

Annual Report of ACS Group

2008



www.grupoacs.com



Cover photo: *Pavilion Bridge for Expo 2008 (Zaragoza, Spain).*

Activity Report of ACS Group



2008





Main figures of the ACS Group

Financial and operating data	2003 ⁽¹⁾	2004	2005	2006	2007 ⁽²⁾	2008
Millions of euros						
Turnover	8,825.1	10,817.9	12,113.9	14,067.2	15,344.9	16,010.0
Gross operating profit (EBITDA)	794.8	981.1	1,095.5	1,270.3	1,379.8	1,479.7
Net operating profit (EBIT)	573.5	723.9	817.4	971.6	1,056.7	1,096.7
Profit before tax	283.4	623.3	804.3	1,553.5	1,079.0	1,068.5
Attributable net profit	229.5	452.5	608.7	1,250.1	1,551.1	1,805.0
Cash-flow ^(*)	505.4	709.7	886.8	1,548.8	1,874.1	2,188.0
Dividends paid	46.1	96.8	137.6	211.7	441.1	600.2
Total investments	657.5	1,196.4	4,216.4	5,407.1	2,475.0	170.5
Total assets	11,226.3	12,399.6	17,712.5	25,182.7	49,593.4	51,398.4
Equity	1,895.7	2,019.2	2,635.5	3,256.4	10,441.0	9,913.0
Shareholders' equity	1,796.4	1,905.4	2,480.9	3,115.7	4,653.8	3,402.4
Total net debt	1,230.6	1,423.9	4,264.6	8,746.3	7,938.7	9,355.8
Net debt with recourse	914.4	961.6	1,909.4	1,753.4	1,871.4	2,933.7
Non recourse financing	316.2	462.3	2,355.2	6,992.9	6,067.3	6,422.1
Order book	22,537.8	23,928.4	26,868.1	29,918.3	32,322.8	34,106.2
Number of employees	97,112	107,748	113,273	123,652	132,048	141,002

(*) Net profit + Depreciation + Change in provisions

Data per share ⁽³⁾	2003 ⁽¹⁾	2004	2005	2006	2007 ⁽²⁾	2008
Euros						
Earnings	0.76	1.30	1.74	3.58	4.51	5.43
Gross dividend	0.27	0.39	0.60	1.25	1.75	2.05
Cash-flow	1.68	2.01	2.51	4.39	5.44	6.58
Shareholders' equity	5.05	5.40	7.03	8.83	13.52	10.23

Stock market data	2003	2004	2005	2006	2007	2008
Listed shares ⁽³⁾⁽⁴⁾	355,580,493	352,873,134	352,873,134	352,873,134	352,873,134	335,390,427
Market capitalization (millions of euros)	4,587.0	5,928.3	9,601.7	15,071.2	14,344.3	10,950.5
Year-end closing price ⁽²⁾	12.90 €	16.80 €	27.21 €	42.71 €	40.65 €	32.65 €
Annual revaluation	26.26%	30.23%	61.96%	56.96%	-4.82%	-19.68%

Key ratios	2003 ⁽¹⁾	2004	2005	2006	2007 ⁽²⁾	2008
Operating margin	6.5%	6.7%	6.7%	6.9%	6.9%	6.9%
Net margin	2.6%	4.2%	5.0%	8.9%	10.1%	11.3%
ROE	16.5%	23.6%	27.5%	45.5%	36.9%	41.2%
Gearing ⁽⁵⁾	64.9%	70.5%	161.8%	268.6%	76.0%	94.4%
Dividend yield	2.1%	2.3%	2.2%	2.9%	3.2%	6.3%

(1) Under GAAP. From 2004 under IFRSs standards.

(2) 2007 data proforma, Unión Fenosa has been reclassified as "Assets held for sale", using the same criteria as in 2008.

(3) Adjusted by the 3x1 Split of year 2004 (reduction of the nominal value of the shares from €1.50 to €0.50 with the consequent and simultaneous increase in the number of shares in proportion to the stock capital).

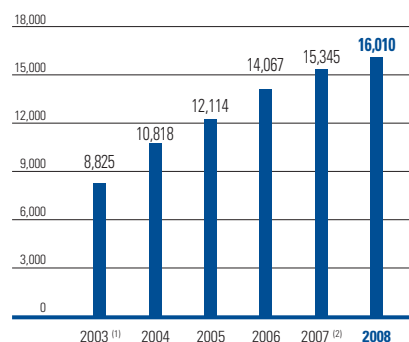
(4) On June 10th, 2004, there was a reduction in the share capital by a nominal amount of €1,353,679.5 through the redemption of 902,453 shares of treasury stock. On July 2008, there was a reduction in the share capital by a nominal amount of €8,741,385 through the redemption of 17,482,707 shares of treasury stock. Additionally, in January 2009, there was a reduction in the share capital by a nominal amount of €8,373,255, through the redemption of 16,746,453 shares of the treasury stock, according to the resolution that was approved in the Extraordinary General Shareholder's meeting, held in December 2008.

(5) Gearing: Net Debt/(Shareholders' Equity+Minority interests).

Main figures of the ACS Group

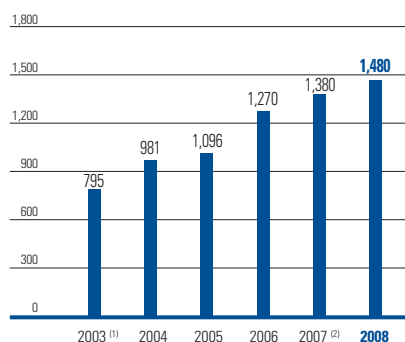
Turnover

Millions of euros



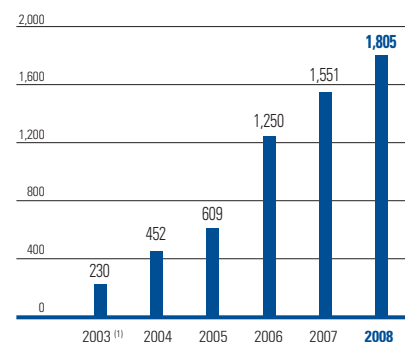
Gross operating profit (EBITDA)

Millions of euros



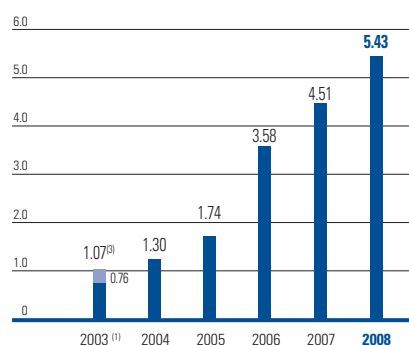
Attributable net profit

Millions of euros



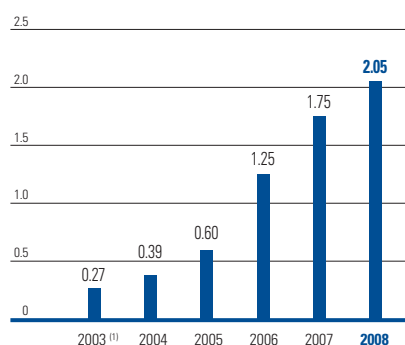
Earnings per share

Euros



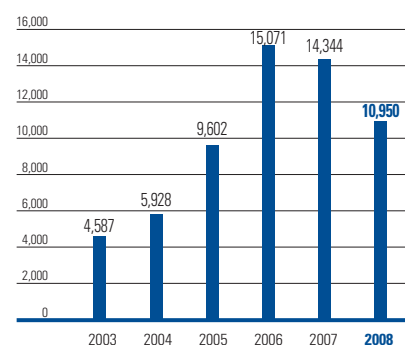
Dividend per share

Euros



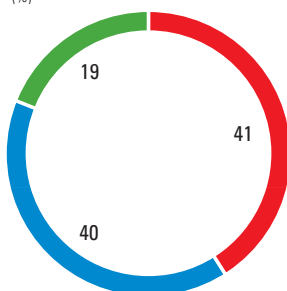
Market capitalization

Millions of euros



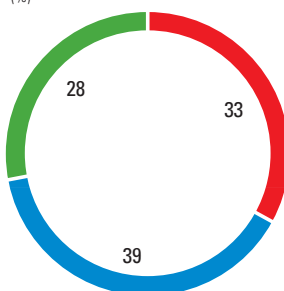
2008 Turnover by business ⁽⁴⁾

(%)



2008 Gross operating profit (EBITDA) by business ⁽⁴⁾

(%)

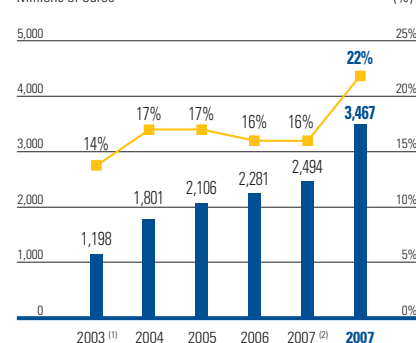


■ Construction
■ Industrial Services
■ Environment and Logistics

■ Construction
■ Industrial Services
■ Environment and Logistics

Internationalization

Millions of euros



■ International Turnover
— % International over Total

(1) Under GAAP. From 2004 under IFRSs standards.

(2) 2007 data proforma, Unión Fenosa has been reclassified as "Assets held for sale", using the same criteria that it has been used in 2008.

(3) Exclude extraordinary merger expenses.

(4) Percentages are calculated considering the sum of the activities included in the graph.



Construction 2008

Millions of euros

Turnover	6,625
International	12.3%
Gross operating profit (EBITDA)	494
Margin	7.5%
Net profit	275
Margin	4.2%
Order book	11,023
Employees	18,396

Industrial Services 2008

Millions of euros

Turnover	6,477
International	34.3%
Gross operating profit (EBITDA)	591
Margin	9.1%
Net profit	317
Margin	4.9%
Order book	6,244
Employees	41,202

Environment and Logistics 2008

Millions of euros

Turnover	3,148
International	13.4%
Gross operating profit (EBITDA)	412
Margin	13.1%
Net profit	145
Margin	4.6%
Order book	16,839
Employees	81,131

International presence

Countries in which ACS Group is present

Algeria	Cameroon	Ecuador	Guatemala	Mexico	Saudi Arabia
Andorra	Canada	Egypt	Honduras	Morocco	South Africa
Angola	Chile	El Salvador	India	Nicaragua	Spain
Argentina	China	Ethiopia	Ireland	Panama	United Arab Emirates
Australia	Colombia	France	Italy	Peru	United Kingdom
Belgium	Costa Rica	Germany	Jordan	Poland	United States
Brazil	Dominican Republic	Greece	Lybia	Portugal	Venezuela



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Letter from the Chairman

Dear shareholders

The year 2008 was of great significance to the development of the ACS Group. Against a very complicated economic and financial backdrop, our company was able to successfully meet the different operating and strategic challenges posed in 2008, as demonstrated by the increase in its consolidated profit.

Sales rose by 4.3%, exceeding €16,010 million in 2008, while the net profit attributable to the company grew by 16.4% and stood at €1,805 million, which was notably higher than our initial projections. Ordinary net profit also showed significant growth, rising by 11.6% to €1,127 million, net of the extraordinary profit earned in 2008, including inter alia, the gains arising on the sale of 10% of Unión Fenosa.

This transaction was of special relevance to ACS, both due to the strategic repercussions on the Group and to the returns obtained, which were over 66% of the capital initially invested. As is already known, on July 31, 2008, an agreement was reached with Gas Natural SDG for the sale of our ownership interest in Unión Fenosa for a total €7,591 million. The transaction was completed in two phases: first, 10% of the shares in the company were immediately sold for €1,675 million, and secondly, at the end of February 2009, the remaining 35.3% were sold after having received authorisation from the Spanish Competition Authority (CNC).

Now, in the absence of the difficulties entailed by our presence in another company in the industry, the ACS Group will be able to move closer to its aim of consolidating our position in the energy industry as the controlling shareholder of Iberdrola, and together with the company's other shareholders, having a prominent role in the development of the leading Spanish electricity utility.

This transaction has also enabled us to drastically decrease financial leveraging in order to position our debt at more than reasonable levels. In fact, in 2008 the Group lowered its net debt balance by €7,220 million to €9,355 million, as a result of the funds generated by operations and the assets sold in the year. Following the sale of the remaining 35.3% of the share capital of Unión Fenosa, our borrowings amounted to €6,152 million.

However, this deleveraging process has not prevented us from allocating significant resources to various operating activities in order to maintain our Group's sustainable and profitable growth. Specifically, in 2008 we invested nearly €1,800 million in the Construction, Concessions, Environment and Logistics, Industrial Services and Energy areas. With respect to the Industrial Services and Energy area, a considerable effort is being made to invest in renewable energies, such as wind-powered facilities and thermal solar plants with thermal storage, where ACS is a pioneer, worldwide.

At the same time, the ACS Group has continued its international expansion through its ongoing commercial efforts in all markets, including inter alia, the US, which has a higher demand for civil engineering and energy projects. This growing internationalisation is reflected in the substantial increase in the Company's international portfolio, which now accounts for 27% of its total portfolio.

Additionally, the Group has continued to reinforce its sustainability strategy by means of various practices relating to the three areas of corporate responsibility: economic, social and environmental. Of the most important initiatives undertaken in 2008, noteworthy are the investment in research and development, and mainly projects aimed at fostering tangible improvements in productivity, quality and safety; the significant increase in the number of female employees, who now account for 36% of the total staff; and the approval by the Board of Directors of the commitment to the fight against climate change.



Without a doubt the international financial crisis has seriously affected the equity markets, which experienced a heavy decline in 2008 leading the main international stock exchange indexes to drop by over 40%. The Spanish IBEX 35 index behaved similarly falling by 39.4%, driven mainly by financial companies and companies in the construction industry where the index fell by 47.8%.



In this context, the ACS share was down 19.7%, although its performance was better than that of the main companies in the sector listed both in the Spanish stock market and in other international stock markets. Despite having the best performance in the sector, the market price of our shares did not reflect the true value of our company or our excellent outlook. Therefore, we proposed to you our valued shareholders, that 10% of our treasury shares, accounting for 10% of our share capital, be redeemed. The direct effect of this measure will be an increase in the earnings per share which will materialise in 2009.

In short, we believe that we are well positioned to continue to create sustainable value for our shareholders. We wish to and do believe that we can achieve this objective despite the economic uncertainties caused by the current worldwide crisis. For this purpose, we are able to rely on our excellent technical resources, a sound financial structure and above all, 141,000 employees who work every day towards achieving our goal of being a worldwide leader in the infrastructure industry.

Florentino Pérez.

Management Bodies

Board of Directors

Chairman and CEO

Mr. Florentino Pérez Rodríguez ■

Civil Engineer
Chairman and CEO of ACS Group since 1993
Member of the Board of Directors of ACS Group since 1989
Vice Chairman of Abertis Infraestructuras
Member of the Board of Directors of Sanef

Executive Vice Chairman

Mr. Antonio García Ferrer ■

Civil Engineer
Member of the Board of Directors of ACS Group since 2003
Member of the Board of Directors of Abertis Infraestructuras

Vice Chairman

Mr. Pablo Vallbona Vadell ■■

Naval Engineer and MBA from the IESE
Member of the Board of Directors of ACS Group since 1997
Chairman of Iberpistas
Executive Vice Chairman of Banca March
Vice Chairman of Corporación Financiera Alba
Vice Chairman of Abertis Infraestructuras

Member of the Board of Directors

Mr. José María Loizaga Viguri ■■

Economist
Member of the Board of Directors of ACS Group since 1989
Chairman of Mercapital, S.L.
Chairman of Cartera Industrial REA, S.A.
Chairman of Bodegas Lan
Vice Chairman of Zardoya Otis
Member of the Board of Directors of Mecalux

Mr. José María Aguirre González ■

Doctorate in Civil Engineering
Member of the Board of Directors of ACS Group since 1995
Chairman of Banco Guipuzcoano
Member of the Board of Directors of Siemens España

Mr. Agustín Batuecas Torrego

Civil Engineer
Member of the Board of Directors of ACS Group since 1999

Mr. Álvaro Cuervo García ■

Doctorate in Economics
Professor of Business Economics-Universidad Complutense de Madrid
Chairman of CUNEF (Colegio Universitario de Estudios Financieros)
Member of the Board of Directors of ACS Group since 1997
Member of the Advisory Board of Privatisations
Member of the Board of Directors of SONAE SGPS and SONAE INDUSTRIA
Member of the Board of Directors of BME

Mr. Manuel Delgado Solís ■

B.S. in Pharmacy. Lawyer
Member of the Board of Directors of ACS Group since 2003

- Member of the Executive Committee
- Member of the Audit Committee
- Member of the Appointment and Remuneration Committee
- ☑ Secretary, Non-Member of the Committees

Mr. Javier Echenique Landiribar

B.A. in Economics
Member of the Board of Directors of ACS Group since 2003
Member of the Board of Directors of Telefónica Móviles Mexico
Member of the Board of Directors of Telefónica España
Member of the Board of Directors of ENCE
Member of the Board of Directors of Repsol YPF
Member of the Board of Directors of Abertis Infraestructuras

Mr. Miguel Fluxá Roselló

B.A. in Business Studies
Member of the Board of Directors of ACS Group since 2008
Executive Chairman of Grupo Iberostar

Mr. Joan-David Grimà i Terré

Doctorate in Economics and Business Studies
Member of the Board of Directors of ACS Group since 2003
General Manager of Banco Santander
Member of the Board of Directors of TEKA, S.A.

Mr. Pedro López Jiménez

Civil Engineer
Member of the Board of Directors of ACS Group since 1989
Member of the Board of Directors of CEPESA
Member of the Board of Directors of Keller Group Plc
Vice Chairman of Indra Sistemas, S.A.
Vice Chairman of Dragados

Mr. Juan March de la Lastra

B.A. in Business Administration
Member of the Board of Directors of ACS Group since 2008
Member of the Board of Directors of Banca March
Member of the Board of Directors of Acerinox

Mr. Santos Martínez-Conde Gutiérrez-Barquín

Civil Engineer
Member of the Board of Directors of ACS Group since 2001
CEO of Corporación Financiera Alba
Member of the Board of Directors of Acerinox

Mr. Javier Monzón de Cáceres

B.A. in Economics
Member of the Board of Directors of ACS Group since 2003
Chairman of Indra

Mr. Miquel Roca i Junyent

Lawyer
Member of the Board of Directors of ACS Group since 2003
Secretary of the Board of Directors of Abertis Infraestructuras
Secretary of the Board of Directors of Banco de Sabadell

Mr. Julio Sacristán Fidalgo

B.S. in Chemistry
Member of the Board of Directors of ACS Group since 1998

Mr. Francisco Servando Verdú Pons

B.A. in Economics and MBA from the Chicago University
Member of the Board of Directors of ACS Group in the period 2002-2003 and re-elected in 2006
CEO of Banca March
Member of the Board of Directors of Corporación Financiera Alba

Member and Secretary of the Board of Directors

Mr. José Luis del Valle Pérez

Lawyer and State Attorney
Member of the Board of Directors of ACS Group since 1989

Management Bodies

Management Committee



Mr. Florentino Pérez Rodríguez
Chairman and CEO

Born in 1947.
Civil Engineer.

Although Mr. Pérez started his career in the private sector, he held different posts in the Public Administration between 1976 and 1982 when he was Delegate for Sanitation and Environment of the Madrid City Council, General Sub-Director of Promotion of the Centre for the Development of Industrial Technology in the Ministry of Industry and Energy, General Manager of Transport Infrastructures in the Ministry for Transport, as well as Chairman of IRYDA in the Ministry of Agriculture. In 1983, he returned to the private sector as top executive of Construcciones Padrós, S.A., of which he was one of the main shareholders. Since 1993, he has been the Chairman and CEO of the ACS Group, first as the chairman of OCP Construcciones S.A., and since 1997 as the chairman and CEO of the so-called ACS Group. He is also Chairman of ACS Services, Communications and Energy, leading company of the Industrial Services and Energy Area.



Mr. Antonio García Ferrer
Executive Vice Chairman

Born in 1945.
Civil Engineer.

Mr. García started his career in Dragados y Construcciones, S.A. in 1970. After assuming various positions of responsibility in the construction Company, in 1989 he was appointed Regional Manager for Madrid. Then, in 1998, he was placed at the head of the Building business and in 2001, he became General Manager of the Industrial and Services Divisions. In 2002 Mr. García was appointed as the Chairman of Grupo Dragados, S.A., and in December 2003 he became the Executive Vice Chairman of the ACS Group.



Mr. Marcelino Fernández Verdes
Chairman of the Construction and Concessions and Services Areas

Born in 1955.
 Civil Engineer.

Mr. Fernández joined the Group in 1987 and was appointed General Manager in 1994. In 1998 he became the CEO of ACS Proyectos, Obras y Construcciones S.A., and in 2000 was appointed Chairman of the company. He is the Chairman of Dragados and ACS SyC, as well as responsible for the areas of Construction, Concessions, Environment and Logistics.



Mr. Eugenio Llorente Gómez
CEO of the Industrial Services and Energy Area

Born in 1947.
 Industrial Technical Engineer and MBA, Madrid Budines School.

Mr. Llorente started his professional career in Cobra Instalaciones y Servicios, S.A. in 1973. After occupying different positions of responsibility, in 1989 was named director of Downtown, in 1998 he was promoted Corporate General Manager and in 2004 General Manager. Currently, he is General Manager of ACS Services, Communications and Energy and responsible for the Industrial Service and Energy Area of the Group.



Mr. Ángel García Altozano
Corporate General Manager

Born in 1949.
 Civil Engineer and MBA, University of Dayton.

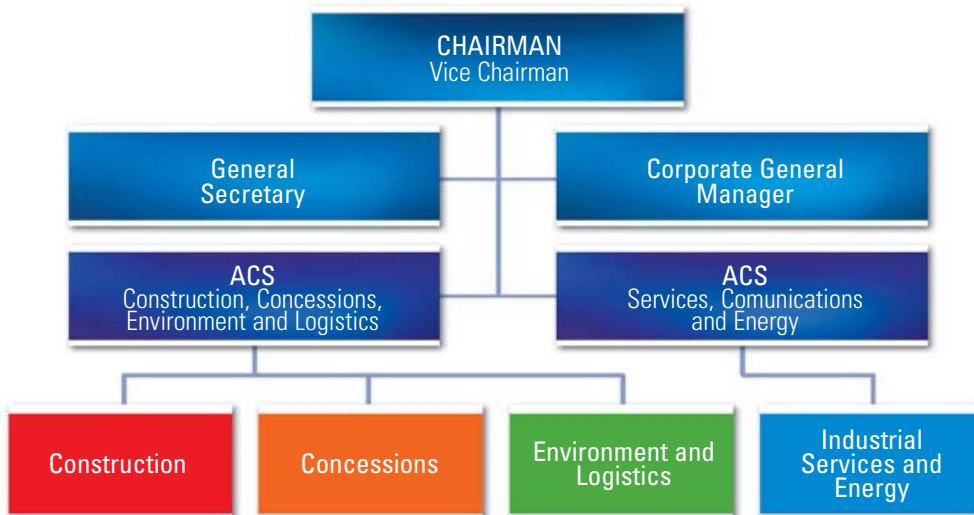
Mr. García started his professional career in the construction sector. He was General Manager of the Instituto Nacional de Industria (INI) and President of Bankers Trust for Spain and Portugal. In 1997 he joined the ACS Group as Corporate General Manager with responsibility over the economic-financial areas, corporate development and affiliates.



Mr. José Luis del Valle Pérez
General Secretary

Born in 1950.
 Lawyer and State Attorney.

From 1974 until 1983 Mr. del Valle held various positions in the Public Administration and was a member of the Parliament from 1979 to 1982 and Deputy Secretary of the Ministry of Territorial Administration. He has been a member of the Board of Directors of the ACS Group since 1989 and has been the Secretary General to the Board of Directors since 1997.



Management Bodies

Management Team

ACS, Actividades de Construcción y Servicios

Mr. Florentino Pérez Rodríguez
Chairman and CEO

Mr. Antonio García Ferrer
Executive Vice Chairman

Mr. Ángel García Altozano
Corporate General Manager

Mr. José Luis del Valle Pérez
Secretary General

Construction, Environment and Logistics and Concessions

Mr. Marcelino Fernández Verdes
Chairman and CEO

Mr. Luis Nogueira Miguelsanz
Secretary General

Mr. Antonio Alfonso Sánchez
Executive Assistant to Environment and Logistics

Construction

Dragados

Mr. Marcelino Fernández Verdes
Chairman and CEO

Mr. Ignacio Segura Surinach
General Manager

Mr. Luis Nogueira Miguelsanz
Secretary General

Mr. Ricardo Martín de Bustamante
Civil Works Manager

Mr. Juan Luis García-Gelabert Pérez
Building Manager

Mr. Maximiliano Navascués Redondo
Contracting Manager

Mr. Alfonso Costa Cuadrench
Technical Services Manager

Mr. Antonio Cortés Sánchez
Control Manager

Mr. Octavio del Real Sánchez
Executive Assistant to General Manager

Vías y Construcciones

Mr. Manuel Pérez Beato
Chairman

Mr. Gonzalo Gómez Zamalloa
CEO

Mr. Manuel Álvarez Muñoz
Civil Works Manager

Mr. Ignacio Legorburu Escobar
Building Manager

Tecsa

Mr. José María Aguirre Fernández
General Manager

Seis

Mr. Alejandro Canga Botteghelz
CEO

Mr. Pablo Quirós Gracián
General Manager

Drace Medio Ambiente

Mr. Fernando García Arribas
General Manager

FPS

Mr. Juan Mata Arbide
General Manager

Geocisa

Mr. Alejandro Canga Botteghelz
CEO

Mr. Pedro Sola Casado
General Manager

Cogesa

Mr. Enrique Pérez Rodríguez
CEO



Environment and Logistics

Urbaser

Mr. Javier Polanco Gómez-Lavín
Chairman and CEO

Mr. José María López Piñol
General Manager

Dragados SPL

Mr. Javier Polanco Gómez-Lavín
Chairman and CEO

Mr. Agustín Batuecas Torrego
Vicepresident

Mr. Víctor Alberola Ruipérez
General Manager

Clece

Mr. Cristóbal Valderas Alvarado
Chairman and CEO

Concesiones

Iridium

Mr. Manuel García Buey
Chairman and CEO

Mr. Víctor Revuelta García
General Manager

Mr. Francisco Fernández Lafuente
General Manager

ACS Services Communications and Energy

Mr. Florentino Pérez Rodríguez
Chairman

Mr. Eugenio Llorente Gómez
CEO

Mr. José Alfonso Nebrera García
General Manager

Mr. José Romero de Ávila González-Albo
Secretary General

Grupo Cobra

Mr. Eugenio Llorente Gómez
CEO of Cobra

Mr. Daniel Vega Baladrón
CEO of SEMI y MAESSA

Mr. Juan Agustín Sánchez Bernal
Chairman of ETRA and IMESAPI

Mr. José Reis Costa
Chairman of CME

Dragados Industrial

Mr. Vicente Prados Tejada
CEO of CYMI and Masa

Mr. Pablo García Arenal
General Manager of Large Contract

Mr. Raúl Llamazares de la Puente
CEO of Initec, Intecsa and Makiber

Mr. Pedro Ascorbe Trian
General Manager of Dragados Offshore

Mr. Juan Enrique Ruiz González
Chairman of Sice Technology and Systems



Corporate Strategy

Vision

A worldwide reference in construction, services and energy activities.
A group which participates in the development of sectors related to infrastructures, which are fundamental for the economy. A company committed to economic and social progress in the countries where it is present.

Mission

Pursuing global leadership

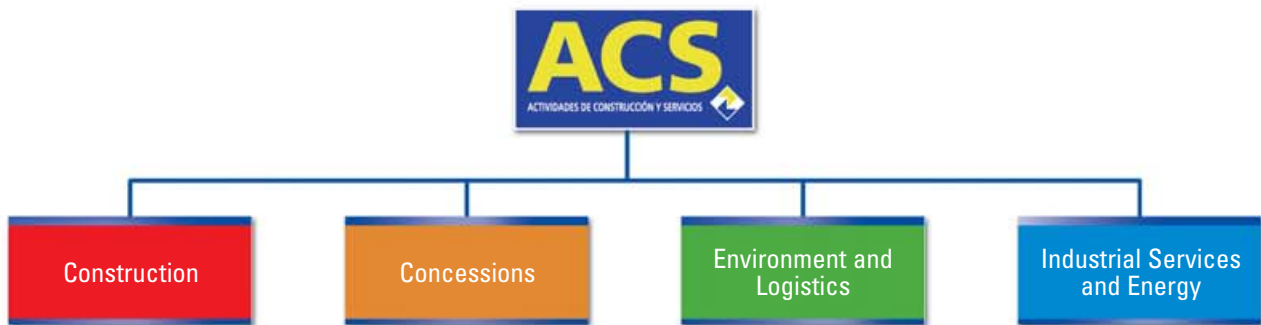
- Positioning itself as one of the main players in all those sectors in which it takes part as a means of boosting its competitiveness, maximising value creation in relation to its clients and continuing to attract talent to the organisation.
- Meeting the needs of our clients by offering a diversified portfolio of products, innovating daily and selectively investing to increase the range of services and activities offered.
- Continuously improving quality, safety and reliability standards in the services offered in order to foster stability and to guarantee recurring income.
- Expanding the Group's current client base through a permanent commercial effort in new markets.

Optimising the profitability of the resources managed

- Increasing operating and financial efficiency and offering attractive profitability to our shareholders.
- Applying strict investment criteria in line with the company's strategy of expansion and growth.
- Maintaining a solid financial structure which facilitates the raising of resources and the maintenance of a low cost thereof.

Promoting sustainable growth

- Improving the society in which we live by helping to grow the economy, generating wealth through the ACS Group's own activities, thereby guaranteeing the well-being of citizens.
- Respecting the economic, social and environmental backdrop, innovating in the establishment of company procedures and respecting in each of the activities carried out by the Group, the recommendations of the main domestic and international institutions.
- Helping the economy to grow by creating stable, respectable and fairly-remunerated employment.

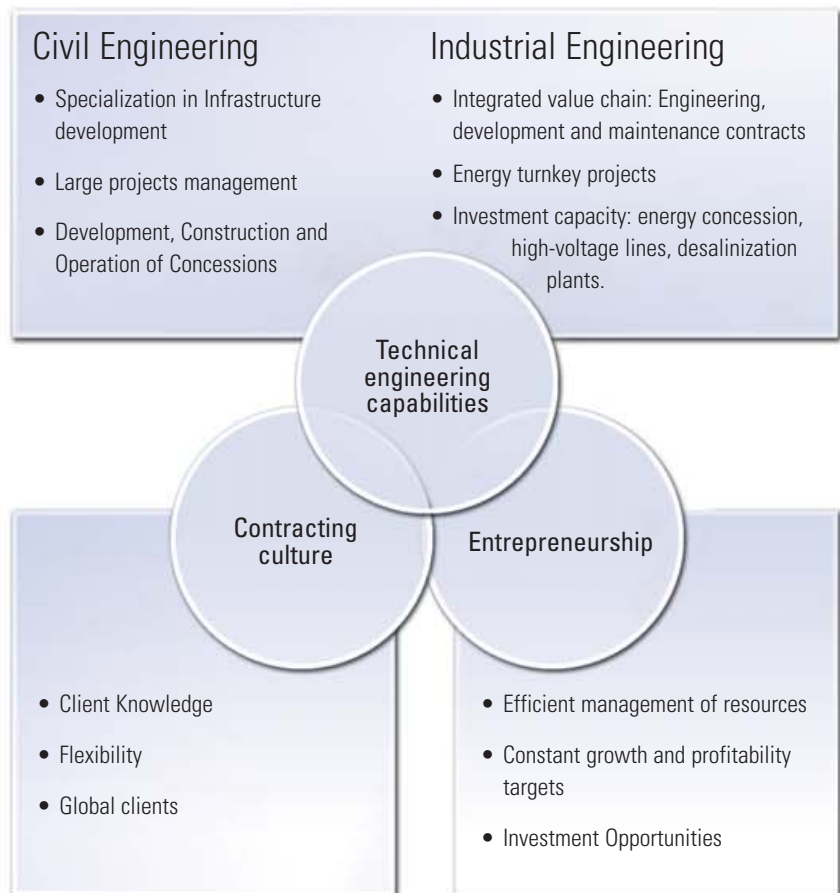


Values

- **Experience** developing quality service which incorporates new technological breakthroughs for its clients.
- **Profitability** as a future guarantee, and as a tool to compensate shareholders for their trust and their investment.
- **Trust** from customers built on a long-term relationship and mutual familiarity.
- **Commitment** to sustainable development in order to serve society in an efficient and ethically responsible manner and to create value for its suppliers, clients, employees and shareholders.

These values, which have formed part of the Group's culture since its foundation, have created the main competitive advantages which are the cornerstone of its past and future growth.

Competitive advantages



Corporate Strategy

History



The ACS Group began operating in 1983 when a group of engineers acquired Construcciones Padrós, a mid-sized construction company with financial problems located in Badalona (Catalonia). After restructuring this company, the same strategy was employed with the acquisition of OCISA, a prestigious construction company which was larger and had already been in operation for over 40 years.

At the end of the eighties, a diversification process was initiated through the acquisition of SEMI, a company specialised in the maintenance and installation of electricity lines. This process was continued with the purchase of a majority shareholding in Cobra, one of the most renowned companies in the sector of support services to electricity and telecommunications companies, and a market leader with over 80 years' experience.

The first of the large company mergers took place in 1992 with the creation of OCP, which would be the seed for the Group structured as it is today. OCP became one of the leading construction company groups in Spain. A second large merger took place in 1997, with the creation of ACS as a result of OCP's merger with Auxini and Ginés Navarro.

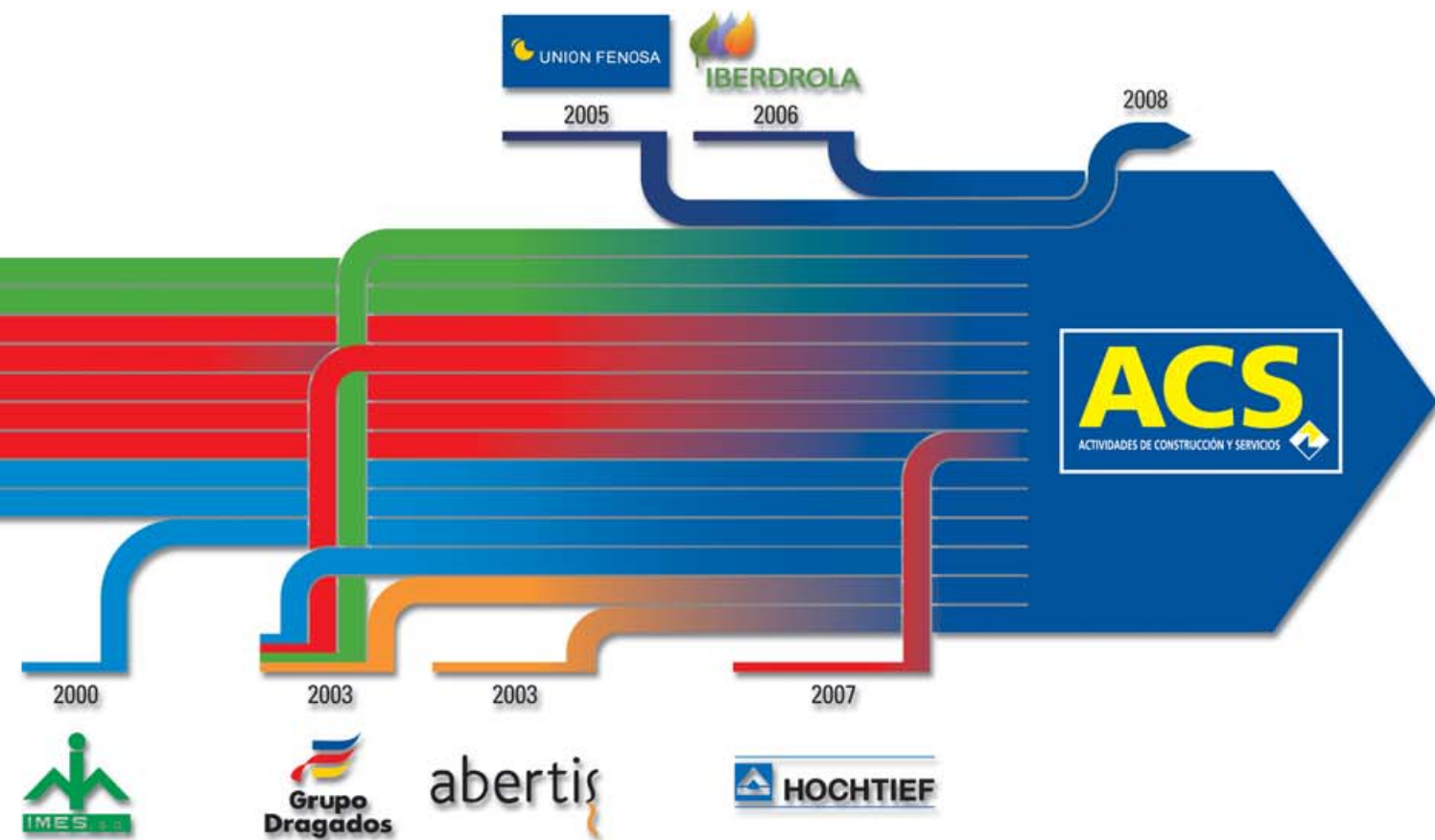
At the end of the nineties, the Group incorporated most of the companies forming its current services area; Onyx, a provider of environmental services; Imes, a company dedicated to public lighting services, integral maintenance and control services; and Vertresa, the largest waste treatment plant in Madrid.

The turn of the century started with the integration of the Dragados Group, which positioned the ACS Group as the indisputable

leader in the Spanish market and as one of the most important companies in the industry on the European continent.

Parallel to this entire integration process, the ACS Group has established the basis for its future strategy, focusing its activity on relevant sectors of the Spanish and European economy. In 2003, Abertis, one of the top companies in infrastructure management, was created and the Group has progressively increased its stake in this company since then.

Later, in 2005, the Group established the base for its Energy area with its investment in Unión Fenosa and subsequently strengthened this area with the purchase of a holding in Iberdrola in the last quarter of 2006. These investments have enabled ACS to position itself as a benchmark industrial company with two of the main energy companies in the European market.



In 2007, the ACS Group acquired a share in Hochtief, a world leader in infrastructure development with a powerful presence in the USA, Central Europe, Australia and Southeast Asia. This operation is designed to provide a platform for the ACS Group to accelerate its international expansion.

In July 2008, the ACS Group sold its shareholding in Unión Fenosa with the objective of consolidating its position in the energy sector as the leading shareholder in Iberdrola, increasing its stake in the company to give it an outstanding role in the development of the premier Spanish electricity company.

Simultaneously, the ACS Group continues its international expansion in all its areas of activity, focussing on large-scale projects. In the Construction and Concessions areas it

has won significant contracts in Canada, the United States and Portugal as the result of continued and constant commercial and investment efforts in these markets. The prime example of this international expansion strategy is the North American market, with its growing demand for civil works projects, which will be the Group's platform for international growth over the next few years.

In the Environment and Logistics area, contracts have been obtained for developing treatment and recycling plants in France and Ireland. In the Industrial Services area, contracts were signed in 2008 for the construction and operation of large energy infrastructures in Brazil, Mexico and Egypt.

Also in 2008, efforts to promote the ACS Groups technological capabilities were increased. Outstanding in this is the

renewable energies area, where the ACS Group is a pioneer in the development of thermal solar plants with thermal storage devices, an extremely important advance which increases the efficiency and profitability of these types of project, these being unique in the world.

The Andasol I plant in Granada was completed and started operating in 2008. This is the first of eight thermal solar plants to be built and operated by ACS in Spain. Likewise, the ACS Group leads the development of the "Castor" project. This will convert old oil wells near the east coast of Spain into strategic Spanish gas reserves. This commitment to technology, together with investment commitments in research and innovation, is crucial to guarantee the ACS Group's profitability, competitiveness and growth in the future.

Activity Report

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1. Construction



Business Strategy

The ACS Group maintains its sector leadership in Spain as a consequence of a clear commercial, corporate and operating strategy. This strategy is based on the ACS Group's cultural values:

- A resolute contracting mentality acting as guide for a human team with excellent technical capabilities and a clear focus on clients.

6%

is the average annual growth rate in the last years of the ACS Group in the Construction area.

- A highly decentralised organisation which converts each project into an independent, flexible, efficient and profitable unit.

These cultural characteristics are complemented by competitive advantages acquired as the consequence of its structure, leadership and competitiveness over recent years:

- A prolonged and excellent relationship with its clients in Spain, especially public authorities which continue to demonstrate their commitment to infrastructures by increasing investment year on year.
- Construction is a mature and competitive business, so it requires local client management to be competitive. Over recent years, Dragados has demonstrated its capacity for planned and structured international expansion, limiting client risk and enabling it to apply the experience acquired where it is competing.
- Commercial strategy is focussed on large-scale, highly technical works which generate high added value through a strict policy of cost control, decentralised management and optimisation of working capital.



The ACS Group carries out its construction activities through an extensive group of companies. Outstanding among these is Dragados, the lead company in this area, which is specialised in all types of infrastructure.

The strategy for the Construction area follows the model defined for the ACS Group as a whole, with the objective of achieving growth during 2009. The main strategic initiatives for 2009 to achieve this are:

- Maintaining its **position as leader** in the domestic market, permitting sustainable development of the company's operating profitability. At the same time, developing a solid position in the selected international

markets through the development of the division's own concessions and/or one-off projects based on a high degree of specialisation.

- Increasing **operating efficiency** by carrying out large-scale works in the Civil Works area, which contribute greater profitability per project in line with their more complex technical requirements.



//
In the Construction Area, the ACS Group maintains a leading position in the domestic market and continues to expand its international activity.
//

1. Construction



Activity description

The Construction activity has achieved an average annual growth rate of over 6% in recent years. The ACS Group's turnover in 2008 was €6,625 million.

International activity in the Construction area doubled in 2008 and now represents 12.3% of the total. This comes both from countries where the Group carries out transport infrastructure concession projects and from those in which it carries out specific civil works projects. The contribution from activities in the United States stands out, as this area grew substantially in 2008 as a result of being awarded large civil works and concession projects.

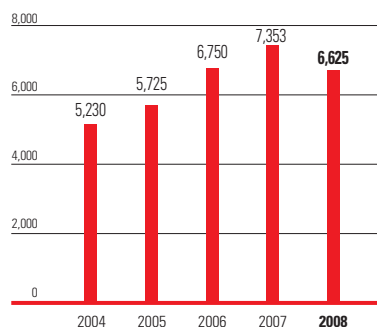
Revenue in Spain by type of client is divided between Public Authorities with 63%, Central Administration being outstanding in this, and the remaining 37% with private companies, specifically from large institutions and concession operating companies.

ACS's Construction production is structured into three differentiated areas of activity: **Civil Works**, **Non-Residential Building** and **Residential Building**.

Civil Works projects take in all types of activities involved in the development of infrastructure, such as motorways and marine, hydraulic and airport works.

Revenue evolution

Million of euros

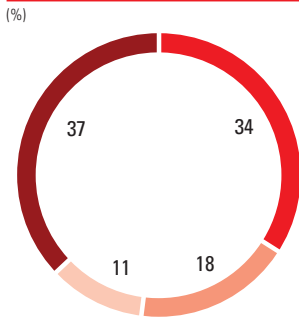


Revenue international evolution

Million of euros

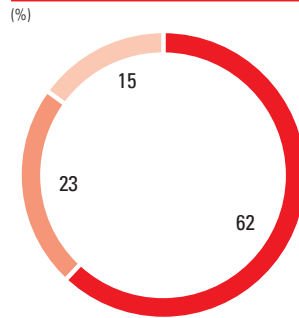


Domestic order book breakdown by type of client



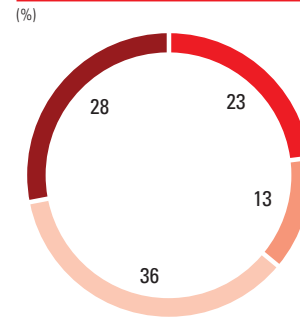
- Central Administration
- Autonomic Administration
- Local Administration
- Private Clients

Revenue breakdown by type of activity



- Civil Works
- Non-Residential Building
- Residential Building

Domestic Civil Works revenue breakdown by type of project



- Highways and roads
- Hydraulic works
- Railways
- Other civil works

The ACS Group's focus on clients is a key factor in the Construction area. Public Authorities, mainly Spain's Central Administration and particularly the Ministry of Development and the Ministry of the Environment, as well as Autonomic and Local Administrations, are of great importance for the development of the activity. For this reason the Group has entered into a long-term commitment with them enabling it to identify their needs and to continuously and efficiently adjust the Group's supply accordingly.

Civil Works activity is the platform for international development in the Construction area and includes the carrying out of projects under a concession regime and operations outside Spain in specific, highly technical projects. The efforts undertaken in North America currently stand out, where the ACS Group consolidated its competitive position in 2008. In this area, ACS Group have been awarded with projects in New York (Manhattan Subway), Miami (remodelling of the airport), Florida (I-595 Freeway), Canada (A-30 Highway in Quebec) and Texas, where it will carry out a significant part of the state's great Infrastructure Corridor over the next 50 years as a preferred partner.



“
62% of the Construction revenue of the ACS Group comes from Civil Works activity.
”

1. Construction

Civil Works

In **highways and roads** the following projects carried out in 2008 are noteworthy:

- Construction of the A-66 Ruta de la Plata Highway in the Plasencia alternative stretch (Cáceres, Spain).
- Construction of the connecting stretches between the A-5 and A-3 Highways and the city of Cuenca. This project is integrated into the development of the Castilla- La Mancha Highway (Spain).
- Construction of the stretch of Highway between Baamonde and Abeledo belonging to the A-8 connecting San Sebastian with Santiago de Compostela (Lugo, Spain).
- New northern access to Zaragoza from the A-2 Highway.
- Also in Zaragoza, the construction of the Third Millennium Bridge over the river Ebro.
- Construction of the Pavilion Bridge for Expo 2008 in Zaragoza.

In **railways**, in which high-speed, interurban and metropolitan projects are encompassed, the following deserve special mention:

- Construction of the Plaza railway complex for the high-speed train at Zaragoza.
- Construction of the car parks, the entrance hall and expansions and improvements for Sants Station in Barcelona.
- Modifications of the Renfe interurban lines C-3 and C-4 in the approach to Atocha station for Madrid commuter trains.

Among the works carried out in **hydraulic, coasts and ports infrastructures**, the following deserve special mention:

- Construction of the protection works for the Port of Valencia (Spain).
- Construction of water pipes between the towns of Talave and Cenajo in Hellín (Albacete, Spain).
- Construction of the drinking water treatment station at Griñon in the Community of Madrid.
- Construction of the Breña II dam in Almodóvar del Río (Córdoba, Spain).

Building construction

Non-Residential Building activity maintains its clear focus on Public-Private Partnership projects, without failing to serve demand for commercial buildings, as well as attending to institutional building needs for Public Authorities.

The ACS Group is involved in many **public and private projects** including:

- Building of the Los Jardines del Teide residential complex with 263 housing units in Tenerife (Spain).

In the construction of **cultural and sports buildings**:

- Building of the Island Centre for High-Performance Athletics in Tincer (Tenerife, Spain).

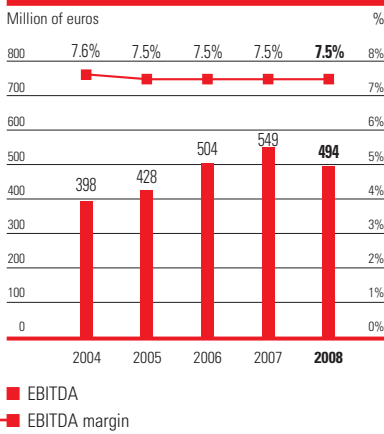
In respect of **health centres and hospitals**:

- Carrying out works for improving and fitting out Lanzarote Hospital (Islas Canarias, Spain).

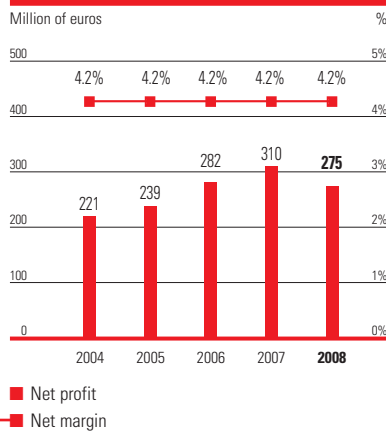
In terms of **Residential Building**, the activities the ACS Group carries out are mainly focussed on building of subsidised housing for Public Authorities or building of developments for third parties which require a high level of resources due to their complexity or size. The ACS Group does not carry out any property activities and does not own any land for development. In this activity, the ACS Group has developed and implemented rigorous risk controls in its dealings with suppliers, clients and subcontractors, which enable Dragados to carry out its activities with optimum profitability.

Construction activity shows solid margins on sales as a consequence of the continual improvements in productivity achieved in the last few years. This process has enabled ACS to become a more competitive company.

EBITDA evolution

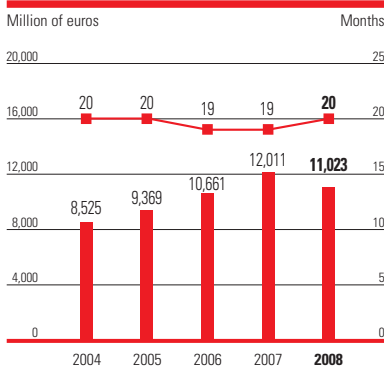


Net profit evolution

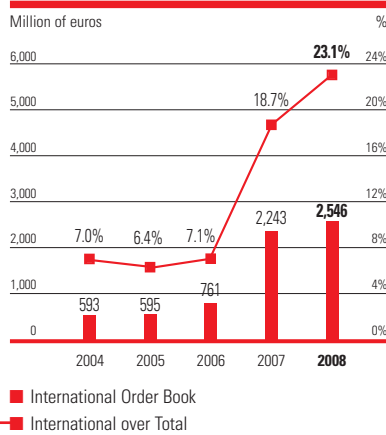


At 31 December 2008 the Group's Construction order book totalled €11,023 million, a figure which guarantees 20 months of activity.

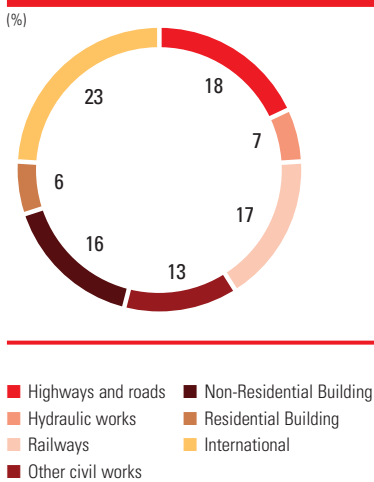
Order book evolution



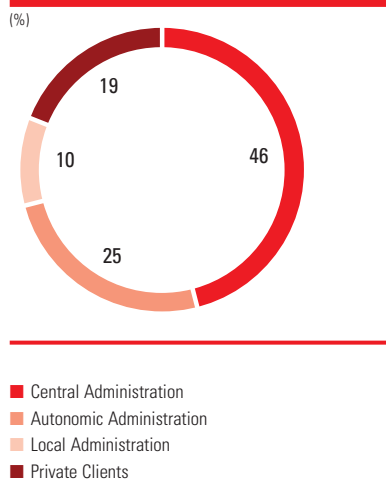
Order book international evolution



Order book breakdown by type of project



Domestic order book breakdown by type of client



1. Construction

Main contracts awarded

Main contracts awarded in 2008

	Amount (Million of euros)	Type of project
Project for the construction of the Montreal Highway A30 (Canada)	438	Civil Works - Roads
Project for the construction of the Eix Diagonal highway in Barcelona	357	Civil Works - Roads
Construction of protection works for the Valencia's port (Spain)	193	Civil Works - Hydraulic or Marine
Building of the Portuguese Dam in Puerto Rico (USA)	119	Civil Works - Hydraulic or Marine
Road building between Cullera and Favara (Valencia, Spain)	115	Civil Works - Roads
Railway building between Viñuela and Quejigares (Granada, Spain)	106	Civil Works - Railways
Railway viaduct building above Ulla river (La Coruña, Spain)	105	Civil Works - Railways
Construction of a railway track between the Atocha and Chamartin Stations in Madrid (Spain)	87	Civil Works - Railways
Construction and operation of the residual water treatment station in Shanganagh (Ireland)	81	Civil Works - Hydraulic or Marine
Construction of the Campos del Río penitentiary (Murcia, Spain)	74	Non Residential Building
Section IV of the project for the construction of the line 9 of Barcelona's subway (Spain)	72	Civil Works - Railways
A-32 highway construction between Linares and Ibro (Jaén, Spain)	72	Civil Works - Roads
Construction of Canarias II penitentiary (Las Palmas, Spain)	69	Non Residential Building
Valencia's port enlargement works (Spain)	65	Civil Works - Hydraulic or Marine
Works for the enhancement of the street named Calle Serrano in Madrid (Spain)	55	Urban developments

Sector environment

The Spanish Government made a significant investment commitment in 2008, as is shown in the figures for tender and execution which exceeded the figures for 2007 by 7% and 16% respectively. For 2009, the Government has presented different budget plans for investment in infrastructures which enable a year with strong investment involvement from the public sector to be foreseen. The Government's main objective is to continue to provide structure for the country in accordance with the Strategic Plan for Infrastructures, at the same time promoting employment and industrial activity.

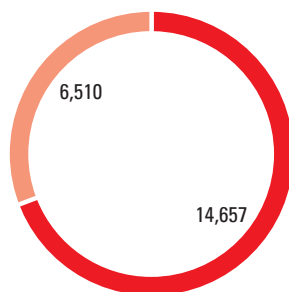
As the main focuses for forecasting investment in Spain, the General State Budgets for 2009, the Spanish Plan to Boost the Economy and Employment (Plan E) and the State Fund for Local Investment need to be analysed.

The accumulated commitment predicted from the State for developing Infrastructures for 2009 is calculated at €30,809 million, up 45% on 2008 when over €21,000 million were invested.



Investment in infrastructure 2008

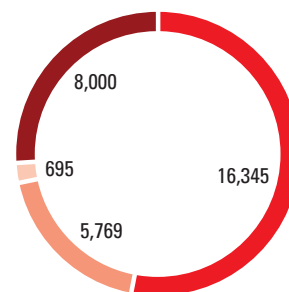
Million of euros



- General State Budgets: Ministry of Development
- General State Budgets: Ministry of Environment

Investment in infrastructure 2009

Million of euros



- General State Budgets: Ministry of Development
- General State Budgets: Ministry of Environment
- Spanish Plan to Boost the Economy and Employment (Plan E)
- State Fund for Local Investment



For 2009, mindful of the type of infrastructure, the investment commitment with local scope stands out through the aforementioned €8,000 million State Fund, along with the commitment acquired from the Ministries of Development and Environment where the drive from previous years in transport infrastructure is maintained, especially in railways and roads.

State Involvement in Infrastructure by Area

	2006	2007	2008	2009e	Var 2009/2008	CAGR 06/09
<i>(Million of euros)</i>						
Total Investments						
Roads	3,451	4,297	5,010	5,614	12.1%	17.6%
Railways	5,704	5,625	6,075	8,200	35.0%	12.9%
Ports and Marine Security	1,371	1,288	1,907	1,548	-18.8%	4.1%
Airports and Air Security	1,790	2,059	2,708	1,777	-34.4%	-0.2%
Transport Infrastructure Subtotal	12,316	13,269	15,700	17,139	9.2%	11.6%
Hydraulic	3,605	3,469	4,603	4,221	-8.3%	5.4%
Environmental	194	671	864	754	-12.7%	57.2%
Total	16,115	17,409	21,167	22,114	4.5%	11.1%

Source: Ministry of Economy and Finance, Spain

These investments are framed in the Strategic Plan for Infrastructures and Transport (PEIT) which is designed to improve Spanish infrastructure over the period from 2005 to 2020. This continues to be the reference framework for State investment, with a planned total of €248,700 million, which represents around 1.5% of GDP over this term.

Central Spanish Administrations investment in infrastructures



- Railways
- Roads
- Airports
- Ports
- Real State Developments

Source: Ministry of Economy and Finance, Spain

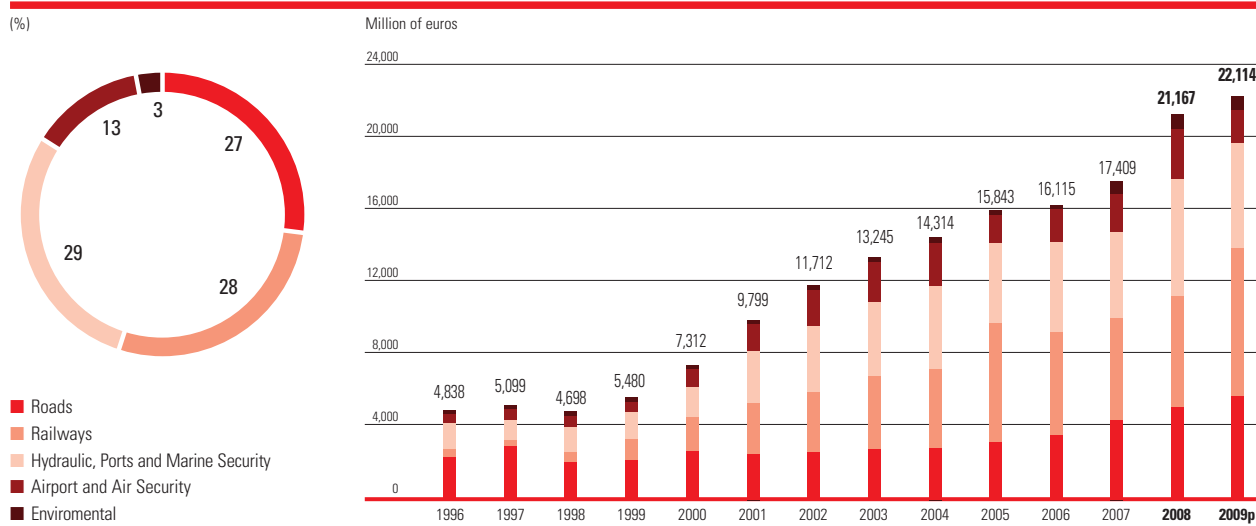


1. Construction

This strategic framework is key to making the Governments investment needs more flexible in the case of periods of economic contraction such as now. This provides a further tool when injecting resources into the system with the aim of maintaining the current state of well-being and promoting economic recovery in other sectors which are key for the economy, such as tourism and associated services.

In this regard, the Spanish Government invested over €152,000 million in infrastructure between 1996 and 2008 and will invest funds equivalent to 14.3% of this sum in 2009 to help reactivate the economy.

Central Spanish Administrations investment in infrastructures evolution



The investment in civil works will, therefore, permit part of the sector, dependent on building, to be converted to different activities with greater added value. Hence, in 2009, the adjustment that the Residential Building sector is undergoing after the recent years of growth will be maintained. Even so, Public Authorities will continue to invest in developing subsidised housing in response to the continual demand in this segment of activity, where the ACS Group has proven experience.

In the international field, prospects for 2009 centre on the recovery of investment in infrastructure in the United States, where the ACS Group competes in developing concession and specialised construction projects.

Framed in Obama's Plan for reactivation of the American economy, the main initiative of the US administration is to drive what has come to be called the New New Deal, which consists of a commitment to remodelling, improving and increasing the capacity of infrastructures to enable the growth in the American economy to get back on track.

The Obama government will co-finance projects through the National Infrastructure Reinvestment Bank for a sum of over

€40,000 million per year in addition to those allocated by federal administrations, which will increase their current commitments in parallel.

Projects which are novel for the United States will be promoted, projects in which the ACS Group has demonstrated experience. Outstanding among these are the development of high-speed railway lines, innovative solutions to improve urban public transport (such as those carried out by Dragados for the New York Subway) and an incomparable plan for hydraulic works against natural disasters in the south of the country. Furthermore, an increase in public-private investment will take place through the development of transport concessions similar to those already carried out by states such as Florida, Texas or California.

Over the next few years, the United States will continue to be a reference and growth market for the ACS Group in the development of civil works infrastructure. This will be fundamental to maintaining an appropriate level of internationalisation and diversification to increase profitability and reduce risk in the Construction activity.



Organisational Structure



2. Concessions



Business strategy

By participating in the management of 64 companies which currently invest in/operate various administrative concessions, it is a worldwide leader in the promotion, financing, construction and operation of all types of infrastructure.

Finalising appropriate financing agreements is a fundamental aspect in the public-private partnership sector and provides part of the efficiency these contracts contribute to stimulating countries' economies. The sector had to face the continued worsening of financial markets during 2008, which severely affected it.

The public-private partnership system does not work without efficient financing. This negatively affects the global economy due to the reduction in the rate of growth of the Infrastructures essential for its development, loss of employment and the reduction of activities generated by the construction and operation of civil works and infrastructures in general.

Despite the difficult current economic-financial scenario, Iridium has demonstrated its strength in the sector through its capacity to continue arranging financial closures for its projects underway and to gain the confidence of the financial system through support from the banks and

financial entities. For Iridium, this situation in the markets does not only represent a challenge but also an opportunity. It is true that the market has been reduced, and that competition has been less significant in many calls for tender and that some competitors do not have the same access to sources of financing they had just a few months ago. A concentration process is being seen both at the level of participation in bidding and in the availability of debt. There are fewer participants in the market and less financial entities with the ability to lend and when the latter do exist they lend at higher prices, over shorter terms and in smaller amounts.

Such a demanding environment is where the solidity of Iridium and the ACS Group finds its greatest opportunities for their competitive advantages. The company was awarded 9 new concession contracts in 2008, with forecast investment of approximately €3,900 million. Outstanding among these is the financial arrangement for the A-30 Highway in Canada, which has won several international awards recognising it as the best agreement of the year. In the midst of the debt market crisis, financing was obtained for 1,500 million Canadian dollars without recourse to shareholders, for a 35 year term, with the participation of 13 first-line international banks and employing the extraordinarily short period of 90 days from the awarding of the contract, at a time when the financial markets were collapsing and with the greatest apprehension in the global financial marketplace.



Iridium is the holding company within ACS Group that manages and promotes concession and public-private partnership contracts for transport infrastructures and public facility services.

In conclusion, the ACS Group's Concessions area has significant opportunities for growth. It obtained large-scale, mainly international, projects in 2008 which will require significant investments over the coming years. For 2009, the ACS Group is short-listed for several tenders for projects with investment over €12,000 million and is in a position to continue presenting bids on projects which Public Authorities are about to put out to tender, in both Europe and North America.

ACS will maintain its strategy of rotation of mature concessions during 2009, selling those which have completed their development period so as to recoup value from the initial investments. In this sense the ACS Group will continue to take advantage of the operating and strategic synergies it shares with Abertis in order to continue as the worldwide leader in concessions, as it has been for the last 15 years.



For 2009, the ACS Group is short-listed for several tenders for projects with investment over €12,000 million.

2. Concessions

Activity description

Iridium takes an active part in the main worldwide concession markets, currently focusing its efforts on Spain, Ireland, Greece, Portugal, Chile, the United States, Canada and Mexico. Projects are also being studied in countries such as India, Australia and other European

countries in which it is aware of the existence of significant concession projects. The company is also carrying out an analysis of the main viability and competitive factors in order to take part in other calls for bids in the future.

The following table summarises all the ACS group of companies' transport infrastructure and public facilities services concessions at 31 December 2008:

Concession - Description	Grupo ACS stake	Country	Activity	Phase	Unit	Expiry date	Total investment (Million of euros)	ACS investment (Million of euros)
A8 - Bidelan Guipuzkoako Highway	50.00%	Spain	Motorways	Operation	124	2013 (2018)*	60	3
La Mancha Highway	75.00%	Spain	Motorways	Operation	52	2033	128	21
Alicante ringroad	50.00%	Spain	Motorways	Constr. / Oper.	148	2040 (2044)*	525	91
Henarsa (R2 y M50)	35.00%	Spain	Motorways	Operation	87	2024	517	45
Madrid access (R3/R5 and M50)	19.70%	Spain	Motorways	Operation	90	2049	1,073	84
Reus-Alcover	85.00%	Spain	Motorways	Operation	10	2038	65	14
Ruta de los Pantanos	33.33%	Spain	Motorways	Operation	22	2024	107	5
Santiago Brión	70.00%	Spain	Motorways	Operation	16	2035	111	14
Los Pinares Highway (Valladolid-Cuellar)	53.33%	Spain	Motorways	Operation	44	2041	94	14
Medinaceli-Calatayud Highway (Aumeinsa)	95.00%	Spain	Motorways	Construction	93	2026	122	13
Camp del Turia Highway (CV 50)	65.00%	Spain	Motorways	Construction	20	2042	107	10
EMESA (Madrid Calle 30)	50.00%	Spain	Motorways	Operation	33	2040	300	50
Eje Diagonal	100.00%	Spain	Motorways	Development	67	2041	398	50
A-30 Nouvelle Autoroute 30	50.00%	Canada	Motorways	Construction	74	2042	1,059	66
Vespucio Norte Express	46.50%	Chile	Motorways	Operation	29	2032	539	90
San Cristobal Tunnel	50.00%	Chile	Motorways	Operation	4	2035	79	10
Jonica Motorway (NEA ODOS)	33.33%	Greece	Motorways	Constr. / Oper.	380	2037	1,115	64
Central Greece	33.33%	Greece	Motorways	Construction	231	2037	1,623	52
N25 Waterford By Pass- Southlink N25	Waterford (1) 33.33%	Ireland	Motorways	Construction	24	2036	320	20
	Souhtlink (2) 16.00%							
Portlaoise - Midlink M7/M8	Portlaoise (1) 33.33%	Ireland	Motorways	Construction	41	2038	367	26
	Midlink M7/M8 (2) 16.00%							
Baixo Alentejo	SPER (1) 49.50%	Portugal	Motorways	Construction	347	2039	535	77
	Planestrada (2) 70.00%							
A-13, Thames Gateway	25.00%	UK	Motorways	Operation	22	2030	261	10
Platinum (Bakwena) - PT Op.	Bakwena (1) 25.00%	Southafrica	Motorways	Operation	381	2031	310	0
	Pt Ops (2) 33.33%							
Highway I595	100.00%	US	Motorways	Construction	17	2044	1,209	148
Total Motorways (km)					2,356		11,024	977
Figueras Perpignan - TP Ferro	50.00%	Spain - France	Railways	Construction	45	2054	1,148	51
Subway Barcelona's Line 9	50.00%	Spain	Railways	Construction	17	2040	592	31
Sevilla Subway	32.80%	Spain	Railways	Construction	19	2038	674	43
Arganda Subway	8.10%	Spain	Railways	Operation	18	2029	133	3
Total Railway (km)					99		2,548	128
Brians Prison	100.00%	Spain	Jail	Operation	95,182	2034	106	14
Central Police Station (Ribera norte)	100.00%	Spain	Police Station	Operation	60,330	2024	67	12
Vallés Central Police Station (Terrasa)	100.00%	Spain	Police Station	Operation	8,937	2031	16	3
Vallés Central Police Sation (Barberá)	100.00%	Spain	Police Station	Operation	9,269	2031	16	4
Green Canal Golf	100.00%	Spain	Sport premises	Operation	60,000	2012 (2017)*	1	1
Public Facilities (m²)					233,718		205	34
Majadahonda Hospital	55.00%	Spain	Hospitale	Operation	749	2035	245	16
Son Dureta Hospital	48.00%	Spain	Hospitale	Construction	987	2038	312	17
Public Facilities (number of beds)					1,736		557	33
Plaza de Castilla Interchange	50.00%	Spain	Transfer Station	Operation	59,650	2041	166	14
Príncipe Pío Interchange	70.00%	Spain	Transfer Station	Operation	28,300	2040	63	9
Avda América Interchange	100.00%	Spain	Transfer Station	Operation	41,000	2023	23	5
Total Transport Interchanges (m²)					128,950		252	28
Serrano Park	50.00%	Spain	Parking	Construction	3,157	2048	120	9
Total Parkings					3,157		120	9
TOTAL CONCESSIONS							14,707	1,182

* The contract includes an extension of the period of concession.

(1) Stake of the ACS Group in the concession company.

(2) Stake of the ACS Group in the operation company.

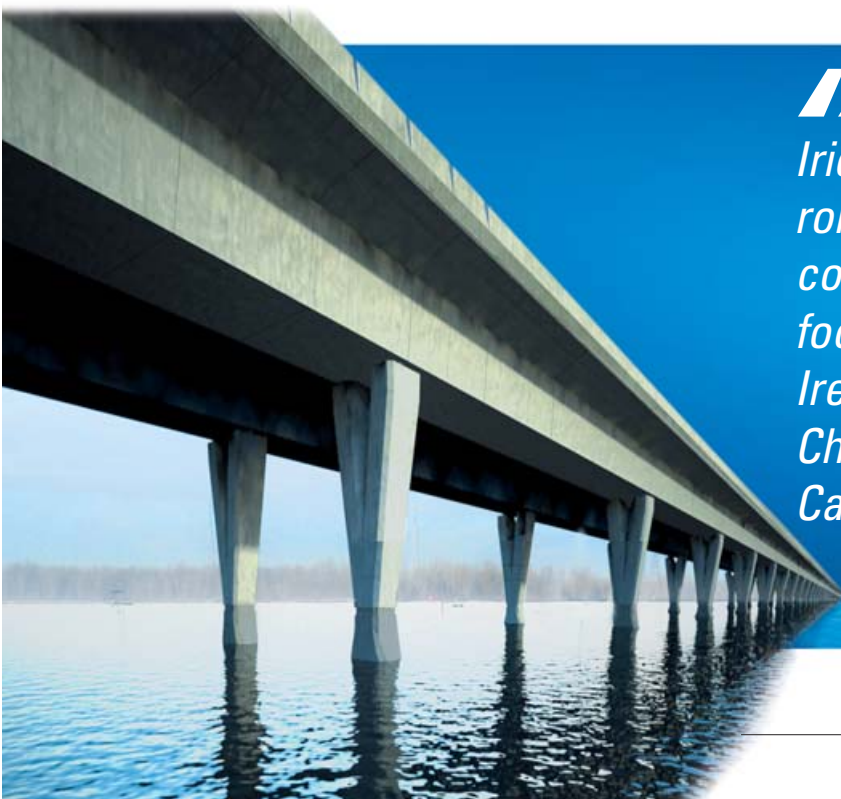
In 2008, bids were presented in Spain, Portugal, the United States, Canada and Chile.

At the end of 2008, the ACS Group was also a participant in consortia which were short-listed for the following projects, among others:

- In the United States, Iridium is short-listed for the Airport Parkway in the State of Mississippi through its subsidiary ACS Infrastructure Development. The subject of the contract is the design, construction, financing, operation and maintenance of a 12 mile expressway which will serve as access to the city of Jackson (the State capital) and will connect the city to the Evers International Airport in Rankin County. The approximate cost is US \$500 million.
- In Portugal, Iridium takes part in various groups in tenders for motorway projects and the High-Speed Railway project. It is currently selected for the BAFO stage, as a member of the groups in which it participates, for three projects: The stretch of High-Speed Railway from Caia to Poicerao (€1,700 million) and the Autoestrada do Centro (€822 million) and Pinhal Interior (€640 million) motorways.
- In Ireland, Iridium is short-listed for the Dublin Subway project. The project consists of the expansion to the north of Dublin's Subway network to a value of €3,000 million.
- In Mexico, Iridium is short-listed in the Pacifico toll road project (FARAC II) and has been registered as a Bidder in the Northwest project.

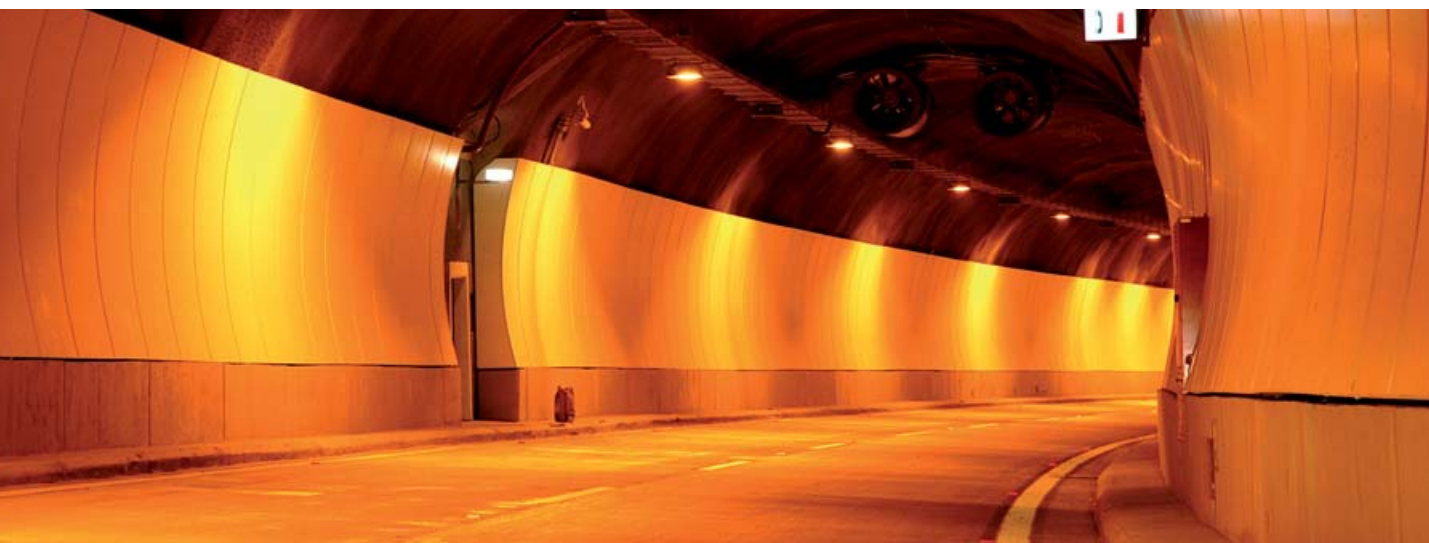
Iridium is also monitoring tenders for other significant projects in Europe, the United States, Canada and South America.

In the domestic field, in addition to the various Projects being monitored by Iridium, it is continuing the development of car park concessions in towns in various Autonomous Regions through its subsidiary Iridium Aparcamientos.



Iridium takes an active role in the main worldwide concession markets, currently focusing its efforts on Spain, Ireland, Greece, Portugal, Chile, the United States, Canada and Mexico.

2. Concessions



The following relevant events occurred during 2008:

- Iridium again in 2008 led the classification of the world's main infrastructure concession groups, according to the ranking published annually by the specialist journal "Public Works Financing" (PWF).
- On 6 February 2008 the Plaza de Castilla Transport Interchange was opened in Madrid (Spain). This concession has a term of 33 years.
- On 15 February 2008 the Santiago to Brión Highway in Galicia (Spain) was opened four months ahead of schedule. This is a route 15.88 km long, with an investment of €111 million and a concession period of 30 years.
- On 28 March 2008, after obtaining all the formal authorisations, the sale was completed of Desarrollo de Concesiones Aeroportuarias to TBI. The former held ACS's stake and managed its investments in several airports in Chile, Colombia, Jamaica and Mexico.
- On 13 June 2008, the road widening for the C-14 Reus to Alcover (Spain) was opened to traffic. With a length of 10.2 km, involved an investment of €65 million and has a term of 33 years.
- On 4 July 2008, the San Cristóbal Tunnel in Chile was put into service. This involved an investment of €79 million and a concession term of 30 years.
- On 23 July 2008, the Highway between Valladolid and Cuéllar (Spain) was brought into service. This involved an investment of €94 million and a concession term of 35 years.
- On 11 September 2008 the Hospital de Majadahonda was opened. This was to replace the old Hospital Puerta de Hierro in Madrid (Spain). With nearly 800 beds and an investment of over €250 million, this new hospital is the first concession of its type in Spain which does not include medical services. The concession period is 30 years.
- On 25 September 2008, the group of companies in which Iridium has a 50% stake signed an agreement with the Ministry of Transport for Quebec in Canada to design, build, operate and maintain the A-30 Châteauguay - Vaudreuil - Dorion motorway, which will become an important artery for traffic for Quebec

ACS

is a worldwide leader in the promotion, financing, construction and operation of all types of infrastructure.

and Montreal. Project investment is 1,580 million Canadian dollars and the concession term is 35 years.

- On 1 November 2008, works started for the remodelling of the street named Calle Serrano in Madrid and the construction of three underground car parks in Madrid (Spain), with 3,157 parking spaces, an investment of €120 million and a concession period of 40 years.
- On 30 November 2008 the Mossos D'Escuadra Central Police Station in Sabadell (Spain) came into service, with an investment of €67 million and a concession term of 18 years.
- On 3 December the final documents were signed for the transfer of ACS's holding in Scutvias.
- On 18 December 2008 the ACS Group formalised the sale of its subsidiary Inversión de Infraestructuras, S.L., along with the latter's direct and indirect stake in the Chilean concessions Autopista Central and Rutas del Pacífico, to a group in which Abertis has a majority holding.
- On 19 December 2008, Iridium signed the concession contract and closed the project financing for 13 stations of section IV of Barcelona's Subway Line 9 (Spain), with an approximate investment value of €590 million and a concession term of 31 years and 9 months.

The Company has demonstrated great efficiency and capacity for innovation in the management of financing operations without recourse to shareholders (Project Finance).

In this sense, several financing operations were arranged over the course of 2008 without recourse to shareholders. Noteworthy among these were:

- Finalising the financial arrangements for the A-30 in Canada, for 1,580 million Canadian dollars, without recourse to shareholders and with a term of 35 years. The exceptional nature of this financing in this period of marked crisis in the debt markets led to the operation winning several international awards recognising it as the best agreement of the year.
- Refinancing of the Highway Autovía de la Mancha (Spain). The whole of the debt of the Autovía de la Mancha concession was refinanced. This operation was based on obtaining an A rating for this debt from both Moody's and Standard & Poors, it being the first Spanish motorway to obtain this rating and the second in the world. It is also the first time that a shadow toll motorway has been refinanced in Spain with this structure of monocline insurance.
- Hospital de Son Dureta (Spain). Financial loan contract for the total value of €271 million, split into two tranches.
- Can Brians-2 (Spain). No-recourse and risk-free sale of 95% of the collection rights for the Can Brians-2 concession to the banks Santander and Dexia.



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In 2008 Iridium led the ranking of the world's main infrastructure concession groups again, according to the ranking published annually by the specialist journal "Public Works Financing" (PWF).
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2. Concessions

Main contracts awarded

The ACS Group was awarded the following contracts in 2008:

- The concession for the design, construction, operation, maintenance, refurbishment and financing of the A-30 motorway in Montreal (Quebec, Canada). The duration of the concession is 35 years, with a total investment of 1,580 million Canadian dollars.
- The concession for the design, construction, financing, operation and maintenance of a stretch of the I-595 interstate expressway (Florida, United States). The duration of the concession is 35 years, with a total investment of US \$1,700 million.
- The concession for the planning, design, development, financing, construction, refurbishment, widening, operation and maintenance of various transport infrastructures making up a stretch of the I-69 interstate expressway, as well as other infrastructures including US-77 (Texas, United States). The consortium of which Iridium is a member with a 50% stake will advise the State of Texas to achieve the optimum development of transport projects. The concession compensation also includes the right to carry out part of the work. The potential investment in this project totals US \$15,000 million.
- The concession for the development, design, construction, operation and maintenance of a bridge at Mid Currituck, as well as several adjacent roads (North Carolina, United States). The project has two phases. The first, pre-development, phase consists of an advisory service to study and select different design and implementation alternatives for the project, support for and collaboration with the client in obtaining final environmental approval for the project, developing a financial plan and the future concession contract. The second phase consists of carrying out the project once the environmental approval process has been completed and the best alternative for meeting the client's needs has been selected. It is estimated that this second phase will be awarded in the first quarter of 2010. The concession will be for 50 years. The final cost of the project will depend on the alternative chosen, but is estimated to be around US \$650 million. The revenue regime is through true tolls.
- The concession for the design, construction, financing, operation and maintenance of the Baixo Alentejo Motorway, between the towns of Sines and Beja (Alentejo, Portugal). The duration of the concession is 30 years, with a total forecast investment of €535 million.
- The concession for the construction, conservation and operation of the stations for Section IV of Line 9 of the Barcelona Subway (Spain), the longest subway line in the whole of Europe. The forecast investment in the project totals €590 million and includes the construction of a total of 13 stations. The concession term is 31 years 9 months.



- The concession for the construction and operation, over 40 years, of three car parks with a total of 3,157 spaces in the Calle Serrano (Madrid, Spain). Forecast investment in the project totals €120 million.
- The concession for the construction and operation of a car park with 470 spaces in the Plaza de Ricard Viñes (Lérida, Spain).

Likewise, the following significant events have occurred since the end of the 2008 financial year:

- On 14 January 2009 the Consortium in which Iridium participates was short-listed for the South Fraser Perimeter Road project in Vancouver (Canada). The contract involves the design, construction, maintenance, operation and financing of a new four-lane road along the southern shore of the Fraser River for a sum of 700 million Canadian dollars under a payment for availability scheme. It is anticipated that a bid will be presented in the summer of 2009.
- On 16 January 2009 Iridium was informed, of the definitive award of the concession project for the design, construction, financing, operation and maintenance of the Diagonal Artery in Cataluña (Spain). The duration of the concession is 33 years, with a total forecast investment of €398 million.
- On 31 January 2009 Iridium signed the concession contract and closed the project financing for the Baixo Alentejo Motorway concession (Alentejo, Portugal). The total financing arranged was €381.7 million, with participation from the European Investment Bank (€200 million) and a pool of seven banks (€181.7 million).
- On 3 March 2009 ACS Infrastructure Development signed the concession contract and finalised the financing for the concession project for the I-595 motorway (Florida, United States), making it the first payment for availability scheme contract in the United States as well as the first public-private partnership contract in Florida. ACS Infrastructure Development has obtained US \$1,458 million in financing through bank debt and a TIFIA credit.
- On 6 March 2009 the consortium led by Iridium was awarded the project for the design, construction, financing, operation and maintenance of the sub-concession for the Algarve Litoral highway in Portugal for a total of €266 million. It is made up of several conventional roads, the main one being the EN125 national highway which runs along the whole south coast of Portugal between the towns of Sagres, near Cape San Vicente and Vila Real de Santo Antonio, near the border with Spain. Thirty-three kilometres of new roads will be built: 19 km of motorway and 14 km of single carriageway roads. Another 227 km of road will be improved, of which 32 are motorways and 195 are single carriageway roads. The concession period is 30 years.



2. Concessions

Sector environment

Spain

The economic situation in the 2008 financial year meant that the resources available for new projects were reduced, causing uncertainty in the sector.

On the other hand, infrastructure programmes with private financing which were planned for 2008, such as first generation highways, were delayed.

Budget restrictions on Local Councils and Autonomous Regions, which have been significantly affected by the negative economic setting, contributed to concession contracts for public works coming to be assessed as the best alternative for financing various infrastructure projects.



International

- USA: Carrying out activities in the North American market is one of the company's main strategic lines. Growing participation in public-private partnership projects, short-listing and awards during 2008 represent recognition of the commitment to the future made by Iridium in the country.

ACS Infrastructure Development, a subsidiary of Iridium Concesiones de Infraestructuras in the United States, continues to take part in the main calls for bids in this area of activity in the most prominent East Coast States (Florida, Virginia, North Carolina and Georgia), as well as in Texas, Mississippi and California. It has offices in Miami, Austin and New York.

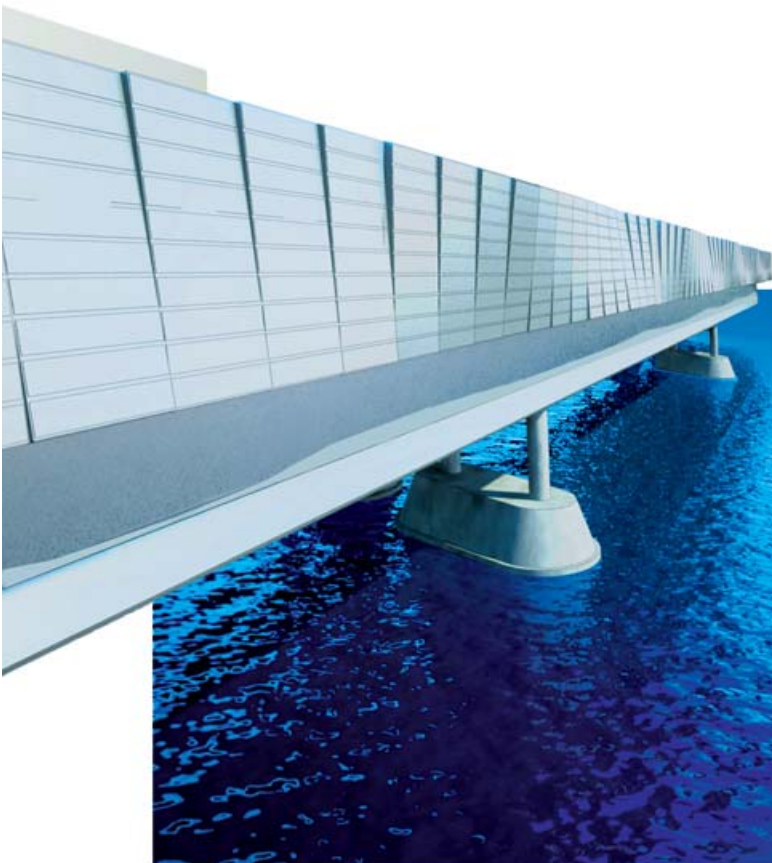
The stimulus package planned by President Obama provides for an ambitious infrastructure plan with the aim of filling the structural gap in the USA which has emerged with the passing years in the transport infrastructure sector, among others. In the current scenario, with high public spending, the impossibility of raising tax burdens and public motorway operators' deficits, together with the crisis in the financial markets, in particular the American municipal bonds market which is the usual source of public funds for transport projects for the States and local councils, private capital will play a fundamental role in infrastructure development and great opportunities will be generated in public-private partnership projects. Many of the States are currently analysing initiatives of this type. The US Department of Transportation will continue to provide financial support to infrastructure projects carried out by the private sector and there are initiatives in the framework of the stimulus package which are aimed at improving these instruments. The American market will need "sponsors" with great financial and technical capabilities and the ACS Group is positioned as a leader in public-private partnership projects with new construction, hence it finds itself in a privileged position to selectively tackle new opportunities and consolidate current projects.

- Canada: With a level of infrastructure inferior to the country's economic level, investment opportunities are anticipated in the short and medium term for transport, hospital and public facilities infrastructures. The country's noteworthy political and financial stability and legal security encourage Iridium to continue its expansion there. Significant infrastructure projects have been approved by both Federal Government and various Provincial Governments for a total of 72,000 million Canadian

dollars. The most active provinces are Quebec, Ontario, Alberta, British Columbia and New Brunswick.

