Chairman
Amadeus, S.A.	José Antonio Tazón	President and CEO
Telefónica Publicidad e Información, S.A.	Belén Amatriaín Corbi	Executive President
Terra Networks, S.A.	Joaquim Agut Bonsfills	Executive Chairman
Zeltia, S.A.	José María Fernández Sousa-Faro	Chairman
DaimlerChrysler	Jürgen E. Schrempf	Chairman of the Board of Management
Aventis SA	Jürgen Dormann	Chairman of the Management Board
Danone SA	Franck Riboud	Chairman and CEO

Allianz AG	Henning Schulte-Noelle	Chairman
Nokia Corporation	Jorma Ollila	Chairman and CEO

Table 27: Contact persons for the questionnaire

Nine companies returned the completed questionnaires. This is a rate of 20.9%, not too bad if considering that the questionnaire is comprehensive and demands in most cases written text instead of multiple choice ticks. The following table details companies and respondents who sent the questionnaire back.

Company	Name of respondent	Title or function
Banco Bilbao Vizcaya Argentina, S.A.	Pedro Luis Uriarte Santamarina	Vice-President and CEO
Banco Santander Central Hispano, S.A.	José Luis del Valle	General Director
Allianz AG	Peter Hardy	Investor Relations Manager
Corporación Mapfre, S.A.	Domingo Sugranyes	Executive Vice-President
Sociedad General de Aguas de Barcelona, S.A.	Cristina del Castillo García	Head of Investor Relations
Vallehermoso, S.A.	?	?
DaimlerChrysler AG	Dr. Christian Hahner	Corporate Development
Aceralia, S.A.	Carlos Martínez de Albornoz Bonet	General Director
Unión Eléctrica Fenosa, S.A.	?	?

Table 28: Returned questionnaires

7.3. ORIENTATION TOWARDS SHAREHOLDER VALUE OF ELIMINATED COMPANIES

7.3.1. *Argentaria, Caja Postal y Banco Hipotecario, S.A.*

Empirical analysis of companies' success in creating shareholder value

Company: **ARG Argentaria, Caja Postal y Banco Hipotecario, S.A. (from 1999 on: BBV)**

page 1

Variable	Year	Page	Quotations and indications	(Observations)	Score
1. General attitude towards shareholder value	98	4	When we began developing the Strategic Agenda at the end of 1996, we aspired to convert Argentaria into an independent and integrated, profitable, efficient and innovative financial group, with the ultimate purpose of creating shareholder value.	u 9	9
		15	Creating shareholder value is Argentaria's ultimate aspiration. Consequently, in 1998 an advanced methodology for analysis of creation of value has been implanted, through which all initiatives which may have an impact on the Group's financial statements will be analyzed, thus allowing Argentaria to optimize the use of capital and enhance market valuation.		
	99		see BBV (from 1999 on Banco Bilbao Vizcaya)		
	00		see BBV (from 1999 on Banco Bilbao Vizcaya)		
	Q		see BBV (from 1999 on Banco Bilbao Vizcaya)	u i pt nt n c Σ	9
2. Flexibility	98	5	Argentaria is building its future on the basis of a consolidated project, constantly in motion.	u 2	2
	99		see BBV (from 1999 on Banco Bilbao Vizcaya)		
	00		see BBV (from 1999 on Banco Bilbao Vizcaya)		
	Q		see BBV (from 1999 on Banco Bilbao Vizcaya)		
				u i pt nt n c Σ	2

98 Annual Report 1998

sp spanish

u general understanding

n no statement

99 Annual Report 1999

ger german

i additional information

c contradiction

00 Annual Report 2000

en english

pt positive tendency

r.. remuneration

Q Questionnaire

nt negative tendency

h.. HR measures

Empirical analysis of companies' success in creating shareholder value

Company: **ARG Argentaria, Caja Postal y Banco Hipotecario, S.A. (from 1999 on: BBV)**

page 2

Variable	Year	Page	Quotations and indications	(Observations)	Score
3. Investments	98	2	The bank also allocated more than Pta 100.0 billion towards the early amortization of goodwill, information system costs, costly liabilities and other extraordinary provisions - all representing a strong investment in the future.	u 1	1
	99		see BBV (from 1999 on Banco Bilbao Vizcaya)		
	00		see BBV (from 1999 on Banco Bilbao Vizcaya)		
	Q		see BBV (from 1999 on Banco Bilbao Vizcaya)	u i pt nt n c Σ	
4. Human Resources	98	Title	"Argentaria's human team and the intensive use of technology are the pillars on which we are building the bank of the future" (Francisco González Rodríguez, Chairman of the Board of Directors)	hu 2	5.5
	35		The merger has permitted a more efficient staff management in the commercial network and is making it possible to have smaller teams in the central and support areas, giving way to further improvements in productivity and efficiency. [Banco Exterior, Caja Postal, Banco Hipotecario, Argentaria]	hi 0.5	
	36		... hiring of young, highly-educated staff (university graduates) to join the commercial network.	hi 0.5	
	37		... assign an increasingly important role to variable remuneration, in function of specific commercial business results, and specifically, incentives to the commercial network.	ru 2.5	
	99		see BBV (from 1999 on Banco Bilbao Vizcaya)		
	00		see BBV (from 1999 on Banco Bilbao Vizcaya)		
	Q		see BBV (from 1999 on Banco Bilbao Vizcaya)	u i pt nt n c Σ	
98 Annual Report 1998			sp spanish	u general understanding	n no statement
99 Annual Report 1999			ger german	i additional information	c contradiction
00 Annual Report 2000			en english	pt positive tendency	r.. remuneration
Q Questionnaire				nt negative tendency	h.. HR measures

Empirical analysis of companies' success in creating shareholder value

Company: **ARG Argentaria, Caja Postal y Banco Hipotecario, S.A. (from 1999 on: BBV)**

page 3

Variable	Year	Page	Quotations and indications	(Observations)	Score				
5. Dividends	98	3	The dividend for the fiscal year 1998 to be proposed to the General Shareholders' Meeting is Pta 81 gross per share, 9.8% more than in 1997.	u 2	4				
	32		Dividend payments coincide with the first half of the months of September, December, March and June of each year. The first three are paid as interim dividends and maintain the same amount. The fourth payment represents a final dividend whose amount is adjusted to earnings obtained. ... Including the final dividend, the 1998 return, calculated on the 1997 closing market price of Pta 2,317.5 (Pta 9,270 before the stock split) would reach 62.1%, of which 58.58% relates to stock appreciation and 3.5% to the dividend yield.	i 2					
	99		see BBV (from 1999 on Banco Bilbao Vizcaya)						
	00		see BBV (from 1999 on Banco Bilbao Vizcaya)						
	Q		see BBV (from 1999 on Banco Bilbao Vizcaya)	u i pt nt n c Σ	2 2 4				
6. Growth	98	76	... the development of new growth projects, will have a considerable impact on earnings	u 4	4				
	99		see BBV (from 1999 on Banco Bilbao Vizcaya)						
	00		see BBV (from 1999 on Banco Bilbao Vizcaya)						
	Q		see BBV (from 1999 on Banco Bilbao Vizcaya)	u i pt nt n c Σ		4 4			
	98		Annual Report 1998	sp	spanish	u	general understanding	n	no statement
	99		Annual Report 1999	ger	german	i	additional information	c	contradiction
	00		Annual Report 2000	en	english	pt	positive tendency	r..	remuneration
	Q		Questionnaire			nt	negative tendency	h..	HR measures

Empirical analysis of companies' success in creating shareholder value

Company: **ARG Argentaria, Caja Postal y Banco Hipotecario, S.A. (from 1999 on: BBV)**

page 4

Variable	Year	Page	Quotations and indications	(Observations)	Score			
7. Mergers and Alliances	98	3,4	Immediately after completing the privatization, Argentaria undertook another essential plan to fulfill its strategic goals: the integration of the principal units into one single bank. On June 6, 1998, the General Shareholders' Meeting approved the merger of Banco Exterior de España, Caja Postal and Banco Hipotecario with Corporación Bancaria de España. Throughout the year the process of integrating the networks of the three merged banks under one single Management was completed. The fiscal year earnings already reflect the first benefits of the merger, which has permitted Argentaria to optimize its distribution capacity, unify and strengthen the various businesses, simplify the Group's management and efficiently reassign resources. see BBV (from 1999 on Banco Bilbao Vizcaya)	u 8	8			
	99							
	00	see BBV (from 1999 on Banco Bilbao Vizcaya)						
	Q	see BBV (from 1999 on Banco Bilbao Vizcaya)						
				u i pt nt nc Σ	8			
8. Liquidity of shares	98	32	Argentaria shares are admitted to official trading on the four Spanish Stock Exchanges through the Stock Market Interconnection System (Continous Market) as well as on the New York Stock Exchange (NYSE) in the form of American Depositary Shares (ADS's), represented by American Depositary Receipts (ADR's). 34 These trading volumes demonstrate the high liquidity of the share which, together with a turnover of 181%, grant it a special attractiveness when it comes time to be included in investors' portfolios. see BBV (from 1999 on Banco Bilbao Vizcaya)	u 4	7			
	99							
	00	see BBV (from 1999 on Banco Bilbao Vizcaya)						
	Q	see BBV (from 1999 on Banco Bilbao Vizcaya)						
				u i pt nt nc Σ	7			
				u i pt nt nc Σ	7			
	98	Annual Report 1998	sp	spanish	u	general understanding	n	no statement
	99	Annual Report 1999	ger	german	i	additional information	c	contradiction
	00	Annual Report 2000	en	english	pt	positive tendency	r..	remuneration
	Q	Questionnaire			nt	negative tendency	h..	HR measures