- Portugal: The Portuguese government has launched a programme of ten motorway concession projects involving an investment of €4,000 million, with 2,000 km of roads. The programme is currently underway with eight of the projects already having called for bids and four having been awarded. Also launched is the High-Speed Railway Network programme, with the first stretch between Caia and Poceirao already having received bids. This will continue with other stretches throughout 2009 and 2010 until a total forecast investment of approximately €8,000 million is reached.
- Ireland: The Waterford and Portlaoise Motorways are in the process of construction and a bid was presented at the beginning of 2009 for the Dublin Subway project with an investment of €3,000 million.
- Mexico: Mexico's Federal Government is undertaking an ambitious "National Infrastructure Plan" following various models. Of interest to Iridium, among others, are:

- The traditional concession model for roads and/or motorways with tolls paid by the user. The next large project to call for bids with this model is the "Southern Arc of Mexico" with a forecast investment in construction of approximately US \$500 million.
- "The Plan for Exploitation of Assets", previously known as FARAC (from the Spanish for support trust for rescuing toll motorways), which mixes the concession for toll motorways which are already operating with the development of new stretches of road and motorways, also to be toll roads.
- Chile: At the end of 2008 Chile's Ministry of Public Works put three motorways out to tender. The bids for these will be presented during 2009, with a volume of approximately €700 million. Other significant projects are also proposed with an investment of over €1,500 million.
- The market in Eastern Europe presents many opportunities and the development of infrastructure under the public-private partnership model has prospects for reaching a sufficiently attractive level of consolidation in the next few years, faced with the need for infrastructures and the support programmes from European funds.



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*Carrying out activities
in the international
markets is one of the
company's main
strategic lines.*



3. Environment and Logistics



Business Strategy

Environment and Logistics is an area of activity which is clearly aligned with the ACS Group's values and culture:

- Focus on the client is a central theme in its activity. It provides services to clients who demand significant benefits for society (Waste Treatment), continuous improvement in efficiency (Port and Logistic Services) and support for their policies of cost reduction and maximum quality (Facility Management).
- The ACS Group's companies have a proven capacity for adapting to the changing characteristics of projects, enabling them to increase the efficiency of the services provided and, therefore, their profitability for clients and the ACS Group.

These cultural characteristics are complemented by competitive advantages which position the Environment and Logistics area as one of the leading companies in the field in Spain:

- It is a step ahead of the competition technologically in waste treatment, recycling, composting and biomass-type generation of renewable energy, enabling the ACS Group to compete in any country in the world with guarantees of success.
- It benefits from sufficient availability of capital to permit it to tackle investments in concession-type and long-term projects which increase the visibility and recurrence of income.

11.1%

*revenue growth rate of the
Environment and Logistics
area in 2008*



The ACS Group engages in its activities in the Environment and Logistics area through three companies with extensive experience which are leaders in their respective sectors in Spain, Urbaser, Dragados SPL and Clece.

The aim of these activities is to maintain a sustainable growth rate with attractive returns, in line with the key ideas in the ACS Group's general strategy:

- To grow internationally, especially in Environmental Services, organically and through acquisitions, to achieve a position of **leadership** in those activities in which the ACS Group specialises.

- To improve internal and the clients' **operating efficiency** by means of technological advances and improvements in the management of human resources and of capital.
- To continue investing in a profitable manner benefitting from the ACS Group's **financial solidity**.



The aim of these activities is to maintain a sustainable growth rate with attractive returns.

3. Environment and Logistics

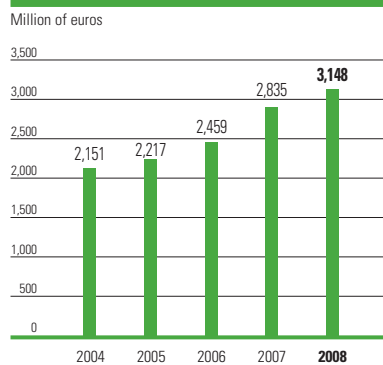


Activity description

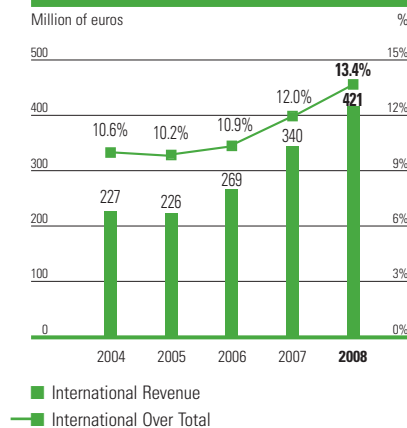
Environment and Logistics activity is grouped around three business lines: Environmental Services, Facility Management and Port and Logistic Services.

In 2008, the ACS Group achieved net sales of €3,148 million in the area of Environment and Logistics. This represents growth of 11.1% for the year. The annual compound rate of growth over the last five years is 10%, reasserting ACS's leadership in Spain and consolidating the Group as a reference company in the European market.

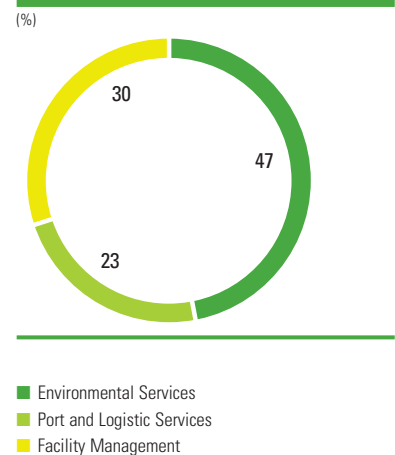
Revenue evolution



Revenue international evolution



Turnover breakdown by type of activity



Environmental Services is the area specialising in waste management and treatment, engaging in street cleaning, waste collection and transport, treatment and recycling of urban waste, integrated management of the water cycle and urban gardening. The ACS Group, through its company URBASER, S.A., is the leader in the management of solid urban waste treatment plants in Spain and has undertaken significant projects abroad.

During 2008, Urbaser managed the following facilities for the treatment and elimination of solid urban waste:

- 41 Plants for the pre-treatment of solid urban waste with an installed capacity of 6,761,016 tons/year.
- 8 Energy recovery plants with a treatment capacity of 2,076,000 tons/year.
- 19 Plants for the biomethanization of organic fractions with an installed capacity of 1,287,260 tons/year.
- 47 Composting installations with an installed capacity of 2,479,615 tons/year.
- 64 Transfer plant installations with an installed capacity of 6,825,414 tons/year.
- 46 Controlled waste dumps with an installed capacity of 8,737,040 tons/year.
- 8 Waste dump degasification installations which produce 120 Hm³ per year of biogas.

In addition, it treated and eliminated 4.6 million tons of inert waste and 150,000 tons of industrial waste; 110,000 tons for the regeneration of mineral oils and 105,000 tons of Marpol-type oils.

The installed electrical power in the energy recovery plants totals 205.09 MW.

Urbaser carried out significant actions in the construction of two large plants. The first in Marseille (France) will treat around 450,000 tons/year of urban waste from the city of Marseille and its area of influence. This received a significant construction push in 2008, both in the installations for the pre-treatment, biomethanization and composting and in the incinerating plant for 300,000 tons/year.

Likewise, the expansion of the waste incinerating plant in Mallorca, with two new lines to treat 450,000 tons/year, has progressed at a great rate and completion is planned for the end of 2009.

The works for remodelling Ecoparque No. 1 in Barcelona were also completed. The reasons for the work were the changes which had occurred in waste collection and environmental improvements. Treatment capacity has been set at 245,000 tons/year until 2030.

As regards waste dumps, those sealed in Arico in Tenerife, Logroño and Rivas-Madrid stand out along with the construction of urban waste dumps in Montalbán (Córdoba) and Berga in Cataluña

Activities continued in street cleaning, treatment and purification of urban waste water, gardening in cities, collection and treatment of hospital waste and elimination of industrial waste and waste from demolition and building.



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Environment and Logistics activity is grouped around three business lines: Environmental Services, Facility Management and Port and Logistic Services.
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3. Environment and Logistics

Within the integrated water cycle, contract awards were obtained for the waste water purification stations for Candeleda (Ávila) and Can Massuet Elfar in Dos Ríos (Barcelona) and expansions of the waste water purification stations at Pajares de Compedona, Valldemosa, Puig Punyent, Totana and Valdorros.

Contracts were also obtained to manage the waste water purification stations at Tudela de Duero, Tordesillas and Barbastro and the drinking water treatment plant at Presoalba in La Bureba.

In total, the Water Section managed:

- 7 Drinking water treatment plants at 250,000 m³ per day for 290,000 inhabitants.
- 82 Industrial water purifying plants for 970,000 m³ per day for 5,300,000 inhabitants.
- 17 Sewage operations for 985,000 inhabitants.
- 14 Water supply facilities for 229,000 m³ per day for 910,000 inhabitants.
- 20 Towns in which management is carried out for 900,000 customers.
- 7 Analysis and monitoring laboratories for 1,400,000 inhabitants.

Participation in the waste field has been increased by means of the acquisition of Senda Ambiental, S.A., enabling a 50% stake to be taken in the Industrial Waste Dumps at Villena and also to hold 33% of the firm Electrorecycling (electrical and electronic waste) and 50% of Pilagest (used batteries) in Cataluña.

Facility Management includes the services necessary for the optimum running of public or private use properties (facility management, cleaning or ancillary services), green-market related activities (gardening, reforestation and environmental recovery), care services for social collectives in situations of dependence, airport services, and the management of advertising spaces in large installations and transport systems.

The following contracts being executed during 2008 stand out within cleaning and maintenance services, as provided to both public authorities and large corporations:

- Cleaning services for the over 3,000 stations for the Civil Guard and Police Force spread throughout Spain.
- Cleaning of all of the Banco de Sabadell's banks in the following zones: Galicia, Asturias, Castilla-León, País Vasco, La Rioja, Navarre and Cantabria.
- Cleaning service for the Virgen de las Nieves Hospital, Granada.
- Cleaning service for the Santiago de Compostela University Hospital in La Coruña.
- Services for cleaning, internal transport (of patients, documentation, furniture, etc), stores, vending, rat extermination, disinfection and pest control, as well as for road and garden conservation for the Puerta de Hierro de Majadahonda Hospital in Madrid.
- Cleaning services for 11 National Heritage Royal Palaces located in: Cáceres (1), Lanzarote (1), Madrid (5), Palma de Mallorca (1), Segovia (2) and Sevilla (1)



- Cleaning service for the Island Maternity Hospital in Las Palmas de Gran Canaria.
- Cleaning and auxiliary services for Unión Fenosa's network of properties.
- Facility management and maintenance for the Teatro Albéniz in Madrid.
- Facilities maintenance for the Doctor Negrín Hospital in Las Palmas de Gran Canaria.
- Facilities maintenance for the buildings belonging to the Universidad Autónoma de Madrid.
- Maintenance service for the Central Treasury for Social Security's offices in the Province of Barcelona.
- Internal logistics, warehousing and packing service for MAESA, belonging to the HELLA group.

In social healthcare services, the following contracts are of particular interest:

- Home Help service in the city of San Sebastián.
- Home Help service for dependent people for Malaga Council.
- Home Help service in the city of Granada.
- Comprehensive administration of the Vallecas Alzheimers Residence, the most advanced in the treatment of this illness, reporting to Madrid City Council.



The following activities stand out in activities related to the green market:

- Work for the restoration of habitats in the Cardeña – Montoro Natural Park for the Council for the Environment of the Government of Andalusia. This consists of actions to improve the environment and biotopes for the Iberian lynx.
- Forestry actions to create, maintain and conserve the biodiversity of the natural ecosystems in public woodland in the Alcántara region in Cáceres, for the Tajo River Basin Authority.
- Sealing of the solid urban waste dumps in municipalities in the Guardo region, Palencia.

Clece also operates in the airport services market, where the following contracts can be highlighted:

- Cleaning service for aircraft, runway equipment and airport premises for Iberia LAE S.A. in 24 airports in the Spanish national network.
- Assistance service for people with reduced mobility (PRM) in 21 Spanish airports.
- Cleaning service for aircraft and premises for Groundforce and Air Europa at several airports belonging to the Spanish national network.
- Management and operation of baggage trolleys in all Madrid Barajas Airport's terminals.

In advertising space management, the activity carried out on the Barcelona Metro in a joint venture with JC Decaux is worth highlighting. This covers static advertising Spectacular marketing and digital or television resources.

Included in the area of Port and Logistic Services are port management and handling, maritime agency and transit activity, dry-dock management, intermodal transport and logistics.

In 2008, the ACS Group maintained its position of leadership as an operator of container terminals in Spain, handling over 5.5 million TEUs. Worth special mention is its activity in the ports of Valencia, Las Palmas de Gran Canaria, Bilbao, Malaga, Jing Tang (China), Caucedo (Dominican Republic), San Francisco do Sul (Brazil) and Iquique (Chile). During the current financial year it has acquired the second terminal in the Port of Bilbao, so doubling its activity in this arena.

3. Environment and Logistics



Also noteworthy is the Group's leading role in other activities such as the handling of bulk materials (nearly 9 million tons), general cargo (over 5 million tons) and perishable goods (150,000 tons). Activity started in 2008 in the container terminal in Mumbai (India): Indira Container Terminal (ICT). When this reaches its maximum capacity, in its final location, it will be able to handle over 1,250,000

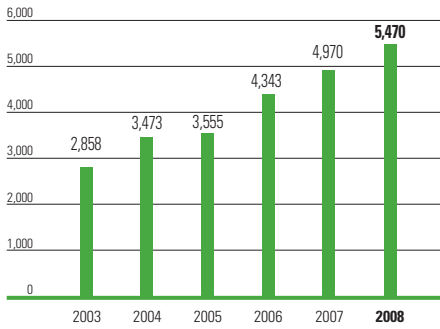
TEUs/year. Likewise, the Group continues to reinforce its leading position in other port services (agency, transit, transport, etc) in Spain, with significant presence in these sectors in Portugal and France.

Ports-Description	% Grupo ACS stake	Consolidation Method	Country	Port	Type	Cargo	Phase
Marítima Valenciana	100.00%	Global	Spain	Valencia	Concession	Containers	Operation
Operaciones Portuarias Canarias (OPCSA)	45.00%	E.M.(1)	Spain	Las Palmas	Concession	Containers	Op./Const.
Abra Terminales Marítimas (ATM)	77.47%	E.M.(1)	Spain	Bilbao	Concession	Containers	Operation
ITI - Iquique	40.00%	E.M.(1)	Chile	Iquique	Concession	Cont. / General Cargo	Operation
Terminales Marítimas del Sudeste (Málaga)	89.00%	Global	Spain	Málaga	Concession	Containers	Op./Const.
Terminal de Caucedo	15.00%	E.M.(1)	Dom. Rep.	Caucedo	Concession	Containers	Operation
Jing Tang	52.00%	Global	China	Jing Tang	Concession	Containers	Operation
Tecasa	77.78%	Global	Spain	Castellón	Stowage	Multi-use	Operation
TMS (Marmedsa)	81.00%	Global	Spain	Santander	Stowage	Dirty/clean bulk	Operation
Marítima Servicesa (Marmedsa)	51.25%	E.M.(1)	Spain	Valencia	Concession	Dirty Bulk	Operation
Maritim. Valenc. Sagunto (Marvalsa)	100.00%	Global	Spain	Sagunto	Concession	Gen. Cargo. Fruit (refrig.)	Operation
Graneles Sólidos Minerales (GSM)	81.00%	Global	Spain	Santander	Concession	Dirty Bulk	Operation
Autoterminal	40.40%	E.M.(1)	Spain	Barcelona	Concession	Vehicles	Operation
FRICASA (Marmedsa)	75.00%	Global	Spain	Castellón	Concession	Fruit. Perishables	Operation
Terminal Marítima de Cartagena, S.L.	50.01%	E.M.(1)	Spain	Cartagena	Stowage	Bulk/ General Cargo	Operation
Terminales Marítimas de Galicia	19.98%	E.M.(1)	Spain	Coruña	Stowage	Bulk/General	Operation
WRC + TESC San Francisco do Sul	50.00%	Prop. (2)	Brazil	Santa Catarina	Concession	Containers	Op./Const.
Indira Container Terminal	50.00%	Prop. (2)	India	Mumbai	Concession	Containers	Op./Const.
Sadoport	50.00%	Prop. (2)	Portugal	Setubal	Concession	Containers	Operation
Agemasa	50.00%	Prop. (2)	Spain	Bilbao	Concession	Gen. Cargo. Fruit (refrig.)	Operation

(1) Equity Method
(2) Proportional Integration

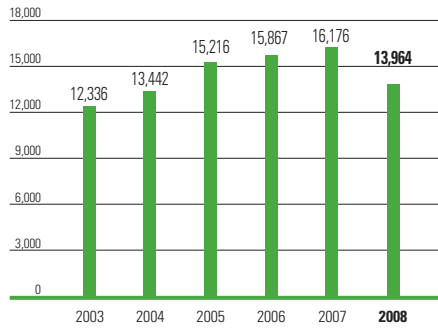
TEUS

Thousands TEUs



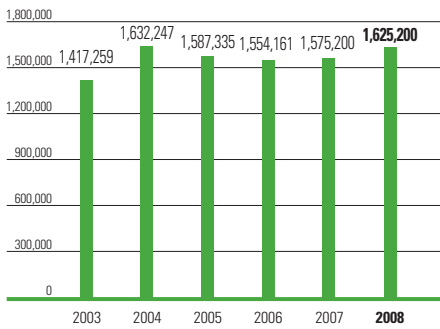
Bulk and other cargo

Thousands of tons



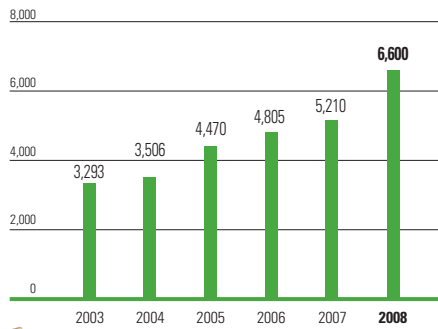
Cars

Vehicles



Agency Services

Port Calls



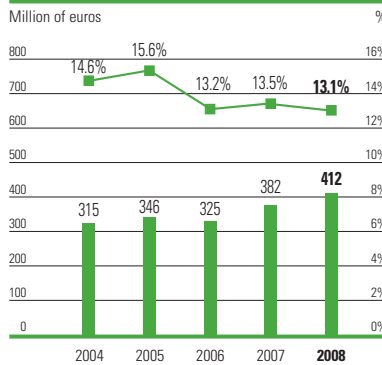
“
 Environment and Logistics
 activities are based on
 medium and long-term
 recurrent contracts for both
 public and private clients.
 ”

3. Environment and Logistics

Environment and Logistics activities are based on medium- and long-term repeat contracts for both public and private clients. Many of the activities are capital intensive and their concessional nature reduces risk and guarantees attractive profitability. This area provides the ACS Group with stability and geographic diversification in terms of revenues.

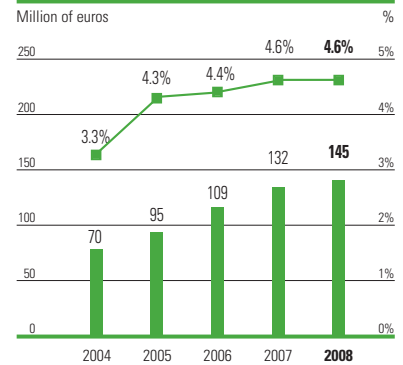
The ACS Group's Environment and Logistics order book amounted to €16,839 million in 2008, up 16.5% on the previous year.

EBITDA evolution



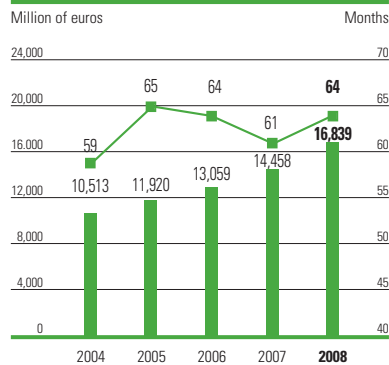
■ EBITDA
— EBITDA margin

Net profit evolution

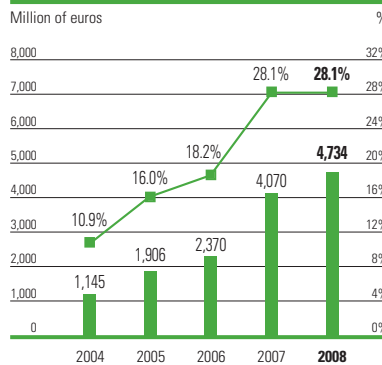


■ Net profit
— Net margin

Order Book evolution

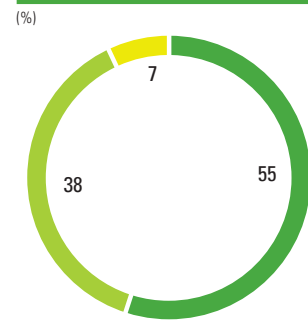


International order book evolution



■ International order book
— International over total

Order book breakdown by type of activity



■ Environmental Services
■ Port and Logistic Services
■ Facility Management





Main contracts awarded

Contracts awarded in 2006

	Amount Million of euros	Years	Awarded company
Solid Urban Waste treatment plant for the Island of Guadalupe (France)	589	20	Urbaser
Solid Urban Waste treatment plant for the city of Paris (France)	406	12	Urbaser
Solid Urban Waste collection and street cleaning in the Eastern area of Barcelona (Spain)	380	8	Urbaser
Contract for the management of the advertising space in Barcelona's Subway	119	10	Publimedia
Solid Urban Waste collection and street cleaning in La Laguna (Tenerife, Spain)	115	8	Urbaser
Contracts for works in the Cerro Patacon's dump (Panama)	78	15	Urbaser
Solid Urban Waste collection and street cleaning in Palencia (Spain)	73	13	Urbaser
Solid Urban Waste collection and street cleaning in Moncloa District (Madrid)	62	6	Urbaser
Sewage systems maintenance and operation for the Posadas and Garupá municipalities (Argentina)	46	21	Urbaser
Cleaning services of all the stations in lines 9 and 12 of Madrid's Subway	40	6	Clece
Solid Urban Waste collection and street cleaning in Vilaseca (Tarragona)	39	12	Urbaser
Solid Urban Waste collection and street cleaning in Villanueva de la Serena (Badajoz)	34	20	Urbaser
Street Cleaning in the Southern area of Valencia (Venezuela)	31	10	Urbaser
Cleaning, internal transportation and warehouse management in Hospital Universitario de Majadahonda (Madrid)	27	3	Clece

Sector environment

The Environment and Logistics area carries out its activities to attend to the needs of two types of client: public authorities – mainly local or regional – and private clients seeking to outsource services, mainly the maintenance of their non-productive assets, or which require port or logistic services.

Spain is the archetypal example of a market which needs these types of services. Local councils and corporations, responding to citizens' demands, are increasing their environmental budgets and developing assets under concession for the treatment and recycling of urban waste.

Town councils and rural communities have also set up contracts with companies such as the ACS Group to outsource services for street cleaning and collecting waste. This environmental awareness, lead by an ever more committed public, is the main growth platform for companies such as Urbaser, which combines the most advanced technology with efficient management of its resources.

3. Environment and Logistics



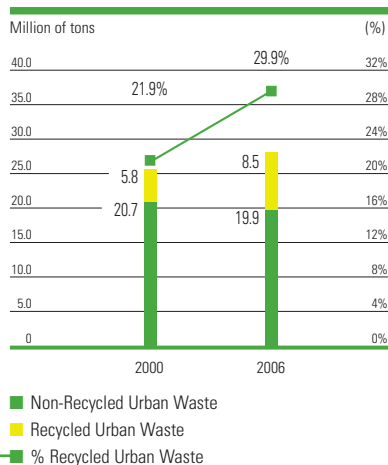
In parallel with this social awareness, the growth in population and tourism in Spain over the last 10 years has resulted in an increase in the need for these types of services.

According to the latest data from Spain's National Statistics Institute (INE), published in 2008, the amount of urban waste collected grew by 7.2% between 2000 and 2006, while the amount of urban waste recycled rose 46% over the same period. In percentage terms, urban waste recycling increased from 21.9% of the total in 2000 to 29.9% in 2006.

Outside of Spain, the trend is the same in developed countries with legislation being ever more committed to sustainable development. France is a clear example, as is the whole of Western Europe in general. Awareness of climate change and the Kyoto Protocol have fostered these types of activities in order to reduce the emission of gases generated naturally in solid urban waste dumps (carbon dioxide and methane), which produce the greenhouse effect. The said treaty has also paved the way for other future businesses related to the emission of CO₂.

The data on the treatment of waste in the EU show that this industry is growing ceaselessly, independently of the economic situation or the political persuasion of each country. Over the last ten years, with the help of the European Union, a large number of waste treatment and sorting plants have been constructed in Spain (almost one per population centre of more than 100,000 inhabitants), most of which are

Spanish Urban Waste



Source: INE

equipped with composting and/or biomethanization processes, where the organic fraction of urban waste is treated. Nonetheless, there is still significant growth potential in this activity in both Spain and the rest of Europe as a result of European directives concerning waste and environmental management.

In parallel with environmental services, significant demand has developed in Spain for facility management services as a consequence of the growing trend towards outsourcing which both large business groups and public authorities are experiencing.

Companies such as Clece, the ACS Group's lead company in this line of business, offer services which enable own resources to be reduced and specialisation to be increased in order to respond to the increasing complexity of the services required. This growth, combined with the need expressed by clients for more concentrated and structured offers, such as those proposed by Clece, implies positive prospects for this activity.

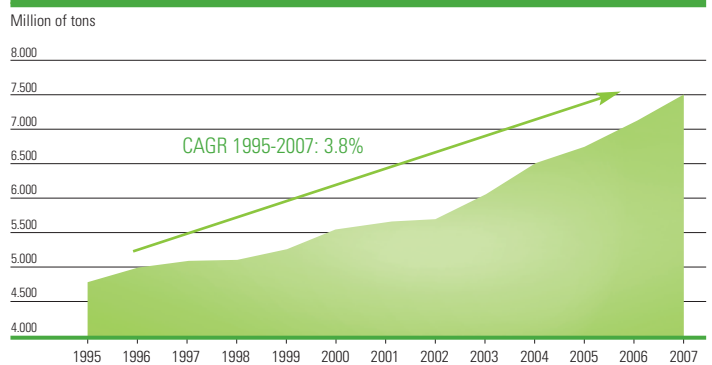
As regards social health services, a segment into which public authorities invest significant resources, the market requires services with a guarantee of quality and efficiency which translates into reduction in costs. The recent approval of the Dependency Law in Spain and the increasing age of the population (it is estimated that 9% of the Spanish population will be over 75 years of age in 2015) contribute to the growth in demand for social healthcare services over the coming years.

Specifically, it is anticipated that, during the period 2007-2015, the General State Administration will contribute over €12,600 million to finance the Dependency Law, while the Administrations for the Autonomous Regions would need to contribute a similar sum, with which the total funds set aside would exceed €25,000 million.

This plan is seen to be endorsed by the investment development included in the General State Budgets: in 2008 the budget set aside for the Dependency Law increased by more than 100% with respect to the year before to exceed €870 million. Investment will now increase by 33% in 2009 to reach €1,158 million.

In relation to the last segment of Environment and Logistics activity, Port and Logistic Services, increasing globalisation and the continuous flow of goods from manufacturing countries, mainly in Asia, have led to a significant upturn in container traffic activities and maritime transport.

Total maritime traffic



Source: Fearnleys



Environment and Logistics activity is characterised by the growing trend towards outsourcing which both, large business groups and public authorities, are experiencing.

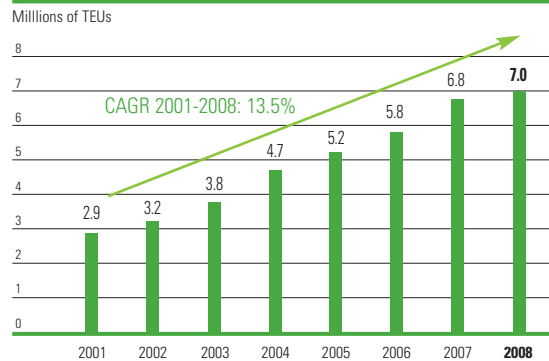
3. Environment and Logistics

This activity has grown sustainably, especially in ports which supply large reference geographic areas (such as the Port of Valencia which supplies the entire central area of the Iberian Peninsula).

In 2008, the number of containers in transit (measured in TEUs) increased by 3.6% to exceed 7 million TEUs. A more complex situation presents itself for 2009 in terms of world trade and the transport of goods, meaning that the main agents in the industry are taking measures against the anticipated slowing in activity over the coming quarters.

Both Spain, which currently maintains its strategic significance as a connection between Asia and America through Suez, as well as the outlying manufacturing countries in Asia and South America, are the target markets for the ACS Group's Port and Logistic Services area.

TEUs



Source: Spanish Port System



Organisational Structure



4. Industrial Services



Business strategy

The ACS Group, through its Industrial Services area, has long experience in maintenance, development and operation of industrial and energy infrastructures. The companies and professionals in this area of activity share the ACS Group's cultural values:

- A decentralised organisation focussed on the client, enabling it to adapt projects to their needs efficiently and profitably.
- Growth based on the technical excellence, enterprising mentality and contracting spirit of a team with experience and training.

This common corporate culture is complemented by the Industrial Services areas' competitive advantages:

- Leading company in the development, maintenance and operation of infrastructures related to electricity generation, such as combined cycle power plants, regasification plants and renewable energies, among others.

- One of the leading multinational companies in the development of large-scale infrastructures for the oil and gas industries, from the construction of platforms and modules to "turnkey" projects for refineries and petrochemical plants.
- A leading provider of maintenance, development and operating services for existing industrial infrastructures such as generating and distribution networks for electricity, gas and water, thermodynamic and mechanical installations, railway systems (both conventional and high-speed) and telecommunications.
- Likewise, the ACS Group is the leading domestic company in the development and maintenance of systems for public lighting, traffic management and industrial control.
- The ACS Group, through its Industrial Services area, is one of the leading investors in the development of wind and thermal solar renewable energies, in the development of high-voltage transmission lines under concessions in several South American countries and the in the development of desalination plants in the Mediterranean area.



The ACS Group operates in all fields of applied engineering, from development and construction of new projects to maintenance of industrial infrastructures in the energy, communications and control systems sectors.

The strategy in Industrial Services, in line with the ACS Group's basic guidelines, is to maintain solid growth during 2009 by selecting projects which can be carried out more efficiently and profitably, particularly in the international field. Specifically, the main strategic initiatives for 2009 will be:

- To maintain a position of leadership which enables the ACS Group to participate in a very competitive sector from a privileged position, attracting and retaining talent.
- Achieving a business mix which combines activities which provide recurrence and visibility of income and profit with specialised projects or "turnkey" solutions which contribute ever higher levels of profitability. All of this while maintaining a strict cost control policy.
- Maintaining a solid financial structure which enables it to invest in the development of energy projects for clients and, in special cases, for the ACS Group itself.
- Tackling international markets hand in hand with clients, meeting rigorous profitability and stability criteria.



“The Industrial Services activity is developed through Cobra Group and Dragados Industrial, which are companies with a long experience and technical capacity in this field.”

4. Industrial Services

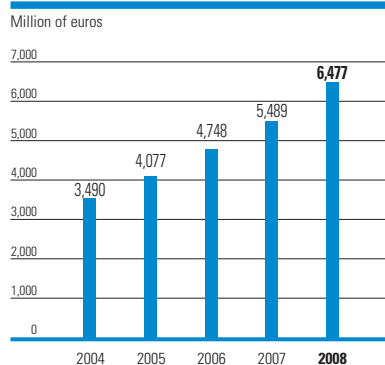


Activity description

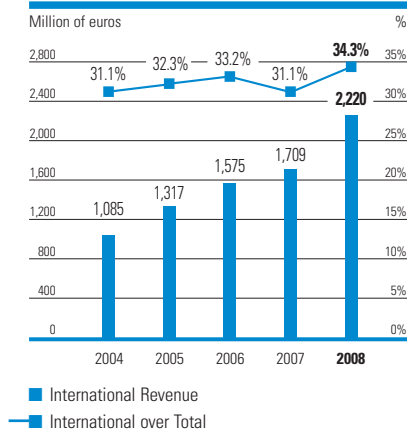
The turnover of the Industrial Services area in 2008 was €6,477 million. The strong growth in activity in this area means that its production has increased by 8.5 times since 1998, equivalent to an annual growth rate of 24%. Once again this consolidates the ACS Group's position as the leading company in this sector in Spain, and as one of the main competitors in Europe and the other markets in which it operates.

The wide range of services supplied to the activity guarantees continuous sustained growth and geographical diversification provides growth opportunities in markets with growing development needs. In 2008, sales abroad accounted for 34.3% of the total.

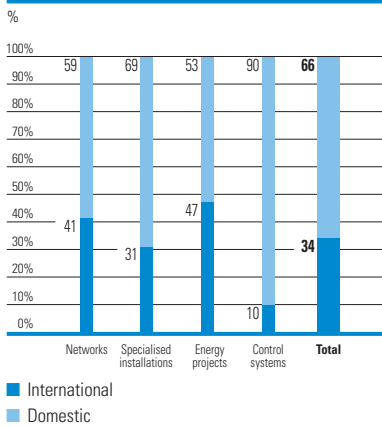
Revenue evolution



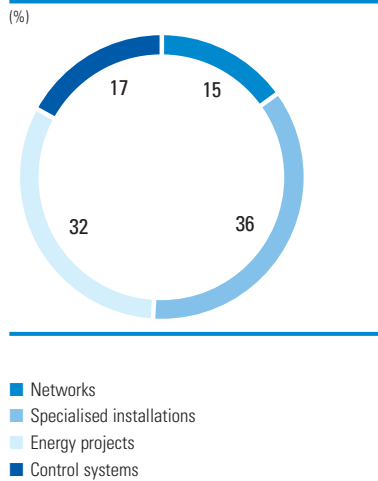
Revenue international evolution



Revenue breakdown by market



Revenue breakdown by activity



ACS Group's Industrial Services are grouped into Support Services to Industry and Energy Projects.

Support Services to Industry engages in industrial maintenance and include three areas of activity:

- Networks: maintenance activity for electrical, gas and water distribution networks with over 80 years of experience.

- Specialised Installations: combines the activities of construction, installation and maintenance of high-voltage electrical networks, telecommunications systems, railway installations, electrical installations, mechanical assemblies and climate control systems.
- Control Systems: ACS has become the leading provider of engineering, installation and operation of control systems for industry and urban services, noteworthy among which are control systems for traffic and transport and systems for integral maintenance of public infrastructures.



“
ACS Group's Industrial Services are grouped into Support Services to Industry and Energy Projects.
 ”

4. Industrial Services

The main projects carried out in 2008 in the area of Support Services to Industry were:

- Worthy of note among maintenance of distribution Network installations:
 - Installation and maintenance of voice, broadband and television equipment for Telefónica in Spain, Argentina, Chile and Peru.
 - Construction of 245 kilometres of gas distribution networks for Gas Natural in Spain.
 - Maintenance of municipal electrical systems for Barcelona city council.
 - Meter readings in the Catalan Autonomous Region.
 - Technical service, meter readings and management of installations for Unión Fenosa in the Province of La Coruña.
- Within Specialised Installations, the following projects are worthy of note:
 - Contract under a concession regime for the turnkey construction of the high-voltage line for 500 kV, 581 km long between Serra da Mesa and Samambaia, as well as 5 associated substations, in Brazil.
 - Installation of equipment associated with the high-speed railway line between Figueras and Perpignan, including systems for supply of electricity, overhead power lines, control systems, ventilation of tunnels, signalling and security.
 - Design, construction and maintenance of the overhead contact line and associated systems for the high-speed railway line between Madrid, Zaragoza, Barcelona and the French border in the stretch between Lérida and Barcelona.
 - Design, construction and maintenance of the installations for the overhead contact line and associated systems for the high-speed railway line between Cordova and Malaga in the stretch between Almodóvar del Río - Bobadilla - Los Prados and Málaga Station.
 - Construction and maintenance of the installations for the overhead contact line and associated systems for the stretch between Torrejón de Velasco and Motilla del Palancar on the high-speed line connecting Madrid, Castilla La Mancha, the Community of Valencia and the Region of Murcia.
 - Installation and maintenance of the air conditioning, mechanical, electrical and electronic systems for the health centre at La Guancha in Tenerife.
 - Construction and operation of the installations for an ultrafiltration system and a water purifying plant for a flow rate of approximately 730 litres per second in a desalination plant in the Region of Murcia.
 - Electrical, air conditioning and hot sanitary water, fire protection, ventilation and centralised facility control system installations for the Canal de Isabel II Theatre.
- In Energy Projects related to renewable energies, the ACS Group took part in:
 - Turnkey execution of construction works, supply of equipment, assembly and commissioning for the Séron I wind farm in Almería.





- Turnkey execution of construction works, supply of equipment, assembly and commissioning for the Tíjola wind farm in Almería.
- Turnkey execution of construction works, supply of equipment, assembly and commissioning for the La Caldera wind farm in Villadiego, Burgos.
- Turnkey execution of construction works, supply of equipment, assembly and commissioning for the Andasol I Thermal Solar Power Plant (electricity generating plant with a generating capacity of 49.9 MW in Aldeire, Granada).
- Construction of a photovoltaic generating plant with an installed power of 5.6 MW in en Almonacid de la Sierra, Zaragoza.
- Turnkey execution of construction works, supply of equipment, assembly and commissioning for the Las Vegas wind farm in Medina Sidonia, Cadiz.
- Turnkey execution of construction works, supply of equipment, assembly and commissioning for the La Noguera wind farm in Lucainena de las Torres, Almería.
- Turnkey execution of construction works, supply of equipment, assembly and commissioning for the Sierra de las Carbás wind farm in Ferreruela de Tabara, Zamora.
- Turnkey execution of construction works, supply of equipment, assembly and commissioning for the La Calzada wind farm in Burgos.
- Turnkey execution of construction works, supply of equipment, assembly and commissioning for the El Negrodo wind farm in Burgos.
- And in other Energy Projects (CPE) related to oil and electricity:
 - Desulphurisation plant for the Aboño 2 thermal power station in Asturias.
 - Desulphurisation plant for Group 3 of the Soto de Ribera thermal power station in Asturias.
 - Desulphurisation plant for Group 2 of the Robla thermal power station in León.
 - Combined cycle power plant of 400 MW in Sabón, La Coruña.
 - Desulphurisation plant for the 4 groups for the Sines thermal power station in Portugal.

4. Industrial Services

- Offshore regasification plant for liquefied natural gas installed in a concrete Gravity Based Structure for the Adriatic Sea off the coast of Venice, Italy.
 - Platform for crude oil production and gas compression for the Ku-Maloob-Zaap field in the Bay of Campeche, Gulf of Mexico.
 - Light marine structure and auxiliary platform in the Puerto Ceiba field belonging to the El Golpe - Puerto Ceiba integral project in the Gulf of Mexico.
 - Construction of an 800 MW combined cycle power plant in Castellnou (Tarragona).
 - Construction of the 400 MW Cristóbal Colón combined cycle power plant in Huelva.
 - Construction of a 750 MW combined cycle power plant in north Cairo (Egypt).
- In Control Systems, the following contracts stand out in 2008:
 - Design, supply, installation and management of an onboard video surveillance system for the whole fleet of buses belonging to Madrid's Municipal Transport Company.
 - Works for distribution, replacement and renewal of crossings with traffic lights in the city of Barcelona.
 - Free flow toll system for the urban Mitcham Frankston Freeway, part of the Eastlink Project in the city of Melbourne (Australia).
 - Implementation and operation of the Automatic Hydrological Information System in the Northern Catchment Basin (Galicia and Asturias).

In Renewable Energies, as well as constructing both wind and solar energy generating installations as summarised above, the ACS Group was participating in 35 operating wind farms with an installed power of 1,076 MW and an attributable power of 796 MW at 31 December 2008. Furthermore, the Group is participating in 7 wind farms currently under construction with an installed power of 213 MW and an additional 25 wind farms in the financing or development phase with installed power of 1,799 MW.



In the area of solar energy, the construction of the 50 MW Andasol I plant was completed in 2008 and this has been in operation since November 2008. There are also 3 farms in the construction phase, the development of which commenced in 2007 and 2008:

- Andasol II, a 50 MW thermal solar power generating plant.
- Extresol I, also with 50 MW of installed power located in Extremadura.
- Ferreira do Alentejo, with 10 MW of installed power, located in Alentejo, Portugal.

Five projects are also in the financing or development phase within the area of solar energy: Andasol IV, Extresol II and III and Manchasol I and II, with a total installed power of 250 MW.

At 31 December 2008, the ACS Group had a stake in 25 concession projects for the management and maintenance of high-voltage lines in Brazil and Peru, with secured financing from the Banco Nacional de Desenvolvimento Economico e Social do Brasil (BNDES). These projects total 10,360 km and a managed investment of over €3,000 million.



Wind farms in Operation

	Location	Power, MW
Santa Ana	Albacete	50.0
El Colmenar	Almería	30.0
La Noguera	Almería	30.0
Serón I	Almería	50.0
Serón II	Almería	10.0
Tijola	Almería	36.8
La Caldera	Burgos	22.5
Lodoso	Burgos	49.5
Lora I	Burgos	49.6
Lora II	Burgos	49.6
Marmellar	Burgos	49.5
Perul	Burgos	63.5
Isletes	Cádiz	25.3
Las Vegas	Cádiz	23.0
Chumillas*	Cuenca	50.0
Barrigoso	La Coruña	3.0
Monte da Barda	La Coruña	3.0
Monte das Augas	La Coruña	3.0
Novo	La Coruña	18.8
Outes	La Coruña	35.1
Requeixo*	La Coruña	11.7
Somozas	La Coruña	49.7
Touriñan IV	La Coruña	24.7
Vimianzo	La Coruña	49.5
Raposeiras*	La Rioja	39.0
Alrota	Loures	3.3
Sierra de Utrera*	Málaga	33.4
Sierra de las Carbás	Salamanca	40.0
L'Enderrocada - Seesa	Tarragona	29.9
Tortosa	Tarragona	48.1
Penamacor 1	Portugal	20.0
Penamacor 2	Portugal	14.7
Penamacor 3B	Portugal	25.2
Penamacor 3A	Portugal	20.0
Penamacor 3B Exp.	Portugal	14.7
Wind farms in Operation		1,075.9

Note: The average stake is 74.7%

* Companies accounted for by the equity method

4. Industrial Services

Wind farms under Construction	Location	Power, MW
Arroyal	Burgos	46.5
Sargentos	Burgos	24.0
Santa Catalina	Valencia	25.5
Viudo I	Valencia	40.0
Tesosanto	Zamora	50.0
Sabugal	Portugal	25.2
Alrota 2	Portugal	1.7
Wind farms under Construction		212.9

Note: The average stake is 80.3%

Wind farms in Promotion/Financing	Location	Power, MW
Rioja	Aragón	100.0
Palancas*	Asturias	18.0
Inex	Cáceres	60.0
Extremadura*	Cáceres	125.0
R.E.	La Coruña	80.0
Castilla La Mancha	Cuenca	85.0
Baza Caravaca	Granada	100.0
Loma del Capon*	Granada	30.0
Valcaire	Granada	50.0
Buseco	Oviedo	50.0
Las Tadeas (Palencia Sur)	Palencia	36.8
Valdehiero (Palencia Sur)	Palencia	14.4
Almazán Meco 1	Soria	300.0
Almazán Meco 2	Soria	200.0
Donado	Soria	34.0
Cerrellar	Valencia	4.5
Cerronegro	Valencia	16.0
Hontanar	Valencia	10.0
Muela del Buitre	Valencia	45.0
Viudo II	Valencia	30.0
Viudo III	Valencia	10.0
Bandeleras	Zamora	36.0
Rodera Alta	Zamora	34.0
Greece	Greece	180.0
U.S.A.	Texas (U.S.A.)	150.0
Wind farms in Promotion/Financing		1,798.7

Note: The average stake is 80.6%

* Companies accounted for by the equity method

Thermal Solar Energy in Operation	Location	Power, MW
Andasol I	Granada	50.0
Thermal Solar Energy in Operation		50.0

Note: The average stake is 75.0%

Thermal Solar Energy under Construction	Location	Power, MW
Extresol I	Badajoz	50.0
Andasol II	Granada	50.0
Fereira do Alentejo	Portugal	10.0
Thermal Solar Energy under Construction		110.0

Note: The average stake is 83.3%

Thermal Solar Energy in Promotion	Location	Power, MW
Extresol II	Badajoz	50.0
Extresol III	Badajoz	50.0
Manchasol I	Ciudad Real	50.0
Manchasol II	Ciudad Real	50.0
Andasol IV	Granada	50.0
Thermal Solar Energy in Promotion		250.0

Note: The average stake is 100%



4. Industrial Services

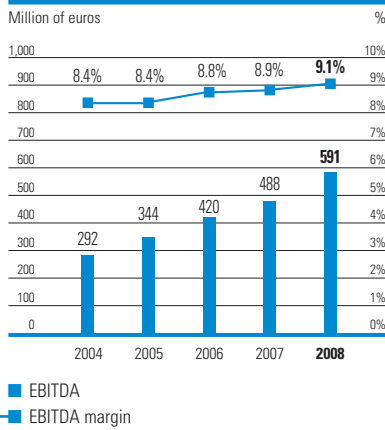


Transmission Line Concession Projects

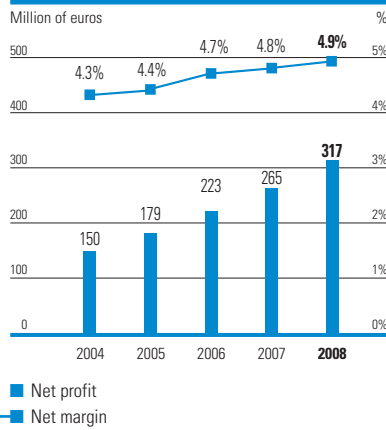
	Contry	Km	Voltage (Kv)
UIRAPURU: Ivaipora - Londrina	Brazil	122	525
IEMG: Neves- Mesquita	Brazil	172	200
CPTE Cachoeira paulista	Brazil	181	500
ETIM Itumbiara Marimbondo	Brazil	212	500
SPTe Serra Paracatú Transmissora de Energía	Brazil	246	500
PCTE Poços de Caldas Transmissora de Energía	Brazil	308	500
VCTE: Tucuruí - Vila do Conde	Brazil	324	230
ARTEMIS: Concesionaria Paraná Lote B 03	Brazil	376	525
NTE: Xingó- Angelim- Campina Grande	Brazil	386	500/230
STE: Uruguaiana- Maçambara- Santo Angelo- Santa Rosa	Brazil	386	230
Iracema: Sao Joao de Piauí - Milagres	Brazil	400	500
San Joao do Piauí -Milagres Lote B	Brazil	400	500
RPTE: Riberão Preto Transmissora de Energía	Brazil	412	500
PPTE: Imbirissu - P. Primavera - Dourados	Brazil	490	230
ETEE Expansión	Brazil	581	500
SMTE Serra da mesa	Brazil	681	500/138
LTT Triângulo Transmissora de Energía	Brazil	708	500
IENNE: Colinas - Sao Joao de Piauí	Brazil	720	500
ITE: Cuiabá - Itumbiara	Brazil	808	500
JTE: Jaurú Transmissora de Energía	Brazil	949	230
Lote A-Leilao 008/2008	Brazil	793	440/230/138
IESUL: Nova Santa Rita - Scharlau, Circuito Doble y Subestación Scharlau	Brazil	23	230
Catxerê: Cuiabá - Riberãozinho- Río Verde Norte	Brazil	242	500
Araraquara: Araraquara 2- Araraquara Furnas, Araraquara 2- Araraquara CTE	Brazil	15	440/500
REDESUR	Peru	425	220
Total Kilometres		10,360	

Operating income and net profit increased in line with the evolution of production and these maintain high margins on sales.

EBITDA evolution

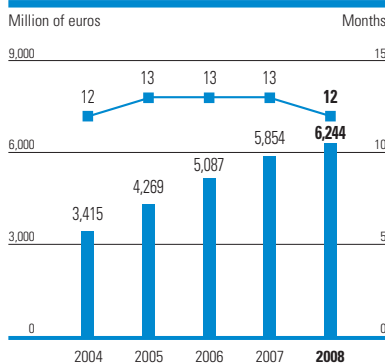


Net profit evolution



The features of the offers from Industrial Services lead 60% of the annual turnover to be of a recurring nature, mainly relating to maintenance contracts with high visibility. The Industrial Services order book grew by 6.7% in 2008, guaranteeing activity over the coming years.

Order book evolution

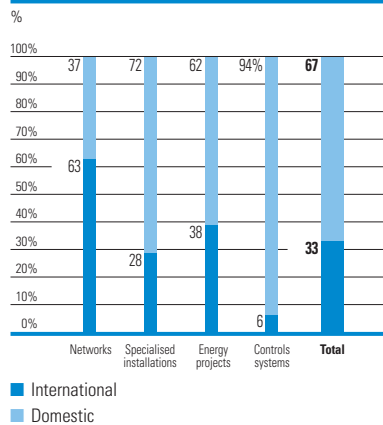


Revenue international evolution

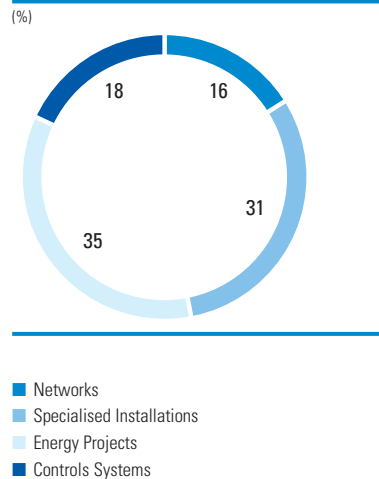


4. Industrial Services

Order book breakdown by type of activity



Order book breakdown by type of activity



Main contracts awarded

Contracts awarded in 2008

Million of euros

	Amount (Million of euros)	Type of project
Construction of 1,041 kilometers of high-voltage lines in Brazil	188	Energy Projects
Construction of the thermal solar power generating plant Manchosal I (Spain)	140	Energy Projects
Development of phases 6 and 7 of the Combined Cycle Gas Turbine power plant in Compostilla (Leon, Spain)	120	Energy Projects
Construction of the isle of power of the thermal solar plants La Dehesa and La Florida (Badajoz, Spain)	120	Energy Projects
Construction of a thermal solar tower plant of 17 MW, Torresol Project (Seville, Spain)	105	Energy Projects
Project for the enlargement of the fourth tank in Sagunto Power Plant (Valencia, Spain)	99	Energy Projects
Building and maintenance of the catenary in the high speed railway section between Torrejón de Velasco and Motilla del Palancar (Castilla la Mancha, Spain)	93	Specialised Installations
CPE project for the Coker refinery in Cartagena (Murcia, Spain)	92	Energy Projects
Turnkey project of BOP equipment in Cairo West power plant (Cairo, Egypt)	65	Energy Projects
Development of the electrical and mechanical systems of the Combined Cycle Gas Turbine power plant of El Tebbin (Egypt)	49	Energy Projects



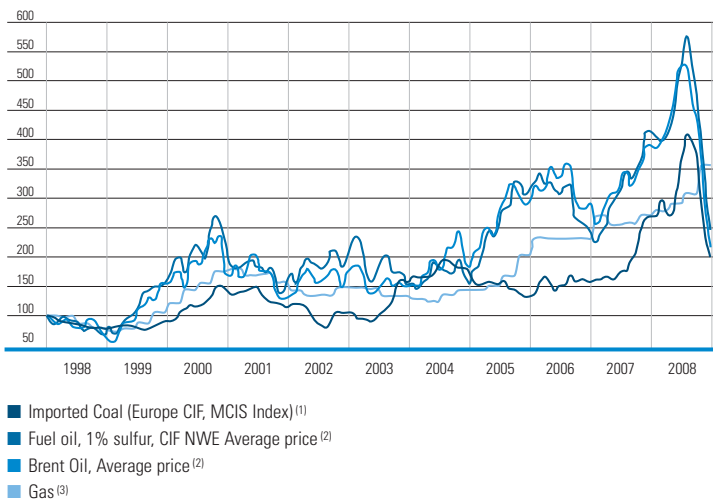
Sector environment

The motor for growth for the Industrial Services area is essentially the energy industry in all points in its value chain, from the extraction and refining of oil and gas, to the generation of electricity, its use for transport, heating and air conditioning systems or support services for large consumer industries.

For the energy industry, 2008 was an extraordinarily atypical year. A contraction occurred in demand during the final months of the year caused by the world financial and economic crisis. Prices of fuels, particularly oil, fell sharply from mid-2008 as a consequence of oversupply in the global market.

Fossil fuels prices in the international markets

(Base 100 = January 1998)



Source: UNESA

⁽¹⁾ McClaskey's Coal Report

⁽²⁾ Platt's Oilgram Price Report

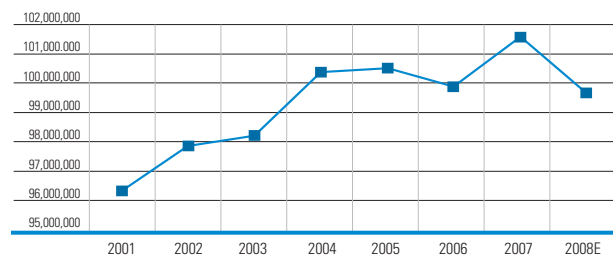
⁽³⁾ Official State Gazette

New-York Brent Oil (US) in USD as of 03/03/09



Source: Factset

Total Primary Energy Consumption in U.S.A. (Quadrillion Btu)



Source: Energy Information Administration.

* 2008 estimated according to EIA data up to November 2008.

4. Industrial Services

Faced with this situation, the industry's leading agents and its regulators and analysts started to question the forecast growth in demand over the next few years, which is calculated, by global consent, as published by the World Energy Outlook, at a compound annual rate of growth of 1.6% until 2030, equivalent to accumulated growth of 45%.

The current situation raises questions about this model and all interest groups agree that this scenario, adopted by all the world's energy agencies, is not tenable unless significant changes are made to anticipate and avoid periods like the current one.

World Energy Outlook itself sets out a series of main questions which challenge the model in the face of a change in cycle like that taking place at present:

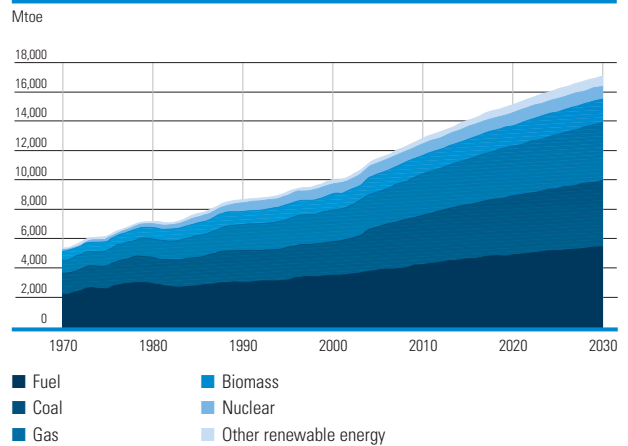
- How will the extremely volatile prices affect demand for energy?
- How will the crisis and lack of liquidity affect supply and investment in primary energy?
- If demand recovers, is the world prepared from the point of view of supply?
- How do you build a tenable global energy model?

The answers to the main questions posed by the WEO need to be analysed from the point of view of the investment commitment required in improvements and assets to meet demand and make supply grow. If measures are not taken, the scenario will continue to be untenable.

Renewable energy

the second largest source of electricity in the world after coal as from 2010.

Reference Base Scenario for Growth in primary demand for energy 2005 - 2030

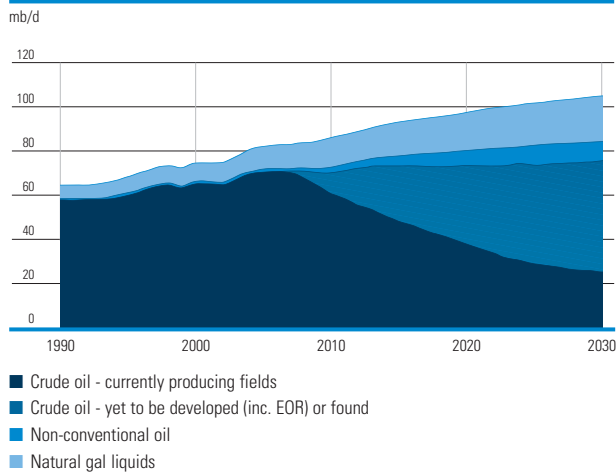


Source: World Energy Outlook, (International Energy Agency) adopted in structural reports such as those published by the EIA (U.S. Electricity Information Administration).

Among the reasons justifying this lack of tenability, several important points stand out:

- Demand for energy will increase by 45% –an annual rate of 1.6%– between now and 2030 according to all the rigorous analyses carried out in the world. The base for this growth is the use of coal, which is forecast to be responsible for over one third of this increase.
- Renewable energy needs to be the second largest source of electricity in the world after coal as from 2010. The current technology needs to evolve for this to occur, as does the investment made.
- The forecast growth in oil comes from non-OECD countries, with China at their head, which will absorb 43% of the total growth in global demand in 2030. This rate of growth will influence the economic development of these countries due to the large investments which will be required, as well as the environmental impact this would have in the medium and long term.
- All the oil and gas needed to feed the future demand for this primary energy comes from non-OECD countries. These would require massive investment and structural and political changes which would affect the whole model if they do not occur. In fact, the 64 million barrels per day which would need to be installed between 2007 and 2030 to face demand and compensate for growing consumption are equivalent to six times Saudi Arabia's current capacity.

World Crude Oil Production according to the Reference Base Scenario



Source: World Energy Outlook, November 2008

- The global credit situation is at odds with the total needs for investment. This situation affects all the links in the value chain, which need a total of over one billion dollars per year in the best of cases. If these investments are not made, this would lead to critical imbalances between supply and demand in the future.

This perspective has obliged the large interest groups in the industry and the regulators in developed countries to reconsider their strategies in search of a **new, more solid energy model for the future**. The key points on which this change of scenario is based centre on three differentiated lines of action:

- Increasing **efficiency** in both production and consumption by improving generating operations, identifying areas for improvement in distribution and transmission, promoting efficient storage of fossil fuels and qualifying measures to influence energy consumption to make it more sustainable.
- Minimising and controlling **environmental impact** at a global level, mainly as a consequence of the emission of greenhouse gases, impact on water reserves or waste treatment.
- Guaranteeing **security of supply** of energy, given that its production is conditioned by external factors which increase the level of investment required and reduce the availability of resources, especially in situations of political instability in producing countries.

Likewise, areas can be identified in which it is necessary to invest continuously to improve the energy model: in assets for generation and storage, in systems for transmission and distribution and in those assets which enable advantage to be taken of current efforts to raise awareness and which enable efficient, sustainable energy consumption.

Therefore, the decisions taken with respect to this matrix made up of investment in assets and efficiency, sustainability and security of supply will greatly influence the future needs of the main clients of the ACS Group's Industrial Services area.



4. Industrial Services

Main areas for action

In the area of **generation**, the main areas for future development will be focussed on new renewable energies. These will combine good opportunities for growth with increasingly moderate needs for investment. Their growing efficiency will enable their costs to become highly competitive. At the same time, this would guarantee that part of the energy output would be produced without affecting the environment and in the domestic market, which would avoid commercial imbalances.

Worthy of highlighting among the most highly developed technologies at present are wind platforms (with an interesting medium term future for offshore wind farms), thermal solar energy or the use of efficient biofuels, either on their own or in combination with other fossil or renewable resources.

One of the keys to the future development of these generating assets lies in the future capability of the electricity systems to combine different technologies to make it viable

to balance supply and demand for electricity by overcoming the intermittence of natural resources such as wind and the sun, one of the main disadvantages of conventional renewable energies. Thermal solar plants such as Andasol I enable the generation of energy during periods without sun thanks to storage using molten salts. Additionally, with heat storage systems, they permit over 20 hours daily of operation in summer periods, permitting output to be managed according to the needs of the system.

Another identified area for action would be the appropriate management of needs for storage and efficient transmission of energy. In this regard, the combination of efficient generating assets with an advanced system of energy transmission networks would enable a continental European market for electricity to be created in the near future. With the development of new HVDC lines (High Voltage with Direct Current, more efficient networks than conventional alternating current lines for transmission over long distances, with an average energy loss of 3% compared to the 7% for conventional lines) it would be more feasible to create an energy transmission system that would enable the needs for consumption and generating capacity to be balanced at a

Map of the gas system structure in 2016 according to Planning for 2008-2016



- In operation at 31-dec-2007
- Infrastructures approved in the 2005-2011 Revision of the Gas Sector Planning for 2005-2011
- Gas Sector Planning for 2008-2016 Type A assets
- Gas Sector Planning- Type B assets
- Gas pipelines
- Compression stations
- LNG Tanks
- Underground storage

Source: General Secretary for Energy, Ministry of Industry, Energy and Trade

European/Mediterranean level with offshore extensions to incorporate the energy generated by the new offshore wind farms being developed, for example in the setting of the British Isles and the North Sea. It is forecast that more than €200,000 million will be invested in these infrastructures in the next 15 years.

In parallel to these development commitments for transmission lines, the drive for other primary sources such as crude oil, gas or biofuels would move to investment in **storage** assets.

These would need to guarantee stability of supply at the same time as increasing the flexibility and adaptability of the system against possible sudden changes in demand or in supply at source. Outstanding in this regard are the Gaviota, Yela and Castor projects, the latter led by the ACS Group.

These projects are in different phases of development and construction and may represent an investment of over €2,000 million in Spain in the next few years, which may exceed €10,000 million on including other assets to support these projects, as well as new, smaller storage facilities.

The objective of these projects is focussed on the creation of strategic deposits of gas and, possibly, crude oil. For natural gas, in the case of Gaviota and Castor, this is by means of old coastal oil wells, while in the case of the Yela project exhausted aquifers would be used. The key to this technology lies in the capacity for efficient storage for the needs of citizens and Spanish industry, independent from the geopolitical situation of producing countries or from price fluctuations.

It is estimated that the start up of these projects and their support infrastructures would mean an increase in capacity, with respect to the current capacity, of 238% in volume, 354% in capacity for injection into the system and 431% in extraction capacity.

Finally, among the main initiatives for making **efficient energy consumption** more widespread, the efforts to develop and commercialise electric vehicles can be highlighted, along with the investments made in efficient air conditioning and heating technologies and in passive devices for energy saving and efficiency. The former will involve significant investments in the corresponding infrastructure for the management of the demand for electricity generated.

Increase in operating volume, capacity for injection and extraction of underground storage facilities, 2007 - 2016 period

	2007	2016	Variation
Operating volume (Mm ³ N)	1,659	5,600	+238%
Capacity for injection (Mm ³ N/day)	8.2	37.2	+354%
Extraction of underground storage (Mm ³ N/day)	12.9	68.5	+431%

Source: General Secretary for Energy, Ministry of Industry, Energy and Trade



“ The most highly developed technologies at present are wind offshore-platforms, thermal solar energy and the use of efficient biofuels. ”

4. Industrial Services

Energy Saving Plan 2008 - 2012: Investments, energy savings and reduction in emissions

Sector of Application	Investments		Energy Savings (2008-2012) ktoe		Emissions Prevented (2008-2012) (kt CO ₂)
	Total investments (2008-2012) (k€)	Total Public Funds (2008-2012) (k€)	Final	Primary	
Final Use Sectors					
Industry	1,671,000	370,000	17,364	24,750	59,165
Transport	1,892,718	408,291	30,332	33,471	107,479
Buildings	13,469,477	803,671	7,936	15,283	35,540
Domestic and Computer Equipment	1,992,235	532,500	1,792	4,350	9,288
Agriculture	683,207	93,754	1,402	1,634	5,112
Public Service	1,351,000	89,000	691	1,739	3,712
Transformation Sector					
Transformation of energy	1,085,330	29,284		6,707	17,834
Communication	40,000	40,000			
Totals	22,184,967	2,366,500	59,454	87,934	238,130

Source: Spanish Institute for Energy Diversification and Saving (IDAE), Ministry of Industry

In this last aspect, more than €15,000 million would be invested to improve buildings and offices, almost 70% of the total for the plan until 2012, with the objective of increasing future energy savings through specific improvements in newly constructed housing. Thanks to these investments in improving building and offices, primary energy savings of over 19,600 ktoe are forecast for the 2008-2012 period. Likewise, it is estimated that over the same period the emission of over 44,800 kt of CO₂ will be avoided.

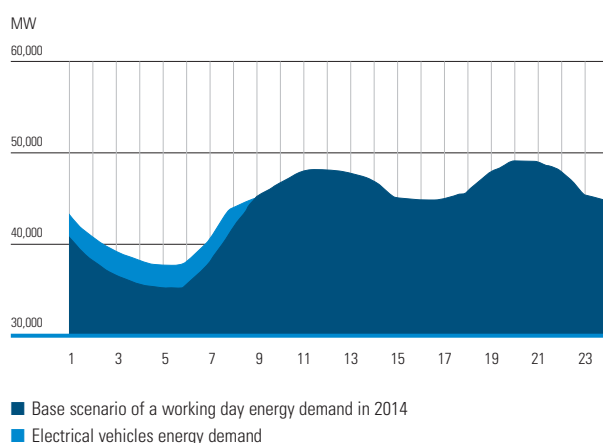
In the case of electric vehicles, their implementation would look to adapt the effective demand for electricity to the installed capacity for clean energy, such as renewable energies, which would increase consumption at off-peak times.

It is estimated that the infrastructures to develop this technology and its mass use will involve over €8,000 million in investment over the next 6 years.

Hence the ACS Group intends to maintain its commitment to all these initiatives through continued efforts in technological innovation, in management of its clients' needs and its own investment in new techniques and new assets which enable it to establish the basis for future growth for the Industrial Services area.

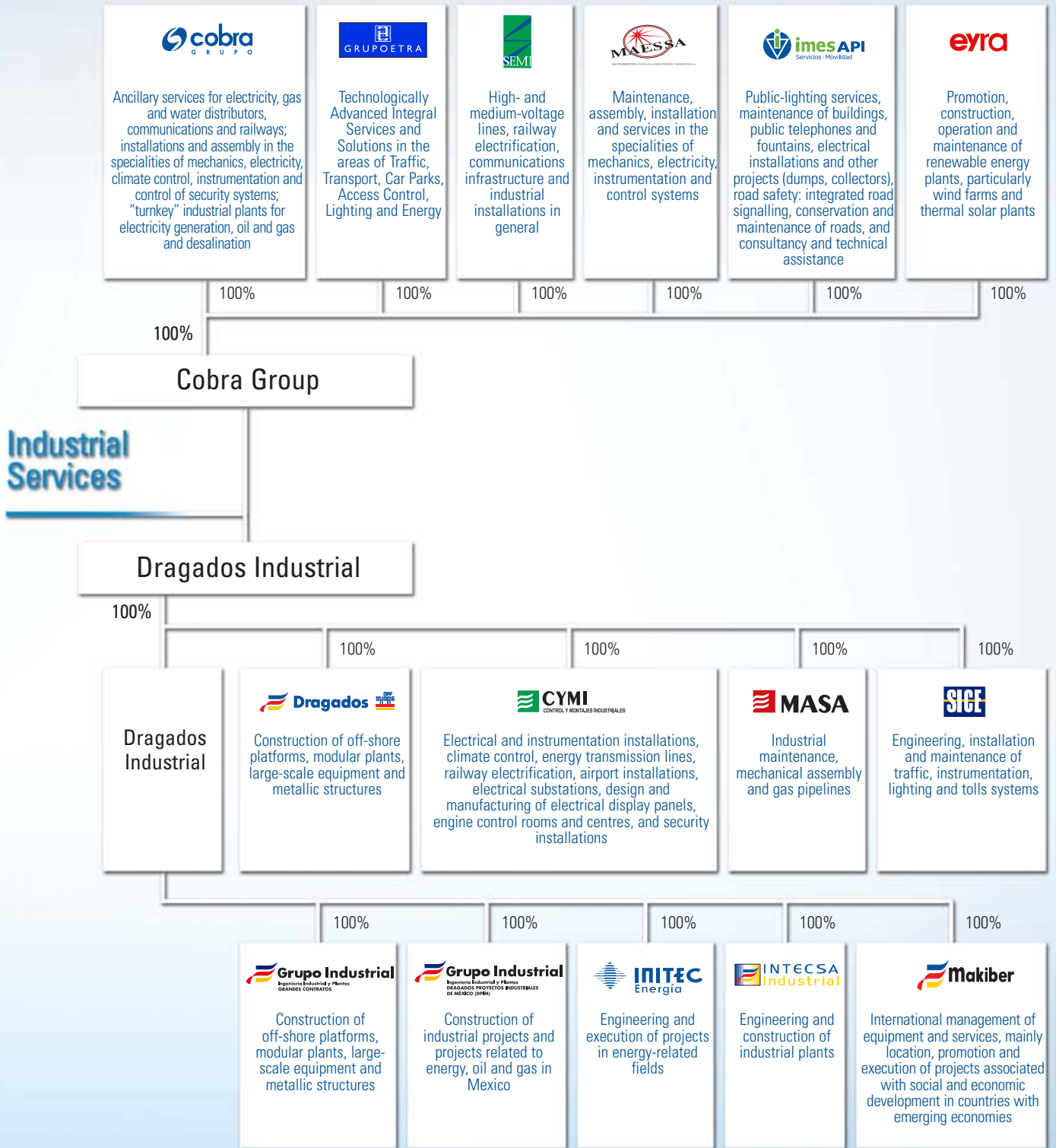
Integration of electric vehicles into the H 2014 electrical system

Demand profile for the market penetration of a million electrical vehicles in 2014, with an 8 hours battery recharge (winter day)



Source: Spanish Institute for Energy Diversification and Saving (IDAE), Ministry of Industry

Organisational Structure



5. Strategic Investments



Company	Sales *	EBITDA*	EBIT*	Net Profit*	Consolidation Method	Capitalization 31/12/2008	ACS' Stake
Abertis	3,679	2,256	1,448	618	Equity method	8,446	25.8%
Iberdrola	25,196	6,412	4,262	2,861	Non consolidated	32,751	12.6%
Hochtief	19,103	1,068	676	175	Equity method	2,502	29.98%

* Million of euros

//
Abertis, Iberdrola and Hochtief contribute to the Group's gross profit with €286 million (before deducting the financial expenses and taxes) a 6% more than in 2007.



The ACS Group actively participates in key sectors of the economy such as infrastructures and energy through its affiliates, Abertis, Iberdrola and Hochtief.

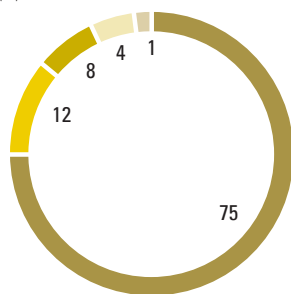
5.1 Abertis

Abertis is the most important infrastructures company in Europe in terms of size and number of projects. It is a leading international group in the management of infrastructures for mobility and telecommunications through five business areas: motorways, telecommunications, airports, parking and logistics.

abertis

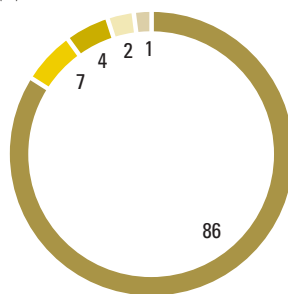
Revenue

(%)



EBITDA

(%)



- Motorways
- Telecommunications
- Airports
- Parking
- Logistics

- Motorways
- Telecommunications
- Airports
- Parking
- Logistics

3,679

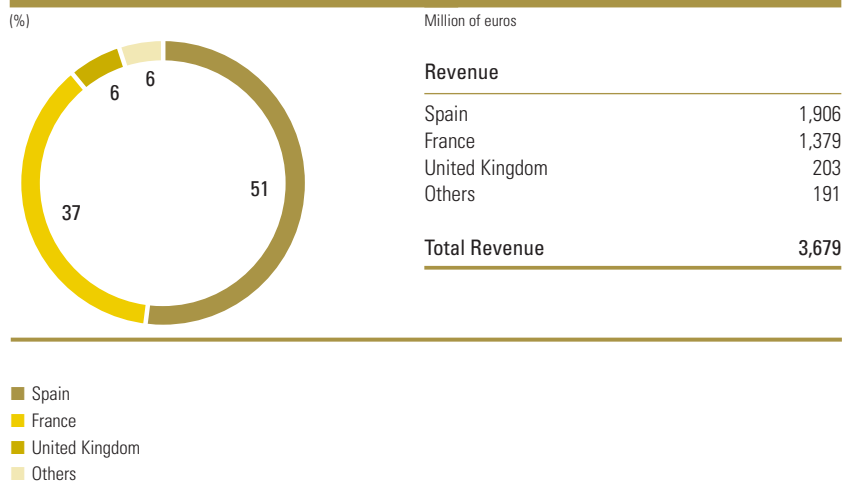
million of euros, total Revenue in 2008

2,256

million of euros, total EBITDA in 2008

5. Strategic Investments

International activity in 2008



Income increased by 1.6% in 2008 with respect to the 2007 financial year, reaching €3,679 million due to positive activity in the different sectors, telecommunications being outstanding, having grown by 9.1%. The profit attributable to the company at 31 December was €618 million. This represents a contribution to the ACS Group by the equity method of €130 million.

Its growth strategy combining financial solvency and responsible application of resources, putting great emphasis on expansion and internationalisation, has enabled a transformation in the company, achieving the figures of 48% of income from outside of Spain and 25% of this being generated from business not linked to the motorway sector.

A clear example of this strategy is the continued commitments made by Abertis through its investments, which reached €1,704 million this year. Significant commitments were made with the acquisition of:

- Airport concessions in Mexico, Jamaica, Chile and Colombia grouped into DCA.
- Two motorway concessions in Chile: Rutas del Pacifico and the Autopista Central.

As well as the expansion of its activity through investments made in:

- Hispasat and TDT.
- Car parks in Italy and Spain.

The ACS Group's objective through its presence in Abertis, with 25.8% of its capital, is to participate in the operation and management of infrastructures across the whole value chain of the concessions business. To do this it promotes, supports and contributes to Abertis's strategy, the pillars of which are:

- Rigorous investment criteria, demands on expected financial returns, prospects as an industrial partner with influence and commitment in day to day management.
- On occasions, minority stakes are necessary milestones to facilitate majority stakes in the future.
- Optimisation of financial strength to continue growing at reasonable prices in the context of a more selective market with fewer competitors.
- Commitment to maintaining a solid capital structure, with a low risk profile and high cash generation visibility.
- A dividend policy which reflects the commitment to offer returns to shareholders.





5.2 Iberdrola

Iberdrola is one of the leading energy groups in terms of installed capacity, profitability, total profits and capitalization.

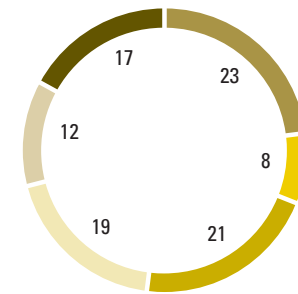
- It has an installed capacity of 43,300 MW and produced 141,268 GWh in 2008. It also has over 10 million clients enabling it to distribute 181,794 GWh.
- It has expanded significantly internationally. Worthy of note are its presence in the United Kingdom through Scottish Power; in Latin America where it has significant investments in Brazil and Mexico; and in the United States as one of the main renewable energy operators.
- It is a world leader in development and management of renewable energies through its subsidiary, Iberdrola Renovables. This has an installed capacity of 9,302 MW and generated over 17,000 GWh in 2008.

Iberdrola recorded sales of €25,196 million in 2008, with net profits of €2,861 million, up 21.5% on 2007.

The ACS Group is the company's main shareholder with a 12.6% stake. Iberdrola contributes to the Group's profit through its dividends, which are accounted as financial profit. Its contribution in 2008 amounted to €111 million.

Capacity by technology 2008

(%)



Iberdrola is one of the leading energy groups in terms of installed capacity, profitability, total profits and capitalization.



5. Strategic Investments

5.3 Hochtief



The ACS Group is the main shareholder in the German construction and concessions group with 29.98% of its share capital.

Hochtief is the fifth largest construction company in the world and the third largest in Europe in sales volume, according to ENR, at €19,103 million in 2008, with a net profit of €175 million. It is also a truly global company, with 86.5% of its sales outside of Germany, mainly in Central Europe, the United States, Asia-Pacific and the Middle East, being one of the main private developers of concessions for public infrastructures and buildings in the world.

The investment in Hochtief provides the ACS Group with great potential for growth and profitability at the same time as, by means of collaboration between the two groups, it enables the strengthening of ACS's international business development from a privileged platform on four continents. This is fundamentally in the infrastructure concessions sector and in large public works and building for institutions, where projects will be engaged in jointly.

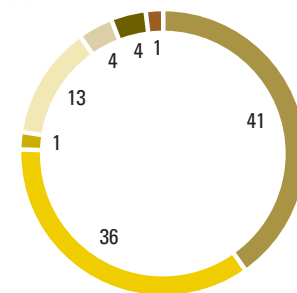
Hochtief carries out its business through six large business areas:

- Hochtief Americas: Carries out its business in the USA through Turner and Flatiron and in Brazil through Hochtief do Brasil. Turner is the US leader in general construction and in high growth segments such as commercial offices, healthcare and educational buildings and "green" building. Flatiron is one of the 10 most important builders of transport infrastructure in the country, with a growing presence in Canada.
- Hochtief Asia Pacific: Leighton, of which Hochtief owns 55%, is a leader in the Australian market and one of the top companies in Southeast Asia and the Persian Gulf. Leighton engages in building, construction and development of infrastructures, mineral extraction and concessions and services.



Revenue 2008

(%)



- Hochtief America
- Hochtief Asia-Pacific
- Hochtief Concessions
- Hochtief Europe
- Hochtief Real Estate
- Hochtief Services
- Central Services

19,103

million of euros
total Revenue in 2008

1,068

million of euros
total EBITDA in 2008

175

million of euros
total Net Profit in 2008

- Hochtief Europe: Engages in construction in Europe, not only in Germany, but also in other countries such as the United Kingdom, Austria, Russia, Poland and the Czech Republic. It undertakes building and civil works and engineering, with an increasing focus on segments such as healthcare buildings, hotels and commercial buildings.
- Hochtief Concessions: Includes both airport concessions and PPP (Public Private Partnership) concessions. Hochtief participates in the airports for Athens, Dusseldorf, Hamburg, Sydney, Budapest and Tirana, maintaining an active focus on the search for new investment opportunities. In PPP Solutions the portfolio is mainly made up of concessions for motorways and public buildings in Germany and in the United Kingdom, Ireland, Austria, Argentina, Chile and Greece.

- Hochtief Real Estate: Develops, executes and sells real estate projects, as well as providing management and support services for the properties.
- Hochtief Services: Engages in integrated management of, mainly industrial, properties and installations and in energy management, carrying out projects for efficient and responsible use of energy.

Hochtief has an order book of 30,922 million euros, which represents 19.4 months of sales.

Outstanding among the main contract awards in 2008 are:

Main contracts awarded during 2008

	Amount
<small>(Million of euros)</small>	
Airport Link in Brisbane (Australia)	2,900
Green Square Town Centre in Sidney (Australia)	870
Northwest section of the Edmonon Ring Road (Canada)	624
Royal North Shore Hospital in St. Leonards (Australia)	553
Contract for the operations of coal mines of the Bayan Resource Group (Indonesia)	481
200 km of offshore pipeline in Mumbai (India)	465
Financing, renovating and operating of 50 schools in Offenbach District (Germany)	410
Dubai Airport Concourse 3 (United Arab Emirates) - Al Habtoor	408
Tourism related projects in Abu Dhabi (United Arab Emirates) - Al Habtoor	404
Elbe Philharmonic Hall in Hamburg (Germany)	394
Campus of Zayed University (United Arab Emirates) - Al Habtoor	319
Ballina Bypass in South Wales (Australia)	303
Campus of Sorbonne University in Abu Dhabi (United Arab Emirates) - Al Habtoor	211
Construction of a number of buildings for the Stanford University (USA)	206
Development of iron ore mine Mesa A (Australia)	202
Green building in Brisbane (Australia)	196
Facility Management contract with Siemens (Germany)	192
New Terminal at Sacramento Airport (USA)	182
Great American Tower in Cincinnati (USA)	165
Fürst Wrede barracks in Munich (Germany)	161



“
Hochtief is the fifth largest construction company in the world and the third largest in Europe in sales volume, at €19,103 million in 2008.
”

Main Economic-Financial figures of the ACS Group

Business performance of the ACS Group in 2008

Key operating and financial indicators	2007	2008	Var. 08/07
Million of euros			
Turnover	15,345	16,010	4.3%
<i>International</i>	16.3%	21.7%	
EBITDA	1,380	1,480	7.2%
<i>Margin</i>	9.0%	9.2%	
EBIT	1,057	1,097	3.8%
<i>Margin</i>	6.9%	6.9%	
Ordinary Net Profit*	1,010	1,127	11.6%
Net Profit of Continued Operations**	897	1,019	13.5%
Attributable Net Profit	1,551	1,805	16.4%
<i>Margin</i>	10.1%	11.3%	
EPS	€4.51	€5.43	20.5%
Cash Flow from Operations	585	1,060	81.4%
Net Investments	2,475	171	n.a.
Investments	3,377	2,969	(12.1%)
Disposals	902	2,798	210.2%
Total Net Debt	16,575	9,355	(43.6%)
Net Debt with recourse	6,933	2,933	(57.7%)
Non recourse Financing	9,642	6,422	(33.4%)

* Profit after taxes not including exceptional results: Capital Gain on UNF, InvinSL, DCA, Continental Auto, net impact from equity swap assesment and others.

** Profit after taxes not including discontinued operations (GCA and UNF).

Note: The figures included in this report are presented in accordance with the Group's management criteria any may differ with respect to those presented in the financial statements due to certain reclassifications which have no effect on net profit.

2008 ended with good operating and financial results. The ACS Group's turnover amounted to €16,010 million, up 4.3% on 2007. Additionally, EBITDA rose by 7.2% and EBIT grew by 3.8%.

Ordinary net profit, excluding the extraordinary results for the year, increased by 11.6% to €1,127 million. Also, net profit from continuing operations, which does not include the profit from this year's discontinued operations (Unión Fenosa) and those discontinued in 2007 (Continental Auto and Unión Fenosa) rose by 13.5% to €1,019 million.

As a result of this positive performance the net profit attributable to the Group amounted to €1,805 million, 16.4% higher than in the previous year. The earnings per share adjusted by the average numbers of shares outstanding, stood at €5.43 per share, up by 20.5%. This increase, which was higher than the growth in net profit, was a result of the retirement of almost 10% of the Group's shares over 2008.

In the past 12 months, the ACS Group's cash generation capacity continued to be sound. The cash flow generated by operations increased by 81.4% to €1,060 million, allowing for investments amounting to €2,969 million in 2008. Divestments amounted to €2,798 million, and included, inter alia, the sale of 10% of Unión Fenosa and of various concessions to Abertis.

This cash generation capacity has enabled the ACS Group to reduce its debt, which amounted to €9,355 million at 31 December, 2008. Of this amount, €2,933 million related to net recourse debt and €6,422 million related to limited recourse financing of projects and debts.

Consolidated results of the ACS Group

Consolidated Income Statement	2007	%	2008	%	Var. 08/07
Million of euros					
Net Sales	15,345	100.0%	16,010	100.0%	4.3%
Other revenues	469	3.1%	534	3.3%	13.8%
Total Income	15,814	103.1%	16,544	103.3%	4.6%
Operating expenses	(10,856)	(70,8%)	(11,169)	(69,8%)	2.9%
Personnel expenses	(3,578)	(23,3%)	(3,895)	(24,3%)	8.9%
Operating Cash Flow (EBITDA)	1,380	9.0%	1,480	9.2%	7.2%
Fixed assets depreciation	(285)	(1,9%)	(340)	(2,1%)	19.3%
Current assets provisions	(38)	(0,2%)	(43)	(0,3%)	12.8%
Ordinary Operating Profit (EBIT)	1,057	6.9%	1,097	6.9%	3.8%
Fixed assets depreciation	6	0.0%	0	0.0%	(97.7%)
Other operating results	(74)	(0,5%)	151	0.9%	n.a.
Operating Profit	989	6.4%	1,248	7.8%	26.1%
Financial income	286	1.9%	407	2.5%	42.3%
Financial expenses	(555)	(3,6%)	(804)	(5,0%)	44.9%
Ordinary Financial Result	(269)	(1,8%)	(397)	(2,5%)	47.6%
Foreign exchange results	(17)	(0,1%)	1	0.0%	n.a.
Impairment non current assets results	124	0.8%	(651)	(4,1%)	n.a.
Results on non current assets disposals	80	0.5%	704	4.4%	n.a.
Net Financial Result	(82)	(0,5%)	(343)	(2,1%)	n.a.
Results on equity method	172	1.1%	164	1.0%	(4.6%)
Ordinary income of continued operations	1,079	7.0%	1,069	6.7%	(1.0%)
Corporate income tax	(160)	(1,0%)	(30)	(0,2%)	(81.5%)
Profit after taxes of the continued operations	919	6.0%	1,039	6.5%	13.0%
Profit after taxes of the discontinued operations	654	4.3%	786	4.9%	20.3%
Consolidated Result	1,573	10.3%	1,825	11.4%	16.0%
Minority interest	(22)	(0,1%)	(20)	(0,1%)	(7.3%)
Net Profit Attributable to the Parent Company	1,551	10.1%	1,805	11.3%	16.4%



Main Economic-Financial figures of the ACS Group

Consolidated Balance Sheet	dec-07	%	dec-08	%	Var.
Million of euros					
Intangible Fixed Assets	4,393	8.9%	1,467	3%	(66.6%)
Tangible Fixed Assets	14,526	29.3%	1,718	3%	(88.2%)
Concession Projects Assets	3,949	8.0%	3,587	7%	(9.2%)
Property Assets	47	0.1%	71	0%	50.0%
Investments accounted by Equity Method	4,231	8.5%	3,893	8%	(8.0%)
Long Term Financial Investments	6,068	12.2%	3,188	6%	(47.5%)
Financial Instruments Debtors	333	0.7%	1	0%	(99.8%)
Deferred Taxes Assets	1,057	2.1%	694	1%	(34.3%)
Other Non Current Assets	16	0.0%	-	0%	(100.0%)
Fixed and Non-current Assets	34,620	69.8%	14,619	28%	(57.8%)
Non Current Assets Held for Sale	595	1.2%	24,351	47%	n.a.
Inventories	897	1.8%	699	1%	(22.1%)
Accounts receivables	9,334	18.8%	7,301	14%	(21.8%)
Short Term Financial Investments	1,421	2.9%	2,185	4%	53.8%
Other Short Term Assets	74	0.1%	62	0%	(15.9%)
Cash and banks	2,652	5.3%	2,181	4%	(17.7%)
Current Assets	14,973	30.2%	36,779	72%	145.6%
Total Assets	49,593	100.0%	51,398	100%	3.6%
Shareholders' Equity	4,654	9.4%	3,402	7%	(26.9%)
Minority Interests	5,787	11.7%	6,511	13%	12.5%
Net Worth	10,441	21.1%	9,913	19%	(5.1%)
Subsidies	811	1.6%	65	0%	(91.9%)
Long Term Financial Liabilities	16,804	33.9%	9,576	19%	(43.0%)
Deferred Taxes Liabilities	1,946	3.9%	231	0%	(88.1%)
Long Term Provisions	1,499	3.0%	159	0%	(89.4%)
Financial Instruments Creditors	66	0.1%	856	2%	n.a.
Other Long Term Accrued Liabilities	335	0.7%	183	0%	(45.4%)
Non-current Liabilities	21,461	43.3%	11,070	22%	(48.4%)
Liabilities from Assets Held for Sale	103	0.2%	15,913	31%	n.a.
Short Term Provisions	273	0.6%	265	1%	(3.1%)
Short Term Financial Liabilities	3,842	7.7%	4,145	8%	7.9%
Trade accounts payables	11,865	23.9%	9,376	18%	(21.0%)
Other current payables	1,608	3.2%	716	1%	(55.4%)
Current Liabilities	17,691	35.7%	30,415	59%	71.9%
Total Equity & Liabilities	49,593	100.0%	51,398	100%	3.6%

Cash Flow Statement	2007	2008	Var. 08/07
Million of euros			
Net Profit	1,551	1,805	16.4%
Adjustments to net profit without cash flow	(729)	(559)	
Working Capital Variation	(238)	(186)	
Cash Flow from Operating Activities	584	1,060	81.4%
1. Investments	(3,377)	(2,969)	
2. Disinvestments	1,183	2,517	
Cash flow from Investing Activities	(2,194)	(452)	(79.4%)
1. Treasury stock acquisition	(172)	(674)	
2. Dividends paid	(441)	(600)	
3. Other adjustments	244	(182)	
Other Cash Flows	(369)	(1,456)	294.3%
Total Cash Flow	(1,979)	(848)	(57.2%)

Significant events subsequent to year-end

Payment of dividends of the ACS Group

In accordance with the resolution adopted by the Company's Board of Directors at its ordinary meeting held on 3 December 2008, the Group distributed a gross interim dividend relating to profits for 2008 on 27 January 2009. This dividend amounted to €0.90 per share.