Empirical analysis of companies' success in creating shareholder value

Company: **ARG Argentaria, Caja Postal y Banco Hipotecario, S.A. (from 1999 on: BBV)**

page 5

Variable	Year	Page	Quotations and indications	(Observations)	Score
9. Risk Management	98	40	Adequate risk management and management of profitability are determining factors of the institution's long-term earnings growth capacity. ... a strategy has been set in the various types of risk which assures that exposure to risk falls within the tolerance limits defined, and basic principles have been established which guide the development of the risk function. ... basic principles ... - Analysis of the return on capital at risk in each of the businesses, managing the return/risk factor ... In order to set the backbone for a sound organizational structure which services the most general functions of risk management and day-to-day operations, two departments have been created: Global Risk Management and Central Risk Unit.	u 9	9
	99		see BBV (from 1999 on Banco Bilbao Vizcaya)		
	00		see BBV (from 1999 on Banco Bilbao Vizcaya)		
	Q		see BBV (from 1999 on Banco Bilbao Vizcaya)	u i pt nt n c Σ	
10. Competitive advantages	98	2	1 The improvement in margins, together with a solid business performance and generation of growing current income places Argentaria in an unbeatable position to convert the challenges of the new, more global and competitive environment, into opportunities. 2 Two years after initiating the new strategy, Argentaria is a totally private, integrated, independent bank with high levels of profitability and efficiency, human resources and technological development assuring its ability to succeed in an extremely competitive environment.	1 cost leadership 1 differentiation personnel 1 innovation	3
	99		see BBV (from 1999 on Banco Bilbao Vizcaya)		
	00		see BBV (from 1999 on Banco Bilbao Vizcaya)		
	Q		see BBV (from 1999 on Banco Bilbao Vizcaya)	u i pt nt n c Σ	
	98	Annual Report 1998	sp spanish	u general understanding	n no statement
	99	Annual Report 1999	ger german	i additional information	c contradiction
	00	Annual Report 2000	en english	pt positive tendency	r.. remuneration
	Q	Questionnaire		nt negative tendency	h.. HR measures

Empirical analysis of companies' success in creating shareholder value

Company: **ARG** **Argentaria, Caja Postal y Banco Hipotecario, S.A. (from 1999 on: BBV)**

page 6

Variable	Year	Page	Quotations and indications	(Observations)	Score	
11. Cost management	98	5	... to consolidate ourselves as an efficient, modern, profitable and innovative bank which, in the end, offers the best service at the lowest cost possible and is capable of creating value for everyone.	u 5	5	
		13	The improvement in efficiency is aimed at achieving an operationally integrated organization, with technologically advanced information systems, excellent human resources and an adequate cost optimization.	u 5		
	99		see BBV (from 1999 on Banco Bilbao Vizcaya)			
	00		see BBV (from 1999 on Banco Bilbao Vizcaya)			
	Q		see BBV (from 1999 on Banco Bilbao Vizcaya)	u i pt nt nc Σ		
Assessment of the company						
	u		basic understanding and application of the shareholder value variable			
	i		additional information			
	pt		clearly positive tendency			
	nt		clearly negative tendency			
	n		obligatory variable without statement			
	c		contradictory statement			
			TOTAL			
			total score:	57.5	total score without questionnaire:	57.5
			relevant variables:	11	relevant variables without questionnaire:	11
		valuation:	5.23	valuation without questionnaire:	5.23	

98	Annual Report 1998	sp	spanish	u	general understanding	n	no statement
99	Annual Report 1999	ger	german	i	additional information	c	contradiction
00	Annual Report 2000	en	english	pt	positive tendency	r..	remuneration
Q	Questionnaire			nt	negative tendency	h..	HR measures

7.3.2. Centros Comerciales Continente, S.A.

Empirical analysis of companies' success in creating shareholder value

Company: **CTE Centros Comerciales Continente, S.A. (from 1999 on: PRY)**

page 1

Variable	Year	Page	Quotations and indications	(Observations)	Score
1. General attitude towards shareholder value	98				
	99	3	Customer satisfaction has been the mainstay of both companies' [Continente and Pryca] past success and will remain our authentic obsession in the future.	u 0	
	00		see PRY (from 2000 on Carrefour)		-1
	Q		see PRY (from 2000 on Carrefour)	u i pt nt n c Σ	0 -1 -1
2. Flexibility	98	11	To achieve this, training must be individual and flexible, adapted to the needs of each post, and aware of all environmental obstacles to obtaining the desired performance: A proactive approach, in other words.	u 4	
	99				
	00		see PRY (from 2000 on Carrefour)		4
	Q		see PRY (from 2000 on Carrefour)	u i pt nt n c Σ	4 4

98 Annual Report 1998 sp spanish u general understanding n no statement
 99 Annual Report 1999 ger german i additional information c contradiction
 00 Annual Report 2000 en english pt positive tendency r.. remuneration
 Q Questionnaire nt negative tendency h.. HR measures

Empirical analysis of companies' success in creating shareholder value

Company: CTE Centros Comerciales Continente, S.A. (from 1999 on: PRY)

page 2

Variable	Year	Page	Quotations and indications	(Observations)	Score
3. Investments	98	21	[Annex "Consolidated Annual Accounts and Directors' Report 31 December 1998 and 1997:] At 31 December 1998 the long-term investment portfolio includes treasury bonds of Ptas. 165 million which mature in 2004 and earn interest at market rates.	u 0	1
	99	6	A new distribution facility was opened in Coruña, and a processing centre in the town of Getafe (Madrid). Their incorporation has raised supply efficiency throughout the nationwide hypermarket and supermarket network by ensuring that a better product is brought got to our customers in a shorter time and at a lower cost.	u 1	
	00		see PRY (from 2000 on Carrefour)		
	Q		see PRY (from 2000 on Carrefour)	u i pt nt n c Σ	
4. Human Resources	98	13	Human development is a priority for Continente	hu 2	3
	11		At Continente, we believe the aim of training is to contribute value-added to the person: to permit his or her development and enrichment. To achieve this, training must be individual and flexible, adapted to the need of each post, and aware of all environmental obstacles to obtaining the desired performance.	hu 1.5	
	99	10	The Continente Group has maintained an employment policy anchored on three main axes: a firm commitment to job creation, the building of links with educational centres as a pool of future professionals, and the social objective of providing work for people suffering some kind of disability.	hu 1.5	
	11		The year saw a shift in the focus of Continente Group training actions from the traditional approach, essentially reactive and event-centered, to a performance-orientated philosophy.	hu 2.5	
	13		The year's intense training programme [at the Champion branch], with over 300,000 training hours, testifies to the interest of the company and all its teams in optimising efficiency, professionalism, spirit of service and customer orientation the length and breadth of the chain.	hi 0.5	
00		see PRY (from 2000 on Carrefour)			
Q		see PRY (from 2000 on Carrefour)	u i pt nt n c Σ	2.5 0.5 3	
	98	Annual Report 1998	sp spanish	u general understanding	n no statement
	99	Annual Report 1999	ger german	i additional information	c contradiction
	00	Annual Report 2000	en english	pt positive tendency	r.. remuneration
	Q	Questionnaire		nt negative tendency	h.. HR measures

Empirical analysis of companies' success in creating shareholder value

Company: CTE Centros Comerciales Continente, S.A. (from 1999 on: PRY)

page 3

Variable	Year	Page	Quotations and indications	(Observations)	Score
5. Dividends	98	11	[Consolidated Annual Accounts and Directors' Report] The directors of the individual companies of the CONTINENTE Group propose that the respective profit or loss for the year ended 31 December 1998 be transferred to reserves, except for an amount of Ptas. 4,233 million which CONTINENTE proposes to distribute as dividends.	u 1	1
	99				
	00		see PRY (from 2000 on Carrefour)		
	Q		see PRY (from 2000 on Carrefour)	u i pt nt n c Σ	
6. Growth	98	21	In the future, the Champion chain [belongs to Continente] will explore the franchise route - just as Continente has done with its hypermarkets - as a means of supplementing organic growth. 5 Sales growth was driven partly by the upbeat scenario described [performance of the Spanish economy], but also by the consolidation of the company's commercial policy as affecting both prices and brand differentiation.	i 1 u 3	5
	99	3	As to 1999 business, we can rate this a highly positive year in which Continente has advanced along the growth path mapped out in previous years, levered by the buoyancy of the Spanish economy. Gross annual turnover amounted 674 billion pesetas, 7% more than in the previous year, while operating profit climbed 5% to 15.6 billion pesetas.	u 4	
	00		see PRY (from 2000 on Carrefour)		
	Q		see PRY (from 2000 on Carrefour)	u i pt nt n c Σ	
	98	Annual Report 1998	sp spanish	u general understanding	n no statement
	99	Annual Report 1999	ger german	i additional information	c contradiction
	00	Annual Report 2000	en english	pt positive tendency	r.. remuneration
	Q	Questionnaire		nt negative tendency	h.. HR measures

Empirical analysis of companies' success in creating shareholder value

Company: CTE Centros Comerciales Continente, S.A. (from 1999 on: PRY)

page 4

Variable	Year	Page	Quotations and indications	(Observations)	Score
7. Mergers and Alliances	98				
	99	1	The year 1999 will go down in the history of Spanish retail as making the start of the Pryca-Continente merger. This alliance between leaders, springing from the agreement struck between the parent companies of both firms, Carrefour and Promodès, brings into being Europe's largest retail group and the second largest worldwide. ... Carrefour is without doubt the most ambitious European project in modern retailing, and I am convinced that it will set new standards of quality, innovation, price and service in the Spanish sector. (Manuel Herrando, Chairman)	u 2	2
	00	3	I am convinced that our merger will be of benefit to Spanish society as a whole, not just as a major source of future employment, but because of the more solid ties established with our suppliers... (Alfonso Merry del Val, CEO) see PRY (from 2000 on Carrefour)		
	Q		see PRY (from 2000 on Carrefour)	u i pt nt n c Σ	2
8. Liquidity of shares	98	1	Continente shares have been listed on the Madrid and Bilbao stock exchanges since 17 March 1994 on the computer-assisted trading system. They also form part of the Ibex 35, the Spanish share index which unites the thirty-five stocks with the highest market capitalisation and trading volume.	u 3	3
	99				
	00		see PRY (from 2000 on Carrefour)		
	Q		see PRY (from 2000 on Carrefour)	u i pt nt n c Σ	3
	98	Annual Report 1998	sp spanish	u general understanding	n no statement
	99	Annual Report 1999	ger german	i additional information	c contradiction
	00	Annual Report 2000	en english	pt positive tendency	r.. remuneration
	Q	Questionnaire		nt negative tendency	h.. HR measures

Empirical analysis of companies' success in creating shareholder value

Company: **CTE Centros Comerciales Continente, S.A. (from 1999 on: PRY)**

page 5

Variable	Year	Page	Quotations and indications	(Observations)	Score
9. Risk Management	98	17	The implementation of the ISO standard in our fresh meat processing procedures, together with the point-of-sale deployment of new systems based on risk and critical point analysis, are a clear token of Continente's vocation to remain in the quality vanguard.	u 4	4
	99				
	00		see PRY (from 2000 on Carrefour)		
	Q		see PRY (from 2000 on Carrefour)	u i pt nt n c Σ 4	
10. Competitive advantages	98	3	Manuel Herrando, chairman of Continente, begins his letter to shareholders with the following words: "1998 was a magnificent year for Continente. Improvements in our competitive standing and in the pick-up in domestic demand, particularly household consumption, lifted both turnover and earnings substantially." 5 The growing popularity of our loyalty-building programme, Club PuntoAhorro, is conferring a clear competitive and differential edge.	1 market position 1 differentiation	2
	99				
	00		see PRY (from 2000 on Carrefour)		
	Q		see PRY (from 2000 on Carrefour)	u i pt nt n c Σ 2	
	98	Annual Report 1998	sp spanish	u general understanding	n no statement
	99	Annual Report 1999	ger german	i additional information	c contradiction
	00	Annual Report 2000	en english	pt positive tendency	r.. remuneration
	Q	Questionnaire		nt negative tendency	h.. HR measures

7.3.3. Grupo Ferrovial, S.A.

Empirical analysis of companies' success in creating shareholder value

Company: **FER Grupo Ferrovial, S.A.**

page 1

Variable	Year	Page	Quotations and indications	(Observations)	Score
1. General attitude towards shareholder value	98	3	Ferrovial now has thousands of small and large shareholders. Our message to all of them is that we intend to provide clear and transparent information and are committed to defend their interests. Our management of their company will be driven by our defining principles of profitability and growth.	u 3	3
	99				
	00				
	Q			u i pt nt n c Σ 3	
2. Flexibility	98	3	The key elements of this [global] strategy are: ... growth through acquisitions when attractive opportunities arise, a proven historical group strategy.	u 4	6
		12	An example of the group's flexibility is its high level of subcontracting.	u 6	
	99				
	00				
	Q			u i pt nt n c Σ 6	

98 Annual Report 1998 sp spanish u general understanding n no statement
 99 Annual Report 1999 ger german i additional information c contradiction
 00 Annual Report 2000 en english pt positive tendency r.. remuneration
 Q Questionnaire nt negative tendency h.. HR measures

Empirical analysis of companies' success in creating shareholder value

Company: **FER Grupo Ferrovial, S.A.**

page 2

Variable	Year	Page	Quotations and indications	(Observations)	Score
3. Investments	98	2	The group invested more than Pta 107 billion in 1998, three times 1997's figure. Despite the significant cash outlay, strong operating cash flow from businesses allowed Ferrovial to maintain a robust financial position and register net cash of almost Pta 3 billion at year-end.	u 2	8
		12	Investment in machinery is based on a criterion of minimum strategic investment. The financing of large fleets of machines and the costs of technological obsolence are avoided.	u 5	
	99	6	In the chapter of investments, in a firm bid for its future, in 1999 Ferrovial maintained the sharp pace of the past years, with gross investments totaling Euros 697 million, 16% more than in 1998.	u 2	
		8	The main event in 2000 was the acquisition of a controlling stake in Budimex, which we believe will make a significant contribution to net income once Ferrovial management practices have been successfully implemented there.	i 1	
	9	Our immediate aim in telecommunications is to bring out the value of the investments made in Ono and Uni2; in the future we will be examining other opportunities in broadband and wireless.	u 7		
Q				u 7 i 1 pt nt n c Σ 8	
4. Human Resources	98	14	... the person in charge of each project is also responsible for its final profit, and his earnings are partly linked to profitability goals.	ru 2.5	6
		99			
	00	9	The future of Grupo Ferrovial hinges, as always, on the quality of our people. We aim to hire, train, motivate and retain the best professionals in the sector where we operate in order to lay the foundations for sustained growth.	hu 2.5	
		54	Ferrovial offers 400 fellowships for students to complete their university studies and it also organizes events and courses in the educational community. Continued and permanent training is a linchpin of the company's human resources policy; in 2000, more than 138,700 training hours were given to a total of 6,700 employees in Spain alone.	hi 0.5	
Q	79	Ferrovial implemented a variable remuneration plan indexed to the share price for executive directors and for senior exec.	ru 3 u 5.5 i 0.5 pt nt n c Σ 6		
	98	Annual Report 1998	sp spanish	u general understanding	n no statement
	99	Annual Report 1999	ger german	i additional information	c contradiction
	00	Annual Report 2000	en english	pt positive tendency	r.. remuneration
	Q	Questionnaire		nt negative tendency	h.. HR measures

Empirical analysis of companies' success in creating shareholder value

Company: **FER Grupo Ferrovial, S.A.**

page 3

Variable	Year	Page	Quotations and indications	(Observations)	Score
5. Dividends	98				
	99	6	These results, together with the rights issue and listing on the Stock Market and a prudent dividend policy, helped to boost the Group's shareholders' equity, which was in excess of Euros 928 million at the end of the year.		
		7	An example of the confidence in the company's future prospects is the decision taken by the Board of Directors in January to acquire treasury stock up to a maximum of 5% of the share capital.	u 7	
	00	77	The following dividends were paid in 2000: ...		8
		77	On March 31, 2000, the Shareholders' Meeting resolved to amortize 1,867,404 shares of treasury stock.	i 1	
	Q			u i pt nt n c Σ	7 1 8
6. Growth	98	3	Our management will be driven by our defining principles of profitability and growth. The objective of our global strategy is to become the most profitable diversified construction group in Europe and one of the five largest. The key elements of this strategy are: ... · Expand selectively in international construction. ... · Achieve diversified growth in real estate activities. ... · Growth through acquisition when attractive opportunities arise, a proven historical group strategy.	u 6	
	99	6	In 1999, Ferrovial continued on its growth path, which has determined the performance of the Group's businesses over the past few years.		
		7	Ferrovial believes that its growth strategy and its enhanced profitability will at some time be recognized by the markets and will have a positive effect on the valuation of the company.	u 7	
		13	In a bid to establish itself as the most profitable of all Spanish construction groups, Ferrovial Agroman has adopted a strategy which gives profitability priority over volume growth.		
	00	7	In 2000, Ferrovial again attained sound, sustained growth. Consequently, following our performance in recent years, Ferrovial is now one of Europe's leading construction companies in terms of revenues, net profit and market capitalization.	u 6	9
	17	The foreign strategy focuses on selective growth in OECD countries ... expansion via acquisition and the development of the infrastructure concessions business to provide a stable business platform, as well as following our Spanish customers as they venture abroad.	i 1		
	27	Boosting growth at Budimex to consolidate it as Poland's leading construction company by volume and profitability is one of the main objectives behind Ferrovial's Polish venture.	i 1		
	Q			u i pt nt n c Σ	7 2 9
	98	Annual Report 1998	sp spanish	u general understanding	n no statement
	99	Annual Report 1999	ger german	i additional information	c contradiction
	00	Annual Report 2000	en english	pt positive tendency	r.. remuneration
	Q	Questionnaire		nt negative tendency	h.. HR measures

Empirical analysis of companies' success in creating shareholder value

Company: **FER Grupo Ferrovial, S.A.**

page 4

Variable	Year	Page	Quotations and indications	(Observations)	Score
7. Mergers and Alliances	98	9	After closing the 1998 accounts, the Shareholders Meeting of the Ferrovial Group approved plans to merge all the Group's construction activities, until now operated separately by Ferrovial, S.A. and Agroman, E.C.S.A. ...The aims of the merger are: · A strategic response to the changes and challenges facing the Spanish construction sector. · Major synergies by enhancing operations and bringing together the experience of the two organizations. · Significant cost savings, and by extension an increase in the value of the construction business for the Group and its shareholders.	u 10	12
	99	7	In the construction business, the activities of Ferrovial and Agroman have been integrated to create the leading company in the sector in Spain. The costs of the merger, which totaled over Euros 30 million, had a non-current impact on the income statement in 1999; in coming years, the income statement will profit from the full exploitation, as from the year 2000, of the synergies deriving from the merger.	i 1	
	14		The key objectives of the merger were to boost profitability on the back of cost reductions, economies of scale and optimised management. The merger is expected to produce savings in direct and indirect costs equivalent to a 1-1.25% improvement in operating margin.	u 8	
	00	8	... and launched novel formulas for selling homes through the El Corte Inglés department store chain.		
	34		Cintra's car park business is in the midst of a new growth phase, in terms of both volume and profitability, based on alliances and acquisitions in Spain and abroad ...	i 1	
	Q			u 10 i 2 pt nt n c Σ 12	
8. Liquidity of shares	98				2
	99				
	00	76	A total of 80.5 million shares were traded in 2000 (amounting to €1,114.8 million), representing a daily average of 323,196 shares and €4.6 million.	u 2	
	Q			u 2 i pt nt n c Σ 2	
	98	Annual Report 1998	sp spanish	u general understanding	n no statement
	99	Annual Report 1999	ger german	i additional information	c contradiction
	00	Annual Report 2000	en english	pt positive tendency	r.. remuneration
	Q	Questionnaire		nt negative tendency	h.. HR measures