Sale of Unión Fenosa

Following the communication dated 17 February 2009 by the Spanish Ministry of Economy and Finance regarding the proposed merger of which the Spanish Competition Authority (CNC) was notified, consisting of the acquisition by Gas Natural SDG, S.A. of full control over Unión Fenosa, S.A., it resolved that its decision on the merger would not be referred to the Council of Ministers, thereby authorizing the sale of 35.3051% of the share capital of Unión Fenosa still held by the ACS Group. This transaction, amounting to €5,824.8 million (equivalent to €18.05 per share, net of the dividend of €0.28 received in January 2009) was fully completed in March 2009.

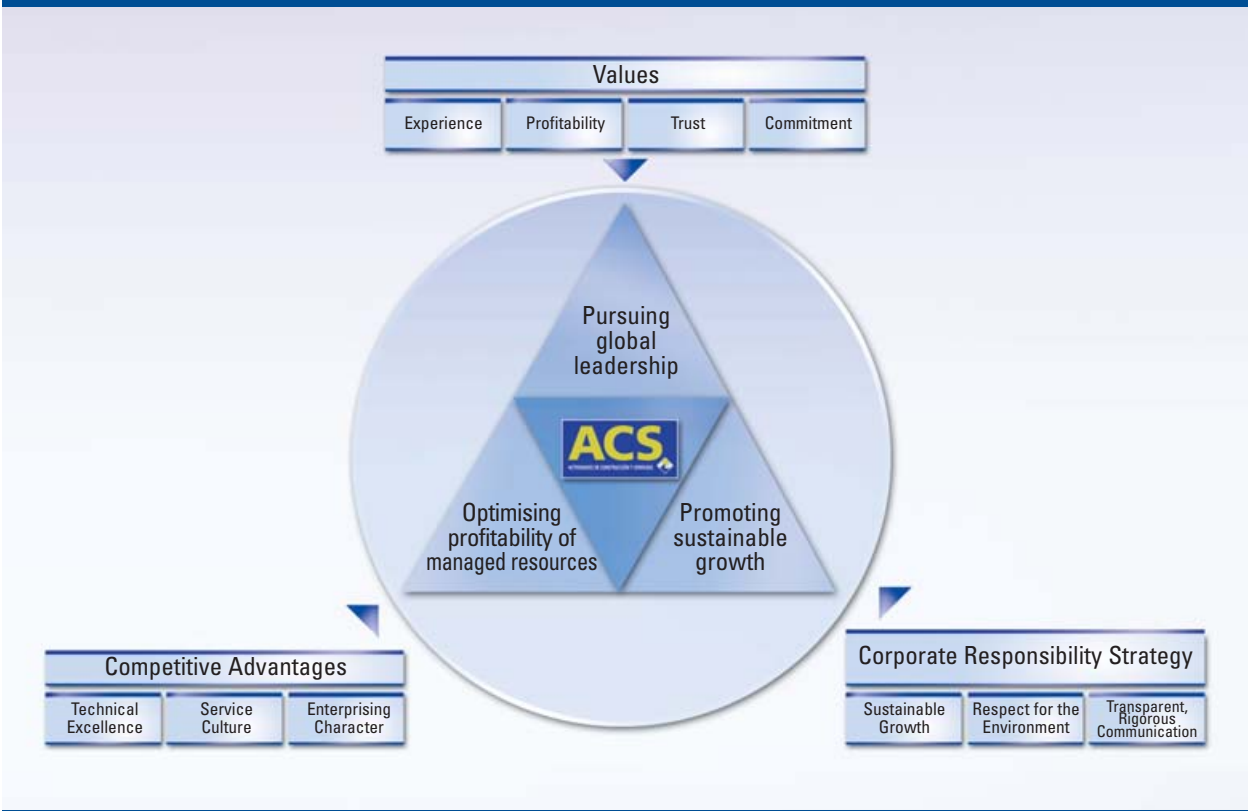
Novation of the equity swap on shares of Iberdrola

Subsequent to year end, the Group entered into a novation of the equity swap for 5.125% of the shares of Iberdrola, S.A. This novation extends the period for the exercise of the equity swap; the exercise of voting rights inherent to the underlying shares shall correspond to ACS, Actividades de Construcción y Servicios, S.A. and accordingly, the financial institution commits to being represented at all Shareholders' Meetings held by Iberdrola, S.A. by the representative appointed by ACS, who is entitled to vote freely. The equity swap may now only be settled by the physical handing over of shares, unless the market price of the share is less than €4 in which case ACS, Actividades de Construcción y Servicios, S.A. may settle the swap by means of differences. Accordingly, the ACS Group now holds 12.6% of the voting rights in the electricity utility.

The ACS Group and Corporate Responsibility

Corporate responsibility is part of the ACS Group's vision and strategy; the sustained growth and responsible development of not only the Group but also the society of which it forms part is an intrinsic part of each of the activities it promotes and develops, those rests in three basic pillars: Corporate Responsibility Strategy, Values and Competitive Advantages.

Since its foundation, the ACS Group and its companies have made a commitment to the various parties forming part of its operations and interacting with the Group or its employees. This commitment is based on the ethical principles guiding the ACS Group's operations and forming part of its corporate culture.



With the objective of supporting this statement of principles, the ACS Group has worked over recent years on developing a culture based around sustainable development and corporate responsibility. The corporate tools have been provided to enable the company to put this strategy into practice. This was firstly through the publication of the Commitment to Corporate Responsibility, then through the formalisation of the Code of Conduct, which was already in use but not regulated formally, and finally the declaration of commitment to combating Climate Change. These documents were approved by the ACS Group's Board of Directors and their supervision is one of the responsibilities of the Board's Audit and Control Committee.

Combating Climate Change is an inherent part of the ACS Group operation, business and sustainability strategy.



This link to corporate responsibility is part of the ACS Group's continual effort to work in accordance with the five commitments to sustainability it has assumed to define its relationship with the environment, society and the agents and stakeholders with which it relates. This is the ACS Group's response to the challenge of Corporate Responsibility.

Commitment to the creation of value, distributing the wealth created among its shareholders, clients, suppliers and among the society as a whole.



91% of the production of the ACS Group took place under quality systems based on the ISO 9001 standard.

€57.1 million were invested in Research, Development and Innovation in 2008.

The total return for ACS's shareholders exceeds 13% annually since 1998.

The ACS Group's mission includes a concept which is part of our commitment to the creation of value: "The search for profitability while improving the society in which we live".

All of the ACS Group's activities decisively contribute economic and social benefits, in addition to forming part of the wealth of the societies they serve.

Commitment to information transparency, so that those who have a relationship with the Company have accurate, reliable and accessible information available to them and are able to form an exact opinion of ACS.



For further information, see the webpage www.grupoacs.com

ACS' website is visited by an average of 2,470 users with over 26,560 pages viewed daily in 2008, more than double the number in 2007.

Worldwide leader in the promotion of transport infrastructure projects by number of concessions, according to a survey by the specialised US publication Public Works Financing.

The ACS Group is a member of the Dow Jones Sustainability World Index.



Commitment to research, development and innovation with a view to the future, profitable growth and the quality of its products and services.



In 2008 the ACS Group invested €57.1 million in projects relating to R+D+i.

€24.6 million invested in R+D+i in the Construction area.

€15.2 million invested in R+D+i in the Environment and Logistics area.

€17.3 million invested in R+D+i in the Industrial Services area.

The ACS Group and Corporate Responsibility

Commitment to the natural environment, implementing programs and procedures which contribute to minimising the impact of the ACS Group's activities.

87% of the Group's production takes place in companies that are certified in accordance with ISO 14001.

37,6% recovery rate in 2008, favourable trend in the management of construction and demolition waste.

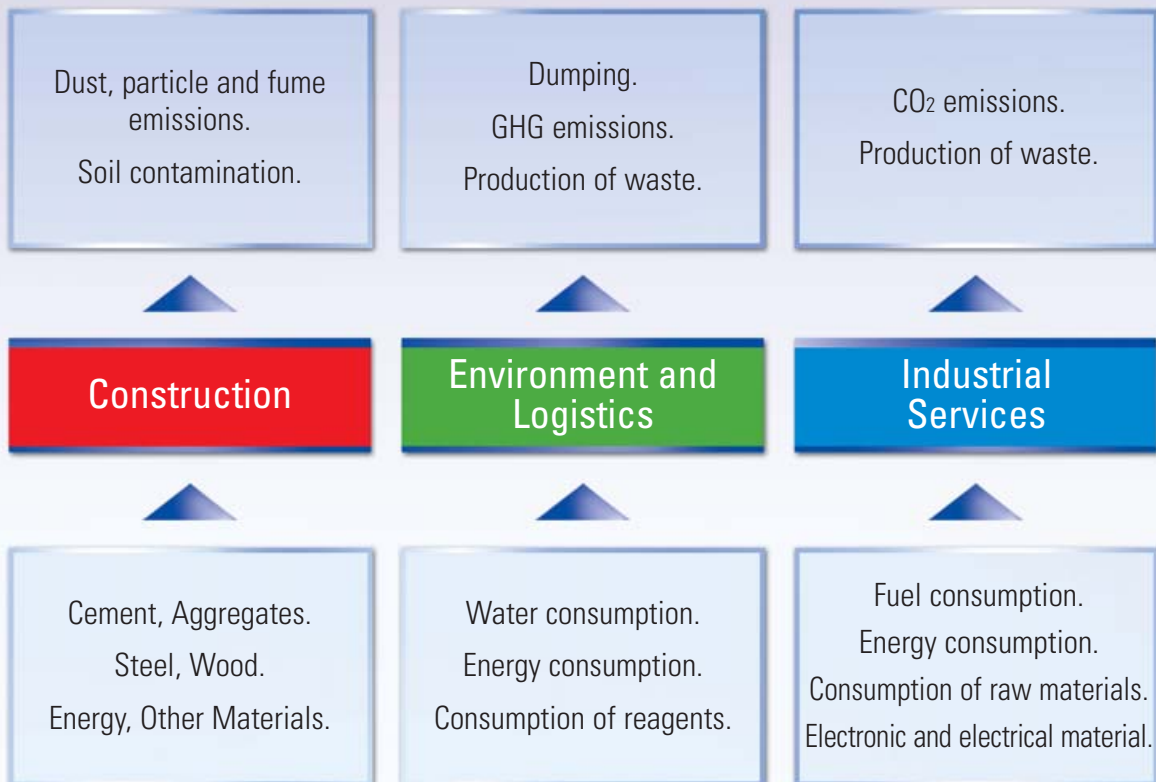
ACS Group is pioneering the development of thermal solar plants.

Given the commitment of ACS to the natural environment, it undertakes specific measures in relation to each of the Group's activities in order to improve overall results, decrease risks and preserve, reuse and reduce the resources used.



"Everyone has the right to enjoy an environment appropriate for the development of the person and the duty to preserve it".

Main impacts of ACS Group activities



Commitment to individuals and the social environment
through the creation of employment, wealth and the contribution to the well-being and prosperity of the societies in which it operates.

36.2% of the workforce are women, 1.5 percentage points higher than the figure for 2007

88% of clients were satisfied according to the surveys carried out in 2008

€3.3 million in investment in social action through the ACS Foundation during 2008.

The ACS Group is made up of a total of 141,002 people, 6.8% more than last year. In 2008, the ACS Group created over 8,950 net jobs.

The ACS Group is one of the construction and services sector companies that have most stably over time adapted their labour relations to the life of the company. It works toward fostering social justice and internationally proclaimed human and labour rights, respecting and protecting the forming of labour unions and employees' rights to freedom of association and granting equal opportunities and treatment, without discriminating on the basis of sex, ideology, religion, etc or any other social or individual circumstance or condition. The ACS Group has a firm commitment to underprivileged groups and particularly the disabled.

The Annual Training Plan comprises over 1,270,000 hours of study in courses and seminars relating to all its activities, as

The training and labour risk prevention campaign conducted by the ACS Group, as well as all safety initiatives and protocols implemented, contributed to reducing the accidents suffered by Group employees by over 10% in 2008.

the ACS Group's strategy involves an overall approach of ongoing training in the workplace, in classes or by distance learning. Furthermore in the ACS Group, the prevention of workplace hazards is the most important training subject and the one in which the greatest effort and investment is made.



The ACS Group and Corporate Responsibility

Evolution of Prevention Rates	Frequency rate ⁽¹⁾				Severity rate ⁽²⁾				Incidence rate ⁽³⁾			
	2005	2006	2007	2008	2005	2006	2007	2008	2005	2006	2007	2008
Construction	36	36	35	30	0.95	0.97	1.03	0.84	66	69	61	52
Environment and Logistics	50	51	48	42	0.94	1.17	1.01	1.03	76	91	86	159
Industrial Services	41	26	34	32	1.00	0.49	0.63	0.56	74	47	61	46
ACS Group	45	41	39	37	0.96	0.94	0.85	0.78	74	73	70	71

Note: the severity and incidence rates were calculated as an average of the rates of each subsidiary, weighting by its sales.

(1) Represents the number of accidents that occurred during the working day per million hours worked.

(2) Represents the number of working days lost due to accidents per 1,000 hours worked.

(3) Represents the number of accidents in relation to which sick leave was taken per 1,000 employees.

Each year the ACS Group dedicates notable effort to collaboration for the development of initiatives of community interest.

The ACS Group and Foundation monitor the philanthropic initiatives in which the group collaborates with third parties and the impact these might have on the reputation of the ACS Group.

In 2008 the Foundation diversified its activities relating to basic support programmes and expanded its relations with public and private institutions relating to these, investing 3.3 million of euros in more than 80 projects and collaborations.



THE GLOBAL
COMPACT

In 2002, the ACS Group became one of the Spanish Companies adhering to the United Nations Global Compact. The Group's commitment is to include the principles of the Global Compact in its strategy and operations.



2008 Milestones and 2009 Challenges

Main Milestones in 2008

Approval by the ACS Group's Board of Directors of the "ACS Commitment to the Fight Against Climate Change"

Maintenance of the ACS Group in the Dow Jones Sustainability World Index

Investment of €57.1 million in research, development and innovation, up 46% on 2007. This investment is over 5% of ordinary net profit (€1,127 million in 2008)

Recycling and reuse of 37.6% of construction and demolition waste

Savings of 9.6 million tons of CO₂ as a result of waste treatment, up 84% on 2007

The proportion of women in the ACS Group rose by one and a half percentage points relative to 2007 figures to 36.2% of the total staff

A total of 4,105 satisfaction surveys were carried out in 2008, with 88% of replies being satisfactory or very satisfactory

14% increase in the ACS Foundation's investment in social works

Start-up of Andasol I, the ACS Group's first 50 MW thermal solar power plant, in November 2008

Objectives and Challenges for 2009

In accordance with the ACS Group's Commitment to combating Climate Change, the Group will continue to develop relevant initiatives in this regard

Reduction of CO₂ emissions either directly or through the savings arising from the ACS Group's operating activity

To increase certified activity according to ISO standards in relation to quality and the environment

To increase investment in R+D+i by at least 10%

Reductions in electricity, water and gas consumption and in waste generation

Continued promotion of equal opportunity practices in all of the Group's activities

Reinforcement of the ACS Group's labour risk prevention systems in all activity areas, in order to improve the work-related accident rate as compared to 2008

An increase of over 10% in the budget of the ACS Group's Foundation

Principales Cifras de Responsabilidad Corporativa

Area of Activity	Construction	Environment and Logistics	Industrial Services	ACS Group
% of total sales 2008	41%	19%	40%	100%
Main environment indicators				
Materials used	Cement, steel, aggregates, chemical products, wood	Solid urban waste, hazardous waste for recycling, cleaning products, diesel fuel	Steel and other metals, oils, chemical products, cement, electronic materials, aggregates, wood, paper and cardboard	
Consumption of energy broken down by primary source				
Petrol + diesel consumption (millions of litres)	18.6	51.8	21.1	92
Natural gas consumption (m ³)	377,347	6,321,263	41,591	6,740,201
Electricity consumption (GWh)	69	129	46	245
Total (toe)	25,588	71,080	25,837	122,505
<i>% of total ACS Group sales represented by the data obtained</i>	<i>41%</i>	<i>19%</i>	<i>38%</i>	<i>98%</i>
Water consumption				
Obtained from the public mains (m ³)	1,113,811	1,628,904	144,570	2,923,286
Obtained from other sources (m ³)	1,169,860	691,997	831	1,862,688
Total (m³)	2,283,671	2,320,901	145,401	4,749,974
<i>% of total ACS Group sales represented by the data obtained</i>	<i>41%</i>	<i>19%</i>	<i>38%</i>	<i>98%</i>
Total waste water dumped				
To the public network (m ³)	Not available	142,847	94,168	237,015
Drainage to the sea or rivers/lakes (m ³)	Not available	2,398,012	0	2,398,012
Total (m³)	Not available	2,540,859	94,168	2,635,027
<i>% of total ACS Group sales represented by the data obtained</i>	<i>0%</i>	<i>13%</i>	<i>33%</i>	<i>46%</i>
Total direct and indirect greenhouse gas emissions (t)	95,091	23,780,922	31,108	23,907,122
<i>% of total ACS Group sales represented by the data obtained</i>	<i>41%</i>	<i>19%</i>	<i>38%</i>	<i>98%</i>
NO_x, SO_x and other significant emissions to the air				
NO _x (t)	0	393.7	0.37	394.0
SO _x (t)	0	41.2	0	41.2
Other gases (t)	Not available	10.2	0.02	10.2
<i>% of total ACS Group sales represented by the data obtained</i>	<i>41%</i>	<i>9%</i>	<i>26%</i>	<i>76%</i>
Savings of greenhouse gas emissions (t)	0	9,633,584	1,170,000	10,803,584
<i>% of total ACS Group sales represented by the data obtained</i>	<i>41%</i>	<i>19%</i>	<i>38%</i>	<i>98%</i>
Non-hazardous waste managed	Excess excavated soil and construction and demolition waste (debris, wood, plastic, paper and cardboard and metals)	Waste resulting from the treatment of wastes, urban waste	Paper, cardboard, wood, electronic waste, scrap, urban waste	
Total Tonnes	43,479	22,200,266	10,515	22,254,260
<i>% of total ACS Group sales represented by the data obtained</i>	<i>41%</i>	<i>19%</i>	<i>40%</i>	<i>100%</i>
Hazardous waste managed (t)	6,162	224,282	341	230,785
<i>% of total ACS Group sales represented by the data obtained</i>	<i>41%</i>	<i>19%</i>	<i>40%</i>	<i>100%</i>

Area of Activity	Construction	Environment and logistics	Industrial Services	ACS Group
Quality and creation of value for clients				
Investments are dedicated to quality improvements (millions of euros)	Not available	47	1	48
Percentage of the total production certified by the quality systems based on the ISO 9001 standard	100%	51%	98%	91%
Number of audits of quality carried out	113	79	318	510
Number of satisfaction surveys carried out	190	3,046	869	4,105
Percentage of the total answers of clients saying that they were "Satisfied" or "Very Satisfied"	93%	88%	86%	88%
Investments carried out in R+D+i (millions of euros)	25	15	17	57
Commitment to the Natural Environment				
Percentage of the total production of the Group environmentally certified in accordance with the ISO 14001 standard.	100%	60%	84%	87%
Number of environmental audits carried out	113	69	214	396
Number of significant environmental incidents registered	1,215	0	2	1,217
Number of environmental fines	15	0	13	28
Employees				
Total number of employees at 31th of December of 2008 <small>(273 employees in the corporation and other subsidiaries of the Group)</small>	18,396	81,131	41,202	141,002
Employees contracted directly and permanently	40%	6%	24%	16%
Employees contracted in relation to a specific project, work or temporary production joint venture	60%	94%	76%	84%
Training				
Number of hours of study	213,520	693,198	367,735	1,274,453
Number of courses	1,244	3,226	2,695	7,165
Number of participants	14,652	25,189	23,104	62,945
Total investment (millions of euros)	3.2	5.0	5.6	13.8
Courses by type of content: Production	784	933	1,089	2,806
Courses by type of content: Job Safety	379	2,236	1,532	4,147
Courses by type of content: Environment	81	33	74	188
Labour risk prevention and job safety				
Frequency rate <small>(Represents the number of accidents that occurred during the working day per million hours worked)</small>	29.7	41.9	32.0	37.4
Severity rate <small>(Represents the number of working days lost due to accidents per 1,000 hours worked.)</small>	0.84	1.03	0.56	0.78
Incidence rate <small>(Represents the number of accidents in relation to which sick leave was taken per 1,000 employees)</small>	51.7	159.1	45.8	71.2

Note: the severity and incidence rates were calculated as an average of the rates of each subsidiary, weighted by its sales.

Corporate Governance in the ACS Group

Ownership structure

At December 31, 2008 the share capital of the ACS Group was represented by 335,390,427 fully subscribed and paid shares, all with the same voting and dividend rights.

In 2008 and as resolved by the General Shareholders Meeting held on May 26, 2008, share capital was reduced by means of the redemption of 17,482,707 treasury shares representing 4.954% of the Group's share capital.

Also, as resolved by the Extraordinary General Shareholders' Meeting held on December 3, 2008 an additional 4.93% (16,746,453 shares), were redeemed, effective in January 2009. Therefore, in March 2009 the ACS Group's share capital was represented by 318,643,974 shares.

The Group's main shareholders, i.e. those with an ownership interest of over 5% in the Group's total share capital, are as follows:

Name or corporate name of the shareholder	Number of shares	Percentage of total number of shares in December 2008	Percentage of total number of shares in March 2009*
Corporación Financiera Alba, S.A.	78,084,267	23.28%	24.51%
Inversiones Vesán, S.A.	38,815,575	11.57%	12.18%
Mr. Alberto Alcocer Torra	21,804,070	6.50%	6.84%
Mr. Alberto Cortina Alcocer	21,803,799	6.50%	6.84%
Balear Inversiones Financieras, S.L.	17,643,657	5.26%	5.54%
Southeastern Asset Management, Inc.	16,875,535	5.03%	5.30%

* Following the redemption of 16,746,453 shares in January 2009.



Company management

In the Bylaws and Rules of the Board of Directors, it is stipulated that the ACS Group shall be governed by a Board of Directors consisting of a minimum of eleven (11) and a maximum of twenty-one (21) members.

As the decision-making body of the ACS Group, the General Shareholders' Meeting, at the proposal of the Board, is responsible for setting, within the aforementioned limits, the exact number of members of the Board of Directors, and appointing the individuals to fill these positions.

The composition of the Board of Directors is based on a principle of proportionality, and accordingly, the interests of all the groups of shareholders composing the ACS Group should be represented. At December 31, 2008 the Board of Directors of the ACS Group was formed by 19 directors: 4 executive directors, 9 external proprietary directors, 5 independent directors and 1 director in the category of other external directors. The mission of these independent or external directors is to represent the interests of floating capital within the Board of Directors.

Additionally, the ACS Group's commitment to gender equality and the inclusion of women on management bodies is reflected in the proposed election of Ms. Sabina Fluxáas a board member of ACS, Actividades de Construcción y Servicios S.A. If elected, she will form part of the Board as from May 2009.

As for the function of the Board of Directors, it acts jointly and is granted the broadest of powers to represent and govern the Company, and carries out the general function of supervising and controlling the Company's operations. However, it may directly assume the responsibilities and decision-making powers required to manage the Company's business.

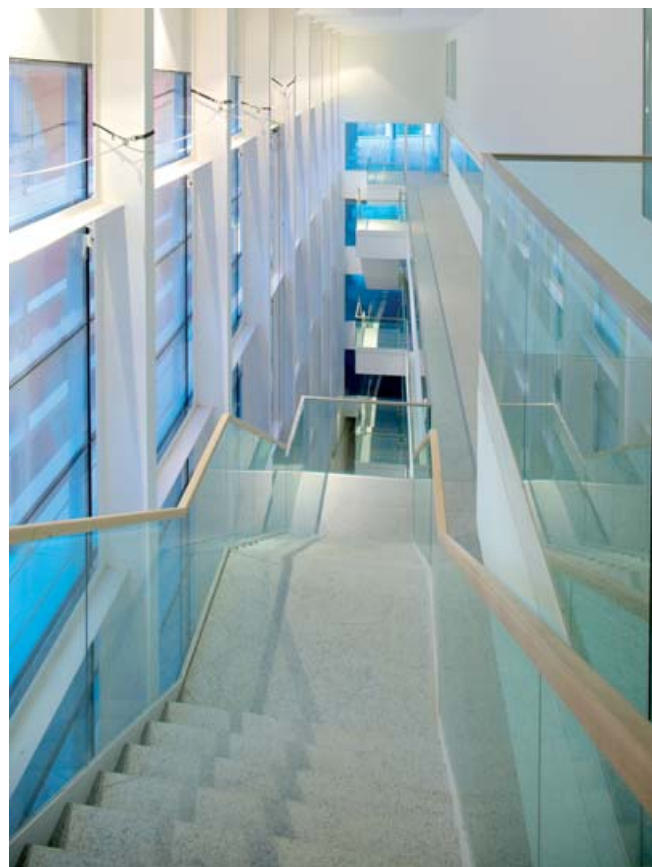
More specifically, the Board of Directors in full shall approve the following policies and general strategies:

- The investment and financing policy.
- Definition of the structure of the corporate group.
- Corporate governance policy.
- Corporate social responsibility policy.
- The strategic or business plan, management targets and annual budgets.
- Senior executive management evaluation and remuneration policies.

- Risk control and management policy, and the periodic monitoring of internal information and control systems.
- Policy on dividends and on treasury shares, and the limits to be applied.

In order to improve efficiency, a number of Committees has been created within the Board of Directors, whose tasks consist in controlling and monitoring the areas of greatest importance for the good governance of the company. There are three such committees: Executive Committee, Audit Committee and the Appointment and Remuneration Committee.

In view of the ACS Group's policy of transparency and disclosure, the remuneration received throughout the year by all members of the Board of Directors and by the Group's Senior Executives is included in the Corporate Governance Report.



Shareholders' Rights and the Annual General Meeting

The manner in which the General Shareholders meeting functions and the shareholders' rights are set forth in the Shareholders' General Meeting By-Laws of the ACS Group. According to Article 1 of these by-laws, the General Meeting is recognised as the absolute institution representing the Company and its decisions.

Accordingly, the shareholders present in a General Meeting decide on all matters within their competence, and the Shareholders' Meeting is made up of all shareholders holding a minimum of at least one hundred shares present or represented. The owners of less than one hundred shares may form a group to reach this number.

Additionally, these by-laws set forth the shareholders' attendance and voting rights, guaranteeing that all shareholders are treated equally. A number of measures are also provided to foster the participation of the shareholders at the General Meeting. In this regard, not only do the by-laws detail the possibilities of appointing a representative and voting by proxy, but also, Article 26 of the Company By-laws expressly includes the possibility of shareholders casting their vote from outside the General Meeting. Since the Ordinary Shareholders' Meeting held on May 19, 2005, this method of voting and the necessary rules and procedures for the remote voting via internet or fax were disseminated. The measures adopted by the Group to foster attendance at the General Meeting are positively reflected in the number of members present or represented at these meetings, which was approximately 74% at both the Annual and Extraordinary General Shareholders' meetings held in 2008.

The shareholders' right to information is detailed in several sections of the bylaws of the Shareholders' Meeting. Prior to the date of each meeting, all required information is made available to the shareholders and investors. Moreover, in addition to the standard information provided to the company in the form of annual, quarterly or bi-yearly reports, the Group maintains an ACS Group website with fundamental information relating thereto. Also, periodic meetings are held with analysts so that this information reaches all shareholders and the market in general in the most balanced, symmetric and efficient manner possible.

The ACS Group has not only established permanent communications channels with its shareholders and investors, but also assures that the information made available to them is true and correct. For this purpose, the Audit Committee reviews this information before it is made public, to verify that it has been drawn up in accordance with the same professional principles, criteria and practices as the financial statements.

Additionally, for several years the Board of Directors of the ACS Group has promoted various measures for the purpose of assuring the transparency of the Company's operations in the financial market and the exercise of any duties inherent in its status as a listed company. In this regard, the relevant facts reported to the Spanish Stock Market Commission (CNMV) are disclosed to the lowest number of people possible, who are duly identified, until they are made public.

In short, the ACS Group's commitment to transparency is in line with the guidelines set by the Special Commission for the Promotion of Transparency and Security on the Markets and in Listed Companies (Aldama Report), provided in Law 26/2003 of 17 July and the Ministerial Order 3722/2003 in which it is enacted.

Date of the General Meeting	Total attendance at the meeting
Annual General Meeting held on May 26, 2008	74.231%
Extraordinary General Shareholders Meeting held on December 3, 2008	73.592%



Directory

Head offices of
the ACS Group's main companies

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Cover photo: *Vespucio Norte Highway in Chile.*

Economic and Financial Report of ACS Group



2008



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Directors' Report on the Consolidated Group

1. Business performance of the ACS Group in 2008

1.1 Main events

Key operating and financial indicators	2007	2008	Var. 08/07
Million of euros			
Turnover	15,345	16,010	+4.3%
<i>International</i>	16.3%	21.7%	
EBITDA	1,380	1,480	+7.2%
<i>Margin</i>	9.0%	9.2%	
EBIT	1,057	1,097	+3.8%
<i>Margin</i>	6.9%	6.9%	
Ordinary Net Profit*	1,010	1,127	+11.6%
Net Profit of Continued Operations**	897	1,019	+13.5%
Attributable Net Profit	1,551	1,805	+16.4%
<i>Margin</i>	10.1%	11.3%	
EPS	4.51 €	5.43 €	+20.5%
Cash Flow from Operations	585	1,060	+81.4%
Net Investments	2,475	171	n.a.
Investments	3,377	2,969	-12.1%
Disposals	902	2,798	+210.2%
Total Net Debt	16,575	9,355	-43.6%
Net Debt with recourse	6,933	2,933	-57.7%
Non recourse Financing	9,642	6,422	-33.4%

* Profit after taxes not including exceptional results: Capital Gain on UNF, InvinSL, DCA, Continental Auto, net impact from equity swap assesment and others.

** Profit after taxes not including discontinued operations (GCA and UNF).

Note: The figures included in this report are presented in accordance with the Group's management criteria any may differ with respect to those presented in the financial statements due to certain reclassifications which have no effect on net profit.

2008 ended with good operating and financial results. The ACS Group's turnover amounted to EUR 16,010 million, up 4.3% on 2007. Additionally, EBITDA rose by 7.2% and EBIT grew by 3.8%.

Ordinary net profit, excluding the extraordinary results for the year, increased by 11.6% to EUR 1,127 million. Also, net profit from continuing operations, which does not include the profit from this year's discontinued operations (Unión Fenosa) and those discontinued in 2007 (Continental Auto and Unión Fenosa) rose by 13.5% to EUR 1,019 million.

As a result of this positive performance the net profit attributable to the Group amounted to EUR 1,805 million, 16.4% higher than in the previous year. The earnings per share adjusted by the average numbers of shares outstanding, stood at EUR 5.43 per share, up by 20.5%. This increase, which was higher than the growth in net profit, was a result of the retirement of almost 10% of the Group's shares over 2008.

In the past 12 months, the ACS Group's cash generation capacity continued to be sound. The cash flow generated by operations increased by 81.4% to EUR 1,060 million, allowing for investments amounting to EUR 2,969 million in 2008. Divestments amounted to EUR 2,798 million, and included, inter alia, the sale of 10% of Unión Fenosa and of various concessions to Abertis.

This cash generation capacity has enabled the ACS Group to reduce its debt, which amounted to EUR 9,355 million at 31 December, 2008. Of this amount, EUR 2,933 million related to net recourse debt and EUR 6.422 million related to limited recourse financing of projects and debts.

1.2 Consolidated income statement of the ACS Group

Consolidated Income Statement	2007	%	2008	%	Var. 08/07
Million of euros					
Net Sales	15,345	100.0%	16,010	100.0%	+4.3%
Other revenues	469	3.1%	534	3.3%	+13.8%
Total Income	15,814	103.1%	16,544	103.3%	+4.6%
Operating expenses	(10,856)	(70,8%)	(11,169)	(69,8%)	+2.9%
Personnel expenses	(3,578)	(23,3%)	(3,895)	(24,3%)	+8.9%
Operating Cash Flow (EBITDA)	1,380	9.0%	1,480	9.2%	+7.2%
Fixed assets depreciation	(285)	(1,9%)	(340)	(2,1%)	+19.3%
Current assets provisions	(38)	(0,2%)	(43)	(0,3%)	+12.8%
Ordinary Operating Profit (EBIT)	1,057	6.9%	1,097	6.9%	+3.8%
Fixed assets depreciation	6	0.0%	0	0.0%	-97.7%
Other operating results	(74)	(0,5%)	151	0.9%	n.a.
Operating Profit	989	6.4%	1,248	7.8%	+26.1%
Financial income	286	1.9%	407	2.5%	+42.3%
Financial expenses	(555)	(3,6%)	(804)	(5,0%)	+44.9%
Ordinary Financial Result	(269)	(1,8%)	(397)	(2,5%)	+47.6%
Foreign exchange results	(17)	(0,1%)	1	0.0%	n.a.
Impairment non current assets results	124	0.8%	(651)	(4,1%)	n.a.
Results on non current assets disposals	80	0.5%	704	4.4%	n.a.
Net Financial Result	(82)	(0,5%)	(343)	(2,1%)	n.a.
Results on equity method	172	1.1%	164	1.0%	-4.6%
Ordinary income of continued operations	1,079	7.0%	1,069	6.7%	-1.0%
Corporate income tax	(160)	(1,0%)	(30)	(0,2%)	-81.5%
Profit after taxes of the continued operations	919	6.0%	1,039	6.5%	+13.0%
Profit after taxes of the discontinued operations	654	4.3%	786	4.9%	+20.3%
Consolidated Result	1,573	10.3%	1,825	11.4%	+16.0%
Minority interest	(22)	(0,1%)	(20)	(0,1%)	-7.3%
Net Profit Attributable to the Parent Company	1,551	10.1%	1,805	11.3%	+16.4%

Directors' Report on the Consolidated Group

1.2.1 Revenue

Revenue amounted to EUR 16,010 million, up 4.3% on 2007. Sound performance was shown by both the Environment & Logistics area, which grew by 11.1% and the Industrial Services Area, which grew by 18.0%. Construction activity dropped by 9.9% as a result of the downward trend of this industry in Spain, especially in the fourth quarter of the year. This decline has been offset by the growing expansion of international sales exclusively in relation to civil engineering works, which have also enabled the Group to maintain stable operating margins.

Turnover	2007	%	2008	%	Var. 08/07
Million of euros					
Construction	7,353	47%	6,625	41%	-9.9%
Concessions	36	0%	66	0%	n.s.
Environment & Logistics	2,835	18%	3,148	19%	+11.1%
Industrial Services & Energy	5,489	35%	6,477	40%	+18.0%
Holding / Adjustments	(368)		(306)		
Total	15,345		16,010		+4.3%

The Group's total international sales rose by 39.0% to EUR 3,467 million and accounted for 21.7% of total revenue. Notable is the heavy growth in construction activity in the foreign market, which practically doubled, largely due to the US market, whereas the other activities grew by around 25%.

Domestic Sales	2007	%	2008	%	Var. 08/07
Million of euros					
Construction	6,920	94%	5,809	88%	-16.1%
Concessions	24	67%	57	86%	+135.9%
Environment & Logistics	2,495	88%	2,727	87%	+9.3%
Industrial Services & Energy	3,779	69%	4,257	66%	+12.6%
Holding / Adjustments	(367)	100%	(306)	100%	-16.6%
Total	12,851	84%	12,543	78%	-2.4%

International Sales	2007	%	2008	%	Var. 08/07
Million of euros					
Construction	433	6%	816	12%	+88.6%
Concessions	12	33%	9	14%	-19.7%
Environment & Logistics	340	12%	421	13%	+23.8%
Industrial Services & Energy	1,709	31%	2,220	34%	+29.8%
Holding / Adjustments					
Total	2,494	16%	3,467	22%	+39.0%

1.2.2 Gross profit from operations

Gross profit from operations was 7.2% higher than in 2007 and amounted to EUR 1,480 million. The gross profit margin stood at 9.2%, up 20 basis points on 2007.

EBITDA	2007	%	2008	%	Var. 08/07
Million of euros					
Construction	549	39%	494	33%	-10.0%
Concessions	1	0%	23	1%	n.s.
Environment & Logistics	381	27%	412	27%	+8.0%
Industrial Services & Energy	488	34%	591	39%	+21.1%
Holding / Adjustments	(39)		(40)		
Total	1,380		1,480		+7.2%

1.2.3 Net profit from operations

Net profit from operations amounted to EUR 1,097 million, up by 3.8% on the previous year, placing the net profit margin at 6.9%, which was the same as the previous year.

EBIT	2007	%	2008	%	Var. 08/07
Million of euros					
Construction	460	42%	411	36%	-10.7%
Concessions	(5)	(0%)	8	1%	n.s.
Environment & Logistics	233	21%	249	22%	+7.1%
Industrial Services & Energy	413	37%	472	41%	+14.4%
Holding / Adjustments	(44)		(43)		
Total	1,057		1,097		+3.8%

Industrial Services, which showed good performance with growth of 14.4%, and Environment & Logistics (+7.1%) were the two areas which contributed to this improvement. The EBIT of the Construction area dropped by 10.7%, which was in line with the drop in activity.

1.2.4 Net financial profit/loss

Finance costs stood at EUR 804 million, whereas financial income rose to EUR 407 million, and included the dividends received from Iberdrola amounting to EUR 111 million.

Net finance costs amounted to EUR 397 million, and were 47.6% higher than in 2007 as a result in the increase in debt arising from investments performed in the year and the increase in their cost.

Directors' Report on the Consolidated Group

1.2.5 Profit before tax from continuing operations

Profit before tax from continuing operations amounted to EUR 1,069 million, down by 10% on 2007, as a result of the effect of the change in the fair value of financial instruments, which amounted to a negative EUR 651 million, arising from the valuation of derivatives on the shares of Iberdrola.

In 2008, the gains on the disposal of assets amounted to EUR 704 million and relate mainly to the sale of the DCA airports, Scutvias Autostradas da Beira Interior and the whole of InvinSL.

The gains on companies accounted for using the equity method amounted to EUR 164 million. Abertis contributed EUR 130.4 million and Hochtief contributed EUR 44.2 million. The large number of new concessions in the first phases of development contributed to the reduction in the total gains on companies accounted for using the equity method to the figure reported in December 2008.

Lastly, provisions for risks amounting to EUR 151 million were reversed and are recognised under "Other Profit or Loss" since the associated risks were no longer likely.

1.2.6 Net profit attributable to the Group

The net profit attributable to the Group rose to EUR 1,805 million, up 16.4% on 2007.

Net Profit	2007	%	2008	%	Var. 08/07
Million of euros					
Construction	310	20%	275	15%	-11.4%
Concessions*	4	0%	641	35%	n.s.
Environment & Logistics	132	8%	145	8%	+9.9%
Industrial Services & Energy	265	17%	317	18%	+19.5%
Listed Associates	58	4%	17	1%	-69.9%
Holding / Adjustments	782	51%	410	23%	-69.9%
Total	1,551		1,805		+16.4%

* In 2008 concessions include the extraordinary gains on the sale of DCA and InvinSL.

Ordinary net profit amounted to EUR 1,127 million, 11.6% higher than the amount recorded at December 2007.

Ordinary Net Profit	2007	2008	Var. 08/07
Million of euros			
Net Profit	1,551	1,805	+16.4%
Capital gain from 10% UNF		(404)	
Capital gain from 100% InvinSL		(512)	
Capital gain from DCA		(109)	
Net impact from equity swaps assessment		456	
Capital gain Grupo Continental Auto	(424)		
Other results	(117)	(109)	
Ordinary Net Profit	1,010	1,127	+11.6%

The income tax charged on continuing operations amounted to EUR 29.7 million. The effective tax rate, adjusted for the gains recognized net of taxes (companies accounted for using the equity method, the sale of concessions abroad and dividends relating to financial investments), was around 27%.

The profit attributable to minority interests amounting to EUR 20.3 million relate basically to concessions and other Group investees.

1.3 Consolidated Balance Sheet at 31 December 2008 and 2007

Consolidated Balance Sheet	dec-07	%	dec-08	%	Var.
Million of euros					
Intangible Fixed Assets	4,393	8.9%	1,467	3%	-66.6%
Tangible Fixed Assets	14,526	29.3%	1,718	3%	-88.2%
Concession Projects Assets	3,949	8.0%	3,587	7%	-9.2%
Property Assets	47	0.1%	71	0%	+50.0%
Investments accounted by Equity Method	4,231	8.5%	3,893	8%	-8.0%
Long Term Financial Investments	6,068	12.2%	3,188	6%	-47.5%
Financial Instruments Debtors	333	0.7%	1	0%	-99.8%
Deferred Taxes Assets	1,057	2.1%	694	1%	-34.3%
Other Non Current Assets	16	0.0%	-	0%	-100.0%
Fixed and Non-current Assets	34,620	69.8%	14,619	28%	-57.8%
Non Current Assets Held for Sale	595	1.2%	24,351	47%	n.a.
Inventories	897	1.8%	699	1%	-22.1%
Accounts receivables	9,334	18.8%	7,301	14%	-21.8%
Short Term Financial Investments	1,421	2.9%	2,185	4%	+53.8%
Other Short Term Assets	74	0.1%	62	0%	-15.9%
Cash and banks	2,652	5.3%	2,181	4%	-17.7%
Current Assets	14,973	30.2%	36,779	72%	+145.6%
Total Assets	49,593	100.0%	51,398	100%	+3.6%
Shareholders' Equity	4,654	9.4%	3,402	7%	-26.9%
Minority Interests	5,787	11.7%	6,511	13%	+12.5%
Net Worth	10,441	21.1%	9,913	19%	-5.1%
Subsidies	811	1.6%	65	0%	-91.9%
Long Term Financial Liabilities	16,804	33.9%	9,576	19%	-43.0%
Deferred Taxes Liabilities	1,946	3.9%	231	0%	-88.1%
Long Term Provisions	1,499	3.0%	159	0%	-89.4%
Financial Instruments Creditors	66	0.1%	856	2%	n.a.
Other Long Term Accrued Liabilities	335	0.7%	183	0%	-45.4%
Non-current Liabilities	21,461	43.3%	11,070	22%	-48.4%
Liabilities from Assets Held for Sale	103	0.2%	15,913	31%	n.a.
Short Term Provisions	273	0.6%	265	1%	-3.1%
Short Term Financial Liabilities	3,842	7.7%	4,145	8%	+7.9%
Trade accounts payables	11,865	23.9%	9,376	18%	-21.0%
Other current payables	1,608	3.2%	716	1%	-55.4%
Current Liabilities	17,691	35.7%	30,415	59%	+71.9%
Total Equity & Liabilities	49,593	100.0%	51,398	100%	+3.6%

Directors' Report on the Consolidated Group

1.3.1 Non-current assets

Intangible assets amounted to EUR 1,467 million, of which EUR 1,133 million relate to the goodwill arising on investments carried out in recent years. Property, plant and equipment stood at EUR 1,718 million after reclassifying the assets of Unión Fenosa. Additionally, assets in concession projects amounted to EUR 3,587 million, of which approximately EUR 2,400 million relate to Industrial Services and mainly renewable energy projects.

Non-current financial assets, which include the ownership interest in Iberdrola, amounted to EUR 3,188 million. The balance of investments accounted for using the equity method, which include the ownership interests in Abertis and Hochtief, amounted to EUR 3,893 million.

Non-current assets held for sale and the related liabilities include the whole of the ownership interest in Unión Fenosa at 31 December 2008.

1.3.2 Working capital

Net working capital payable amounted to EUR 2,295 million. The reduction in this balance is a result of the following:

- The reclassification of the Unión Fenosa items as assets held for sale.
- The derecognizing of the advances received in 2007 amounting to EUR 327 million relating to the sales of the concessions DCA and Scutvias Autostradas da Beira Interior.
- The reduction of EUR 186 million in the working capital relating to operating activities, and mainly construction, as a result of the downward trend in sales in the domestic market.

1.3.3 Net borrowings

The Group's net borrowings at 31 December 2008 amounted to EUR 9,355 million, of which EUR 6,422 million relates to non-recourse financing.

EUR 3,166 million of this non-recourse financing relates to financial vehicles used for the acquisition of shares of Iberdrola and Hochtief, and the remainder relates to project finance.

The non-recourse financing of vehicles used for the purchase of shares in Unión Fenosa, which amounted to EUR 2,260 million at 31 December 2008 were reclassified as liabilities relating to assets held for sale.

The balance of net debt with recourse amounted to EUR 2,933 million, which represents 2 times the Group's EBITDA.

Debt Position	2007	2008	Var. 08/07
Million of euros			
Net debt with recourse	6,933	2,933	-57.7%
Net debt without recourse	9,642	6,422	-33.4%
Total net debt	16,575	9,355	-43.6%

1.3.4 Equity

Equity amounted to EUR 9,913 million, of which EUR 3,402 million relate to equity attributable to the Parent.

Of the total balance of minority interests amounting to EUR 6,511 million, most of this amount relates to Unión Fenosa, the balance of which was higher than at December 2007 due to the sale of 9.99% of the shares in this company on August 1.

1.4 Cash flow

In comparable terms the Group's cash flow is as follows:

Cash Flow Statement	2007	2008	Var. 08/07
Million of euros			
Net Profit	1,551	1,805	+16.4%
Adjustments to net profit without cash flow	(729)	(559)	
Working Capital Variation	(238)	(186)	
Cash Flow from Operating Activities	584	1,060	+81.4%
1. Investments	(3,377)	(2,969)	
2. Disinvestments	1,183	2,517	
Cash flow from Investing Activities	(2,194)	(452)	-79.4%
1. Treasury stock acquisition	(172)	(674)	
2. Dividends paid	(441)	(600)	
3. Other adjustments	244	(182)	
Other Cash Flows	(369)	(1,456)	+294.3%
Total Cash Flow	(1,979)	(848)	-57.2%

1.4.1 Net cash flows from operating activities

The funds obtained from operations amounted to EUR 1,060 million, up by 81% on the previous year in comparable terms.

Noteworthy is the good performance of working capital in the last quarter of 2008, in which the Group generated over EUR 600 million as a result of the efficient management of working capital in all activities, and especially construction.

Directors' Report on the Consolidated Group

1.4.2 Consolidated net investments

The Group's investments and divestments in 2008 amounted to EUR 2,969 million and EUR 2,798 million respectively, and the detail thereof, by line of business, is as follows:

Net Investments	Gross Investments	Divestments	Net Investments
Million of euros			
Construction	101	(20)	81
Concessions	185	(1,011)	(826)
Environment & Logistics	351	(68)	283
Industrial Services	1,158	(23)	1,135
Holding & others	1,174	(1,676)	(502)
Total	2,969	(2,798)	171

The balance of Corporation investments include the investment and subsequent divestment in Unión Fenosa, the investment of EUR 288 million in Hochtief upon executing its equity swap and the acquisition of 0.2% of Iberdrola for EUR 67 million. Also included is the investment of EUR 134 million in the acquisition of 1% of Abertis.

In the Construction area, investments amounted to EUR 101 million, and mainly relate to equipment and machinery for the development of projects.

EUR 185 million were invested in Concession projects, including, inter alia, the Reus-Alcover and Santiago-Brión motorways in Spain, the Central Griega motorway, the Son Dureta hospital and line 9 of the Barcelona subway. Divestments related to the sale of InvinSL and the DCA airports, and the sale of the motorway Scutvias Autostradas da Beira Interior.

EUR 351 million were allocated to the Environment & Logistics area. Over EUR 155 million were invested in the acquisition of environmental assets, which were allocated to a large extent to the recent renewal and award of new contracts. EUR 107 million were invested in port and logistics services, and basically the port terminal of Bilbao and the renewal of agency agreements. Clece invested over EUR 20 million in this period, mainly in new contracts.

EUR 1,158 million were invested in Industrial Services in 2008, mainly in renewable energy projects including the following:

- The thermal solar plants Andasol I and II, Extresol I and Manchasol I, all with 50 MW of power and at a different percentage of completion. Andasol I was started up at the end of November. In 2008 EUR 416 million were invested, meaning that the cumulative investment in these plants exceeds EUR 775 million.
- Various wind farms valued at EUR 455 million, as a result of which at the end of the year the Group had interests in wind farms in operation with an installed power of 1,076 MW and additional 213 MW under construction. The cumulative investment in these projects amounted to nearly EUR 1,400 million.
- Three desalination plants in Murcia and Algeria valued at EUR 65 million which were still under construction, and in relation to which the cumulative investment exceeds EUR 165 million.
- A high voltage line project in Brazil (EUR 15 million), where the Group has invested nearly EUR 390 million in 21 LAT concessions.

1.4.3 Net cash flows from financing activities

The Group's increase in financial debt, in comparable terms, after being restated due to the reclassification of the investment in Unión Fenosa as an asset held for sale in both 2007 and 2008, amounted to EUR 848 million.

The Group paid its shareholders dividends amounting to EUR 600 million in the year relating to dividends corresponding to 2007.

The treasury shares transactions carried out by the Group in 2008 involved a disbursement amounting to EUR 674 million. These shares were redeemed as a result of resolutions adopted by the General Shareholders' Meeting and Extraordinary General Shareholders' Meeting held in May and December, respectively.

1.5 Profit/loss by business area

1.5.1 Construction

Main financial figures	2007	2008	Var. 08/07
Million of euros			
Turnover	7,352.9	6,625.4	-9.9%
EBITDA	548.9	494.3	-10.0%
Margin	7.5%	7.5%	
EBIT	460.3	410.9	-10.7%
Margin	6.3%	6.2%	
Net Profit	310.3	275.0	-11.4%
Margin	4.2%	4.2%	
Backlog	12,011	11,023	-8.2%
Months	19	20	

Sales in 2008 amounted to EUR 6,625.4 million, down 9.9% on the previous year.

Turnover breakdown by activity	2007	2008	Var. 08/07
Million of euros			
Civil Works	4,398.4	4,117.3	-6.4%
Non Residential Building	1,725.3	1,487.2	-13.8%
Residential Building	1,229.2	1,020.9	-16.9%
Total	7,352.9	6,625.4	-9.9%
<i>International</i>	<i>432.6</i>	<i>816.0</i>	<i>+88.6%</i>
<i>% over total sales</i>	<i>6%</i>	<i>12%</i>	

International operations grew by 88.6% as a result of the increase in production, portfolio and concession activity in the United States, and in Portugal, Greece, Ireland and Canada. This shall be an important base for growth in future years.

The construction activity in Spain has shown a downward trend as a result of a number of structural factors common to the entire industry in 2008.

- Firstly, there was a sharp drop in Residential Building as a result of the change in the cycle as compared to the heavy expansion experienced in recent years.

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- Non-Residential Building was affected by the reduction in commercial and institutional building activity at a local level in the past 12 months.
- There was also a slowdown in Civil Engineering Work in Spain due to the effect of the general elections in March as well as the lack of calls for tender, and the resulting delay in performance in local corporations and in autonomous regional areas.

The operating margins in construction remained unchanged with respect to 2008 as a result of an increase in efficiency through an ongoing practice of cost rationalization and control of the performance of projects. The EBITDA remained unchanged at 7.5%, and EBIT stood at 6.2%.

Net profit amounted to EUR 275.0 million, down 11.4% on 2007, and a sales margin of 4.2% was maintained.

The construction backlog amounted to EUR 11,023 million, down 8.2% lower than one year ago, and was equivalent to 20 months of production.

Backlog breakdown by activity	2007	2008	Var. 08/07
<i>Million of euros</i>			
Civil Works	8,023.4	8,525.6	+6.3%
Non Residential Building	2,238.3	1,805.7	-19.3%
Residential Building	1,748.9	691.9	-60.4%
Total	12,010.6	11,023.2	-8.2%
<i>International</i>	<i>2,243.1</i>	<i>2,545.9</i>	<i>+13.5%</i>
<i>% over total backlog</i>	<i>19%</i>	<i>23%</i>	

The Civil Engineering Work order book in Spain rose by 3.5% compared to the figure recorded in 2007, and at the same time there was a sharp increase in the International Civil Engineering Work order book, which grew by 13.5%.

These Civil Engineering order book figures are the result of the significant effort made by the central Spanish government in the third and fourth quarters of 2008, which has increased the number of projects in its various processing levels (technical, environment and pre-bidding) in order to increase activity in the sector for 2009. In 2008 public calls for tender relating to civil engineering works amounted to EUR 28,500 million, 3% higher than in 2007.

The Residential Building order book dropped as a result of the sharp decrease in real estate contracts in Spain, as well as the reduction in the public calls for tender relating to Non-Residential Building by City Councils and regional governments, which decreased by 4% in comparison to 2007.

The ACS Group was awarded large concession projects in the last months of 2008:

- The project for the construction of the A30 motorway in Montreal (Canada).
- The construction of the I595 motorway in Florida (USA).
- The construction of the Baixo Alentejo motorway in Portugal

These projects will contribute over EUR 1,000 million to the ACS Group from the Civil Engineering Works Order Book throughout their development and construction phases.

1.5.2 Industrial Services

Main financial figures	2007	2008	Var. 08/07
Million of euros			
Turnover	5,488.7	6,476.7	+18.0%
EBITDA	488.4	591.2	+21.1%
Margin	8.9%	9.1%	
EBIT	412.5	471.9	+14.4%
Margin	7.5%	7.3%	
Net Profit	264.9	316.7	+19.5%
Margin	4.8%	4.9%	
Backlog	5,854	6,244	+6.7%
Months	13	12	

Industrial Services sales showed a solid growth of 18% in 2008, driven by the performance of Energy Products, Specialized Facilities and international production, which continued to perform well, increasing by 29.8%.

Turnover breakdown by activity	2007	2008	Var. 08/07
Million of euros			
Support Services	4,014.7	4,431.5	+10.4%
Networks	900.4	957.1	+6.3%
Specialized Products	2,031.8	2,365.0	+16.4%
Control Systems	1,082.5	1,109.4	+2.5%
Energy Projects	1,646.1	2,126.4	+29.2%
EPC Projects	1,562.5	1,997.9	+27.9%
Renewables - Power Generation	83.6	128.5	+53.7%
Consolidation Adjustments	-172.1	-81.2	n.a.
Total	5,488.7	6,476.7	+18.0%
<i>International</i>	<i>1,709.5</i>	<i>2,219.6</i>	<i>+29.8%</i>
<i>% over total sales</i>	<i>31%</i>	<i>34%</i>	

Industrial Facilities and Maintenance, which accounted for 68% of Industrial Services activity, increased its production by 10.4% mainly due to the growth of Specialised Facilities sales in Spain by 13% and internationally by over 22%.

Also noteworthy was the growth of Control Systems in the last quarter of 2008, as a result of the increase in traffic control activity in the large cities of Spain.

The production of the Energy Projects area increased by a solid 29.2%, with excellent performance in both activity segments:

- EPC Project activity, which rose by nearly 28%, continues to benefit from the significant order book of new energy asset contracts both in Spain and internationally.
- Renewable Energy Generation activity increased by 53.7% to EUR 128.5 million. This significant growth is a result of the start-up of several wind farms over the past year, which generated over 1,292 GWh of electricity in 2008. In November 2008 the thermal solar plant commenced testing phase operations. In 2009 it will begin to be fully operational.

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With respect to profit from operations, EBITDA increased by 21.1% with a margin of 9.1%, 20 basis points higher than in the previous year. This increase was a result of the change in the mix, where there is now a greater proportion of Energy Project and Renewable Energy activities.

EBIT also increased by 14.4%, with a margin of 7.3%.

The total backlog rose by +6.7% to EUR 6,244 million, equivalent to practically a year of production, assuring a good outlook for the area in 2009. The backlog of Industrial Maintenance in Spain grew by 0.6% whereas the international order book rose by 12.4%, especially as a result of Control Systems and Specialised Installation activity.

Backlog breakdown by activity	2007	2008	Var. 08/07
Million of euros			
Support Services	3,875.8	4,027.6	+3.9%
Energy Projects	1,977.7	2,216.7	+12.1%
Total	5,853.5	6,244.3	+6.7%
<i>International</i>	<i>1,993.1</i>	<i>2,066.1</i>	<i>+3.7%</i>
<i>% over total backlog</i>	<i>34%</i>	<i>33%</i>	

The backlog of Energy Projects continued to rise, in this case as a result of activity in the Spanish market and as a consequence of the investments made by large energy groups and in renewable energies.

The ACS Group was recently awarded the Castor Project, the aim of which is to build a strategic deposit for national gas reserves in the old oil wells of the Levante coast. Over EUR 1,400 million was invested in this project, of which EUR 1,100 million correspond to the EPC project, and it is headed by the ACS Group in view of its 67% ownership interest therein.

At 31 December 2008 the ACS Group had the following portfolio of investments in renewable energy:

Renewable Energy	Installed Capacity	Attributable to ACS
Wind, global consolidation	942 MW	80%
Wind, equity method	134 MW	33%
Wind, total under operation	1,076 MW	74%
Wind, under construction	213 MW	83%
Thermosolar, under operation	50 MW	75%
Thermosolar, under construction	110 MW	86%
Total	1,449 MW	76%
Wind, pipeline	1,799 MW	80%
Thermosolar, pipeline	250 MW	100%

Additionally, the ACS Group is actively investing in transmission line concession projects in South America, mainly Brazil, where it participates in 25 projects totalling over 10,300 kilometres.

1.5.3 Environment & Logistics

Main financial figures	2007	2008	Var. 08/07
Million of euros			
Turnover	2,834.9	3,148.2	+11.1%
EBITDA	381.5	412.0	+8.0%
Margin	13.5%	13.1%	
EBIT	232.8	249.3	+7.1%
Margin	8.2%	7.9%	
Net Profit	131.7	144.6	+9.9%
Margin	4.6%	4.6%	
Backlog	14,458	16,839	+16.5%
Months	61	64	

All areas performed well and showed two-digit growth rates. The domestic market showed a 9.3% increase while international sales rose by 23.8% as a result of the heavy activity in ports and treatment plants abroad due to the number of contracts awarded and the investment in port terminals.

Turnover breakdown by activity	2007	2008	Var. 08/07
Million of euros			
Environmental Services	1,327.1	1,473.1	+11.0%
Ports & Logistics Services	668.0	734.4	+10.0%
Facility Management	839.8	940.7	+12.0%
Total	2,834.9	3,148.2	+11.1%
International	340.3	421.4	+23.8%
% over total sales	12%	13%	

The revenue recorded by Environment (Urbaser) was up 11%, especially due to the increase in international area activity in treatment plants and recycling as well as environmental services, which rose by 31.4%.

Port Services and Logistics activities increased by 10%. The highest growth was shown in the container terminal segment supported by the incorporation of ATM in Bilbao, which offset the reduction in conventional terminal activity.

Integral maintenance (Clece) grew by 12% supported by the solid order book of contracts with public authorities and the upward trend in commercial activity in 2008.

EBITDA and EBIT rose by 8% and 7.1%, respectively. The sales margins stood at 13.1% and 7.9%, dropping slightly with respect to the previous year due to change in the business mix in each of the activity segments.

Net profit rose by 9.9% with a margin of 4.6%, which was the same as in 2007.

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The Environment and Logistics backlog was EUR 16,839 million, equivalent to over five years of production, and up 16.5% on the previous year.

Backlog breakdown by activity	2007	2008	Var. 08/07
Million of euros			
Environmental Services	8,028.0	9,310.4	+16.0%
Ports & Logistics Services	5,374.9	6,426.7	+19.6%
Facility Management	1,054.7	1,101.7	+4.5%
Total	14,457.6	16,838.8	+16.5%
<i>International</i>	<i>4,069.6</i>	<i>4,734.0</i>	<i>+16.3%</i>
<i>% over total backlog</i>	<i>28%</i>	<i>28%</i>	

The increase in the Environment backlog was a result of the rise in contracts awarded outside of Spain in the past 12 months, and mainly to Urbaser in the French market. In this connection, international contracts accounted for 28% of this backlog.

1.5.4. Concessions

Main financial figures	2007	2008
Million of euros		
Turnover	35.8	66.1
EBITDA	1.5	23.2
EBIT	(5,2)	7,8
Equity method	(21,3)	(37,3)
Capital Gains	38.0	678.0
Attributable Net Profit	3.7	641.4

Sales relate mainly to the revenue from concessions already in operation such as La Mancha motorway, the Autovía de Santiago – Brión motorway, the interchanges of Príncipe Pfo and Avenida América in Madrid and the Can Brians prison in Barcelona.

Included under the concessions area is the sale of assets in 2008 as part of the Group's operating activity, which includes:

- The sale to Abertis and a Santander Group venture capital company of "Inversora de Infraestructuras S.L.", which is the company holding the shares in the Chilean toll roads Central (50%) and Rutas del Pacífico (48%) for EUR 728 million.
- The sale of shares representing the whole of the share capital of Desarrollo de Concesiones Aeroportuarias, S.L. which includes the Group's investment in the airports of Chile, Colombia, Jamaica and México.
- The sale of the motorway Scutvias Autostradas da Beira Interior for EUR 56 million.

1.5.5 Listed associates

Main financial figures	2007	2008	Var. 08/07
Million of euros			
Abertis	142.2	130.4	-8.3%
Hochtief	30.8	44.2	+43.6%
Iberdrola	96.7	111.0	+14.8%
Income from Associates	269.7	285.6	+5.9%
Financial expenses	(313,2)	(383,1)	+22,3%
Corporate tax	101.2	114.9	+13.5%
Attributable Net Profit	57.7	17.4	-69.9%

The contribution of these listed companies to the Group's profit prior to deducting finance costs and associated taxes amounted to EUR 285.6 million.

- The contribution of Abertis as a result of its being accounted for by the equity method amounted to EUR 130.4 million.
- The Group's holding in Hochtief contributed EUR 44.2 million as a result of its being accounted for by the equity method.
- Iberdrola contributed the dividends accrued amounting to EUR 111.0 million, which were accounted for as finance income.

The finance costs associated with the Group's investments in these companies amounted to EUR 383.1 million, and were higher than in the previous year due to the increase in the benchmark interest rates and due to the increase average share in the investments of Hochtief and derivatives. The positive tax impact was EUR 114.9 million.

Accordingly, the net contribution of the listed companies to the Group's profit in 2008 was EUR 17.4 million.

2. Stock market performance

2.1 Stock market information for 2008

In terms of the stock market, 2008 was a bad year since the main stock market indexes showed a downward trend. Thus, the Dow Jones dropped by 33.8% and the EUROSTOXX 50 dropped by 44.2%, while the NIKKEI index of the Tokyo Stock Exchange fell by 39.7%.

Stock exchange information for 2008



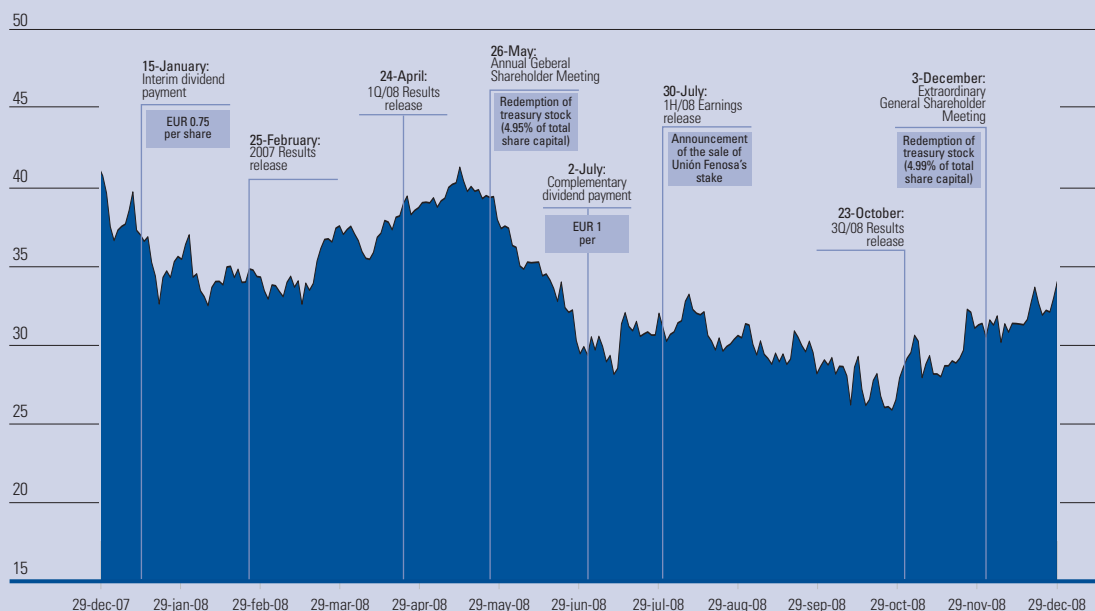
Likewise, in the Spanish market, the IBEX35 index dropped by 39.4%, and the Construction sector index performed even more poorly, with a 47.8% drop. The ACS Group only fell by 19.7%, performing significantly better than the main European and Spanish companies in the sector.

The detail of the ACS Group's main stock market data in 2008 is as follows:

ACS Shares Data	2007	2008
Closing price	40.65 €	32.65 €
Annual performance	-4.82%	-19.68%
Maximum in the period	50.95 €	40.99 €
Maximum Date	01-jun	02-ene
Average in the period	32.10 €	24.03 €
Average in the period	17-sep	24-oct
Average in the period	43.80 €	32.66 €
Total volume ('000)	416,465	382,506
Daily average volume ('000)	1,652.64	1,505.93
Total traded effective (€ mn)	17,942	12,492
Daily average effective (€ mn)	71.20	49.18
Number of shares (mn)	352.87	335.39
Market cap (€ mn)	14,344	10,950

The ACS listed share price performance in 2008 and its main milestones are as follows

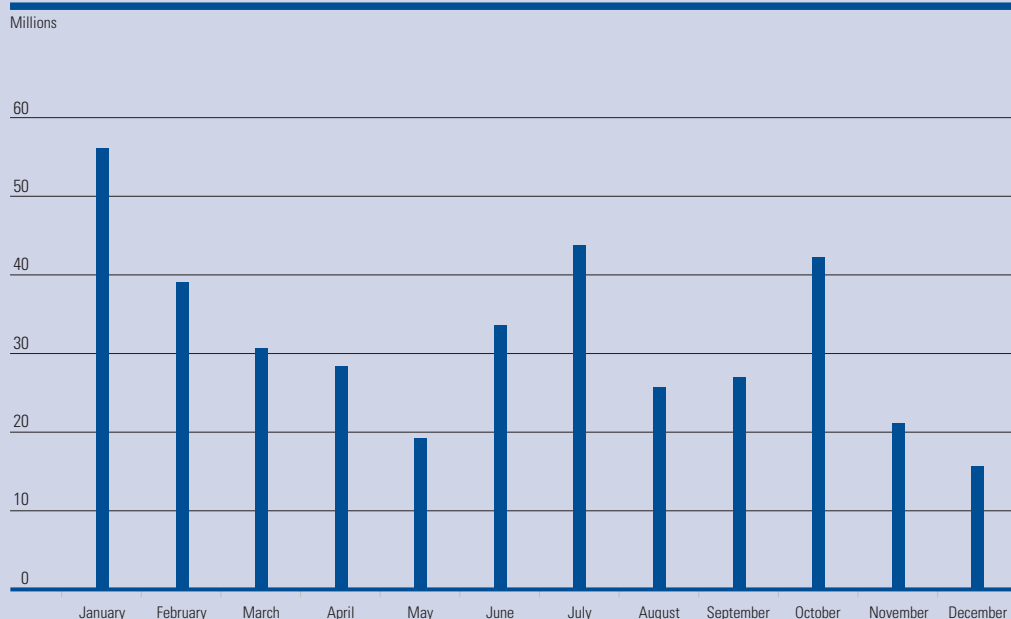
Market share price



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The trading volume reached a monthly average of a little over 31.8 million shares.

Monthly Volume of Shares



In the event that the proposal to be made at the Ordinary General Shareholders' Meeting were accepted, direct shareholder return in the form of 2008 dividends would amount to EUR 2.05 per share, in two payments: an initial interim dividend of a gross EUR 0.75 per share, paid on 27 January 2009, and a complementary dividend of EUR 1.15 per share representing 38% of the earnings per share in 2008. The dividend yield for shareholders at the 2008 year-end closing price stood at 6.3%.

2.2 Treasury shares

At 31 December 2008, the ACS Group had no treasury shares on its balance sheet. The detail of the transactions performed in the year is as follows:

Treasury Stock	Number of Shares
Balance, December 31st 2007	11,941,061
Purchases	22,718,071
Sales	-429,972
Amortization of shares	-34,229,160
Balance, December 31st 2008	—

In June 2008 and as resolved by the ACS Group General Shareholders' Meeting, 17,482,707 treasury shares were redeemed (4.954%). Also, on 3 December 2008 and Extraordinary General Shareholders' Meeting resolved to redeem an additional 4.93% (16,746,453 shares). Therefore, the share capital of ACS amounts to EUR 159,321,987 represented by 318,643,974 shares.

3. Information about the main risks and doubts intrinsic to the ACS Group's activity and management of financial risk

The ACS Group operates in sectors, countries and social, economic and legal environments which involve the exposure to different risk levels intrinsic to the businesses in which they engage.

The ACS Group monitors and controls the aforementioned risks in order to prevent an impairment of profitability for its shareholders, a danger to its employees or corporate reputation, a problem for its customers or a negative impact on the Group as a whole. For this purpose, the ACS Group has instruments enabling it to identify such risks sufficiently in advance to manage them appropriately either by avoiding them or by minimising the impact thereof, prioritizing their significance as necessary. Noteworthy are the systems relating to control in the bidding for, contracting, planning and management of works and projects, as well as the quality, environmental and human resource management systems.

In addition to the risks arising from the different lines of businesses in which the ACS Group engages, it is exposed to various financial risks, including the risks of changes in interest rates and exchange rates, as well as liquidity and credit risk.

Risks arising from changes in interest rates affecting cash flows are mitigated by hedging the rates through the use of financial instruments which cushion their fluctuation.

The risk of changes in exchange rates is managed by borrowing in the same operating currency as that of the assets being financed by the Group abroad. In order to hedge net positions in currencies other than the Euro, the Group arranges different financial instruments to reduce the exposure to the risk of changes in exchange rates.

To manage the liquidity risk resulting from the temporary mismatches between funds required and funds generated, a balance is maintained between the term and the flexibility of the borrowings through the use of staggered financing matching the Group's fund requirements. This is linked to the management of capital by maintaining a financial-equity structure which is optimal for reducing costs, while safeguarding the capacity to continue operating with appropriate debt ratios.

Finally, credit risk caused by the non-payment of commercial loans is dealt with through the preventive assessment of the solvency rating of potential Group customers, both at the commencement of the relationship with these customers and during the term of the contract, through the evaluation of the credit quality of the outstanding amounts and the revision of the estimated recoverable amounts in the case of balances considered to be doubtfully collectible.

The monitoring of financial risks is performed through methodological application in accordance with IFRS (and in line with the new Spanish National Chart of Accounts) and the preparation of a number of reports that allow for the monitoring and control of these risks for decision-making purposes.

A more in-depth explanation of these risks and of the related risk control instruments is provided in the Corporate Governance report and the ACS Group's consolidated financial statements.

In the first half of 2009 and based on information currently available, the ACS Group does not expect to confront positions of risk or uncertainty which are significantly different than in the second half of 2008.

The ACS Group's 2008 Corporate Governance Report details these risk control instruments, providing in-depth information in this connection.

A full detail of the mechanisms used to manage these financial risks and of the hedging instruments used by the Group is included in the notes to the Company's consolidated financial statements for 2008.

4. Human Resources

At 31 December 2008, the ACS Group employed a total of 141,002 individuals, accounting for 0.7% of the Spanish working population. In 2008, the ACS Group created over 8,954 net jobs.

The ACS Group's human resource policy consists mainly in maintaining and hiring committed teams of individuals, with a high level of knowledge and specialisation, capable of offering the best service to the customer and generating business opportunities with rigour and efficiency.

These objectives are achieved by means of active personnel selection policies, the fostering of teamwork, excellence in decision-making and cutting down on bureaucracy. Additionally, specialised training is promoted in each activity, aimed at fostering innovation and professional expertise in order to improve ACS Group processes, products, services and safety levels.

All details relating to the ACS Group's efforts in the area of Human Resources are included in the section on the Commitment to People and the Social Environment included in the Corporate Social Responsibility Report for 2008.

5. Technological Innovation and Environmental Protection

5.1 Research and development activities

The ACS Group is committed to a policy providing for the ongoing improvement of its processes and of applied technology in all activities. For this purpose, the ACS Group has an in-house research programme aimed at developing new technological know-how in the design of processes, systems, new materials, etc. in each activity.

To apply and foster this commitment, the Company has established a number of committees at the various Group companies, which handle numerous initiatives undertaken in 2008.

In the Construction area, effort is made mainly to increase quality, the safety of employees, and the improvement of processes and techniques whose final objective is to respect the environment.

The work performed in the Industrial Services area related to technological improvements in the area of renewable energies, urban control systems and systems relating to high speed trains.

In the Environment & Logistics area, efforts are concentrated on two main activities: the improvement of solid urban waste management and the reduction of CO₂ emissions, as well as inter-modal logistics systems improving the efficiency of the transport of goods.

The details of all these activities as well as specific cases of technological innovation can be consulted in the ACS Group's 2008 Corporate Social Responsibility Report.

5.2 Environmental protection

The ACS Group's main activity, namely the development and maintenance of infrastructures, gives rise to environmental impacts including the use of materials deriving from natural resources, the use of energy (both during construction and during the life of the various infrastructures), waste management, visual impact and that of landscape.

In line with its vocation to protect the environment, which has prevailed since the Group's creation, the ACS Group worked on two main action areas: an environmental policy with strict criteria and an Environmental Management System relating to the specific actions taken by each Group, both of which aim to minimise the environmental impact of its activity. The result of this effort is an increase in environmentally certified production and in the number of companies certified in accordance with the ISO 14.001 standard.

The detail of the activities carried on in 2008 and of the data on production and certifications can be consulted in the Group's 2008 Corporate Social Responsibility Report.

6. Significant events subsequent to year-end

6.1 Payment of dividends of the ACS Group

In accordance with the resolution adopted by the Company's Board of Directors at its ordinary meeting held on 3 December 2008, the Group distributed a gross interim dividend relating to profits for 2008 on 27 January 2009. This dividend amounted to EUR 0.90 per share.

6.2 Sale of Unión Fenosa

Following the communication dated 17 February 2009 by the Spanish Ministry of Economy and Finance regarding the proposed merger of which the Spanish Competition Authority (CNC) was notified, consisting of the acquisition by Gas Natural SDG, S.A. of full control over Unión Fenosa, S.A., it resolved that its decision on the merger would not be referred to the Council of Ministers, thereby authorizing the sale of 35.3051% of the share capital of Unión Fenosa still held by the ACS Group. This transaction, amounting to EUR 5,824.8 million (equivalent to EUR 18.05 per share, net of the dividend of EUR 0.28 received in January 2009) is to be fully completed in March 2009.

6.3 Novation of the *equity swap* on shares of Iberdrola

Subsequent to year end, the Group entered into a novation of the equity swap for 5.125% of the shares of Iberdrola, S.A. his novation extends the period for the exercise of the equity swap; the exercise of voting rights inherent to the underlying shares shall correspond to ACS, Actividades de Construcción y Servicios, S.A. and accordingly, the financial institution commits to being represented at all Shareholders' Meetings held by Iberdrola, S.A. by the representative appointed by ACS, who is entitled to vote freely. The equity swap may now only be settled by the physical handing over of shares, unless the market price of the share is less than EUR 4 in which case ACS, Actividades de Construcción y Servicios, S.A. may settle the swap by means of differences. Accordingly, the ACS Group now holds 12.6% of the voting rights in the electricity utility.

7. Outlook for 2009

Although the ACS Group will approach 2009 cautiously, there are indications enabling the Group to have an optimistic outlook. From an economic and corporate standpoint the situation to be confronted is complicated. However, the ACS Group is prepared to contribute growth and value to its shareholders.

The performance of Construction in 2009 will depend to a large extent on three significant aspects:

- On the one hand, the Government's commitment to prioritizing Civil Engineering Works in Spain, which account for over EUR 22,000 million of the State Budget. And on the other hand, the ACS Group's capacity to maintain high operating efficiency through cost containment and the management of working capital.
- Secondly, the outcome of the adjustment in the building sector following past years of continued growth. The ACS Group's flexibility in adapting to these changes and its ability to control risks are key. Given this scenario, the government is investing in subsidized housing as a response to the constant demand in this business segment, where the ACS Group has proven experience.
- Internationally, the outlook for 2009 centres on capitalising on infrastructure investments in the United States, Western Europe and Chile, where the ACS Group competes in the development of concession and civil engineering projects.

The US will continue to be a market of reference and growth for the ACS Group, and is fundamental for maintaining an appropriate level of internationalism and diversification to increase profitability and reduce the risk of the Construction activity.

In line with the performance of large Civil Engineering projects, the ACS Group's concession activity promises to provide significant growth opportunities.

Large and mainly international projects were awarded to the Group in 2008, which will require investments of over EUR 3,900 million in upcoming years.

In 2009, the ACS Group is prequalified in several calls for tender for projects for which the related investment will amount to over EUR 1,800 million, and is ready to continue bidding on projects which are to be tendered by government bodies in Europe and the US in the near future.

In 2009 the ACS Group will maintain its strategy of rotating older concessions, selling those for which the development period has been completed to heighten the value of its initial investment. In this connection, ACS will continue to foster operating and strategic synergies shared with Abertis, which will enable the Group to uphold its position as worldwide leader in the development of concessions, as in the past 15 years.

In Environment & Logistics, the ACS Group has identified several lines of action which will enable it to maintain profitability in this area, characterized by its visibility and recurrent long-term income.

- Firstly, in the Environment area, Urbaser will continue to expand outside of Spain in countries where it has already been successful in tender processes.
- In the Integral Maintenance area, Clece will continue offering services enabling its clients to face cost reductions efficiently by outsourcing their maintenance activities. This trend has peaked as a result of the current economic backdrop, particularly among large public and private clients.
- Port Services and Logistics continues to be a stable source of revenues due to the diversification of its activities in Spain, combined with cost reduction plans to adapt to the current changes in demand.

Environment & Logistics will continue its tradition of offering public service utilities, depending on long-term concessions and projects for growth.

In the Industrial Services and Energy area, the ACS Group combines significant international growth with the stability of its maintenance contracts and the opportunities to invest in energy generation and concession assets it has seized.

The heavy investment activity of energy, oil and fuel groups is benefiting the Groups' maintenance activity, which is showing parallel growth as a natural result of the completion of infrastructure development projects.

The growth in international activity should stem mainly from the investment plans of its clients outside of Spain, and mainly in Latin America, where Brazil and Mexico continue to be the important markets of reference.

Lastly, the ACS Group will continue investing in its portfolio of renewable energy, both thermal solar power and wind power, with over 2,000 MW in different phases of construction and completion, which will be developed in upcoming years.

This investment is a clear future commitment that will lead to improved margins and the growth of the ACS Group's traditional activity in Industrial Services.

In view of the aforementioned scenario, the objective of the Group for 2009 includes maintaining sustained operating growth and improving the profitability of all its shareholders.

8. Board of Directors' report for the 2008 financial year in accordance with the provisions of Article 116 bis of the Stock Exchange Law

Pursuant to Article 116 bis of the Stock Exchange Law 24/28 July 1988, introduced by Law 6/12 April 2007, the Board of Directors of ACS Actividades de Construcción y Servicios S.A. submits to its shareholders the following explanatory report with the disclosures, which in accordance with the aforementioned provision, have been included in the Directors' Reports accompanying the financial statements for 2008.

a) Capital structure, including securities not traded on an EC regulated market, with indication of different classes of shares and, for each class, the rights and obligations they confer and the percentage of share capital they represent.

As provided in Article 6 of its Company By-Laws, the Company's share capital amounts to EUR 159,321,987 represented by 318,643,974 fully subscribed and paid shares of EUR 0.50 each, all of the same class and series. All of the shares are fully paid. Pursuant to Article 23 of the Company Bylaws, in order to be able to attend the General Shareholders' Meeting, shareholders are required to hold at least one hundred shares.

b) Any restriction on the transferability of securities.

There are no statutory restrictions on the transferability of shares representing the company's share capital.

Since the company is listed, in order to acquire a percentage equal to or higher than 30% of its share capital or voting rights, a takeover bid is required to be launched under the terms provided in Article 60 of the Stock Exchange Law 24/1988 and Royal Decree 1066/2007 of 27 June.

c) Significant direct or indirect holdings in the share capital.

Shareholders	31/12/2008
Corporación Financiera Alba, S.A.	23.282%
Corporación Financiera Alcor, S.A.	13.002%
Inversiones Vesán, S.A.	11.573%
Balear Inversiones Financieras, S.L.	5.261%
Southeastern Asset Management INC	5.032%
Banco Bilbao Vizcaya, S.A.	2.805%

d) Any restriction on voting rights.

There are no specific restrictions on this right under the Company By-laws. However, as previously indicated, pursuant to Article 23 of the Company By-Laws, in order to be able to attend the General Shareholders' Meeting (attendance right), shareholders are required to hold at least one hundred shares.

e) Shareholders' agreements.

No shareholders' agreements have been reported to the Company.

f) Regulations applicable to appointments and substitution of members of governing bodies and the amendment of Company By-laws.

Appointment and substitution of members of the Board of Directors.

This matter is regulated in Articles 13 and 14 of the Company By-laws and Articles 3, 11 and 24 of the Rules of the Board of Directors, which essentially provide the following:

The Company is governed by a Board of Directors consisting of a minimum of eleven (11) and a maximum of twenty-one (21) members. At the proposal of the Board of Directors, the General Shareholders' Meeting shall be responsible for setting, within the aforementioned limits, the exact number of members of the Board of Directors, and appointing the individuals to fill these positions; The Board's proposal is required to be preceded by a proposal by the Appointment and Remuneration Committee. No age limit has been set to be appointed Board Member or for the exercise of this position.

Board members shall hold their positions for the term provided in the Company By-laws (six years) and may be re-elected on one or several occasions for terms of the same length.

The board members shall cease to hold their position when removed by the General Shareholders' meeting, when they notify the Company of their resignation or when the term for which members were appointed has expired, in accordance with Article 145 of the Regulations of the Spanish Mercantile Registry.

In the event of a vacancy for any reason, the Board of Directors may provisionally fill it from among the shareholders until the next General Shareholders' Meeting, where a definitive election shall take place.

Amendment of the Company By-laws.

The procedure for amending the Company By-laws is regulated by Article 29 and generally, Article 144 of the Corporations Law, which require approval by the General Shareholders' Meeting, with the attendance quorums and if applicable, majorities provided in Article 103 of the aforementioned law. Resolutions shall be adopted by a simple majority, except where under section 2 of the aforementioned Article 103 of the Corporations' Law, such resolutions are required to be adopted by means of the vote in favour of two thirds of the share capital present or represented when the shareholders present or represented hold less than fifty percent of the subscribed share capital with a right to vote. The simple majority necessary to approve a resolution shall require the vote in favour of half, plus one of the shares with voting rights present or represented at the meeting.

g) Powers of the members of the Board of Directors and in particular, powers to issue and/or repurchase shares.

The Board of Directors acts jointly and is granted the broadest of powers to represent and govern the Company. The executive team is generally entrusted with the management of the Company's ordinary business by the Board, which carries out the general function of supervising and controlling the Company's operations. However, the Board of Directors may directly assume the responsibilities and decision-making powers deemed appropriate in relation to the management of the Company's business.

The Chairman of the Board of Directors is of an executive nature and is vested with all powers of the Board of Directors, except those which may not legally or statutorily be transferred. Additionally, the Executive Committee is vested with all powers of the Board of Directors which may be legally or statutorily transferred. The executive Vice Chairman and Board Member-Secretary also have broad notary powers recorded at the Mercantile Registry.

Directors' Report on the Consolidated Group

At the General Shareholders Meeting held on 3 December 2008, the Board of Directors of the Company as well as those of subsidiary companies were authorised to acquire shares in the Company for valuable consideration, for the 18-month period following the date of the General Shareholders Meeting, and pursuant to the terms and requirements set forth in section 75 and related provisions of the Corporations Law, the par value of which, when added to the shares already held by the Company and its subsidiaries, does not exceed 5% of the issued share capital. The minimum and maximum price shall be, respectively, the par value of the shares and a price not exceeding the price at which they are traded at the stock market on the date of the purchase, or the price authorised by the competent body of the Stock Exchange or by the Spanish Stock Market Commission.

h) Significant resolutions that the Company may have adopted that once in force, were amended or concluded in the event of any change of control over the company following a public takeover bid, and the effects thereof, except when such disclosure may be seriously damaging to the Company. This exception shall not be applicable when the company is legally required to disclose this information.

There are no significant contracts giving rise to the aforementioned circumstance.

i) Agreements between the Company and its directors, managers or employees establishing severance payments when they resign or are dismissed without due cause or if the employment contract expires due to a takeover bid.