Empirical analysis of companies' success in creating shareholder value

Company: **FER Grupo Ferrovial, S.A.**

page 5

Variable	Year	Page	Quotations and indications	(Observations)	Score
9. Risk Management	98	48	[The infrastructure concession business is handled by Cintra] Cintra studies the projects in which it participates, with a view to minimizing the construction, financing and management risk involved in the concession business. Construction risk is covered by presenting bids with the closing price and delivery term indicated by Ferrovial's construction division. As to financial risk, Cintra only presents bids in countries where it can obtain local long-term financing in order to avoid the risk of exchange rate fluctuations.	u 8	9
		60	Ferrovial Inmobiliaria's management is focused on minimizing entrepreneurial risk and limiting exposure to the real estate cycle.		
	99	23	Every project is carefully analysed to minimise the construction, financing and management risks attendant on the concession businesses. Prices and delivery terms are agreed in advance at the construction stage of projects, finance is contracted locally on a long-term basis and concession operations are managed directly from the time of start-up.	u 3	
		31	In the recent years an important plank of this strategy has been to achieve sufficient geographical and business diversification within the real estate market to ensure sustained revenue and earnings growth.		
	00	52	Safety in the workplace is a priority for Ferrovial, and is not confined to mere compliance with current legislation ... Ferrovial considers risk prevention from the design stage of every construction project and every service based on a positive new safety culture in order to continue improving working conditions.	i 1	
	Q			u 8 i 1 pt nt n c Σ 9	
10. Competitive advantages	98	3	The objective of our global strategy is to become the most profitable diversified construction group in Europe and one of the five largest. The key elements of this strategy are: ... Maintain our world leadership in infrastructure concessions. ... Consolidate our position as a leading service company.	1 size 1 cost leadership	5
		37	Ferrosfer's [group company for services] drive to consolidate its sector position has been rewarded contracts for urban services and full-cycle water management concessions in more than 100 municipalities, serving over 1,400,000 inhabitants.	1 market position	
	99				
	00	8	These successes, which entail a significant volume of [public] investment in the coming years, established us firmly as the world's leading transport concession company: 17 toll roads, 12 airports and 130,000 parking spaces under concession.	1 politics	
		9	We also constantly observe best practices worldwide in the management of our businesses and strive to make the most efficient use of new technology in all our processes. We believe that we can only be successful if we remain in the vanguard in these three areas.	1 innovation	
	Q	17	Medium-term objectives include leading the field in government contracts and increasing market share in the private sector, ...	u i pt nt n c Σ 5	
	98	Annual Report 1998	sp spanish	u general understanding	n no statement
	99	Annual Report 1999	ger german	i additional information	c contradiction
	00	Annual Report 2000	en english	pt positive tendency	r.. remuneration
	Q	Questionnaire		nt negative tendency	h.. HR measures

Empirical analysis of companies' success in creating shareholder value

Company: **FER Grupo Ferrovial, S.A.**

page 6

Variable	Year	Page	Quotations and indications	(Observations)	Score
11. Cost management	98	12	To ensure the highest possible profitability, Ferrovial has a very flexible cost base and strict control systems in its construction activities.	u 7	7
	99				
	00				
	Q			u i p t n t n c Σ	
Assessment of the company	u		basic understanding and application of the shareholder value variable		
	i		additional information		
	pt		clearly positive tendency		
	nt		clearly negative tendency		
	n		obligatory variable without statement		
	c		contradictory statement		
				General attitude Flexibility Investments Human resources Dividends Growth Corporate control Liquidity of shares Risk management Competitive advantages Cost management TOTAL	
				3 6 7 5.5 7 7 10 2 8 0 7 62.5	
				0 0 1 0.5 1 2 2 0 1 5 0 12.5	
				0 0 0 0 0 0 0 0 0 0 0 0	
			0 0 0 0 0 0 0 0 0 0 0 0		
			0 0 0 0 0 0 0 0 0 0 0 0		
			0 0 0 0 0 0 0 0 0 0 0 0		
			TOTAL		
			3 6 8 6 8 9 12 2 9 5 7 75		
			total score: 75 total score without questionnaire: 75.0		
			relevant variables: 11 relevant variables without questionnaire: 11		
			valuation: 6.82 valuation without questionnaire: 6.82		

98 Annual Report 1998 sp spanish u general understanding n no statement
 99 Annual Report 1999 ger german i additional information c contradiction
 00 Annual Report 2000 en english pt positive tendency r.. remuneration
 Q Questionnaire nt negative tendency h.. HR measures

7.3.4 Indra Sistemas, S.A.

Empirical analysis of companies' success in creating shareholder value

Company: **IDR Indra Sistemas, S.A.**

page 1

Variable	Year	Page	Quotations and indications	(Observations)	Score	
1. General attitude towards shareholder value	98	7	... I can assure you that our motivation to continue creating value for our shareholders is, as always, of the very highest order. [Javier Monzón de Cáceres, Chairman]	u 8	11	
		13	The confidence that our customers continue to place in us has reinforced Indra's leadership, thus generating increasing value for our shareholders.			
	99	6	The Public Offering launched in the month of March has led to a new shareholder structure and an active presence on the stock market. At that time we announced our priority commitment to continue to generate increasing value for shareholders, based on significant growth in our levels of activity and profits. ... We feel that we have adequately satisfied the expectations and trust that you, the shareholders, have placed in the company since that time, and are fully committed to ensuring that this continues to be the case.	u 9 i 1		
		19	Indra has implemented an active communications policy, with a view to ensuring the greatest transparency and information for the financial markets.			
	00	7	This model allows us to remain highly confident that we will continue to create shareholder value on a solid basis. This is the objective to which your Board of Directors is fully committed and to which we will continue to devote all our efforts and dedication. (Javier Monzón, Chairman)	u 8		
Q	59	Indra is a member of the Spanish Association for Investor Relations (AERI), the aim being to ensure the best practices in communications with the shareholders and with the finance community in general.	i 1			
				u 9 i 2 nt n c Σ	11	
2. Flexibility	98	16	In the context of the activities carried out by Indra, an on-going management challenge is to provide its professionals with the highest level of preparation to address the evolution of the market and respond to the present and future demands of the business.	u 4	5	
		22	In 1999 Indra has set up an action plan designed to improve business intelligence. This plan impinges upon key areas, such as capacity to innovate, flexibility and continuous learning by all the company's personnel.	u 5		
	00	7	our organization has proven to be flexible and capable of evolving according to the requirements of our business.	u 5		
Q					u 5 i pt nt n c Σ	5

98 Annual Report 1998 sp spanish u general understanding n no statement
 99 Annual Report 1999 ger german i additional information c contradiction
 00 Annual Report 2000 en english pt positive tendency r.. remuneration
 Q Questionnaire nt negative tendency h.. HR measures

Empirical analysis of companies' success in creating shareholder value

Company: **IDR Indra Sistemas, S.A.**

page 2

Variable	Year	Page	Quotations and indications	(Observations)	Score
3. Investments	98	43	Indra has invested more than 25,000 million pesetas in REDEI [research, development, and innovation] over the last five years.	u 2	9
	99	7	We shall continue to complement our growth with new acquisitions. As has been the case to date, these will be carried out meticulously and as long as they allow us to generate value additional to that explicitly recognised at the moment of the transaction.	u 8	
	00	22	During the year, Indra has continued to set aside important resources for Research, Development and Innovation activities, undertaking new projects based on increasingly ambitious technological approaches. In keeping with the approach adopted in previous years, the criterion for selection has been one of choosing projects implying innovation: developing services and solutions providing maximum value, functionality and quality for the clients' processes and activities. The resources dedicated to innovation during 2000 amounted to 57.70 million euros, 17% more than in 1999, this representing 8.5% of total revenues during the year.	i 1	
	Q			u i pt nt n c Σ	
4. Human Resources	98	16	The quality and qualification of the professionals that work at Indra is one of the main strengths as regards the Company's competitive position.	hu 3	7
		16	... an on-going management challenge is to provide its professionals with the highest level of preparation to address the evolution of the market and respond to the present and future demands of the business.		
		16	... the Manager Development Plan has continued promoting activities orientated towards improving management know-how and skills, internal communication and the integration of the management team.	hu 3	
		16	... on-going analysis and revision of the salary policy, to adapt it to the current context of the market		
		16	... design of a Careers Plan offering paths for improvement to the Indra staff	hi 1	
	99	7	This future horizon also demands significant extension and strengthening of our human resources. As is demonstrated by the opportunity given to our employees to participate in last year's Public Offering, and by the 1999 stock option programme, we seek to offer professionals ways to participate in the company's capital, such that they increasingly share the interests of the shareholders.	ru 3	
		13	Indra's human resources, the cornerstone of its business, ...		
		21	... continuous updating of the training, development of professional promotion plans and the salary system...		
00	7	We have consolidated an effective management model, which has proven its efficiency. We have a sound, integrated and highly motivated management team with strong leadership and entrepreneurial spirit; we have demonstrated that we can attract and retain highly qualified professionals;			
	10	The Board's share of the consolidated net profits was reduced from 2% to 1%, and the possibility of the remuneration consisting of the delivery of shares or stock options was included.	ru 2.5		
	13	In order to generate a higher level of integration and involvement by all the company's professionals in the objectives of the business and in creating value, while making them business participants, the company stock options plan was extended during the year to include the entire staff.			
Q			ru 3	u i pt nt n c Σ	
	98	Annual Report 1998	sp spanish	u general understanding	n no statement
	99	Annual Report 1999	ger german	i additional information	c contradiction
	00	Annual Report 2000	en english	pt positive tendency	r.. remuneration
	Q	Questionnaire		nt negative tendency	h.. HR measures

Empirical analysis of companies' success in creating shareholder value

Company: **IDR Indra Sistemas, S.A.**

page 3

Variable	Year	Page	Quotations and indications	(Observations)	Score
5. Dividends	98	12	The Directors of Indra Systems, S.A., the Parent Company, propose that dividends of Ptas 1,331 million be distributed to the shareholders.	u 1	2
	99				
	00	15	The Total Return for the Shareholder, which includes the dividend distributed during the period, stands at 8.9%. If the 1999 interim dividend were included, Total Return for the shareholder would be 10%.	i 1	
	Q			u i pt nt n c Σ	
6. Growth	98	7	Indra has known how to overcome difficult, and now increasingly distant, situations; how to consolidate its market position and profitability in just a few years; and how to keenly initiate a stage of steady growth, that we continue to map out for forthcoming years.	u 6	9
	99	6	The goals attained during the last financial year have encouraged us to map out ambitious objectives for internal growth for the year 2000, as regards both levels of activities and profits, ...	u 6	
		12	This positive evolution was driven fundamentally by the Information Technologies (IT) business, which registered high growth rates on all the markets at which the Indra offer is aimed.	i 1	
	00	6	Dear Shareholder, As your are well aware, we are committed to continuous growth at a rate higher than that of our industry, and to maintain a high level of profitability. This commitment has been fulfilled in the year 2000, as indeed it was during the preceding year. ... for both financial years 1999 and 2000, growth in our revenues has far outstripped the growth rates achieved by the sector in both the Spanish and European markets, while at the same time our profits have increased at a higher rate than revenues. These results have allowed us to reach our three-year target in less than two years. (Javier Monzón, Chairman)	u 8	
	Q	13	Indra's objective for the coming years is to continue to grow at a rate exceeding the norm of Spanish and European markets	u i pt nt n c Σ	
98		Annual Report 1998	sp spanish	u general understanding	n no statement
99		Annual Report 1999	ger german	i additional information	c contradiction
00		Annual Report 2000	en english	pt positive tendency	r.. remuneration
Q		Questionnaire		nt negative tendency	h.. HR measures