Pursuant to sections B.1.13 and G of the 2008 Annual Corporate Governance Report, there are a total of 10 senior management members in the different ACS Group companies, including executive board members, whose contracts provide for the cases described under this heading with maximum severance payments of up to five years' salary.

9. Annual Corporate Governance Report

In accordance with Article 202.5 of the Corporations Law, attached you could find the Annual Corporate Governance Report, which forms and integral part of the 2008 Directors' Report (please see the book of the Annual Corporate Governance, which is separately attached to the book with the Economical and Financial Report of ACS Group).



Consolidated Financial Statements

Consolidated balance sheets at 31 december 2008 and 2007

Assets	31/12/2008	31/12/2007
Thousands of euros		
Non-current assets	14,619,413	34,620,851
Intangible assets (Note 4)	1,466,906	4,392,987
Goodwill	1,132,563	2,950,375
Other intangible assets	334,343	1,442,612
Property, plant and equipment (Note 5)	1,718,506	14,526,326
Non-current assets in projects (Note 6)	3,587,050	3,948,426
Investment property (Note 7)	70,898	47,268
Investments in companies accounted for by the equity method (Note 9)	3,892,825	4,231,428
Non-current financial assets (Note 10)	3,188,286	6,068,281
Financial instrument receivables (Note 22)	546	332,614
Deferred tax assets (Note 26.6)	694,396	1,057,153
Other non-current assets	–	16,368
Current assets	36,778,952	14,972,593
Non-current assets held for sale and discontinued operations (Note 3.9)	24,350,617	595,223
Inventories (Note 11)	698,594	896,829
Trade and other receivables (Note 12)	7,301,556	9,334,393
Trade receivables for sales and services	6,101,610	7,320,511
Other receivables	1,097,564	1,316,066
Current tax assets (Note 26)	102,382	697,816
Other current financial assets (Note 10)	2,185,135	1,420,863
Other current assets (Note 13)	62,010	73,703
Cash and cash equivalents (Note 14)	2,181,040	2,651,582
Total assets	51,398,365	49,593,444

The accompanying Notes 1 to 39 and Appendixes I to IV are an integral part of the consolidated balance sheet at 31 December 2008.

Equity and liabilities	31/12/2008	31/12/2007
Thousands of euros		
Patrimonio neto (Note 15)	9,913,040	10,441,035
Shareholders' equity	4,404,604	3,977,019
Share capital	159,322	176,437
Share premium	897,294	897,294
Reserves	1,829,732	2,133,169
(Treasury shares and equity interests)	-	(516,341)
Profit for the year of the parent	1,805,036	1,551,115
(Interim dividend)	(286,780)	(264,655)
Adjustments for changes in value	(1,002,182)	676,738
Available-for-sale financial assets	(539,434)	660,907
Hedging transactions	(236,405)	107,707
Exchange differences	(226,343)	(91,876)
Equity attributed to the parent	3,402,422	4,653,757
Minority interests	6,510,618	5,787,278
Non-current liabilities	11,069,671	21,460,746
Grants related to assets (Note 16)	65,386	810,599
Non-current provisions (Note 20)	158,647	1,498,629
Non-current financial liabilities	9,576,277	16,804,487
Bank borrowings, debt instruments and other held-for-trading liabilities (Note 17)	3,288,055	7,477,722
Project finance with limited recourse (Note 18)	6,245,240	9,278,259
Other financial liabilities (Note 19)	42,982	48,506
Financial instrument payables (Note 22)	855,706	66,443
Deferred tax liabilities (Note 26.6)	230,805	1,945,668
Other non-current liabilities	182,850	334,920
Current liabilities	30,415,654	17,691,663
Liabilities relating to non-current assets held for sale and discontinued operations (Note 3.9)	15,912,940	103,233
Current provisions (Note 20)	264,713	273,050
Current financial liabilities	4,145,663	3,842,466
Bank borrowings, debt instruments and other held-for-trading liabilities (Note 17)	3,960,946	3,360,436
Limited recourse financing of projects and (Note 18)	176,840	363,175
Other financial liabilities (Note 19)	7,877	118,855
Trade and other payables (Note 23)	9,376,020	11,865,097
Suppliers	2,768,592	3,511,920
Other payables	6,540,430	7,803,423
Current tax liabilities (Note 26)	66,998	549,754
Other current liabilities (Note 24)	716,318	1,607,817
Total equity and liabilities	51,398,365	49,593,444

The accompanying Notes 1 to 39 and Appendixes I to IV are an integral part of the consolidated balance sheet at 31 December 2008.

Consolidated Financial Statements

Consolidated income statements for the years ended 31 december 2008 and 2007

	31/12/2008	31/12/2007
Thousands of euros		
Revenue (Note 27)	16,009,990	15,344,899
Changes in inventories of finished goods and work in progress	(4,263)	5,181
Capitalized expenses of in-house work on assets (Note 27)	279,026	307,636
Procurements (Note 28.1)	(9,434,518)	(9,273,957)
Other operating income	533,772	468,994
Staff costs (Note 28.2)	(3,894,967)	(3,577,565)
Other operating expenses	(2,054,595)	(1,936,287)
Depreciation and amortisation charge (Notes 4, 5, 6 and 7)	(340,247)	(285,123)
Allocation of grants relating to non-financial assets and others (Note 16)	2,534	2,953
Impairment and gains on the disposal of non-current assets	142	6,190
Other profit or loss (Note 28.5)	150,756	(73,904)
Operating income	1,247,630	989,017
Finance income (Note 28.7)	406,755	285,855
Finance costs	(803,489)	(554,578)
Changes in the fair value of financial instruments (Notes 21 and 28.6)	(650,767)	124,335
Exchange differences	1,020	(16,942)
Impairment and gains on the disposal of financial instruments (Note 29)	703,676	79,789
Financial profit	(342,805)	(81,541)
Results of companies accounted for using the equity method (Note 9)	163,673	171,506
Profit before tax	1,068,498	1,078,982
Income tax (Note 26.4)	(29,661)	(159,903)
Profit for the year from continuing operations	1,038,837	919,079
Profit after tax from discontinued operations (*)	1,600,894	1,203,368
Profit for the year	2,639,731	2,122,447
Profit attributed to minority interests (Note 15.7)	(20,318)	(21,911)
Profit from discontinued operations attributed to minority interests (Note 15.7)	(814,377)	(549,421)
Profit attributed to the parent	1,805,036	1,551,115
(*) Profit after tax from discontinued operations attributed to minority interests	786,517	653,947
Earnings per share (Note 31)	31/12/2008	31/12/2007
Euros per Share		
Basic earnings per share	5,43	4,51
Diluted earnings per share	5,43	4,51
Basic earnings per share from discontinued operations	2,36	1,90

The accompanying Notes 1 to 39 and Appendixes I to IV are an integral part of the consolidated income statement at 31 December 2008.

Consolidated statements of recognised income and expense for the years ended 31 december 2008 and 2007

Descripción	31/12/2008			31/12/2007		
	Of the Parent	Of Minority Interests	Total	Of the Parent	Of Minority Interests	Total
Thousands of euros						
A) Total profit for the year	1,805,036	834,695	2,639,731	1,551,115	571,332	2,122,447
Consolidated profit for the year	1,805,036	20,318	1,825,354	1,551,115	21,911	1,573,026
Profit from discontinued operations (minority interests)	–	814,377	814,377	–	549,421	549,421
B) Income and expenses recognised directly in equity	(1,686,793)	(60,061)	(1,746,854)	692,774	102,042	794,816
Measurement of financial instruments	(1,548,950)	52,326	(1,496,624)	906,713	135,322	1,042,035
Cash flow hedges	(483,143)	(52,267)	(535,410)	99,472	43,830	143,302
Translation differences	(169,438)	(29,931)	(199,369)	(38,197)	(59,263)	(97,460)
Actuarial gains and losses	(13,862)	(27,115)	(40,977)	(18,991)	(17,847)	(36,838)
Tax effect	528,600	(3,074)	525,526	(256,223)	–	(256,223)
C) Transfers to income	(1,678)	(55,970)	(57,648)	–	–	–
Reversal of financial instruments	(42,327)	(77,560)	(119,887)	–	–	–
Reversal of translation differences	32,946	–	32,946	–	–	–
Tax effect	7,703	21,590	29,293	–	–	–
Total income and expense recognised in the year	116,565	718,664	835,229	2,243,889	673,374	2,917,263

The accompanying Notes 1 to 39 and Appendixes I to IV are an integral part of the consolidated statements of recognized income and expense at 31 December 2008.

Consolidated Financial Statements

Consolidated cash flow statements for the years ended 31 december 2008 and 2007

	31/12/2008	31/12/2007
Thousands of euros		
A) Cash flows from operating activities	1,060,467	2,361,540
1. Profit before tax	1,068,498	2,211,814
2. Adjustments to profit:	349,823	1,106,509
Depreciation and amortisation charge	340,247	966,113
Other adjustments to profit (net) (*)	9,576	140,396
3. Changes in working capital	(185,829)	238,688
4. Other cash flows from operating activities	(172,025)	(1,195,471)
Interest payable	(803,489)	(1,114,684)
Dividends receivable	451,984	238,356
Interest receivable	295,596	279,816
Income tax payable/receivable	(116,116)	(598,959)
B) Cash flows from investing activities	(451,367)	(3,403,215)
1. Investment payables:	(2,968,539)	(4,650,115)
Group companies, associates and business units	(1,150,563)	(1,502,888)
Property, plant and equipment, intangible assets and property investments	(1,548,879)	(2,895,063)
Other financial assets	(258,108)	(123,216)
Other assets	(10,989)	(128,948)
2. Divestment receivables:	2,517,172	1,246,900
Group companies, associates and business units	2,416,708	659,300
Property, plant and equipment, intangible assets and property investments	85,139	587,600
Other financial assets	12,141	-
Other assets	3,184	-
C) Cash flows from financing activities	(963,862)	2,766,613
1. Equity instrument receivables (and payables):	(674,418)	(172,294)
Amortisation and acquisition	(674,418)	(172,294)
2. Liability instrument receivables (and payables):	492,657	3,784,887
Issue	492,657	3,784,887
3. Dividends payable and remuneration relating to other equity instruments	(600,245)	(441,091)
4. Other cash flows from financing activities:	(181,856)	(404,889)
Other financing activity receivables and payables	(181,856)	(404,889)
D) Net increase (decrease) in cash and cash equivalents	(354,762)	1,724,938
E) Cash and cash equivalents at beginning of the year	2,535,802	926,644
F) Cash and cash equivalents at end of year	2,181,040	2,651,582
1. Cash flows from operating activities	214,483	1,449,989
2. Flujos de efectivo de las actividades de inversión	1,018,179	(268,958)
3. Cash flows from financing activities	(584,070)	(442,897)
Net cash flows from discontinued operations	648,592	738,134
Cash and cash equivalents at end of year		
Cash and banks	1,321,061	2,651,582
Other financial assets	859,979	-
Total cash and cash equivalents at end of year	2,181,040	2,651,582

(*) Includes mainly the changes in the value of financial instruments classified at fair value and the gains and losses on the disposal of financial instruments.

The accompanying notes 1 to 39 and Appendixes I to IV are an integral part of the consolidated cash flow statement at 31 December 2008.

Notes to the consolidated financial statements for the year ended 31 December 2008

1. Group activities

The Parent ACS, Actividades de Construcción y Servicios, S.A. is a company incorporated in Spain in accordance with the Spanish Consolidated Companies Law. Its registered office is at Avda. de Pío XII, 102, 28036 Madrid.

In addition to the operations carried on directly by it, ACS, Actividades de Construcción y Servicios, S.A. is the head of a group of subsidiaries that engage in various business activities and which compose, together with it, the ACS Group. Therefore, ACS, Actividades de Construcción y Servicios, S.A. is obliged to prepare, in addition to its own individual financial statements, the Group's consolidated financial statements, which also include the interests in joint ventures and investments in associates.

In accordance with its company objects, the main business activities of ACS, Actividades de Construcción y Servicios, S.A., the parent of the ACS Group, are as follows:

1. The business of constructing all kinds of public and private works, as well as the provision of services, for the conservation, maintenance and operation motorways, highways, roads and, in general any type of public or private ways and any other type of works. Any kind of industrial, commercial and financial actions and operations which bear a direct or indirect relationship thereto.
2. Promoting, constructing, restoring and selling housing developments and all kinds of buildings intended for industrial, commercial or residential purposes, either on its own or through third parties. Carrying out conservation and maintenance of works, facilities and services, whether urban or industrial.
3. The direction and execution of all manner of works, facilities, assemblies and maintenance related to production plants and lines, electric power transmission and distribution, substations, transformation, interconnection and switching centres, generation and conversion stations, electric, mechanical and track, installations for railways, metros and light trains, railway, light train and trolleybus electrification, electric dam installations, purifying plants, drinking water treatment plants, wharfs, ports, airports, docks, ships, shipyards, platforms, flotation elements, and any other elements for diagnostics, tests, security and protection, controls for interlocking, operating, metering – either directly remotely – for industries and buildings as well as those suited to the above listed, facilities, electrification, public lighting and illumination, electric installations in mines, refineries and explosive environments; and in general all manner of, facilities related to the production, transmission, distribution, upkeep, recovery and use of electric energy in all its stages and systems, as well as the operation repair, replacement and upkeep of the components thereof. Control and automation of all manner of electric networks and installations, remote controls and computer equipment required for the management, computerization and rationalisation of all kinds of energy consumption.
4. The direction and execution of all manner of works, facilities, assemblies and maintenance related to the electronics of systems and networks for telephone, telegraph, signalling and S.O.S. communications, civil defence, defence and traffic, voice and data transmission and use, measurements and signals, as well as propagation, broadcast, repetition and reception of all kinds of waves, antennas, relays, radio-links, navigation aids, equipment and elements required for the execution of such works, assemblies and facilities.
5. The direction and execution of all manner of works, facilities, assemblies and maintenance related to the development, production, transformation, storage, transmission, channelling, distribution, use, metering and maintenance of any other kind of energy and energy product, and of any other energy that may be used in the future, including the supply of special equipment, elements required for installation and erection, and materials of all kinds.

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6. The direction and execution of all manner of works, assemblies, facilities and, y maintenance of hydroelectric works to develop, store, raise, drive or distribute water, and its piping, transport and distribution, including water and gas treatment facilities.
7. The direction and execution of all manner of works, assemblies, facilities and maintenance for developing, transporting, channelling and distributing liquid and solid gases for all kinds of uses.
8. The direction and execution of all manner of works, assemblies, facilities and maintenance of ventilation, heating, air conditioning and refrigeration works and works to improve the environment, for all kinds of uses.
9. The direction and execution of all manner of works, facilities, assemblies and, maintenance related to cable cars, gondola lifts, chair lifts and aerial lifts for both passenger and material transport by means of systems of cables or any type of mechanical element. The retrieval of ships and submerged elements, maritime, salvages, ship breaking, naval fleet repairs, repairs and assembly of engines and mechanical elements for ships, and underwater work and sale of aquatic and sports material.
10. The manufacture, transformation, processing, handling, repair, maintenance and all manner of operations of an industrial nature for commercialisation related to machinery, elements, tools, equipment, electric protection material, bare and insulated conductors, insulators, metal fittings, machines, tools and auxiliary equipment for assemblies and installation of railways, metros and light trains, electric power transmission and distribution plants, lines and networks and for telephone and telegraph communications, telecommunication, security, traffic, telematics and voice and data transmission systems; of elements and machines for the development, transformation, transmission and use of all kinds of energies and energy products; of fluid and gas lift pumps, piping and other elements, mechanisms, accessory instruments, spare parts and materials required for execution, execution of any industrial, agricultural, naval, transport, communication and mining works, facilities and assemblies and others listed in the preceding paragraphs. Managing the business of production, sale and use of electric energy, as well as other energy sources, and carrying out studies related thereto, and managing the business of production, prospecting, sale and use of all kinds of primary solid, liquid or gaseous energy resources, specifically including hydrocarbons and gas, whether natural, liquid or in another state, in their different forms and classes. Energy planning and rationalisation of the use of energy and cogeneration of same. Research, development and operation of all aspects of communication and computing systems.
11. The manufacture, installation, assembly, erection, supply, maintenance and commercialisation of all kinds of products and elements pertaining to or derived from concrete, ceramics, resins, varnishes, paints, plastics or synthetic materials; as well as metal structures for industrial plants and buildings, bridges, towers and supports of metal or reinforced concrete or any synthetic material for all manner of communications and electric power transmission or distribution, or any other class of energy material or product related to all types of energy.
12. The manufacture, preparation, handling and finishing, diagnosis, treatment and impregnation for protection and preservation and sale of wood in general, and especially of posts used for electric, telephone and telegraph lines, impregnation or servicing for mine and gallery timbering, building supports, construction woodwork, crossties for railways and barricades, and the production and commercialisation of antiseptic productions and running of procedures for preserving wood, elements, tools and equipment of this nature. The acquisition, provision, application and use of paints, varnishes, coverings, plating and, in general, construction materials.
13. The management and execution of reforestation and agricultural and fishery restocking works, as well as the maintenance and improvement thereof. Landscaping, planting, revegetation, reforestation, maintenance and conservation of parks, gardens and accessory elements.
14. The manufacture, installation, distribution and use in any way of all manner of ads and advertising supports. The design, construction, fabrication, installation, maintenance, cleaning, upkeep and advertising use of all manner of street furniture and similar elements.

15. The provision of all manner of public and private services of an urban nature, including the execution of any necessary works and facilities, either by administrative concession or leasing. The treatment, recycling and recovery of all kinds of urban, urban-assimilable, industrial and sanitary wastes; the treatment and sale of waste products, as well as the management and operation of waste treatment and transfer plants. . Drafting and processing of all manner of environment-related projects.
16. The cleaning services for buildings, constructions and works of any kind, of offices, commercial premises and public places. Preparation, upkeep, maintenance, sterilisation, disinfection and deratization. Clothes cleaning, washing, ironing, sorting and transportation.
17. Furniture assemblies and installations, including tables, shelves, office material, and similar or complementary objects.
18. Transports of all kinds, especially ground transportation of passengers and merchandise, and the activities related thereto. Management and operation, as well as provision of auxiliary and complementary services, of all manner of buildings and properties or complexes for public or private use, intended for use as service areas or stations, recreational areas, and bus or intermodal transportation stations.
19. The provision of integral health care and social assistance services by qualified personnel (physicians, psychologists, educators, university graduates in nursing, social workers, physical therapists and therapists) and performance of the following tasks: home care service; tele-home care and social health care; total or partial running or management of homes, day care centres, therapeutic communities and other shelters and rehabilitation centres; transportation and accompaniment of the above mentioned collectives; home hospitalisation and medical and nursing home care; supply of oxygen therapy, gas control, electro-medicine, and associated activities.
20. Provision of auxiliary services in housing developments, urban properties, industrial facilities, roadway networks, shopping centres, official agencies and administrative departments, sports or recreational facilities, museums, fairgrounds, exhibition galleries, conference and congress halls, hospitals, conventions, inaugurations, cultural and sports centres, sporting, social and cultural events, exhibits, international conferences, general shareholders' and owners' association meetings, receptions, press conferences, teaching centres, parks, farming facilities (agricultural, livestock and fisheries), forests, rural farms, hunting reserves, recreational and entertainment areas, and in general all kinds of properties and events, by means of porters, superintendents, janitors, ushers, guards or controllers, console operators, auditorium personnel, concierges, receptionists, ticket clerks (including ticket collection), telephone operators, collectors, caretakers, first aid personnel, hostesses and similar personnel or personnel who complement their functions, consisting of the maintenance and upkeep of the premises, as well as attention and service to neighbours, occupants, visitors and/or users, by undertaking the appropriate tasks, excluding in all cases those which the law reserves for security firms. Collection and tallying of cash, and the making, collection and charging of bills and receipts. The development, promotion, exhibition, performance, acquisition, sale and provision of services in the field of art, culture and recreation, in their different activities, forms, expressions and styles.
21. Provision of emergency, prevention, information, telephone switchboard, kitchen and dining hall services. Opening, closing and custody of keys. Turning on and off, running, supervision, maintenance and repair of engines and heating and air conditioning, electricity and lift installations, water, gas and other supply pipes, and fire protection systems. The operation of rapid communication systems with public assistance services, such as police, firemen, hospitals and medical centres. Fire fighting and prevention services in general, in woodlands, forests, rural farms, and industrial and urban facilities.
22. Integral management or operation of public or private educational or teaching centres, as well as surveillance, service, education and control of student bodies or other educational collectives.
23. Reading of water, gas and electricity meters, maintenance, repair and replacement thereof, monitoring and transcription of readouts, meter inspection, data acquisition and updating, and instalment of alarms. Temperature and humidity measurements on roadways and, in general, all kinds of properties and real estate, and public and private facilities, providing all the controls required for proper upkeep and maintenance thereof, or of the goods deposited or guarded therein.

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24. Handling, packing and distribution of food or consumer products; processing, flavouring and distribution of food for own consumption or supply to third parties; servicing, replacement and maintenance of equipment, machinery and dispensing machines of the mentioned products; and participation in operations with raw materials, manufactured goods and supplies.
25. Provision of ground services to passengers and aircraft. Integral logistic freight services, such as: loading, unloading, stowing and unstowing, transport, distribution, placement, sorting, warehouse control, inventory preparation, replacement, control of warehouse stocks and storage of all kinds of merchandise, excluding the activities subject to special legislation. Management and operation of places of distribution of merchandise and goods in general, and especially perishable products, such as fish exchanges and wholesale and retail markets. Reception, docking, mooring and service connections to boats.
26. Direct advertising services, postage and mailing of printed advertising and publicity material and, in general, all kinds of documents and packages, on behalf of the clients.
27. Management, operation, administration, maintenance, upkeep, refurbishment and fitting out of all kinds of concessions in the broadest sense of the word, including those that are part of the concessionary firm's shareholders and those that have any type of contractual relation to develop any of the above listed activities.
28. The acquisition, holding, use, administration and disposal of all manner of own-account securities, excluding activities that special legislation, and in particular the legislation on the stock market, exclusively ascribes to other entities .
29. Manage and administer representative securities of the shareholders' equity of non-resident entities in Spanish territory, through the appropriate organisation of personal and material means suited to this end.
30. Preparation of all manner of studies, reports and projects, and entering into contracts concerning the activities indicated in this article, as well as supervision, direction and consulting in the execution thereof.
31. Occupational training and recycling of people who provide the services described in the preceding points.

2. Basis of presentation of the consolidated financial statements and basis of consolidation

2.1 Basis of presentation

The consolidated financial statements for 2008 of the ACS Group were prepared:

- By the directors of the Parent, at the Board of Directors' Meeting held on 26 March 2009.
- In accordance with International Financial Reporting Standards (IFRSs), as adopted by the European Union, in conformity with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council and subsequent amendments thereto. The principal accounting policies and measurement bases applied in preparing the Group's consolidated financial statements for 2008 are summarised in Notes 2 and 3.
- Taking into account all the mandatory accounting policies and rules and measurement bases with a material effect on the consolidated financial statements, as well as the alternative treatments permitted by the relevant legislation in this connection, which are specified in Note 3 (accounting policies).
- So that they present fairly the Group's consolidated equity and financial position at 31 December 2008, and the results of its operations, the changes in consolidated equity and the consolidated cash flows in the year then ended.
- On the basis of the accounting records kept by the Company and by the other Group companies.

However, since the accounting policies and measurement bases used in preparing the Group's consolidated financial statements for 2008 (IFRSs as adopted by the European Union) differ from those used by the Group companies (local standards), the required adjustments and reclassifications were made on consolidation to unify the policies and methods used and to make them compliant with the International Financial Reporting Standards adopted in Europe.

The ACS Group's consolidated financial statements for 2007 (IFRSs as adopted by the European Union) were approved by the shareholders at the Annual General Meeting of ACS, S.A. on 26 May 2008. The 2008 consolidated financial statements of the Group have not yet been approved by the shareholders at the Annual General Meeting. However, the Parent's Board of Directors considers that the aforementioned financial statements will be approved without any material changes.

Reclassifications were made in the presentation of the financial statements for 2007 and the 2007 income statement was restated as a result of the sale of the Group Unión Fenosa and its consideration as a discontinued operation. The effect of these reclassifications on the income statement and cash flow statement is detailed in Note 3.9.

Responsibility for the information and for the estimates made

The information in these financial statements is the responsibility of the directors of the Parent Company of the Group.

The accompanying consolidated financial statements were prepared from the 2008 accounting records of ACS, Actividades de Construcción y Servicios, S.A. and of its subsidiaries whose respective individual financial statements were approved by the directors of each company and business segment, once they were adapted on consolidation in conformity with International Financial Reporting Standards, as adopted by the European Union.

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In the Group's consolidated financial statements estimates were occasionally made in order to quantify certain of the assets, liabilities, income, expenses and commitments reported herein. These estimates relate basically to the following:

- The useful life of the intangible assets and property, plant and equipment (Notes 3.3 and 3.2)
- The impairment losses on certain assets (Notes 3.1 and 3.6)
- The measurement of goodwill and the assignment of assets on acquisitions (Note 3.1)
- The amount of certain provisions (Note 3.13)
- The assumptions used in the calculation of liabilities and commitments to employees (Note 3.12)
- The market value of derivatives, and particularly, the equity swaps mentioned in Notes 9 and 10.

Although these estimates were made on the basis of the best information available at the date of this consolidated financial statement, on the events analysed, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively, recognising the effects of the change in estimates in the related future consolidated financial statements.

Changes in accounting estimates and policies and correction of fundamental errors

Changes in accounting estimates

The effect of any change in accounting estimates is recorded under the same heading in the income statements in which the revenue or expense based on the previous estimate was recorded.

Changes in accounting policies and correction of fundamental errors

The effect of any change in accounting policies or correction of fundamental errors is recorded in accordance with IAS 8, in the following manner: the cumulative effect at the beginning of the year is adjusted in reserves whereas the effect on the year is recorded under profit/loss for the year. Also, in these cases the financial data on the comparative year presented together with the year in course is restated.

There were no changes in accounting policies and no errors were corrected in the 2008 and 2007 financial statements.

Functional currency

These consolidated financial statements are presented in euros, since this is the functional currency in the area in which the Group operates. Transactions in currencies other than the euro are recognised in accordance with the policies established in Note 3.21.

2.2 Basis of consolidation

a) Balances and transactions with Group companies and associates

All significant intra-Group balances and transactions are eliminated on consolidation. Accordingly, all gains obtained by associates up to their percentage of ownership interest and all gains obtained by fully consolidated companies in 2008 were eliminated.

However, balances and transactions relating to construction projects undertaken by the Construction division companies for infrastructure concession companies are not eliminated on consolidation since these transactions are considered to have been performed for third parties as the projects are being completed. This is the intention currently supported by the IFRIC (International Financial Reporting Interpretation Committee), the interpretative body of the IASB, in the interpretations on concession arrangements approved in November 2006 as IFRS 12, which have not yet been approved by the European Union (Note 3.24). This interpretation is based on the consideration that in this type of business, the group completes a construction project for the concession provider, and receives in exchange the right to operate the infrastructure in accordance with the terms of the contract. In these cases, the concession provider has control over the asset, and accordingly, it can be concluded that on a consolidated level, the project has been completed for a third party.

b) Standardisation of items

In order to uniformly present the various items comprising these consolidated financial statements, accounting standardisation criteria have been applied to the individual financial statements of the companies included in the scope of consolidation.

In 2008 and 2007 the reporting date of the financial statements of all the companies included in the scope of consolidation was the same or was temporarily standardised to that of the Parent.

c) Subsidiaries

“Subsidiaries” are defined as companies over which the ACS Group has the capacity to exercise effective control; control is, in general but not exclusively, presumed to exist when the Parent owns directly or indirectly half or more of the voting power of the investee or, even if this percentage is lower or zero, when, for example, there are agreements with other shareholders of the investee that give the Parent control. In accordance with IAS 27, control is the power to govern the financial and operating policies of a company so as to obtain benefits from its activities.

The financial statements of the subsidiaries are fully consolidated with those of the Parent. Where necessary, adjustments are made to the financial statements of the subsidiaries to adapt the accounting policies used to those applied by the Group.

In January 2007, the ACS Group appointed two additional members to the Board of Directors of Unión Fenosa, S.A., and accordingly composed 50% of this Board. In this connection, taking into consideration all the circumstances evidencing the extent to which control over a company is held, including membership on the Board, the appointment of key executives, actual representation at the company’s General Shareholders’ Meeting and other aspects, it may be concluded that a case of “de facto” control, which has been deemed to be acceptable by the IASB, has arisen. Accordingly, in accordance with the IFRSs, the ACS Group decided that fully consolidating the business and operations of Unión Fenosa best reflects this control. In 2008, and as a result of the decision to sell this ownership interest, although management and control over the company was maintained at 31 December 2008, it was considered to be a discontinued operation (Note 3.9). The effect of the change in the scope of consolidation is described in section f) below.

The ACS Group has an effective ownership interest of less than 50% in Autoterminal, S.A. However, this company is considered to be a subsidiary since the Group holds the majority of the voting rights therein as a result of its shareholder structure. This company is fully consolidated.

The companies more than 50% owned by the ACS Group, which are not fully consolidated include Dinsa Eléctricas y Cymi, S.A. de C.V., Escal UGS, S.L., Coparc Barcelona, S.A. and Autovía de los Pinares, S.A. This circumstance arises because the control over these companies is exercised by other shareholders or because decisions require the affirmative vote of another or other shareholders, and consequently, they have been recognised as joint ventures or companies accounted for by the equity method.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. a discount on acquisition) is credited to profit and loss on the acquisition date. The interest of minority shareholders is stated at the minority’s proportion of the fair values of the assets and liabilities recognised. Subsequently, any losses applicable to the minority interests in excess of the minority interests are allocated to the Parent, unless they have the obligation to cover such a loss.

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Also, the share of third parties of:

- The equity of their investees is presented within the Group's equity under "Minority Interests" in the consolidated balance sheet.
- The profit or loss for the year is presented under "Profit Attributed to Minority Interests" and "Profit from Discontinued Operations Attributed to Minority Interests" in the consolidated income statement and in the consolidated statement of changes in equity.

The results of subsidiaries acquired during the year are included in the consolidated income statement from the date of acquisition to year-end. Similarly, the results of subsidiaries disposed of during the year are included in the consolidated income statement from the beginning of the year to the date of disposal.

Appendix I to these notes to the consolidated financial statements details the subsidiaries and information thereon.

Section f) of this note contains information on acquisitions and disposals, as well as increases and decreases in ownership interest.

d) Joint ventures

A joint venture is a contractual arrangement whereby two or more companies ("venturers") have interests in entities (jointly controlled entities) or undertake operations or hold assets so that strategic financial and operating decisions affecting the joint venture require the unanimous consent of the venturers.

Within the area of business in which the ACS Group operates, mention should be made of the Spanish UTEs (Unincorporated joint venture), which are unincorporated joint ventures with no separate legal personality, through which cooperation arrangements are entered into with other venturers in order to carry out a project or provide a service for a limited period of time. In these cases, as in the case of economic interest groupings and of companies so formed, it is understood that the venturers exercise joint control over the joint venture, and accordingly, UTEs are proportionally consolidated.

The assets and liabilities assigned to joint operations or operations which are jointly controlled are recognised in the consolidated balance sheet classified according to their specific nature and the Group's percentage of ownership interest therein. Similarly, the Group's share of the income and expenses of joint ventures is recognised in the consolidated income statement on the basis of their nature.

Appendix II and Note 8 contain relevant information on these companies.

Section f) of this note contains information on acquisitions and disposals, as well as increases and decreases in ownership interest.

e) Associates

Associates are companies over which the Group is in a position to exercise significant influence, but not control or joint control, usually because it holds -directly or indirectly- 20% or more of the voting rights of the investee.

Exceptionally, the following entities, in which the Group owns 20% or more of the voting rights, are not considered to be Group associates since they are in the process of being dissolved or are fully inoperative and are irrelevant for the Group as a whole. These companies are Corfica 1, S.L., Grupo Comercializador del Sur, S.A., Chipset Sistemas, S.L. and Concesionaria DHM, S.A.

Investments in associates are accounted for using the equity method, i.e. they are measured initially at acquisition cost, and subsequently on each reporting date, are measured at cost, plus the variations in the net assets of the associate according to the

Group's percentage of ownership interest. The excess of the cost of acquisition over the fair value of the net assets of the associate at the date of acquisition is recognised as goodwill. The goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess in the Group's share in the fair value of the net assets of the associate over acquisition cost at the acquisition date is recognised in the income statement.

The profit or loss of associates net of taxes is included in the Group's income statement under "Results of Companies Accounted for Using the Equity Method" according to the Group's percentage of ownership interest, after the required adjustments have been made to take into account the depreciation of the depreciable assets based on their fair value at the date of acquisition.

If as a result of losses incurred by an associate its equity is negative, the investment should be presented in the Group's consolidated balance sheet with a zero value, unless the Group is obliged to give it financial support.

Appendix III and Note 9 contain relevant information on these companies.

f) Changes in the scope of consolidation

The most significant changes in the scope of consolidation in 2008 and 2007 were as follows:

On 8 January 2008, the ACS Group acquired 4.84% of the shares of Unión Fenosa for EUR 657 million, increasing its ownership interest to 45.3% of the share capital of the electricity utility. This acquisition gave rise to goodwill amounting to EUR 300.3 million.

On 30 July 2008 the ACS Group entered into an agreement with Gas Natural SDG, S.A. to sell the whole of its 45.3% ownership interest in the share capital of Unión Fenosa, S.A.

This transaction was performed in the following phases:

- On 1 August 9.9999% of the shares of Unión Fenosa were transferred at the price of EUR 18.33 per share, which amounted to EUR 1,675.4 million and gave rise to gains net of taxes amounting to EUR 403.5 million, recognised under "Profit after Tax from Discontinued Operations" (Note 3.9).
- The remaining 35.3051% was sold on 26 February 2009 (following approval of the merger of Gas Natural and Unión Fenosa by the competent authorities) for EUR 5,824.8 million (equivalent to EUR 18.05 per share, net of the dividend received from Unión Fenosa in January 2009).

On 27 March the ACS Group purchased 1% of the shares of Abertis for a total EUR 134 million, increasing its ownership interest to 25.8% of the company's share capital. With respect to this acquisition, the fair value assigned to the assets was EUR 55,470 thousand, after having taken the corresponding deferred tax into consideration. This amount includes the underlying carrying amount of the investment totalling EUR 37,129 thousand. The goodwill arising on this purchase amounted to EUR 78,650 thousand, and as in the case of the previous acquisitions, is attributable to the Abertis Group's high profitability and to the strategic and complementary nature of the activities carried on by the ACS Group.

In 2008 the ACS Group closed the sale to Abertis Infraestructuras, S.A. initiated in December 2007, of shares representing the whole of the share capital of Desarrollo de Concesiones Aeroportuarias S.L., which includes the ACS Group's investment in the airports of Chile, Columbia, Jamaica and Mexico. This transaction, representing a company value of EUR 270.8 million, gave rise to consolidated gains before tax amounting to EUR 114.5 million, after having eliminated the percentage of ownership interest in Abertis Infraestructuras, S.A.

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The ACS Group sold the whole of its ownership interest in its subsidiary Inversora de Infraestructuras, S.L, which holds shares in the Chilean toll roads, Rutas del Pacífico, S.A. (48%) and Autopista Central (50%), to Abertis Infraestructuras, S.A. and to a Santander Group venture capital fund. This transaction gave rise to gains before tax amounting to EUR 530,136 thousand, after having eliminated the percentage of ownership interest in Abertis Infraestructuras, S.A.

In 2008 the ownership interest in Autopista Scutvias Autostrade da Beira Interior was sold for EUR 56 million.

As explained in section c) Unión Fenosa, S.A. was fully consolidated from January 2007. Commencing on this date, in accordance with IFRS 3, it became necessary to measure the assets and liabilities from Unión Fenosa, S.A. at fair value ("purchase price allocation"). The detail of the allocation of the purchase price was as follows:

	Carrying Amount	Allocation of Assets	Fair Value of Assets
Thousands of euros			
Property, plant and equipment	10,932,582	2,809,908	13,742,490
Other intangible assets	501,039	548,869	1,049,908
Other non-current assets	2,849,952	–	2,849,952
Current assets	2,479,162	–	2,479,162
Non-current liabilities (deferred tax liabilities)	(6,773,176)	(1,007,633)	(7,780,809)
Current liabilities	(4,451,972)	–	(4,451,972)
Total net assets	5,537,587	2,351,144	7,888,731
Minority Interests	–	–	(5,138,469)
Total fair value of the net assets acquired	–	–	2,750,262
Reserves accumulated from purchase date to takeover date	–	–	(229,243)
Purchase price	–	–	4,150,734
Goodwill	–	–	1,629,715

In accordance with the IFRS, this allocation of assets gave rise to an effect on reserves amounting to EUR 59,940 thousand, relating to the value of the assets prior to being fully consolidated.

The main assets to which a significantly higher fair value than the carrying amount thereof was attributed were certain property, plant and equipment of the Unión Fenosa Group, and mainly gas and generation and intangible assets, including, inter alia, the Group's client base and industrial gas order book.

On 28 December 2007, the Group acquired all the shares of the US Schiavone Construction Company, which specializes in civil engineering works. In 2008 and within the period of 12 months allowed under the IFRS, the assets and goodwill arising on this purchase, amounting to EUR 14,845 thousand, were allocated as intangible assets to the contract order book. The integrated balance sheet, as well as the purchase price and final purchase price allocation are as follows:

	Carrying Amount
Thousands of euros	
Non-current assets	13,105
Current assets	90,930
Non-current liabilities	(1,790)
Current liabilities	(58,224)
Net assets acquired	44,021
Purchase price in cash	99,730
Goodwill	40,864
Intangible assets (contract order book)	14,845
Cash and cash equivalents	21,528
Cash flow from the acquisition	78,202

This company's sales for all of 2007 amounted to EUR 148,146 thousand, and its net profit amounted to EUR 12,919 thousand.

In 2007 the Group acquired all the shares of Senda Ambiental, S.A. a company which provides urban services. In 2008 and within the period of 12 months allowed, the assets and goodwill arising on this purchase, calculated as follows, were allocated:

	Carrying Amount
Thousands of euros	
Non-current assets	21,611
Current assets	25,572
Non-current liabilities	(22,002)
Current liabilities	(25,283)
Total net assets	(102)
Minority Interests	(1,736)
Net assets acquired	(1,838)
Purchase price in cash	40,470
Non-current assets allocated	25,286
Goodwill	17,022
Cash and cash equivalents	2,725
Cash flow from the acquisition	37,745

The sales integrated by Senda Ambiental, S.A. in December 2007 amounted to EUR 2,938 thousand and integrated profit amounted to EUR 100 thousand. This company's sales for all of 2007 amounted to EUR 38,077 thousand, and its net profit amounted to EUR 481 thousand.

Hochtief, A.G. – In April 2007 25.08% of the share capital of the construction and concession group Hochtief, A.G. was acquired for EUR 1,263,800 thousand (Note 19). In 2008 the ACS Group exercised an equity swap for 4.9% of the shares of Hochtief A.G., and consequently obtained a direct ownership interest of 29.98% in the German construction company which continues to be accounted for using the equity method.

Continental Auto – In April 2007, the ACS Group sold its transport subsidiary Continental Auto. The price paid amounted to EUR 659 million and gave rise to a capital gain net of tax and related expenses amounting to EUR 423,727 thousand, which was recorded under "Profit after Tax from Discontinued Operations" in the accompanying income statement.

Appendix IV contains information on the remaining acquisitions and disposals, as well as increases and decreases in ownership interest affecting the scope of consolidation.

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3. Accounting policies

The principal accounting policies used in preparing the Group's consolidated financial statements, in accordance with International Financial Reporting Standards (IFRSs), as adopted by the European Union, were as follows:

3.1 Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or jointly controlled entity at the date of acquisition.

Any excess of the cost of the investments in the consolidated companies over the corresponding underlying carrying amounts acquired, adjusted at the date of first-time consolidation, is allocated as follows:

- If it is attributable to specific assets and liabilities of the companies acquired, increasing the value of the assets (or reducing the value of the liabilities) whose market values were higher (lower) than the carrying amounts at which they had been recognised in their balance sheets and whose accounting treatment was similar to that of the same assets (liabilities) of the Group: amortisation, accrual, etc. If it is attributable to specific intangible assets, by recognising it explicitly in the consolidated balance sheet provided that the fair value at the date of acquisition can be measured reliably.
- Goodwill is only recognised when it has been acquired for consideration and represents, therefore, a payment made by the acquirer in anticipation of future economic benefits from assets of the acquired company that are not capable of being individually identified and separately recognised.
- Goodwill acquired on or after 1 January 2004, is measured at acquisition cost and that acquired earlier is recognised at the carrying amount at 31 December 2003.

In both cases, at the end of each reporting period goodwill is reviewed for impairment (i.e. a reduction in its recoverable amount to below its carrying amount) and any impairment is written down with a charge to "Net Impairment Losses" in the consolidated income statement, since, as stipulated in IFRS 3, goodwill is not amortised.

An impairment loss recognised for goodwill must not be reversed in a subsequent period.

On disposal of a subsidiary or jointly controlled entity, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

Goodwill arising on the acquisition of companies with a functional currency other than the Euro is translated to Euros at the exchange rates prevailing at the date of the consolidated balance sheet, and changes are recorded as either exchange gains or losses or impairment losses.

Any deficiency of the cost of investments in consolidated companies and associates below the related underlying carrying amounts acquired, adjusted at the date of first-time consolidation, is classified as negative goodwill and is allocated as follows:

1. If the negative goodwill is attributable to specific assets and liabilities of the companies acquired, by increasing the value of the liabilities (or reducing the value of the assets) whose market values were higher (lower) than the carrying amounts at which they had been recognised in their balance sheets and whose accounting treatment was similar to that of the same assets (liabilities) of the Group: amortisation, accrual, etc.
2. The remaining amounts are presented under "Other Profit or Loss" in the consolidated income statement for the year in which the share capital of the subsidiary or associate is acquired.

3.2 Other intangible assets

The other intangible assets are identifiable non-monetary assets without physical substance which arise as a result of a legal transaction or which are developed internally by the consolidated companies. Only assets whose cost can be estimated reliably and from which the consolidated companies consider it probable that future economic benefits will be generated are recognised.

Intangible assets are measured initially at acquisition or production cost and are subsequently measured at cost less any accumulated amortisation and any accumulated impairment losses. These assets are amortised over their useful life.

The ACS Group recognises any impairment loss on the carrying amount of these assets with a charge to "Impairment and Gains on the Disposal of Non-Current Assets" in the consolidated income statement. The criteria used to recognise the impairment losses on these assets and, where applicable, the reversal of impairment losses recognised in prior years are similar to those used for property, plant and equipment (Note 3.6).

3.2.1 Development Expenditure

Development expenditure is only recognised as intangible assets if the all of the following conditions are met:

- a) an identifiable asset is created (such as computer software or new processes);
- b) it is probable that the asset created will generate future economic benefits; and
- c) the development cost of the asset can be measured reliably.

Internally generated intangible assets are amortised on a straight-line basis over their useful lives (over a maximum of five years). Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the year in which it is incurred.

3.2.2 Administrative Concessions

Concessions may only be recognised as assets when they have been acquired by the Group for consideration (in the case of concessions that can be transferred) or for the amount of the expenses incurred to directly obtain the concession from the state or from the related public agency.

Concessions are generally amortised on a straight-line basis over the term of the concession. In the event of non-compliance leading to the loss of the concession rights, the carrying amount of the concession is written off.

3.2.3 Computer Software

The acquisition and development costs incurred in relation to the basic computer systems used in the Group's management are recognised with a charge to "Other Intangible Assets" in the consolidated balance sheet.

Computer system maintenance costs are recognised with a charge to the consolidated income statement for the year in which they are incurred.

Computer software may be contained in a tangible asset or have physical substance and, therefore, incorporate both tangible and intangible elements. These assets will be recognised as property, plant and equipment if they constitute an integral part of the related tangible asset, which cannot operate without that specific software.

Computer software is amortised on a straight-line basis over a period of between three and four years from the entry into service of each application.

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3.3 Property, plant and equipment

Land and buildings acquired for use in the production or supply of goods or services or for administrative purposes are stated in the balance sheet at acquisition or production cost less any accumulated depreciation and any recognised impairment losses.

Capitalised costs include borrowing costs relating to external financing incurred only during the period of construction of the assets, provided that it is probable that they will give rise to future economic benefits for the Group. The capitalised borrowing costs relate both to specific financing expressly for the acquisition of assets and to general financing in accordance with the criteria of IAS 23. Investment income earned on the temporary investment of specific borrowings pending their investment on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other interest costs are recognised in the income statement in the year in which they are incurred.

Replacements or renewals of complete items that lead to a lengthening of the useful life of the assets or to an increase in their economic capacity are recognised as additions to property, plant and equipment, and the items replaced or renewed are derecognised.

Periodic maintenance, upkeep and repair expenses are recognised in the income statement on an accrual basis as incurred.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their projected use.

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is calculated, using the straight-line method, on the basis of the acquisition cost of the assets less their residual value; the land on which the buildings and other structures stand has an indefinite useful life and, therefore, is not depreciated.

The period property, plant and equipment depreciation charge is recognised in the consolidated income statement and is basically based on the application of depreciation rates determined on the basis of the following average years of estimated useful life of the various assets:

	Years of Estimated Useful Life
Structures	33-50
Plant and machinery	3-20
Other fixtures, tools and furniture	3-14
Other items of property, plant and equipment	4-12

Notwithstanding the foregoing, the fixed assets relating to certain service contracts which reverse back to the contracting body at the end of the term of the contract are depreciated over the lesser of the contract term or the useful life of the assets.

Assets held under finance leases are recognised in the corresponding asset category at the current value of the minimum payments to be made including their residual value, and are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are depreciated on a basis similar to that of owned assets. If there is no reasonable certainty that the lessee will ultimately obtain ownership of the asset upon the termination of the lease, the asset is depreciated over the shorter of its useful life or the term of the lease.

Interest relating to the financing of assets held under finance leases is charged to consolidated profit for the year in accordance with the effective interest method, on the basis of the repayment of the debt. All other interest costs are recognised in the income statement in the year in which they are incurred.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated income statement.

The carrying amounts of property, plant and equipment were considered to be the carrying amounts of the assets in the transition to IFRSs.

The future costs that the Group will have to incur in respect of decommissioning, restoration and environmental rehabilitation of certain facilities are capitalised to the cost of the asset, at present value, and the related provision is recognised. The Group reviews each year its estimates of these future costs, adjusting the value of the provision recognised based on the related studies.

3.4 Non-current assets in projects

This heading includes the amount of investments, mainly in transport, energy and environmental infrastructures which are operated by ACS Group subsidiaries and which are financed by the Project Finance method (limited recourse financing applied to projects).

These financing structures are applied to projects capable in their own right of providing sufficient guarantee to the participating financial institutions with regard to the repayment of the funds borrowed to finance them. Each project is performed through specific companies in which the project's assets are financed, on the one hand, through a contribution of funds by the developers, which is limited to a determined amount, and on the other, generally of a larger amount, through borrowed funds in the form of long-term debt. The debt servicing of these credit facilities or loans is mainly supported by the cash flows generated by the project in the future.

Non-current assets in projects are valued at the costs directly allocable to construction incurred through their entry into operation (studies and designs, expropriations, reinstatement of services, project execution, project management and administration expenses, installations and facilities and similar items) and the portion relating to other indirectly allocable costs, to the extent that they relate to the construction period.

Also included in this heading are the borrowing costs incurred prior to the entry into operation of the assets arising from external financing used to acquire such assets. The capitalised borrowing costs relate to specific financing expressly for the acquisition of assets.

The main features to be considered in relation to non-current assets in projects are as follows:

- The assets under concession are owned by the grantor in most cases.
- The grantor controls or regulates the service offered by the concession operator and the conditions under which it should be provided.
- The assets are operated by the concession operator as established in the concession tender specifications for an established concession period. At the end of this period, the assets are returned to the grantor, and the concession operator has no right whatsoever over these assets.
- The concession operator receives revenues for the services provided either directly from the users or through the grantor.

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Repair and maintenance expenses which do not lead to a lengthening of the useful life of the assets or an extension of their production capacity are expensed currently.

Concession operators cover all the investment made on completion of the concession term by way of amortisation.

In November 2006, the IASB approved the interpretation IFRS 12 relating to the accounting treatment of service concession arrangements, although it was not approved by the European Union until 2009. The ACS Group did not apply this interpretation at the end of 2008 and of 2007. The most significant accounting policies applied by the ACS Group in relation to its concession projects are as follows:

- Capitalise borrowing costs accrued during the construction period and not capitalise borrowing costs subsequent to the date on which the assets come into operation.
- Effective in 2007 and subsequent years, the ACS Group changed the method by which the economic benefits consumed by assets relating to toll road concession arrangements are estimated for amortisation purposes from the straight-line to an increasing-charge method based on their consumption pattern. This pattern was considered to relate to traffic estimates over the concession term. Pursuant to IAS 8.25 this change in method is considered to be a change in estimates, and accordingly, is to be recognised prospectively in 2007 and subsequent years, without modifying previous years. The effect thereof in relation to the consolidated financial statements is not material.

3.5 Investment property

The Group classifies as investment property the investments in land and structures held either to earn rentals or for capital appreciation, rather than for their use in the production or supply of goods or services or for administrative purposes; or for their sale in the ordinary course of business. Investment property is measured initially at cost, which is the fair value of the consideration paid for the acquisition thereof, including transaction costs. Subsequently, accumulated depreciation, and where applicable, impairment losses are deducted from the initial cost.

In accordance with IAS 40, the ACS Group has elected not to periodically revalue its investment property on the basis of its market value, but rather to recognise it at cost, net of the related accumulated depreciation, following the same criteria as for plant, property and equipment.

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its sale or disposal by any other means.

Gains or losses arising from the retirement, sale or disposal of the investment property by other means are determined as the difference between the net disposal proceeds from the transaction and the carrying amount of the asset, and is recognised in profit or loss in the period of the retirement or disposal.

3.6 Impairment of property, plant and equipment and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets, as well as its investment property, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset itself does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

3.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and overheads incurred in bringing the inventories to their present location and condition.

Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

The cost of inventories is calculated by using the weighted average cost formula. Net realisable value is the estimated selling price less the estimated costs of completion and costs to be incurred in marketing, selling and distribution.

The Group assesses the net realisable value of the inventories at year-end and recognises the appropriate loss if the inventories are overstated. When the circumstances that previously caused inventories to be written down no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed.

3.8 Non-current and other financial assets

Except in the case of financial assets at fair value through profit or loss, financial assets are initially recognised at fair value, plus directly attributable transaction costs. The Group classifies its financial investments in four categories regardless of whether they are long- or short-term, excluding investments in associates and assets held for sale.

In the balance sheet, financial assets maturing within no more than 12 months are classified as current assets and those maturing within more than 12 months as non-current assets.

3.8.1 Loans and receivables

These are non-derivative financial assets with fixed or determinable payments not traded in an active market. After their initial recognition, they are measured at amortised cost using the effective interest method.

The amortised cost is understood to be the initial cost of a financial asset or liability minus principal repayments, plus or minus the cumulative amortisation of any difference between that initial amount and the maturity amount. In the case of financial assets, amortised cost also includes any reduction for impairment.

The effective interest rate is the discount rate that exactly matches the net carrying amount of a financial instrument to all its estimated cash flows of all kinds through its residual life.

Deposits and guarantees given are recognised at the amount delivered to meet contractual commitments, regarding gas, water and lease agreements.

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Period changes for impairment and reversals of impairment losses on financial assets are recognised in the consolidated income statement for the difference between their carrying amount and the present value of the recoverable cash flows.

3.8.2 Held-to-maturity investments

These include non-derivative financial assets with fixed or determinable payments and with a fixed maturity date that the Group has the positive intention and ability to hold to the date of maturity. After their initial recognition, they are also measured at amortised cost.

3.8.3 Financial assets at fair value through profit or loss

These include the financial assets held for trading and financial assets managed and measured using the fair value model. These assets are measured at fair value in the consolidated balance sheet and changes are recognised in the consolidated income statement.

3.8.4 Available-for-sale investments

These are non-derivative financial assets designated as available for sale or not specifically classified within any of the previous categories. These relate mainly to investments in the share capital of companies not included in the scope of consolidation.

After their initial recognition at acquisition cost, they are measured at fair value, and the gains and losses from changes in fair value are recognised directly in equity until the asset is disposed of or it is determined that it has become impaired, at which time the cumulative gains or losses previously recognised in equity under "Adjustments for Changes in Value" are recognised in the profit or loss for the year of the related financial assets.

The fair value of investments actively traded in organised financial markets is determined by reference to their closing market price at year-end. Investments for which there is no active market and whose fair value may not reliably be determined are valued at cost or at a lesser cost in the event that impairment is evidenced.

3.8.5 Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership, as in the case of firm sales, transfers of trade receivables in factoring transactions in which no credit or interest risk is retained, sales of financial assets in relation to which repurchase agreements have been entered into at fair value or securitizations of financial assets in which the assignor does not retain subordinated financing or grant any type of guarantee or assume any other type of risk.

On the contrary, the Group does not derecognise financial assets and recognises a financial liability equal amount to the amount of consideration received where the Group retains substantially all the risks and rewards of ownership of the transferred asset, as in the case of draft discounting facilities, recourse factoring, the sale of financial assets in relation to which a repurchase agreement is entered into at a fixed price or at the sale price plus interest, and the securitization of financial assets in which the assignor retains subordinated financing or other types of guarantees covering substantially all of the projected losses.

3.9 Non-current assets held for sale, liabilities relating to non-current assets held for sale and discontinued operations

Non-current assets or disposal groups are classified as held for sale if their carrying amounts will be recovered principally through sale rather than through continuing use. For this to be the case, the assets or disposal groups must be available for immediate sale in their present condition, and their sale must be highly probable.

Discontinued operations represent Group components that have been sold or disposed of by any other means, or that have been classified as held for sale. These components comprise groups of operations and cash flows that can be distinguished, operationally and for financial reporting purposes, from the rest of the Group. They represent separate lines of business or geographical areas, and also include subsidiaries acquired solely with a view to resale.

The income, expenses, assets and liabilities of the discontinued operations and assets classified as held for sale are presented separately in the consolidated income statement and the consolidated balance sheet, and continue to be measured at their carrying amounts adjusted for any possible impairment losses, except in the case of assets that had previously been classified as available-for-sale financial assets, which continue to be measured at fair value through equity.

In view of the decision to sell the whole of the ACS Group's ownership interest in Unión Fenosa, S.A. in July 2008, the energy line of business was considered to be a discontinued operation and was classified as such in the income statements and cash flow statements for 2007 and 2008. In 2008 the amount included under "Profit after Tax from Discontinued Operations" relates to the profit contributed by Grupo Unión Fenosa, S.A. prior to the date on which the decision to sell the company was made, as well as the profit net of taxes corresponding to the sale of 10% of this line of business amounting to EUR 1,600,894 thousand (after minority interests amounting to EUR 786,517 thousand).

In 2007 this heading included both the amount relating to the effect of the Continental Auto Group detailed above as well as the contribution net of taxes and minority interests by the Unión Fenosa Group in 2007 amounting to EUR 230,220 thousand.

The breakdown of the profit from discontinued operations in 2008 and 2007 is as follows:

	31/12/2008	31/12/2007
Thousands of euros		
Revenue	7,099,592	6,044,258
Operating expenses	(5,196,346)	(4,680,479)
Net operating income	1,903,246	1,363,779
Profit before tax	1,608,089	1,137,914
Corporate income tax	(410,690)	(355,287)
Profit attributed to minority interests	(814,377)	(549,421)
Profit after tax and minority interests	383,022	233,206
Net profit from the disposal of discontinued operations	403,495	420,741
Profit after tax from discontinued operations	786,517	653,947

Additionally, as indicated in Note 2.2.f, passenger transport was considered to be a discontinued operation and was classified as such in the income statement for 2007. In 2007, the amount included under "Profit after Tax from Discontinued Operations" related to the profit contributed by the Continental Auto Group prior to its sale, as well as the profit net of taxes and related expenses corresponding to the sale of this operation, which amounted to EUR 423,727 thousand. The tax effect after having taken into account the tax credit for reinvestment, amounted to EUR 87,355 thousand.

The detail of the assets and liabilities relating to the discontinued energy operations is as follows:

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31/12/2008

Thousands of euros	
Property, plant and equipment	15,122,839
Intangible assets	2,878,149
Financial assets	2,496,421
Deferred tax and other non-current assets	729,374
Current assets	3,122,249
Non-current assets held for sale from discontinued operations	24,349,032
Non-current liabilities	11,615,666
Current liabilities	4,297,259
Liabilities relating to assets held for sale from discontinued operations (a)	15,912,925
Minority interests from discontinued operations	6,292,012

(a) Including a payable of EUR 2,260 million associated with this line of business (Note 18).

Additionally, the balance sheet includes Industrial area assets held for sale amounting to EUR 1,585 thousand.

At 31 December 2007, the balance of this heading in the consolidated balance sheet related mainly to the following:

1. The investment in Desarrollo de Concesiones Aeroportuarias S.L, which includes the Group's investment in the airports of Chile, Columbia, Jamaica and Mexico, since in September 2007, the ACS Group reached an agreement for the sales of shares representing the whole of the share capital of this company. The carrying amount of these assets was EUR 216,340 thousand and the liabilities associated thereto amounted to EUR 103,233 thousand. The company's total value amounted to EUR 270.8 million based on the amount of the transaction, the closure of which is still pending the required administrative authorisations.
2. The Union Fenosa Group's 2.51% holding in the telecommunications operator France Telecom España, S.A. (previously Auna Operadores de Telecomunicaciones, S.A.), which amounted to EUR 197,343 thousand at December 2007. This holding was sold in February 2008 (Note 33).
3. The indirectly held shares in the share capital of Manila Electric Corporation, Inc., which amounted to EUR 77 million in December 2006, were classified at assets held for sale amounting to EUR 171,538 thousand in June. This holding was sold in January 2008 (Note 33).

In relation to the assets and liabilities associated with discontinued operations in 2008, the Group has recognised as liabilities those directly related to this line of business which must be derecognised once disposed of, holding those that are associated with the financing of this line of business but are not required to be derecognised in the case of the sale of the operation.

Additionally, since the Group continued to have control over Unión Fenosa, S.A. at year-end, it recognised and will continue to recognise the "Minority Interests" relating to this holding until such control is lost or the whole of the ownership interest is sold

The breakdown of the effect on the cash flow statement is as follows:

	2008	2007
Thousands of euros		
Cash flows from operations	214,483	1,449,989
Cash flows from investment activities	1,018,179	(268,958)
Cash flows from financing activities	(584,070)	(442,897)
Net cash flows from discontinued operations	648,592	738,134

3.10 Equity

An equity instrument represents a residual interest in the assets of the Group after deducting all of its liabilities.

Capital and other equity instruments issued by the Group are recognised in equity at the proceeds received, net of direct issue costs.

3.10.1 Share capital

Ordinary shares are classified as capital. There are no other types of shares.

Expenses directly attributable to the issue or acquisition of new shares are recognised in equity as a deduction from the amount thereof.

3.10.2 Treasury shares

Note 15.4 summarises the transactions performed with treasury shares in 2008 and 2007. Such shares are recognised as a reduction of equity in the accompanying consolidated balance sheet at 31 December 2008 and 2007. No gain or loss from the purchase, sale, issue or retirement of treasury shares is recognised.

If the Group were to acquire or sell treasury shares, the amount paid or received for the treasury shares would be directly recognised in equity. No loss or gain from the purchase, sale, issue or amortisation of the Group's own equity instruments is recognised in the consolidated income statement for the year.

The shares of the Parent are measured at average acquisition cost.

3.10.3 Share options

The Group has granted options on ACS, Actividades de Construcción y Servicios, S.A. shares to certain employees.

In accordance with IFRS 2, the options granted are deemed to be equity-settled share-based payment transactions and are therefore measured at fair value at the grant date and are expensed over the vesting period with a credit to equity, based on the periods of irrevocability of the options.

Since market prices are not available, the value of the share options has been determined using valuation techniques taking into consideration all factors and conditions that would have been applied in an arm's length transaction between knowledgeable parties (Note 28.3).

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3.10.4 Preference shares

Issues of preference shares are considered to constitute equity instruments if, and only if:

- They do not include a contractual redemption obligation for the issuer, for a fixed or determinable amount at a fixed or determinable future date, or give the holder the right to require the issuer to redeem the instrument; and;
- Interest is payable at the discretion of the issuer.

In the case of issues of preference shares carried out by the energy activity area, the net amount received is classified in the consolidated balance sheet under "Minority Interests".

3.11 Government grants

The ACS Group has received grants from various government agencies mainly to finance investments in property, plant and equipment relating to environmental activity. Evidence of compliance with the conditions established in the related grant resolutions was provided to the relevant competent agencies.

Government grants given to the Group to acquire assets are taken to income over the same period and on the same basis as those applied to depreciate the asset relating to the aforementioned grant.

Government grants to compensate costs are recognised as income on a systematic basis over the periods necessary to match them with the related costs which they are intended to compensate.

Government grants receivable as compensation for expenses or losses already incurred, or for the purpose of giving financial support with no future related costs, are recognised as income in the period in which they become receivable.

3.12 Financial liabilities

Financial liabilities are classified in accordance with the content of the contractual arrangements, bearing in mind the economic substance thereof.

The main financial liabilities held by the Group companies relate to held-to-maturity financial liabilities which are measured at amortised cost.

Financial risk management is detailed in Note 21.

3.12.1 Bank borrowings, debt and other securities

Interest-bearing bank loans and overdrafts are recognised at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are recognised in the income statement on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Loans are classified as current items unless the Group has the unconditional right to defer repayment of the debt for at least 12 months from the consolidated balance sheet date.

3.12.2 Trade and other payables

Trade payables are not interest bearing and are stated at their nominal value, which does not differ significantly from their fair value.

3.12.3 Current/Non-current classification

In the accompanying consolidated balance sheet debts due to be settled within 12 months are classified as current items and those due to be settled within more than 12 months as non-current items.

Loans due within 12 months but whose long-term refinancing is assured at the Group's discretion, through existing long-term credit loan facilities, are classified as non-current liabilities.

Limited recourse financing of projects and debts is classified based on the same criteria, and the detail thereof is shown in Note 18.

3.12.4 Retirement benefit obligations

a) Post-employment benefit obligations

Certain Group companies have post-employment benefit obligations of various kinds to their employees. These obligations are classified by group of employees and may relate to defined contribution or defined benefit plans

Under the defined contribution plans, the contributions made are recognised as expenditure under "Staff Costs" in the consolidated income statements as they accrue, whereas for the defined benefit plans actuarial studies are conducted once a year by independent experts using market assumptions and the expenditure relating to the obligations is recognised on an accrual basis, classifying the normal cost for the current employees over their working lives under "Staff Costs" and recognizing the associated finance cost, in the event that the obligation were to be financed, by applying the rates relating to investment-grade bonds on the basis of the obligation recognised at the beginning of each year (Note 21).

The defined benefit pension obligations arising from the companies incorporated as a result of the merger by absorption of Grupo Dragados in 2003, are funded by Group life insurance policies, in which investments have been assigned, and whose flows coincide in time and amount with the payment schedule of the insured benefits. Based on the valuation made, at 31 December 2008, the amounts required to cover the obligations to current and retired employees amounted to EUR 64,127 thousand (EUR 78,473 thousand in 2007) and EUR 187,147 thousand (176,503 thousand in 2007), respectively. The actuarial assumptions used are those indicated below:

Annual rate of increase of maximum social security pension benefit	2.00%
Annual wage increase	2.35%
Annual CPI (Consumer Price Index) growth rate	2.00%
Mortality table (*)	PERM/F-2000 P

(*) Guaranteed assumptions which will not vary

The applicable interest rates from the date of externalisation of these pension obligations ranged from a maximum of 5.93% in 2000 to a minimum of 3.02% in 2005. In 2008 an interest rate of 3.02% was applied and in 2007 the rate was 4.11%.

The aforementioned pension obligations, which are recognised under "Staff Costs" in the income statement, amounted to EUR 2,770 thousand in 2008 and EUR 2,903 thousand in 2007.

Additionally, ACS, Actividades de Construcción y Servicios, S.A. and other ACS Group companies have alternative pension system obligations to certain members of the management team and the Board of Directors. These obligations have been formalised through several group savings insurance policies which provide benefits in the form of a lump sum. The contribution required in this connection amounted to EUR 4,025 thousand and was recognized under "Staff Costs" in the 2008 income statements. The obligation assumed in this respect in 2007 amounted to EUR 3,129 thousand. The portion relating to the Parent's directors who performed executive duties in 2008 amounted to EUR 2,204 thousand (EUR 2,010 thousand in 2007 (Note 34)

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b) Other employee benefit obligations

The expense relating to termination benefits is recognised in full when there is an agreement or when the interested parties have a valid expectation that such an agreement will be reached that will enable the employees, individually or collectively and unilaterally or by mutual agreement with the company, to cease working for the Group in exchange for a termination benefit. If a mutual agreement is required, a provision is only recognised in situations in which the Group considers that it will give its consent to the termination of the employees.

03.12.05. Termination benefits

Under current legislation, the Spanish consolidated companies and certain foreign companies are required to pay termination benefits to employees terminated without just cause. There are no redundancy plans making it necessary to record a provision in this connection.

3.13 Provisions

The Group's consolidated financial statements include all the material provisions with respect to which it is considered that it is more likely than not that the obligation will have to be settled. Contingent liabilities are not recognised in the consolidated financial statements, but rather are disclosed, as required by IAS 37.

Provisions, which are quantified on the basis of the best information available on the consequences of the event giving rise to them and are reviewed and adjusted at the end of each year, are used to cater for the specific obligations for which they were originally recognised. Provisions are fully or partially reversed when such obligations cease to exist or are reduced.

Litigation and/or claims in process

At the end of 2007 certain litigation and claims were in process against the consolidated companies forming part of the ACS Group arising from the ordinary course of their operations, which, unless indicated below, are not representative on an individual level. The Group's legal advisers and directors consider that the outcome of litigation and claims will not have a material effect on the financial statements for the years in which they are settled.

Additionally, in accordance with the opinion of the external lawyers responsible for the legal aspects of this matter, the Group considers that there is no economic risk relating to the lawsuit filed by Boliden-Apirsa in 2004. In relation to this matter, in November 2006 the Madrid Court of First Instance dismissed the lawsuit filed. Boliden-Apirsa has filed an appeal against this decision, which is currently in process.

Provisions for termination benefits to employees

Also, pursuant to current legislation, a provision is recognised to meet the cost of termination of temporary employees with a contract for project work.

Provisions for completion of construction projects

Inspection fee expenses, estimated costs for site clearance and other expenses that may be incurred from completion of the project through final settlement thereof are accrued over the execution period on the basis of production volumes and are recognised under “Current Provisions” on the liability side of the consolidated balance sheets.

Dismantling of non-current assets and environmental restoration

The Group is obliged to dismantle certain facilities at the end of their useful life, such as those associated with the closing of landfills, and to ensure the environmental restoration of the sites where they were located. The related provisions have been made for this purpose and the present value of the cost that these tasks would represent has been estimated.

Other provisions

Other provisions include mainly provisions for warranty costs.

3.14 Risk management policy

The ACS Group is exposed to certain risks which it manages by applying risk identification, measurement, concentration limitation and monitoring systems.

The main principles defined by the ACS Group for its risk management policy are as follows:

- Compliance with good corporate governance standards.
- Establishment by the Group’s various lines of business and companies of the risk management controls required to assure that market transactions are performed in accordance with the policies, standards and procedures of the ACS Group.
- Special attention to the management of financial risk, basically including interest rate risk, foreign currency risk, liquidity risk and credit risk (Note 21).

The ACS Group’s risk management is of a preventative nature and is aimed at the medium- and long-term taking into account the most probable scenarios with respect to the performance of the variables affecting each risk.

3.15 Derivative financial instruments

The Group’s activities are exposed mainly to financial risks of changes in foreign exchange rates and interest rates. The transactions performed are in line with the risk management policy defined by the Group.

Derivatives are initially recognised at acquisition cost in the consolidated balance sheet and the required value adjustments are subsequently made to reflect their fair value at all times. These adjustments are recorded under “Financial Instrument Receivables” in the consolidated balance sheet if they are positive and under “Financial Instrument Payables” if they are negative. Gains and losses from fair value changes are recognised in the consolidated income statement, unless the derivative has been designated and is highly effective as a hedge, in which case it is recognised as follows:

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Fair value hedges

The hedged item and hedging instrument are both measured at fair value, and changes in fair value are recognised in the consolidated income statement under "Changes in the Fair Value of Financial Instruments".

Cash flow hedges

Changes in the fair value of the derivatives are recognised, in respect of the effective portion of the hedges, in equity under "Adjustments for Changes in Value" in the accompanying consolidated balance sheet. Hedges are considered to be effective or efficient for derivatives in relation to which the effectiveness test results are within a range of 80% to 125%. The cumulative gain or loss recognised in this account is transferred to the consolidated income statement to the extent that the underlying has an impact on this account in relation to the hedged risk, and the related effect is deducted from the balance of the same heading in the consolidated income statement.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the year.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not carried at fair value with unrealised gains or losses reported in the income statement.

The fair value of the derivative financial instruments is calculated as follows:

- For derivatives whose underlying is quoted in an organized market, valuation is based on a Value at Risk (VaR) analysis, which determines the asset's expected value, taking into consideration its exposure to risk for a certain confidence level on the basis of market performance, the asset's characteristics and the potential loss arising under a scenario which is highly unlikely to occur. The analysis is based on applying a normal distribution to the daily evolution of the asset's price and the use of the expected volatility required on the basis of the derivative's characteristics to establish the probability associated to the required confidence level. For the purposes of this calculation, the periods required to undo this position without affecting the market are taken into account. The outstanding finance costs associated with each derivative evaluated is deducted from the values obtained.
- Derivatives not traded in organised markets are valued using normal financial market techniques, i.e., discounting the expected cash flows in the contract in view of its characteristics, such as the notional amount and the collection and payment schedule, based on spot and forward market conditions at the reporting date. Interest rate swaps are measured using zero-coupon curves, which is determined on the basis of the deposits and swaps traded at a given time through a bootstrapping process through which the discount factors are obtained. For derivatives with caps and floors or combinations thereof, occasionally tied to the fulfilment of special obligations, the interest rates used are the same as in the case of interest rate swaps. However, in order to allow for the random exercise of options, the Black-Scholes methodology is used, as is standard practice in the financial market.

3.16 Revenue recognition

Revenue is recognised to the extent that the economic benefits associated with the transaction flow to the Group. Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for the goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Sales of goods are recognised when substantially all the risks and rewards arising from their ownership have been transferred.

Revenue associated with the rendering of services is recognised by reference to the stage of completion of the transaction at the balance sheet date, provided the outcome of the transaction can be estimated reliably.

In an agency relationship, when the reporting company acts as a commission agent, the gross inflows of economic benefits for amounts collected on behalf of the principal do not result in increases in equity for the company. Therefore, these inflows are not revenue and, instead, revenue is the amount of commissions.

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholder's rights to receive payment have been established.

Following is a disclosure of specific revenue recognition criteria for certain activities carried on by the Group:

3.16.1 Construction business

In the construction business, the outcome of a construction contract is recognised by the percentage of completion method, by reference to the stage of completion of the contract work.

In the construction industry estimated revenues and costs of construction projects are susceptible to changes during the performance period which cannot be readily foreseen or objectively quantified. In this connection, production each year is valued at certification price of the units completed in the period that, since they are covered in the contract entered into with the owners, or in approved addenda or amendments thereto, do not give rise to any doubts regarding their certification. In addition, production is valued at certification price of other project units that have already been completed for which management of the consolidated companies consider there is reasonable assurance of recovery.

Should the amount of production from inception, valued at certification price, of each project be greater than the amount certified through the balance sheet date, the difference between the two amounts is recorded under "Trade and Other Receivables" on the asset side of the consolidated balance sheet. Should the amount of production from inception be lower than the amount of the certificates issued, the difference is recorded as "Customer Advances" under "Trade and Other Payables" on the liability side of the consolidated balance sheet.

Inspection fee expenses, estimated costs for site clearance and other expenses that may be incurred from completion of the project through final settlement thereof are accrued over the execution period on the basis of production volumes and are recognised under "Current Provisions" on the liability side of the consolidated balance sheet.

Machinery or other fixed assets acquired for a specific project are depreciated over the estimated project execution period and on the basis of the consumption pattern thereof. Permanent facilities are depreciated on a straight-line basis over the project execution period. The other assets are depreciated in accordance with the general criteria indicated in these notes to the financial statements.

Late-payment interest arising in relation to delays in the collection of certification amounts is recognised when collected.

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3.16.2 Industrial, urban and other services business

Group companies recognise as the outcome from the rendering of services for each year the difference between production (valued at the sale price of the services provided during the period, which are covered by the initial contract entered into with the customer or in approved modifications or addenda thereto, and of services which have not yet been approved but there is reasonable assurance of recovery) and the costs incurred in the year.

Price increases recognised in the initial contract entered into with the customer are recognised as revenue on an accrual basis, regardless of whether they have been approved annually by it.

Late-payment interest is recognised as financial income when finally approved or collected.

3.17 Expense recognition

An expense is recognised in the consolidated income statement when there is a decrease in the future economic benefits as a result of a reduction of an asset, or an increase in a liability, which can be measured reliably. This means that an expense is recognised simultaneously to the recognition of the increase in a liability or the reduction of an asset.

Additionally, an expense is recognised immediately when a disbursement does not give rise to future economic benefits or when the requirements for recognition as an asset are not met.

Also, an expense is recognised when a liability is incurred and no asset is recognised, as in the case of a liability relating to a guarantee.

In the specific case of expenses associated with commission income when the commission agent does not have any inventory risk, as in the case of certain Group logistics service companies, the cost to sell or to render the related service does not constitute an expense for the company (commission agent) since the latter does not assume the inherent risks. In these cases, as indicated in the section on revenue recognition, the sale or service rendered is recognised for the net amount of the commission.

3.18 Offsetting

Asset and liability balances must be offset and, therefore, the net amount thereof is presented in the consolidated balance sheet only when they arise from transactions in which, contractually or by law, offsetting is permitted and the Group intends to settle them on a net basis, or to realise the asset and settle the liability simultaneously.

3.19 Corporation tax

The corporation tax expense represents the sum of the current tax expense and the change in deferred tax assets and liabilities.

The current income tax expense is calculated by aggregating the current tax arising from the application of the tax rate to the taxable profit for the year, after deducting the tax credits allowable for tax purposes, plus the change in deferred tax assets and liabilities.

Deferred tax assets and liabilities include temporary differences measured at the amount expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and their tax bases, and tax loss and tax credit carryforwards. These amounts are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled.

Deferred tax liabilities are recognised for all taxable temporary differences, unless the temporary difference arises from the initial recognition of goodwill or the initial recognition (except in the case of a business combination) of other assets and liabilities in a transaction that affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for temporary differences to the extent that it is considered probable that the consolidated companies will have sufficient taxable profits in the future against which the deferred tax asset can be utilised, and the deferred tax assets do not arise from the initial recognition (except in a business combination) of other assets and liabilities in a transaction that affects neither accounting profit nor taxable profit. The other deferred tax assets (tax loss and tax credit carryforwards) are only recognised if it is considered probable that the consolidated companies will have sufficient future taxable profits against which they can be utilised.

The deferred tax assets and liabilities recognised are reassessed at each balance sheet date in order to ascertain whether they still exist, and the appropriate adjustments are made on the basis of the findings of the analyses performed.

Spanish companies in which the Parent owns more than 75% of their share capital file consolidated tax returns in accordance with the current regulations as part of Tax Group 30/99.

3.20 Earnings per share

Basic earnings per share are calculated by dividing net profit attributable to the Parent by the weighted average number of ordinary shares outstanding during the year, excluding the average number of shares of the Parent held by the Group companies (Note 31.2).

Diluted earnings per share are calculated by dividing net profit attributable to ordinary shareholders adjusted by the effect attributable to the dilutive potential ordinary shares by the weighted average number of ordinary shares outstanding during the year, adjusted by the weighted average number of ordinary shares that would have been outstanding assuming the conversion of all the potential ordinary shares into ordinary shares of the Parent. For these purposes, it is considered that the shares are converted at the beginning of the year or at the date of issue of the potential ordinary shares, if the latter were issued during the current period.

At 31 December 2008 and 2007, basic earnings per share were the same as diluted earnings per share since none of the aforementioned circumstances arose.

3.21 Foreign currency transactions

The Group's functional currency is the euro. Therefore, transactions in currencies other than the euro are deemed to be "Foreign Currency Transactions" and are recognised by applying the exchange rates prevailing at the date of the transaction.

Foreign currency transactions are initially recognised in the functional currency of the Group by applying the exchange rates prevailing at the date of the transaction.

At each balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated to euros at the rates prevailing on the balance sheet date. Non-monetary items measured at historical cost are translated to euros at the exchange rates prevailing on the date of the transaction.

Any exchange differences arising on settlement or translation at the closing rates of monetary items are recognised in the consolidated income statement for the year, except for items that form part of an investment in a foreign operation, which are recognised directly in equity net of taxes until the date of disposal.

On certain occasions, in order to hedge its exposure to certain foreign currency risks, the Group enters into forward currency contracts and options (see Note 21 for details of the Group's accounting policies in respect of such derivative financial instruments).

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On consolidation, the assets and liabilities of the Group's foreign operations are translated to euros at the exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly. Any exchange differences arising are classified as equity. Such translation differences are recognised as income or as expenses in the year in which the operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign company are treated as assets and liabilities of the foreign company and translated at the closing rate.

3.22 Entities and branches located in hyperinflationary economies

None of the functional currencies of the consolidated subsidiaries and associates located abroad relate to hyperinflationary economies as defined by IFRSs. Accordingly, at the 2008 and 2007 accounting close it was not necessary to adjust the financial statements of any of the subsidiaries or associates to correct for the effect of inflation.

3.23 Consolidated cash flow statements

The following terms are used in the consolidated cash flow statements with the meanings specified:

Cash flows: inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.

Operating activities: the principal revenue-producing activities of the Group and other activities that are not investing or financing activities.

Investing activities: the acquisition and disposal of non-current assets and other investments not included in cash and cash equivalents.

Financing activities: activities that result in changes in the size and composition of the equity and borrowings of the Group that are not operating activities.

In view of the diversity of the Group's businesses and activities, the Group opted to report cash flows using the indirect method.

3.24 Entrance into force of new accounting standards

In 2008 the following interpretations of standards came into force and, if applicable, were used by the Group in the preparation of the accompanying consolidated financial statements:

IFRIC 11 IFRS 2 Group and treasury share transactions:

This interpretation addressed how to apply IFRS 2 "Share-Based Payments" to share-based payment arrangements involving an entity's own equity instruments or equity instruments of another entity in the same group (e.g. equity instruments of its parent). Transactions to be paid with shares of the entity or another group entity shall be accounted for as an equity-settled share-based payment transactions, regardless of how the equity instruments needed are obtained.

Additionally, amendments to IAS 39/IFRS 7 on the "Reclassification of Financial Instruments" were issued and became effective for the first time in 2008.

The adaptation of these standards was appropriately taken into consideration in the Group's consolidated financial statements and had no material effect.

At the date of the approval of these financial statements, the following standards and interpretations had been published by the IASB but had not yet entered into force, either because the date they were to enter into force was subsequent to the date of the financial statements, or because they had not yet been adopted by the European Union:

Standards and Amended Standards		Mandatory Application in the Year Commencing:
IFRS 8	Operating segments	1 January 2009
Revised IAS 23	Borrowing costs	1 January 2009
Revised IAS 1	Presentation of financial statements	1 January 2009
Revised IFRS 3 (1)	Business combinations	1 July 2009
Amendment of IAS 27 (1)	Consolidated and separate financial statements	1 July 2009
Amendment of IFRS 2	Vesting conditions and cancellations	1 January 2009
Amendment of IAS 32 and IAS 1 (4)	Puttable financial instruments and obligations arising on liquidation	1 January 2009
Amendment of IFRS 1 and IAS 27 (4)	Cost of an investment in the separate financial statements	1 January 2009
Amendment of IAS 39 (1)	Eligible hedged items	1 July 2009

Interpretations:

IFRIC 12 (1)	Service concession arrangements	1 January 2008 (3)
IFRIC 13	Customer loyalty programmes	1 January 2009 (2)
IFRIC 14	IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction	1 January 2009 (2)
IFRIC 15 (1)	Agreements for the construction of real estate	1 January 2009
IFRIC 16 (1)	Hedges of a net investment in a foreign operation	1 October 2008
IFRIC 17 (1)	Distributions of non-cash assets to owners	1 July 2009

(1) Standards and interpretations not yet adopted by the European Union at 31 December 2008.

(2) Date of mandatory application in accordance with the publication of their approval in the Bulletin of the European Union.

(3) This interpretation was endorsed by the EU on 26 March 2009 and becomes effective in the year commencing 29 March 2009.

(4) Endorsed 21 January and 23 January, respectively.

All mandatory accounting policies and measurement bases with a material effect on the consolidated financial statements were applied in the preparation thereof.

4. Intangible assets:

4.1 Goodwill

The changes in this consolidated balance sheet heading in 2008 and 2007 were as follows:

	2008	2007
Thousands of euros		
Beginning balance	2,950,375	1,086,615
Additions	340,032	183,741
Disposals and allocations	(39,015)	(102,091)
Impairment	(4,794)	(6,879)
Change in consolidation method	(2,116,059)	1,802,733
Exchange differences	2,024	(13,744)
Ending balance	1,132,563	2,950,375

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The change in the scope of consolidation in 2008 relates mainly to the consideration of Unión Fenosa, S.A. as a discontinued operation and involves the goodwill arising from this integration as well as the goodwill recognised by Grupo Unión Fenosa, S.A. prior to be fully consolidated in the ACS Group.

The calculation of the goodwill arising from the full consolidation of Unión Fenosa, S.A. in 2007 is detailed in Note 2.2.f). Additionally, the calculation of the goodwill arising from the two most relevant purchases in 2007 (Schiavone Construction Company and Senda Ambiental, S.A.) are detailed in Note 2.2.f)

The detail by company of the changes in goodwill in 2008 and 2007 is as follows:

Company	Balance at 31/12/2007	Change in consolidation method	Additions	Disposals and allocations	Impairment	Exchange Differences	Balance at 31/12/2008
Thousands of euros							
Parent	780,939	-	-	-	-	-	780,939
Fusión Grupo Dragados, S.A.	780,939	-	-	-	-	-	780,939
Construction (Schiavove)	50,837	-	4,900	-	(2,791)	2,183	55,129
Industrial Services	46,730	-	11,051	(4,895)	(403)	-	52,483
Electromur, S.A.	9,139	-	1,022	-	-	-	10,161
S.I.C.E., S.A.	11,708	-	-	-	-	-	11,708
Other industrial service subsidiaries	25,883	-	10,029	(4,895)	(403)	-	30,614
Environment & Logistics	240,625	15,489	23,777	(34,120)	(1,600)	(159)	244,012
Grupo ATM	-	14,815	3,134	(2,556)	-	-	15,393
Sintax Group	38,318	-	-	-	-	-	38,318
Marítima del Mediterráneo, S.A.	14,885	-	-	-	-	-	14,885
Senda Ambiental, S.A.	42,805	-	-	(25,783)	-	-	17,022
TESC- Terminal Santa Catarina, S.A.	8,678	-	-	-	-	-	8,678
Tracemar, S.A.	10,826	-	-	-	-	-	10,826
Urbaser, S.A.	46,606	-	-	-	-	-	46,606
Other Environment and Logistics subsidiaries	78,507	674	20,643	(5,781)	(1,600)	(159)	92,284
Energy	1,831,244	(2,131,548)	300,304	-	-	-	-
Total	2,950,375	(2,116,059)	340,032	(39,015)	(4,794)	2,024	1,132,563

Company	Balance at 31/12/2006	Change in consolidation method	Change in				Exchange Differences	Balance at 31/12/2007
			Additions	Disposals	Impairment			
Thousands of euros								
Parent	780,939	-	-	-	-	-	-	780,939
Fusión Grupo Dragados, S.A.	780,939	-	-	-	-	-	-	780,939
Construction	158	-	50,837	-	(158)	-	-	50,837
Schiavone Construction Company	-	-	50,837	-	-	-	-	50,837
Construction subsidiaries	158	-	-	-	(158)	-	-	-
Industrial Services	85,120	-	5,635	(44,025)	-	-	-	46,730
Alagarce, S.L.	10,893	-	-	(10,893)	-	-	-	-
AW Augusta Wind, S.L.	6,539	-	-	(6,539)	-	-	-	-
Electromur, S.A.	9,139	-	-	-	-	-	-	9,139
Grupo Humiclíma	-	-	4,327	-	-	-	-	4,327
Injar, S.A.	6,078	-	-	-	-	-	-	6,078
Parque Eólico el Perú, S.L.	7,192	-	-	(7,192)	-	-	-	-
S.I.C.E., S.A.	11,708	-	-	-	-	-	-	11,708
Other industrial service subsidiaries	33,571	-	1,308	(19,401)	-	-	-	15,478
Environment & Logistics	220,398	-	70,574	(43,882)	(6,206)	(259)	-	240,625
Consensur, S.A.	4,210	-	-	-	-	-	-	4,210
Continental Auto, S.L.	27,126	-	-	(27,126)	-	-	-	-
Grupo Hijos de Simón Maestra, S.L.	6,787	-	-	(6,787)	-	-	-	-
Sintax Group	38,231	-	87	-	-	-	-	38,318
KDM, S.A.	4,542	-	-	-	-	-	-	4,542
Limpiezas Lafuente, S.L.	4,092	-	-	-	-	-	-	4,092
Limpiezas Municipales, S.A.	-	-	7,081	-	-	-	-	7,081
Marítima del Mediterráneo, S.A.	14,734	-	151	-	-	-	-	14,885
Senda Ambiental, S.A.	-	-	42,805	-	-	-	-	42,805
Servicios Urbanos e Medio Ambiente, S.A.	3,090	-	1,944	-	-	-	-	5,034
Sintax Logística, S.A.	5,634	-	-	-	-	-	-	5,634
TESC-Terminal Santa Catarina, S.A.	8,678	-	-	-	-	-	-	8,678
Tracemar, S.A.	10,826	-	-	-	-	-	-	10,826
Urbaser, S.A.	46,774	-	-	(168)	-	-	-	46,606
Other Environment & Logistics subsidiaries	45,674	-	18,506	(9,801)	(6,206)	(259)	-	47,914
Energy	-	1,802,733	56,697	(14,186)	(515)	(13,485)	-	1,831,244
Distribuidora Eléctrica de Occidente, S.A.	-	14,594	2,794	-	-	(3,049)	-	14,339
Distribuidora Eléctrica de Oriente, S.A.	-	20,962	-	(3,066)	-	(1,761)	-	16,135
Empresa de Energía de Pacífico, S.A. E.S.P. (C.H. de Hidroprado)	-	-	11,806	-	-	-	-	11,806
Empresa Distribuidora de Electricidad Chiriquí, S.A.	-	9,110	-	-	-	(1,010)	-	8,100
Empresa Distribuidora de Electricidad Metro Oeste, S.A.	-	36,804	-	-	-	(4,083)	-	32,721
Kangra Coal (Propietary), LTD	-	-	36,133	-	(515)	(3,043)	-	32,575
Unión Fenosa Generación, S.A.	-	66,196	-	-	-	-	-	66,196
Unión Fenosa, S.A.	-	1,629,715	-	-	-	-	-	1,629,715
Other Unión Fenosa subsidiaries	-	25,352	5,964	(11,120)	-	(539)	-	19,657
Total	1,086,615	1,802,733	183,743	(102,093)	(6,879)	(13,744)	-	2,950,375

In the case of the ACS Group's goodwill, annually the carrying amount of the company or cash-generating unit is compared to the value in use obtained by means of the cash flow discounting measurement method (Note 3.6).