Empirical analysis of companies' success in creating shareholder value

Company: **IDR Indra Sistemas, S.A.**

page 4

Variable	Year	Page	Quotations and indications	(Observations)	Score
7. Mergers and Alliances	98	15	On 4th November 1998, Indra and Thomson CSF signed a new corporation agreement with the framework of the agreements already in place, updated and oriented towards optimization of the technical, industrial and commercial cooperation between the two companies, with the common objective of developing and strengthening Indra's competitive position and its financial and profitability situation.	u 7	13
		6	We have likewise continued to move forward in developing our concept of integrated management, which culminated in the merger between our three main subsidiaries and the parent company, ...	i 1	
	99	13	The organic growth of the company has also been reinforced during the financial year with the performance of selective acquisitions of IT companies, the aim being to widen the client base and the offer of solutions and services.	i 1	
		7	We shall continue to complement our organic growth, firmly rooted in the factors referred to above, with external growth through acquisitions that complement our market position and our offering.	i 1	
Q	7	We also find ourselves in the initial stages of a process of identifying companies with suitable profiles for the undertaking of transactions of a larger scope, which we would carry out so long as they strengthen our growth potential and our differentiated business model, the development of which we believe to be essential for maximising our shareholder value.	u 10		
		We will intensify our analysis of opportunities to create additional value by means of active participation in other businesses, or in their development, where the contributions of our skills and technological capabilities constitute a competitive advantage.			
			u 10 i 3 pt nt n c Σ 13		
8. Liquidity of shares	98	7	This public offer [last state owned participation] will also have beneficial effects for our share holders overall, meaning an important increase in the liquidity of our shares, as a result of the wider shareholding base that it will generate.	u 7	8
		6	This has served as a solid basis [the competitive advantage] for the return obtained by the investors who acquired our shares during the Public Offering, a return which has reached practically 110% and which has been accompanied by increasing levels of trading volume and the liquidity of our stock.	u 6	
	18	The frequency of trading of the share was 95.6% throughout the year, and 100% if consideration is given only to the period elapsing since the date of the IPO. Likewise, since the date, the share has enjoyed a high degree of liquidity, with average daily trading volume reaching 463,924 shares, ...this being equivalent to 1.44 times the share capital.			
	00	6	Our trading volume has likewise evolved favourably, thus putting Indra in seventh place on the IBEX-35 selective index in terms of its turnover ratio over free-float capital.		
		56	Splitting of all the shares in circulation and constituting the share capital, each being divided into two, the result being a total number of shares of 147,901,044, each with a face value of 0.20 euros.		
Q	56	it should be pointed out that Indra is included in international indexes, such as the FTSE eTX, that groups together the leading European technology stocks, and the DJ STOXX Broac, which includes the largest quoted European companies.	i 1 u 7 i 1 pt nt n c Σ 8		
98		Annual Report 1998	sp spanish	u general understanding	n no statement
99		Annual Report 1999	ger german	i additional information	c contradiction
00		Annual Report 2000	en english	pt positive tendency	r.. remuneration
Q		Questionnaire		nt negative tendency	h.. HR measures

Empirical analysis of companies' success in creating shareholder value

Company: **IDR Indra Sistemas, S.A.**

page 5

Variable	Year	Page	Quotations and indications	(Observations)	Score
9. Risk Management	98				
	99				
	00				-1
	Q			u i pt nt n c Σ	-1 -1
10. Competitive advantages	98	7	The solid market and economic-financial position with which we close the financial year are the best possible expression of the strong competitive position, based on our management capabilities and experience, successfully demonstrated not only on the domestic market but increasingly and in an every day more relevant fashion on the international market.	1 market position 1 differentiation management and experience	
		12	During the 1998 financial year, the strategic objectives mapped out in previous years with a view to consolidating Indra's competitive and business position, on the basis of financial solidity and profitability and outstanding growth have undoubtedly been more than successfully achieved.	1 cost leadership	
	99	6	The increase in revenues and new contracts and the magnitude of the backlog are a clear expression of the strength of our competitive position on the markets in which we operate, at both national and international levels.		
		12	Indra's positioning on the international markets has continued to be one of its success factors.		
		20	In 1999 Indra has confirmed that it occupies a clear position of leadership on the Spanish market in all its areas of business and activity, and also enjoys an outstanding presence in selected geographical areas providing a high potential for growth, through solutions and services of widely recognised excellence. ... The basic strategic actions taken in 1999 allowed the company to strengthen and improve its position...	1 choice markets 1 reputation	
	00	6	We conduct our business activities with a clear emphasis on vertical markets and a customer oriented approach, offering solutions to meet specific clients needs. This focus provides us with a significant competitive edge in the most important and fastest growing vertical markets in these geographical areas [Spain and Latin America].	1 focus	
	16	During the year 2000, Indra's competitive positioning has been confirmed as a differential model with a high degree of potential for growth and profitability.	differentiation		
	16	The strategic actions taken in recent years have placed Indra in a privileged and solid position to maintain this favourable differential performance in the future.	differentiation		
	Q			u i pt nt n c Σ	6 6
	98	Annual Report 1998	sp spanish	u general understanding	n no statement
	99	Annual Report 1999	ger german	i additional information	c contradiction
	00	Annual Report 2000	en english	pt positive tendency	r.. remuneration
	Q	Questionnaire		nt negative tendency	h.. HR measures

Empirical analysis of companies' success in creating shareholder value

Company: **IDR Indra Sistemas, S.A.**

page 6

Variable	Year	Page	Quotations and indications	(Observations)	Score																																																																																																																							
11. Cost management	98																																																																																																																											
	99																																																																																																																											
	00				-1																																																																																																																							
	Q			u i pt nt nc Σ	-1 -1																																																																																																																							
Assessment of the company			<table border="1"> <thead> <tr> <th></th> <th>General attitude</th> <th>Flexibility</th> <th>Investments</th> <th>Human resources</th> <th>Dividends</th> <th>Growth</th> <th>Corporate control</th> <th>Liquidity of shares</th> <th>Risk management</th> <th>Competitive advantages</th> <th>Cost management</th> <th>TOTAL</th> </tr> </thead> <tbody> <tr> <td>u basic understanding and application of the shareholder value variable</td> <td>9</td> <td>5</td> <td>8</td> <td>6</td> <td>1</td> <td>8</td> <td>10</td> <td>7</td> <td>0</td> <td>0</td> <td>0</td> <td>54</td> </tr> <tr> <td>i additional information</td> <td>2</td> <td>0</td> <td>1</td> <td>1</td> <td>1</td> <td>1</td> <td>3</td> <td>1</td> <td>0</td> <td>6</td> <td>0</td> <td>16</td> </tr> <tr> <td>pt clearly positive tendency</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>nt clearly negative tendency</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>n obligatory variable without statement</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>-1</td> <td>0</td> <td>-1</td> <td>-2</td> </tr> <tr> <td>c contradictory statement</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>TOTAL</td> <td>11</td> <td>5</td> <td>9</td> <td>7</td> <td>2</td> <td>9</td> <td>13</td> <td>8</td> <td>-1</td> <td>6</td> <td>-1</td> <td>68</td> </tr> <tr> <td>total score:</td> <td>68</td> <td colspan="2">total score without questionnaire:</td> <td>69.0</td> </tr> <tr> <td>relevant variables:</td> <td>11</td> <td colspan="2">relevant variables without questionnaire:</td> <td>11</td> </tr> <tr> <td>valuation:</td> <td>6.18</td> <td colspan="2">valuation without questionnaire:</td> <td>6.27</td> </tr> </tbody> </table>		General attitude	Flexibility	Investments	Human resources	Dividends	Growth	Corporate control	Liquidity of shares	Risk management	Competitive advantages	Cost management	TOTAL	u basic understanding and application of the shareholder value variable	9	5	8	6	1	8	10	7	0	0	0	54	i additional information	2	0	1	1	1	1	3	1	0	6	0	16	pt clearly positive tendency	0	0	0	0	0	0	0	0	0	0	0	0	nt clearly negative tendency	0	0	0	0	0	0	0	0	0	0	0	0	n obligatory variable without statement	0	0	0	0	0	0	0	0	-1	0	-1	-2	c contradictory statement	0	0	0	0	0	0	0	0	0	0	0	0	TOTAL	11	5	9	7	2	9	13	8	-1	6	-1	68	total score:	68	total score without questionnaire:		69.0	relevant variables:	11	relevant variables without questionnaire:		11	valuation:	6.18	valuation without questionnaire:		6.27		
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98 Annual Report 1998	sp spanish	u general understanding	n no statement
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Q Questionnaire		nt negative tendency	h.. HR measures

7.3.5. Amadeus Global Travel Distribution, S.A.

Empirical analysis of companies' success in creating shareholder value

Company: **AMS Amadeus Global Travel Distribution, S.A.**

page 1

Variable	Year	Page	Quotations and indications	(Observations)	Score
1. General attitude towards shareholder value	98				
	99				
	00				-1
	Q			u i pt nt n c Σ	-1 -1
2. Flexibility	98				
	99	17	In every industry, and especially in our's which is complex, it is fundamental that a company that pretends to facilitate electronic commerce has to develop itself permanently with the highest level of flexibility. Amadeus has demonstrated this evolution and flexibility being pioneer in the creation of products that afterwards have been converted in industrial standards.	u 7	
	00	20	This is the business of Amadeus: young, creative, innovative, confident, flexible, open and always in constant movement.		
	00	25	The Amadeus system is open, flexible and easily adaptable to new distribution channels.		7
	Q			u i pt nt n c Σ	7 7
	98	Annual Report 1998	sp spanish	u general understanding	n no statement
	99	Annual Report 1999	ger german	i additional information	c contradiction
	00	Annual Report 2000	en english	pt positive tendency	r.. remuneration
	Q	Questionnaire		nt negative tendency	h.. HR measures

Empirical analysis of companies' success in creating shareholder value

Company: **AMS Amadeus Global Travel Distribution, S.A.**

page 2

Variable	Year	Page	Quotations and indications	(Observations)	Score
3. Investments	98				
	99	25	Amadeus pursues a strategy of integration with the principal NMC's [national companies of marketing]. This strategy has been carried out by means of acquisitions of significant participations in those companies.	i 1	4
	25		In order to maintain our strong technological position we invested 174 million euros in the last 3 years.		
	00	40	In the last two years we have invested Euro 90 million in upgrading and modernising our networks and honing the cutting edge of our technology. The fruits of this investment and this creativity were seen in the year under review - a year of important development which has left us poised for excellent growth in the current year and beyond.	u 3	
Q			u i pt nt n c Σ	3 1 4	
4. Human Resources	98				
	99	23	Our staff is young, on average 35 years old, and forms a really multinational culture, being present in 45 nations all over the world.	hi 0.5	5.5
	62		The company has an incentive plan by means of stocks in order to motivate and retain directors and employees. ... The group conceded in one occasion and gratis a number of shares to employees in function of their duration of contract and their remuneration. ... The Group also conceded stock options to directors executable within a 10 years period for an exercise price of 5.75 euros.	ru 0.5 ru 1	
	00	52	Amadeus attracts and retains talent ... Despite market pressure, Amadeus was successful in keeping its turnover (attrition rate) substantially lower than the market average. We provide a stimulating and challenging work environment for our people who enjoy being part of a fast growing enterprise with solid and reliable revenues and profits for shareholders.	hu 2.5 hi 0.5	
	53		In the global competition for talent, Amadeus can build on the fact that it is an open and a multi-cultural company.		
54		To give employees the possibility to achieve superior business performance, we have developed a customized training framework.] In 2000 we introduced a new Bonus Performance Measurement System ... for higher level managers			
Q	55	Amadeus also runs a company wide Stock Option Programme for higher Management.	ru 2	u i pt nt n c Σ	4.5 1 5.5
	98	Annual Report 1998	sp spanish	u general understanding	n no statement
	99	Annual Report 1999	ger german	i additional information	c contradiction
	00	Annual Report 2000	en english	pt positive tendency	r.. remuneration
	Q	Questionnaire		nt negative tendency	h.. HR measures

Empirical analysis of companies' success in creating shareholder value

Company: **AMS Amadeus Global Travel Distribution, S.A.**

page 3

Variable	Year	Page	Quotations and indications	(Observations)	Score	
5. Dividends	98					
	99					
	00	19	A gross dividend on account of the year 2000 results was accorded by the Board of Directors on their meeting held on 20.12.00 of Euro 0.089 for the class A shares and Euros 0.001 for the class B shares. The payment of the dividend was not effective until 25.01.01.	i 1	5	
		60	Annual Shareholders Meeting Agenda Items 8. To reduce the capital stock of the company with return of contributions to the shareholders by means of the redemption of 55.384.710 class B shares and subsequent amendment of Article 5 of the By-laws.	u 4		
	Q			u i pt nt n c Σ	4 1 5	
6. Growth	98					
	99	23	We consider ourselves a European multinational company that rapidly grows and which has great ambitions to supply leading services for the travel industry in the whole world.	u 1		
	00	18	We expect to see increased share price stability in 2001 as understanding of our core activity and complementary e-commerce initiatives grows.	u 6	8	
		34	These results for the year 2000 were powerful. We achieved a revenue and income growth which almost doubles that of the sector.	i 1		
	Q			i 1		
		35	Amadeus is the fastest growing and, by several measures, the largest global distribution system (GDS) for the travel industry; market leader in Europe and Latin America, increasingly dominant in the Asia Pacific region, and growing in strength in North America. These .. significant achievements .. put Amadeus ... in a position to move into a new period of expansion and growth.		u i pt nt n c Σ	6 2 8
	98	Annual Report 1998	sp spanish	u general understanding	n no statement	
	99	Annual Report 1999	ger german	i additional information	c contradiction	
	00	Annual Report 2000	en english	pt positive tendency	r.. remuneration	
	Q	Questionnaire		nt negative tendency	h.. HR measures	

Empirical analysis of companies' success in creating shareholder value

Company: **AMS Amadeus Global Travel Distribution, S.A.**

page 4

Variable	Year	Page	Quotations and indications	(Observations)	Score
7. Mergers and Alliances	98				
	99	17	Our alliances with companies like Ericsson, the L'Espresso Group, ITA Software, ICSA-T, SAP and sp Terra Networks contribute to the development of innovative solutions for the touristic sector.	u 3	
	00	10	March Amadeus, Wideroe y Ericsson launch WTM, enabling travel bookings through WSP technology April Amadeus signs multi-year deal with Carlson Wagonlit Travel, Amadeus and multi-media conglomerate L'Espresso Group set up eviaggi.com, Amadeus and British Airways enter major IT partnership Onetravel.com and Amadeus create strategic partnership June Amadeus and Broadvision form alliance Lotus and Amadeus cooperate to develop and market travel management solutions July Amadeus, with American Express, breaks new ground with corporate travel consultancy services for SAP ... September Amadeus acquires 100% ownership of Atlas Travel Technologies, the NMC for Australia and New Zealand		6
	Q	11	October Launch of rumbo.com, Amadeus and Terra's joint-venture travel portal ...	i 3	
				u i pt nt n c Σ	3 3 6
8. Liquidity of shares	98				
	99	23	At the end of the financial year, the company was listed in four principal European markets: Madrid, Barcelone, Paris and Frankfurt. It has been admitted to the selective index IBEX 35 that comprises the 35 Spanish companies with the highest liquidity and market capitalization.	u 3	
	00	18	40.08% of Amadeus's class A shares are now in public hands, ensuring the necessary free-float for the share to be fully weighted in the IBEX 35 index.	u 6	6
				u i pt nt n c Σ	6 6
	98	Annual Report 1998	sp spanish	u general understanding	n no statement
	99	Annual Report 1999	ger german	i additional information	c contradiction
	00	Annual Report 2000	en english	pt positive tendency	r.. remuneration
	Q	Questionnaire		nt negative tendency	h.. HR measures

Empirical analysis of companies' success in creating shareholder value

Company: **AMS Amadeus Global Travel Distribution, S.A.**

page 5

Variable	Year	Page	Quotations and indications	(Observations)	Score
9. Risk Management	98				
	99	61	The group utilizes certain financial derivatives (forwards, options, collars) to manage the exposure of exchange, price and interest risks.	u 5	5
	00				
Q			u i pt nt n c Σ	5	
10. Competitive advantages	98				
	99	17 25	We profit from a privileged position in Europe and South America and count on extraordinary growth rates in the regions of Asia and Pacific. Our advantage is a strong technological position.	1 market position 1 focus	4
	00	6 35	Competing against long-established US rivals, Amadeus has, since starting operations in 1992, become the world's most international electronic travel distribution provider ... We pride ourselves on being more deft than any of our competitors at adapting technology to the needs of our customers and in being strongly focused on providing world-class levels of service to our customers.	market position 1 innovation 1 differentiation	
Q			u i pt nt n c Σ	4	

98	Annual Report 1998	sp	spanish	u	general understanding	n	no statement
99	Annual Report 1999	ger	german	i	additional information	c	contradiction
00	Annual Report 2000	en	english	pt	positive tendency	r..	remuneration
Q	Questionnaire			nt	negative tendency	h..	HR measures

7.3.6. *Telefónica Publicidad e Información, S.A.*

Empirical analysis of companies' success in creating shareholder value

Company: **TPI Telefónica Publicidad e Información, S.A.**

page 1

Variable	Year	Page	Quotations and indications	(Observations)	Score
1. General attitude towards shareholder value	98				
	99	5	In 1999, TPI's share capital was opened up to individual investors through our Initial Public Offering. This reinforces the company's business policy, creating a working incentive by making shareholder's value our main aim.	u 8	
	61		"Telefónica Publicidad e Información, S.A." has created a department called the "Shareholder Office" specifically to handle relations with minority shareholders with a free telephone enquiry service permanently available (this service received 4,849 calls in 1999, with a service ratio of 90.2%)	i 1	
	00	11	The year saw a new organisational structure for the TPI Group. Tailored to TPI's new profile as a global advertising Group in Spain and Latin America, the new structure is designed to maximise value creation.	u 10	10
	15		Telefónica Publicidad e Información's strategy remains focused on maximising value for shareholders through sustained growth in the Company's profitability.		
	Q			u i pt nt n c Σ	10 10
2. Flexibility	98				
	99				
	00				-1
	Q			u i pt nt n c Σ	-1 -1

98 Annual Report 1998 sp spanish u general understanding n no statement
 99 Annual Report 1999 ger german i additional information c contradiction
 00 Annual Report 2000 en english pt positive tendency r.. remuneration
 Q Questionnaire nt negative tendency h.. HR measures

Empirical analysis of companies' success in creating shareholder value

Company: TPI Telefónica Publicidad e Información, S.A.

page 2

Variable	Year	Page	Quotations and indications	(Observations)	Score
3. Investments	98				
	99	11	In January 2000, TPI reached an agreement to take control of Publiguias, by means of a 26% indirect participation in its stock capital. Publiguias is the leading company in the directory market in Chile, one of the most advanced markets in Latin America. The high management capacity of Publiguias, TPI's local partners and the position of the company on the Chilean market, with more than 58,000 clients, are important references for the future.	i 1	1
	00				
	Q			u i pt nt n c Σ	0 1 1
4. Human Resources	98				
	99	7	The company's main asset -our staff- has been the main contributor to business growth. The management team's challenge is to continue TPI's workers an opportunity to grow within the company through new career opportunities.	hu 3	
	00	14	The exclusive purpose of this capital increase was to set up a share option plan in favour of company management, ...	ru 1.5	
	Q			u i pt nt n c Σ	4.5 4.5