For the most significant goodwill arising from the merger between the Dragados and ACS Groups, the procedure detailed above was followed. In this case, the cash flows taken into consideration were those relating to the different cash-generating divisions or units. For this purpose, the Group based itself on the existing measurements in the market closest to the measurement date, comparing them with the carrying amount, to which the proportional part of goodwill was allocated, and no impairment was disclosed.

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According to the estimates and projections available to the directors of the Group and of each of the companies concerned, the projected cash flows attributable to these cash-generating units (or groups of units) to which the goodwill is allocated will make it possible to recover the carrying amount of the goodwill recognised at 31 December 2008. If the carrying amount will not be recovered, the related impairment loss has been recognised.

4.2 Other intangible assets

The changes in this consolidated balance sheet heading in 2008 and 2007 were as follows:

	Development Expenditure	Computer Software	Concessions	Other Intangible Assets	Total Other Intangible Assets	Accumulated Amortisation	Impairment Losses	Total Other Intangible Assets, Net
Thousands of euros								
Balance at 1 January 2007	3,654	44,205	109,786	52,312	209,957	(75,327)	-	134,630
Changes in the scope of consolidation	64,418	339,714	343,075	841,030	1,588,237	(385,734)	(7,276)	1,195,227
Additions or charges for the year	8,201	33,670	110,095	51,259	203,225	(82,762)	(78)	120,385
Disposals or reductions	(17,688)	(28,214)	(3,666)	(71,350)	(120,918)	55,557	6,744	(58,617)
Exchange differences	(123)	(4,718)	(386)	(201)	(5,428)	4,104	-	(1,324)
Transfers from/to other assets	243	(199)	(1,731)	52,111	50,424	1,887	-	52,311
Balance at 31 December 2007	58,705	384,458	557,173	925,161	1,925,497	(482,275)	(610)	1,442,612
Changes in the scope of consolidation	(52,109)	(338,402)	(349,781)	(758,799)	(1,499,091)	407,436	526	(1,091,129)
Additions or charges for the year	298	3,607	1,016	14,832	19,753	(12,036)	14	7,731
Disposals or reductions	(924)	(1,669)	(12,794)	(3,806)	(19,193)	10,027	-	(9,166)
Exchange differences	6	(53)	(270)	(198)	(515)	180	-	(335)
Transfers from/to other assets	4,436	417	21,067	(41,384)	(15,464)	103	(9)	(15,370)
Balance at 31 December 2008	10,412	48,358	216,411	135,806	410,987	(76,565)	(79)	334,343

The changes in the scope of consolidation in 2008 and 2007 relate mainly to the consideration of Unión Fenosa as a discontinued operation and its inclusion in the scope of consolidation, respectively.

In 2008 investments amounted to EUR 25,995 thousand, of which EUR 19,753 thousand relate to separate acquisitions and EUR 6,242 thousand to assets acquired through business combinations.

In 2007, the most significant additions relate to administrative concessions of the Environment and Logistics Business amounting to EUR 109,826 thousand.

In 2007 investments amounted to EUR 1,828,249 thousand, of which EUR 1,058,694 thousand relate to separate acquisitions and EUR 566,330 thousand to assets acquired through business combinations.

Fully amortised intangible assets in use at 31 December 2008, amounted to EUR 39,007 thousand (EUR 22,954 thousand at 31 December 2007). There were no items temporarily taken out of use at 31 December 2008 or 31 December 2007.

No development expenditure was recognised as an expense in the accompanying 2008 and 2007 consolidated income statements.

There were no intangible assets whose title was restricted in 2008 or 2007.

At 31 December 2008 and 2007, there were no assets with an indefinite useful life other than those reported as goodwill.

5. Property, plant and equipment

The changes in this consolidated balance sheet heading in 2008 and 2007 were as follows:

	Land and Buildings	Plant and machinery	Other Property, Plant and Equipment	Advances and Property, Plant and Equipment in the Course of Construction	Total Property, Plant and Equipment	Accumulated Depreciation	Impairment Losses	Total Net Property, Plant and Equipment
Thousands of euros								
Balance at 1 January 2007	438,198	1,240,520	771,872	250,080	2,700,670	(1,206,149)	(17,805)	1,476,716
Changes in the scope of consolidation	525,997	15,680,829	3,365,377	1,166,957	20,739,159	(7,454,995)	(79,715)	13,204,449
Additions or charges for the year	262,202	185,526	193,008	1,115,189	1,755,926	(758,995)	(9,310)	987,620
Disposals or reductions	(220,555)	(166,344)	(176,176)	(38,257)	(601,333)	263,828	23,460	(314,045)
Exchange differences	(3,579)	(136,946)	(9,443)	(3,712)	(153,680)	52,574	332	(100,774)
Transfers from/to other assets	69,773	472,854	(122,494)	(1,188,486)	(768,353)	34,573	6,139	(727,641)
Balance at 31 December 2007	1,072,036	17,276,439	4,022,144	1,301,771	23,672,390	(9,069,164)	(76,900)	14,526,326
Changes in the scope of consolidation	(522,685)	(15,966,644)	(3,320,356)	(996,650)	(20,806,335)	7,786,283	65,728	(12,954,324)
Additions or charges for the year	117,065	128,663	118,167	109,798	473,693	(229,454)	(2,262)	241,977
Disposals or reductions	(39,092)	(57,520)	(41,579)	(6,112)	(144,303)	78,112	1,438	(64,753)
Exchange differences	(3,445)	(3,638)	(7,167)	562	(13,688)	4,099	(7)	(9,596)
Transfers from/to other assets	15,331	45,046	17,706	(109,904)	(31,821)	4,269	6,428	(21,124)
Balance at 31 December 2008	639,210	1,422,346	788,915	299,465	3,149,936	(1,425,855)	(5,575)	1,718,506

Of which the following are leased assets:

	Land and Buildings	Plant and machinery	Other Property, Plant and Equipment	Total Property, Plant and Equipment	Accumulated Depreciation	Total Net Property, Plant and Equipment
Thousands of euros						
Balance at 31 December 2007	4.968	1.090.755	37.664	1.133.387	(173.353)	960.034
Balance at 31 December 2008	5.926	83.969	51.716	141.611	(49.813)	91.798

The changes in the scope of consolidation in 2008 and 2007 relate mainly to the consideration of Unión Fenosa as a discontinued operation and its inclusion in the scope of consolidation, respectively.

The most significant additions under this heading in 2008 relate to construction equipment and machinery for use in the execution of projects and amounted to EUR 100,502 thousand.

In the Environment and Logistics area, noteworthy are the investments in land and buildings for the machinery pool, solid urban waste treatment plants and landfills, amounting to EUR 35,635 thousand. Additionally, in this area investments in machinery and tools amounted to EUR 87,450 thousand, and basically related to equipping of the rubbish collection and street cleaning services of the main town halls such as Madrid, Elche, Barcelona and the new services in Morocco and Portugal.

In the industrial area, the main additions in 2008 relate to the construction of a wharf by Dragados Offshore, amounting to EUR 24,750 thousand.

"Plant and Machinery" includes a gross amount of EUR 173.8 million at 31 December 2007, relating to the present value at the time of recognition of the payments that Unión Fenosa Gas, S.A. undertook to make when the time-charter agreements for the charter of two methane carriers used to transport liquid natural gas were entered into. These vessels, with capacities of 138,000 m³ and 140,500 m³ came into service in July 2004. The term of these agreements is 25 years, extendible to 30 years, with

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the latter considered as the term for the calculation of the amortisation of the value of the rights. The obligations under these agreements are recognized under "Bank Borrowings" in the accompanying consolidated balance sheet, net of the implicit deferred finance charges (Note 18).

Also, "Plant and Machinery" includes the present value of the lease payments payable, amounting to EUR 128.9 million in 2007, for the lease of capacity at the Termovalle power plant in Colombia entered into by Empresa de Energía del Pacífico, S.A., E.S.P., whereby this subsidiary acquired the obligation to pay the consortium that owns the plant for the availability of 140 MW (70% of the plant's total capacity) until 2018. The liability assumed is recognised under "Non-Current Bank Borrowings" and "Current Bank Borrowings" in the accompanying consolidated balance sheet, net of the implicit deferred finance charges (Note 18).

The most significant additions in 2007, recognised under "Advances and Property, Plant and Equipment in the Course of Construction" related to energy area investment operations classified as discontinued in 2008 in the following facilities:

- i) Generating facilities in Spain, mainly relating to the investment in coal boilers in the course of construction (La Robla and Meirama), gas plants (Sabón, Sagunto and Aceca) and the investment in the replacement of plant, property and equipment relating to specific facilities, amounting to EUR 325 million.
- ii) Distribution, electricity transmission and other facilities by Unión Fenosa Distribución, S.A. amounting to EUR 316.8 million in 2007.

Under "Advances and Property, Plant and Equipment", noteworthy in 2008 were the additions of the Zaragoza and Costa del Sol urban solid waste treatment plants, the Port of Algeciras marpole treatment plant and machinery and fixtures in the port terminals.

In 2007 units I, II and III of the Sagunto combined cycle plant (Valencia) were started up, specifically on 11 July, 19 September and 5 October, respectively, in relation to which the related transfers amounting to EUR 475.3 million were made from property, plant and equipment in the course of construction.

In 2007 the finance costs capitalised to property, plant and equipment amounted to EUR 33,389 thousand. In 2008 EUR 3,653 thousand were capitalised.

Operating costs relating directly to property, plant and equipment in the course of construction capitalised in 2008 amounted to EUR 1,128 thousand (EUR 81,813 thousand in 2007).

Fully depreciated property, plant and equipment in use amounted to EUR 614,029 thousand in 2008 and EUR 626,539 thousand in 2007.

The Group has taken out insurance policies to cover the possible risks to which its property, plant and equipment are subject and the claims that might be filed against it for carrying on its business activities. These policies are considered to adequately cover the related risks.

The indemnities received for losses covered by insurance policies recognised in the income statement amounted to EUR 514 thousand in 2008 and EUR 1,040 thousand in 2007.

The Group has mortgaged land and buildings with a carrying amount of approximately EUR 10,827 thousand (EUR 23,715 thousand in 2007) to secure banking facilities granted to the Group.

At 31 December 2008, the Group had recognised a net EUR 268,154 thousand relating to property, plant and equipment owned by its foreign companies and branches (EUR 4,825,360 thousand in 2007).

At 31 December 2008, the Group had entered into contractual commitments for the future acquisition of property, plant and equipment amounting to EUR 7,058 thousand, excluding the non-current assets in projects detailed in Note 6 below (EUR 57,849 thousand in 2007).

The impairment losses recognised in the 2008 and 2007 income statements were not material. The impairment losses reversed and recognised in the income statement totalled EUR 1,035 thousand in 2008 (EUR 5,064 thousand in 2007).

6. Non-current assets in projects

The balance of “Non-Current Assets in Projects” in the consolidated balance sheet at 31 December 2008, includes the costs incurred by the fully and proportionally consolidated companies in the construction of transport, service and power plant infrastructures whose operation constitutes the purpose of their respective concessions, the detail being as follows:

Company	Type of Infrastructure	End Date of Operation	Investment	Accumulated Depreciation	Net Carrying Amount of Non- Current Assets in Projects
Thousands of euros					
Autovía de La Mancha, S.A. Conces. JCC Castilla-La Mancha	Motorway / Highway	2033	131,721	(19,004)	112,717
Concesionaria Santiago Brion, S.A.	Motorway / Highway	2035	111,999	(2,479)	109,520
Reus-Alcover, Concesionaria de la Generalitat de Catalunya, S.A.	Motorway / Highway	2038	65,969	(1,168)	64,801
Andasol-1, 2 y Extresol-1,2,3	Thermal solar power plant	2028	763,135	-	763,135
Remodelación Ribera Norte, S.A.	Police station	2024	66,563	(357)	66,206
Hospital de Majadahonda, S.A.	Hospital	2035	245,284	(5,884)	239,400
Intercambiador de Transportes de Príncipe Pío, S.A.	Transport interchange	2040	63,729	(2,027)	61,702
Al-Andalus Wind Power, S.L.	Wind-powered facility	2021	337,689	(4,559)	333,130
Parque Eólico La Boga, S.L.	Wind-powered facility	2020	346,696	(17,906)	328,790
Lestenergía, S.A.	Wind-powered facility	2026	175,908	(11,306)	164,602
Beni Saf Water Company, Spa.	Desalination plant	2024	116,150	-	116,150
Parque Eólico Sierra de las Carbas, S.L.	Wind-powered facility	2034	52,053	-	52,053
Parque Eólico Marmellar, S.L.	Wind-powered facility	2021	53,082	(5,991)	47,091
Ecoven Parc Eólic, S.L.	Wind-powered facility	2021	54,615	(7,553)	47,062
Other wind-powered facilities (Net Value< EUR 40 m)	Wind-powered facility	-	309,878	(77,468)	232,410
Hydromanagement, S.L.	Desalination plant	2031	108,081	-	108,081
Planta de tratamiento de RSU y recuperación energética de Cantabria	Urban solid waste treatment plant	2038	70,606	(6,244)	64,362
Tirmadrid, S.A.	Urban solid waste treatment plant	2020	136,928	(72,885)	64,043
UTE Albada	Urban solid waste treatment plant	2021	66,575	(12,845)	53,730
Seguridad Integral Metropolitana, S.A.	Security systems	2014	63,306	(15,180)	48,126
Terminales del Sudeste, S.A.	Maritime terminal	2029	113,961	(12,700)	101,261
Graneles Sólidos Minerales, S.A.	Maritime terminal	2030	47,221	(1,328)	45,893
Artemis Transmissora de Energia Ltda.	Energy transmission	2034	88,778	(7,217)	81,561
Other Projects (Net Value< EUR 40 m)			363,497	(82,273)	281,224
Total			3,953,424	(366,374)	3,587,050

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The changes in this heading in 2008 and 2007 were as follows:

	2008			2007		
	Investment	Accumulated Depreciation	Net Carrying Amount	Investment	Accumulated Depreciation	Net Carrying Amount
Thousands of euros						
Beginning balance	4,451,364	(502,938)	3,948,426	1,972,825	(287,584)	1,685,241
Changes in the scope of consolidation	(1,449,566)	244,272	(1,205,294)	728,279	(95,675)	632,604
Additions or charges for the year	1,093,067	(97,806)	995,261	1,194,242	(115,622)	1,078,620
Exchange differences	(45,432)	4,425	(41,007)	(129,631)	18,341	(111,290)
Disposals or reductions	(109,357)	3,351	(106,006)	(61,834)	22,064	(39,770)
Transfers	13,348	(17,678)	(4,330)	747,483	(44,462)	703,021
Ending balance	3,953,424	(366,374)	3,587,050	4,451,364	(502,938)	3,948,426

The most significant additions in 2008 relate to investments in the thermal solar power plants Andasol-1, 2 and Extresol-1, 2 and 3 amounting to EUR 404,777 thousand (EUR 259,256 thousand in 2007) and in wind-powered facilities amounting to EUR 406,855 thousand (EUR 363,837 thousand in 2007). In 2007 also noteworthy was the investment in Hospital de Majadahonda amounting to EUR 119,553 thousand.

Additionally, the change in the scope of consolidation relates mainly to the consideration of Unión Fenosa, S.A. as a discontinued operation.

The disposals in 2007 include, inter alia the recognition of the sale of the receivables associated with the construction contract and subsequent leasing of the prison Can Brians 2, S.A. to the regional government of Catalonia. At the prison start-up date, this transaction involved the record of a future right of collection from the City Council and a decrease in the balance of the concession asset, which was subsequently transferred without recourse to a financial institution.

The only significant disposal in 2007 related to Semacar in Argentina.

Interest capitalised in 2008 amounted to EUR 13,469 thousand (EUR 14,984 thousand in 2007). This capitalisation was performed by applying an average capitalisation rate of 4.67 % in 2008 (4.7% in 2007).

The financing relating to non-current assets in projects is explained in Note 18.

At 31 December 2008, the Group had entered into contractual commitments for the acquisition of non-current assets in projects amounting to EUR 78,945 thousand (EUR 86,052 thousand in 2007).

The concession operator's obligations include, inter alia, the maintenance of restricted cash balances, known as reserve accounts and included under the heading "Other Current Financial Assets" (Note 10.4).

7. Investment property

The changes in this heading in 2008 and 2007 were as follows:

	2008	2007
Thousands of euros		
Beginning balance	47,268	18,260
Additions	244	8,229
Sales	(1,400)	-
Charges for the year	(952)	(491)
Transfers from/to other assets	25,738	21,270
Ending balance	70,898	47,268

The Group's investment property relates to housing, car parks and commercial premises earmarked for lease.

The rental income earned from investment property amounted to EUR 6,346 thousand in 2008 (EUR 3,970 thousand in 2007).

Contractual commitments for the acquisition, construction or development of investment property, and for repairs, maintenance and improvements, were not material.

At the beginning of 2008, the gross carrying amount was EUR 49,567 thousand and accumulated depreciation (increased by accumulated impairment losses) amounted to EUR 2,299 thousand. At year-end, the gross carrying amount and accumulated depreciation were EUR 74,727 thousand and EUR 3,829 thousand, respectively. There were no material differences with respect to fair value in the accompanying consolidated financial statements.

The minimum amount of contractually guaranteed future leases at 31 December 2008 and 2007 was not material.

8. Joint ventures

The main aggregates in the accompanying consolidated financial statements relating to joint ventures operated by means of Spanish UTEs (unincorporated joint ventures) and economic interest groupings, and the assets liabilities, revenue and profit for 2008 and 2007 corresponding to the joint ventures, in proportion to the percentage of ownership interest in the share capital of each company and joint venture, are as follows:

	UTE's, AIE's		Companies	
	Balance at 31/12/2008	Balance at 31/12/2007	Balance at 31/12/2008	Balance at 31/12/2007
Thousands of euros				
Non-current assets	362.379	336.546	285.301	1.749.517
Current assets	3.342.998	2.842.461	226.367	628.971
Non-current liabilities	85.306	132.697	241.800	1.191.071
Current liabilities	3.349.355	2.874.674	142.081	510.151
Revenue	4.128.534	3.667.218	219.288	203.885
Profit for the year	246.389	151.715	15.451	32.152

The identification data relating to the main ACS Group companies and unincorporated joint ventures (UTEs) are detailed in Appendix II.

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9. Inversiones contabilizadas aplicando el método de la participación

El movimiento de este epígrafe es el siguiente:

	2008	2007
Thousands of euros		
Beginning balance	4,231,428	6,800,485
Additions	575,869	1,791,736
Disposals	(101,063)	(156,465)
Elimination of unrealised gains	(123,895)	-
Change in consolidation method	1,140	(4,218,946)
Profit for the year	163,673	193,145
Changes in the equity of associates		
Exchange differences / Other	(133,749)	(11,927)
Cash flow hedges	(11,465)	21,337
Available-for-sale financial assets	(102,391)	12,981
Transfer to non-current assets held for sale	(473,216)	(56,237)
Distribution of dividends	(133,506)	(144,681)
Ending balance	3,892,825	4,231,428

The change in consolidation method relates to Unión Fenosa, which was fully consolidated starting in 2007.

The eliminated unrealised gains relate to the portion corresponding to the ownership interest in Abertis Infraestructuras, S.A. in the sale of Invin, S.L. and Desarrollo de Concesiones Aeroportuarias, S.L. (Note 2.2.f).

The transfers to non-current assets relate mainly to the recognition of the ownership interest in Indra Sistemas, S.A. and Sociedad Galega de Medio Ambiente, S.A. as discontinued operations since they form part of the Unión Fenosa Group.

As a result of the recognition of the Union Fenosa Group business activity as a discontinued operation, of the profit for 2007 contributed by the Union Fenosa Group companies accounted for using the equity method, EUR 21,639 thousand contributed by Unión Fenosa group companies was transferred to profit from discontinued operations in the income statement, and relates to the difference between the movement and the amount carried in the income statement,

The detail, by company, of the investments accounted for by the equity method are as follows:

	Saldo a 31/12/2008				Saldo a 31/12/2007					
	% of Ownership	Share of Net Assets	Profit for the year	Goodwill	Total Carrying Amount	% of Ownership	Share of Net Assets	Profit for the year	Goodwill	Total Carrying Amount
Thousands of euros										
Abertis Infraestructuras, S.A.	25.83%	1,128,774	130,392	564,638	1,823,804	24.83%	1,346,123	142,172	485,988	1,974,283
Hochtief Aktiengesellschaft	29.98%	780,515	44,210	751,573	1,576,298	25.08%	649,853	30,776	598,776	1,279,405
Indra Sistemas, S.A.	-	-	-	-	-	15.00%	185,801	15,419	243,738	444,958
Itumbiara Transmissora de Energia, Ltda.	33.33%	38,092	677	-	38,769	33.33%	47,016	1,493	-	48,509
Rutas del Pacífico, S.A.	-	-	-	-	-	50.00%	38,259	(4,438)	-	33,821
Nordeste Transmissora de Energia, Ltda.	49.99%	21,604	5,378	-	26,982	49.99%	27,969	5,342	-	33,311
TP Ferro Concesionaria, S.A.	50.00%	21,927	-	-	21,927	50.00%	30,354	-	-	30,354
Circunvalación Alicante, S.A.	50.00%	23,343	(7,628)	-	15,715	50.00%	30,186	(671)	-	29,515
Operaciones Portuarias Canarias, S.A.	45.00%	19,122	586	9,638	29,346	45.00%	18,251	1,006	9,638	28,895
Serra da Mesa Transmissora de Energia, Ltda.	33.33%	27,388	1,147	-	28,535	33.33%	28,332	-	-	28,332
Guadalquivir, S.A.C.J.A. - Guadalmetro, S.A.	31.13%	34,240	-	479	34,719	31.13%	25,558	-	-	25,558
Porto Primavera, Ltda.	33.33%	19,556	420	-	19,976	33.33%	24,440	805	-	25,245
Cleon, S.A.	25.00%	25,204	(204)	-	25,000	25.00%	25,296	(92)	-	25,204
Sociedade Galega do Medio Ambiente, S.A.	-	-	-	-	-	49.00%	19,159	1,183	-	20,342
Concesionaria LT Triángulo	33.33%	22,058	-	-	22,058	33.33%	2,427	-	-	2,427
Nea Odos Concession Societe Anonyme	33.33%	10,455	160	-	10,615	33.33%	19,281	(219)	-	19,062
Concesionaria Serra Paracatu	33.33%	15,101	-	-	15,101	-	-	-	-	-
STE - Sul Transmissora de Energia, Ltda.	49.90%	12,733	3,043	-	15,776	49.90%	16,102	2,047	-	18,149
Other subsidiaries		191,353	(14,508)	11,359	188,204		161,116	(1,678)	4,620	164,058
Total		2,391,465	163,673	1,337,687	3,892,825		2,695,523	193,145	1,342,760	4,231,428

Ownership interest in Abertis Infraestructuras, S.A.

Successive acquisitions of shares of Abertis Infraestructuras, S.A. were made on the stock exchange in previous years reaching 24.832% of its share capital at 31 December 2007.

With respect to these acquisitions, the fair value assigned to the assets was EUR 528,573 thousand, after having taken the corresponding deferred tax into consideration. This amount includes the underlying carrying amount of the investment totalling EUR 204,012 thousand. The goodwill arising on the purchases amounted to EUR 324,561 thousand.

On 27 March 2008 the ACS Group purchased 1% of the shares of Abertis for a total EUR 134 million, increasing its ownership interest to 25.8% of the company's share capital. With respect to this acquisition, the fair value assigned to the assets was EUR 55,470 thousand, after having taken the corresponding deferred tax into consideration. This amount includes the underlying carrying amount of the investment totalling EUR 37,129 thousand. The goodwill which arose amounted to EUR 78,650 thousand, and as in the case of the previous acquisitions, is attributable to the Abertis Group's high profitability and to the strategic and complementary nature of the activities carried on by the ACS Group.

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The depreciation and amortisation charge for the assigned assets amounted to EUR 27,871 thousand in 2008 (EUR 27,138 thousand in 2007), and was recorded as a reduction in "Profit of Associates" in the accompanying consolidated income statement.

Ownership interest in Hochtief, A.G.

On 20 March 2007, the ACS Group entered into an agreement for the purchase of 17,554,000 shares representing 25.08% of the share capital of Hochtief, A.G. at a price of EUR 72 per share, subject to the authorisation of the German competition authorities. Once this authorisation had been granted, the aforementioned percentage of ownership interest was acquired on 24 April 2007 and from this date, the company was accounted for by the equity method.

At the end of 2007, the underlying carrying amount of the ACS Group's ownership interest in Hochtief, A.G. (25.08%) was EUR 1,279,405 thousand. Following the assignment of net assets at fair value amounting to EUR 132,973 thousand, and relating mainly to the value of concessions, the airport business and operations in Pacific Asia, and after having taken into consideration the corresponding deferred tax, goodwill amounting to EUR 598,776 thousand arose and is attributable to the profitability of the business acquired and to the expected synergies in the Group following the acquisition.

In December 2008, the ACS Group executed the option to settle in shares the equity swap it had entered into for shares of Hochtief, A.G. representing 4.9% of its share capital. Therefore, the ACS Group has an ownership interest of 29.98% of the company's share capital, and the related cost increased by EUR 287,505 thousand. As in the case of the previous acquisition, the Group analysed the fair value of the assets and liabilities in order to allocate the gains on the equity paid. This analysis was performed within the twelve-month period permitted for completion, and gave rise to the recognition of additional goodwill amounting to EUR 152,797 thousand.

The depreciation and amortisation charge for the assigned assets amounted to EUR 3,612 thousand in 2008 (EUR 2,408 thousand in 2007), and was recorded as a reduction in "Profit of Associates" in the accompanying consolidated income statement.

Exchange of Soluziona Consultoría y Tecnología, S.L for Indra Sistemas, S.A.

In January 2007 all of the ownership interest of Unión Fenosa, S.A. in Soluziona Consultoría y Tecnología, S.L. (including its interest in Prointec, S.A.), Soluziona Internacional Servicios Profesionales, S.L.U. and Soluziona Seguridad, S.A.U. were exchanged for 18.06 million shares of Indra Sistemas, S.A. representing 11% of its share capital. This transaction gave rise to a consolidated gain before tax for the ACS Group of EUR 150,300 thousand. In April and May 2007, Unión Fenosa, S.A. acquired additional percentages of 3.10% and 0.90%, respectively, increasing its ownership interest in Indra Sistemas, S.A. to 15%. At the end of 2007, the value of this interest was EUR 445 million, including goodwill prior to its allocation amounting to EUR 345.9 million and a gain of EUR 15.4 million.

Of this goodwill, EUR 243.7 million was recognised as such, whereas EUR 102.2 million was allocated to various company assets. The detail of the assets to which the goodwill was allocated is as follows:

Allocation of goodwill to assets

Thousands of euros

Commercial relations	94,616
Land	4,444
Intangible assets	3,124
Total	102,184

Commercial relations are amortised on a time proportion basis over the period in which it is estimated that the order book will generate cash flows. The intangible assets are amortised over a ten-year period.

As a result of the consideration of Unión Fenosa as a discontinued operation, the ownership interest in Indra Sistemas, S.A. had been derecognised at 31 December 2008.

The market values of the ACS Group's investments in associates listed on an organised secondary market, based on their year-end market prices, is as follows:

Thousands of euros	
Abertis Infraestructuras, S.A.	2,181,815
Hochtief, A.G.	749,968

The Group performed the required impairment tests to verify the recoverability of the assets. For this purpose, the Group took into consideration the future cash flow projections, dividend discounts and external market valuations for each of the investments based on the available information, and particularly in relation to the underlying goodwill, no need to recognize a provision for impairment was evidenced at the end of 2008 and 2007.

10. Financial assets

The detail of the balance of this heading in the consolidated balance sheets in 2008 and 2007 is as follows:

Thousands of euros	Balance at 31.12.2008		Balance at 31.12.2007	
	Non-Current	Current	Non-Current	Current
Equity Instruments	2,639,391	4,691	5,082,595	52,701
Loans to associates	117,766	27,401	140,019	7,952
Other loans	395,791	735,809	730,500	353,282
Debt securities	4,390	294,206	16,022	543,662
Other financial assets	30,948	1,123,028	99,145	463,266
Total	3,188,286	2,185,135	6,068,281	1,420,863

10.1 Equity Instruments

The detail, by company, of the balance of this heading at 31 December 2008 is as follows:

Thousands of euros	Cost	Impairment	Fair Value
Corporate Unit			
Iberdrola, S.A.	2,422,018	-	2,422,018
Xfera Móviles, S.A.	79,206	-	79,206
Construction			
Madrid Calle 30, S.A.	50,000	-	50,000
Concessions			
Accesos de Madrid Concesionaria Española, S.A.	45,669	(3,074)	42,595
Inversora de la Autovía de la Mancha, S.A.	27,726	-	27,726
Other investments	52,390	(34,544)	17,846
Total	2,677,009	(37,618)	2,639,391

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The detail, by company, of the balance of this heading at 31 December 2007 is as follows:

	Cost	Impairment	Fair Value
Thousands of euros			
Corporate Unit and other			
Iberdrola, S.A.	3,750,445	-	3,750,445
Xfera Móviles, S.A.	79,206	-	79,206
Construction			
Madrid Calle 30, S.A.	50,000	(5,624)	44,376
Concessions			
Accesos de Madrid Concesionaria Española, S.A.	45,669	(3,074)	42,595
Energy			
Grupo Cepsa	949,907	-	949,907
Red Electrica de España, S.A.	58,490	-	58,490
Isagen, S.A.	94,967	-	94,967
Richards Bay Coal Terminal	37,189	-	37,189
Other investments	76,076	(50,656)	25,420
Total	5,141,949	(59,354)	5,082,595

In accordance with IAS 39, these investments are considered to be available-for-sale financial assets. They have been measured at cost since there is no reliable market for them, except for in the case of Iberdrola, S.A.

A 31 December 2008 and 2007, the ACS Group had an ownership interest of 17% in the share capital of Xfera Móviles, S.A. through ACS Telefonía Móvil, S.L. following the sale of a portion of its ownership interest to the Telia Sonera Group in 2006. At 31 December 2008, this ownership interest was valued at EUR 165.396 thousand (EUR 139,896 thousand at 31 December 2007) following the contributions made, including the participating loans associated thereto, which amounted to EUR 86,190 thousand and were recognized under "Other Non-Current Loans".

Iberdrola, S.A.

At 31 December 2007, the ACS Group held 370,339,159 shares representing 7.4% of the share capital of Iberdrola.

The carrying value per consolidated books relating to the acquisition of Iberdrola, S.A. amounted to EUR 3,364,329 thousand in 2008. In accordance with IAS 39, this ownership interest was adjusted to the market price at year-end with an effect on equity of EUR 2,422,018 thousand in 2008 (EUR 3,750,445 thousand in 2007), and the difference in value was included under "Adjustments for Changes in Value - Available-for-Sale Financial Assets" in the accompanying balance sheet.

The Group performed the corresponding impairment tests on its investment in Iberdrola, S.A. on the basis of the future dividend discount in accordance with the strategic plan of the investee, and did not disclose any permanent impairment affecting the future cash flows. Therefore, no need to recognise a provision for impairment was evidenced in this connection.

Most of this transaction was financed through a syndicated loan and a credit line with different banks. The shares of Iberdrola, S.A. and a subordinated loan of ACS, Actividades de Construcción y Servicios, S.A. (Note 18) were pledged as security.

Additionally, at 31 December 2008 and 2007, the Group had entered into a derivatives agreement and specifically an equity swap on shares representing 5.2% of the share capital of Iberdrola, S.A. This derivatives agreement includes the maintenance of a coverage ratio over the market value of the underlying shares of Iberdrola, S.A., and if this ratio were not to be met, the agreement could be terminated. The Group contributed funds to meet this ratio at 31 December 2008 (Note 10.4).

The decrease in the amount relating to the fair value of this derivative amounting to EUR 648,185 thousand in 2008 was included as a loss under "Changes in the Fair Value of Financial Instruments", with a related liability of EUR 533,552 thousand (Note 22).

Other investments

In addition to the investments in Iberdrola, S.A. and Xfera Móviles, S.A., noteworthy at 31 December 2007 were the following available-for-sale investments, on which there are no restrictions regarding use or impairment losses, through the ownership interest in Unión Fenosa:

- a) 1% ownership interest in Red Eléctrica de España, S.A. amounting to EUR 58.5 million at 31 December 2007.
- b) 5% ownership interest in the Cepsa Group, amounting to EUR 950 million at 31 December 2007.
- c) In 2007 the South African company Kangra Coal (Proprietary) LTD was included in the scope of consolidation. This company holds 2.3% of the shares of Richards Bay Coal Terminal, an investment classified as available-for-sale financial asset. At 31 December 2007, this ownership interest amounted to EUR 37 million.
- d) Colombiana Empresa de Energía del Pacífico S.A., E.S.P. recognises its 5.04% ownership interest in the share capital of ISAGEN, S.A at fair value, on the basis of its stock market price. At 31 December 31 2007, this holding was valued at EUR 94.9 million.

These investments were reclassified as assets held for sale as a result of the consideration of Unión Fenosa as a discontinued operation.

10.2 Loans to associates

The detail of the balances of "Loans to Associates" and of the scheduled maturities at 31 December 2008 is as follows:

	Current				Non-Current	
	2009	2010	2011	2012	2013 and subsequent years	Total Non-Current
Thousands of euros						
Euro loans	26,473	3,018	-	-	79,900	82,918
Foreign currency loans	928	34,848	-	-	-	34,848
Total	27,401	37,866	-	-	79,900	117,766

The detail of the balances of "Loans to Associates" and of the scheduled maturities at 31 December 2007 is as follows:

	Current				Non-Current	
	2008	2009	2010	2011	2012 and subsequent years	Total Non-Current
Thousands of euros						
Euro loans	7,178	24	-	-	69,696	69,720
Foreign currency loans	774	-	-	-	70,299	70,299
Total	7,952	24	-	-	139,995	140,019

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In relation to the Euro loans, of significance are the EUR 30,697 thousand (EUR 17,946 thousand in 2007) loan granted to Circunvalación de Alicante, S.A. in 2008 and the EUR 27,469 thousand (EUR 26,417 thousand in 2007) loan granted to TP Ferro Concesionaria, S.A in 2008, which mature after 2012.

In relation to the foreign currency loans, noteworthy is the EUR 27,589 thousand (EUR 26,056 thousand in 2007) loan granted to Concesionaria Vespucio Norte Express, S.A., which matures in 2010.

These loans bear market interest.

10.3 Other loans

The detail of the balances of "Other Loans" and of the scheduled maturities at 31 December 2008 is as follows:

	Current				Non-Current	
	2009	2010	2011	2012	2013 and subsequent years	Total Non-Current
Thousands of euros						
Euro loans	733,441	52,332	34,951	29,888	278,620	395,791
Foreign currency loans	2,368	-	-	-	-	-
Total	735,809	52,332	34,951	29,888	278,620	395,791

The detail of the balances of "Other Loans" and of the scheduled maturities at 31 December 2007 is as follows:

	Current				Non-Current	
	2008	2009	2010	2011	2012 and subsequent years	Total Non-Current
Thousands of euros						
Euro loans	311,964	47,817	2,209	677	609,103	659,806
Foreign currency loans	41,318	477	151	11	70,055	70,694
Total	353,282	48,294	2,360	688	679,158	730,500

At 31 December 2008, this heading included the short-term contributions amounting to EUR 688,739 thousand by the ACS Group to meet the financing arrangement ratios associated with the acquisitions of 25.08% of Hochtief, A.G. and 7.2% of Iberdrola, S.A. (Note 18).

Also classified under this balance sheet heading are surplus cash investments relating to short-term debt securities.

At 31 December 2007, this balance sheet heading included the financing of the shortfall in revenue from regulated activities in the electricity industry, since, based on current legislation, the Group is entitled to recover it and such recovery is not subject to future contingent factors. The total industry shortfall in 2007 was estimated to amount to EUR 784 million, of which Unión Fenosa Generación, S.A. financed 12.84%, and recognised EUR 100.6 million in this connection. To this amount it was also necessary to add the outstanding EUR 250.8 million relating to the previous year. At 31 December 2008, this balance was reclassified as an asset held for sale as a result of the consideration of Unión Fenosa as a discontinued operation.

Non-current loans included refinanced loans to local government entities amounting to EUR 141,556 thousand at 31 December 2008 (EUR 85,512 thousand at 31 December 2007).

These loans bear interest at a rate tied to Euribor less a market spread.

10.4 Other financial assets

This balance sheet heading relates to short-term deposits amounting to EUR 938,588 thousand. Of this amount, noteworthy is the EUR 760,816 thousand contributed by the ACS Group to meet the coverage ratio relating to the acquisition of Hochtief, A.G. and Iberdrola, S.A., through the use of derivative financial instruments. These amounts are remunerated at market rates and their availability depends on the meeting of coverage ratios. The amount relating to the liability incurred to meet these commitments is recognised under current financial liabilities.

The balance of this heading also includes the outstanding dividends accrued amounting to EUR 54,515 thousand, the current account with the asset securitisation funds (Note 12) and the balance of the reserve account relating to project activity.

11. Inventories

The detail of "Inventories" is as follows:

	Balance at 31/12/2008	Balance at 31/12/2007
Thousands of euros		
Trade receivables	228,354	230,962
Raw materials and other procurements	279,276	459,967
Work in progress	49,127	40,476
Finished goods	17,487	33,862
Subproducts, waste and recovered materials	165	348
Advances to suppliers and subcontractors	124,185	131,214
Total	698,594	896,829

In 2008 inventories with a carrying amount of EUR 4,699 thousand (EUR 9,973 thousand in 2007) have been pledged and/or mortgaged as security for the repayment of debts.

The total impairment losses on inventories recognised and reversed in the consolidated income statement for 2008, relating to the various ACS Group companies, amounted to EUR 3,617 thousand and EUR 1,067 thousand, respectively (EUR 571 thousand and EUR 1,225 thousand in 2007).

12. Trade and other receivables

The carrying amount of trade and other receivables reflects their fair value, the detail being as follows:

	Balance at 31/12/2008	Balance at 31/12/2007
Thousands of euros		
Trade receivables for sales and services	5,946,228	7,278,836
Receivable from companies accounted for using the equity method	155,382	41,675
Other receivables	1,097,564	1,316,066
Current tax assets	102,382	697,816
Total	7,301,556	9,334,393

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Trade receivables for sales and services

The detail of this heading at 31 December 2008 and 2007 is as follows:

	Balance at 31/12/2008	Balance at 31/12/2007
Thousands of euros		
Trade receivables and notes receivable	5,003,487	6,473,473
Completed work pending certification	1,083,600	1,203,118
Total	6,087,087	7,676,591
Advances received on orders (Note 23)	(2,398,787)	(2,273,515)
Allowances for doubtful debts	(140,859)	(397,755)
Total net trade receivables balance	3,547,441	5,005,321

The detail of the net trade receivables balance, by line of business, is as follows:

	Balance at 31/12/2008	Balance at 31/12/2007
Thousands of euros		
Construction	1,089,790	1,716,311
Industrial services	1,368,248	1,524,699
Environment and Logistics	1,046,891	922,030
Concessions	37,045	9,510
Corporate Unit and other	5,467	832,771
Total	3,547,441	5,005,321

At 31 December 2008, retentions held by customers for contract work in progress amounted to EUR 155,894 thousand (EUR 175,355 thousand in 2007).

The Group companies assign trade receivables to financial entities, without the possibility of recourse against them in the event of non-payment. The balance of receivables was reduced by EUR 448,837 thousand in this connection at 31 December 2008 and by EUR 473,578 thousand at 31 December 2007.

Substantially all the risks and rewards associated with the receivables, as well as control over them, were transferred through the sale and assignment of the receivables, since no repurchase agreements have been entered into between the Group companies and the credit institutions that have acquired the assets, and the credit institutions may freely dispose of the acquired assets without the Group companies being able to limit this right in any manner. Consequently, the balances receivable relating to the receivables assigned or sold under the aforementioned conditions were derecognised in the consolidated balance sheet. The Group companies continued to manage collection during the period to maturity.

The balance of "Trade Receivables and Notes Receivable" was reduced by the amounts received from the CAP-TDA1 "Fondo de Titulización de Activos, a securitisation SPV which was set up on 25 June 2003.

The ACS Group companies fully and unconditionally assign receivables to the securitisation SPV. By means of this mechanism, at the date of assignment, the Company charges a set price (cash price) which does not reverse back to the securitisation SPV for any reason. This securitisation SPV, which is subject to Spanish law, transforms the receivables into marketable bonds. It is managed by a management company called Titulización de Activos, Sociedad Gestora de Fondos de Titulización, S.A. The bonds issued by the securitisation SPV received an AAA rating from rating agencies.

The amount of the receivables sold to the securitisation SPV was EUR 315,837 thousand at 31 December 2008 (EUR 328,848 thousand at 31 December 2007), of which EUR 78,710 thousand (EUR 109,875 thousand at 31 December 2007) were recognised

as a current account with the securitisation SPV included under “Other Current Financial Assets-Other Loans” (Note 10.4). A concentration of credit risk is not considered to exist since the Group has a large number of customers engaging in various activities. The main clients of Construction and Environment are public authorities.

Group management considers that the carrying amount of trade receivables reflects their fair value.

13. Other current assets

This balance sheet includes current accruals of prepaid expenses and interest.

14. Cash and cash equivalents

“Cash and Cash Equivalents” includes the Group’s cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets reflects their fair value.

15. Equity

The changes in equity accounts in 2008 and 2007 were as follows:

	Share Capital	Share premium	Retained Earnings and Other Reserves	Adjustments for Changes in Value							Total
				Treasury shares	Available-for-sale financial assets	Hedging instruments	Exchange differences	Profit Attributed to the Parent	Interim dividend	Minority Interests	
Thousands of euros											
Balance at 1 January 2007	176,437	897,294	1,245,327	(283,004)	(28,660)	38,076	(38,720)	1,250,088	(141,149)	140,672	3,256,361
Revenue (expenses) recognised in equity	-	-	(13,267)	-	689,567	69,631	(53,156)	1,551,115	-	673,374	2,917,264
Distribution of profit from the prior year	-	-	3,836	-	-	-	-	-	-	-	3,836
Reparto resultado año anterior											
To reserves	-	-	808,997	-	-	-	-	(808,997)	-	-	-
Dividends	-	-	5,280	-	-	-	-	(441,091)	141,149	(236,945)	(531,607)
Treasury shares	-	-	41,205	(233,337)	-	-	-	-	-	-	(192,132)
Change in the scope of consolidation and other effects of a lesser amount	-	-	41,791	-	-	-	-	-	-	5,210,177	5,251,968
2007 interim dividend	-	-	-	-	-	-	-	-	(264,655)	-	(264,655)
Balance at 31 December 2007	176,437	897,294	2,133,169	(516,341)	660,907	107,707	(91,876)	1,551,115	(264,655)	5,787,278	10,441,035
Revenue (expenses) recognised in equity	-	-	(9,551)	-	(1,200,341)	(344,112)	(134,467)	1,805,036	-	718,664	835,229
Share options	-	-	2,654	-	-	-	-	-	-	-	2,654
Distribution of profit from the prior year											
To reserves	-	-	951,070	-	-	-	-	(951,070)	-	-	-
Dividends	-	-	9,075	-	-	-	-	(600,045)	264,655	(379,694)	(706,009)
Treasury shares	(17,115)	-	(1,173,684)	516,341	-	-	-	-	-	-	(674,458)
Change in the scope of consolidation and other effects of a lesser amount	-	-	(83,001)	-	-	-	-	-	-	384,370	301,369
2008 interim dividend	-	-	-	-	-	-	-	-	(286,780)	-	(286,780)
Balance at 31 December 2008	159,322	897,294	1,829,732	-	(539,434)	(236,405)	(226,343)	1,805,036	(286,780)	6,510,618	9,913,040

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15.1 Share Capital

The General Shareholders' Meeting held on 3 December 2008 resolved, *inter alia*, to redeem 16,746,453 treasury shares. As a consequence of this resolution, registered in the Spanish Mercantile Register in January 2009, the Company recognised a reduction in its capital to EUR 159,321,987, represented by 318,643,974 fully subscribed and paid shares of EUR 0.5 par value each, all with the same voting and dividend rights.

In 2008 capital was reduced by means of the redemption of treasury shares on two occasions. In June 2008 and as resolved by the General Shareholders' Meeting of ACS, Actividades de Construcción y Servicios, S.A., 17,482,707 treasury shares (4.954%) were redeemed for a par value of EUR 8,742 thousand, thereby reducing the share capital from 352,873,134 to 335,390,427 shares. In December 2008 and as resolved by the Extraordinary General Shareholders' Meeting of ACS, Actividades de Construcción y Servicios, S.A. held on 3 December 2008, 16,746,453 treasury shares (4.993%) were redeemed for a par value of EUR 8,373 thousand, thereby reducing the share capital from 335,390,427 to 318,643,974 shares.

The shares of ACS, Actividades de Construcción y Servicios, S.A. are listed on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges and traded through the Spanish computerised trading system.

Apart from the Parent, the companies included in the scope of consolidation whose shares are listed on securities markets are Abertis Infraestructuras, S.A. and Unión Fenosa, S.A. (on the Spanish stock markets), Hochtief A.G (on the German stock markets) and Dragados y Construcciones Argentina, S.A.I.C.I. (on the Buenos Aires Stock Exchange).

At 31 December 2008, the shareholders with an ownership interest of over 10% in the share capital of the Parent were Corporación Financiera Alba, S.A. –with an ownership interest of 23.28%, Corporación Financiera Alcor, S.A. –with an ownership interest of 13.00% and Inversiones Vesán, S.A. –with an ownership interest of 11.57%.

15.2 Share premium

The share premium at 31 December 2008 and 2007 amounted to EUR 897,294 thousand. There have been no changes in the share premium account in the past two years.

The Consolidated Companies Law expressly permits the use of the share premium account balance to increase capital and does not establish any specific restrictions as to its use.

15.3 Retained earnings and other reserves

The detail of this heading at 31 December 2008 and 2007 is as follows:

	Balance at 31/12/2008	Balance at 31/12/2007
Thousands of euros		
Reserves of the Parent Company	1,251,750	1,134,201
Reserves at consolidated companies	577,982	998,968
Total	1,829,732	2,133,169

15.3.1 Reserves of the Parent

This heading includes the reserves set up by the Group's Parent, mainly in relation to retained earnings, and if applicable, in compliance with the various applicable legal provisions.

The detail of this heading at 31 December 2008 and 2007 is as follows:

	Balance at 31/12/2008	Balance at 31/12/2007
Thousands of euros		
Legal reserve	35,287	35,287
Voluntary reserves	501,584	500,155
Reserve for treasury shares	-	174,954
Reserve for redenomination of share capital in euros	162	162
Other retained earnings	714,717	113,193
Subtotal	1,251,750	823,751
Transfer to treasury shares	-	310,450
Total	1,251,750	1,134,201

Legal reserve

Under the Consolidated Companies Law, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital.

The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

The legal reserve recognised by the Group's Parent, which amounts to EUR 35,287 thousand, has reached the stipulated level.

Voluntary reserves

These are reserves, the use of which is not limited or restricted, freely set up by means of the allocation of the Parent's profits, after the payment of dividends and the required appropriations to the legal or other restricted reserves in accordance with current legislation.

Pursuant to Article 194 of the Consolidated Companies Law, until the start-up expenses and goodwill recorded in the individual financial statements in accordance with generally accepted accounting principles in Spain have not been fully amortised, any distribution of profit is prohibited, unless the unrestricted reserves recorded are at least equal to the amount of the unamortised balances. In this case the reserves allocated to meet this requirement are considered to be restricted reserves.

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15.3.2 Reserves at consolidated companies

The detail, by line of business, of the balances of these accounts in the consolidated balance sheets – after considering the effect of consolidation adjustments – is as follows:

	Balance at 31/12/2008	Balance at 31/12/2007
Thousands of euros		
Construction	258,328	220,068
Industrial services	304,174	409,028
Environment & Logistics	360,622	302,019
Concessions	(74,821)	(72,406)
Corporate Unit	(270,321)	140,259
Total	577,982	998,968

Certain Group companies have clauses in their financing agreements (this is standard practice in project financing) restricting the payment of dividends until certain ratios have been met.

This heading includes the revaluation reserves obtained pursuant to Royal Decree Law 7/1996, of 7 June. The Group availed itself of account revaluation and recorded a revaluation reserve of EUR 2,124 thousand, net of the single 3% tax. The balance of this account may be used, free of taxes, to offset accounting losses, both accumulated losses and current losses, or losses which may be incurred in the future, and to increase capital. Once a ten-year period has elapsed, the balance of this account may be taken to unrestricted reserves, provided that the monetary surplus has been realised. The surplus will be deemed to have been realised in respect of the portion on which depreciation has been taken for accounting purposes or when the revalued assets have been transferred or derecognised. If this balance were used in a manner other than that provided for in Royal Decree-Law 7/1996, it would be subject to tax.

15.4 Treasury shares

The changes in "Treasury Shares" in 2008 and 2007 were as follows:

	2008		2007	
	Number of shares	Thousands of euros	Number of shares	Thousands of euros
At beginning of year	11,941,061	516,341	6,985,055	283,004
Purchases	22,718,071	688,345	32,851,277	1,459,203
Sales	(429,972)	(13,553)	(27,895,271)	(1,225,866)
Redemption July 08	(17,482,707)	(715,898)	-	-
Redemption 08	(16,746,453)	(475,235)	-	-
At end of year	-	-	11,941,061	516,341

The Group did not hold shares of the Parent at 31 December 2008.

The average purchase price of the shares of ACS in 2008 was EUR 30.30 per share and the average selling price of the shares in 2008 was EUR 31.52 per share (EUR 44.42 and EUR 43.95 per share, respectively, in 2007).

In 2008 capital was reduced by means of the redemption of treasury shares on two occasions. In June 2008 and as resolved by the General Shareholders' Meeting of the ACS Group, 17,482,707 treasury shares (4.954%) were redeemed for a par value of EUR 8,742 thousand, thereby reducing the share capital from 352,873,134 to 335,390,427 shares. In December 2008 and as resolved

by the Extraordinary General Shareholders' Meeting of ACS, Actividades de Construcción y Servicios, S.A. held on 3 December 2008, 16,746,453 treasury shares (4.993%) were redeemed for a par value of EUR 8,373 thousand, thereby reducing the share capital from 335,390,427 to 318,643,974 shares.

15.5 Interim dividend

At the meeting on 3 December 2008, the Parent's Board of Directors resolved to distribute an interim dividend of EUR 0.90 per share, totalling EUR 286,780 thousand, which was paid on 27 January 2009. For this purpose, the Parent prepared the liquidity statement required under Article 216 of the Consolidated Companies Law in this connection. This interim dividend paid is recognised under "Interim Dividend" and is deducted from "Equity Attributable to the Parent" included at 31 December 2008 under the heading "Other Current Liabilities" in the accompanying consolidated balance sheet.

At the meeting on 13 December 2007, the Parent's Board of Directors resolved to distribute an interim dividend of EUR 0.75 per share, totalling EUR 264,655 thousand, which was paid on 15 January 2008. For this purpose, the Parent prepared the liquidity statement required under Article 216 of the Consolidated Companies Law in this connection. This interim dividend paid is recognised under "Interim Dividend" and is deducted from "Equity Attributable to the Parent" included at 31 December 2007 under the heading "Other Current Liabilities" in the accompanying consolidated balance sheet.

15.6 Adjustments for changes in value

The changes in the balance of this heading in 2008 and 2007 were as follows:

	2008	2007
Thousands of euros		
Beginning balance	676,738	(29,304)
Hedging instruments	(344,112)	69,631
Available-for-sale financial assets	(1,200,341)	689,567
Exchange differences	(134,467)	(53,156)
Ending balance	(1,002,182)	676,738

The adjustments for hedging instruments relate to the reserve generated by changes in the fair value of the financial instruments designated and classified as cash flow hedges. These relate mainly to interest rate and exchange rate hedges tied to balance sheet asset and liability items, as well as the future transaction commitments to which the recording of hedges applies, due to the fulfilment of certain requirements of IAS 39.

Available-for-sale financial assets include the unrealised losses and gains arising from changes in fair value net of the related tax effect. The main changes arose from the ownership interest in Iberdrola, S.A., in relation to which a loss amounting to EUR 659,618 thousand was recognised at 31 December 2008 and a gain amounting to EUR 371,541 thousand was recorded at 31 December 2007.

This heading also includes the indirect ownership interest held by Abertis Infraestructuras, S.A. amounting to EUR 34,300 thousand in 2008 and EUR 64,493 thousand in 2007 (mainly relating to its holding in Brisa Auto-estradas de Portugal, S.A.).

The exchange differences at 1 January 2004 were recognised in the transition to IFRSs as opening reserves. Consequently, the amount presented in the Group's consolidated balance sheet at 31 December 2008 relates exclusively to the difference arising from 2004 to 2008, net of the tax effect, between the closing and opening exchange rates; on non-monetary items whose fair value is adjusted against equity and on the translation to euros of the balances in the functional currencies of fully and proportionally consolidated companies, as well as companies accounted for using the equity method, whose functional currency is not the Euro.

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The currencies with the greatest impact on exchange differences in 2008 were the Brazilian real and the Chilean and Argentine pesos (the Chilean peso, Brazilian real, and Mexican and Colombian pesos in 2007), whose performance in 2008 and 2007 explain the significant changes therein.

15.7 Minority Interests

The detail, by line of business, of the balance of "Minority Interests" in the consolidated balance sheet at 31 December 2008 and 2007 is as follows:

Line of Business	Balance at 31/12/08			Balance at 31/12/2007		
	Minority Interests	Profit attributed to Minority Interests	Profit from Discontinued Operations	Minority Interests	Profit attributed to Minority Interests	Profit from Discontinued Operations
Thousands of euros						
Construction	12,137	1,584	-	26,764	4,225	-
Industrial Services	79,367	10,152	-	83,879	7,863	-
Environment & Logistics	87,131	9,268	-	82,713	9,892	-
Concessions	19,653	(686)	-	18,473	(69)	-
Energy	5,477,635	-	814,377	5,004,117	-	549,421
Total	5,675,923	20,318	814,377	5,215,946	21,911	549,421

This heading in the accompanying consolidated balance sheet reflects the proportional share of the equity of minority interests in the Group companies. The changes in 2008, by item, were as follows:

Thousands of euros	
Balance at 31 December 2007	5,787,278
Profit for the year from continuing operations	20,318
Profit for the year from discontinued operations	814,377
Dividends received	(379,694)
Change in the scope of consolidation	363,159
Changes in share capital and other	21,211
Valuation adjustments	(116,031)
Balance at 31 December 2008	6,510,618

The changes in 2007, by item, were as follows:

Thousands of euros	
Balance at 31 December 2006	140,672
Profit for the year	571,332
Dividends received	(236,945)
Change in the scope of consolidation	5,194,954
Changes in share capital	15,223
Valuation adjustments	161,305
Exchange differences and other	(59,263)
Balance at 31 December 2007	5,787,278

The detail of this balance at 31 December 2008, by business segment, is as follows:

	Share Capital	Reserves	Profit for the Year	Profit from Discontinued Operations	Total
Thousands of euros					
Construction	4,814	7,323	1,584	-	13,721
Industrial Services	73,860	5,507	10,152	-	89,519
Environment & Logistics	45,207	41,924	9,268	-	96,399
Concessions	24,335	(4,682)	(686)	-	18,967
Energy	322,704	5,154,931	-	814,377	6,292,012
Total	470,920	5,205,003	20,318	814,377	6,510,618

The detail of this balance at 31 December 2007, by business segment, is as follows:

	Share Capital	Reserves	Preference Shares	Profit for the Year	Total
Thousands of euros					
Construction	22,514	4,250	-	4,225	30,989
Industrial Services	68,405	15,474	-	7,862	91,741
Environment & Logistics	36,295	46,417	-	9,893	92,605
Concessions	16,128	2,345	-	(69)	18,404
Energy	544,133	3,762,232	697,753	549,421	5,553,539
Total	687,475	3,830,718	697,753	571,332	5,787,278

In 2005 Unión Fenosa Preferentes, S.A. issued preference shares for a face value of EUR 750 million, which are classified under "Minority Interests". The main features of this issue are as follows:

Dividend: variable and non-cumulative: from the disbursement date (30 June 2005) to 30 June 2015, the dividend will be three-month Euribor plus a spread of 0.65%; from that date, it will be three-month Euribor plus a spread of 1.65%.

Dividend payments: dividends will be paid each calendar quarter in arrears. Payment is conditional on the obtainment by Unión Fenosa of distributable profit, which is deemed to be the lower of net profit declared by the Unión Fenosa Group and that of the guarantor.

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Term: perpetual. The issuer may retire the shares issued in full or partially after 30 June 2015. If the shares are retired, they will be retired for their par value

Yield: payment of dividends will be preferred and non-cumulative and is conditional on the obtainment of distributable profit by Unión Fenosa and on the payment of dividends to holders of the common shares. The issuer may opt to, but is not obliged to, make payment in kind to the shareholders by increasing the par value of the preference shares.

Guarantee: joint and several irrevocable guarantee from Unión Fenosa, S.A.

Voting rights: none.

At 31 December 2008, the balance amounted to EUR 750,000 thousand (EUR 697,753 thousand in 2007) and is included under "Minority Interests".

At 31 December 2008, the shareholders with an ownership interest equal to or exceeding 10% of the share capital of the Group's main subsidiaries were as follows:

Group Company	Percentage of Ownership	Shareholder
Thousands of euros		
Industrial Services		
Andasol 1, S.A.	25.00%	Solar Millennium Verwaltungsgesellschaft, mbh
Artemis Transmissora de Energia, Ltda.	49.00%	Eletrosul Centrais Eléctricas, S.A. (44%)
Beni Saf Water Company Spa.	49.00%	Algerian Energy Company -SPA
Emurtel, S.A.	49.90%	Ginés Heredia (20%) José María Rodríguez (29,9%)
Energias Ambientales, S.A. (Easa)	33.33%	Enel Unión Fenosa Energías Renovables, S.A.
Procme, S.A.	25.00%	José Reis Costa
Serpista, S.A.	49.00%	Temg Mantenimiento, S.A. (10%) Iberia, S.A. (39%)
Sistemas Sec, S.A.	49.00%	Compañía Amerinana de Multiservicios Limitada
Uirapuru Transmissora de Energia, Ltda.	49.00%	Eletrosul Centrais Electricas, S.A.
Environment & Logistics		
A.T.M. Cartera, S.L.	22.53%	Servicios Logísticos Portuarios, S.A. (19,99%)
Autoterminal, S.A.	42.29%	Barcelona Car Terminal, S.A. (28,3%)
Centro de Transferencias, S.A.	30.00%	Emgrisa
Construrail, S.A.	49.00%	Renfe Operadora
Jingtang International Container Terminal Co. Ltd.	45.72%	Jing Tang Port Investment Co,Ltd. (40%)
Residuos Industriales de Zaragoza, S.A.	30.00%	Marcor Ebro, S.A.
Residuos Sólidos Urbanos de Jaén, S.A.	40.00%	Diputación Provincial de Jaen
Terminales del Sudeste, S.A.	11.00%	Docks Comerciales de Valencia, S.A.
Terminales Marítimas Servicesa, S.A.	48.75%	Servimad, S.L. (20,00%) Cesa Stevedoring, S.A. (28,75%)
Tirmadrid, S.A.	33.64%	Unión Fenosa Energías Especiales, S.A. (18,64%) Endesa Coogeneración y Renovables, S.A. (15%)
Urbana de Servicios Ambientales, S.L.	30.00%	Construcciones Sánchez Domínguez (20%) Unicaja (10%)
Vertederos de Residuos, S.A.	16.03%	Fomento de Construcciones y Contratas, S.A.
Concessions		
Autovía de La Mancha S.A. Conces. JCC Cast-La Mancha	33.33%	CYOP, S.A.
Concesionaria Santiago Brión, S.A.	30.00%	Francisco Gómez y CIA, S.L. (15%) Extraco Construcciones e Proyectos, S.A. (15%)
Hospital de Majadahonda, S.A.	45.00%	Bovis Lend Lease, S.A. (25%) Itínere, S.A. (20%)
Intercambiador de Transportes de Príncipe Pío, S.A.	30.00%	Empresa de Blas y Compañía, S.L.

16. Grants

The changes in the balance of this heading in 2008 and 2007 were as follows:

	2008	2007
Thousands of euros		
Beginning balance	810,599	81,062
Changes in the scope of consolidation	(748,872)	562,350
Additions	6,935	180,805
Transfers	(742)	(986)
Recognition in income statement	(2,534)	(12,632)
Ending balance	65,386	810,599

The most significant movement in 2007 was the change in the scope of consolidation relating to Unión Fenosa, S.A. and in 2008, of most significance was the consideration of Unión Fenosa, S.A. as a discontinued operation.

The grants related to assets taken to income in 2008 (recognised under "Allocation of Grants Relating to Non-Financial Assets and Others" in the consolidated income statement) amounted to EUR 2,534 thousand and EUR 12,632 thousand in 2007 (EUR 2,953 thousand taking into consideration the profit of Unión Fenosa as discontinued operations in 2007). Following is a detail of the timing of recognition:

	2008			2007		
	<1	2-5	>5	<1	2-5	>5
Thousands of euros						
Grants related to assets	7,516	15,110	42,760	12,110	52,648	745,841

The decrease in the amount of grants is a consequence of the consideration of Unión Fenosa as a discontinued operation, since the grant amounts relate mainly to third-party contributions for the improvement of the electricity distribution facilities.

17. Bank borrowings, debt instruments and other held-for-trading liabilities

17.1 Debt instruments and other held-for-trading liabilities

At 31 December 2008, the ACS Group did not have any current or non-current held-for-trading liabilities.

The detail, by maturity, of the ACS Group's non-current and current held-for-trading liabilities at 31 December 2007 is as follows:

	2008	2009	2010	2011	2012 and subsequent years	Total Non-Current
Thousands of euros						
Nonconvertible debentures and bonds	-	46,957	567,276	-	-	614,233
Preference shares	-	-	-	-	581,322	581,322
Other held-for-trading liabilities	597,069	23,960	-	-	-	23,690
Total	597,069	70,647	567,276	-	581,322	1,219,245

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17.2 Bank loans

The detail of the bank borrowings at 31 December 2008 and the repayment schedules are as follows:

	Current				Non-Current	
	2009	2010	2011	2012	2013 and subsequent years	Total Non-Current
Thousands of euros						
Euro loans	3,843,801	2,610,767	400,462	35,973	159,006	3,206,208
Foreign currency loans	96,546	16,965	2,230	1,771	10,075	31,041
Finance lease obligations	20,599	14,143	11,849	9,652	15,162	50,806
Total	3,960,946	2,641,875	414,541	47,396	184,243	3,288,055

The detail of the bank borrowings at 31 December 2007 and the repayment schedules are as follows:

	Current				Non-Current	
	2008	2009	2010	2011	2012 and subsequent years	Total Non-Current
Thousands of euros						
Euro loans	2,102,075	538,895	2,641,132	421,558	660,899	4,262,484
Foreign currency loans	575,463	138,622	225,401	156,475	707,738	1,228,236
Finance lease obligations	85,829	94,368	102,502	77,182	493,705	767,757
Total	2,763,367	771,885	2,969,035	655,215	1,862,342	6,258,477

In 2008 and 2007 the ACS Group satisfactorily repaid all its financial liabilities at their maturity date. Also, at the date of the preparation of these consolidated financial statements, the Group had not defaulted on any of its financial obligations.

The year-on-year reduction in the Group's loans is a consequence, inter alia, of the consideration of Unión Fenosa as a discontinued operation.

The ACS Group's most significant bank loans are as follows:

In 2005, ACS, Actividades de Construcción y Servicios, S.A. arranged a syndicated loan amounting to EUR 1,500 million with 39 credit institutions, which matures on 22 July 2010, on which date a single repayment in full is required. This loan bears interest at a variable rate tied to Euribor plus a spread. Various interest rate swaps were arranged to hedge 100% of the loan granted, which mature in July 2010. This loan requires compliance with certain ratios that are being met by the Group.

Additionally, the Parent arranged bilateral non-current loans with different credit institutions amounting to EUR 390,000 thousand, at an interest rate tied to Euribor plus a market spread.

Non-current financing includes EUR 650 million relating to a syndicated loan granted to Urbaser, S.A. on 26 May 2005, which fully matures in five years and requires compliance with certain ratios that are being met by the Urbaser Group. Various interest rate swaps were arranged to cover 60% of this loan, which mature in June 2010.

Additionally, the SPL Group was granted a syndicated loan amounting to EUR 280,000 thousand, which also requires compliance with certain ratios that are being met by the SPL Group. Various interest rate swaps were arranged to cover 64% of this loan, which mature in June 2011.

The ACS Group's mortgage loans amount to EUR 8,537 thousand (EUR 17,452 thousand in 2007).

At 31 December 2008 the Group companies had credit facilities with limits totalling EUR 5,199,259 thousand (EUR 6,359,982 thousand in 2007), of which EUR 2,187,463 were undrawn (EUR 3,858,109 thousand at 31 December 2007). These credit facilities sufficiently cover all the Group's needs in relation to its short-term commitments.

At 31 December 2008, current and non-current bank borrowings in foreign currencies amounted to EUR 127,587 thousand (EUR 1,595,931 thousand in 2007), of which EUR 48,413 thousand were denominated in US dollars (EUR 1,047,814 thousand in 2007), EUR 34,544 thousand were denominated in Chilean pesos (EUR 68,313 thousand in 2007), and EUR 9,149 were denominated in Columbian pesos (EUR 315,025 thousand in 2007).

Foreign currency loans and credits are recognised at their equivalent Euro value at each year-end, calculated at the exchange rates prevailing at 31 December 2008.

In 2008 the Group's Euro loans and credits bore average annual interest of 4.84% (4.53% in 2007). Foreign currency loans and credits bore average annual interest of 7.20% (7.76 % in 2007).

In accordance with its risk management policy, the ACS Group attempts to achieve a reasonable balance between non-current financing for the Group's strategic investments (above all, project financing and limited recourse financing of debt as described in Note 18) and current financing for the management of working capital. Changes in interest rates had hardly any effect on finance charges (Note 21), since approximately 73% of the ACS Group's non-current borrowings (77% in 2007) were arranged at a fixed interest rate.

The information relating to loans and credits in 2007 include those contributed by the Unión Fenosa Group, which was considered to be a discontinued operation in 2008.

17.3 Finance lease obligations

The detail of the amounts payable under finance leases at 31 December 2008 and 2007 is as follows:

	Within one year	Between two and five years	After five years	Balance at 31/12/2008
Thousands of euros				
Present value of minimum lease payments	20,599	35,644	15,162	71,405
Unaccrued finance charges	1,643	2,670	1,179	5,492
Total amounts payable under finance leases	22,242	38,314	16,341	76,897

	Within one year	Between two and five years	After five years	Balance at 31/12/2007
Thousands of euros				
Present value of minimum lease payments	85,829	274,049	493,708	853,586
Unaccrued finance charges	24,200	76,681	227,091	327,972
Total amounts payable under finance leases	110,029	350,730	720,799	1,181,558

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It is the Group's policy to lease certain of its fixtures and equipment under finance leases. The average lease term is three to four years. Interest rates are set at the contract date. All leases are on a fixed repayment basis. The contingent rental payments were not material at 31 December 2008 nor at 31 December 2007.

All the lease obligations are denominated in Euros.

The Group's finance lease obligations are secured by the lessors' charges on the leased assets.

18. Limited recourse financing of projects and debts

"Limited Recourse Financing of Projects and Debts" on the liability side of the balance sheet includes the financing for the acquisition of Iberdrola, S.A. and Hochtief, A.G., as well as the financing amount associated with projects. The detail of the balance of this heading, by company, at 31 December 2008 is as follows:

Company	Current	Non-Current	Total
Thousands of euros			
Iberdrola, S.A.	53,481	2,472,244	2,525,725
Hochtief Aktiengesellschaft	13,592	627,023	640,615
Project financing			
Andasol-1, 2 y Extresol-1,2,3	2,417	612,181	614,598
Parque Eólico La Boga, S.L.	16,779	310,399	327,178
Al-Andalus Wind Power, S.L.	6,259	301,169	307,428
Hospital de Majadahonda, S.A.	4,923	214,205	219,128
Autovía de La Mancha, S.A. Conces. JCC Castilla-La Mancha	-	102,885	102,885
Beni Saf Water Company, Spa.	-	101,191	101,191
Hydromanagement, S.L.	-	96,080	96,080
Concesionaria Santiago Brión, S.A.	-	87,144	87,144
Abra Terminales Marítimas, S.A.	4,776	76,230	81,006
Cobra Instalaciones México, S.A. de C.V.	-	75,250	75,250
Terminales del Sudeste, S.A.	2,737	66,661	69,398
Empresa Mantenimiento y Explotación M-30, S.A.	32	64,860	64,892
Iberoamericana de Hidrocarburos, S.A. de C.V.	-	62,066	62,066
Parque Eólico Sierra de las Carbas, S.L.	19	60,702	60,721
Remodelación Ribera Norte, S.A.	2,332	57,373	59,705
Inversora de la Autovía de la Mancha, S.A.	-	53,171	53,171
Other (project financing < 50 mn €)	69,493	804,406	873,899
Total	176,840	6,245,240	6,422,080

The detail of the balance of this heading, by company, at 31 December 2007 is as follows:

Company	Current	Non-Current	Total
Thousands of euros			
Unión Fenosa, S.A.	42,992	2,786,921	2,829,913
Iberdrola, S.A.	59,675	2,741,380	2,801,055
Hochtief Aktiengesellschaft	22,695	919,418	942,113
Project financing			
Parque Eólico La Boga, S.L.	234	275,634	275,868
Andasol-1 y 2, Extresol-1	658	251,835	252,493
Grupo Eufer	29,636	220,862	250,498
Hospital de Majadahonda, S.A.	15,651	193,329	208,980
Fuerza y Energía de Tuxpan, S.A. de C.V.	15,557	185,995	201,552
Segas Services, S.A.E.	12,276	183,024	195,300
CME	7,985	103,959	111,944
Hydromanagement, S.L.	-	106,471	106,471
Autovía de La Mancha, S.A. Conces. JCC Castilla-La Mancha	-	102,655	102,655
Al Andalus Wind Power, S.L.	2,301	99,546	101,847
Concesionaria Santiago Brión, S.A.	-	81,000	81,000
Can Brians 2, S.A.	80,700	-	80,700
Terminales del Sudeste, S.A.	-	67,256	67,256
Empresa Mantenimiento y Explotación M-30, S.A.	-	66,000	66,000
Planta de Regasificación de Sagunto, S.A.	2,690	58,370	61,060
Cobra Instalaciones México, S.A. de C.V.	-	60,848	60,848
Artemis Transmissora de Energia, S.A.	5,649	52,683	58,332
Intercambiador Príncipe Pío, S.A.	7,812	50,000	57,812
Seguridad Integral Metropolitana, S.A.	16,057	40,459	56,516
Beni Saf Water Company Spa.	-	51,447	51,447
Other (project financing < 50 mm €)	40,607	579,169	619,776
Total	363,175	9,278,259	9,641,434

At 31 December 2008 and 2007, the detail, by maturity, of non-current financing is as follows:

Maturity in	2010	2011	2012	2013 and subsequent years	Total
Thousands of euros					
Balance at 31 December 2008	85,772	2,522,826	676,258	2,960,384	6,245,240

Maturity in	2009	2010	2011	2012 and subsequent years	Total
Thousands of euros					
Balance at 31 December 2007	170,488	2,481,146	638,517	5,988,108	9,278,259

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The most significant financing arrangements were as follows:

Financing of the acquisition of Unión Fenosa, S.A.

The balance at 31 December 2007 relates to the bank financing obtained by the ACS Group for the acquisition of the shares of Unión Fenosa, S.A.

The main characteristics of the financing included the maintenance of a coverage ratio over the market value of the shares of Unión Fenosa, S.A. If this ratio were not met, the pledge could be executed. If the aforementioned coverage ratio were not met and the ACS Group decided to maintain the financing, it would be required to provide funds up to a limit in the form of a subordinated loan. At 31 December 2008 and 2007 this ratio was being met.

In relation to the financing, interest rate swaps were entered into to hedge 87% of the amounts borrowed to finance this transaction maturing in July 2010.

At 31 December 2008, as a consequence of the consideration of Unión Fenosa, S.A. as a discontinued operation, these financial liabilities were reclassified as "Liabilities Relating to Non-Current Assets Held for Sale and Discontinued Operations" since they are required to be repaid at the date on which the holding is sold (Note 3.9).

Financing of the acquisition of Iberdrola, S.A.

For the acquisition of an initial 7.2% of Iberdrola, S.A., limited recourse financing was also obtained through a syndicated loan of EUR 2,486,900 arranged on 28 December 2006 and a credit line from Banco Bilbao Vizcaya Argentaria, S.A. guaranteed by banks, which amounted to EUR 331,600 thousand. Both loans mature on 28 December 2011, bear interest tied to Euribor plus a spread, and are secured by the shares acquired. In relation to this financing, in 2007, various interest rate swaps were entered into for 90% of this syndicated loan amount, which mature in July 2011. The balance at 31 December 2008 amounted to EUR 2,525,725 thousand and to EUR 2,801,055 thousand at 31 December 2007.

The main characteristics of the financing arrangement include the maintenance of a coverage ratio over the market value of the shares of Iberdrola, S.A. If this ratio were not met, the pledge could be executed. If the aforementioned coverage ratio were not met and the ACS Group decided to maintain the financing, ACS, Actividades de Construcción y Servicios, S.A. would be required to provide funds up to a limit of EUR 331,600 thousand in the form of a subordinated loan. Both at 31 December 2008 and at the date of the preparation of these consolidated financial statements, this coverage ratio was being met (Note 10.4).

The rest of the investment was financed with a subordinated loan of the Parent.

Financing of the acquisition of Hochtief, A.G.

For the acquisition of 25.08% of Hochtief, A.G., on 24 April 2007, financing by BBVA was arranged amounting to EUR 948,000 thousand, divided into two tranches, tranche A consisting in a loan of EUR 632,000 thousand and Tranche B consisting of a current account credit line amounting to EUR 316,000 thousand. Both tranches are secured by the shares acquired and have a finance cost tied to Euribor, and the sole and final maturity date for this financing is 24 July 2012.

The main characteristics of the financing arrangement include the maintenance of a coverage ratio over the market value of the shares of Hochtief, A.G. If this ratio were not met, the pledge could be executed. If the aforementioned coverage ratio were not met and the ACS Group decided to maintain the financing, ACS, Actividades de Construcción y Servicios, S.A. would be required to provide funds up to a limit of EUR 316,000 thousand in the form of a subordinated loan. Both at 31 December 2008 and at the date of the preparation of these consolidated financial statements, this coverage ratio was being met.

The remainder of the investment was made through a participating loan from ACS, Actividades de Construcción y Servicios, S.A. amounting to EUR 326,000 thousand, the sole and final maturity date of which is 31 October 2012. This loan bears interest at both a fixed and variable rate, on the basis of the company's net profit.

To cover the ratios required to be met for both financing arrangements, the Group contributed funds amounting to EUR 688,739 thousand at 31 December 2008, which were recognised as a reduction in limited recourse financing on the asset side of the balance sheet under "Other Current Financial Assets" (Note 10.4).

Project financing

Project financing included, inter alia, the following:

- Wind-powered facilities. These are financed through non-current non-recourse loan agreements granted to shareholders, which are tied to Euribor plus a floating spread based on certain ratios and mature between 2012 and 2027.
- Hospital de Majadahonda, S.A. This is financed through a syndicated bank loan at a variable rate of interest tied to Euribor and matures in full in 2033.
- Thermal solar plants such as Andasol 1 and 2 and Extresol 1, 2 and 3 are financed through syndicated loans tied to Euribor plus a market spread, maturing between 2024 and 2029.
- The financing of the electricity transmission line Artemis Transmisora de Energía Ltda., matures in full in 2018 and was granted by Banco Nacional de Desarrollo de Brasil (National Development Bank of Brazil) at a fixed interest rate.
- Hydromanagement, S.L. is financed through a loan tied to Euribor maturing in full in 2031.
- La Empresa de Mantenimiento y Explotación M-30, S.A. has been granted financing up to 2025 through a loan tied to Euribor.
- Terminales del Sudeste, S.A. This is financed through a syndicated loan bearing interest tied to Euribor which matures in full in 2019.
- Autovía de la Mancha, S.A. (España). The full debt of the concession company Autovía de la Mancha was refinanced in 2008. On 17 April 2008 a long-term loan agreement amounting to EUR 110,000 was arranged with Dexia Sabadell S.A. The new loan obtained an A1 rating from Moodys and an A- rating from S&P, the second motorway worldwide to obtain this rating. The loan matures in full in October 2031. EUR 93,500 thousand have been hedged at a fixed interest rate.
- Inversora de la Autovía de la Mancha S.A. (España) entered into a loan agreement with Dexia Sabadell S.A amounting to EUR 53,600 thousand. EUR 45,560 thousand have been hedged at a fixed interest rate and the loan matures in full in 2032.
- The concession company Santiago Brión, S.A. has been granted two loans, one of which is from the European Investment Bank, which matures in full at the end of 2032 and bears interest tied to Euribor plus a spread.

The Group has arranged various interest rate hedges in connection with the aforementioned financing (Note 22).

The average annual interest rate for this type of financing amounted to 5.18% in 2008 and to 4.7% in 2007

The debts relating to this type of financing are secured by project assets and include clauses requiring that certain ratios be complied with by the project and which were being met in all cases at 31 December 2008.

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19. Other financial liabilities

The breakdown of the balance of this heading in the consolidated balance sheets is as follows:

	Balance at 31/12/2008		Balance at 31/12/2007	
	Non-Current	Current	Non-Current	Current
Thousands of euros				
Non-bank borrowings at a reduced interest rate	38,463	6,059	40,930	4,879
Payable to associates	2,648	5	5,686	-
Other	1,871	1,813	1,890	113,976
Total	42,982	7,877	48,506	118,855

“Non-Bank Borrowings at a Reduced Interest Rate” are loans at reduced or zero interest rates granted by the Ministry of Industry, Commerce and Tourism and dependent agencies. The effect of the financing at market interest rates would not be material.

20. Provisions

The changes in non-current provisions in 2008 were as follows:

Non-current	Provision for Pensions and Similar Obligations	Provision for Taxes	Provision for third-party liability	Total
Thousands of euros				
Balance at 31 December 2007	660,613	87,966	750,050	1,498,629
Additions or charges for the year	189	27,945	93,631	121,765
Amounts used	203	(5,321)	(85,611)	(90,729)
Reversals	(11)	(27,244)	(150,541)	(177,796)
Exchange differences	(20)	22	(1,435)	(1,433)
Changes in the scope of consolidation	(659,998)	(65,152)	(466,639)	(1,191,789)
Balance at 31 December 2008	976	18,216	139,455	158,647

The changes in the scope of consolidation relate mainly to the consideration of Unión Fenosa as a discontinued operation.

Non-current provisions include provisions for third-party liabilities whose purpose is to cover different Group liabilities including, inter alia, provisions for litigation, arbitration and claims in which the various Group companies act as the defendant due to the liabilities inherent to the activities carried on by them, provisions for restructuring costs (basically in the industrial area) and provisions for the closing and post-closing of landfills (basically in the services area).

In 2008, the Group reassessed the risks associated with the current provisions as well as the time frame in which outflows of cash may arise in relation thereto, which together with the completion of reviews by inspection authorities in relation to previous years and the handing down of judgements in favour of certain Group companies in relation to existing claims, has led to the disappearance of certain probable risks from the previous year or to their identification as highly unlikely. Accordingly, provisions amounting to approximately EUR 150 million have been reversed (Note 26.2, Note 28.5).

Additionally, in accordance with the opinion of the external lawyers responsible for the legal aspects of this matter, the Group considers that there is no economic risk relating to the lawsuit filed by Boliden-Apirsa in 2004. In relation to this matter, in November 2006 the Madrid Court of First Instance dismissed the lawsuit filed. Boliden-Apirsa has filed an appeal against this decision, which is currently in process.

The changes in current provisions in 2008 and 2007 were as follows:

Current	Provision for Termination Benefits	Provision for Contract Work Completion	Operating Allowance	Total
Thousands of euros				
Balance at 31 December 2007	12,122	134,430	126,498	273,050
Additions or charges for the year	5,012	32,127	60,902	98,041
Amounts used	(2,847)	(31,562)	(38,953)	(73,362)
Reversals	(1,264)	(1,108)	(11,812)	(14,184)
Exchange differences	253	(1,180)	(2,814)	(3,741)
Changes in the scope of consolidation	-	-	(15,091)	(15,091)
Balance at 31 December 2008	13,276	132,707	118,730	264,713

Current	Provision for Termination Benefits	Provision for Contract Work Completion	Operating Allowance	Total
Thousands of euros				
Balance at 31 December 2006	10,647	131,610	92,758	235,015
Additions or charges for the year	4,044	42,965	62,243	109,252
Amounts used	(961)	(36,655)	(73,412)	(111,028)
Reversals	(68)	(3,347)	(15,632)	(19,047)
Exchange differences	(352)	(143)	(561)	(1,056)
Changes in the scope of consolidation	(1,188)	-	61,102	59,914
Balance at 31 December 2007	12,122	134,430	126,498	273,050

21. Financial risk and capital management

In view of its activities, the ACS Group is exposed to different financial risks, mainly arising from the ordinary course of its operations, the borrowings to finance its operating activities, and its investments in companies with functional currencies other than the Euro. The financial risks to which the operating units are subject include interest rate, foreign currency, liquidity and credit risks.

Interest rate risk on cash flows

This risk arises from changes in future cash flows from borrowings bearing interest at floating rates (or with current maturity and likely renewal) as a result of fluctuations in market interest rates.

The objective of the management of this risk is to mitigate the impact on the cost of the debt arising from fluctuations in interest rates. For this purpose financial derivatives which guarantee fixed interest rates or rates with a narrow range of fluctuation are arranged for a substantial portion of the borrowings that may be affected by this risk (Note 22).

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Taking into consideration the existing hedging instruments, as well as financing at a fixed interest rate, the sensitivity of the ACS Group's profit or loss to changes in interest rates, prior to tax and minority interests, is as follows:

	2008		2007	
Thousands of euros				
Change in interest rate	+1%	-1%	+1%	-1%
Effect on profit or loss	25.6	(25.6)	38.8	(38.8)

Foreign currency risk

The foreign currency risk arises mainly from the foreign operations of the ACS Group which makes investments and carries out business transactions in functional currencies other than the Euro, and from loans granted to Group companies in currencies other than those of the countries in which they are located.

To reduce the risk inherent to structural investments in foreign operations with a functional currency other than the Euro, the Group attempts to arrange debt in the same functional currency as the assets being financed.

For the hedging of net positions in currencies other than the Euro in the performance of contracts in force and contracts in the backlog, the Group uses different financial instruments for the purpose of mitigating exposure to foreign currency risk (Note 22).

In this regard, the main currency operated with against the Euro is the US dollar and the sensitivity is as follows:

	2008		2007	
	+5%	-5%	+5%	-5%
Thousands of euros				
Effect on profit or loss before tax	5.2	(5.2)	4.1	(4.1)
Effect on equity before tax	26.5	(26.5)	56.3	(56.3)

Liquidity risk

This risk results from the timing gaps between fund requirements for business investment commitments, debt maturities, working capital requirements, etc. and the funds arising from cash generated in the course of the Group's ordinary operations, different forms of bank financing, capital market operations and divestments.

The Group's objective with respect to the management of liquidity risk to maintain a balance between the flexibility, term and conditions of the credit facilities arranged on the basis of projected short-, medium-, and long-term fund requirements. In this connection, noteworthy is the use of the limited recourse financing of projects and debts, as described in Note 18, and current financing for working capital requirements.

Credit risk

This risk mainly relates to the non-payment of trade receivables. The objective of credit risk management is to reduce the impact of credit risk exposure as far as possible by means of the preventive assessment of the solvency rating of the Group's potential clients. When contracts are being performed, the credit rating of the outstanding amounts receivable is periodically evaluated and the estimated recoverable doubtful receivables are adjusted and written down with a charge to the income statement for the year.

Capital management

The ACS Group's objectives in relation to capital management are to maintain an optimal financial-equity structure in order to reduce the cost of capital, while safeguarding the company's ability to continue operating with an adequately stable debt-to-equity ratio.

The capital structure is mainly controlled through the debt-to-equity ratio, which is calculated by dividing net financial debt by net equity. Net financial debt is understood to comprise the following:

-
- + Net recourse debt:
 - + Non-current bank borrowings
 - + Current bank borrowings
 - + Issue of bonds and debentures
 - Cash and other current financial assets
 - + Project financing debt.
-

The Group's directors consider the leverage to be appropriate at 31 December 2008. Following is the detail thereof:

	2008	2007
Thousands of euros		
Net recourse debt	2,933,685	6,933,076
Non-current bank borrowings	3,288,055	6,258,477
Current bank borrowings	3,960,946	2,763,366
Issue of bonds and debentures	-	1,816,314
Other financial liabilities	50,859	167,364
Other current financial assets and cash	(4,366,175)	(4,072,445)
Project financing	6,422,080	9,641,435
Equity	9,913,040	10,441,035
Leverage	94%	159%
Leverage to net recourse debt	30%	66%

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22. Derivative financial instruments

The ACS Group's different lines of business expose it to financial risks, mainly foreign currency and interest rate risks. In order to minimise the impact of these risks and in accordance with its risk management policy (Note 21), the ACS Group entered into various financial derivative contracts, most of which have non-current maturities.