98	Annual Report 1998	sp	spanish	u	general understanding	n	no statement
99	Annual Report 1999	ger	german	i	additional information	c	contradiction
00	Annual Report 2000	en	english	pt	positive tendency	r..	remuneration
Q	Questionnaire			nt	negative tendency	h..	HR measures

Empirical analysis of companies' success in creating shareholder value

Company: TPI Telefónica Publicidad e Información, S.A.

page 3

Variable	Year	Page	Quotations and indications	(Observations)	Score
5. Dividends	98				
	99	10	The Board of Directors of TPI submitted to the General Shareholders Meeting the approval of a complementary dividend of Pta. 5,944 Mn, against profits. This complementary dividend represented 60% of the net profit obtained during the last three quarters of the year. Prior to going public, the General Shareholders Meeting of TPI agreed to pay to Telefónica an extraordinary dividend of Pta. 9,126,566,715 against reserves and a dividend of Pta. 3,873,433,284 against 1999 results.	u 1 i 1	2
	00				
	Q			u 1 i 1 pt nt n c Σ 2	
6. Growth	98				
	99	6	Our future plans include exploiting our capacity for growth in paper products through new offers and more publishing content, whilst improving commercial tools in order to create a more efficient sales force.	u 4	8
		7	1999 has been a historical year for TPI- our levels of growth in all areas of business have been outstanding. In the year 2000, we shall again prove our potential for improvement by focussing on the search for new markets.		
		21	TPI's strategy for the next few years shall increase shareholder value through three key lines for growth: ...	u 7	
00	15	TPI pursues a growth strategy based on the three broad lines of action: Growth in publishing business, ... Diversification of sources of revenues and business, ... TPI's consolidation as a global advertising and information Group.	i 1		
	Q			u 7 i 1 pt nt n c Σ 8	
	98	Annual Report 1998	sp spanish	u general understanding	n no statement
	99	Annual Report 1999	ger german	i additional information	c contradiction
	00	Annual Report 2000	en english	pt positive tendency	r.. remuneration
	Q	Questionnaire		nt negative tendency	h.. HR measures

Empirical analysis of companies' success in creating shareholder value

Company: TPI Telefónica Publicidad e Información, S.A.

page 4

Variable	Year	Page	Quotations and indications	(Observations)	Score
7. Mergers and Alliances	98				
	99	10	The contracts signed in 1999 with several operators for the commercialisation, edition and distribution of White Pages guides, constitute the basis for the future growth of the company on the Brazilian market, the potential of which is almost double that of the Spanish market.	u 6	7
	00	24	To increase traffic and maximise advertising impact for our advertisers, we have embarked on a series of strategic alliances with the main Spanish portals for the syndication of contents. Already operational are those of Telefónica.es, Terra.es, Lycos.es, Ya.com, Microsoft, SecretariaPlus.com and Mundohogar.com.	i 1	
		29	we will continue our policy of strategic agreements, placing information on the new platforms that technology makes available. This strategy should generate more visits to advertisers, enhancing the profitability of their investment.	u 6	
Q				u 6 i 1 pt nt n c Σ 7	
8. Liquidity of shares	98				
	99	11	In January 2000, TPI's shares entered the selective index IBEX 35. Since then, TPI has been the eight most liquid stock in the Spanish market.	u 5	7
	00	13	In January 2000 the TPI share joined Spain's benchmark Ibex 35 index and in April, as TPI established itself as a high-growth company, it was included in Spain's tech-rich Nuevo Mercado segment. In September, to maintain TPI's weighting in the Ibex 35 at 100% of its market capitalization, Telefónica floated 3.1% of its stake to increase the free float to 40.1%.	u 7	
Q		13 In June the company held 3-for-1 split to enhance the stock's liquidity.		u 7 i pt nt n c Σ 7	

98 Annual Report 1998 sp spanish u general understanding n no statement
 99 Annual Report 1999 ger german i additional information c contradiction
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Empirical analysis of companies' success in creating shareholder value

Company: **TPI Telefónica Publicidad e Información, S.A.**

page 5

Variable	Year	Page	Quotations and indications	(Observations)	Score
9. Risk Management	98				
	99	6	TPI's membership of the Telefónica Group is our best guarantee for successful policy execution. Telefónica is the leading telecommunications services company on the Spanish and Portuguese-speaking market, present in 17 countries and holding over 62 million clients worldwide. All this market experience offers us business opportunities whilst reducing the company risk involved in expansion.	u 5	6
	59	[duty of board of directors] Identification of significant risks for the Company and implementation and monitoring of appropriate internal control and information system.	u 6		
	00	48	Mission and responsibilities of the Board of Directors ... 4. Definition of the Company's main risks and installation and supervision of the appropriate internal system of control and information.		
	Q			u i pt nt n c Σ	6
10. Competitive advantages	98				
	99	6	We shall become a destination point, a reference point on the internet. By fulfilling our aim to connect supply and demand, we shall achieve a significant position in business e-commerce.	1 reputation 1 market position	4
	00	9	TPI is Spain's leading directories publisher, with an 84% market share, and it produces a total of 34 million books a year.	1 dominance	
	22 and also to heighten the competitiveness of Europages vis-à-vis other B2B media, it will promote simultaneous contracts for ads in all three formats (paper, CD-ROM and internet).	1 choice product	
	Q			u i pt nt n c Σ	4
	98	Annual Report 1998	sp spanish	u general understanding	n no statement
	99	Annual Report 1999	ger german	i additional information	c contradiction
	00	Annual Report 2000	en english	pt positive tendency	r.. remuneration
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Empirical analysis of companies' success in creating shareholder value

Company: TPI Telefónica Publicidad e Información, S.A.

page 6

Variable	Year	Page	Quotations and indications	(Observations)	Score																																																																																																								
11. Cost management	98																																																																																																												
	99	17	... in 1999, TPI took its first steps towards creating an international group. This strategy will ... make it possible to ... reduce costs by means of joint supplier management.	u 7																																																																																																									
	21		benchmarking studies are being carried out ... Conclusions obtained include TPI's efficiency in production costs ...																																																																																																										
	53		[Project for improvement] A new system for allocating Commercial Office costs as a proposal to allocate Commercial Office costs to Analytical Accounting. The value of this project is reflected in higher resources and more accurate allocation percentages for business projects.																																																																																																										
00	44	Management by processes and ongoing improvements have long been key operational levers for improving TPI's costs and adding value to all its businesses.	u 10	10																																																																																																									
Q				u i p t n c Σ	10																																																																																																								
Assessment of the company			<table border="1"> <thead> <tr> <th></th> <th>General attitude</th> <th>Flexibility</th> <th>Investments</th> <th>Human resources</th> <th>Dividends</th> <th>Growth</th> <th>Corporate control</th> <th>Liquidity of shares</th> <th>Risk management</th> <th>Competitive advantages</th> <th>Cost management</th> <th>TOTAL</th> </tr> </thead> <tbody> <tr> <td>u basic understanding and application of the shareholder value variable</td> <td>10</td> <td>0</td> <td>0</td> <td>4.5</td> <td>1</td> <td>7</td> <td>6</td> <td>7</td> <td>6</td> <td>0</td> <td>10</td> <td>51.5</td> </tr> <tr> <td>i additional information</td> <td>0</td> <td>0</td> <td>1</td> <td>0</td> <td>1</td> <td>1</td> <td>1</td> <td>0</td> <td>0</td> <td>4</td> <td>0</td> <td>8</td> </tr> <tr> <td>pt clearly positive tendency</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>nt clearly negative tendency</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>n obligatory variable without statement</td> <td>0</td> <td>-1</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>-1</td> </tr> <tr> <td>c contradictory statement</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>TOTAL</td> <td>10</td> <td>-1</td> <td>1</td> <td>4.5</td> <td>2</td> <td>8</td> <td>7</td> <td>7</td> <td>6</td> <td>4</td> <td>10</td> <td>58.5</td> </tr> </tbody> </table>		General attitude	Flexibility	Investments	Human resources	Dividends	Growth	Corporate control	Liquidity of shares	Risk management	Competitive advantages	Cost management	TOTAL	u basic understanding and application of the shareholder value variable	10	0	0	4.5	1	7	6	7	6	0	10	51.5	i additional information	0	0	1	0	1	1	1	0	0	4	0	8	pt clearly positive tendency	0	0	0	0	0	0	0	0	0	0	0	0	nt clearly negative tendency	0	0	0	0	0	0	0	0	0	0	0	0	n obligatory variable without statement	0	-1	0	0	0	0	0	0	0	0	0	-1	c contradictory statement	0	0	0	0	0	0	0	0	0	0	0	0	TOTAL	10	-1	1	4.5	2	8	7	7	6	4	10	58.5		
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nt clearly negative tendency	0	0	0	0	0	0	0	0	0	0	0	0																																																																																																	
n obligatory variable without statement	0	-1	0	0	0	0	0	0	0	0	0	-1																																																																																																	
c contradictory statement	0	0	0	0	0	0	0	0	0	0	0	0																																																																																																	
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98 Annual Report 1998 sp spanish u general understanding n no statement
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7.3.7. Terra Networks, S.A.

Empirical analysis of companies' success in creating shareholder value

Company: **TRR Terra Networks, S.A.**

page 1

Variable	Year	Page	Quotations and indications	(Observations)	Score
1. General attitude towards shareholder value	98				
	99				
	00				-1
	Q			u i pt nt n c Σ	-1 -1
2. Flexibility	98				
	99	10 The company is backed by a management team that is determined and flexible. 11 The world of internet is characterized by speed of innovation and constant change, leading us to question the limits of the possible. 13 The essence of the internet is its speed, and there can be no doubt that we have made this an intrinsic value of Terra. It is only necessary to look at how quickly the company has developed during 1999.		u 5	5
	00				
	Q			u i pt nt n c Σ	5 5
	98	Annual Report 1998	sp spanish	u general understanding	n no statement
	99	Annual Report 1999	ger german	i additional information	c contradiction
	00	Annual Report 2000	en english	pt positive tendency	r.. remuneration
	Q	Questionnaire		nt negative tendency	h.. HR measures

Empirical analysis of companies' success in creating shareholder value

Company: **TRR Terra Networks, S.A.**

page 2

Variable	Year	Page	Quotations and indications	(Observations)	Score
3. Investments	98				
	99	18	One of the basic factors influencing decisions on the acquisition of other companies is the possibility of gaining more qualified personnel.	u 1	3
		18	In June 1999 Terra reached an agreement to acquire 25% of Corporación Real Time Team (CRTT), the head of the Teknoland Group. This acquisition has now allowed Terra to gain the positioning as the benchmark company for on-line services and the development of interactive products.	i 1	
		22	Acquiring Infosel ... also led to the creation of a key strategic alliance with Grupo Reforma (Mexico), one of the leading press groups of the country...	i 1	
	00				
	Q			u i pt nt n c Σ	1 2 3
4. Human Resources	98				
	99	42	Our plans are ambitious. Terra has the appropriate human, technical and financial resources to make this a reality.	hu 2	2
	00				
	Q			u i pt nt n c Σ	2 2
98		Annual Report 1998	sp spanish	u general understanding	n no statement
99		Annual Report 1999	ger german	i additional information	c contradiction
00		Annual Report 2000	en english	pt positive tendency	r.. remuneration
Q		Questionnaire		nt negative tendency	h.. HR measures

Empirical analysis of companies' success in creating shareholder value

Company: **TRR Terra Networks, S.A.**

page 3

Variable	Year	Page	Quotations and indications	(Observations)	Score
5. Dividends	98				0
	99				
	00				
	Q			u i pt nt n c Σ	
6. Growth	98				7
	99	10	The ambitions of Terra for the future are based on three fundamental areas. ... we have to accelerate our growth outside the natural market of Terra, as there can be no doubt that our market is the largest and clearest global arena.	u 1	
	18	The growth of Terra has been based as much on strategic acquisitions as it has on strong organic growth.	i 1		
	00	5	The second objective is to take full advantage of our extraordinary cash position to grow profitably and expand our network of Web sites, with the objective of establishing ourselves as the most effective means of reaching a global audience, as reflected by the more than 3,000 advertisers who already work with us today.	u 6	
	Q			u i pt nt n c Σ	6 1 7

98 Annual Report 1998 sp spanish u general understanding n no statement
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Empirical analysis of companies' success in creating shareholder value

Company: **TRR Terra Networks, S.A.**

page 4

Variable	Year	Page	Quotations and indications	(Observations)	Score
7. Mergers and Alliances	98				
	99	20	One of the previous owners of Zaz [a company now belonging to Nutec Informática acquired by Terra in Junen 1999] was Rede Brasil Sul (RBS), a major Brazilian telecommunications group with which Terra has a decisive strategic alliance.	i 1	
	37		The success of our portals is due to a clear policy for the development and improvement of their offer in content of an interactive nature. To do so, we have signed strategic alliance deals with large national and international suppliers (Disney, MTV, Reforma, RBS or more recently the Estado de Sau Paulo Group) and with large services providers such as Sun Microsystems...	u 7	
	00	4	During the last year, we successfully completed one of the most important mergers in the history of the internet, the acquisition of Lycos, putting us at a distinct advantage as we move into the future. 4. Market leadership is a challenge within our reach, but requires us to achieve several objectives. The first is to consolidate our product offerings as the most comprehensive in the market, to make our portals compelling places where the user can access differentiated services and content that meets their needs. For this purpose, Terra Lycos has formed strategic alliances with leading companies in their respective markets that combine our goal offerings with local content.	u 6	8
	Q			u 7	7 1 8
8. Liquidity of shares	98				
	99	14	This [high market capitalization], together with the high volume of trading, has led to our shares being included in the most prestigious stock exchange indexes, such as the Ibex-35, NASDAQ, S&P Euro, S&P Europlus and the FTSE Eurotop 300.	u 5	
	00				5
	Q			u 5	5
98		Annual Report 1998	sp spanish	u general understanding	n no statement
99		Annual Report 1999	ger german	i additional information	c contradiction
00		Annual Report 2000	en english	pt positive tendency	r.. remuneration
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Empirical analysis of companies' success in creating shareholder value

Company: **TRR Terra Networks, S.A.**

page 5

Variable	Year	Page	Quotations and indications	(Observations)	Score				
9. Risk Management	98								
	99								
	00				-1				
	Q			u i pt nt n c Σ	-1 -1				
10. Competitive advantages	98								
	99	10	Terra now is an obligatory benchmark company in the sector.	1 reputation					
		10	The ambitions of Terra for the future are based on three fundamental areas. Firstly, we must consolidate our leadership in the Spanish and Portuguese speaking worlds if we are to become a platform having the size and leadership that will allow us to attain greater heights.	1 choice market 1 market position 1 size 1 dominance					
		11	Our success with our customers and investors allows us to set targets that would be unreachable for others. And our vocation for leadership, management team and immensely valuable assets all place us in a privileged position to attain these goals.						
	00	4	Our global presence, diversified revenue source, and strategic partners constitute a decisive competitive advantage.	1 architecture	6				
	Q			u i pt nt n c Σ	6 6				
	98		98 Annual Report 1998	sp	spanish	u	general understanding	n	no statement
	99		99 Annual Report 1999	ger	german	i	additional information	c	contradiction
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Empirical analysis of companies' success in creating shareholder value

Company: **TRR Terra Networks, S.A.**

page 6

Variable	Year	Page	Quotations and indications	(Observations)	Score																																																																																																								
11. Cost management	98																																																																																																												
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7.4. LIST OF ABBREVIATIONS

Codes of researched companies

ACE	Autopistas, Concesionaria Española, S.A.
ACS	ACS, Actividades de Construcción y Servicios, S.A.
ACR	Aceralia Corporación Siderúrgica, S.A.
ACX	Acerinox, S.A.
AGS	Agbar, Sociedad General de Aguas de Barcelona, S.A.
ALB	Corporación Financiera Alba, S.A.
ALZ	Allianz AG
AMA	Amadeus, S.A.
AMP	Amper, S.A.
ANA	Acciona, S.A.
ARG	Argentaria, Caja Postal y Banco Hipotecario, S.A.
AUM	Autopistas del Mare Nostrum, S.A. Concesionaria del Estado
AVT	Aventis S.A.
BBV	Banco Bilbao Vizcaya, S.A.
[BCH]	Banco Central Hispano, S.A. (now merged with SAN to SCH)
BKT	Bankinter, S.A.
CAN	Hidroeléctrica del Cantábrico, S.A.
CTE	Centros Comerciales Continente, S.A.
CTG	Gas Natural SDG, S.A.
DAN	Danone S.A.
DCX	DaimlerChrysler AG
DRC	Dragados y Construcciones, S.A.
ELE	Endesa, S.A.
FCC	Fomento de Construcciones y Contratas, S.A.
FER	Grupo Ferrovial, S.A.
IBE	Iberdrola, S.A.
IDR	Indra Sistemas, S.A.
NHH	NH Hoteles, S.A.
NOK	Nokia Group
POP	Banco Popular Español, S.A.
PRY	Centros Comerciales PRYCA, S.A.
REP	Repsol, S.A.
[SAN]	Banco Santander, S.A. (now merged with BCH to SCH)
SCH	Banco Santander Central Hispano, S.A.
SOL	Sol Meliá, S.A.
TAB	Tabacalera, S.A.
TEF	Telefónica, S.A.
TPI	Telefónica Publicidad e Información, S.A.
TRR	Terra Networks, S.A.
UNF	Unión Eléctrica Fenosa, S.A.
URA	Uralita, S.A.
VAL	Vallehermoso, S.A.
VIS	Viscofan, Industria Navarra de Envolturas Celulósicas, S.A.
ZEL	Zeltia, S.A.

Other abbreviations (except names and Internet directions)

00	financial year 2000
98	financial year 1998
99	financial year 1999
ADR	American Depositary Receipts
AG	Aktiengesellschaft (joint stock company)
APT	Arbitrage Pricing Theory
BP	Business Profit
c	contradiction
BPR	Business Process Reengineering
CAPM	Capital Asset Pricing Model
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CMS	Cost of Market Share
DCF	Discounted Cash Flow
DEM	Deutsche Mark (deutschmark)
df	degrees of freedom
Ecu	European currency unit
ed.	edition
eds.	editors
e.g.	exempli gratia
en	english
esp.	Epecially
ESP	Spanish peseta
EUR	Euro (common European currency)
EuroStoxx50	important European share price index
EVA	Economic Value Added
FIFO	First In First Out
FIM	Finish Mark
FMS	Flexible Manufacturing System
FRF	French Franc
GAAP	Generally Accepted Accounting Principles
ger	german
h	HR measures
HR	Human Resource
HRM	Human Resource Management
i	additional information
IBEX 35	important Spanish share price index
i.e.	id est
JIT	Just-In-Time [logistics concept]
MM	Modigliani and Miller
MS	Market Share
n	no statement
NASDAQ	National Association of Securities Dealers Automatic Quotation
NM	New Market
no.	number
NPV	Net Present Value
nt	negative tendency
NYSE	New York Stock Exchange
OTC	Over The Counter

OY	Finish joint stock company
PIMS	Profit Impact of Marketing Strategies
pt	positive tendency
Pta(s)	Peseta(s)
Pts	Pesetas
Q	Questionnaire
r	remuneration
R&D	Research and Development
REVA	Refined Economic Value Added
ROI	Return On Investment
ROIC	Return On Invested Capital
S.A.	Sociedad Anónima / Société Anonyme (Joint Stock Company)
SBU	Strategic Business Unit
SHRM	Strategic Human Resource Management
sp	spanish
TQM	Total Quality Management
u	general understanding
UK	United Kingdom
US	(of the) United States
USA	United States of America
VMS	Value of Market Share
vol.	Volume
Y2K	year 2000

7.5. LIST OF SYMBOLS

Mathematical and statistical symbols

β	beta, variable of the CAPM, a measure of risk
c_x	cash flow at time x
C	total cash flow
E	exercise price of an option
H_0	zero hypothesis
k	cost of capital
n	number of elements of a set
NPV_x	net present value at time x
r	risk-free interest rate
R^2	determination coefficient
s	standard error
σ	standard deviation
t	t-statistic
t_x	point in time
V_x	net present value at time x
x	dummy variable, counter variable

Other symbols

®	registered product
\$	Dollar, or in general, currency unit
™	trade mark

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