The detail, by maturity, of the notional amounts of the aforementioned hedging instruments in 2008 and 2007, on the basis of the nature of the contracts, is as follows:

	Notional Value	2009	2010	2011	2012	2013	Subsequent years	Net Fair Value
Thousands of euros								
Interest rate	10,955,758	2,143,333	4,186,283	2,274,277	750,678	83,504	1,517,683	(297,389)
Exchange rate	657,029	113,979	411,995	131,055	-	-	-	(19,582)
Price	21,907	-	-	21,907	-	-	-	(1,037)
Non-qualified hedges	2,603,492	2,349,428	86,715	167,349	-	-	-	(537,152)
Total	14,238,186	4,606,740	4,684,993	2,594,588	750,678	83,504	1,517,683	(855,160)

	Notional Value	2008	2009	2010	2011	2012	Subsequent years	Net Fair Value
Thousands of euros								
Interest rate	7,635,449	24,539	80,958	4,195,258	2,265,277	652,390	417,027	142,127
Exchange rate	456,069	169,903	113,979	41,132	131,055	-	-	10,429
Non-qualified hedges	2,891,105	2,637,041	-	86,715	167,349	-	-	113,615
Total	10,982,623	2,831,483	194,937	4,323,105	2,563,681	652,390	417,027	266,171

La tabla siguiente muestra los valores razonables a 31 de diciembre de 2008 y 2007 de las coberturas contratadas de acuerdo con la naturaleza de los contratos:

	2008		2007	
	Asset	Liability	Asset	Liability
Thousands of euros				
Interest rate				
Cash flows	546	297,935	150,713	8,586
Non-efficient	-	-	-	-
Exchange rate	-	19,582	10,737	308
Price	-	1,037	-	-
Non-qualified hedges	-	537,152	171,164	57,549
Total	546	855,706	332,614	66,443

The Group has no hedges for investments in foreign operations, since the foreign currency risk is covered with transactions carried out in local currencies. Additionally, the most significant foreign investments were made with non-current financing, in which the interest rates on project financing debt were hedged.

Cash flow hedges (interest rate)

The objective of using these derivatives was to limit changes in interest rates on its project borrowings and to guarantee fixed interest rates, mainly by entering into interest rate swaps as the borrowings are arranged and used.

Most of the hedges are interest rate swaps which mature on the same date as or slightly earlier than the underlying amounts hedged.

Hedges of this type are mainly related to the various syndicated loans within the Group as well as project financing and other non-current financing, both at 31 December 2008 and 31 December 2007 (Notes 17 and 18).

In relation to syndicated loans, the following hedges were arranged:

- Loan of EUR 1,500 million. Various interest rate swaps were arranged to hedge 100% of this loan, which mature in July 2010.
- The syndicated financing of the Urbaser Group is hedged by interest rate swaps amounting to EUR 390,000 thousand, which mature in June 2010.
- The syndicated financing of the SPL Group is hedged by interest rate swaps amounting to EUR 180,000 thousand, which mature in September 2011.

Noteworthy are the following hedges in relation to limited recourse financing of projects and debts:

- Interest rate hedge to cover 90% of the syndicated loan financing the purchase of 7.2% de Iberdrola, S.A. and maturing in July 2011.
- Interest rate swap to hedge the loan relating to the purchase of 25.08% of Hochtief, A.G. for EUR 632,000 thousand, which matures in 2012.
- Interest rate swap to hedge 75% to 100% of the financing of solar power farms maturing between 2019 and 2022.
- Hedging of the project financing of wind-powered facilities. These relate mostly to interest rate swaps maturing between 2009 and 2021.
- Terminal del Sudeste, S.A. entered into an interest rate swap, the notional amount of which totalled EUR 43, 000 thousand, maturing in full in 2019.
- Autovía de La Mancha has hedges amounting to EUR 93,500 thousand instrumented in an interest rate swap maturing in full in 2032.
- The concession company Reus-Alcover has various interest rate hedges totalling EUR 38,940 thousand and maturing in full in 2035.
- The Concesionaria Santiago Brión, S.A. entered into two interest rate swaps amounting to EUR 27,000 thousand and maturing in full in 2032.

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Cash flow hedges (exchange rate)

The foreign currency risk relates mainly to contract work in which payables and/or receivables are in a currency other than the functional currency.

The most significant derivatives contracted to hedge these risks relate to foreign currency hedges for industrial projects abroad amounting to EUR 657,029 thousand and maturing between 2009 and 2011.

Derivative Instruments not qualified as hedges

Of the non-hedging derivative instruments, noteworthy at 31 December 2008 and 2007 was the derivatives agreements, and specifically, the equity swap entered into by the Parent on shares of Iberdrola, S.A. affecting 259,939,800 shares, which represented 5.2% of its share capital and which may be settled in cash or shares at the option of ACS Actividades de Construcción y Servicios, S.A.

Additionally, at 31 December 2007, the Parent had entered into an equity swap on shares of Hochtief, A.G. representing 4.9% of its share capital, and may be settled in cash or shares at the option of ACS Actividades de Construcción y Servicios, S.A. The option to settle this equity swap in shares was exercised in 2008.

Lastly, at 31 December 2007, the Parent had entered into an equity swap on shares of Unión Fenosa, S.A. affecting 5,931,181 shares, representing 1.95% of its share capital and which may be settled in cash or shares at the option of the Group. On 8 January 2008 the Group executed the option to settle the swap in shares and accordingly, increased its ownership interest in Unión Fenosa, S.A. by this percentage. This transaction was completed with a purchase on the same date of 8,802,785 shares, and accordingly, the Group's direct and indirect ownership interest in Unión Fenosa amounted to 45.305% of its share capital.

The changes in the fair value of these instruments were charged to the income statement in 2008 with a net loss of EUR 648,185 thousand (profit of EUR 124,694 thousand in 2007), recognised under the heading "Changes in the Fair Value of Financial Instruments".

Additionally, non-hedging derivative instruments worthy of mention include those relating to share option plans. As discussed in Note 28.3, the Group has granted share option plans to certain managers and directors carrying out executive functions.

The obligations arising from these plans have been externalised and transferred to a financial institution. In relation to these obligations, the financial institution has a put option hedging the risk that the value of the share option will be less than the exercise price.

Since this derivative is a fair value hedge, the hedged item is measured in the same manner as the hedging instrument and the effect is recognised in the income statement. The changes in the fair value of these derivatives recorded with a charge to the income statement gave rise to a loss of EUR 2,582 thousand at 31 December 2008 and to a loss of EUR 360 thousand at 31 December 2007.

23. Trade and other payables

"Trade and Other Payables" includes mainly the amounts outstanding for trade purchases and related costs.

Customer advances for contract work amounted to EUR 2,398,787 thousand in 2008 (EUR 2,273,515 thousand in 2007) (Note 12).

24. Other current liabilities

The detail of this heading at 31 December 2008 and 2007 is as follows:

	Balance at 31/12/2008	Balance at 31/12/2007
Thousands of euros		
Advance payments received	40,694	109,928
Payable to non-current asset suppliers	21,625	107,693
Interim dividend payable (Note 15.5)	286,780	378,061
Deposits and guarantees received	2,471	321,511
Other	364,748	690,624
Total	716,318	1,607,817

25. Segments

25.1 Basis of segmentation

In accordance with the ACS Group's internal organisational structure, and consequently, its internal reporting structure, the Group carries on its business activities through lines of business, which are the primary reporting segments as indicated in IAS 14.

25.1.1 Primary segments – business segments

The business segments used to manage the ACS Group are as follows:

- **Construction.** Engaging in the construction of civil works, and residential and non-residential building construction.
- **Industrial Services.** This segment is engaged in the development of applied engineering services, installations and the maintenance of industrial infrastructures in the energy, communications and control systems sectors.
- **Environment & Logistics.** This segment groups together environmental services, the outsourcing of integral building maintenance and logistics services.
- **Concessions.** This segment mainly engages in transport infrastructure concessions.
- **Corporation.** This segment groups together strategic investments in energy (Iberdrola, S.A.), construction and concessions (Hochtief, A.G.), telecommunications (Xfera Móviles) and concessions (Abertis Infraestructuras, S.A.) activities.

As a result of the consideration of Unión Fenosa as a discontinued operation, the Energy business segment was eliminated and for segment information purposes, the effect thereof was included under Corporation and Adjustments.

25.1.2 Secondary segments - geographical segments

The ACS Group is managed by business segments and the management based on geographical segments is irrelevant. Accordingly, a distinction is made between Spain and the rest of the world, in accordance with the stipulations of IAS 14.

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25.2 Basis and methodology for business segment reporting

The reporting structure is designed in accordance with the effective management of the different segments comprising the ACS Group. Each segment has its own resources based on the entities engaging in the related business, and accordingly, has the assets required to operate the business.

Each of the business segments relates mainly to a legal structure, in which the companies report to a holding company representing each activity for business purposes. Accordingly, each legal entity has the assets and resources required to perform its business activities in an autonomous manner.

Segment reporting for these businesses is presented below.

25.2.1 Income statement by business segment: 2008

	Construction	Concessions	Environment & Logistics	Industrial Services	Corporate and Adjustments	Group Total
Thousands of euros						
Revenue	6,625,401	66,126	3,148,237	6,476,696	(306,470)	16,009,990
Changes in inventories of finished goods and work in progress	(3,535)	-	(33)	(508)	(187)	(4,263)
Capitalised expenses of in-house work on assets	34,629	49,890	162,725	34,302	(2,520)	279,026
Procurements	(4,691,513)	(44,201)	(1,014,772)	(3,868,391)	184,359	(9,434,518)
Other operating income	320,011	5,243	84,861	24,074	99,583	533,772
Staff costs	(965,432)	(14,368)	(1,539,164)	(1,350,913)	(25,090)	(3,894,967)
Other operating expenses	(843,726)	(37,426)	(444,319)	(737,287)	8,163	(2,054,595)
Depreciation and amortisation charge	(64,890)	(17,494)	(149,401)	(107,442)	(1,020)	(340,247)
Allocation of grants relating to non-financial assets and others	-	-	1,197	1,337	-	2,534
Impairment and gains on the disposal of non-current assets	1,755	(35)	(863)	(715)	-	142
Other profit or loss	(49,901)	(1)	15,755	(8,320)	193,223	150,756
Operating income	362,799	7,734	264,223	462,833	150,041	1,247,630
Finance income	130,811	28,607	53,031	157,934	36,372	406,755
Finance costs	(89,571)	(54,740)	(112,874)	(204,905)	(341,399)	(803,489)
Changes in the fair value of financial instruments	-	-	-	-	(650,767)	(650,767)
Exchange differences	(3,603)	6,773	(3,172)	960	62	1,020
Impairment and gains (losses) on the disposal of financial instruments	3,064	705,064	(3,563)	(1,174)	285	703,676
Financial profit	40,701	685,704	(66,578)	(47,185)	(955,447)	(342,805)
Results of companies accounted for using the equity method	(3,005)	(37,310)	6,191	23,196	174,601	163,673
Profit before tax	400,495	656,128	203,836	438,844	(630,805)	1,068,498
Corporate income tax	(123,896)	(15,405)	(49,946)	(112,016)	271,602	(29,661)
Profit for the year from continuing operations	276,599	640,723	153,890	326,828	(359,203)	1,038,837
Profit after tax from discontinued operations	-	-	-	-	1,600,894	1,600,894
Profit for the year	276,599	640,723	153,890	326,828	1,241,691	2,639,731
Profit attributed to minority interests	(1,584)	686	(9,269)	(10,151)	-	(20,318)
Profit from discontinued operations attributed to minority interests	-	-	-	-	(814,377)	(814,377)
Profit attributed to the parent	275,015	641,409	144,621	316,677	427,314	1,805,036

25.2.2 Income statement by business segment: 2007

	Construction	Concessions	Environment & Logistics	Industrial Services	Corporate and Adjustments	Group Total
Thousands of euros						
Revenue	7,352,857	35,791	2,834,851	5,488,732	(367,332)	15,344,899
Changes in inventories of finished goods and work in progress	6,508	6	(15)	(1,358)	40	5,181
Capitalised expenses of in-house work on assets	118,722	72,908	105,280	61,611	(50,885)	307,636
Procurements	(5,441,249)	(69,195)	(873,839)	(3,246,886)	357,212	(9,273,957)
Other operating income	317,522	3,046	67,519	46,275	34,632	468,994
Staff costs	(904,087)	(12,364)	(1,371,362)	(1,262,187)	(27,565)	(3,577,565)
Other operating expenses	(910,961)	(26,461)	(404,368)	(606,622)	12,125	(1,936,287)
Depreciation and amortisation charge	(78,975)	(8,976)	(127,698)	(67,548)	(1,926)	(285,123)
Allocation of grants relating to non-financial assets and others	-	-	2,455	498	-	2,953
Impairment and gains on the disposal of non-current assets	4,494	(87)	(3,853)	4,827	809	6,190
Other gains or losses	(31,978)	(574)	(10,927)	(9,346)	(21,079)	(73,904)
Operating income	432,853	(5,906)	218,043	407,996	(63,969)	989,017
Finance income	132,449	27,850	33,824	55,052	36,680	285,855
Finance costs	(72,255)	(29,002)	(87,124)	(105,626)	(260,571)	(554,578)
Changes in the fair value of financial instruments	-	-	-	-	124,335	124,335
Exchange differences	(8,226)	(2,238)	(1,449)	(4,850)	(179)	(16,942)
Impairment and gains (losses) on the disposal of financial instruments	848	38,008	38,244	(1,542)	4,231	79,789
Financial profit	52,816	34,618	(16,505)	(56,966)	(95,504)	(81,541)
Results of companies accounted for using the equity method	(1,123)	(21,324)	728	20,276	172,949	171,506
Profit before tax	484,546	7,388	202,266	371,306	13,476	1,078,982
Corporate income tax	(170,018)	(3,802)	(60,719)	(98,508)	173,144	(159,903)
Profit for the year from continuing operations	314,528	3,586	141,547	272,798	186,620	919,079
Profit after tax from discontinued operations	-	-	-	-	1,203,368	1,203,368
Profit for the year	314,528	3,586	141,547	272,798	1,389,988	2,122,447
Profit attributed to minority interests	(4,225)	69	(9,893)	(7,862)	-	(21,911)
Profit from discontinued operations attributed to minority interests	-	-	-	-	(549,421)	(549,421)
Profit attributed to the parent	310,303	3,655	131,654	264,936	840,567	1,551,115

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25.2.3 Balance sheet by business segment: 2008

Assets	Construction	Concessions	Environment & Logistics	Industrial Services	Corporate and Adjustments	Group Total
Thousands of euros						
Non-current assets	1,541,004	984,100	2,570,832	3,180,353	6,343,124	14,619,413
Intangible assets:	585,979	12	456,921	148,877	275,117	1,466,906
Goodwill	560,950	-	244,015	52,484	275,114	1,132,563
Other intangible assets	25,029	12	212,906	96,393	3	334,343
Property, plant and equipment	477,736	3,964	1,101,466	207,148	(910)	1,789,404
Non-current assets in projects	138,527	634,055	429,029	2,386,854	(1,415)	3,587,050
Non-current financial assets	187,236	327,938	535,198	394,385	5,636,354	7,081,111
Other non-current assets	151,526	18,131	48,218	43,089	433,978	694,942
Current assets	6,110,146	435,441	1,921,042	4,323,059	23,989,264	36,778,952
Non-current assets held for sale	-	-	-	1,585	24,349,032	24,350,617
Inventories	494,872	62	42,057	162,039	(436)	698,594
Trade and other receivables	3,068,693	76,462	1,268,464	3,060,311	(172,374)	7,301,556
Other current financial assets	1,266,822	293,107	374,955	440,941	(190,690)	2,185,135
Other current assets	36,671	1,294	6,995	16,124	926	62,010
Cash and cash equivalents	1,243,088	64,516	228,571	642,059	2,806	2,181,040
Total assets	7,651,150	1,419,541	4,491,874	7,503,412	30,332,388	51,398,365

Equity and liabilities	Construction	Concessions	Environment & Logistics	Industrial Services	Corporate and Adjustments	Group Total
Thousands of euros						
Equity	742,932	297,970	1,156,470	721,368	6,994,300	9,913,040
Equity attributed to the Parent	729,211	278,803	1,060,072	631,847	702,489	3,402,422
Minority Interests	13,721	19,167	96,398	89,521	6,291,811	6,510,618
Non-current liabilities	471,709	710,106	1,680,271	2,533,155	5,674,430	11,069,671
Grants	-	-	53,877	11,509	-	65,386
Non-current liabilities	350,436	573,555	1,407,785	2,281,913	4,962,588	9,576,277
Bank borrowings, debt instruments and other held-for-trading liabilities	135,266	11,859	1,108,478	144,292	1,888,160	3,288,055
Limited recourse financing of projects and debts	170,480	553,846	295,501	2,126,145	3,099,268	6,245,240
Other financial liabilities	44,690	7,850	3,806	11,476	(24,840)	42,982
Financial instrument payables	17,633	30,535	23,486	96,395	687,657	855,706
Other non-current liabilities	103,640	106,016	195,123	143,338	24,185	572,302
Current liabilities	6,436,509	411,465	1,655,133	4,248,889	17,663,658	30,415,654
Liabilities relating to non-current assets held for sale	-	-	-	15	15,912,925	15,912,940
Current financial liabilities	781,180	327,023	523,409	433,575	2,080,476	4,145,663
Bank borrowings, debt instruments and other held-for-trading liabilities	570,306	298,733	491,322	359,061	2,241,524	3,960,946
Limited recourse financing of projects and debts	6,346	7,008	24,664	71,750	67,072	176,840
Other financial liabilities	204,528	21,282	7,423	2,764	(228,120)	7,877
Trade and other payables	5,169,555	70,495	834,972	3,509,395	(208,397)	9,376,020
Other current liabilities	485,774	13,947	296,752	305,904	(121,346)	981,031
Total equity and liabilities	7,651,150	1,419,541	4,491,874	7,503,412	30,332,388	51,398,365

25.2.4 Balance sheet by business segment: 2007

Assets	Construction	Concessions	Environment & Logistics	Industrial Services	Corporate and Adjustments	Group Total
Thousands of euros						
Non-current assets	1,794,650	719,014	2,331,870	2,261,653	27,513,664	34,620,851
Intangible assets:	570,508	873	447,455	175,033	3,199,118	4,392,987
Goodwill	556,658	-	240,629	46,730	2,106,358	2,950,375
Other intangible assets	13,850	873	206,826	128,303	1,092,760	1,442,612
Property, plant and equipment / investment property	447,782	(5,575)	922,581	200,116	13,008,690	14,573,594
Non-current assets in projects	495,260	341,408	380,587	1,514,318	1,216,853	3,948,426
Non-current financial assets	162,987	361,160	532,235	332,134	8,911,193	10,299,709
Other non-current assets	118,113	21,148	49,012	40,052	1,177,810	1,406,135
Current assets	6,559,422	639,011	2,496,882	4,278,940	998,338	14,972,593
Non-current assets held for sale	-	221,342	-	-	373,881	595,223
Inventories	536,683	6	28,244	163,803	168,093	896,829
Trade and other receivables	3,269,908	44,848	1,123,169	3,139,074	1,757,394	9,334,393
Other current financial assets	1,751,575	304,210	561,600	246,667	(1,443,189)	1,420,863
Other current assets	25,541	271	9,371	14,147	24,373	73,703
Cash and cash equivalents	975,715	68,334	774,498	715,249	117,786	2,651,582
Total assets	8,354,072	1,358,025	4,828,752	6,540,593	28,512,002	49,593,444

Equity and liabilities	Construction	Concessions	Environment & Logistics	Industrial Services	Corporate and Adjustments	Group Total
Thousands of euros						
Equity	770,389	551,620	1,354,813	815,674	6,948,539	10,441,035
Equity attributed to the Parent	737,644	533,216	1,262,209	723,933	1,396,755	4,653,757
Minority Interests	32,745	18,404	92,604	91,741	5,551,784	5,787,278
Non-current liabilities	695,628	259,634	1,591,750	1,735,047	17,178,687	21,460,746
Grants	-	-	53,748	7,964	748,887	810,599
Non-current liabilities	589,046	229,548	1,379,910	1,580,205	13,025,778	16,804,487
Bank borrowings, debt instruments and other held-for-trading liabilities	182,889	2,161	1,155,433	239,549	5,897,690	7,477,722
Limited recourse financing of projects and debts	375,068	221,331	222,496	1,331,446	7,127,918	9,278,259
Other financial liabilities	31,089	6,056	1,981	9,210	170	48,506
Financial instrument payables	-	1,674	148	594	64,027	66,443
Other non-current liabilities	106,582	28,412	157,944	146,284	3,339,995	3,779,217
Current liabilities	6,888,055	546,771	1,882,189	3,989,872	4,384,776	17,691,663
Liabilities relating to non-current assets held for sale	-	103,233	-	-	-	103,233
Current financial liabilities	600,251	404,721	284,964	330,017	2,222,513	3,842,466
Bank borrowings, debt instruments and other held-for-trading liabilities	491,350	358,433	269,224	276,695	1,964,734	3,360,436
Limited recourse financing of projects and debts	105,862	1,410	14,848	51,664	189,391	363,175
Other financial liabilities	3,039	44,878	892	1,658	68,388	118,855
Trade and other payables	5,582,653	23,060	781,695	3,437,154	2,040,535	11,865,097
Other current liabilities	705,151	15,757	815,530	222,701	121,728	1,880,867
Total equity and liabilities	8,354,072	1,358,025	4,828,752	6,540,593	28,512,002	49,593,444

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The detail of revenue from Construction is as follows:

	2008	2007
Thousands of euros		
Spain	5,809,391	6,920,297
Civil Engineering Workl	3,301,270	3,965,807
Building Construction	2,508,121	2,954,490
International	816,010	432,560
Total	6,625,401	7,352,857

The detail of revenue from Industrial Services is as follows:

	2008	2007
Thousands of euros		
Networks	957,045	900,438
Specialized Facilities	2,365,044	2,031,779
Integrated Projects	2,126,354	1,646,145
Control Systems	1,109,430	1,082,529
Eliminations	(81,177)	(172,159)
Total	6,476,696	5,488,732

Of the total revenue from Industrial Services, EUR 2,219,612 thousand related to international operations in 2008 (EUR 1,709,450 thousand in 2007), representing 34.3% and 31.1% respectively.

The detail of revenue from Environment & Logistics is as follows:

	2008	2007
Thousands of euros		
Environmental	1,473,088	1,327,052
Ports and Logistics	734,422	667,952
Integral Maintenance	940,727	839,847
Total	3,148,237	2,834,851

Of the total revenues from Environment & Logistics, EUR 421,446 thousand related to international operations in 2008 (EUR 340,343 thousand in 2007), representing 13.4 % and 12 %, respectively.

Inter-segment sales are made at prevailing market prices.

The breakdown of certain of the Group's consolidated balances based on the geographical location of the companies that gave rise to them is as follows:

	Spain		Rest of the World	
	2008	2007	2008	2007
Thousands of euros				
Revenues	12,543,479	12,850,784	3,466,511	2,494,115
Segment assets	43,558,943	41,531,942	7,839,422	8,061,502
Total net investments	599,596	1,470,215	(429,221)	1,933,033

The additions to non-current assets, by line of business, were as follows:

	2008	2007
Thousands of euros		
Construction	144,412	327,259
Concessions	76,658	81,294
Environment & Logistics	324,519	419,197
Industrial Services	1,039,667	1,125,598
Corporate Unit	1,274	1,208,277
Total	1,586,530	3,161,625

26. Tax matters

26.1 Consolidated Tax Group

Pursuant to current legislation, the consolidated tax Group 30/99 includes ACS, Actividades de Construcción y Servicios, S.A., as the Parent, and the Spanish subsidiaries in which the Parent has, directly or indirectly, an ownership interest of at least 75% and that meet the other requirements provided for in Spanish legislation regulating the tax consolidation regime.

The Group's other subsidiaries file individual tax returns in accordance with the tax legislation in force in each country.

26.2 Tax audit

In 2008 an inspection was commenced by the Spanish tax authorities on the consolidated tax group 30/99 in relation to corporation tax for the years 2003 to 2005 and on the tax group 24/97, whose parent was Grupo Dragados, S.A., for 2003. As part of this tax audit, the review of other taxes was also commenced for certain companies. In this connection, no conclusion has yet to be documented.

Additionally, in relation to the appeals filed against tax assessments issued in previous years with respect to tax credits relating to export activities, a ruling in the group's favour was handed down by the Central Economic-Administrative Tribunal in the case of the tax assessment issued against the tax group 30/99. A ruling has yet to be handed down in the case of the tax assessment issued against tax group 24/97. However, the hypothetical effect on the Group's financial statements would be covered by the provisions for contingencies and expenses.

Additionally, in view of the varying interpretations that can be made of the applicable tax legislation, the outcome of the tax audits of the open years that could be conducted by the tax authorities in the future could give rise to tax liabilities which cannot be objectively quantified at the present time. However, the directors of the ACS Group consider that the liabilities that might arise, if any, would not have a material effect on the consolidated financial statements for 2008.

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26.3 Reconciliation of the current income tax expense to accounting profit

The reconciliation of the income tax expense resulting from the application of the standard tax rate in force in Spain to the current tax expense recognised, as well as the determination of the average effective tax rate, are as follows:

	2008	2007
Thousands of euros		
Consolidated profit before tax	1,068,498	1,078,982
Net profit from equity accounted investments	(163,673)	(171,506)
Permanent differences	(694,791)	(70,060)
Taxable profit	210,034	837,416
Tax at 30% in 2008 and 32.5% in 2007	63,010	272,160
Tax credits and tax relief	(56,839)	(144,957)
Effect of different standard tax rate in other countries	20,286	9,547
Current income tax expense	26,457	136,750
Effective rate, excluding equity method	2.92%	15.07%

The permanent differences arising in 2008 are mainly a result of the tax exemption applicable to the gains obtained on the sale of assets abroad. The tax credits relate mainly to the credit for the double taxation of dividends of Iberdrola, S.A.

26.4 Detail of income tax expense

The detail of the corporation tax expense is as follows:

	2008	2007
Thousands of euros		
Current income tax expense (table 26.3)	26,457	136,750
Expense / (Income) arising from deferred tax assets not generated or applied in the year	(1,225)	(2,582)
Expense / (Income) relating to adjustments to current tax	16,031	20,093
Expense / (Income) relating to adjustments to prior years' tax	(6,759)	5,563
Expense / (Income) relating to the effect of legislative changes on deferred taxes	(663)	1,165
(Income) arising from the application of prior years' deferred tax assets	(9,870)	(3,238)
Expense arising from deferred tax assets generated in the year	5,690	2,152
Ending corporation tax expense balance	29,661	159,903

26.5 Tax recognised in equity

In addition to the corporation tax recognised in the consolidated income statement, in 2008 and 2007 the Group recognised EUR 554,819 thousand and EUR 256,233 thousand, respectively, directly in equity. These amounts relate mainly to the tax effect of available-for-sale assets, cash flow derivatives and exchange differences.

26.6 Deferred taxes

The detail of the main deferred tax assets and liabilities recognised by the Group and of the changes therein during the year is as follows:

	Balance at 31 December 2008	Charge/Credit to Income Statement	Charge / Credit to Equity				Business combinations		Balance at 31 December 2008
			Foreign Currency Balance Translation Differences	Cash Flow Hedges	Available-for- sale financial assets	Reclassifications and Other	Period Additions	Period Disposals	
Thousands of euros									
Assets									
Temporary differences	878,671	12,897	41	95,027	281,667	15,208	(266)	(653,453)	629,792
Tax losses	44,230	6,929	-	-	-	641	383	(34,428)	17,755
Tax credits	134,252	39,255	-	107	-	(15,070)	-	(111,695)	46,849
Liabilities									
Temporary differences	1,945,668	25,086	(8)	(18,957)	(81,558)	6,976	13,907	(1,660,309)	230,805

	Balance at 31 December 2006	Charge/Credit to Income Statement	Charge / Credit to Equity				Business combinations		Balance at 31 December 2007
			Foreign Currency Balance Translation Differences	Charge/Credit to Asset and Liability Revaluation Reserve	Available-for- sale financial assets	Other	Period Additions	Period Disposals	
Thousands of euros									
Assets									
Temporary differences	333,976	(73,814)	(22)	(2,365)	(93,424)	3,441	726,190	(15,311)	878,671
Tax losses	12,484	964	(188)	-	-	-	31,038	(68)	44,230
Tax credits	12,259	9,462	-	-	-	-	112,531	-	134,252
Tax credits									
Temporary differences	100,547	77,305	(264)	16,624	136,835	27,738	1,593,068	(6,185)	1,945,668

Deferred tax assets and liabilities have not been offset.

In 2008 and 2007, the movements in deferred taxes for temporary differences arose as a result of the following:

	2008	2007
Thousands of euros		
Deferred Tax Assets		
Asset valuation adjustments and impairment losses	385,891	80,279
Other provisions and Income with different timing of recognition for tax and accounting purposes	163,038	319,566
Pension costs	35,226	307,079
Business combinations	3,445	2,233
Other	42,192	169,514
Total	629,792	878,671
Deferred Tax Liabilities:		
Assets recognised at an amount higher than their tax base	158,621	1,630,635
Income with different timing of recognition for tax and accounting purposes	33,706	92,781
Other	38,478	222,252
Total	230,805	1,945,668

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Noteworthy in the balance of deferred tax liabilities at 31 December 2008 and 2007 was the deferred amount recorded in relation to the deductible portion of the amortisation of goodwill arising from the merger with Grupo Dragados, S.A. amounting to EUR 36,457 thousand.

In addition to the amounts recognised on the asset side of the balance sheet, as detailed in the table above, the Group has other deferred tax assets and tax loss and tax credit carryforwards not recognised on the asset side of the balance sheet because it is not possible to predict the future flows of economic benefits, the detail of which at 31 December 2008 is as follows (in thousand of Euros):

Valid Until	Tax Losses	Tax credits
2009	-	93
2010-2012	191	-
Subsequent years	10,021	305

The temporary differences arising in connection with investments in associates and interests in joint ventures are not material.

27. Revenue

The distribution of revenue relating to the Group's ordinary operations is as follows:

	2008	2007
Thousands of euros		
Construction	6,625,401	7,352,857
Industrial Services	6,476,696	5,488,732
Environment & Logistics	3,148,237	2,834,851
Concessions	66,126	35,791
Corporate Unit and other	(306,470)	(367,332)
Total	16,009,990	15,344,899

In 2008 foreign currency transactions relating to sales and services amounted to EUR 2,237,737 thousand (EUR 4,712,317 thousand in 2007) and those relating to purchases and services received amounted to EUR 1,553,401 thousand (EUR 3,385,190 thousand in 2007).

The backlog by line of business as of 31 December 2008 and 2007 was as follows:

	2008
Thousands of euros	
Construction	11,023,180
Industrial Services	6,244,272
Environment & Logistics	16,838,781
Total	34,106,233

	2007
Thousands of euros	
Construction	12,010,620
Industrial Services	5,853,521
Environment & Logistics	14,457,620
Total	32,321,761

EUR 279,026 thousand (EUR 307,636 thousand in 2007) relating to property, plant and equipment and intangible assets in projects were recognised under "Capitalised Expenses of In-House Work on Assets" in the income statement.

"Other Revenue" related mainly to services provided to third parties in relation to joint ventures in the Construction area.

As a result of the consideration of Unión Fenosa as a discontinued operation (Note 3.9) the 2007 revenue figures were restated in accordance with IFRS 5.

28. Expenses

28.1 Procurements

The detail of this heading is as follows:

	2008	2007
Thousands of euros		
Cost of merchandise sold	1,611,227	1,577,250
Raw materials used and other consumables	1,937,810	1,780,912
Contract work carried out by other companies	5,882,944	5,915,795
Impairment of merchandise, raw material and other procurements	2,537	-
Total	9,434,518	9,273,957

28.2 Staff costs

The detail of "Staff Costs" is as follows:

	2008	2007
Thousands of euros		
Wages and salaries	2,993,560	2,753,600
Social security costs	839,387	791,669
Other staff costs	56,427	32,296
Provisions	5,593	-
Total	3,894,967	3,577,565

EUR 3,791 thousand in 2008 and EUR 5,683 thousand in 2007 relating to the share option plans were charged to the income statement and are recognised under "Wages and Salaries".

The average number of employees at Group companies in 2008 was 138,936 (129,908 in 2007).

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The detail of the average number of employees, by professional category and sex is as follows:

Category	Average Number of Employees at 31/12/2008			Average Number of Employees at 31/12/2007		
	Men	Women	Total	Men	Women	Total
Thousands of euros						
University graduates	4,170	1,499	5,669	4,076	1,469	5,545
Junior college graduates	4,265	1,481	5,746	4,107	1,247	5,354
Non-graduate line personnel	6,657	2,400	9,057	6,100	1,276	7,376
Clerical personnel	2,431	3,144	5,575	2,705	3,143	5,848
Other staff	71,883	41,006	112,889	68,220	37,565	105,785
Total	89,406	49,530	138,936	85,208	44,700	129,908

The distribution of the average number of employees, by line of business, was as follows:

	2008	2007
Thousands of euros		
Construction	19,310	19,259
Industrial Services	39,886	37,334
Environment & Logistics	79,481	72,947
Concessions	202	311
Corporate Unit and other	57	57
Total	138,936	129,908

28.3 Share-based payments

In 2008 and 2007 there were two share option plans, the salient features of which are as follows:

2004 Plan

On 1 July 2004, the Board of Directors of ACS, Actividades de Construcción y Servicios, S.A., in keeping with the resolutions adopted by the shareholders at the Annual General Meeting on 20 May 2004, set up a Share Option Plan with the following features:

Number of shares covered under the Plan: 7,038,000 shares.

Beneficiaries: 33 managers: 1 manager with 1,710,000 shares; 6 managers with between 900,000 and 300,000 shares; 16 managers with 108,000 shares, 10 managers with between 75,000 and 45,000 shares.

Acquisition price: EUR 13.91 per share.

The options are exercisable in three equal parts and may be accumulated at the beneficiary's option in the fourth, fifth and sixth year after 1 May 2004, inclusively. However, in the case of the termination of an employee for causes other than just cause or the beneficiary's own will, the options will be exercisable six months following the event in question, in the cases of death, retirement, early retirement or permanent disability, and following 30 days in all other cases. Tax withholdings and taxes will be borne by the beneficiaries.

In 2008 1,617,500 share options were exercised (804,000 options in 2007).

2005 Plan

At the Annual General Meeting held on 19 May 2005, the shareholders of ACS, Actividades de Construcción y Servicios, S.A. resolved to authorise the Board of Directors to modify the previous Share Option Plan by increasing the number of share options of the Parent and maintaining the conditions of the previous Plan. Accordingly, the features of this plan subsequent to this increase are as follows:

Number of shares covered under the Plan: 7,076,925 shares.

Beneficiaries: 39 managers – 1 manager with 1,400,000 shares, 6 managers with between 950,000 and 350,000 shares, 7 managers with between 178,000 and 100,000 shares and 25 managers with between 83,769 and 19,825 shares.

Acquisition price: EUR 24.10 per share.

The options will be exercisable in three equal parts and may be accumulated at the beneficiary's option in the fourth, fifth and sixth year after 1 May 2005. The rest of the conditions are the same as for the 2004 Plan.

In 2008 1,650,770 share options were exercised (133,000 options in 2007).

The share options are always to be exercised by means of equity instruments and never in cash. However, as indicated in Note 22, since the Group has hedged the commitments arising from these plans with a financial institution, in no case shall the exercise thereof involve the issue of equity instruments additional to those outstanding at 31 December 2008 and 31 December 2007. In this respect and in accordance with IFRS 2, "Share-Based Payments" EUR 3,791 thousand were to be charged to income in 2008 for these plans (EUR 5,683 thousand in 2007) with a credit to equity. Additionally, these costs do not imply the recognition of income by the managers for tax purposes until the options are exercised, as provided in the various option plans and the legislation in force. The Parent has externalised these commitments and transferred them to a financial institution.

The stock market price of ACS shares at 31 December 2008 and 2007 was EUR 32.65 and EUR 40.65 euros per share, respectively.

28.4 Operating leases

The most significant information relating to the operating leases held by the Group as lessee is as follows:

	2008	2007
Thousands of euros		
Lease payments under operating leases recognised in profit for the year	661,235	707,609

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2008	2007
Thousands of euros		
Within one year	31,531	57,069
Between two and five years	73,295	95,221
After five years	41,462	37,381

The Group has no material operating leases as lessor.

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28.5 Other profit or loss

The balance under this heading in the accompanying consolidated income statement relates to the reversal of provisions for contingencies and expenses amounting to EUR 151 million (Note 20).

28.6 Changes in the fair value of financial instruments

This heading includes the effect on the income statement of derivative instruments which do not meet the efficiency criteria provided in IAS 39, or which are not hedging instruments. The most significant effect is from derivatives relating to the investment in Iberdrola, S.A. (Note 21).

28.7 Finance income

This heading includes EUR 109,215 thousand relating to the dividend of Iberdrola, S.A. in 2008 (EUR 94,333 thousand in 2007).

29. Impairment and gains (losses) on the disposal of financial instruments

The most significant transactions in 2008 included under this heading in the income statement are as follows:

In 2008 the ACS Group closed the sale initiated in December 2007, of shares representing the whole of the share capital of Desarrollo de Concesiones Aeroportuarias S.L., which includes the ACS Group's investment in the airports of Chile, Columbia, Jamaica and Mexico. The transaction amount, representing a company value of EUR 270.8 million, gave rise to a consolidated gain of EUR 114.5 million before tax.

The ACS Group sold the whole of its ownership interest in its subsidiary Inversora de Infraestructuras, S.L, which holds shares in the Chilean toll roads, Rutas del Pacifico, S.A. (48%) and Autopista Central (50%), to Abertis Infraestructuras, S.A. and to a Santander Group venture capital fund. The gain from this sale before tax amounted to EUR 530,136 thousand.

Lastly, the ACS Group sold 20% of its ownership interest in Scutvias Autostradas da Beira Interior, S.A. giving rise to a gain before tax amounting to EUR 48,349 thousand.

The most significant transaction included under this heading in 2007 was the sale of the A-1 and Dundalk motorway concessions in the United Kingdom and Ireland, respectively, which gave rise to a gain of EUR 37,923 thousand.

30. Distribution of profit

The distribution of the Parent's net profit for 2008 that the Board of Directors will propose for approval by shareholders at the Annual General Meeting is as follows:

Thousands of euros

To goodwill reserve	41,208
To voluntary reserve	409,917
Dividends	653,220
Total	1,104,345

The proposed final dividend is subject to approval by the General Shareholders' Meeting and has not been included as a liability in these financial statements.

Of the dividend out of 2008 profit, an interim dividend of EUR 0.90 per share was already approved in 2008 for a total of EUR 286,780 thousand, which was recognised as a reduction in the ACS Group's equity at 31 December 2008.

The Board of Directors has presented the liquidity statement required under Article 216 of the revised Companies Law in the individual financial statements of the Parent.

31. Earnings per share

31.1 Basic earnings per share

Basic earnings per share are calculated by dividing the net profit attributed to the Group by the weighted average number of ordinary shares outstanding during the year, excluding the average number of treasury shares held in the year.

Accordingly:

	31/12/2008	31/12/2007	Variación (%)
Thousands of euros			
Net profit for the year (thousands of euros)	1,805,036	1,551,115	16.37
Weighted average number of shares outstanding	332,585,104	344,274,640	(3.40)
Basic earnings per share (euros)	5.43	4.51	20.46
Profit after tax from discontinued operations (thousands of euros)	786,517	653,947	20.27
Basic earnings per share from discontinued operations (euros)	2.36	1.90	24.21

31.2 Diluted earnings per share

The diluted earnings per share were the same as basic earnings per share. At 31 December 2008 and 2007, the ACS Group had no ordinary shares that could potentially be diluted since no convertible debt had been issued and as stipulated in Note 28.3, the share based payments would not involve an increase in capital for the Group given the manner in which they operate. Therefore, in no case would exercising share options lead to diluted earnings.

32. Events after the balance sheet date

In the communication issued on 17 February 2009 by the Spanish Ministry of Economy and Finance regarding the proposed merger of which the Spanish Competition Authority (CNC) was notified, consisting of the acquisition by Gas Natural SDG, S.A. of full control over Unión Fenosa, S.A., it resolved that its decision on the merger would not be referred to the Council of Ministers, thereby authorizing the sale of 35.3051% of the share capital of Unión Fenosa held by the ACS Group at 31 December 2008. This transaction, amounting to EUR 5,824.8 million (equivalent to EUR 18.05 per share, net of the dividend of EUR 0.28 received in January 2009) is to be fully completed in March 2009.

Subsequent to year end, the Company entered into a novation of the equity swap for 5.125% of the shares of Iberdrola, S.A., and this novation extends the period for the exercise of the equity swap. The exercise of voting rights inherent to the underlying shares shall correspond to ACS, Actividades de Construcción y Servicios, S.A. and accordingly, the financial institution commits to being represented at all Shareholders' Meetings held by Iberdrola, S.A. by the representative appointed by ACS, who is entitled to vote

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freely. The equity swap may now only be settled by the physical handing over of shares, unless the market price of the share is less than EUR 4.00 in which case ACS, Actividades de Construcción y Servicios, S.A. may settle the swap by means of differences. Accordingly, the ACS Group now holds 12.6% of the voting rights in the electricity utility.

33. Balances and transactions with related parties

Transactions between the Parent and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this Note. Transactions between the Group and its associates are disclosed below. Transactions between the Parent and its subsidiaries and associates are disclosed in the Parent's individual financial statements.

The Group companies carry out all transactions with related parties at market prices. Additionally, the transfer prices are appropriately supported and the Parent's directors do not consider there to be any significant risks in this connection which could lead to material liabilities in the future.

33.1 Transactions with associates

In 2008 the Group companies performed the following transactions with related parties that do not form part of the Group:

	Sales of Goods and Services		Purchases of Goods and Services		Accounts Receivable		Accounts Payable	
	2008	2007	2008	2007	2008	2007	2008	2007
Thousands of euros								
Associates	241,171	502,330	2,206	3,817	321,403	285,289	21,214	80,427
Joint ventures	7,976	8,925	3,063	3,278	22,942	16,518	2,687	5,489

Transactions between Group companies are carried out on an arm's-length basis.

33.2 Balances and transactions with other related parties

Information relating to the transactions with related parties carried out in 2008 is disclosed in accordance with the Order EHA/3050/2004, of 15 September of the Ministry of Economy and Finance and the CNMV Circular 1/2005, of 1 April.

Transactions between individuals, companies or Group entities related to Group shareholders or Board members

The transactions performed at 31 December 2008 were as follows:

	31/12/2008				
Expenses and Revenue	Significant Shareholders	Directors and Managers	Individuals, Companies or Group Entities	Other Related Parties	Total
Thousands of euros					
Expenses:					
Finance costs	-	-	-	-	-
Management or cooperation agreements	-	-	-	305	305
R&D transfers and license agreements	-	-	-	-	-
Rent	-	-	-	605	605
Reception of services	-	-	-	100,422	100,422
Purchase of goods (unfinished or finished)	-	-	-	84	84
Value adjustments for uncollectible or doubtfully collectible	-	-	-	-	-
Losses arising from the retirement or disposal of assets	-	-	-	-	-
Other expenses	-	-	-	54,772	54,772
	-	-	-	156,188	156,188
Revenue:					
Finance income	-	-	-	-	-
Management or cooperation agreements	-	-	-	-	-
R&D transfers and license agreements	-	-	-	-	-
Dividends received	-	-	-	-	-
Rent	-	-	-	1,484	1,484
Provision of services	21,191	-	-	22,581	43,772
Sale of goods (unfinished or finished)	-	-	-	2,183	2,183
Gains arising from the retirement or disposal of assets	-	-	-	-	-
Other revenue	-	-	-	-	-
	21,191	-	-	26,248	47,439

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Other Transactions	Significant Shareholders	Directors and Managers	Individuals, Companies or Group Entities	Other Related Parties	Total
Thousands of euros					
Purchase of property, plant or equipment, intangible assets or other assets	-	-	-	-	-
Financing agreements: Loans and capital contributions (lender)	25,446	-	-	2,214,073	2,239,519
Finance lease agreements (lessor)	-	-	-	2,712	2,712
Repayment or write-off of loans and lease agreements (lessor)	-	-	-	-	-
Sale of property, plant or equipment, intangible assets or other assets	-	-	-	-	-
Financing agreements: Loans and capital contributions (borrower)	-	-	-	-	-
Finance lease agreements (lessee)	-	-	-	-	-
Repayment or write-off of loans and lease agreements (lessee)	-	-	-	-	-
Guarantees given	71,642	-	-	1,830,663	1,902,305
Guarantees received	-	-	-	-	-
Commitments acquired	-	-	-	-	-
Cancelled commitments/guarantees	-	-	-	-	-
Dividends and other distributed profit	-	-	-	4,284	4,284
Other transactions	172,323	-	-	788,131	960,454

31/12/2007

Expenses and Revenue	Significant Shareholders	Directors and Managers	Individuals, Companies or Group Entities	Other Related Parties	Total
Thousands of euros					
Expenses:					
Finance costs	-	-	-	-	-
Management or cooperation agreements	-	-	-	-	-
R&D transfers and license agreements	-	-	-	-	-
Rent	-	-	-	587	587
Reception of services	19	-	-	15,318	15,337
Purchase of goods (unfinished or finished)	-	-	-	117	117
Value adjustments for uncollectible or doubtfully collectible	-	-	-	-	-
Losses arising from the retirement or disposal of assets	-	-	-	-	-
Other expenses	-	-	-	66,704	66,704
	19	-	-	82,726	82,745
Revenue:					
Finance income	-	-	-	-	-
Management or cooperation agreements	-	-	-	-	-
R&D transfers and license agreements	-	-	-	-	-
Dividends received	-	-	-	-	-
Rent	-	-	-	1,422	1,422
Provision of services	4,392	-	-	72,375	76,767
Sale of goods (unfinished or finished)	-	540	-	2,676	3,216
Gains arising from the retirement or disposal of assets	-	-	-	-	-
Other revenue	-	-	-	13	13
	4,392	540	-	76,486	81,418

31/12/2007

Other Transactions	Significant Shareholders	Directors and Managers	Individuals, Companies or Group Entities	Other Related Parties	Total
Thousands of euros					
Purchase of property, plant or equipment, intangible assets or other assets	-	-	-	61	61
Financing agreements: Loans and capital contributions (lender)	13,970	-	-	2,124,252	2,138,222
Finance lease agreements (lessor)	-	-	-	1,702	1,702
Repayment or write-off of loans and lease agreements (lessor)	-	-	-	-	-
Sale of property, plant or equipment, intangible assets or other assets	-	-	-	-	-
Financing agreements: Loans and capital contributions (borrower)	-	-	-	-	-
Finance lease agreements (lessee)	-	-	-	-	-
Repayment or write-off of loans and lease agreements (lessee)	-	-	-	-	-
Guarantees given	39,350	-	-	1,792,477	1,831,827
Guarantees received	-	-	-	-	-
Commitments acquired	-	-	-	-	-
Cancelled commitments/guarantees	-	-	-	-	-
Dividends and other distributed profit	-	-	-	16,680	16,680
Other transactions	129,370	-	-	632,186	761,556

The transactions with other related parties include those performed with Banco Santander, the Terratest Group, Fidewi Inversiones, S.L., Lynx Capital, S.A., Fazyx Inversiones Inmobiliarias, S.A., Indra Sistemas, S.A. and Zardoya Otis, S.A. due to their relationship with positions of responsibility in these companies held by directors of ACS, Actividades de Construcción y Servicios, S.A.

Also included were the "intermediate premiums" paid to Unipsa (a company related to Banca March), amounting to EUR 54,772 thousand and EUR 66,704 thousand in 2008 and 2007, respectively, although these amounts were not consideration for insurance brokerage services.

All these commercial transactions were carried out on an arm's-length basis in the ordinary course of business, and related to ordinary Group company transactions.

The transactions performed between ACS consolidated group companies were eliminated in the consolidation process and form part of the normal business of the companies in terms of their company object and conditions. The transactions are performed on an arm's length basis and the related information is not necessary to fairly present the equity, financial position and results of the Group's operations.

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34. Board of Directors and senior executives

In 2008 and 2007 the members of the Board of Directors de ACS, Actividades de Construcción y Servicios, S.A. received the following remuneration for membership of the Board of Directors of the Parent or of those of Group companies or for being senior executives of the Group companies.

	2008	2007
Thousands of euros		
Fixed remuneration	3,395	3,036
Variable remuneration	3,483	3,331
Bylaw-stipulated directors' emoluments	4,657	4,026
Other	60	1,560
Total	11,595	11,953

EUR 1,238 thousand and EUR 1,924 thousand were charged to income in relation to share options granted to members of the Board of Directors with executive duties in 2008 and 2007, respectively. These amounts relate to share options, which do not imply the recognition of income by the beneficiaries until the date on which the options are exercised, as provided for under current legislation.

Additionally, the benefits relating to pension funds and plans and to life insurance premiums are as follows:

Otros beneficios	2008	2007
Thousands of euros		
Pension funds and plans: contributions	2,204	2,010
Pension funds and plans: obligations assumed	2,204	2,010
Life insurance premiums	12	12

The amount recognised under "Pension Funds and Plans: Contributions" relates to disbursements by the Company during the year. The amount recognised under "Pension Funds and Plans: Obligations Assumed" relates, in addition to the foregoing, to obligations charged to income in the year in this connection, even if they had been disbursed prior to the related year. The obligations assumed in relation to pension plans are the same as the amounts recognised under the related heading, since these obligations have been externalised and transferred to an insurance company. Accordingly, the Group has not assumed any outstanding obligation other than the contribution of the annual premium.

The ACS Group has not granted any advances, loans or guarantees to any of the Board members.

Remuneration, by type of director, was as follows:

	2008	2007
Thousands of euros		
Executive directors	8,001	8,768
Non-executive nominee directors	1,639	2,474
Non-executive independent directors	716	711
Other non-executive independent directors	1,239	-
Total	11,595	11,953

34.1 Transactions with members of the Board of Directors

The transactions with members of the Board of Directors or with companies in which they have an ownership interest giving rise to relatedness with the ACS Group are indicated in Note 33.2 on transactions with related parties.

34.2 Remuneration of senior executives

The remuneration of the Group's senior executives in 2008 and 2007, excluding those who are simultaneously executive directors, was as follows.

	2008	2007
Thousands of euros		
Salaries (fixed and variable)	23,392	21,733
Pension plans	2,175	1,227
Life insurance	428	28

The year-on-year increase is mainly a result of the increase in the number of senior executives.

EUR 2,507 thousand and EUR 3,759 thousand were charged to income in relation to share options granted to the Group's senior executives in 2008 and 2007, respectively.

In addition to the transactions mentioned earlier in relation to remuneration, share option plans and pension plans, which are explained in the related Note, the ACS Group's transactions include the purchases of flats amounting to EUR 540 thousand in 2007, which derive from the ordinary course of business and which were performed at market prices.

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35. Other disclosures concerning the Board of Directors

Pursuant to Article 127 ter.4 of the Spanish Consolidated Companies Law, introduced by Law 26/2003, which amends Securities Market Law 24/1988, and the Spanish Consolidated Companies Law, in order to reinforce the transparency of publicly listed corporations, following is a detail of the companies engaging in an activity that is identical, similar or complementary to the activity that constitutes the corporate purpose of ACS, Actividades de Construcción y Servicios, S.A. in which the members of the Board of Directors own equity interests, and of the functions, if any, that they discharge thereat:

Owner	Investee	Activity	Ownership Interest	Functions
Pablo Vallbona Vadell	Abertis Infraestructuras, S.A.	Concessions	0.001%	Vice-Chairman
Antonio García Ferrer	Abertis Infraestructuras, S.A.	Concessions	0.000%	Director
Javier Echenique Landiribar	Abertis Infraestructuras, S.A.	Concessions	0.002%	Director
Juan March de la Lastra	Iberdrola S.A.	Energy	0.0006%	None
Pedro López Jiménez	Terratest Técnicas Especiales, S.A.	Special Foundations	45%	Chairman (through Fapindus, S.L.)
	Unión Fenosa, S.A.	Energy	0.098%	Chairman
Santos Martínez-Conde Gutiérrez-Barquín	Fomento de Construcciones y Contratas, S.A.	Construction and Services	0.004%	None
	Técnicas Reunidas, S.A.	Construction of Industrial Facilities	0.002%	None
	Repsol YPF, S.A.	Energy	0.001%	None
	Indra Sistemas, S.A.	Information technologies and defence systems	0.001%	None
	Endesa, S.A.	Energía	0.000%	None
	Grupo Ferrovial, S.A.	Construction and Services	0.001%	None
	Abengoa, S.A.	Engineering and Assembly	0.002%	None
	Telefónica, S.A.	Telephony	0.001%	None
	Abertis Infraestructuras, S.A.	Concessions	0.001%	None
	Iberdrola Renovables, S.A.	Energy	0.000%	None
	Gas Natural SDG, S.A.	Energy	0.001%	None
	Enagas, S.A.	Energy	0.002%	None
	Iberdrola, S.A.	Energy	0.001%	None
Javier Monzón de Cáceres	Unión Fenosa, S.A.	Energy	0.001%	Director
	S.G. Aguas de Barcelona, S.A.	Water	0.002%	None
	Indra Sistemas, S.A.	Information technologies and defence systems	0.084%	Chairman
	Banco Inversis Net, S.A.	Finance	0.000%	Individual representing the Board Member Indra Sistemas, S.A.
	YPF, S.A.	Energía	0.000%	Director
	Lagardere SCA	Communication	0.0001%	Director
José Luis del Valle Pérez	Inmobiliaria Paredes, S.A.	Real Estate	13.57%	Sole Director
	Del Valle Inversiones, S.A.	Real Estate	33.33%	Director acting severally
	Inversiones Montecarmelo, S.A.	Real Estate	23.49%	None
	Sagital, S.A.	Private security and integral building maintenance	5.10%	None
	Continental Industrias del Caucho, S.A.	Automobile Parts	0%	Chairman
	FSC Servicios de Franquicia, S.A.	Automobile Parts	0%	Chairman
	Continental Tires, S.L.	Automobile Parts	0%	Chairman
Florentino Pérez Rodríguez	Abertis Infraestructuras, S.A.	Concessions	0%	Vice-Chairman
Manuel Delgado Solís	Cintra, S.A.	Concessions	0.00%	None

Also pursuant to the aforementioned law, following is a detail of the activities performed by the directors, as independent professionals or as employees, that are identical, similar or complementary to the activity that constitutes the corporate purpose of ACS, Actividades de Construcción y Servicios, S.A.:

Name	Activity Performed	Type of Arrangement	Company through which the Activity is Performed	Position or Function at the Company Concerned
Pablo Valbona Vadell	Infrastructure Concessions Holding	Employee	Abertis Infraestructuras, S.A.	Vice-Chairman
		Employee	Corporación Financiera Alba, S.A.	Vice-Chairman
Antonio García Ferrer	Construction	Employee	Dragados, S.A.	Director
	Industrial Services	Employee	ACS, Servicios, Comunicaciones y Energía, S.L.	Director
	Urban services and concessions	Employee	ACS, Servicios y Concesiones, S.L.	Director
	Infrastructure Concessions	Employee	Abertis Infraestructuras, S.A.	Director
José María Aguirre González	Energy	Employee	Unión Fenosa, S.A.	Director
	Engineering and Assembly Work	Employee	Cobra Gestión de Infraestructuras, S.L.	Chairman
	Industrial Services	Employee	ACS, Servicios, Comunicaciones y Energía, S.L.	Vice-Chairman
Manuel Delgado Solís	Finance	Employee	Banco Guipuzcoano, S.A.	Chairman
	Construction	Employee		
Manuel Delgado Solís	Energy	Employee	Dragados, S.A.	Director
		Employee	Unión Fenosa, S.A.	Director
Javier Echenique Landiribar	Industrial Services	Employee	ACS, Servicios, Comunicaciones y Energía, S.L.	Director
	Construction materials	Employee	Uralita, S.A.	Director
	Energy	Employee	Repsol YPF, S.A.	Director
	Paper	Employee	Ence, S.A.	Director
Juan March de la Lastra	Infrastructure Concessions	Employee	Abertis Infraestructuras, S.A.	Director
	Finance	Employee	Banca March	Director
	Holding	Employee	Corporación Financiera Alba, S.A.	Director
José María Loizaga Viguri	Steel	Employee	Acerinox, S.A.	Director
	Lifts	Employee	Zardoya Otis, S.A.	Vice-Chairman
	Venture Capital	Employee	Cartera Industrial REA, S.A.	Chairman
Agustín Batuecas Torrego	Sistemas de Almacenaje	Employee	Mecalux	Director
	Energy	Employee	Unión Fenosa, S.A.	Director
Agustín Batuecas Torrego	Port and logistics services	Employee	Dragados Servicios Portuarios y Logísticos, S.L.	Vice-Chairman
	Rail transport of goods	Employee	Continental Rail, S.A.	Individual representing Continental Auto, S.L. Chairman and CEO
	Transport interchange	Employee	Intercambiador de Transportes Príncipe Pío S.A.	Individual representing Continental Auto, S.L. Chairman and CEO
	Transport interchange	Employee	Intercambiador de Transportes Plaza de Castilla, S.A.	Individual representing Continental Auto, S.L. Chairman and CEO
	Rail transport of goods	Employee	Construirail, S.A.	Director
Pedro José López Jiménez	Construction	Employee	Dragados, S.A.	Vice-Chairman
	Urban services and concessions	Employee	ACS, Servicios y Concesiones, S.L.	Director
	Energy	Employee	Unión Fenosa, S.A.	Chairman
	Energy	Employee	Cepsa	Director
	Special Foundations	Employee	Terratest Técnicas Especiales, S.A.	Chairman (through Fapindus, S.L.)
	Information Technologies	Employee	Indra Sistemas, S.A.	Vice-Chairman

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Name	Activity Performed	Type of Arrangement	Company through which the Activity is Performed	Position or Function at the Company Concerned
Santos Martínez-Conde Gutiérrez-Barquín	Energy	Employee	Unión Fenosa, S.A.	Director
	Steel	Employee	Acerinox, S.A.	Director
	Holding	Employee	Corporación Financiera Alba, S.A.	CEO
Javier Monzón de Cáceres	Urban services and concessions	Employee	ACS, Servicios y Concesiones, S.L.	Director
	Information Technologies	Employee	Indra Sistemas, S.A.	Chairman
	Finance	Employee	Banco Inversis Net, S.A.	Individual representing the Board Member Indra Sistemas, S.A.
	Energy Communication	Employee	YPF, S.A. Lagardere, SCA	Director Director
Julio Sacristán Fidalgo	Tollroad Concessions	Employee	Autopistas Aumar, S.A.C.E.	Director
	Energy	Employee	Unión Fenosa, S.A.	Director
Miquel Roca i Junyent	Infrastructure Concessions	Employee	Abertis Infraestructuras, S.A.	Non-Director secretary
	Finance	Employee	Banco Sabadell, S.A.	Non-Director secretary
Álvaro Cuervo García	Stock Exchange	Employee	BME-Bolsas y Mercados Españoles, S.A.	Director
José Luis del Valle Pérez	Urban services and concessions	Employee	ACS, Servicios y Concesiones, S.L.	Director-Secretary
	Industrial Services	Employee	ACS, Servicios, Comunicaciones y Energía, S.L.	Director-Secretary
	Construction	Employee	Dragados, S.A.	Director-Secretary
	Engineering and Assembly Work	Employee	Cobra Gestión de Infraestructuras, S.L.	Director-Secretary
	Engineering and Assembly Work	Employee	Sociedad Española de Montajes Industriales, S.A.	Director-Secretary
	Ports and Logistics	Employee	Dragados Servicios Portuarios y Logísticos, S.L.	Director
	Infrastructure Concessions	Employee	Iridium Concesiones de Infraestructuras, S.A.	Director
	Integral Maintenance	Employee	Clece, S.A.	Director
	Concessions	Employee	Saba Aparcamientos, S.A.	Director
	Urban Services	Employee	Urbaser, S.A.	Director
	Investments	Employee	Del Valle Inversiones, S.A.	Director acting severally
	Automobile Parts	Employee	Continental Industrias del Caucho, S.A.	Chairman
	Automobile Parts	Employee	FSC Servicios de Franquicia, S.A.	Chairman
	Automobile Parts	Employee	Continental Tires, S.L.	Chairman
	Energy	Employee	Unión Fenosa, S.A.	Consejero
Motorway Concessions	Employee	Iberpistas, S.A.C.E.	Consejero	
Real Estate	Employee	Inmobiliaria Paredes, S.A.	Sole Director	
Francisco Verdú Pons	Holding	Employee	Corporación Financiera Alba, S.A.	Director
	Finance	Employee	Banca March, S.A.	CEO
Florentino Pérez Rodríguez	Concessions	Employee	Abertis Infraestructuras, S.A.	Vice-Chairman
	Industrial Services	Employee	ACS, Servicios, Comunicaciones y Energía, S.L.	Chairman

In 2008 the Company had commercial relationships with companies in which certain of its directors hold management functions. All these commercial transactions were carried out on an arm's-length basis in the ordinary course of business, and related to ordinary Company transactions.

36. Guarantee commitments to third parties and other contingent liabilities

At 31 December 2008 the Group had provided guarantees to third parties in connection with its business activities totalling EUR 7,575,246 thousand (EUR 8,999,039 thousand in 2007).

The Group's directors consider that no material liabilities additional to those recognised in the accompanying consolidated balance sheet will arise as a result of the transactions described in this Note.

The contingent liabilities include that relating to the normal liability of the companies with which the Group carries on its business activities. Normal liability is that related to compliance with the contractual obligations assumed in the course of the provision of construction, industrial services or urban services by the companies or the joint ventures of which they are venturers.

This coverage is achieved by means of the corresponding guarantees provided to secure the performance of the contracts, compliance with the obligations assumed in the concession contracts, etc.

Lastly, the various Group companies are exposed to the risk of having court and out-of-courts claims filed against them. In these cases, the directors of the Group companies consider that the possible effect on the financial statements would not be material.

37. Information on the environment

Environmental activities are those aimed at preventing, reducing or repairing damage to the environment.

The ACS Group's activities include an environmental area consisting of street cleaning, the collection of urban solid waste, the operation of landfills and waste treatment plants, etc. Additionally, an environmental impact study is performed for most construction contracts.

However, the ACS Group does not consider the assets and expenses relating to these activities to be of an environmental nature to the extent that they are performed by third parties.

The main environmental measures taken by the ACS Group in 2008 included most notably the following:

Construction

The ACS Group is aware of the effect of construction activity on the natural environment. Although this effect is temporary, it may affect different elements of the environment: such as water, the atmosphere, soil, the natural environment, biodiversity, etc.

Consequently, the Group companies have environmental management systems integrated into their general management systems. The main purpose of implementing these systems in each work is to eliminate or minimise possible effects by identifying the various environmental impacts that may arise and assessing them in accordance with criteria relating to their magnitude and the features of the environment. Based on this assessment, a number of preventive measures or good practices aimed at the sustainability of the environment and the fulfilment of legal requirements is implemented. Specifically, a number of measures are adopted aimed at preventing the main effects of the industry, including, inter alia, the following:

- Use of natural resources.
- Emissions into the atmosphere.
- Noises and vibrations.
- Generation of waste.
- Impact on biodiversity.
- Impact on the urban environment.

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By applying the policies and measures included in the annual environmental plan, the following objectives have been achieved:

- The ratio or relative consumption of water continues to be maintained within the range of 500 to 600 m³/millions of euros.
- The total consumption of energy dropped to 5.4 tep/million euros, as a result of the decrease in construction activity in the building area, leading civil engineering work to have a greater specific weight, since the highest amount of energy is consumed in this type of work.
- The upturn in the management of construction and demolition waste generated has been maintained since a valuation rate of over 37% continued to be reached.
- Total CO₂ emissions dropped from over 83,000 tons in 2007 to under 75,000 tons.
- As a result of the measures aimed at the recycling of construction and demolition waste, a value of 23.5% was reached.

At 31 December 2008 and 2007, there were no environmental assets and no material expenses were incurred.

Environment & Logistics

The Environment and Logistics area is working hard to reduce the fuel consumed by the various fleets of vehicles managed, an objective that was achieved in 2008, with a reduction from 96.6 million litres in 2007 to 51.8 million litres in 2008.

The ACS Group, through its company Urbaser, S.A., is the leader in the management of solid urban waste treatment plants in Spain, and has undertaken significant actions abroad. The whole of these plants gives rise to equivalent CO₂ emission savings with respect to the baseline solution: dumping of around 9.6 million tons per year, almost double the amount achieved in 2007.

One of the ACS Group's environmental activities is the treatment and integral management of water as a scarce resource. The ACS Group is responsible for the supply of drinking water to over three million people in Spain, Latin America and Morocco and its treatment, and focuses on maximum efficiency and savings in the use of this extremely valuable resource. For the ACS Group, the sustainable management of water is a key resource in its commitment to the environment and to sustainability.

The main environmental assets are the purifying facilities, biofuel, incineration and lixivate systems and investments in an automated bulk terminal to prevent and reduce environmental pollution and minimise the damage to the environment. At 31 December 2008, the value of these assets, net of depreciation, was EUR 68,770 thousand (EUR 26,393 thousand in 2007).

The environmental expenses incurred in 2008 and 2007 were not material.

Industrial Services

At all its operating centres and branches measures have been taken to reduce the most significant environmental effects in this area (CO₂, emissions, consumption of raw materials, waste generation / valuation and recycling of waste). The main objectives reached in 2008 were as follows:

- Directly reduce CO₂ emissions through the replacement of fleet vehicles with others which are less pollutant.
- Investment in renewable energy assets, which currently have an installed power of 1,126 MW, relating to both wind power and thermal solar power.

- The wastes generated were reduced by 15%.
- An environmental incident identification and safety system was implemented at work sites enabling the analysis and planning of improvement actions in future projects.
- 3% reduction in water and electricity consumption per person in the central offices and local offices of several Group companies.
- Extension of the environmental management system to three areas: Galicia, Canarias and Murcia.
- 5% drop in electricity consumption in the development of various Group company projects.

At 31 December 2008 and 2007, there were no environmental assets and no material expenses were incurred.

38. Auditors' fees

The fees for financial audit services provided to the various companies composing the Consolidated Group in 2008 amounted to EUR 4,709 thousand (EUR 6,814 thousand in 2007). Of this amount, EUR 3,450 thousand (EUR 5,695 thousand in 2007) corresponded to the principal auditor, Deloitte, S.L.

The Group paid EUR 1,162 thousand (EUR 5,337 thousand in 2007) to audit firms for other services, mainly accounting services. Of this amount, EUR 736 thousand (EUR 2,673 thousand in 2007) corresponded to the principal auditor, Deloitte, S.L.

This year-on-year change related mainly to the consideration of Unión Fenosa as a discontinued operation.

39. Explanation added for translation to english

These consolidated financial statements are presented on the basis of IFRSs as adopted by the European Union. Certain accounting practices applied by the Group that conform with IFRSs may not conform with other generally accepted accounting principles.

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Appendix I. Subsidiaries

Company	Registered Office	Activity	Auditor	% Effective ownership
PARENTS				
ACS, Actividades de Construcción y Servicios, S.A.	Avda. de Pio XII, 102. 28036 Madrid. Spain	Parent	Deloitte	-
ACS Colombia, S.A.	Santa Fé de Bogotá. Colombia	Construction	Elquin Infante	100.00%
ACS Telefonía Móvil, S.L.	Avda. de Pio XII, 102. 28036 Madrid. Spain	Holding company	-	100.00%
Admirabilia, S.L.	Avda. de Pio XII, 102. 28036 Madrid. Spain	Holding company	-	100.00%
Aurea Fontana, S.L.	Avda. de Pio XII, 102. 28036 Madrid. Spain	Holding company	-	100.00%
Cariátide, S.A.	Avda. de Pio XII, 102. 28036 Madrid. Spain	Holding company	Deloitte	100.00%
Novovilla, S.L.	Avda. de Pio XII, 102. 28036 Madrid. Spain	Holding company	-	100.00%
Residencial Monte Carmelo, S.A.	Avda. de Pio XII, 102. 28036 Madrid. Spain	Holding company	Deloitte	100.00%
Roperfeli, S.L.	Avda. de Pio XII, 102. 28036 Madrid. Spain	Holding company	Deloitte	100.00%
Villa Aurea, S.L.	Avda. de Pio XII, 102. 28036 Madrid. Spain	Holding company	-	100.00%
Villanova, S.A.	Avda. de Pio XII, 102. 28036 Madrid. Spain	Holding company	-	100.00%
CONSTRUCTION				
Dragados, S.A.	Avda. Camino de Santiago, 50. Madrid. Spain	Construction	Deloitte	100.00%
Acainsa, S.A.	C/ Orense, 34-1º. 28020 Madrid. Spain	Real estate development	-	100.00%
Aparcamiento Tramo C. Ramba-Coslada, S.L.	C/ Orense, 34-1º. 28020 Madrid. Spain	Operation of carparks	-	100.00%
Besalco Dragados, S.A.	Av. Tajamar nº 183 piso 1º Los Condes. Santiago de Chile. Chile	Construction	KPMG	50.00%
Castellano Leonesa de Minas, S.A.	C/ Prado de la Guzpeña, s/n. 24693 León. Spain	Mining - Inactive	-	100.00%
Cesionario Vallés Occidental, S.A.	Avda. Josep Tarradellas, nº 34-36. 08029 Barcelona. Spain	Concession	Deloitte	100.00%
Colonial Leasing Corporation	150 Meadowlands Parkway Seacaucus New Jersey 07068. USA	Vehicle rental	-	100.00%
Comunidades Gestionadas, S.A. (COGESA)	C/ Orense, 34-1º. 28020 Madrid. Spain	Real estate development	Deloitte	100.00%
Concesionaria San Rafael, S.A.	C/ Diputado José Rivas, s/n. 07816 Sant Antonio de Port. Ibiza. Spain	Concession	Deloitte	100.00%
Consortio Tecdra, S.A.	Av. Vitacura 2939, Of.2201. Las Condes. Santiago de Chile. Chile	Construction	Quezada & Díaz	100.00%
Constructora Dycven, S.A.	Veracruz Edif. Torreón, 3º, Urbaniz. Las Mercedes. Caracas. Venezuela	Construction	Ernst & Young	100.00%
Constructora Vespucio Norte, S.A.	Av. Vitacura 2939 Of.2201, Las Condes. Santiago de Chile. Chile	Construction	Ernst & Young	54.00%
Construirail, S.A.	C/ Orense, 11. 28020 Madrid. Spain	Logistics service	PricewaterhouseCoopers	51.00%
Continental Rail, S.A.	C/ Avda. de América, 2, piso 17 B. Madrid. Spain	Rail transport	PricewaterhouseCoopers	100.00%
Drace Medio Ambiente, S.A.	Avda. Fuente de la Mora, 2. 28050 Madrid. Spain	Environment	Deloitte	100.00%
Drace Prefabricados de Edificación, S.L.	Camino de la Vega, Parc. 69,70,71. 19160 Chiloches. Guadalajara. Spain	Construction	Deloitte	100.00%
Dragados Canadá Inc.	Suite 1400 40 Elgin Street. Ottawa. Ontario. Canada	Construction	-	100.00%
Dragados Inversiones USA, S.L.	Avda. Tenerife, 4-6. 28703 San Sebastián de los Reyes. Madrid. Spain	Holding of securities	-	100.00%
Dragados Maroc, S.A.	05, Rue Al Bouhtoury, 3ème étage, Appt. Gauche. Casablanca. Morocco	Construction	AUDICA	100.00%
Dragados Obra Civil y Edificac México S.A de C.V.	C/ Hamburgo, 172, piso 1. Juárez Distrito Federal 06000 Mexico	Construction	-	100.00%
Dragados Roads Ltd.	Hill House 1 Little New Street. London EC4A3TR United Kingdom	Construction	Deloitte	100.00%
Dragados USA, Inc.	500 Fifth Avenue, 38 th. Floor. New York, NY 10110. USA	Construction	BDO Seid Man	100.00%
Drasel, SARL	Route de Versonnex, 5, Cessy. France	Construction	-	60.00%
Dycasa, S.A.	Avda. Leandro N. Alem.986. Buenos Aires. Argentina	Construction	Estudio Torrent Auditores	66.10%
Flota Proyectos Singulares, S.A.	Avda. Fuente La Mora, nº 2. 28050 Madrid. Spain	Construction	Deloitte	100.00%
Gasoductos y Redes Gisca, S.A.	C/ Orense, 11. 28020 Madrid. Spain	Petroleum and water pipelines	Deloitte	52.50%
Geotecnia y Cimientos, S.A.	C/ Los Llanos de Jerez, 10-12. 28823 Coslada. Madrid. Spain	Construction	Deloitte	100.00%
Gestifisa, S.A.	C/ Orense, 34 1º. 28020 Madrid. Spain	Real estate development	-	100.00%
Hullera Oeste de Sabero, S.A.	C/ Ramiro Valbuena, 16. 24002 León. Spain	Mining - Inactive	-	100.00%
Inmobiliaria Alabega, S.A.	C/ Orense, 34-1º. 28020 Madrid. Spain	Real estate development	-	100.00%
Logística y Transportes Ferroviarios, S.A.	Edificio Autoterminal. Muelle Dársena Sur- Puerto. 08039 Barcelona. Spain	Logistics and transport	PricewaterhouseCoopers	64.01%
Lucampa, S.A.	C/ Orense, 34-1º. 28020 Madrid. Spain	Real estate development	-	100.00%
Manteniment i Conservació del Vallés, S.A.	Via Laietana, 33-5º. 08003 Barcelona. Spain	Concession	Deloitte	100.00%
Newark Real Estate Holdings, Inc.	500 5th Ave New York N.Y. 10110. USA	Real estate development	-	100.00%
Protida, S.A.	C/ Ramiro Valbuena, 12. 24002 León. Spain	Real estate development	-	100.00%
Remodelación Ribera Norte, S.A.	Avda. Josep Tarradellas, nº 34-36. 08029 Barcelona. Spain	Concession	Deloitte	100.00%
Residencial Leonesa, S.A.	C/ Orense, 34-1º. 28020 Madrid. Spain	Real estate development	-	100.00%
Schiavone Construction Company	150 Meadowlands Parkway Seacaucus. New Jersey 07068. USA	Construction	J.H. COHN	100.00%
Servia Conservación y Mantenimiento, S.A.	Avda. Tenerife, 4-6. 28703 San Sebastián de los Reyes. Madrid. Spain	Construction	-	51.00%
Sicsa Rail Transport, S.A.	Avda. del Puerto, 189 - 5º. 46022 Valencia. Spain	Combined transport	Deloitte	76.00%
Soluc Edific Integrables y Sostenibles, S.A. (SEIS)	Avda. Fuente La Mora, nº 2. 28050 Madrid. Spain	Environment	Deloitte	100.00%
Técnicas e Imagen Corporativa, S.A.	C/ La Cañada, 53. 28850 Torrejón de Ardoz. Madrid. Spain	Design of signs and corporate image	Deloitte	100.00%
Tecsa Empresa Constructora, S.A.	Avda. Madariaga, 1, 4º. 48014 Bilbao. Spain	Construction	Deloitte	100.00%
Vías y Construcciones, S.A.	C/ Orense, 11. 28020 Madrid. Spain	Construction	PricewaterhouseCoopers	100.00%

Company	Registered Office	Activity	Auditor	% Effective ownership
INDUSTRIAL SERVICES				
ACS, Servicios Comunicaciones y Energía, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Industrial services	Deloitte	100.00%
ACS industrial Services, LLC.	3511 Silverside road suite 105 Wilmington Delaware 19810 County of New Castle	Energy production	-	100.00%
ACS Perú	Jr Salaberry, 300 Callao Lima. Peru	Auxiliary services	-	100.00%
ACT Financing, LLC.	5005 N. Stateline Av. Texarcana Texas TX 75603. USA	Financing of the three companies in USA	-	55.00%
Actividades de Instalaciones y Servicios, Cobra, S.A.	Calle 21 nº 7070, Parque Empresarial Montevideo. Bogotá. Colombia	Auxiliary electricity, gas and communications distribution services	-	100.00%
Actividades de Montajes y Servicios, S.A.	Ntra. Sra de Fátima, 38. 15007 La Coruña. Spain	Industrial installation and assembly	-	100.00%
Actividades de Montajes y Servicios, S.A. de C.V.	Veracruz. Mexico	Auxiliary electricity, gas and communications distribution services	BDO	100.00%
Actividades de Servicios e Instalaciones Cobra, S.A.	2 Avda. 13-35 Zona 17, Oribodegas los Almendros Nº 3.	Auxiliary electricity, gas and communications distribution services	-	100.00%
Agadirver	Rua Rui Teles Palhinha, 4. Leião. 2740-278 Porto Salvo. Portugal	Asset-holding company	-	74.54%
Agrupación Offshore 60, S.A. de C.V.	Juan Racine n 112, piso 8, Col. Los Morales 11510 Mexico D.F.	Manufacturing of metallic structures	KMPG Cardenas Dosal, S.C.	100.00%
Al-Andalus Wind Power, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Energy production	Ernst & Young	100.00%
Albares Renovables, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Promotion, management and production of energy	-	60.00%
Albatros Logistic, S.A.	C/ Franklin Naves, 24-29. 28906 Getafe. Madrid. Spain	Distribution logistics	Deloitte	100.00%
Aldebarán S.M.E., S.A.	Amistat,23. 08005 Barcelona. Spain	Generation of electricity	-	100.00%
Aldeire Solar, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Energy production	-	100.00%
Aldeire Solar-2, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Energy production	-	100.00%
Alfrani, S.L.	C/ Baron Del Solar, 18. 30520 Jumilla. Murcia. Spain	Electric assemblies	-	100.00%
Altomira Edifica, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Energy production	-	100.00%
Andasol 1, S.A.	Bárbara de Braganza, 11. 28603 Madrid. Spain	Energy production	Deloitte	75.00%
Andasol 2, S.A.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Energy production	Deloitte	75.00%
Andasol 3 Central Termosolar Tres, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Energy production	-	100.00%
Andasol 4 Central Termosolar Cuatro, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Energy production	-	100.00%
Andasol 5 Central Termosolar Cinco, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Energy production	-	100.00%
Andasol 6 Central Termosolar Seis, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Energy production	-	100.00%
Andasol 7 Central Termosolar Siete, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Energy production	-	100.00%
Antenea Technologies, S.L.	C/ Sepúlveda, 6. 28108 Alcobendas. Madrid. Spain	Telecommunications	-	99.82%
Apadil Armad. Plást. y Acces. de Iluminación, S.A.	E.N. 249/4 Km 4.6 Trajouce. São Domingos de Rana. 2775, Portugal	Design, manufacture and installation of corporate image	PricewaterhouseCoopers	100.00%
API Fabricación, S.A.	Raso de la Estrella, s/n. 28300 Aranjuez. Spain	Manufacturing	Deloitte	100.00%
API Movilidad, S.A.	Avda. de Manoteras, 26. 28050 Madrid. Spain	Road maintenance	Deloitte	100.00%
Applied Control Technology, LLC.	5005 N. Stateline Av. Texarcana Texas TX 75603. USA	Electrical installations	-	55.00%
Araraquara Transmissora de Energia, S.A.	Av. Marechal Camara, 160 Sala 1036 (parte) Rio de Janeiro - Brazil	Electrical installations	-	100.00%
Argencobra, S.A.	Viamonte,1145 Buenos Aires. Argentina	Auxiliary electricity, gas and communications distribution services	Osvaldo Jorge Paulino / Alejandra Tempestini	100.00%
Artemis Transmissora de Energia, Ltda.	Rua Deputado Antonio Edu Vieira 999 Florianopolis Estado Santa Catarina. Brazil	Electrical concession	Assurance Auditores e Consultores	51.00%
Atil-Cobra, S.A.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Sale and assembly of industrial and air-conditioning installations	Deloitte	100.00%
B.I. Josebeso, S.A.	Pz Venezuela, Torre Phelps s/n. 1050 Caracas. Venezuela	industrial cleaning	-	82.80%
Benisaf Water Company	Alger 12 Boulevarde Krim Blekacem. Algeria	Concession	-	51.00%
Benq	Rua Rui Teles Palhinha 4 - 3ª Leião 2740-278 Porto Salvo. Portugal	Inactive company	Oliveira, Reis & Associados, Sroc, Ltda	74.54%
Berea Eólica, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Energy production	-	70.00%
Bioteceira SGPS, S.A.	Rua Mario dionisio, nº 2. Linda-a-Velha. Oeiras. Portugal	Asset-holding company	Oliveira, Reis & Associados, Sroc, Ltda	74.54%
Bonal Serveis Eléctrics i Electrònics, S.A.	Pl. Girona. Avda. Mas de Vila 39-41. 17457 Riudellots de la Selva. Girona. Spain	Regulation of traffic and lighting systems	Deloitte	100.00%
BOB Construccion Ventures, S.L.	C/ Teide, 4-1ª Pta. 28709 San Sebastián de los Reyes. Madrid. Spain	Administrative management serv.	-	100.00%
C. A. Weinfel de Suministro de Personal	Pz Venezuela, Torre Phelps s/n. 1050 Caracas. Venezuela	Industrial cleaning	-	82.80%
Cabeço das Pedras	Rua Rui Teles Palhinha 6 - 3ª. Leião 2740-278 Porto Salvo. Portugal	Energy production	Oliveira, Reis & Associados, Sroc, Ltda	74.54%
Cachoeira Montages e Serviços, Ltda.	Marechal Camara,160 Rio de Janeiro. Brazil 20020	Electrical assembly and services	-	100.00%
California Sun Power, LLC.	818 West Seventh Street Los Angeles California 90017. USA	Energy production	-	100.00%
Calvache Eólica, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Energy production	-	70.00%
Carta Valley Wind Power, LLC.	2711 Centerville Road Suite 400 Wilmington county of New Castle delaware 19808	Energy production	-	100.00%
Catalana de Treballs Públics, S.A.	Ed. Gran Capitán, 4. 08034 Barcelona. Spain	Auxiliary electricity, gas and communications distribution services	Deloitte	100.00%
Cabxer Transmissora de Energia, S.A.	Av. Marechal Camara, 160 Sala 1036 (parte) Rio de Janeiro - Brazil	Electrical installations	-	100.00%
Central Térmica de Mejillones, S.A	Av. José pedro Alessandri, 2323 Macul. Santiago Chile.	Engineering, supply and construction of Central Térmica de Mejillones	-	100.00%

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Company	Registered Office	Activity	Auditor	% Effective ownership
Centro de Control Villadiego, S.L.	José Luis Bugallal Marchesi, 20. 15008 La Coruña. Spain	Generation of electricity	-	100.00%
CIL	Av. Marechal Camera 160. Rio de Janeiro. Brazil	Distribution of electricity	-	100.00%
CM- Construções, Ltda.	Rua, XV de Novembro 200, 14º Andar San Paulo. Brazil CPE 01013-000	Energy production	-	74.54%
Cme Águas, S.A.	Rua Rui Teles Palhinha, 4. Leião 2740-278 Porto Salvo. Portugal	Operation of a landfill	Oliveira, Reis & Associados, Sroc, Ltda	74.54%
Cme Angola, S.A.	Angola	Asset-holding company (inactive)	-	74.54%
Cme Business	Brazil	Asset-holding company (inactive)	-	74.54%
Cme Madeira, S.A.	Rua Alegria N.º 31-3º. Madeira. Portugal	Industrial Services	Oliveira, Reis & Associados, Sroc, Ltda	38.02%
CME Roménia	Romania	Different installations	-	74.54%
Cme, S.A.	Rua Rui Teles Palhinha 4 Leião 2740-278 Porto Salvo. Portugal	Industrial Services	Oliveira, Reis & Associados, Sroc, Ltda	74.54%
Cobra Bahia Instalações e Serviços	Cuadra 4, 10 Estrada do Coco/Bahia Brazil 47680	Electrical assemblies and installations	-	100.00%
Cobra Bolivia, S.A.	Rosendo Gutierrez, 686 Sopocachi. Bolivia	Development of electronic systems	-	100.00%
Cobra Chile, S.A.	José Pedro Alexandri, 2323 Macul. Santiago de Chile. Chile	Electrical assemblies and installations	BDO	100.00%
Cobra Concesiones Brasil, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	Ownership, management, operation, administration and maintenance of all types of infrastructures and concessions	-	100.00%
Cobra Concesiones, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	Servicios	-	100.00%
Cobra Energy	60 Solonos street, Athens. Greece.	Electricity, Water treatment, management of renewable natural resources, various public sector and private sector works	-	100.00%
Cobra Gestión de Infraestructuras, S.L.U	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	Industrial services	Deloitte	100.00%
Cobra Industrial Services, Inc.	3511Silverside road suite 105 Wilmington Delaware 19810 County of New Castle	Energy production	-	100.00%
Cobra Infraestructuras Hidráulicas, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	Development of projects and performance of all types of construction	Deloitte	100.00%
Cobra Ingeniería de Montajes, S.A.	Fernando Villalon,3. 41004 Sevilla. Spain	Installations and assembly	-	100.00%
Cobra Instalaciones México, S.A. de C.V.	C/ Melchor Ocampo, 193 Colonia Verónica Anzures. Mexico	Auxiliary electricity, gas and communications distribution services	BDO	100.00%
Cobra Instalaciones y Serv. India PVT	B-324 New Friends Colony New Delhi-110 025. India	Catenary	-	100.00%
Cobra Instalaciones y Servicios Internacional, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	Holding company	Deloitte	100.00%
Cobra Instalaciones y Servicios, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	Industrial Services	Deloitte	100.00%
Cobra Instalaciones y Servicios República Dominicana	Vereda, 6 Portal 4 Manogayabo. Dominican Rep.	Auxiliary electricity, gas and communications distribution services	-	100.00%
Cobra Instalações y Serviços, Ltda.				100.00%
Cobra Inversiones y Gestión, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	Holding company	-	100.00%
Cobra La Rioja Sur	Concepción Arenal 2630 CP 1426 Capital Federal Buenos Aires. Argentina	Electricity	-	100.00%
Cobra Perú II, S.A.	Abelardo Quiñones,870. Iquitos. Peru	Electrical installations	-	100.00%
Cobra Perú, S.A.	Jr Slaberry,300 Callao. Lima. Peru	Auxiliary electricity, gas and communications distribution services	KPMG	100.00%
Cobra Servicios Auxiliares, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	Reading of electricity meters and other services	Deloitte	100.00%
Cobra Sistemas de Seguridad, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	Sale and installation of security systems	-	100.00%
Cobra Sistemas y Redes, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	Installation of communication and control systems	-	100.00%
Cobra Sun Power USA, Inc.	2711 Centerville Road Suite 400 Wilmington Country of New Castle Delaware 19808	Energy production	-	100.00%
Cobra Termosolar USA, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	Energy production	-	100.00%
Cobra y Cingel Telecomunicaciones	Avda de Macul, 2323	Electrical assemblies and installations	-	100.00%
Cobra-Udsport Conde de Guadalhorce, S.L.	Paseo Cerrado de Calderón, 18. Edif.Mercurio 1ª Pta. 29018 Málaga. Spain	Operation of, maintenance and provision of public service at Centro Deportivo Guadalhorce	-	51.00%
Codeven. Venezuela	Av. San Fco C/ Sta. Margarita Colinas California, Ed.Torre California 1070. Caracas. Venezuela	Construction and engineering	-	100.00%
Coinsal Instalaciones y Servicios, S.A. de C.V.	Pasaje Senda Florida, 167. San Salvador	Installations and assembly	-	100.00%
Coinsmar Instalaciones y Servicios, SARLAU	210 Boulevard Serketouni Angle Boulevard Roudani nº 13, Maarif 2100. Casablanca. Morocco	Electricity and public works	-	100.00%
Construção e Manutenção Electromecânica, S.A.	Tagus Space, Rua Rui Teles Palhinha, 4 Leião, 2740 Portugal			100.00%
Construcciones Dorsa, S.A.	Cristóbal Bordiú, 35-5ª oficina 515-517. Madrid. Spain	Construction	-	99.73%
Control y Montajes Industriales de Méjico, S.A. de C.V.	C/ Juan Racine, 116- 6º. 11510 Mexico D.F	Electrical installations	Deloitte	100.00%
Control y Montajes Industriales, S.A.	C/ Teide 4, 2ª Planta. 28709 San Sebastián de los Reyes. Madrid. Spain	Electrical installations	Deloitte	100.00%
Cosersa, S.A.	Avda. de Manoteras, 26. 28050 Madrid. Spain	Industrial cleaning	-	100.00%
Cymi do Brasil, Ltda.	Av. Presidente Wilson 231, sala 1701 20090-020 Rio de Janeiro. Brazil	Electrical installations	-	100.00%
Cymi Holding, S.A.	Av. Presid Wilson 231 Sala 1701 Parte Centro. Rio de Janeiro. Brazil	Securities holding company	Assurance Auditores e Consultores	100.00%
Cymi Investment USA, S.L.	C/ Teide, 4-2ª Pta. 28709 San Sebastián de los Reyes. Madrid. Spain	Holding company	-	100.00%
Cymi Seguridad, S.A.	C/ Teide, 4-2ª Pta. 28709 San Sebastián de los Reyes. Madrid. Spain	Security installations	-	100.00%
Delta P I, LLC.	400-A Georgia Av.Deer Park Texas 77536. USA	Electrical installations	-	55.00%

Company	Registered Office	Activity	Auditor	% Effective ownership
Desarrollo Informático, S.A.	Avda. de Santa Eugenia, 6. 28031 Madrid. Spain	Computer maintenance	-	100.00%
Desarrollos Energéticos Riojanos, S.L.	Pol.Industrial Las Merindades, calle B s/n, Villarcayo. 09550 Burgos. Spain	Generation of electricity	-	80.00%
Dimática, S.A.	C/ Saturnino Calleja, 20. 28002 Madrid. Spain	Sale of computer equipment	-	100.00%
Dragados Construc. Netherlands, S.A.	Amsteldijk 166-6 1079LH Amsterdam. Netherlands.	Electrical installations	-	100.00%
Dragados Gulf Construction, Ltda.	P. O Box 3140 Al Khobar 31952 Kingdom of Saudi Arabia	Construction	-	100.00%
Dragados Industrial, S.A.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Construction of all types of works	Deloitte	100.00%
Dragados Industrial Algeria S.P.A.	Lot nº 7 - Ville Coopérative El Feteh - El Bihar. Alger. Algeria.	Industrial maintenance and assemblies	Menguellatti Encha Ellah	100.00%
Dragados Industrial Canada, Inc.	620 Rene Levesque West Suite 1000 H3B 1 N7 Montreal. Quebec. Canada	Electrical installations	-	100.00%
Dragados Offshore de Méjico KU-A2, S.A de C.V.	Juan Racine n 112, piso 8, Col. Los Morales 11510 Mexico D.F.	Manufacturing of metallic structures	KMPG Cardenas Dosal, S.C.	100.00%
Dragados Offshore de Méjico, S.A. de C.V.	Juan Racine n 112, piso 8, Col. Los Morales 11510 Mexico D.F.	Manufacturing of metallic structures	KMPG Cardenas Dosal, S.C.	100.00%
Dragados Offshore USA, Inc.	10333 Richmond Avenue, suite 720 77042 Texas, Houston. USA	Market research and capturing of markets	-	100.00%
Dragados Offshore, S.A.	Bajo de la Cabezucla, s/n. 11510 Puerto Real. Cádiz. Spain	Manufacturing of metallic structures	Deloitte	100.00%
Dragados Proyectos Industriales de Méjico, S.A. de C.V.	Juan Racine 112 B piso Colonia Los Morales Mexico (DF) Delegacion Miguel Hidalgo 11510	Engineering and construction	Deloitte	100.00%
Dyctel infraestructura de Telecomunicapoes, Ltda.	C/ Rua Riachuelo, 268. 90010 Porto Alegre. Brazil	Telecommunications	-	100.00%
Dyctel Infraestructuras de Telecomunicaciones, S.A.	C/ La Granja, 29. 28108 Alcobendas. Madrid. Spain	Telecommunications	-	100.00%
Easa Somozas, S.A.	José Luis Bugallal Marchesi M-10. 15008 La Coruña. Spain	Generation of electricity	Deloitte	51.70%
Eocivil Electromur G.E., S.L.	C/ Paraguay, Parcela 13/3. 30169 San Ginés. Murcia. Spain	Civil works	Deloitte	94.50%
Ecoevent Parc Edic, S.L.	Nil Fabra, 34. 08012 Barcelona. Spain	Generation of electricity	Deloitte	100.00%
El Paramo Parque Eólico, S.L.	Guítard, 43. 08014 Barcelona. Spain	Generation of electricity	-	100.00%
Electrén, S.A.	Avda. del Brazil, 6. 28020 Madrid. Spain	Specialized construction	PricewaterhouseCoopers	100.00%
Electromur, S.A.	C/ Cuatro Vientos, 1. San Ginés. Murcia. Spain	Electrical installations	Deloitte	100.00%
Electronic Traffic, S.A.	C/ Tres Forques, 147. 46014 Valencia. Spain	Electrical installations	Deloitte	100.00%
Emplogest, S.A.	Rua Alfredo Trindade, 4 Lisbon. 01649 Portugal	Holding company	-	98.21%
Emutrel, S.A.	C/ Carlos Egea, parc. 13-18. Pl. Oeste. Alcantarilla. Murcia. Spain	Telecommunications	Deloitte	50.10%
Enclavamientos y Señalización Ferroviaria, S.A.	C/ La Granja, 29. 28108 Alcobendas. Madrid. Spain	Construction of all types of works	Deloitte	100.00%
Enelec, S.A.	Av. Marechal Gomes da Costa 27. 1800-255 Lisbon. Portugal	Electrical installations	L. Graça, R. Carvalho & M. Borges, SROC, LDA	100.00%
Energías Ambientales de Guadalajara, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid	Energy production	-	100.00%
Energías Ambientales de Novo, S.A.	José Luis Bugallal Marchesi M-10. 15008 La Coruña. Spain	Generation of electricity	Deloitte	66.67%
Energías Ambientales de Outes, S.A.	José Luis Bugallal Marchesi, 20. 15008 La Coruña. Spain	Generation of electricity	Deloitte	100.00%
Energías Ambientales de Soria, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid	Energy production	-	100.00%
Energías Ambientales de Vianzo, S.A.	José Luis Bugallal Marchesi M-10. 15008 La Coruña. Spain	Generation of electricity	Deloitte	66.67%
Energías Ambientales, S.A.	José Luis Bugallal Marchesi M-10. 15008 La Coruña. Spain	Generation of electricity	Deloitte	66.67%
Energías y Recursos Ambientales, S.A.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Generation of electricity	Deloitte	100.00%
Enipro, S.A.	Rua Rui Teles Palhinha, 4. Leião. 2740-278 Porto Salvo. Portugal	Portfolio-holding company	Oliveira, Reis & Associados, Sroc, Ltda	74.54%
Eng, S.L.	C/ F, nº 13. Pl. Mutilva Baja. Navarra. Spain	Electrical installations	-	100.00%
EPC Ciclo Combinado Norte, S.A. de C.V.	Melchor Ocampo, 193, Torre C piso 14D. 11300 Méjico D.F. Mexico	Industrial plants	-	100.00%
Equipos de Señalización y Control, S.A.	C/ Severino Covas, 100. Vigo. Pontevedra. Spain	Electrical installations	Deloitte	100.00%
Etra Cataluña, S.A.	C/ Mercuri, 10-12. Cornellá de Llobregat. Barcelona. Spain	Electrical installations	Deloitte	100.00%
Etra Interandina, S.A.	C/ 100, nº 8A-51, Of. 610 Torre B. Santafe de Bogota. Colombia	Electrical installations	Elquin Infante	100.00%
Etra Investigación y Desarrollo, S.A.	C/ Tres Forques, 147. 46014 Valencia. Spain	Research and Development	Deloitte	100.00%
Etralux, S.A.	C/ Tres Forques, 147. 46014 Valencia. Spain	Electrical installations	Deloitte	100.00%
Etranorte, S.A.	C/ Erremuena, pab. G. Pl. Zabalondo. Munguia. Vizcaya. Spain	Electrical installations	Deloitte	100.00%
Extresol-2, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Energy production	-	100.00%
Extresol-3, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Energy production	-	100.00%
Extresol-1, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Energy production	Deloitte	100.00%
Eyra Energías y Recursos Ambientais, Lda.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Generation of electricity	-	98.00%
Eyra Wind Power USA Inc	2711 Centerville Road Suite 400 Wilmington county of New Castle delaware 19808	Energy production	-	100.00%
France Semi, S.A.	20/22 Rue Louis Armand rdc. 75015 Paris. France	Assemblies	-	99.73%
Garby Aprovechamientos Energéticos, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	-	-	100.00%
Geida Beni Saf	Cardenal Marcelo Spinola, 10. 28016 Madrid. Madrid	Desalination	-	100.00%
Gerovitae La Guancha, S.A.	Ctra. del Rosario Km 5.2. La Laguna. 38108 Santa Cruz Tenerife. Canary Islands. Spain	Management and operation of senior citizen social and health centres	-	100.00%
Global Spa, S.L.	Camino Vell de Buñola, 37. Palma de Mallorca. Balearic Islands. Spain	Air conditioning	-	100.00%
Gpme, S.A.	Rua Rui Teles Palhinha 4 Leião 2740-278 Porto Salvo. Portugal	Portfolio-holding company	Oliveira, Reis & Associados, Sroc, Ltda	74.54%
Guatemala de Tráfico y Sistemas, S.A.	C/ Edificio Murano Center, 14. Oficina 803 3-51. Zona 10. Guatemala	Construction of all types of works	-	100.00%
Hydra de Telecomunicaciones y Multimedia, S.A.	C/ Severo Ochoa, 10. 29590 Campanillas. Málaga. Spain	Telecommunications	-	100.00%

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Company	Registered Office	Actividad	Auditor	% Effective ownership
Hidráulica de Mendre, S.A.	C/ 50B Nuevo Campo Alegre 25 Bella Vista. Panama	Hydroelectric plant	-	100.00%
Hidráulica del Chiriquí, S.A.	C/ 50B Nuevo Campo Alegre 25 Bella Vista. Panama	Hydroelectric plant	-	100.00%
Hidrogestión, S.A.	Avda. Manoteras, 28. Madrid. Spain	Distribution of water	Deloitte	100.00%
Hidrolazan, S.L.	Paseo de la Castellana, 167. 28046 Madrid. Spain	Hydroelectric plant	-	100.00%
Humiclíma Caribe Cpor A.Higüey	Ctra Cruce De Friusa, s/n. Higüey. Altagracia. Dominican Republic.	Air conditioning	BDO	100.00%
Humiclíma Centro, S.L.	C/ Francisco Suarez, 14 Local B. 28036 Madrid. Spain	Air conditioning	-	100.00%
Humiclíma Est Catalunya, S.L.	C/ San Quinti, 47. Barcelona. Spain	Air conditioning	Deloitte	100.00%
Humiclíma Est, S.A.	Camino Vell de Buñola, 37. Palma de Mallorca. Balearic Islands. Spain	Air conditioning	Deloitte	100.00%
Humiclíma Jamaica Limited	Comer Lane 6 Montego Bay. St James. Jamaica	Air conditioning	KPMG	100.00%
Humiclíma Magestic Grupo, S.L.	Camino Vell de Buñola, 37. Palma de Mallorca. Balearic Islands. Spain	Air conditioning	-	100.00%
Humiclíma Mexico, S.A. de C.V.	Cancun (Quintana De Roo). Mexico	Air conditioning	BDO	100.00%
Humiclíma Sac, S.A.	Camino Vell de Buñola, 37. Palma de Mallorca. Balearic Islands. Spain	Air conditioning	Deloitte	100.00%
Humiclíma Sur, S.L.	C/ Morocco, 12. Jerez de La Frontera. Cádiz. Spain	Air conditioning	-	100.00%
Humiclíma Valladolid, S.L.	C/ Puente Colgante, 46. Valladolid. Spain	Air conditioning	-	100.00%
Hydro Management, S.L.	Avda.Tenerife General Gutierrez, 9. 30008 Murcia. Spain	Services	Deloitte	75.00%
Iberoamericana de Hidrocarburos, S.A. de C.V.	C/ Melchor Ocampo 193. Mexico	Construction of industrial buildings and plants	-	59.50%
ImesAPI, S.A.	Avda. de Manoteras, 26. 28050 Madrid. Spain	Electrical installations	Deloitte	100.00%
Imocme, S.A.	Rua Rui Teles Palhinha, 4. Leião. 2740-278 Porto Salvo. Portugal	Asset-holding company	Oliveira, Reis & Associados, Sroc, Ltda	74.54%
Infraest. Energéticas Medioambi. Extremeñas, S.L.	Polígono Industrial Las Capellanías. Parcela 238B. Cáceres. Spain	Services	-	100.00%
Infraestructuras Energéticas Aragonesas, S.L.	C/ Paraíso, 3. 50410 Cuarte de Huerva. Zaragoza. Spain	Installation, assembly and maintenance	-	100.00%
Infraestructuras Energéticas Castellanas, S.L.	Aluminio, 17. 47012 Valladolid. Spain	Generation of electricity	-	51.00%
Initec Energía, S.A.	Príncipe de Vergara, 120 Planta. 28002 Madrid. Spain	Technical engineering services	C.T.A. Auditores	100.00%
Injar, S.A.	C/ Catamarca Esq. C/ Mendoza PG El Sebadal. 35008 Las Palmas. Canary Islands. Spain	Sale and assembly of industrial and air-conditioning installations	Deloitte	100.00%
Inotec	Angola	Energy production	-	37.27%
Instalaciones y Montajes de Aire Climatizado, S.L.	Camino Vell de Buñola, 37. Palma de Mallorca. Balearic Islands. Spain	Air conditioning	-	100.00%
Instalaciones y Servicios Codeni, S.A.	Masaya	Electrical assemblies and installations	-	100.00%
Instalaciones y Servicios Codepa, S.A.	Edif. Allbrook Park, Of.115 - Corregimiento Ancón	Electrical assemblies and installations	-	100.00%
Instalaciones y Servicios Codeven, C.A.	Avda. S.Fco C/Sta.Margarita.Colin.California Torre California p 5 FC H 1070 Caracas. Venezuela	Construction and engineering	-	100.00%
Instcobra. Ecuador	Isla Genovesa 43 rio Coca. Quito. Ecuador	Electricity services (transport)	-	100.00%
Intebe, S.A.	Avda. de la Independencia, nº 21 bajo. Cambrils. Tarragona. Spain	Maintenance	Deloitte	99.40%
Intecsa Ingeniería Industrial, S.A.	Vía de los Poblados, 11. 28033 Madrid. Spain	Engineering	Deloitte	100.00%
Integrated Technical Prodcus, LLC.	1117 Joseph Street Shreveport Louisiana LA 71107. USA	Electrical installations	-	55.00%
Invexta Recursos, S.L.	Ayala, 120-2B. 28006 Madrid. Spain	Research, exploration and operation of all types of deposits and storage of hydrocarbons	-	100.00%
Isobra Instalacoes e Servicos, Ltda.	General Bruce,810 Rio de Janeiro. Brazil 20921	Electrical assemblies and installations	-	100.00%
Itumbiara Marimondo, Ltda.	Marechal Camera,160 Rio de Janeiro. Brazil 20020	Electrical assembly and services	-	100.00%
La Caldera Energía Burgos, S.L.	Almirante Bonifaz, 3. 09003 Burgos. Spain	Generation of electricity	Ernst & Young	61.79%
Lestenergia	Calçada Da Rabaça, Nº 11. Penamacor. Portugal	Energy production	Oliveira, Reis & Associados, Sroc, Ltda	74.54%
Litrão do Brasil Partipações, S.A.	Av. Marechal Camera 160, sala 1808. Rio de Janeiro. Brazil	Energy transport	-	100.00%
Lumicán, S.A.	C/ Arco, nº 40. Las Palmas de Gran Canaria. Canary Islands. Spain	Electrical installations	Deloitte	100.00%
Lusobrisa	Rua Rui Teles Palhinha, 4-3º. Leião 2740-278 Porto Salvo. Portugal	Energy production	-	74.54%
Luziana Montagens e Servicos, Ltda.	Av. Marechal Camara, 160. Rio de Janeiro. Brazil	Asset-holding company	-	100.00%
Maessa Telecomunicaciones, S.A. (MAETEL)	C/ Bari, 33 - Edificio 3. 50197 Zaragoza. Spain	Maintenance and assembly	Deloitte	99.40%
Makiber, S.A.	Paseo de la Castellana, 182-2º. 28046 Madrid. Spain	Merchandise export	Deloitte	100.00%
Manchasal 1 Central Termosolar Uno, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Energy production	-	100.00%
Manchasal 2 Central Termosolar Dos, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Energy production	-	100.00%
Mant. Ayuda a la Explot. y Servicios, S.A. (MAESSA)	C/ Manzanares, 4. 28005 Madrid. Spain	Industrial maintenance	Deloitte	100.00%
Mantenimiento y Montajes Industriales, S.A.	Edif. Milenium, C/ Teide 5-1º. 28709 San Sebastián de los Reyes. Madrid. Spain	Industrial maintenance and assemblies	Deloitte	100.00%
Mantenimientos Integrales Senax, S.A.	Centrol Comercial L'illa Miami Playa. Tarragona. Spain	Assemblies	-	100.00%
Masa Algeciras, S.A.	Avda. Blas Infante, Edificio Centro Blas Infante, local B. 11201 Algeciras. Cádiz. Spain	Industrial maintenance and assemblies	Deloitte	100.00%
Masa Argentina, S.A.	Avda. Alicia Moreau de Justo nº 1930 1º piso Ciudad Autonoma de Buenos Aires. Argentina	Manufacture of industrial equipment, construction of industrial equipment and other structures and industrial	Razetto-López-Rodríguez Córdoba & Asoc.	90.00%
Masa Brasil, S.L.	Av. São Gabriel, 149, sala 207. Itaim Bibi. São Paulo CEP 01435-001. Brazil	Preparation of studies and projects, industrial assembly and maintenance	-	100.00%
Masa Galicia, S.A.	Políg. Ind. De La Grela - C/ Guttember, 27, 1º Izqd. 15008 La Coruña. Spain	Industrial maintenance and assemblies	Deloitte	100.00%
Masa Huelva, S.A.	C/ Alonso Ojeda, 1. 21002 Huelva. Spain	Industrial maintenance and assemblies	Deloitte	100.00%
Masa Méjico, S.A. de C.V.	C/ Juan Racine, 112, 8º - Colonia Los Morales, Del. Miguel Hidalgo - 11510 Mexico D.F.	Industrial maintenance and assemblies	Ruiz, Luna y Cia	100.00%

Company	Registered Office	Activity	Auditor	% Effective ownership
Masa Norte, S.A.	C/ Ribera de Axpe, 50-3ª. 48950 Erandio Las Arenas. Vizcaya. Spain	Industrial maintenance and assemblies	Deloitte	100.00%
Masa Puertollano, S.A.	Ctra. Calzada de Calatrava, km. 3.4. 13500 Puertollano. Ciudad Real. Spain	Industrial maintenance and assemblies	Deloitte	100.00%
Masa Servicios, S.A.	Polig. Ind. Zona Franca, Sector B, Calle B. 08040 Barcelona. Spain	Industrial maintenance and assemblies	Deloitte	100.00%
Masa Tenerife, S.A.	Pª Milicias de Garachico, 1, 4ª. Ofic. 51 - Edif. Hamilton. 38002 Sta. Cruz de Tenerife. Canary Islands. Spain	Industrial maintenance and assemblies	-	100.00%
Menciá, S.L.	C/ Binea Roca s/n, Local 16. 07710 Sant Lluís. Menorca. Balearic Islands. Spain	Air conditioning	-	100.00%
Mexicobra, S.A.	Colonia Polanco C/Alejandro Dumas,160. Mexico D.F. 11500	Auxiliary electricity, gas and communications distribution services	-	100.00%
Mexsemi, S.A. de C.V.	Av. Dolores Hidalgo 817 CD Industrial Irapuato Gto. 36541. Mexico	Assemblies	Baker Tilly Mgrd Auditores S.C.	99.73%
Mimeca, C.A.	Pz Venezuela, Torre Phelps s/n. 1050 Caracas. Venezuela	Industrial cleaning	-	82.80%
Moeë	Rua Rui Teles Palhinha, 4-3ª. Leião 2740-278 Porto Salvo. Portugal	Energy production	Oliveira, Reis & Associados, Sroc, Ltda	74.54%
Moncobra Canarias Instalaciones, S.A.	León y Castillo, 238, 35005 Las Palmas de Gran Canaria. Canary Islands. Spain.	Industrial installation and assemblies	-	100.00%
Moncobra Perú	Jr Salaberry, 300 Callao. Lima. Peru	Auxiliary services	-	100.00%
Moncobra, S.A.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Industrial installation and assembly	Deloitte	100.00%
Monelec, S.L.	C/ Ceramistas, 14. Málaga. Spain	Electrical installations	Deloitte	100.00%
Murciana de Tráfico, S.A.	Carril Molino Nerva, s/n. Murcia. Spain	Electrical installations	Deloitte	100.00%
OCP Perú	Jr Salaberry, 300 Callao Lima. Peru	Auxiliary services	-	100.00%
Oficina Técnica de Estudios y Control de Obras, S.A	C/ Guzmán el Bueno, 133-1ª. Edificio Britania. 28003 Madrid. Spain	Consulting	Deloitte	100.00%
Opade Organizac. y Promoc de Actividades Deportivas, S.A.	Avda. de América, 10. Madrid. Spain	Organization and promotion of athletic activities	Deloitte	100.00%
P. E. Sierra de las Carbás, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Generation of electricity	Ernst & Young	61.70%
PE. Monte das Aguas, S.L.	José Luis Bugallal Marchesi, 20. 15008 La Coruña. Spain	Generation of electricity	Ernst & Young	60.00%
PE. Monte dos Nenos, S.L.	La Paz, 23-2ªB. Valencia. Spain	Energy production	-	100.00%
PE. Donado, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Energy production	-	100.00%
PE. Tesosanto, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Generation of electricity	-	61.70%
Parque Eólico Bandelera, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Energy production	-	70.10%
Parque Eólico Buseco, S.L.	Comandante Caballero, 8. 33005 Oviedo. Asturias. Spain	Energy production	-	80.00%
Parque Eólico de Valdecarro, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Generation of electricity	-	100.00%
Parque Eólico La Boga, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Generation of electricity	Deloitte	75.00%
Parque Eólico Marmellar, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Generation of electricity	Deloitte	70.00%
Parque Eólico Rodera Alta, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Energy production	-	70.10%
Parque Eólico Santa Catalina, S.L.	La Paz, 23-2ªB. Valencia. Spain	Energy production	-	100.00%
Parque Eólico Tadeas, S.L.	Amistad, 23. 08005 Barcelona. Spain	Generation of electricity	-	51.48%
Parque Eólico Valcaire, S.L.	Ayuntamiento, 7 Padul. 18640 Granada. Spain	Generation of electricity	-	55.00%
Parque Eólico Valdehiero, S.L.	Amistad, 23. Barcelona. Spain	Generation of electricity	-	51.48%
Percomex, S.A.	Melchor Ocampo, 193 Torre C-Colonia Verónica Anzures. Mexico	Auxiliary electricity, gas and communications distribution services	BDO	100.00%
Portumasa, S.A.	Av. Marechal Gomes Da Costa, 27, RC Esquerdo 1800-255 Lisbon. Portugal	Study and performance of projects, assemblies, manufacture and sale of electrical and electronic equipment.	-	100.00%
Procmex, S.A.	Rua Rui Teles Palhinha, 4. Leião 2740-278 Porto Salvo. Portugal	Holding company	Deloitte	74.54%
Promservi, S.A.	Avda. de Manoteras, 26. 28050 Madrid. Spain	Real Estate	-	100.00%
Red Top Wind power, LLC.	2711 Centerville Road Suite 400 Wilmington county of New Castle delaware 19808	Energy production	-	100.00%
Riansares Eólica, S.L.	Cardenal Marcelo Spinola, 10. 28016 Madrid. Spain	Energy production	-	70.00%
Rodonya Solar 1, S.L.	C/ Teide, 4. San Sebastián de los Reyes. Madrid. Spain	Operation of photovoltaic installations	-	100.00%
Roura Cevasa, S.A.	Caracas, 5. Barcelona. Spain	Corporate image	PricewaterhouseCoopers	100.00%
Salmantina de Seguridad Vial, S.A.	Cascajaltes, 65-69. 37184 Villares de la Reina. Salamanca. Spain	Painting and signposting	Deloitte	100.00%
Sao-Simao Montagens e Servicos de Electricidade, Ltda.	Rua Marechal Camara, 160. Rio de Janeiro. Brazil	Civil works	-	100.00%
Sednive, C.A. (Soc. Españ. Montajes Indus Venezuela)	Av. Foo Miranda Edif. Parq Cristal Tor Este, p8, of 8-8.Palos Grandes 1070 Caracas. Venezuela	Cellular telephony infrastructure	-	100.00%
Seguridad Integral Metropolitana, S.A.	C/ La Granja, 29. 28108 Alcobendas. Madrid. Spain	Security equipment maintenance	Deloitte	90.00%
Semi Maroc, S.A.	5, Rue Fakir Mohamed. Casablanca Sidi Belyout Maroc	Assemblies	Fiduciaire Martinetti Associes Ma S.A. Commissariat aux comptes	99.73%
Semacon Joel, C.A.	Pz Venezuela, Torre Phelps s/n. 1050 Caracas. Venezuela	Industrial cleaning	-	82.80%
Semicro, S.A.	C/ Pradillo, 48-50. 28002 Madrid. Spain	Computer maintenance	Deloitte	100.00%
Serpimex, S.A. de C.V.	Juan Racine 112 8 Colonia Los Morales Polanco Delegación Miguel Hidalgo. Mex DF11510	Provision of personal services	Deloitte	100.00%
Serpista, S.A.	C/ Velázquez, 130. 28006 Madrid. Spain	Services	Deloitte	51.00%

Consolidated Financial Statements

Company	Registered Office	Activity	Auditor	% Effective ownership
Serra do Moncoso Cambas, S.L.	Rua da Constitucion, 30. Culleredo. 15189 La Coruña. Spain	Generation of electricity	-	51.00%
Serveis Catalans, Serveica, S.A.	Avda. de Manoteras, 26. 28050 Madrid. Spain	Electrical installations	-	100.00%
Servicios Administrativos Offshore, S.A. de C.V.	Juan Racine Nº 112 Piso 8 Col. Los Morales C.P. 11510 Mexico D.F.	Provision of personal services	KMPG Cardenas Dosal, S.C.	100.00%
Servicios Asistenciales y Residenciales, S.L.	Urbanización Porto Avieria Manzana 5, Chalet 26. Gandara-Oroso. La Coruña. Spain			100.00%
Servicios Cymimex, S.A. de C.V.	Juan Racine 112 6º piso Colonia Los Morales 11510. Mexico D.F. Mexico	Electrical installations	Deloitte	100.00%
Servicios Dinsa, S.A. de C.V.	Juan Racine 112 3 piso Colonia Los Morales Mexico (DF) Delegación Miguel Hidalgo 11510	Provision of personal services	Deloitte	100.00%
Servicios Operativos Offshore, S.A. de C.V.	Juan Racine Nº 112 Piso 8 Col. Los Morales C.P. 11510 Mexico D.F.	Provision of personal services	KMPG Cardenas Dosal, S.C.	100.00%
Servicios Proyectos Industriales de Méjico, S.A. de C.V.	Juan Racine 112 8 piso Colonia Los Morales Mexico (DF) Delegación Miguel Hidalgo 11510	Provision of personal services	Deloitte	100.00%
Servicios y Obras Comunitarias, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	Development of electronic systems	-	100.00%
Setec Soluções Energeticas de Transmissao e Controle, Ltda.	Av. Presidente Wilson 231, sala 1701 20030-020 Rio de Janeiro. Brazil	Electrical installations	-	100.00%
Sice do Brasil, S.A.	C/ Joaquim Eugenio de Lima, 680. Sao Paulo. Brazil	Construction of all types of works	-	100.00%
SICE PTY, Ltd.	Level 5, Mayne Building, 390 St. Kilda Road Melbourne, Vicotira 3004. Australia	Construction of all types of works	Deloitte	100.00%
Sice Puerto Rico, Inc.	C/Fordham 275 San Juan PR 00927. University Gardens. Puerto Rico	Constuction and all business permitted under law	Interamericana	100.00%
Sice South Africa Pty, Ltd.	C/ PO Box 179. 009 Pretoria, South Africa	Construction of all types of works	PKF Pretoria Incorporated	100.00%
Sice Tecnología y Sistemas, S.A.	C/ Sepúlveda, 6. 28108 Alcobendas. Madrid. Spain	Acquisition and sale of all types of movable assets and securities.	Deloitte	100.00%
SICE, Inc.	9442 Capital of Texas Hwy North. Arboretum Plaza One Suite 500 Austin TEXAS 78759. USA	Development of intelligent toll systems	-	100.00%
SICE, LLC.	Rublevskoye Shosse 83/1 121467 Moscow, Russia	Design, construction, installation and maintenance of traffic and trade	-	100.00%
Sidetel, S.A.	Avda. Manoteras, 28. Madrid. Spain	Electrical installations	-	100.00%
Sistemas Integrales de Mantenimiento, S.A.	C/ Teide, 5-1º. 28709 San Sebastián de los Reyes. Madrid. Spain	Industrial maintenance and assemblies	-	100.00%
Sistemas Radiantes F. Moyano, S.A.	C/ La Granja, 72. 28108 Alcobendas. Madrid. Spain	Telecommunications	Deloitte	97.58%
Sistemas Sec, S.A.	C/ Miraflores 383. Santiago de Chile. Chile	Telecommunications	Deloitte	51.00%
Soc Iberica de Construc Electricas de Seguridad, S.L.	C/ La Granja 29. 28108 Alcobendas. Madrid. Spain	Security system and fire prevention device installation and maintenance	-	100.00%
Soc. Española de Montajes Industriales, S.A. (SEMI)	C/ Manzanares, 4. 28005 Madrid. Spain	Electric assemblies	Deloitte	99.73%
Sociedad Ibérica de Construcciones Eléctricas, S.A.	C/ Sepúlveda, 6. 28108 Alcobendas. Madrid. Spain	Construction of all types of works	Deloitte	100.00%
Sociedad Industrial de Construc Eléctricas, S.L., Ltda.	CL 94 NO. 15 32 P 8. Bogot D.C. Colombia	Construction of all types of works	-	100.00%
Sociedad Industrial de Construcción Eléctricas, S.A	C/ Aquilino de la Guardia. Edificio IGRA Local 2. Urbanización Bella Vista Panamá	Construction of all types of works	Interamericana	100.00%
Sociedad Industrial de Construcciones Eléctricas de Costa Rica, S.A.	C/ San Jose Barrio Los Yoses-Final Avenida Diez.25 m.norte y 100 este. San Jose. Costa Rica	Trade, industry and tourism in general	Interamericana	100.00%
Sociedad Industrial de Construcciones Eléctricas, S.A. de C.V.	Paseo de la Reforma, 404. Despacho 1502. Piso 15 Col. Juarez 06600 Delegación Cuauhtemoc Mexico D.F.	Construction of all types of works	BDO	100.00%
Societat Eòlica de l' Enderrocada, S.A.	Amistat, 23. 08005 Barcelona. Spain	Generation of electricity	Deloitte	53.30%
Société Industrielle de Construction Electrique, S.A.R.L.	Espace Porte D Anfa 3 Rue Bab Mansour Imm C 20000 Casa Blanca. Morocco	Services for public authorities	-	100.00%
Spocbra Instalações e Serviços, Ltda.	Joao Ventura Batista,986 Sao Paulo. Brazil 02054	Electrical assemblies and installations	-	56.00%
Sumipar, S.A.	C/ B Sector B Zona Franca 4. 08040 Barcelona. Spain	Construction of all types of works	-	100.00%
Tecn. de Sist. Electrónicos, S.A. (Eyssa-Tesis)	Rua General Pimenta do Castro 11-1. Lisbon. Portugal	Electrical installations	Deloitte	100.00%
Teceira Moçambique SA-Tecnologias Energéticas, S.A.	Avda 25 Setembro 1020 1º Andar. Maputo. Mozambique	Energy production	Deloitte	74.54%
Teceira Novas Eneias SGPS, S.A.	Rua Rui Teles Palhinha, 4. Leiao 2740 Oeiras. Portugal	Energy production	Oliveira, Reis & Associados, Sroc, Ltda	74.54%
Teceira Participações SGPS	Tagus Space - Rua Rui Teles Palhinha N42740-278 Porto Salvo	Holding management company		74.54%
Teceira, S.A.	Rua Rui Teles Palhinha, 4. Leião 2740-278 Porto Salvo. Portugal	Energy production	Oliveira, Reis & Associados, Sroc, Ltda	74.54%
Técnicas de Desalinización de Aguas, S.A.	Pol. de Arinaga, C/ Brezo, 15-17. 35118 Las Palmas. Canary Islands. Spain	Desalination plant constructor	Deloitte	100.00%
Tecnotel Clima, S.L.	Pg Ind.Valle Guimar Manz, 6. Arafo. Santa Cruz de Tenerife. Canary Islands. Spain	Air conditioning	-	100.00%
Tecnotel de Canarias, S.A.	Misiones, 13. Las Palmas de Gran Canaria. Spain	Air conditioning	Deloitte	100.00%
Tedagua Renovables, S.L.	El Procesador, 19. Pol.Ind.Jinamar. TELDE 35200. Las Palmas. Canary Islands. Spain	Services		100.00%
Telcarmer, S.A.	C/ La Granja, 29. 28108 Alcobendas. Madrid. Spain	Telecommunications	-	100.00%
Telsa Instalaciones de Telecomunicaciones y Electricidad, S.A.	C/ La Granja, 29. 28108 Alcobendas. Madrid. Spain	Telecommunications	Deloitte	100.00%
Tesca Ingeniería del Ecuador, S.A.	Av. 6 de diciembre N37-153 Quito. Ecuador	Assemblies	-	100.00%
Torre de Miguel Solar, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	Energy production	-	100.00%
Trafirube, S.A.	Estrada Oct vio Pato C Empresar-Sao Domingo de Pana. Portugal	Painting and signposting	-	76.20%
Uirapuru Transmissora de Energia, Ltda.	Rua Deputado Antonio Edu Vieira 999 Florianopolis Estado Santa Catarina. Brazil	Electrical concession	Assurance Auditores e Consultores	51.00%
Urbaenergía, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. Spain	Generation of electricity	Ernst & Young	100.00%

Company	Registered Office	Activity	Auditor	% Effective ownership
Venezolana de Limpiezas Industriales, C.A. (VENELIN)	Pz Venezuela, Torre Phelps s/n. 1050 Caracas. Venezuela	Industrial cleaning	Carolina Pueyo	82.80%
Ventos da Serra Produção de Energia, Ltda.	Rua Rui Teles Palhinha, 4. Leiao 2740 Oeiras. Portugal	Energy production	-	74.54%
Viatral Manteniment i Conservacio, S.A.	Roders, 12. 07141 Marratxi. Balearic Islands. Spain	Painting and signposting	-	100.00%
Vieyra Energia Galega, S.A.	José Luis de Bugallal Marchesi, 20-1 izq. 15008 La Coruña. Spain	Energy production	-	50.00%
Villanueva Cosolar, S.L.	Guadalajara,14. 19193 Guadalajara. Spain	Energy production	-	74.54%

ENVIRONMENT & LOGISTICS

ACS Servicios y Concesiones, S.L.	Avda. de Tenerife 4-6. 28703 San Sebastian de los Reyes. Madrid. Spain	Environment	Deloitte	100.00%
A.T.M. Cartera, S.L.	C/ Muelle 1 de la Ampliación del Puerto de Bilbao. Santurce. Vizcaya. Spain	Holding company	-	77.47%
Abra Terminales Marítimas, S.A.	C/ Muelle 1 de la Ampliación del Puerto de Bilbao. Santurce. Vizcaya. Spain	Port terminal	Deloitte	77.47%
Asistevs, S.A.	Avda. de Manoteras, 46 bis 2ª planta. 28050 Madrid. Spain	Advertising	KPMG	100.00%
Aureca Aceites Usad y Recuper Energét de Madrid, S.L.	Avda. Logroño km 9.800. 28042 Madrid. Spain	Treatment of oils and marpoles	-	100.00%
Autoterminal, S.A.	Muelle Darsena Sur, Ed. Autoterminal. Barcelona. Spain	Automobile logistics	Deloitte	44.73%
Barcelona Automotive Logistic, S.A.	C/Diputación, 279, Atico 6ª. Barcelona. Spain	Logistics and vehicle transportation	-	100.00%
Blas Moreno, S.L.	Avda. Diagonal, nº 611 - 2ª. Barcelona. Spain	Collection of urban solid waste, street cleaning and selective collection	-	60.00%
Canal Ecociudad, S.L.	C/ Victor Navalpotro. El Escorial. Madrid. Spain	Marketing of mobile programming software	-	94.00%
Casa Neta, S.L.	Calle Ponto, 5. 12590 Almenara. Castellón. Spain	Interior cleaning	-	100.00%
Centro de Transferencias, S.A.	Poligono Los Barriales, s/n. Valladolid. Spain	Physical and chemical treatment and storage of industrial waste in a safe deposit	Deloitte	70.00%
Claerh, S.A.	Avda. del Descubrimiento. Alcantarilla. Murcia. Spain	Collection and treatment of sanitary waste	-	51.00%
CLB Universal Marítima, S.L.	Av Los Cambulloneros MII León y C, Edif. OPCSA. 35008 La Palmas de Gran Canaria. Canary Islands. Spain	Supplementary and auxiliary transport activities	Deloitte	100.00%
Clece FS, S.A.	Calle Alfonso Gómez, 42 Nave 1.2.1. 28037 Madrid. Spain	Interior cleaning	Deloitte	100.00%
Clece, S.A.	Avda. de Tenerife, 4-6. 28703 San Sebastián de los Reyes. Madrid. Spain	Interior cleaning	Deloitte	100.00%
CLS Beverage Bonded Warehouse, S.L.	Avda. Drassanes, 6 - Edificio Colom. 08001 Barcelona. Spain	Domestic and international transport of goods	-	44.87%
Combalía Logistic Services, S.A.	Cl. Z - Poligono Inds. Zona Franca SM 23-27. 08040 Barcelona. Spain	Supplementary and auxiliary transport activities	Deloitte	87.97%
Comercial Combalía Sagrera, S.A.	Cl. Z - Poligono Inds. Zona Franca SM 23-27. 08040 Barcelona. Spain	Organization of the transport of goods	Deloitte	91.84%
Consenur, S.A.	Poligono Industrial Finanzauto, c/ Ebro, Arganda del Rey. Madrid. Spain	Management and treatment of hospital waste	Deloitte	100.00%
Cytrar, S.A. de C.V.	Calle Lázaro Cardenas, Km 6 en Hermosillo, Sonora. Mexico	Management and storage of industrial waste in safe deposits.	Mancera, .SC. Ernst & Young	100.00%
Dragados Servicios Portuarios y Logísticos, S.L.	Avda. de Tenerife 4-6. 28703 San Sebastian de los Reyes. Madrid. Spain	Port and logistics services	Deloitte	100.00%
Dragados SPL del Caribe, S.A. de C.V.	C/ Juan Racine, 112 4º Los Morales Polanco. Mexico DF	Holding company	-	100.00%
Dramar Andalucía Tratamiento de Marpoles, S.L.	Muelle Isla Verde, s/n. 11207 Algeciras. Cadiz. Spain	Treatment of oils and marpoles	-	100.00%
Ecoentorno Ambiente, S.A.	Camino de la Muñoza, s/n. Ctra. Madrid-Barcelona, km. 15,200 - 28042 Madrid	Waste treatment	-	51.00%
Ecología y Técnicas Sanitarias, S.L.	C/ Josefina Mayor, nº 9. Nave 3. Urb. Industrial El Goro. Telde. Gran Canaria. Canary Islands. Spain	Collection, transportation, storage, and re-delivery of sanitary services	-	100.00%
Edafoología y Restauración del Entorno Gallego, S.L.	C/ Copérnico, s/n 1º-1 Pol. Ind. A Grela. Coruña. Spain	Waste treatment	-	100.00%
Empordanesa de Neteja, S.A.	Avda. Diagonal, nº 611 - 2ª. Barcelona. Spain	Collection of urban solid waste, street cleaning and selective collection	-	60.00%
Equipamientos Ambientales, S.L.	C/ Formentera, 1, Edif. ECU II, Oficina Bajo B. Las Rozas. Madrid. Spain	Performance of landscaping works and environmental equipment.	-	94.00%
Evar, S.A.S.	1140, Avenue Albert Einstein. 34000 Montpellier. France	Waste treatment	-	96.75%
Evère, S.A.S.	Av. Albert Einstein. 34000 Montpellier. France	Waste treatment	Deloitte	99.35%
Frigoríficos de Castellón, S.A.	Lg Muelle Transversal, s/n - 12100 Castellón de la Plana. Castellón de la Plana. Spain	Installation and operation of refrigeration chambers	Deloitte	75.00%
Gestión Ambiental Canaria, S.L.	Alejandro del Castillo, s/n. San bartolomé de Tirajana. Las Palmas Gran Canaria. Spain	Treatment of oils and marpoles	-	50.00%
Gestión Medioambiental de Torrelavega, S.A.	Boulevard Demetrio Herrero, 6. 39300 Torrelavega. Santander. Spain	Operation of urban solid waste dump	-	60.00%
Gestión y Protección Ambiental, S.L.	Condado de Treviño, 19. Burgos. Spain	Collection of used oils	-	70.00%
GPL Limpiezas, S.L.	C/ Diputación, 180-1ª Planta. 08011 Barcelona. Spain	Interior cleaning	-	100.00%
Graneles Sólidos Minerales, S.A.	Puerto de Raos, s/n - Edificio GSM. 39011 Santander. Spain	Bulk terminal	Deloitte	81.00%
Guachi 2000, S.L.	Muelle Evaristo Fernandez, 28. Barcelona. Spain	Holding company	-	75.63%
Hydrodispersion S.L.	M.Tom s Bretón 2 Local 4 Churriana. Málaga. Spain	Irrigation works	-	100.00%
Igest Mensajería, S.L.	Muelle Darsena Sur. Ed. Autoterminal. 08039 Barcelona. Spain	Messenger service	-	62.25%
Igest, S.A.	Muelle Darsena Sur. Ed. Autoterminal. 08039 Barcelona. Spain	Financial and accounting services	-	62.25%
Integra Man Gestí y Serveis Integ CEE Catalunya, S.L.	C/ Selva de Mar, 140. 08020 Barcelona. Spain	Interior cleaning	-	100.00%
Integra Man Gestí y Servíc Integ CEE Galicia, S.L.	Avda. Hispanidad, 75. 36203 Vigo. Pontevedra. Spain	Interior cleaning	-	100.00%
Integra Mant Gestí Servíc Integ Cent Esp Empleo, S.L.	C/ Alfonso Gómez, 42 - Nave 1.2.1. 28037 Madrid. Spain	Interior cleaning	-	100.00%
Integra Mant Gestí y Servíc Integ CEE Andalucía, S.L.	C/ Industria Edif Metrópoli, 1 Esc 4, Pl MD P20. 41927 Mairena de Aljarafe. Seville. Spain	Interior cleaning	-	100.00%
Integra Mant Gestí y Servíc Integ CEE Valencia, S.L.	Avda. Ingeniero Joaquín Benlloch, 65 Bajo. 46026 Valencia. Spain	Interior cleaning	-	100.00%

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Company	Registered Office	Activity	Auditor	% Effective ownership
Integral Port Services, S.L.	Muelle Darsena Sur. Ed. Autoterminal. 08039 Barcelona. Spain	Port services	-	54.09%
Interenvases, S.A.	Vial Secundario, s/n. Polígono Industrial de Araia. Bilbao. Spain	Recovery, collection, transport and storage of containers and packages	-	100.00%
IPS Serveis Portuaris ETT, S.L.	Muelle Darsena Sur. Ed. Autoterminal. 08039 Barcelona. Spain	Hiring of temporary employees	-	54.70%
Jingtang International Container Terminal Co, Ltda.	Haigang Development Zone of Tangshan of Hebei Province of R.P. China	Port terminal	Deloitte	52.00%
Laboratorio de Gestión Ambiental, S.L.	Avda. de Tenerife 4-6. 28703 San Sebastian de los Reyes. Madrid. Spain	Hazardous toxic wastes	-	92.50%
Lematrans Castellón, S.A.	Avda. Ferrandis Salvador, s/n GRAO - 12100 Castellón de la Plana. Spain	Transport agency	Audihispana Gran Thornton, S.L.	85.30%
Limpezas Guia, Ltd.	Edifício Luso-Galaico Antas, 4930 Valença. Portugal	Cleaning	-	100.00%
Limpeza Municipales, S.A.	Ctra. de Málaga, nº 96 Alhaurín El Grande. Málaga. Spain	Urban Services	Marquez Auditores	100.00%
Limpezas Deyse, S.L.	C/ Lérica, 1. Manresa. Barcelona. Spain	Interior cleaning	-	100.00%
Limpezas Lafuente, S.L.	C/ Ingeniero Joaquín Benlloch, 65 Bajo. 46026 Valencia. Spain	Cleaning	Andreu Romero y Asociados	100.00%
Lireba Serveis Integrats, S.L.	Carlos I, nº 10 - local 2. 07012 Palma de Mallorca. Balearic Islands. Spain	Interior cleaning	Deloitte	51.00%
Mapide, S.A.	C/ Santa Juliana, 16. 28039 Madrid. Spain	Interior cleaning	-	100.00%
Marítima del Mediterráneo, S.A.	Ci Atlántic, 112-120. 08040 Barcelona. Spain	Mediation in railroad or air transport	Deloitte	100.00%
Marítima Eurogulf, S.L.	Ci Nervión, 3-3º B. 48001 Bilbao. Vizcaya. Spain	Supplementary and auxiliary transport activities	Deloitte	100.00%
Marítima Valenciana, S.A.	Muelle Príncipe Felipe, s/n. Valencia. Spain	Port terminal	Deloitte	100.00%
Marmedsa Agência Marítima (Portugal), Ltda.	Av D Joao II Lte 1.18.01-Edif Art's Bloco B-2º p Sala C 1990-084 Lisbon. Portugal	Organization of transportation	Horwath & Associados SROC	100.00%
Marmedsa Canarias, S.L.	Av Cambulloneros - Muelle, Virgen del Pino, s/n. 35008 Las Palmas de Gran Canaria. Canary Islands. Spain	Representation of ship owners and shipping companies	Deloitte	100.00%
Marmedsa Group Portugal, S.A.	Av D Joao II Lte 1.18.01-Edif Art's Bloco B-2º p Sala C 1990-084 Lisbon. Portugal	Business and management consulting	Horwath & Associados SROC	100.00%
Marmedsa Málaga S.L.U.	Lg Talleres y Almac Pto.Málaga, 1ª Planta. 29001 Málaga. Spain	Ship consignment	Deloitte	100.00%
Marmedsa, S.A.R.L.	Av Andre Roussin, 59 - 13321 Marseille Cdx 16 (BP 106). France	International multimodal transport	Bertrand Dunlong de Rosnay	100.00%
Max-Lim, S.L.	C/ Melchor de Palau, 9. 08028 Barcelona. Spain	Interior cleaning	-	100.00%
Monegros Depura, S.A.	Pza. Antonio Beltrán Martínez, nº 1 - Edificio Trovador, oficina 6 C. 50002 Zaragoza. Spain	Water	Deloitte	55.00%
Montañesa de Consignaciones, S.L.	Ci Castilla, 6-2º A. 39002 Santander. Cantabria. Spain	Ship consignment	Deloitte	57.72%
Mora la Nova Energia, S. L.	c/ Lincoln, 11. 08006 Barcelona. Spain	Waste treatment	GMP Auditores	71.00%
Net Brill, S.L.	Camino Les Virreyes, 15. Mataró. 08302 Barcelona. Spain	Interior cleaning	-	100.00%
New ad Publicity, S.A.	Via Augusta 13-15 2ª planta despacho 216. 08006 Barcelona. Spain	Advertising	KPMG	87.58%
Octeva, S.A.S.	ZA Marcel Doret rue Jacques Monod. 62100 Calais. France	Waste treatment	Deloitte	68.69%
Olimpia, S.A. de C.V.	C/ 6 Oriente - Colonia Francisco Sarabia - Tehuacan, Puebla. Mexico	Collection of urban solid waste	-	100.00%
Organizac de Materiales y Servicios de Asepsia, S.L.	Paseo de la Castellana, 31. 28046 Madrid. Spain	Hospital waste	-	100.00%
Orto Parques y Jardines, S.L.	Luçar Dócean s/n. Parroquia de Orto. A Coruña. Spain	Collection of urban solid waste, street cleaning, selective collection and dump management	Deloitte	100.00%
Pisman Serveis, S.L.	C/ Miramarges, 7 VIC. 08500 Barcelona. Spain	Interior cleaning	-	100.00%
Progeco España, S.A.	Lg Muelle Alvarez de la Campa, s/n. 08039 Barcelona. Spain	Repair, maintenance and storage of containers	Deloitte	51.50%
Progeco Valencia, S.L.U.	Pl Bandas de Música de la Comunidad Valenciana, 11- 1º- 8º. 46013 Valencia. Spain	Repair of containers	-	51.50%
Prolimsa, S.A.	C/ Diputación, 180-1ª Pta. 08011 Barcelona. Spain	Interior cleaning	-	100.00%
Pruvalsa, S.A.	Calle Independencia, Sector centro, Edificio Ariza, piso 2, ofc. 2-2, Valencia, Edo. Carabobo. Venezuela	Waste treatment	Ernst & Young	82.00%
Publimedia Sistemas Publicitarios, S.L.	Avda. de Tenerife, 4-6. 28703 San Sebastian de los Reyes. Madrid	Advertising services	Deloitte	100.00%
Puerto Seco Santander-Ebro, S.A.	C/ Ramón y Cajal, 17. Luceni. Zaragoza. Spain	Operation and management of logistics centres	BDO	62.50%
Reciclados Integrales Argame, S.L.	Pol.Ind. Argame Parcela 27-28. 33163 Morcín. Asturias. Spain	Industrial wastes	-	65.00%
Recogida de Aceites Usados, S.A.	Pol.Ind. Torrelarrogiti, s/n. 48170 Zamudio. Vizcaya. Spain	Collection of used oils	-	100.00%
Recuperación de Rodas e Madeira, S.L.	Camino das Plantas, s/n. 36313 Xestoso. Bembibre. León. Spain	Treatment of oils and marpoles	-	100.00%
Recuperación Int. Residuos de Castilla y León, S.A.	Polígono Industrial Ntra. Sra. de Los Angeles. Parcela 10, nave 8 y 9. Palencia. Spain	Industrial waste management	-	100.00%
Recurba Medio Ambiente, S.A.	Avda. de Tenerife 4-6. 28703 San Sebastian de los Reyes. Madrid. Spain	Galvanic waste treatment	-	100.00%
Reinmar, S.L.	Ci Muelle de la Isla Verde, s/n. 11201 Algeciras. Cádiz. Spain	Repair of maritime installations	-	100.00%
Remolcadores de Barcelona, S.A.	Muelle Evaristo Fernandez, 28. Barcelona. Spain	Ship towing	Audihispana Grand Thornton, S.L., S.A.	75.63%
Residuos de la Janda, S.A.	C/ La Barca de Vejer s/n. Vejer de La Frontera. Cádiz. Spain	Collection of urban solid waste, street cleaning, selective collection and dump management	-	60.00%
Residuos Industriales de Teruel, S.A.	Ctra. de Madrid, km. 315.800 Edif. Expo Zaragoza, 3 Ofic. 14 - 50012 Zaragoza	Construction and operation of a landfill	-	51.00%
Residuos Industriales de Zaragoza, S.A.	Ctra de Madrid Edif.Expozaragoza Km. 315.8 3 of 14. 50012 Zaragoza. Spain	Urban Services	-	70.00%
Residuos Sólidos Urbanos de Jaén, S.A.	Palacio de la Excm. Diputación de Jaén. Jaén. Spain	Provision of USW collection, elimination and incineration services	PricewaterhouseCoopers	60.00%
RetraOil, S.L.	Pol. Ind. Tambarría parcela 20. 26540 Alfaro. La Rioja. Spain	Treatment of oils and marpoles	Deloitte	100.00%
Salins Residuos Automoción, S.L.	Calle 31 c/v calle 27 - Nave 715-701, Pl. Catarroja. Valencia. Spain	Treatment of oils and marpoles	-	80.00%
Sanypick Plastic, S.A.	Avda. de Tenerife, 4-6. 28703 San Sebastian de los Reyes. Madrid. Spain	Manufacturing and management of hospital waste containers	Deloitte	51.00%
SCI Sintax	Route de Phaffans. 90380 Roppe. France	Automobile logistics	-	100.00%

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Senda Ambiental, S.A.	Pol. Ind. Montguit-1 C-17 km 24, Barcelona, Spain	Urban services and waste treatment	-	100.00%
Semed, S.A.	Avda. de Tenerife, 4-6. 28703 San Sebastian de los Reyes, Madrid, Spain	Sterilization of clinical material	-	100.00%
Servicio Puerto Rada y Antipolución, S.A.	Muelle Evaristo Fernandez, 28, Barcelona, Spain	Ship towing	-	75.63%
Servicios de Aguas de Misiones, S.A.	Av. López y Planes, 2577, Misiones, Argentina	Water treatment	Estudio Torrent Auditores	90.00%
Servicios Generales de Jaén, S.A.	Avda. de Tenerife, 4-6. 28703 San Sebastian de los Reyes, Madrid, Spain	Water	-	75.00%
Servicios Selun, S.A.	Avda. de Tenerife, 4-6. 28703 San Sebastian de los Reyes, Madrid	Transport and work in landfills	-	100.00%
Servinter Trans Freight, S.A.	CI Atlantic, 112-120, 08040 Barcelona, Spain	Customs and transport agency	Deloitte	100.00%
Servicios Corporativos TWC, S.A. de C.V.	Calle Lázaro Cardenas, Km 6 en Hermosillo, Sonora, Mexico	Corporate services for subsidiaries in Mexico	Mancera, SC, Ernst & Young	100.00%
Sintax Est EURL	Place de la Madeleine, 6, 75008 Paris, France	Automobile logistics	-	100.00%
Sintax Ile de Francia EURL	Rue du Docteur Fourniols, 95420 Magny en Vexin, France	Automobile logistics	-	100.00%
Sintax Logística Transportes, S.A.	Vale Ana Gomez, Ed. Sintax Estrada de Algeuz, Setubal, Portugal	Logistics and vehicle transportation	Deloitte	100.00%
Sintax Logística, S.A.	C/ Diputación, 279, Atico 6º, Barcelona, Spain	Logistics and vehicle transportation	Deloitte	100.00%
Sintax Logistique Francia, SAS.	Place de la Madeleine, 6, 75008 Paris, France	Automobile logistics	Georges Rey Conseils	100.00%
Sintax Logistique Maroc, S.A.R.L.	332 Boulevard Brahim Roudani - Maarif, Casablanca, Morocco	Logistics and transport of vehicles by train	-	100.00%
Sintax Logistique Valenciennes, S.A.R.L.	Place de la Madeleine, 6, 75008 Paris, France	Automobile logistics	-	100.00%
Sintax Navigomes, Ltda.	Av. Luisa Todi, 73, 2900 Setúbal, Portugal	Automobile logistics	Deloitte	51.00%
Sintlogística, Ltda.	Vale Ana Gomez, Ed. Sintax Estrada de Algeuz, Setubal, Portugal	Automobile logistics	Deloitte	100.00%
Sistemas de Incineración y Depuración, S.L. (SINDE)	Ctra. San Vicente-Agost Km. 10,2, Alicante, Spain	Thermal treatment of sanitary waste	-	100.00%
SM Gestimver, S.A.	Muelle Darsena Sur, Ed. Autoterminal Barcelona, Spain	Investments in transport companies in general	-	77.50%
Socamex, S.A.	C/ Cobalto s/n Par. 213, Pol. San Cristóbal, Valladolid, Spain	Construction and operation of waste water treatment plants	Deloitte	100.00%
Soluciones para el medioambiente, S.L.	C/ Formentera, 1 - Edif. ECU II - Oficina Bajo B, Las Rozas, Madrid, Spain	Environmental education, museography and management of fauna	Mazard	94.00%
Somasur, S.A.	20, Rue Meliana Hai Ennahada, Rabat, Morocco	Intermediary company in Morocco	-	100.00%
Steam, S.A.	21 Rue Jules Guesde, 69230 Saint Genis Laval, Lyon, France	Hospital waste	-	49.73%
Talher, S.A.	Avda. de Tenerife, 4-6. 28703 San Sebastián de los Reyes, Madrid, Spain	Gardening	Deloitte	100.00%
Tecmed Environment, S.A.S.	21 Rue Jules Guesde, 69230 Saint Genis Laval, Lyon, France	Hospital waste	René Grisson / Deloitte	96.75%
Tecmed Maroc, S.A.R.L. Associe Inique	AV capitaine Sidi Omar Elaissauoui cite OLM-Suissi II, Rabat, Morocco	Urban solid waste	Deloitte	100.00%
Tecmed Servicios de Recolección, S.A. de C.V.	C/ Homero nº109 Dp 604 Colonia Chapultepec, Morales del Miguel Hidalgo, Mexico DF	Treatment and collection of USW	-	100.00%
Tecmed Técnicas Mediamb. de México, S.A. de C.V.	Melchor Ocampo, no 193 Torre C, piso 14D, Mexico	USW, environmental construction, hospital waste, industrial waste, water treatment	Mancera, SC, Ernst & Young	100.00%
Técnicas de Recuperación e Inertización, S.A.	Avda. de Tenerife, 4-6. 28703 San Sebastian de los Reyes, Madrid, Spain	Industrial waste management	-	100.00%
Terminal de Castellón, S.A.	Lg Muelle Costa, s/n - 12100 Castellón de la Plana, Castellón de la Plana, Spain	Merchandise loading, unloading and handling operations	-	77.78%
Terminales Marítimas Servicsa, S.A.	Muelle de la Xita, s/n, Valencia, Spain	Stowing and unstowing of vessels	Deloitte	51.25%
Terminales del Sudeste, S.A.	Talleres y Almacenes, s/n, Puerto de Málaga, Spain	Port terminal	Deloitte	89.00%
Terminales Marítimas de Santander, S.L.	C/ Peña Prieta, Zona Serv. Pto Raos, 39011 Santander, Cantabria, Spain	Stowing and unstowing of vessels	Deloitte	81.00%
Tirnadrid, S.A.	C/ Cañada Real de las Merinas, s/n, Madrid, Spain	Integral treatment of solid waste	Deloitte	66.36%
Tracemar, S.L.	Avda de Tenerife, 4-6. 28703 San Sebastián de los Reyes, Madrid, Spain	Treatment of oils and marpoles	Deloitte	100.00%
Trafimar, S.A.R.L.	Av Des Far, Iman Center 3E - 2000 Casablanca, Morocco	Ship consignment	Deloitte	100.00%
Trans Inter Europe, SAS.	Route de Phaffans, 90380 Roppe, France	Automobile logistics	Georges Rey Conseils	100.00%
Tratamiento de Residuos Sólidos Urbanos, S.A. de C.V.	Calle Lázaro Cardenas, Km 6 en Hermosillo, Sonora, Mexico	Environment	Mancera, SC, Ernst & Young	100.00%
Trenmedia, S.A.	C/ Fernando Rey, 3 (Ciudad de la Imagen), 28023 Pozuelo de Alarcón, Madrid, Spain	Advertising	KPMG	51.00%
TV Transit, S.A.	Avda. de Manoteras, 46 bis 2ª planta, 28050 Madrid, Spain	Advertising	KPMG	100.00%
Universal Forwarding Kcc, Ltda.	Av D Joao II Lte 1.18.01-Edif Art's Bloco B-2º p Sala C 1990-084 Lisbon, Portugal	Supplementary and auxiliary transport activities	Horwath & Asociados SROC	100.00%
Universal Forwarding, S.L.	C/ Cal Pi de l'Olla, 28-30, 08020 El Prat de Llobregat, Barcelona, Spain	Supplementary and auxiliary transport activities	Deloitte	100.00%
Universal Marítima Portugal Unipessoal Ltda.	Av D Joao II Lte 1.18.01-Edif Art's Bloco B-2º p Sala C 1990-084 Lisbon, Portugal	Shipping agency	Horwath & Asociados SROC	100.00%
Universal Marítima, S.A.R.L.	CI 59 Avenue André Roussin BP106, 59, 13321 Marseille, France	International multimodal transport	Bertrand Dunlong de Rosnay	100.00%
Universal Marítima, S.L.	C/ Atlantic, 112-120, 08040 Barcelona, Spain	Shipping, fleet and transport correspondence	Deloitte	100.00%
Urbamar Levante Residuos Industriales, S.L.	C/ 31 c/v calle 27 - Nave 715-701, Pl. Catorrajo, Valencia, Spain	Treatment of oils and marpoles	-	80.00%
Urbana de Servicios Ambientales, S.L.	Avda. José Ortega y Gasset, nº 194-196, Madrid, Spain	Cleaning and collection of urban waste	-	70.00%
Urbaoil, S.A.	Avda. Tenerife, 4-6, San Sebastián de los Reyes, Madrid, Spain	Treatment of oils and marpoles	-	100.00%
Urbaser Argentina, S.A.	L.N. Alem 986, Piso 3 - Capital Federal, Buenos Aires, Argentina	Asset-holding company	Razzeto - López Rodríguez	100.00%
Urbaser Barquisimeto, C.A.	Carrera, 4 Zona Ind Barquisimeto, Lara, Venezuela	Collection of solid urban waste and street cleaning	Ernst & Young	100.00%
Urbaser Bolívar, C.A.	Via Puente Angostura (Frente Sector Agua Salada), Ciudad Bolívar, Venezuela	Collection of solid urban waste and street cleaning	Ernst & Young	100.00%
Urbaser de Méjico, S.A. de C.V.	C/ Juan Racine 112-8º, Col. Los Morales, 11510 Mexico DF	Collection of urban solid waste, street cleaning and dump management	Mancera, SC, Ernst & Young	100.00%
Urbaser Environnement, S.A.S.	1140 Avenue Albert Einstein, BP 51, 34000 Montpellier Cedex 09, France	Waste treatment	Deloitte	96.75%

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Urbaser INC.	Hunton&William LLP,1111 Brickell Av. Suite 2500 Miami, Florida 33131	Environmental Services		100.00%
Urbaser Libertador, C.A.	Avda. Paseo Cabriales, Sector Kerdell, Torre Movinlet, piso 11, ofic. 4. Valencia. Estado de Carabobo.	Collection of solid urban waste and street cleaning	Ernst & Young	100.00%
Urbaser Mérida, C.A.	Calle 26, entre Av. 2 y 3, C.C. La Casona, piso 2, local 18. Mérida. Estado Mérida.	Collection of solid urban waste and street cleaning	Ernst & Young	100.00%
Urbaser Plotosa, S.A.	Betania Urbanización Los Angeles, Calle 63A, Edificio Plotosa, nº 12. Rep. Panama	Waste treatment	-	100.00%
Urbaser San Diego, C.A.	Cent Com Fin de Siglo, pta baja, Av. D. Julio Centeno, Sector La Esmeralda, Local 11	Urban solid waste	Ernst & Young	65.00%
Urbaser Santo Domingo, S.A.	C/ Virgilio Díaz Ordóñez, 54, Sector Julieta Morales. Santo Domingo	Collection of solid urban waste and street cleaning	VR. Marte Asociados	100.00%
Urbaser Transportes, S.L.	Avda. Diagonal, 611-2-2. 08028 Barcelona. Spain	Public/private transport, sale of spare parts for all types of vehicles and the repair of vehicles. Environmental audit.	-	100.00%
Urbaser United Kingdom, Ltd.	Pillar House, 113-115 Bath Road, Cheltenham, Gloucestershire GL53 7LS, England	Holding	Davie Mayers Barnett	100.00%
Urbaser Valencia, C.A.	C/ 123, s/n, cruce con avenida 94, avda. Izandro Alvarado, zona industrial la Guacamaya, Galpon, Urbaser, Valencia Estado Carabobo	Collection of solid urban waste and street cleaning	Ernst & Young	100.00%
Urbaser Venezuela, C.A.	Centro Comercial Punta de Sol, planta alta, local 1, Avenida Manauare, Municipio Mirahda, ciudad de Coro. Estado de Falcon	Collection of solid urban waste and street cleaning	Ernst & Young	100.00%
Urbaser, S.A.	Avda. de Tenerife, 4-6. 28703 San Sebastian de los Reyes. Madrid. Spain	Environment	Deloitte	100.00%
Urbaser, S.A. E.S.P.	Mamonal Km 2A nº 56 581. Cartagena de Indias	Collection of solid urban waste and street cleaning	-	100.00%
Urbasys, S.A.S.	Route de Tremblay, F-91480 Varennes-Jarcy. France	Waste treatment	Deloitte	99.35%
Valenciana de Eliminación de Residuos, S.L.	Paraje "El Cabez del Pino". Real de Montroi. Valencia. Spain	Storage of industrial waste in a safe deposit	-	85.00%
Valenciana de Protección Ambiental, S.A.	L'Alcudia de Crepins - Polig. El Caneri - Parcela 6. Valencia. Spain	Management and treatment of hospital and industrial waste	-	99.55%
Valorga International, S.A.S.	1140 Avenue Albert Einstein. BP 51. 34000 Montpellier Cedex 09. France	Technological consulting	Cazes & Goddyn / Deloitte	96.75%
Valorgabar, S.A.S.	1140, Avenue Albert Einstein. 34000 Montpellier. France	Waste treatment	-	99.35%
Vertederos de Residuos, S.A. (VERTRESA)	Avda. de Tenerife, 4-6. 28703 San Sebastian de los Reyes. Madrid. Spain	Collection of urban solid waste, street cleaning, selective collection and dump management	Deloitte	83.97%
Viajes Cosmos, S.L.	Av Ports d'Europa - Galería Comercial, 100 local 7. 08040 Barcelona. Spain	Travel agency	Deloitte	100.00%
Vicente Fresno Aceite, S.L.	Barrio de San Martín, 141. 48170 Zamudio. Vizcaya. Spain	Treatment of oils and marpoles	-	100.00%
Zenit Servicios Integrales, S.A.	Cardenal Marcelo Spínola, 42-8ª Dcha. Madrid. Spain	Integral services at airports	-	100.00%
CONCESSIONS				
ACS Infrastructure Development, Inc.	2711 Centerville Road Suite 400 Wilmington County of New Castle- Delaware. USA	Infrastructures	BDO	100.00%
Autovía de La Mancha, S.A. Conces. JCC Cast-La Mancha	21.500 de la CM-42 en el 54430 de Mascarque. Toledo. Spain	Roads	Deloitte	75.00%
Autovia del Camp del Turia, S.A.	C/ Alvaro de Bazán, nº 10 Entlo. 46010 Valencia. Spain	Roads	-	65.00%
Autovía Medinaçeli-Catalayud Soc.Conces.Estado, S.A.	Avda. Tenerife, 4-6. 28703 San Sebastián de los Reyes. Madrid. Spain	Concession	-	95.00%
Can Brians 2, S.A.	Avinguda Josep Tarradellas, 34-36, 9º. 08029 Barcelona. Spain	Concession	Deloitte	99.58%
CAT Desenvolupament de Concessions Catalanes, S.L.	Avinguda Josep Tarradellas, 34-36, 9º. 08029 Barcelona. Spain	Infrastructures	Deloitte	100.00%
Concesionaria Santiago Brión, S.A.	Centro de Control AG-56 Enlace de Pardiñas - Costola. 15895 Ames. A Coruña. Spain	Roads	Ernst & Young	70.00%
Concesiones Varias Chile, S.A.	Alfredo Barros Err zuriz Nº 1953 oficina 1003 Comuna de Providencia. Santiago de Chile	Infrastructures	Ernst & Young	100.00%
Desarrollo de Concesionarias Varias Dos, S.L.	Avda. de Tenerife, 4-6. 28703 San Sebastián de los Reyes. Madrid. Spain	Infrastructures	-	100.00%
Desarrollo de Concesionarias Varias Uno, S.L.	Avda. de Tenerife, 4-6. 28703 San Sebastián de los Reyes. Madrid. Spain	Infrastructures	-	100.00%
Desarrollo de Concesiones Ferroviarias, S.L.	Avda. de Tenerife, 4-6. 28703 San Sebastián de los Reyes. Madrid. Spain	Railroad	-	100.00%
Dragados Concessions, Ltd.	Hill House, 1 - Little New Street. London EC4A 3TR. Inglaterra	Holding	Deloitte	100.00%
Dragados Waterford Ireland, Ltd.	Toll Plaza, Balgeen, Co. Meath. Ireland	Road holding company	Deloitte	100.00%
Explotación Comercial de Intercambiadores, S.A.	Avda. de America, 9A (Intercambiador de Tptes) Madrid. Spain	Commercial operation		100.00%
Green Canal Golf, S.A.	Avda. Tenerife, 4-6. San Sebastián de los Reyes. 28703 Madrid. Spain	Management of sport facilities	BDO	100.00%
Hospital de Majadahonda, S.A.	Paseo de la Castellana, nº 95. Madrid. Spain	Concession	Deloitte	55.00%
Intercambiador de Transportes de Avda. de América, S.A.	Avda de América S.A. 9 A. Madrid. Spain	Transport interchange	Deloitte	100.00%
Intercambiador de Transportes de Príncipe Pio, S.A.	Avda. América, 2-17-B. 28002 Madrid. Spain	Transport interchange	Deloitte	70.00%
Inversora de la Autovía de la Mancha S.A.	Avda de Tenerife, 4-6. San Sebastián de los Reyes. Madrid. Spain	Roads	Deloitte	75.00%
Iridium Aparcamientos, S.L.	Avda de Tenerife, 4-6. San Sebastián de los Reyes. Madrid. Spain	Car parks	-	100.00%
Iridium Concesiones de Infraestructuras, S.A.	Avda de Tenerife, 4-6. San Sebastián de los Reyes. Madrid. Spain	Concessions	Deloitte	100.00%
Iridium Nouvelle Autoroute 30, Inc.	1, Place Ville-Marie 37e étage Montreal. Quebec H3B 3P4. Canada	Holding		100.00%
Iridium Portlaoise Ireland Limited	Alexandra House The Sweepstakes Ballsbridge. Dublin 4. Ireland	Holding	Deloitte	100.00%
Reus-Alcover Conc de la Generalitat de Catalunya, S.A.	Avinguda Josep Tarradellas, 34-36, 9º. 08029 Barcelona. Spain	Roads	Deloitte	85.00%
Soc.Inversora de Infraestructuras de la Mancha, S.L.	Avda. de Tenerife, 4-6. 28703 San Sebastián de los Reyes. Madrid. Spain	Holding	-	66.67%
Sociedad Hospital de Majadahonda Explotaciones, S.L.	C/ Joaquín Rodrigo, 2. 28220 Majadahonda. Madrid. Spain	Hospital operator		55.00%
Taurus Holdings Chile, S.A.	Alfredo Barros Errzuriz 1953 oficina 1003. Providencia. Santiago de Chile	Holding	Ernst & Young	100.00%
ENERGY				
PR Pisa, S.A.	Avda. de Pio XII, 102. 28036 Madrid. Spain	Securities-holding company	Deloitte	100.00%

Appendix II. Joint ventures (Not UTES or EIGs)

Company	Address	Activity	Auditor	% Effective Consolidation ownership	Consolidation method	Revenue (100%) (thousands of euros)
CONSTRUCTION						
ACS Sacyr Chile, S.A.	Av. Andrés Bello, 2711, ofic. 1003. Las Condes. Santiago. Chile	Construction	Ernst & Young	50.00%	Proportional	-
Blue Clean Water, Llc.	150 Meadowlans PKWY, Secaucus. New Jersey 07094. USA	Construction	-	41.00%	Proportional	-
Concesionaria Hospital Son Dureta, S.A.	Pz. Es Forti, 4-1º A. Palma de Mallorca. Islas Baleares. Spain	Hospital concession	Deloitte	48.00%	Proportional	-
Constructora Comsa Dragados, S.A.	Av. Vitacura, 2939, ofic. 2201. Las Condes. Santiago. Chile	Construction	Quezada & Díaz	50.00%	Proportional	5,116
Constructora Norte Sur, S.A.	Av. Apoquindo 4001 ofic. 604. Las Condes. Santiago. Chile	Construction	Ernst & Young	48.00%	Proportional	-
Corfica 1, S.L.	C/ Los Vergos, 26-5º. 08017 Barcelona. Spain	Construction	-	50.00%	Proportional	-
Draga, S.A.	Crta.de la Comella, 11, Edif.Cierco AD500. Andorra	Construction	-	50.00%	Proportional	7,402
Dragados Besalco, S.A.	Av. Vitacura, 2939, ofic. 2201. Las Condes. Santiago. Chile	Construction	KPMG	50.00%	Proportional	1,543
Dragados Fomento Canadá, S.A.L.	Queen Street, 570 Fredericton NB. Canada	Construction	-	50.00%	Proportional	3,120
Dragasa Pirinencia, S.L.	Via Laietana, 33. 08003 Barcelona. Spain	Construction	-	50.00%	Proportional	-
Dravo, S.A.	Plaza de Castilla, 3 Piso 21-A. 28046 Madrid. Spain	Construction	Ernst & Young	50.00%	Proportional	24,012
Elaboración de Cajones Pretensados, S.L.	Avda. general Peron, 36. 28020 Madrid. Spain	Construction	-	50.00%	Proportional	-
Empresa Mantenimiento y Explotación M-30, S.A.	C/ Príncipe de Vergara, 135. 28002 Madrid. Spain	Concession for the operation and maintenance of the M-30	Deloitte	50.00%	Proportional	28,492
Gaviel, S.A.	Paseo de Gracia, 29. 08007 Barcelona. Spain	Real estate development	Deloitte	50.00%	Proportional	-
Nisa Gav, S.A.	Paseo de Gracia, 29. 08007 Barcelona. Spain	Real estate development	-	50.00%	Proportional	-
SDD Shanganagh (Water Treatment) Limited	Wilton Works, Naas Road, Clondalkin. Dublin 22. Ireland	Construction and environment	-	50.00%	Proportional	-
INDUSTRIAL SERVICES						
Albufera Projetos e Serviços, Ltda.	Av. Presidente Wilson 231, Sala 1701 Parte. Rio de Janeiro. Brazil	Electrical installations	-	50.00%	Proportional	2,248
Araucária Projetos e Serviços de Construção, Ltda.	Av. Presidente Wilson 231, Sala 1701 Parte. Rio de Janeiro. Brazil	Electrical installations	-	50.00%	Proportional	-
Dinsa Eléctricas y Cymi, S.A. de CV	C/ Juan Racine, 116-6º. 11510 Mexico D.F.	Electrical installations	Deloitte	60.00%	Proportional	-
Dragados Offshore SLP, S.A. de CV	C/ Juan Racine, N 112, Piso 6, Col Los Morales. 11510 Mexico D.F.	Manufacturing of metallic structures	KMPG Cardenas Dosal, S.C.	50.00%	Proportional	50
Hospec, S.A.	Tamer Bldg., Sin El Deirut. Lebano	Import/export	-	50.00%	Proportional	-
Incro, S.A.	Serrano, 27. 28016 Madrid. Spain	Engineering	-	50.00%	Proportional	7,854
Iracema Transmissora de Energia, S.A.	Av. Presidente Wilson 231, Sala 1701 Parte. Rio de Janeiro. Brazil	Electrical concession	Assurance Auditores e Consultores	50.00%	Proportional	-
Montrasa Maessa Asturias, S.L.	C/ Camara, nº 54-1º dcha. 33402 Avilés. Asturias. Spain	Maintenance	Alvarez Artime y CIA.	50.00%	Proportional	31,578
Triana do Brasil Projetos e Serviços, Ltda.	Av. Presidente Wilson 231, Sala 1701 Parte. Rio de Janeiro. Brazil	Electrical installations	-	50.00%	Proportional	2,040
Visadrag Gas, Ltda.	Av. Gago Coutinho, 147. 1700-029 Lisboa. Portugal	Sales promotion, construction and maintenance of gas pipelines, marketing of gas industry equipment	-	50.00%	Proportional	-
SERVICES						
Agencia Marítima de Consignaciones, S.A.	Alameda de Recaldo, 27. 48009 Bilbao. Vizcaya. Spain	Port terminal	Ernst & Young, S.L.	50.00%	Proportional	9,67
Aseo Urbano, S.A. E.S.P.	Av. Canal Bogotá, 7N-114 Zona Industrial. Departamento Norte de Santander. Cúcuta. Colombia	Road cleaning	Jaime Ramirez Tellez	50.00%	Proportional	32,738
Bilbao Atlantic Fruit Terminal, AIE.	CI Muelle Reina Victoria, s/n. Tinglado BAFT. 48009 Bilbao. Vizcaya. Spain	Port terminal	Ernst & Young, S.L.	25.00%	Proportional	81
Comp.Sudamericana de Vapores Agencia Marítima, S.L.	C/ Atlantic, 112-120. 08040 Barcelona. Spain	Maritime transport agency	KPMG	50.00%	Proportional	10,486
Conterail, S.A.	Camino del Puerto, 1. 28821 Coslada. Madrid. Spain	Combined transport	BDO Audiberia	50.00%	Proportional	4,407
Cotransa, S.A.	Lg Muelle Dársena Sur, Edif. Autoterminal. 08039 Barcelona. Spain	Supplementary and auxiliary transport activities	Deloitte	50.00%	Proportional	21,068
Demarco, S.A.	Alcalde Guzmán,18. Quilicura. Chile	Collection of solid urban waste and street cleaning	Gran Thorntom	50.00%	Proportional	15,907
Desarrollo de Espacios Portuarios, S.A.	Muelle Dársena Sur. Ed. Autoterminal. 08039 Barcelona. Spain	Automobile logistics	-	22.36%	Proportional	829
Desarrollo y Gestión de Residuos, S.A. (Degersa)	Avda. Barón de Carcer, 37. Valencia. Spain	Company formed to privatize Girsra	-	40.00%	Proportional	-

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Company	Address	Activity	Auditor	% Effective Consolidation ownership	Revenue (100%) method (thousands of euros)	
Desorción Térmica, S.A.	C/ Velázquez, 105-5ª Pta. 28006 Madrid. Spain	Industrial wastes	-	45.00%	Proportional	-
Elite Spain Logistics, S.L.	C/ Cal Pi de l'Olla, 28-30 ZAL II. 08820 Barcelona. Spain	Consulting on the transport of goods	Deloitte	49.00%	Proportional	9,479
Empresa Mixta de Limpieza, S.A.	Avda. Logroño II, 10. 24001 León. Spain	Interior cleaning	-	49.00%	Proportional	5,626
Empresa Municipal de Aguas del Ferrol, S.A.	C/ Praza da Ilustracion, 5-6 Baixo. Ferrol. La Coruña. Spain	Integral water management	Audigal S.L.	49.00%	Proportional	5,306
Erhardt Mediterráneo, S.L.	Pza. del Rey /Ed.Real, 8-2º. 30205 Cartagena. Murcia. Spain	Ship stowage and consignment	Audhispana Gran Thornton, S.L.	50.00%	Proportional	5,418
Esteritex, S.A.	Avda. de Tenerife, 4-6. 28703 San Sebastian de los Reyes. Madrid. Spain	Hospital waste treatment	-	50.00%	Proportional	545
Euroshipping Europe, B.V.	C/ Leerloolestraat, 135. 3194AB Hoogvliet Rotterdam. Netherlands	Asset-holding company	-	50.00%	Proportional	-
Gestión Medioambiental de L'Anoia, S.L.	C/ Viriato, 47. 08000 Barcelona. Spain	Inactive	-	50.00%	Proportional	-
Hércules International Towage Services, S.A.	Lg Moll Evarist Fernández, 28 - Edif. Remolcadores. 08039 Barcelona. Spain	Sea towing services	-	37.81%	Proportional	-
Indira Container Terminal Private Limited	Gammon House. Veer Savarkar Marg. Prabhadevi. Mumbai. 400025 India	Construction and operation of container terminal	Ernst & Young, S.L.	50.00%	Proportional	347
KDM, S.A.	Alcalde Guzmán,18. Quilicura. Chile	Dump transfer and management plant	Gran Thornton	50.00%	Proportional	29,604
Lager Logistics, S.L.	C/ Peña Prieta, s/n. 39011 Santander. Spain	Consignment, stowage, receipt and deposit of merchandise	-	28.85%	Proportional	36
Multiservicios Aeroportuarios, S.A.	Avda. Manoteras 46, 28050 Madrid. Spain	Integral services at airports	Deloitte	51.00%	Proportional	65,455
Sadoport-Terminal Marítimo do Sado, S.A.	Terminal Multiusos do porto de Set bal. Portugal	Port operator	Alvaro, Falcao & Asociados, S.R.O.C.	45.00%	Proportional	3,122
Salmedina Tratamiento de Residuos Inertes, S.L.	Cañada Real de las Merinas, s/n. Cº de los Aceiteros, 101	Treatment of inert wastes	BDO Audiberia	41.98%	Proportional	13,992
Servicios Urbanos E Medio Ambiente, S.A.	Av. Julio Dinis, 2. Lisboa. Portugal	Collection of urban solid waste, street cleaning, selective collection and dump management	Deloitte	38.50%	Proportional	82,794
SLPP-Serviços Logísticos de Portos Portugueses, S.A	Rua Mario dionisio, nº 2. Linda-a-Velha. Oeiras. Portugal	Port operator	Deloitte	50.00%	Proportional	-
Starco, S.A.	Alcalde Guzmán,18. Quilicura. Chile	Collection of urban solid waste, street cleaning and dump management	Gran Thornton	50.00%	Proportional	11,180
Técnicas Medioambientales del Golfo, S.A de C.V.	Mier y Teran No. 260 4to piso en Cd Victoria Tamaulipas. Mexico	USW, environmental construction, hospital waste, industrial waste, water treatment	Mancera, SC. Ernst & Young	50.00%	Proportional	3,231
Terminal Marítima de Cartagena, S.L.	Pza. del Rey /Ed.Real, 8-2º. 30205 Cartagena. Murcia. Spain	Merchandise loading, unloading and handling operations	-	50.00%	Proportional	1,939
TESC - Terminal Santa Catarina, S.A.		Container terminal	KPMG	50.00%	Proportional	10,146
Valdemingomez 2000, S.A.	Avda. de Tenerife, 4-6. 28703 San Sebastian de los Reyes. Madrid. Spain	Valdemingómez Degasification	Deloitte	33.59%	Proportional	7,894
Vertedero Las Mulás, S.L.	Camino de Las Mulás, s/n. 28945 Fuenlabrada. Madrid. Spain	Waste treatment	-	50.00%	Proportional	4,407
WRC Operadores Portuários, Ltda.	Rue Marechal Deodoro, nº 156 sala A. San Francisco do Sul. Brazil	Ship stowage company	KPMG	50.00%	Proportional	25,470
Zoreda Internacional, S.A.	C/ Rodríguez San Pedro, 5. Gijón. Asturias. Spain	Search for environmental business in Central and South America	-	40.00%	Proportional	-
CONCESSIONS						
Infrastructure Concessions South Africa (Pty), Ltda.	24 Sunninghill Office Park, Peltier Road. Sunninghill-2157. South Africa	Holding	Deloitte	50.00%	Proportional	-

UTE / EIG	Address	Activity	Auditor	% Effective ownership	Consolidation method	Revenue (100%)
CONSTRUCTION						
2ª Fase Dique de la Esfinge	Avda. Juan XXIII - Entreplanta A y B, 9 -Palmas de Gran Canaria Las Palmas	Construction	-	35.00%	Proportional	28,514
A.E.I.E Vias-Tecsa-Wittfeld	C/ Orense, 11. Madrid	Construction	-	50.00%	Proportional	10,196
A.E.I.E. Vfp Eiffage Tp-Dragados	C/ Via Laietana, 33. Barcelona	Construction	-	50.00%	Proportional	63,701
A.E.I.E. Trans Euro Pyrenees	Pz. Palmera, 8. Figueres. Gerona	Construction	-	42.49%	Proportional	12,913
Acabados Pabellón Puente	C/ Capitán Portoles, 1. Zaragoza	Construction	-	90.00%	Proportional	15,075
Acceso Norte	C/ Capitán Portoles, 1. Zaragoza	Construction	-	70.00%	Proportional	15,780
Aerodrom Alguaire	C/ Via Laietana, 33. Barcelona	Construction	-	62.50%	Proportional	27,231
Alcazar	C/ Orense, 11. Madrid	Construction	-	20.00%	Proportional	11,069
Alguaire	C/ Arago, 390. Barcelona	Construction	-	62.50%	Proportional	19,233
Aparcamiento Sants	C/ Via Laietana, 33. Barcelona	Construction	-	100.00%	Proportional	34,927
Argamasilla	C/ Orense, 11. Madrid	Construction	-	60.00%	Proportional	16,202
Ascon - Dragados Portlaoise Joint Venture	C/ Kill, Kildare Ireland. Ireland	Construction	-	50.00%	Proportional	95,748
Ascon - Dragados Waterford Joint Venture	C/ M1 Southern Link Interbridge. Ireland	Construction	-	50.00%	Proportional	112,454
Autovía Cocentaina	C/ Caballero Andante, 8. Madrid	Construction	-	50.00%	Proportional	20,800
Autovía Valladolid-Cuellar	Pz. Juan de Austria, 2. Valladolid	Construction	-	66.66%	Proportional	28,744
Ave Buñol-Cheste	C/ Orense, 11. Madrid	Construction	-	67.00%	Proportional	28,527
Ave Lalin	Avda. Finisterre, 25. A Coruña	Construction	-	100.00%	Proportional	30,690
Ave Luko	C/ Padre Damián, 41. Madrid	Construction	-	50.00%	Proportional	15,173
Ave Trinidad-Tramo Moncada	C/ Caballero Andante, 8. Madrid	Construction	-	33.33%	Proportional	14,504
Ave Ulla	Avda. Finisterre, 25. A Coruña	Construction	-	100.00%	Proportional	19,119
Ave Uxes-Pocomaco	C/ Wenceslao Fernández Flórez, 1. A Coruña	Construction	-	100.00%	Proportional	10,268
Avenida Denia	C/ Álvaro de Bazán, 10. Valencia	Construction	-	65.00%	Proportional	30,678
Cella	C/ Orense, 11. Madrid	Construction	-	60.00%	Proportional	18,689
Central Greece Motorway E-65	Av. Messogeon Avenue 85 115 26 Atenas. Greece	Construction	-	33.33%	Proportional	18,000
Centro de Evolución Humana	Pz. Juan de Austria, 2. Valladolid	Construction	-	60.00%	Proportional	14,552
Cercanías Atocha	C/ Padre Damián, 41. Madrid	Construction	-	100.00%	Proportional	11,206
Cibeles	C/ Agustín de Foxa, 29. Madrid	Construction	-	50.00%	Proportional	12,575
Club Náutico	Pz. Es Forti, 4. Palma de Mallorca	Construction	-	70.00%	Proportional	17,281
Cocheras	C/ Pedro Asua, 41. Vitoria-Gasteiz	Construction	-	40.00%	Proportional	10,987
Complejo Ferroviario Plaza	C/ Capitán Portoles, 1. Zaragoza	Construction	-	78.00%	Proportional	12,130
Consortio Dycvensa Vinocler	Av. 20 Prolongación Carrera 21 c. Av. Moran, 6. Venezuela	Construction	-	70.00%	Proportional	37,735
Desaladora Barcelona	Avda. Diagonal, 211. Barcelona	Construction	-	28.20%	Proportional	80,674
Dic Sud Tram Tres	C/ Via Laietana, 33. Barcelona	Construction	-	27.00%	Proportional	27,178
Dique de Abrigo	Avda. Tenerife, 4-6. 28703 San Sebastián de los Reyes. Madrid	Construction	-	50.00%	Proportional	43,808
Dique Sur Tramos I y II	C/ Via Laietana, 33. Barcelona	Construction	-	34.00%	Proportional	14,381
Dique Torres	C/ Santa Susana, 27. Oviedo	Construction	-	38.00%	Proportional	190,926
Dragados Judlrau A Jv-009	26-15 Ulmer Street, College Point, NY 11354. USA	Construction	-	70.00%	Proportional	59,609
Dragados Judlrau A Jv-019	26-15 Ulmer Street, College Point, NY 11354. USA	Construction	-	55.00%	Proportional	26,013
Duplicación de la Carretera M-501	C/ Orense, 11. Madrid	Construction	-	50.00%	Proportional	36,289
Emisario Campamento	Avda. Fuente de la Mora, nº 2, 2. Madrid	Construction	-	100.00%	Proportional	17,641
Equipamientos Canal	Avda. Tenerife, 4-6. 28703 San Sebastián de los Reyes. Madrid	Construction	-	30.00%	Proportional	13,817
Estación Albacete	Avda. Tenerife, 4-6. 28703 San Sebastián de los Reyes. Madrid	Construction	-	100.00%	Proportional	24,726
Estación Sants Fase 2	C/ Via Laietana, 33 -Barcelona	Construction	-	100.00%	Proportional	27,469
Estanque de Tormentas Arroyofresno	Avda. Tenerife, 4-6. 28703 San Sebastián de los Reyes. Madrid	Construction	-	100.00%	Proportional	14,243
Etap Almoquera Algodor	C/ Cardenal Marcelo Espinola, 52. Madrid	Construction	-	100.00%	Proportional	14,875
Etap Sant Joan Despí	C/ Ribera del Loira, 42. Madrid	Construction	-	50.00%	Proportional	26,472
Etar da Guia, A.C.A.	Av. Rua Rui Teles Palhinha, 4 - Portugal	Construction	-	34.00%	Proportional	24,617
Ferrocarril Espinho	Av. Visconde de Valmor 66-5º 1050. 242 Lisboa. Portugal	Construction	-	45.00%	Proportional	19,998
Gorg Línea 9	C/ Via Laietana, 33. Barcelona	Construction	-	43.50%	Proportional	140,943
Gorostiza	C/ Barrio Bañales s/n. Ortuella. Vizcaya	Construction	-	30.00%	Proportional	27,001
Guadarrama III	Tr. del Fielato, 2. Segovia	Construction	-	33.33%	Proportional	34,291
Guadarrama IV	Tr. del Fielato, 2. Segovia	Construction	-	33.33%	Proportional	47,490
Hospital Bellvitge	C/ Arago, 390. Barcelona	Construction	-	100.00%	Proportional	10,555
Hospital de Reus	C/ Via Laietana, 33. Barcelona	Construction	-	75.00%	Proportional	11,835
Hospital de Sant Pau	C/ Gran Via de las Corts Catalanes, 670. Barcelona	Construction	-	75.00%	Proportional	34,228
Hospital Majadahonda Construcción	Avda. Tenerife, 4-6. 28703 San Sebastián de los Reyes. Madrid	Construction	-	55.00%	Proportional	17,794

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UTE / EIG	Address	Activity	Auditor	% Effective Consolidation ownership	method	Revenue (100%)
Hospital Son Dureta	Pz. Es Forti, 4. Palma de Mallorca	Construction	-	48.00%	Proportional	52,012
Isla Verde	Avda. Tenerife, 4-6. 28703 San Sebastián de los Reyes. Madrid	Construction	-	35.00%	Proportional	46,336
Jucar-Vinalopo T-C	C/ Clariano 1ª Prta. 2, 32. Valencia	Construction	-	45.00%	Proportional	19,078
Jucar-Vinalopo Tramo A	C/ Álvaro de Bazán, 10. Valencia	Construction	-	65.00%	Proportional	11,716
Kinopraxia Euro Ionia	Av. Messogeon Avenue 85 115 26 Atenas. Greece	Construction	-	33.33%	Proportional	31,643
L-9 Estaciones	C/ Arago, 390. Barcelona	Construction	-	66.00%	Proportional	29,574
L-9 Llobregat Fira	Avda. Diagonal, 427. Barcelona	Construction	-	28.70%	Proportional	38,819
L-9 Viaducte Zona Franca	C/ Aragón, 390. Barcelona	Construction	-	27.00%	Proportional	34,920
Langosteira	Avda. Finisterre, 25. A Coruña	Construction	-	55.00%	Proportional	82,289
Laurena	C/ Orense, 11. Madrid	Construction	-	40.00%	Proportional	67,674
Lav Utrera Las Cabezas	Avda. Tenerife, 4-6. 28703 San Sebastián de los Reyes. Madrid	Construction	-	100.00%	Proportional	18,214
Línea 3 Canyelles-Trinitat	C/ Via Laietana, 33. Barcelona	Construction	-	80.00%	Proportional	18,107
Llotja	C/ Arago, 390. Barcelona	Construction	-	65.00%	Proportional	10,066
M-30 Túnel Sur	Avda. Tenerife, 4-6. 28703 San Sebastián de los Reyes. Madrid	Construction	-	50.00%	Proportional	73,905
Mcm Dragados A Jv	6201 SW 70 Street, 2nd Floor, Miami, FL 33143. USA	Construction	-	50.00%	Proportional	13,205
Metro de Sevilla	Avda. San Francisco Javier, 15. Seville	Construction	-	42.04%	Proportional	208,396
Muelle Noreste Puerto de Sagunto	C/ Álvaro de Bazán, 10. Valencia	Construction	-	67.00%	Proportional	14,808
Novo Hospital Xeral De Lugo	C/ Salvador Moreno, 44. Pontevedra	Construction	-	50.00%	Proportional	34,957
Nuevo Hospital La Fe	C/ Álvaro de Bazán, 10. Valencia	Construction	-	70.00%	Proportional	36,825
Obras Abrigo Puerto Valencia	C/ Álvaro de Bazán, 10. Valencia	Construction	-	29.00%	Proportional	17,985
Osomo	C/ Orense, 11. Madrid	Construction	-	75.00%	Proportional	15,322
Pabellón Puente	C/ Capitán Portoles, 1. Zaragoza	Construction	-	90.00%	Proportional	31,435
Palacio De Las Artes	C/ Álvaro de Bazán, 10. Valencia	Construction	-	50.00%	Proportional	23,166
Penitenciaria	C/ Orense, 11. Madrid	Construction	-	100.00%	Proportional	16,520
Planta Residuos	C/ Porto Pt, 8. Palma de Mallorca	Construction	-	50.00%	Proportional	16,868
Ponts - Oïola	C/ Arago, 390. Barcelona	Construction	-	67.00%	Proportional	13,317
Puente de Cádiz	Avda. Tenerife, 4-6. 28703 San Sebastián de los Reyes. Madrid	Construction	-	100.00%	Proportional	38,671
Puente Puerto Valencia	C/ Álvaro de Bazán, 10. Valencia	Construction	-	70.00%	Proportional	14,868
Puerto De Luanco	C/ Alfredo Martínez, 6 5. Oviedo	Construction	-	33.34%	Proportional	13,178
Ramal Castellbisbal-Mollet	C/ Orense, 11. Madrid	Construction	-	50.00%	Proportional	19,632
Regadíos Júcar	C/ Álvaro de Bazán, 10. Valencia	Construction	-	65.00%	Proportional	10,954
Remodelación Facultad de Medicina	C/ Álvaro de Bazán, 10. Valencia	Construction	-	75.00%	Proportional	15,632
Reus-Alcover	C/ Arago, 390. Barcelona	Construction	-	85.00%	Proportional	22,849
Riegos del Viar	Avda. Blas Infante, 6. Seville	Construction	-	70.00%	Proportional	29,893
Ripoll-Puigcerda	C/ Via Laietana, 33. Barcelona	Construction	-	100.00%	Proportional	10,661
Santa Caterina	C/ Arago, 390. Barcelona	Construction	-	80.00%	Proportional	21,440
Soterramiento Basurto	Pz. Sagrado Corazón, 2. Bilbao	Construction	-	50.00%	Proportional	25,172
Teatros Canal	Avda. Pio XII, 102. Madrid	Construction	-	50.00%	Proportional	24,477
Terminal Aeropuerto	C/ Arago, 390. Barcelona	Construction	-	70.00%	Proportional	68,646
Terminal Aeropuerto La Palma	C/ Puerta Canseco, 49. Santa Cruz de Tenerife	Construction	-	70.00%	Proportional	20,581
Transversales Pto. Valencia	C/ Álvaro de Bazán, 10. Valencia	Construction	-	67.00%	Proportional	13,248
Tramvía Línea 2. Tíncer	C/ Candelaria. Edif. Olimpo 3ª Planta, 28. Santa Cruz de Tenerife	Construction	-	85.00%	Proportional	11,215
Túnel dos Valires	Cr. Els Cortals, Edif. Verónica. Andorra	Construction	-	45.00%	Proportional	19,518
Túnel Guadarrama Sur	Avda. Europa, 18. Alcobendas	Construction	-	34.46%	Proportional	111,525
Túneles Pajares-2	Avda. Tenerife, 4-6. 28703 San Sebastián de los Reyes. Madrid	Construction	-	84.00%	Proportional	126,680
Urbanización Ensanche Sur Alcorcón	Avda. Tenerife, 4-6. 28703 San Sebastián de los Reyes. Madrid	Construction	-	70.00%	Proportional	14,527
Urbanización Villalonguejar	Pz. Juan de Austria, 2. Valladolid	Construction	-	60.00%	Proportional	22,183
Valdebebas Lote 6	C/ General Pardiñas, 15. Madrid	Construction	-	50.00%	Proportional	16,629
Vías-Rogasa Ap-7 Desglosado 6	C/ Orense, 11. Madrid	Construction	-	65.00%	Proportional	17,347
Vías-Tecsa-Wittfeld G.E.I.E.	C/ 6Eme Etage 16 Bis Cours Lazare, Escarguel Perpignan 66000. France	Construction	-	50.00%	Proportional	47,403
Yonkers Contracting Dragados A Jv-Croton Falls	969 Midland Avenue, Yonkers, NY 10704. USA	Construction	-	50.00%	Proportional	14,298
Yonkers Contracting Dragados A Jv-I-287	969 Midland Avenue, Yonkers, NY 10704. USA	Construction	-	50.00%	Proportional	26,512
SERVICIOS INDUSTRIALES						
AIE EDAR Cádiz - San Fernando	Crta. N-IV, km. 683. 11100 San Fernando. Cadiz	Waste waster treatment	Deloitte	43.90%	Proportional	4,498
CC Lares-ACE	Tagus Space Rua Rui Teles Palhinha 4 Leiao 2740 Porto Salvo Oeriras. Portugal	Fossil-fuel plant	-	87.20%	Proportional	63,654
DPIM A en P	Juan Racine 112 6 11510 Mexico D.F.	Construction	Deloitte	100.00%	Proportional	54,616
Dragados Industrial, S.A A EN P	Juan Racine 112, 8ª Pta., Mexico D.F.	Building Construction	Deloitte	80.00%	Proportional	57,130

UTE / EIG	Address	Activity	Auditor	% Effective ownership	Consolidation method	Revenue (100%)
UTE Aitren	Avda del Brasil, 6. 28020 Madrid	Electrical installations	-	40.00%	Proportional	19,432
UTE Angola	Paseo de la Castellana, 182. Madrid	Construction	-	20.00%	Proportional	13,969
UTE Barquimetro	C/ Sepúlveda, 6. 28108 Alcobendas (Madrid)	Trolley buses	-	47.82%	Proportional	21,084
UTE Barquimetro	C/ Sepúlveda, 6. 28108 Alcobendas (Madrid)	Manufacturing of trolley buses	-	52.18%	Proportional	17,267
UTE Barquitrans	C/ Sepúlveda, 6. 28108 Alcobendas (Madrid)	Manufacturing of trolley buses	Deloitte	28.53%	Proportional	11,224
UTE C.T. Andasol 1	Cardenal Marcelo Spínola 10. Madrid 28016	Fossil-fuel plant	-	80.00%	Proportional	48,271
UTE C.T. Andasol dos	Cardenal Marcelo Spínola 10. Madrid 28016	Fossil-fuel plant	-	80.00%	Proportional	106,696
UTE C.T. Exresol-1	Cardenal Marcelo Spínola 10. Madrid 28016	Fossil-fuel plant	-	80.00%	Proportional	130,695
UTE Comave	Pº de la Castellana, 257. 28046 Madrid	Electrical installations	-	28.33%	Proportional	10,049
UTE Desaladora Beni Saf const.	Cardenal Marcelo Spínola 10. Madrid 28016	Construction of desalination plant	-	100.00%	Proportional	37,086
UTE EM Suc. Beni Saf	Bp 26 Beni Saf Algeria	Construction of desalination plant	-	100.00%	Proportional	19,832
UTE Energia Angola	Pº La Castellana, 182. 28046 Madrid	Construction	-	100.00%	Proportional	10,576
UTE Idea (Etra-Sice - Telvent)	Avda. Manoteras, 28. 28050 Madrid	Supply of leds	-	33.34%	Proportional	27,475
UTE IFP Cobra-Forclum Francia	Cardenal Marcelo Spínola 10. Madrid 28016	Railroad network	-	50.00%	Proportional	45,076
UTE Libia-lineas	Cardenal Marcelo Spínola 10. Madrid 28016	High-voltage power line and installation of fibre optics	-	50.00%	Proportional	24,656
UTE Libia-subestaciones	Cardenal Marcelo Spínola 10. Madrid 28016	Electrical substation	-	50.00%	Proportional	21,831
UTE Maaden	Ras Az Zawr (Saudi Arabia)	Plant construction	-	100.00%	Proportional	108,466
UTE Makiber-Dinsa Angola	Paseo de la Castellana, 182. 28046 Madrid	Construction	-	80.00%	Proportional	13,969
UTE Montaje Las Cruces	C/ Teide, 4-1. 28709 San Sebastián de los Reyes. Madrid	Mechanical assembly	-	66.68%	Proportional	40,105
UTE Ópticas Idea	Avda. Manoteras, 28. 28050 Madrid	Supply Leds Optics	-	33.33%	Proportional	27,475
UTE Regasagunto	Cardenal Marcelo Spínola 10. Madrid 28016	Turnkey project	-	80.00%	Proportional	29,031
UTE Sate	C/ Sepúlveda, 6. 28108 Alcobendas (Madrid)	Barajas airport	-	99.99%	Proportional	12,837
UTE Servicios Adi-1000	Muskiz (Vizcaya)	Plant construction	-	50.00%	Proportional	29,241
Cobra Instalaciones y Servicios República Dominicana	Cartagena (Murcia)	Plant construction	-	50.00%	Proportional	27,657
UTE Solar Enersol Toledo	C/ Teide, 4-2º Pta. 28703 San Sebastián de los Reyes (Madrid)	Photovoltaic facility	-	50.00%	Proportional	64,004
UTE Transmérica	C/ Sepúlveda, 6. 28108 Alcobendas (Madrid)	Trolley buses	Deloitte	6.38%	Proportional	32,588
UTE Transmérica	C/ Sepúlveda, 6. 28108 Alcobendas (Madrid)	Manufacturing of trolley buses	Deloitte	13.00%	Proportional	32,588
UTE Vinci-Etralux (UTE Veal)	C/ Orense, 68, 2ª planta. Madrid	Parking meters	-	20.00%	Proportional	11,698

ENVIRONMENT & LOGISTICS

UTE Clecet	C/ Orense, 6-1º. 28020 Madrid	Interior cleaning	-	100.00%	Proportional	50,199
UTE Dramar	Muelle Isla Verde, s/n. Algeciras. Cádiz	Treatment of marpoles	-	25.00%	Proportional	10,348
UTE Ecoparc	Cl. Viriato, 47 2º. Barcelona	USW treatment	-	55.00%	Proportional	14,329
UTE Ecoparc V	Ctra. Terrasa - Manresa C-58. Barcelona	USW treatment	-	20.00%	Proportional	12,362
UTE Legio	Cl. Valle de Portugal, s/n. San Román de la Vega. León	USW treatment	-	50.00%	Proportional	14,272
UTE Urbapi	Cl. Castrobarito, 10. Madrid	Urban services (landscaping)	-	85.00%	Proportional	12,716
UTE Vertresa - FCC (Tenerife)	Pol. Ind. San Isidro. El Rosío. Tenerife	USW treatment	-	90.00%	Proportional	15,383
UTE Vertresa - Senda (Las Dehesas)	Ctra. Valencia, km 14. Complejo Valdemingomez. Madrid	USW treatment	Deloitte	95.00%	Proportional	25,915

NOTA: The auditor is only indicated for those UTE's / EIGs with a specific auditors' report. The others are audited to the extent that they form part of the individual financial statements of the related company.

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Appendix III. Associates

Company	Address	Activity	Auditor	% Effective ownership	Data on the investee (100%)				
					Assets	Liabilities	Equity (*)	Revenue	Profit for the Year
PARENT									
Abertis Infraestructuras, S.A.	Avinguda del Parc Logistic, 12-20. 08040 Barcelona. Spain	Concessions	PricewaterhouseCoopers	25.83%	22,220,601	18,848,000	3,372,601	3,575,113	618,352
Hochtief Aktiengesellschaft	Essen. Germany	Construction and concessions	Deloitte	29.98%	12,099,000	9,238,000	2,861,000	19,103,000	175,000
CONSTRUCTION									
Central Greece Motorway Concession, S.A.	Municipality of Athens, 87 Themistokleous, 10683 Athens. Greece	Concession	Price waterhouse&Coopers	33.33%	295,489	295,489	-	-	-
Cleon, S.A.	C/ Villanueva, 2. 28001 Madrid. Spain	Real estate	KPMG	25.00%	129,177	29,177	100,000	-	(815)
Gestión Marina Deportiva, S.A.	Avda.Tenerife 4-6. San Sebastián de los Reyes. Madrid. Spain	Concession	-	33.33%	526	2	524	-	12
Juluna, S.A.	C/ Sorni, 3 bajo. 46004 Valencia. Spain	Real estate	-	30.00%	768	22	746	-	(13)
Logitren Ferroviaria, S.A.	Avda. Blasco Ibañez, 18 - 46010 Valencia	Railroad transport	-	33.33%	344	49	295	-	(5)
Supercor Orense, S.A.	C/ Benito Blanco Rajoy, 9. 15006 La Coruña. Spain	Real estate	-	35.00%	4	-	4	-	-
INDUSTRIAL SERVICES									
Afta, S. A.	Rua A Gazeta de Oeiras, Nº 2- 4º A. Oeiras. Portugal	Purchase / sale of assets	Revisor Oficial de Contas (Julio Alves, Mário Baptista e Associados)	24.84%	3,930	2,530	1,400	-	(15)
Cachoeira Paulista Transmissora de Energia, S.A..	Rua Marechal Camara,160. Rio de Janeiro. Brazil	Electrical assembly and services	Ernst & Young	33.00%	60,842	34,000	26,842	14,017	5,098
Clickair, S.A..	C/ Apolonio Morales, 10-F. Madrid. Spain	Airline	PricewaterhouseCoopers	20.00%	160,504	135,747	24,757	444,364	(32,544)
Cme Marrocos	332 Bd. Brahim Roudani 12.Ma rif. Casablanca 01. Morocco	Performance, maintenance and operation of various works	Deloitte	74.54%	2,714	7,744	(5,930)	-	(191)
Concessionaria Jauru Transmissora de Energia	Rua Marechal Camara,160. Rio de Janeiro. Brazil	Concession	-	33.00%	145,243	145,172	71	-	-
Concessionaria Lt Triângulo, S.A..	Rua Marechal Camara,160. Rio de Janeiro. Brazil	Energy transport	-	33.33%	165,252	107,253	57,999	-	-
Concessionaria Pocos de Caldas	Rua Marechal Camara,160. Rio de Janeiro. Brazil	Concession	-	33.00%	198,924	136,354	62,569	-	-
Concessionaria Ribeirao Preto	Rua Marechal Camara,160. Rio de Janeiro. Brazil	Concession	-	33.00%	206,296	121,451	84,845	-	-
Concessionaria Serra Paracatu	Rua Marechal Camara,160. Rio de Janeiro. Brazil	Concession	-	33.00%	169,065	62,655	106,411	-	-
Consorcio de Telecomunicaciones Avanzadas, S.A..	Av Juan Carlos I, 59-6. Espinardo. Murcia. Spain	Telecommunications	-	10.52%	4,899	2,926	1,973	2,525	128
Corporación Ygnus Air, S.A..	Rua Mario dionisio, nº2. Linda-a-Velha. Oeiras. Portugal	Air transport	Deloitte	40.00%	53,244	39,532	13,712	77,395	2,217
Depuradoras del Bajo Aragón, S.A..	Paraiso, 3. Cuarte de Huerva. 50410 Zaragoza. Spain	Water treatment	-	45.00%	9,467	5,679	3,788	-	(22)
Desarrollos Energéticos Asturianos, S.L.	Pol.Industrial Las Merindades calle B, s/n. 09550 Villarcayo. Burgos. Spain	Generation of electricity	-	50.00%	528	53	475	-	(6)
Dora 2002, S.A..	C/ Monte Esquinza, 34. 28010 Madrid. Spain	Asset holding	-	45.39%	286	-	286	-	-
Dya Eólica de Castilla La Mancha, S.A..	Rio Ventalama, 4. 45007 Toledo. Spain	Generation of electricity	-	40.00%	4,252	21	4,231	-	(148)
Eledcey de Castilla La Mancha, S.A..	Maudes 51. 28003 Madrid. Spain	Generation of electricity	-	42.00%	53,283	48,487	4,796	12,455	2,881
Electra de Montanchez, S.A..	Periodista Sánchez Asensio, 1. Cáceres. Spain	Production and sale of electricity	-	40.00%	399	9	390	-	(48)
Energías Alternativas Eólicas, S.L.	Gran Via Juan Carlos I, 9. 26002 Logroño. Spain	Generation of electricity	-	37.50%	32,466	23,441	9,026	8,746	3,519
Energías Renovables de Ricobayo, S.A..	Romero Girón, 4. 28036 Madrid. Spain	Generation of electricity	-	50.00%	1,703	1,313	390	-	(72)
Escal UGS, S.L.	C/ San Francisco de Sales, Nº 38-1º Pta. Madrid. Spain	Storage of natural gas and other gaseous hydrocarbons.	Deloitte	66.67%	48,867	43,631	5,236	-	(13)
Expansion Transmissao de Energia Elétrica, S.A..	Marechal Camara,160. Rio de Janeiro. Brazil	Electrical assembly and services	Ernst & Young	25.00%	110,274	72,715	37,559	34,355	10,645
Explotaciones Eólicas Sierra de Utrera, S.L.	Príncipe de Vergara. 28006 Madrid. Spain	Generation of electricity	-	25.00%	22,438	11,823	10,615	10,381	5,105
Interligação Elétrica de Minas Gerais, S.A..	Rua Bela Cintra 847-3º andar. Sao Paulo. Brazil	Electrical concession	Assurance Auditores e Consultores	40.00%	43,136	43,136	13,365	-	-
Iumbiara Transmissora de Energia, Ltda.	Rua Marechal Camara,160. Rio de Janeiro. Brazil	Energy transport	Ernst & Young	33.33%	262,114	145,881	116,233	36,054	1,673
Litran do Brasil Participações, S.A..	Avda. Marechal Camara, 160 sala 1808. Rio de Janeiro. Brazil	Energy transport	-	100.00%	-	-	-	-	-

Company	Address	Activity	Auditor	% Effective ownership	Data on the investee (100%)				
					Assets	Liabilities	Equity (*)	Revenue	Profit for the Year
Loma del Capón, S.L.	Loja,8. Albolote. 18220 Granada. Madrid. Spain	Generation of electricity	-	50.00%	1,014	901	113	-	-
Nordeste Transmisora de Energia, Ltda.	Av. Marechal Camara 160 sala 1833 y 1834. 20030-020 Rio de Janeiro. Brazil	Electrical concession	Assurance Auditores e Consultores	49.99%	118,176	118,176	53,975	32,494	10,758
Parqa, S. A.	Rua Dr. António Loureiro Borges 9. Portugal	Construction and operation of car parks	Ernst & Young	37.27%	2,217	2,201	16	-	(40)
Parque Eólico Región de Murcia, S.A.	Central, 12. 30007 Murcia. Spain	Generation of electricity	-	20.00%					
Porto Primavera, Ltda.	Rua Marechal Camara,160. Rio de Janeiro. Brazil	Energy transport	Ernst & Young	33.33%	115,963	56,248	59,715	16,175	1,032
Red Eléctrica del Sur, S.A.	Juan de la Fuente, 453 miraflores Lima. Peru	Energy transport	PricewaterhouseCoopers	23.75%	40,209	26,408	13,801	8,555	1,742
Serra da Mesa Transmissora de Energia, Ltda.	Rua Marechal Camara,160. Rio de Janeiro. Brazil	Energy transport	-	33.33%	217,911	133,142	84,769	21,720	2,701
Sistema Eléctrico de Conexión Hueneja, S.L.	C/Loja nº 8 Local 26 Albolote. Granada. Spain	Construction and operation of network interconnection installations.	-	24.35%	31,468	31,215	253	-	907
Sistema Eléctrico de Conexión Hueneja, S.L.	C/Loja nº 8 - Local 26. Albolote. Granada. Spain			19.30%	31,468	31,215	253	-	907
Sistema Eléctrico de Conexión Valcaire, S.L.	C/Loja nº 8 Local 26. Albolote. Granada. Spain	Construction and operation of network interconnection installations.	-	29.79%					
Sociedad Aragonesa de Estaciones Depuradoras, S.A.	Dr. Aznar Molina, 15-17. 50002 Zaragoza. Spain	Concession –Actions in Area 07-A- of special plan for the purification of Insti Aragónés Aguas		40.00%	19,156	13,202	5,954	-	1
Somozas Energías Renovables, S.A.	Lg Iglesia,1. 15665 La Coruña. Spain	Generation of electricity	Deloitte	25.00%	10,908	10,557	351	2,790	193
STE - Sul Transmissora de Energia, Ltda.	Av. Marechal Camara 160 sala 1833 y 1834. 20030-020 Rio de Janeiro. Brazil	Electrical concession	Assurance Auditores e Consultores	49.90%	69,477	69,477	31,616	16,560	6,099
Transmissão Itumbiara Marimondo, S.A.	Marechal Camara,160. Rio de Janeiro. Brazil 20020	Electrical assembly and services	Ernst & Young	25.00%	56,418	32,570	23,848	13,592	5,503
Vila do Conde, Ltda.	Rua Marechal Camara,160. Rio de Janeiro. Brazil	Energy transport	Ernst & Young	33.33%	83,918	51,586	32,332	12,509	960
SERVICES									
Aguas del Gran Buenos Aires, S.A.	C/ 48 Nº 877, piso 4 oficina 408. La Plata Provincia de Buenos Aires. Argentina	Integral water management	Dr. Santos Oscar Samari (contador público)	26.34%	3,245	3,742	(498)	-	(107)
Atlas Forwarding, S.L.	Cuesta de la Palloza, nº 1, Entrep. Cuerpo C. Torre Esmeralda. 15000 A Coruña. Spain	Transport of goods	-	47.00%	1,213	752	461	10,300	188
Betearte, S.A.	Colón de Larrategui, 26. Bilbao. Spain	Industrial wastes	-	33.33%	7,986	6,719	1,267	-	(639)
C. Steinweg Ibérica, S.L.	C/ Atlantic, 112-120. 08040 Barcelona. Spain	Logistics	Deloitte	40.00%	2,952	1,672	1,280	6,884	839
Castellón Terminal Portuaria, S.A.	Lg Dique de Levante, s/n. 12100 Castellón de la Plana. Spain	Stowing and unstowing of merchandise	Audihispana Gran Thornton, S.L.	29.17%	14,036	13,966	70	7,872	(2,209)
DPI Terminals Dominicana, Ltda.	Cuesta de la Palloza, 1. A Coruña. Spain	Holding company	KPMG	30.00%	41,570	3,256	38,314	-	5,565
Ecoparc del Mediterrani, S.A.	Avda. Eduard Maristany, s/n. 08930 Sant Adria de Besós. Barcelona. Spain	Urban solid waste treatment	Deloitte	32.00%	14,635	14,158	478	5,764	(3,900)
Ecoparc, S.A.	C/ A. Políg. Industrial Zona Franca. Barcelona. Spain	Waste treatment	Deloitte	52.00%	123,980	128,155	(4,175)	17,989	(1,750)
Energías y Tierras Fértiles, S.A.	Pascual y Genis, 19. 46002 Valencia. Spain	Waste treatment	-	33.36%	63	-	63	-	-
Entaban Biocombustibles del Pirineo, S.A.	Paseo Independencia, 28. Zaragoza. Spain	Biodiesel	Deloitte	25.00%	18,470	17,026	1,444	-	744
Estacionamientos El Pilar, S.A.	Avda de Tenerife, 4-6. 28703 San Sebastián de los Reyes. Madrid. Spain	Operation of car parks. Removal of vehicles	Deloitte	50.00%	7,426	1,406	6,020	3,655	1,504
Huesca Oriental Depura, S.A.	Ctra. de Madrid, km. 315,800 Edif. Expo Zaragoza, 3 Ofic. 14 - 50012 Zaragoza	Construction and operation of EDAR		60.00%	1,080		1,080		
International City Cleaning Company	Bordi Masser Lel-Siaha, Maydan. Al-Abbasia Aawan. Egypt	Urban solid waste	KPMG	30.00%	3,116	1,979	1,137	-	272
Iquique Terminal Internacional, S.A.	C/ San Martín, 255, Oficina 151. Iquique. Chile	Port terminal	KPMG	40.00%	25,177	12,914	12,264	18,352	5,830
Lev Aragonesa de Tránsitos, S.A.	Avda. Ferrandis Salvador, s/n. Castellón. Spain	Transfer, deposit and management of goods	-	34.00%	2,130	415	1,715	1,475	82
Mac Insular, S.L.	Calle Julián Álvarez, nº 12-A-1º. Palma de Mallorca. Spain	Waste treatment	Deloitte	8.00%	72,618	58,261	14,357	30,328	736
Marítima Consiflet, S.A.	Cuesta de la Palloza, 1. A Coruña. Spain	Ship consignment	Audihispana Gran Thornton, S.L.	47.00%	4,730	2,035	2,695	25,000	1,458
Marítima de Galicia, S.L.	Plaza de Compostela, 19, Vigo. Pontevedra. Spain	Ship consignment	-	46.91%	1,703	823	880	12,000	575
Mepsa Servicios y Operaciones, S.A.	Port de Hafía, nº 3-1º A. 08039 Barcelona. Spain	Rental of port space	-	35.00%	809	524	285	823	165

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Company	Address	Activity	Auditor	% Effective ownership	Data on the investee (100%)				
					Assets	Liabilities	Equity (*)	Revenue	Profit for the Year
Operaciones Portuarias Canarias, S.A.	Avda. de los Cambulloneros, s/n. Las Palmas de Gran Canaria. Spain	Port terminal	Ernst & Young	45.00%	82,067	38,271	43,795	52,435	1,302
Progeco Bilbao, S.A.	Avda. Antonio Alzaga, 138. 48980 Santurzi. Vizcaya. Spain	Repair, maintenance and storage of containers	-	26.49%	3,535	1,233	2,303	3,041	78
Progeco Vigo, S.A.	C/Pontevedra, 4, 3º. Vigo. Pontevedra. Spain	Storage and repair of containers	-	25.15%	4,523	919	3,604	1,726	475
Reconorsa Bilbao, S.L.	Lg. Ampliación Muelle, 1, zona zaguera, s/n. Santurzi. Vizcaya. Spain	Repair, maintenance and storage of containers	-	26.49%	465	415	50	281	201
Tandem Global Logistics (HK), Ltd.	Unit 1501-03 Peninsu Tower 538 Castle Peak Road Cheung Sha Wan Kowloon Hong Kong, China	Supplementary and auxiliary transport activities	-	33.00%	2,245	1,217	1,028	-	227
Tandem Global Logistics (SH), Ltd.	Rm 7001 Novel Building 887 Huai Hai Road. 200020 Shanghai, China	Supplementary and auxiliary transport activities	-	33.00%	1,334	928	406	-	(9)
Tandem Holding (HK), Ltd.	Unit 1501-03 Peninsu Tower 538 Castle Peak Road Cheung Sha Wan Kowloon Hong Kong, China	Asset-holding company	-	33.00%	1,688	6	1,682	-	(229)
Terminal de Graneles de Castellón, S.A.	C/ Puerto Muelle Serrano Lloberas, s/n. Castellón. Spain	Bulk terminal	Audihispana Gran Thornton, S.L.	25.93%	8,755	4,205	4,542	14,292	2,248
Terminales Marítimos de Galicia, S.L.	Avda. Antonio Alzaga, 138. Santurce. Vizcaya. Spain	Ship consignment	Auditoría y Diagnóstico Empresarial, S.A.	19.98%	15,358	10,276	5,082	13,165	1,308
Trime, S.A.	Ctra. de Soller, Km 8.2. 07120 Son Reus. Palma de Mallorca. Spain	Urban solid waste treatment	Deloitte	20.00%	402,611	369,398	33,214	78,303	5,722
Transportes Portuarios Gallegos, S.L.	Lg Muelle Guixar, Ed PIF, Ofic 5 Local A. 36201 Vigo. Pontevedra. Spain	Transport agency	-	23.50%	1,797	1,444	353	3,014	91
Transportes Rontegui, S.L.	Avda. Antonio Alzaga, 138. Santurce. Vizcaya. Spain	Transport agency	-	26.49%	466	295	172	881	29
Tratamiento Industrial de Residuos Sólidos, S.A.	Rambla Cataluña, 91. 08008 Barcelona. Spain	Waste collection and treatment	Castellá Auditores Consultors, S.L.	33.33%	72,618	58,261	14,357	30,328	736
CONCESSIONS									
Autovía de los Pinares, S.A.	Km 20.200 A-601. 47160 Portillo. Valladolid. Spain	Roads	Deloitte	53.33%	103,985	93,475	10,510	1,662	(1,487)
Bakwena Platinum Corridor Concessionaire (Pty), Ltd.	24 Sunninghill Office Park Peltier Road Sunninghill-2157. South Africa	Roads	Deloitte	25.00%	172,622	167,091	5,531	-	-
Bidelan Guipuzkoako Autobideak, S.A.	Asti Auzoa, 631 B. 20800 Zarauz. San Sebastian. Spain	Roads	BSK Bask Consulting	50.00%	38,685	33,013	5,672	29,893	(286)
Celtic Roads Group (PortLaoise) Limited	Toll Plaza Balgeen Co. Meath Ireland	Roads	KPMG	33.33%	119,545	148,668	(29,123)	-	-
Celtic Roads Group (Waterford), Ltd.	Toll Plaza , Balgeen , Co. Meath, Ireland	Roads	KPMG	33.33%	190,779	205,597	(14,818)	-	-
Circunvalación Alicante, S.A.C.E.	Autopista AP 7, pk 703. Area Monforte del Cid. 03670 Monforte del Cid. Alicante. Spain	Roads	Deloitte	50.00%	430,752	399,322	31,430	8,747	(14,407)
Infraestructuras y Radiales, S.A.	Ctra.M-100 Alcalá de Henares a Daganzo Km 6.300. 28806 Alcalá de Henares. Madrid. Spain	Roads	KPMG	35.00%	561,881	594,638	(32,756)	24,972	(18,844)
Intercambiador de transportes Plaza de Castilla, S.A.	Avda. de América 2-17B. Madrid. Spain	Transport interchange	Deloitte	50.00%	152,579	144,169	8,410	4,526	(4,225)
Línea Nueva Tramo Cuatro, S.A.	Avinguda Josep Tarradellas, 34-36, 9º 08029 - Barcelona	Underground	-	39.60%	-	-	-	-	-
Metro de Sevilla Sdad Conce Junta Andalucía, S.A.	C/ Carmen Vendrell, s/n (Prolongación de Avda. de Hytasa) 41006 Sevilla. Spain	Railroad	KPMG	32.77%	680,680	576,194	104,486	-	-
Nea Odos Concession Societe Anonyme	Municipality of Athens 87 Themistokleous 10683 Athens. Greece	Roads	PricewaterhouseCoopers	33.33%	151,856	108,225	43,631	57,280	-
Nouvelle Autoroute 30, S.E.N.C.	1 Place Ville-Marie 37e étage. Montreal. Quebec H3B 3P. Canada	Roads	-	50.00%	-	-	-	-	-
Pt Operational Services Pty, Ltd.	1 Lavender Road Bon Accord 009. South Africa	Roads	KPMG	33.40%	1,984	588	1,396	7,396	1,527
Road Management (A13), Plc.	Sandway House, Littlelades Lane Hartford, Northwich, Cheshire, CW8 2YA, England	Roads	Ernst & Young	25.00%	243,601	273,665	(30,063)	30,602	(7,516)
Ruta de los Pantanos, S.A.	Avenida de Europa, 18. 28100 Alcobendas. Madrid. Spain	Roads	Deloitte	33.33%	93,302	92,308	994	11,417	1,148
Sociedad Concesionaria Túnel San Cristóbal, S.A.	Avenida del Valle 945 oficina 3604. Ciudad Empresarial Huechuraba. Santiago de Chile.	Roads	Deloitte	50.00%	72,487	68,573	3,913	439	(3,111)
Serranopark, S.A.	Pza. Manuel Gomez Moreno, 2. 28020 Madrid. Spain	Car park	-	50.00%	-	-	-	-	-
Sociedad Concesionaria Vespucio Norte Express, S.A.	Av. Américo Vespucio Oriente 1305, Parque Enea, Pudahuel. Santiago de Chile.	Roads	Deloitte	46.48%	432,036	469,867	(37,831)	36,902	(41,548)
Tag Red, S.A.	Avda. Vitacura nº 2939 piso 8. Las Condes. Santiago de Chile.	Roads	-	25.00%	-	-	-	-	-
TP Ferro Concesionaria, S.A.	Plaza de la Palmera, 6-3º. 17600 Figueras. Girona. Spain	Railroad	KPMG	50.00%	1,070,827	1,026,797	44,031	-	-

Appendix IV. Changes in the scope of consolidation

The main companies included in the scope of consolidation are as follows:

Serpimex, S.A. de C.V.	Aurea Fontana, S.L.	Villanueva Cosolar, S.L.
Parque Eólico Buseco, S.L.	Cymi Investment USA, S.L.	Iridium Nouvelle Autoroute 30, Inc.
Vieyra Energía Galega, S.A.	Edafología y Restauración del Entorno Gallego, S.L.	Nouvelle Autoroute 30, S.E.N.C.
Sociedad Hospital de Majadahonda Explotaciones, S.L.	Invexta Recursos, S.L.	Olimpia, S.A. de C.V.
Soluciones para el medio ambiente, S.L.	Cobra Termosolar USA, S.L.	Tecmed Servicios de Recolección, S.A. de C.V.
Equipamientos Ambientales, S.L.	Cobra Sun Power USA, Inc.	Valorgabar, S.A.S.
Servicios Cymimex, S.A. de C.V.	Cobra Concesiones Brasil, S.L.	Organizac de Materiales y Servicios de Asepsia, S.L.
Soluciones para el Medioamb Gestión Turística, S.L.	Martínez y Lanza, S.A.	Urbaser Plotosa, S.A.
Canal Ecociudad, S.L.	Eólica El Molar, S.L.U.	Blue Clean Water, Llc
Tandem Holding (HK), Ltd.	Interligação Elétrica de Minas Gerais, S.A.	SDD Shanganagh (Water Treatment) Limited
Tandem Global Logistics (HK), Ltd.	Dragados Besalco, S.A.	ACT Financing, Llc.
Tandem Global Logistics (SH), Ltd.	Integra Mantenimiento Gestión y Servicios Integrados Centro Especial de empleo Valencia, S.L.	Desarrollo Informático, S.A.
Dragados Canadá, Inc.	Integra Mantenimiento Gestión y Servicios Integrados Centro Especial de empleo Andalucía, S.L.	Albares Renovables, S.L.
Villa Aurea, S.L.	Integra Mantenimiento Gestión y Servicios Integrados Centro Especial de empleo Catalunya, S.L.	Araucária Projetos e Serviços de Construção, Ltda.
Servicios Administrativos Offshore, S.A. de C.V.	Generación Limpia Guatemala, S.A.	Integra Man Gestí y Servic Integ CEE Galicia, S.L.
Servicios Operativos Offshore, S.A. de C.V.	Oficina Técnica de Estudios y Control de Obras, S.A.	Interligação Elétrica Norte e Nordeste, S.A.
Parque Eólico Santa Catalina, S.L.	Triana do Brasil Projetos e Serviços, Ltda.	PE.Donado, S.L.
Parque Eólico Viudo I, S.L.	Dragados Obra Civil y Edificac México, S.A de C.V.	Logitren Ferroviaria, S.A.
Calvache Eólica, S.L.	Serranopark, S.A.	Guatemala de Tráfico y Sistemas, S.A.
Berea Eólica, S.L.	Applied Control Technology, Llc	Línea Nueve Tramo Cuatro, S.A.
Riansares Eólica, S.L.	Delta P I, Llc	Catxeré Transmissora de Energia, S.A.
Agencia Marítima de Consignaciones, S.A.	Integrated Technical Products, Llc.	Araraquara Transmissora de Energia, S.A.
Bilbao Atlantic Fruit Terminal, A.I.E.	Sociedad Industrial de Construc Eléctricasm, S.L. Ltda.	Energías Ambientales de Guadalajara, S.L.
Reciclados Integrales Argame, S.L.	Sociedad Industrial de Construcción Eléctricas, S.A.	Energías Ambientales de Soria, S.L.
Inversora de la Autovía de la Mancha, S.A.	California Sun Power, Llc.	CME Roménia
Operación y Mantenimiento Energy Madagascar, S.A.R.L.U.	Concesionaria Serra Paracatu	Inotec
Sice Puerto Rico, Inc.	Concesionaria Ribeirão Preto	Tecneira Participações SGPS
Cobra-Udisport Conde de Guadalhorce, S.L.	Concesionaria Pocos de Caldas	Admirabilia, S.L.
Cobra La Rioja Sur	Concesionaria Jauru Transmissora de Energia	Residuos Industriales de Teruel, S.A.
Constructora Comsa Dragados, S.A.		Ecoentorno Ambiente, S.A.
Besalco Dragados, S.A.		Huesca Oriental Depura, S.A.
Recogida de Aceites Usados, S.A.		Urbaser Inc.

The main companies no longer included in the scope of consolidation are as follows:

Alfa Servicios Ambientales, S.L.	Affinis, S. A.	Sociedad Concesionaria Rutas de Pacífico, S.A.
Desarrollo de Concesiones Aeroportuarias, S.L.	Sociedad General de Recursos Energéticos, S.A.	Inversora de Infraestructuras, S.L.
Aeropuertos Mejicanos del Pacífico, S.A. de C.V.	Sistemas de Reducción, S.A.	Actividades de Servicios e Instalaciones Cobra, S.A.
Aerocali, S.A.	Scutvias Autoestradas da Beira Interior, S.A.	Cuerda de Rodaderos, S.L.
MBJ Airports, Ltd.	Operadora del Pacífico, S.A.	Soluciones para el Medioambiente Gestión Turística, S.L.
Distribuidora Dominicana de Electricidad, S.A.	Sociedad Concesionaria Autopista Central, S.A.	Planta Ambiental de Aragón, S.A.
Consorcio API Génesis	Inversiones Nocedal, S.A.	Environmental Services Enser S.A.E.
Cme Participações	ACS Chile, S.A.	Betearte, S.L.

Held for sale (Unión Fenosa):

Unión Fenosa, S.A.	Spanish Egyptian Gas Company, S.A.E.	Energías Especiales de Noroeste, S.A.U.
Clover Financial and Treasury Services, Ltd.	Gas Directo, S.A.	Eufer Renovables Ibéricas 2004, S.A.
Unión Fenosa Preferentes, S.A.	Planta de Regasificación de Sagunto, S.A.	Eufer Comercializadora, S.L.
Ufacex UK Holdings, Ltd.	Regasificadora de Noroeste, S.A.	Energías Especiales de Alto Ulla, S.A.
Unión Fenosa Financial Services USA, Llc.	Qalhat Lng, S.A.O.C.	Parque Eólico La Losilla, S.A.
Unión Fenosa Finance Bv	Unión Fenosa Generación, S.A.	PRIUS Enerólica, S.L.U.
Unión Fenosa Centro de Tesorería, S.L.	Generación Peninsular, S.L.	Energías Renovables Montes San Sebastián, S.L.
Unión Fenosa Emisiones, S.A.	Unión Fenosa Comercial, S.L.	Eólica del Cordal de Montouto, S.L.
Gasífica, S.A.	Lignitos de Meirama, S.A.	Promociones Energéticas del Bierzo, S.L.
Unión Fenosa Gas Comercializadora, S.A.	Pizarras Mahide, S.L.	Sistemas Energéticos Mañon Ortigueira, S.A.
Unión Fenosa Gas Exploración y Producción, S.A.	Rocagast, S.L.	Parque Eólico San Andrés, S.A.
Unión Fenosa Gas, S.A.	Enel Unión Fenosa Renovables, S.A.	Energías Especiales de Peña Armada, S.A.
Cobra Instalaciones y Servicios República Dominicana	Energías Especiales de Castelo, S.A.	Energías Especiales de Careón, S.A.
Segas Services, S.A.E.	Energías Especiales de Andalucía, S.L.U.	Energías Especiales Alcohólicas, S.A.

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Held for sale (Unión Fenosa):

Energías Especiales de Bierzo, S.A.	Unión Fenosa Distribución Colombia, B.V.	Unión Fenosa Redes Telecomunicación, S.A. Guatemala
Parque Eólico A Capelada, A.I.E.	Unión Fenosa México, B.V.	Unión Fenosa Redes de Telecomunicación, S.L.
Parque Eólico Cabo Vilano, S.L.	Distribuidora Eléctrica de Caribe, S.A. Guatemala	Unión Fenosa Redes Telecomunicación, S.A. Nicaragua
Parque Eólico Sierra del Merengue, S.L.	Distribuidora Eléctrica de Caribe, S.A. Panamá	Arte Contemporáneo y Energía, A.I.E.
Promociones Energéticas del Bierzo, S.L.	Generadora Palamara La Vega, S.A.	General de Edificios y Solares, S.L.
Enerfasa, S.A.	Unión Fenosa Internacional, S.A.	Soluziona, S.A. Bolivia
Energías Ambientales de Somozas, S.A.	Generación Hermosillo, S.A. de C.V.	Unión Fenosa Uninver, S.A.
Áridos Energías Especiales, S.L.	Generación Naco Nogales, S.A. de C.V.	Socoin México, S.A. de C.V.
Azucarera Energías, S.A.	Generación Tuxpan, S.A. de C.V.	Socoin Ingeniería y Construcción Industrial, S.L.U.
Boiro Energía, S.A.	Unión Fenosa Generación México, S.A. de C.V.	Socoin, S.A. Panamá
Cogeneración de Noroeste, S.L.	Fuerza y Energía de Hermosillo, S.A. de C.V.	Soluziona Technical Services, Llc.
Depuración Destilación y Reciclaje, S.L.	Fuerza y Energía de Naco Nogales, S.A. de C.V.	Operación y Mantenimiento Energy Costa Rica, S.A.
Sociedad Gallega de Cogeneración, S.A.	Fuerza y Energía de Tuxpan, S.A. de C.V.	Operación y Mantenimiento Energy, S.A.
Ufefys, S.L.	Fuerza y Energía de Norte Durango, S.A. de C.V.	Hotel de Naturaleza Tambre, S.L.
Proyectos Universitarios Energías Renovables, S.L.	Unión Fenosa Operación México, S.A. de C.V.	Operación y Mantenimiento Energy Dominicana, S.A.
Parque Eólico Malpica, S.A.	Unión Fenosa Energías Renovables México, S.A. de CV	Compañía Española de Industrias Electroquímicas, S.A.
Cogeneración de Alcalá, A.I.E.	Unión Fenosa Colombia, S.A.	Unión Fenosa Redes Telecomunicación, S.A. Colombia
Energías Ambientales, S.A.	U.F. Generadora Torito, S.A.	Unión Fenosa Redes Telecomunicación, S.A. Panamá
Energías Ambientales de Vimianzo, S.A.	Inversiones Hermill, S.A.	Alliance, S.A.
Energías Ambientales de Novo, S.A.	Redes Eléctricas de Centroamérica, S.A.	Ghesa Ingeniería y Tecnología, S.A.
Parque Eólico de Barbanza, S.A.	Comercializ Guatemala Mayorista de Electric, S.A	R Cable y Telecomunicaciones Galicia, S.A.
Societat Eólica de L'Enderrocada, S.A.	Red Unión Fenosa, S.A.	Ensafeca Holding Empresarial, S.L.
Parque Eólico Montes de Las Navas, S.A.	Distribuidora Eléctrica de Oriente, S.A.	Indra Sistemas, S.A.
Energías de Villarrubia, S.L.	Distribuidora Eléctrica de Occidente, S.A.	Barbao, S.A.
Tirmadríd, S.A.	First Independent Power, Ltd. Kenya	Parque Eólico Belmonte, S.A
Sotavento Galicia, S.A.	Electrocosta Mipymes de Energía, S.A. E.S.P.	Socoinve, C.A. Venezuela
Nueva Generadora del Sur, S.A.	Energía Empresarial de la Costa, S.A. E.S.P.	Socoin, S.A. Guatemala
Sociedade Galega do Medio Ambiente, S.A.	Energía Social de la Costa, S.A.E.S.P.	Limeisa international Coal, B.V
Toledo PV, A.E.I.E.	Distribuidora de Electric de Norte, S.A. Nicaragua	Limeisa international Coal South Africa, Ltd.
Centrales Nucleares Almaraz-Trillo, A.I.E.	Distribuidora de Electric de Sur, S.A. Nicaragua	Unión Fenosa Financiación, S.A.
Unión Fenosa Distribución, S.A.	Electrificadora del Caribe, S.A. E.S.P.	Saudi Soluziona Co. for Maintenance and operat, LTD
Unión Fenosa Metra, S.L.	Electricaribe Mipymes de Energía, S.A. E.S.P.	Kangra Coal (Propietary) LTD
Hidro Ntra. Sª Soledad de Tendilla y Lupiana, S.L.	Iberáfrica Power, Ltd.	Energías Especiales Montes Castellanos, S.L.U.
Electra del Jallas, S.A.	Unión Fenosa Generadora La Joya, S.A.	Parque Eólico de Padul, S.L.U.
Eléctrica Conquense, S.A.	Empresa Generadora de Pacífico, S.A. E.S.P.	Zemer Energía, S.A de C.V
Barras Eléctricas Galaico Asturianas, S.A.	Planificación e Inversión Estratégica, S.A.	Nueva Electricidad del Gas, S.A.U.
Barras Eléctricas Generación, S.L.U.	Compañía de Electricidad de Tulúa, S.A.	Operación y Mantenim Energy Madagascar, S.A.R.L.U.
Almar Ccs, S.A.	Empresa Distribuidora de Electricidad Chiriquí, S.A	Martínez y Lanza, S.A.
Aplic y Desarrollos Profesionales Nvo Milenio, S.L.	Empresa Distribuidora de Electricidad Metro Oeste, S.A	Eólica El Molar, S.L.U.
Caribe Capital, B.V.	Energía y Servicios de Panamá, S.A	Generación Limpia Guatemala, S.A.



AGF
CONSIGLIO DI AMMINISTRAZIONE

Auditors' Report on Consolidated Financial Statements

ACS, Actividades de Construcción y Servicios, S.A. and Subsidiaries

Consolidated Financial Statements for the year ended 31 December 2008 and Directors' Report, together with Independent Auditors' Report.

Translation of a report originally issued in Spanish based on our work performed in accordance with generally accepted auditing standards in Spain. In the event of a discrepancy, the Spanish-language version prevails.

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
ACS, Actividades de Construcción y Servicios, S.A.:

1. We have audited the consolidated financial statements of ACS, Actividades de Construcción y Servicios, S.A. and Subsidiaries comprising the consolidated balance sheet at 31 December 2008 and the related consolidated income statement, consolidated cash flow statement, consolidated statement of recognised income and expense and notes to the consolidated financial statements for the year then ended. The preparation of these consolidated financial statements is the responsibility of the Parent's directors. Our responsibility is to express an opinion on the consolidated financial statements taken as a whole based on our audit work performed in accordance with generally accepted auditing standards in Spain, which require examination, by means of selective tests, of the evidence supporting the consolidated financial statements and evaluation of their presentation, of the accounting policies applied and of the estimates made. Our work did not include an examination of the financial statements for 2008 of certain subsidiaries and associates whose assets, revenue and results represent 13%, 18% and 19%, respectively, of the corresponding consolidated totals. The financial statements of these companies were audited by other auditors and, accordingly, our opinion as expressed in this report on the consolidated financial statements of ACS, Actividades de Construcción y Servicios, S.A. and Subsidiaries is based, with respect to the ownership interests in these companies, solely on the reports of the other auditors. These companies and their respective auditors are listed in Appendixes I, II and III to the accompanying notes to the consolidated financial statements.
2. As required by Spanish corporate and commercial law, for comparison purposes the Parent's directors present, in addition to the consolidated figures for 2008 for each item in the consolidated balance sheet, consolidated income statement, consolidated cash flow statement, consolidated statement of recognised income and expense and notes to the consolidated financial statements, the figures for 2007. The presentation of the information for 2007 differs from that contained in the approved consolidated financial statements for that year as a result of the consideration, for comparison purposes, of the energy business segment as a discontinued operation (see Note 3.9 to the accompanying consolidated financial statements). Our opinion refers only to the consolidated financial statements for 2008. On 2 April 2008, we issued our auditors' report on the 2007 consolidated financial statements, in which we expressed an unqualified opinion.
3. In our opinion, based on our audit and on the reports of the other auditors mentioned in paragraph 1 above, the accompanying consolidated financial statements for 2008 present fairly, in all material respects, the consolidated equity and consolidated financial position of ACS, Actividades de Construcción y Servicios, S.A. and Subsidiaries at 31 December 2008 and the consolidated results of their operations, the changes in the consolidated statement of recognised income and expense and their consolidated cash flows for the year then ended, and contain the required information, sufficient for their proper interpretation and comprehension, in conformity with International Financial Reporting Standards as adopted by the European Union applied on a basis consistent with that of the preceding year.
4. The accompanying consolidated directors' report for 2008 contains the explanations which the Parent's directors consider appropriate about the Group's situation, the evolution of its business and other matters, but is not an integral part of the consolidated financial statements. We have checked that the accounting information in the consolidated directors' report is consistent with that contained in the consolidated financial statements for 2008. Our work as auditors was confined to checking the consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of ACS, Actividades de Construcción y Servicios, S.A. and Subsidiaries.

DELOITTE, S.L.

Registered in ROAC under no. S0692

Jesús Parada Pardo
1 April 2009

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Member of
Deloitte Touche Tohmatsu

Historical Performance

Consolidated statement of income evolution	2003 ⁽¹⁾	2004	2005	2006	2007	2008	CAGR ⁽³⁾ 08/03
Million of euros							
Revenues	8,825.1	10,817.9	12,113.9	13,868.7	15,344.9	16,010.0	12.7%
Construction	4,531.8	5,230.3	5,724.8	6,750.3	7,352.9	6,625.4	7.9%
Concessions	1.7	15.3	13.8	26.1	35.8	66.1	108.0%
Environment and Logistics	1,640.9	2,186.6	2,406.5	2,458.6	2,834.9	3,148.2	13.9%
Industrial Services	2,729.1	3,490.5	4,077.4	4,747.7	5,488.7	6,476.7	18.9%
Holding / Adjustments	(78.4)	(104.8)	(108.6)	(114.0)	(368.4)	(306.4)	31.3%
Net Profit	794.8	981.1	1,095.5	1,218.9	1,379.8	1,479.7	13.2%
Construction	345.6	398.1	427.6	504.0	548.9	494.3	7.4%
Concessions	(5.6)	(0.9)	7.5	6.9	1.5	23.2	-
Environment and Logistics	219.4	314.6	346.2	324.7	381.5	412.0	13.4%
Industrial Services	261.3	291.8	344.4	419.6	488.4	591.2	17.7%
Holding / Adjustments	(25.9)	(22.5)	(30.2)	(36.3)	(39.4)	(39.9)	9.0%
Net Profit	573.5	723.9	817.4	942.5	1,056.7	1,096.7	13.8%
Construction	284.9	327.7	358.6	422.7	460.3	410.9	7.6%
Concessions	(5.4)	(1.0)	2.0	(2.7)	(5.2)	7.8	-
Environment and Logistics	116.9	177.8	203.7	195.5	232.8	249.3	16.4%
Industrial Services	210.9	244.9	285.9	364.7	412.5	471.9	17.5%
Holding / Adjustments	(33.8)	(25.5)	(32.8)	(37.7)	(43.7)	(43.2)	5.0%
Net Profit	229.5	452.5	608.7	1,250.1	1,551.1	1,805.0	51.1%
Construction	185.4	221.4	239.1	282.1	310.3	275.0	8.2%
Concessions ⁽²⁾	2.3	(14.5)	6.5	(17.3)	3.7	641.4	-
Environment and Logistics	50.9	98.9	112.7	109.1	131.7	144.6	23.2%
Industrial Services	118.6	150.1	179.2	222.6	264.9	316.7	21.7%
Listed Associates	-	-	-	81.1	57.7	17.4	-
Holding / Adjustments	(127.6)	(3.4)	71.2	402.4	782.4	409.9	-226.3%

⁽¹⁾ Under GAAP. From 2004 under IFRSs standards.

⁽²⁾ Concessions division includes the extraordinary results derived from the sale of DCA and InvinSL in 2008.

⁽³⁾ CAGR: Compound Annual Growth Rate.

Consolidated balance sheet as of December, 31	2003 ⁽¹⁾	2004	2005	2006	2007	2008
Milion of euros						
Fixed and other non-current assets	3,407.0	4,397.5	8,488.2	14,018.1	32,265.7	37,837.5
Property, plant and equipment	1,715.8	1,981.0	2,356.0	2,917.2	18,294.2	5,207.6
Intangible assets	307.5	305.7	451.9	397.6	1,670.4	503.2
Non-current financial assets	1,383.6	1,833.2	5,317.9	10,227.5	10,299.7	7,081.7
Other non-current assets ⁽²⁾	n/a	277.6	362.3	475.8	2,001.4	25,045.0
Goodwill	1,039.9	1,010.8	1,047.6	1,086.6	2,950.4	1,132.6
Working capital	(658.8)	(1,304.8)	(1,872.1)	(2,496.7)	(3,441.0)	(2,294.9)
Total Assets	3,788.1	4,103.5	7,663.6	12,608.0	31,775.0	36,675.1
Equity	1,895.7	2,019.2	2,635.5	3,256.4	10,441.0	9,913.0
Attributable equity to Parent Company	1,796.4	1,905.4	2,480.9	3,115.7	4,653.8	3,402.4
Minority interests	99.3	113.8	154.6	140.7	5,787.3	6,510.6
Other non-current liabilities ⁽³⁾	661.8	660.4	763.5	605.3	4,759.5	17,406.3
Non-current liabilities	877.1	1,907.5	5,017.4	10,120.9	16,804.5	9,576.3
Non-recourse project financing	265.3	425.3	2,304.8	6,797.6	9,278.3	6,245.2
Non-current bank borrowings	611.8	1,482.2	2,712.6	3,323.3	7,526.2	3,331.0
Current payables / Current liabilities	353.4	(483.5)	(752.8)	(1,374.6)	(230.0)	(220.5)
Non-recourse project financing	50.9	37.0	50.4	195.4	363.2	176.8
Current bank borrowings	1,456.9	1,075.7	1,242.1	1,237.7	3,479.3	3,968.8
Other current financial assets	(771.3)	(1,018.1)	(1,277.4)	(1,880.9)	(1,420.9)	(2,185.1)
Cash and cash equivalents	(383.1)	(578.1)	(767.8)	(926.6)	(2,651.6)	(2,181.0)
Total Equity and Liabilities	3,788.1	4,103.5	7,663.6	12,608.0	31,775.0	36,675.1

⁽¹⁾ Under GAAP. From 2004 under IFRSs standards.

⁽²⁾ In 2008, there is included "Non-current assets held for sale" accounted for 24,351 million of euros derived from the sale of Union's Fenosa stake.

⁽³⁾ In 2008, there is included "Non-current liabilities held for sale" accounted for 15,931 million of euros derived from the sale of Union's Fenosa stake.





Project Director and Editor
ACS Group

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ACS Group Archives

Annual Report of ACS Group

2008



www.grupoacs.com



Cover photo: *Santos Bridge in the Barres-Ribadeo Highway (Asturias, Spain).*

Corporate Responsibility Report of ACS Group



2008



Main figures of Corporate Responsibility

Area of Activity	Construction	Environment and Logistics	Industrial Services	ACS Group
% of total sales 2008	41%	19%	40%	100%
Main environment indicators				
Materials used	Cement, steel, aggregates, chemical products, wood	Solid urban waste, hazardous waste for recycling, cleaning products, diesel fuel	Steel and other metals, oils, chemical products, cement, electronic materials, aggregates, wood, paper and cardboard	
Consumption of energy broken down by primary source				
Petrol + diesel consumption (millions of litres)	18.6	51.8	21.1	92
Natural gas consumption (m ³)	377,347	6,321,263	41,591	6,740,201
Electricity consumption (GWh)	69	129	46	245
Total (toe)	25,588	71,080	25,837	122,505
<i>% of total ACS Group sales represented by the data obtained</i>	41%	19%	38%	98%
Water consumption				
Obtained from the public mains (m ³)	1,113,811	1,628,904	144,570	2,923,286
Obtained from other sources (m ³)	1,169,860	691,997	831	1,862,688
Total (m³)	2,283,671	2,320,901	145,401	4,749,974
<i>% of total ACS Group sales represented by the data obtained</i>	41%	19%	38%	98%
Total waste water dumped				
To the public network (m ³)	Not available	142,847	94,168	237,015
Drainage to the sea or rivers/lakes (m ³)	Not available	2,398,012	0	2,398,012
Total (m³)	Not available	2,540,859	94,168	2,635,027
<i>% of total ACS Group sales represented by the data obtained</i>	0%	13%	33%	46%
Total direct and indirect greenhouse gas emissions (t)	95,091	23,780,922	31,108	23,907,122
<i>% of total ACS Group sales represented by the data obtained</i>	41%	19%	38%	98%
NOx, SOx and other significant emissions to the air				
NOx (t)	0	393.7	0.37	394.0
SOx (t)	0	41.2	0	41.2
Other gases (t)	Not available	10.2	0.02	10.2
<i>% of total ACS Group sales represented by the data obtained</i>	41%	9%	26%	76%
Savings of greenhouse gas emissions (t)	0	9,633,584	1,170,000	10,803,584
<i>% of total ACS Group sales represented by the data obtained</i>	41%	19%	38%	98%
Non-hazardous waste managed	Excess excavated soil and construction and demolition waste (debris, wood, plastic, paper and cardboard and metals)	Waste resulting from the treatment of wastes, urban waste	Paper, cardboard, wood, electronic waste, scrap, urban waste	
Total Tonnes	43,479	22,200,266	10,515	22,254,260
<i>% of total ACS Group sales represented by the data obtained</i>	41%	19%	40%	100%
Hazardous waste managed (t)	6,162	224,282	341	230,785
<i>% of total ACS Group sales represented by the data obtained</i>	41%	19%	40%	100%

Area of Activity	Construction	Environment and logistics	Industrial Services	ACS Group
Quality and creation of value for clients				
Investments are dedicated to quality improvements (millions of euros)	Not available	47	1	48
Percentage of the total production certified by the quality systems based on the ISO 9001 standard	100%	51%	98%	91%
Number of audits of quality carried out	113	79	318	510
Number of satisfaction surveys carried out	190	3,046	869	4,105
Percentage of the total answers of clients saying that they were "Satisfied" or "Very Satisfied"	93%	88%	86%	88%
Investments carried out in R+D+i (millions of euros)	25	15	17	57
Commitment to the Natural Environment				
Percentage of the total production of the Group environmentally certified in accordance with the ISO 14001 standard.	100%	60%	84%	87%
Number of environmental audits carried out	113	69	214	396
Number of significant environmental incidents registered	1,215	0	2	1,217
Number of environmental fines	15	0	13	28
Employees				
Total number of employees at 31th of December of 2008 (273 employees in the corporation and other subsidiaries of the Group)	18,396	81,131	41,202	141,002
Employees contracted directly and permanently	40%	6%	24%	16%
Employees contracted in relation to a specific project, work or temporary production joint venture.	60%	94%	76%	84%
Training				
Number of hours of study	213,520	693,198	367,735	1,274,453
Number of courses	1,244	3,226	2,695	7,165
Number of participants	14,652	25,189	23,104	62,945
Total investment (millions of euros)	3.2	5.0	5.6	13.8
Courses by type of content: Production	784	933	1,089	2,806
Courses by type of content: Job Safety	379	2,236	1,532	4,147
Courses by type of content: Environment	81	33	74	188
Labour risk prevention and job safety				
Frequency rate (Represents the number of accidents that occurred during the working day per million hours worked)	29.7	41.9	32.0	37.4
Severity rate (Represents the number of working days lost due to accidents per 1,000 hours worked.)	0.84	1.03	0.56	0.78
Incidence rate (Represents the number of accidents in relation to which sick leave was taken per 1,000 employees)	51.7	159.1	45.8	71.2

Note: the severity and incidence rates were calculated as an average of the rates of each subsidiary, weighted by its sales.

Corporate Responsibility Report

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The ACS Group and 1. Corporate Responsibility

ACS Group participates in the development of sectors related to infrastructures, which are fundamental for the economy. A company committed to economic and social progress in the countries where it is present.

ACS' success rests on three basic pillars:

Values which form part of the organisation, experience, the quest for profitability, its clients' trust and the ability to make a commitment.

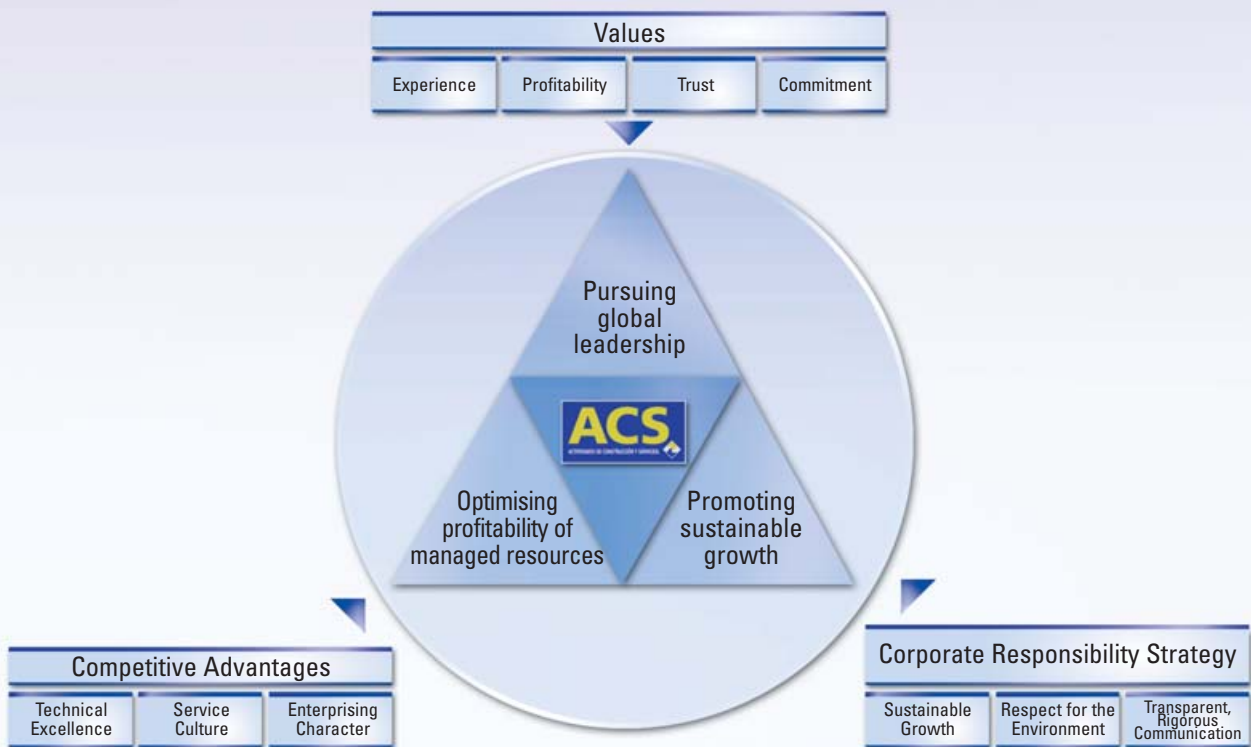
A Strategy for Sustainable Development, which improves social well-being, respects the environment and is based on a policy of transparency.

Competitive Advantages acquired through experience in the execution of a countless number of projects: technical excellence, a culture of service and an enterprising character.

These factors are key to the achievement of the ACS Group's mission, which is to pursue global leadership, optimising the profitability of the resources managed for this purpose, while improving the society in which we live.



The ACS Group is a worldwide reference in construction, services and energy activities.



The ACS Group and 1. Corporate Responsibility

Therefore, the ACS Group provides its services and engages in its activities by means of the following:

- The development of infrastructures, civil engineering works, industrial facilities, energy plants, telecommunications systems or waste treatment and purification plants.
- The provision of services in the fields of integral management of urban, logistic and industrial infrastructures.
- Active participation in sectors essential to the economic and social development of any developed country such as infrastructures and energy.

Corporate responsibility is part of the ACS Group's vision and strategy; the sustained growth and responsible development of not only the Group but also the society of which it forms part is an intrinsic part of each of the activities it promotes and develops.



With the objective of supporting this statement of principles, the ACS Group has worked over recent years on developing a culture based around sustainable development and corporate responsibility.

The corporate tools have been provided to enable the company to put this strategy into practice. This was firstly through the publication of the Commitment to Corporate Responsibility, then through the formalisation of the Code of Conduct, which was already in use but not regulated formally, and finally the declaration of commitment to combating Climate Change. These documents were approved by the ACS Group's Board of Directors and their supervision is one of the responsibilities of the Board's Audit and Control Committee.

These initiatives seek to standardise the ACS Group's procedures and to provide a whole series of uses and customs which had no formal institutional support until recent years with the status of rules.

The application of these initiatives, which are now fully in force, is monitored by the Secretary of the Board of Directors. There were no reports of serious incidents in 2008 (according to the interpretation given by the Audit Committee) deriving from the monitoring of the procedures brought together in the ACS Group's Code of Conduct.

The ACS Group's Commitment to combating Climate Change was recently approved and put into operation. This specifies and delimits the actions ACS faces to minimise the impacts its activity may have on the environment and, more specifically, on that relating to climate change. It is based on the commitment acquired to invest and research responsibly to make a significant contribution as an outstanding player in this area.

Since its foundation, the ACS Group and its companies have made a commitment to the various parties forming part of its operations and interacting with the Group or its employees. This commitment is based on the ethical principles guiding the ACS Group's operations, which form part of its corporate culture.

As a summary of the monitoring of this initiative during 2008, the following were the main milestones in its first year in force:

- Procedures were implemented to increase energy savings and efficiency and to give environmental improvements in carrying out activities. The details of many of these initiatives is included in this document, in the Commitment to the Environment section.
- New business opportunities have been identified which contribute to a better, cleaner future for the society we serve. Indeed, with the development and start up of the Andasol I thermal solar power plant in November 2008, the ACS Group is one of the pioneers in developing this technology, which is one of the most advanced, manageable and respectful of the environment.
- The group participated in projects which promote reductions in emissions, recycling, treatment of wastes, production of renewable energy, as well as efficient water management, all of this contributing to sustainable development.

Combating Climate Change is an inherent part of the ACS Group operation, business and sustainability strategy.

- The ACS Group allocated a high level of resources to the development of Research, Development and Innovation initiatives and dedicated over €870 million to projects which reduce emissions of greenhouse gases in its operations.

This link to corporate responsibility is part of the ACS Group's continual effort to work in accordance with the five commitments to sustainability it has assumed to define its relationship with the environment, society and the agents and stakeholders with which it relates. This is the ACS Group's response to the challenge of Corporate Responsibility.

Five commitments of ACS Group



Commitment to the creation of value, distributing the wealth created among its shareholders, clients, suppliers and among the society as a whole.

Commitment to information transparency, so that those who have a relationship with the Company have accurate, reliable and accessible information available to them and are able to form an exact opinion of ACS.

Commitment to research, development and innovation with a view to the future, profitable growth and the quality of its products and services.

Commitment to the natural environment, implementing programs and procedures which contribute to minimising the impact of the ACS Group's activities.

Commitment to individuals and the social environment through the creation of employment, wealth and the contribution to the well-being and prosperity of the societies in which it operates.

The ACS Group and 1. Corporate Responsibility

ACS and its Stakeholders

Stakeholders are defined as groups with the capacity to have an influence on the achievement of the organisation's objectives.



The ACS Group aspires to be recognised for its capacity to generate confidence among its stakeholders. Accordingly, providing channels to allow for honest, open and transparent dialogue is a priority.



2. 2008 Milestones and 2009 Challenges

Main Milestones in 2008

Approval by the ACS Group's Board of Directors of the "ACS Commitment to the Fight Against Climate Change".

Maintenance of the ACS Group in the Dow Jones Sustainability World Index.

Investment of €57.1 million in research, development and innovation, up 46% on 2007. This investment is over 5% of ordinary net profit (€1,127 million in 2008).

Recycling and reuse of 37.6% of construction and demolition waste.

Savings of 9.6 million tons of CO₂ as a result of waste treatment, up 84% on 2007.

The proportion of women in the ACS Group rose by one and a half percentage points relative to 2007 figures to 36.2% of the total staff.

A total of 4,105 satisfaction surveys were carried out in 2008, with 88% of replies being satisfactory or very satisfactory

14% increase in the ACS Foundation's investment in social works.

Start-up of Andasol I, the ACS Group's first 50 MW thermal solar power plant, in November 2008.

Objectives and Challenges for 2009

In accordance with the ACS Group's Commitment to combating Climate Change, the Group will continue to develop relevant initiatives in this regard.

Reduction of CO₂ emissions either directly or through the savings arising from the ACS Group's operating activity.

To increase certified activity according to ISO standards in relation to quality and the environment.

To increase investment in R+D+i by at least 10%.

Reductions in electricity, water and gas consumption and in waste generation.

Continued promotion of equal opportunity practices in all of the Group's activities.

Reinforcement of the ACS Group's labour risk prevention systems in all activity areas, in order to improve the work-related accident rate as compared to 2008.

An increase of over 10% in the budget of the ACS Group's Foundation.



Commitment to 3. the Creation of Value

91%

of the production of the ACS Group took place under quality systems based on the ISO 9001 standard.

57.1

million of euros were invested in Research, Development and Innovation in 2008.

13%

total annual return for ACS's shareholders since 1998.

As part of its commitment to sustainable growth, the ACS Group aims to assure that its investments are profitable while guaranteeing high quality operations and financial soundness and efficiency. This simultaneously generates value for three large groups of agents directly or indirectly related to ACS:

- **Value is generated for clients** to which projects and services related to infrastructures and energy are provided.
- **Value is generated for shareholders** through the financial profitability of the investments made.
- **Value is generated for the whole of society** by fostering sustainable economic growth in the countries in which the Group operates.



The ACS Group's activity, which is committed to sustainable growth, directly or indirectly generates value not only for its clients and shareholders, but also for the whole of society.

Creation of value for clients of the ACS Group

In view of the nature of its clients, the ACS Group must constantly strive for excellence in order to guarantee their satisfaction. This objective is achieved through quality and a clear service vocation.

Relationships with clients should be close and focused on tackling problems with the appropriate tools, i.e., a committed team of professionals and reliable technical resources. Each year the ACS Group dedicates significant resources and effort to assuring the availability of these tools through both the hiring and retaining of the talent of its human capital as well as investments in research, development and technological innovation, in order to guarantee the excellence of its activities.

One of the characteristics of the ACS Group is its high level of decentralisation, which is evidenced in all the activity areas in which it competes. This structure allows for a lower level of control and degree of supervision, only affecting decisions which are truly of significance.

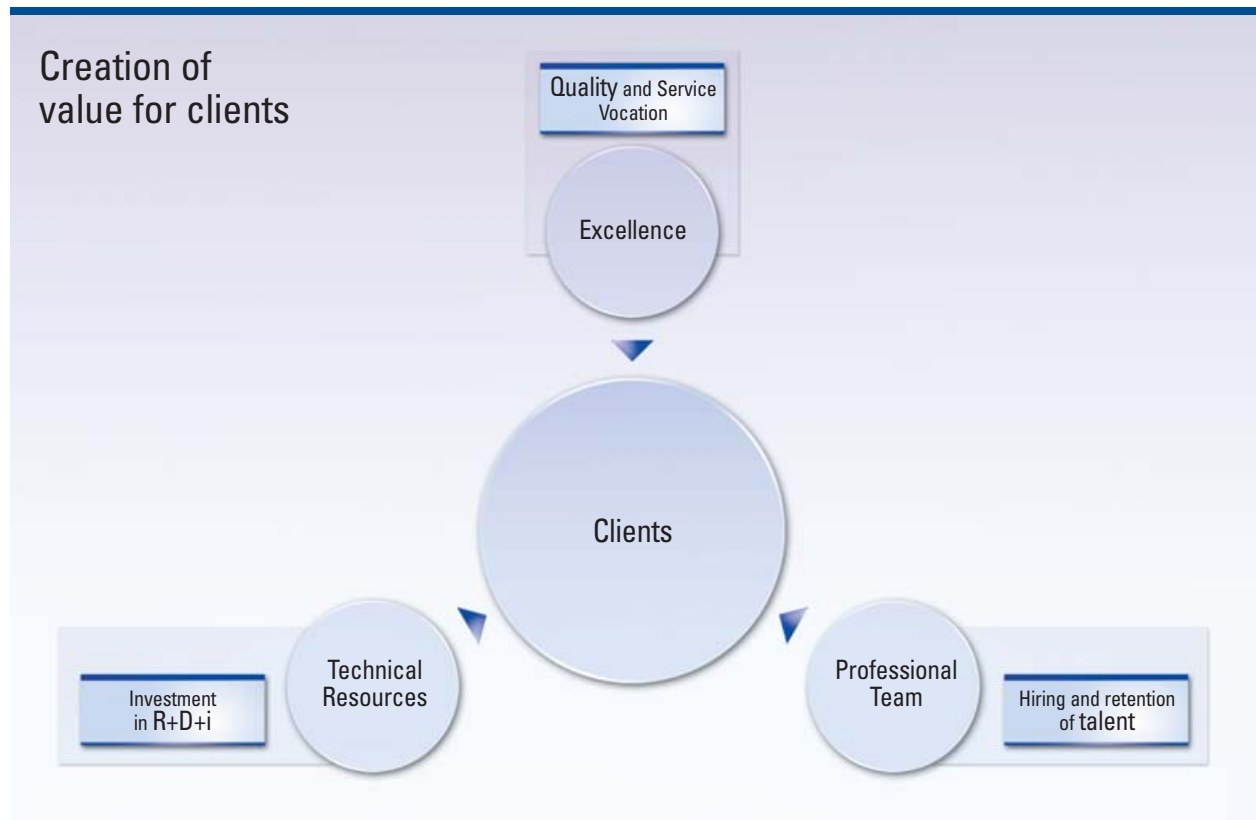
Improvement processes may be implemented on each of ACS activities and each activity has its own management system which allows for independence and self-control and

The ACS Group defines Service Vocation as the appropriate management of its relationship with clients: providing solutions to their problems with a high degree of quality, excellence and flexibility; responding to incidents quickly and efficiently; and guaranteeing a long lasting and profitable relationship.

which, in terms of quality, also fosters the Group's policy of decentralisation and specialisation. These management systems assure that the products are developed in accordance with contractual terms, legal requirements or regulations, and the company's standards in order to guarantee client satisfaction.

The objective is to immediately ascertain the client's opinion and perception of the work performed, detect problems and share possible improvements.

Commitment to 3. the Creation of Value

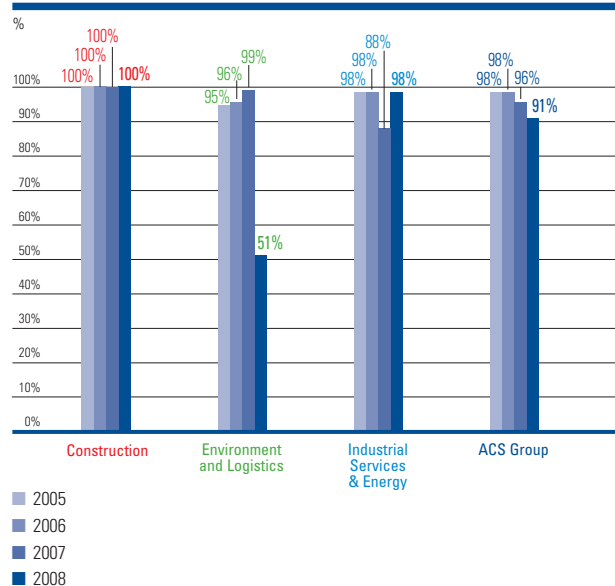


Special emphasis is placed on quality and resources are dedicated to the development of activities which allow for the application of the most appropriate and advanced techniques in all areas. Investing in innovation, efficiency and the improvement of work systems and prioritising the adaptation of the entire organisation to clients is the path which has always been followed by the ACS Group since its creation. In striving for quality, its main goal has always been to be the leading company in the sectors in which it operates.

Since its foundation in 1991, the ACS Group has been a member of the Club de Gestión de la Calidad (Quality Management Association), which exclusively represents the European Foundation for Quality Management (EFQM) in Spain, showing the ACS Group's commitment to quality.

91% of the production of the ACS Group in 2008 took place under quality systems based on the ISO 9001 standard and certified by acknowledged external organisations.

Production certified according to the ISO 9001 standard



Each of the Group companies furnishes information to the Quality Committee, which is responsible for assessing and improving the whole of the Group's quality systems. The Committee is also required to detect existing needs in order to complement the individual procedures applied by each company in its relationship with its clients.

Professional Team: Hiring and retaining of talent

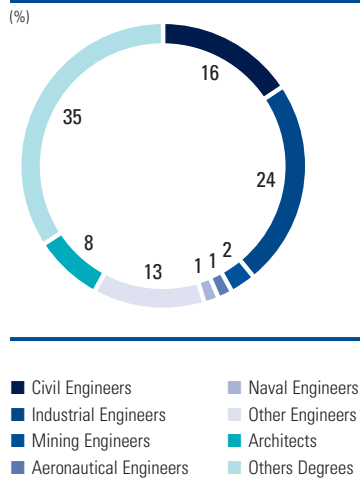
To foster this Service and Quality Vocation, the ACS Group relies on the best of professional teams, as well as technical expertise. Each and every one of the Group's 141,002 employees contributes his or her experience and dedication to improving the quality of the services provided to clients. Given the Group's commitment to excellence, employees assume this responsibility which is part of ACS' idiosyncrasy.

Of all the ACS Group's employees, 13,237 were management or professionals with degrees, 14,078 were technical and clerical staff and 113,687 were specialists and operatives. Of the professionals with degrees, at the end of 2008 the ACS Group employed 6,631 engineers with more than 7 different specialities.

This policy, in addition to motivation initiatives relating to hiring, remuneration and development, encourages the loyalty of professionals with talent.

Its employees are an authentic asset for the company and, accordingly, it is necessary to continuously and efficiently invest in training, professional development support and, mainly, occupational risk prevention policies.

University graduates by type of training



The Annual Training Plan comprises over 1,200,000 hours of study in courses related to all its activities.

Commitment to 3. the Creation of Value

The ACS Group and the companies it comprises have implemented measures aimed at retaining and motivating their employees, especially those displaying high potential.

One of the most significant employee motivation and satisfaction initiatives is the possibility of promotion. The turnover of the ACS Group and the continuous development of the company generate a significant number of annual promotions among the employees who, due to their efforts and efficiency, are nominated for positions of greater responsibility.

All the Group's companies prefer internal promotion to external hiring and only tap the job market when they are unable to find a professional with the desired characteristics within the organisation. Periodic performance evaluations guide employees' career development and offer opportunities for promotion and the compensation of their talent.



Technical Resources: Investment and fostering of R+D+i

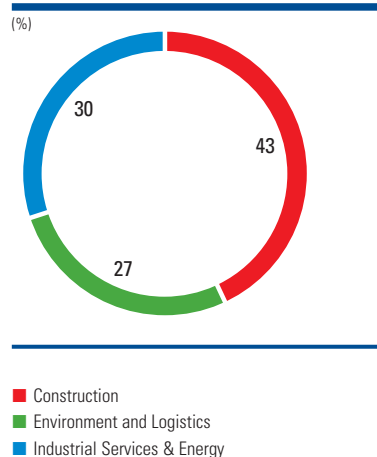
The activities of the ACS Group are highly technical and require all the operating areas to develop projects and programs enabling the most modern techniques to be employed in relation to the products and services offered to clients.

In this regard, the ACS Group continually invests in Research, Development and Innovation. Specifically, in 2008, such investments amounted to €57.1 million, 5.1% of the Group's ordinary net profit. These investments are dedicated to the development of projects leading to tangible improvements in productivity, quality, client satisfaction, work safety, the obtaining of new and better materials and products and the design of more efficient production processes and systems.

This activity is executed through projects performed in collaboration with universities and public and private research bodies, as well as members of consortiums of companies.

Without doubt, this is one of the facets demonstrating the ACS Group's leadership in the industry through its companies heading each activity area. Through numerous Construction projects, their leadership in various environmental research areas and the Group's presence at dozens of universities and in leading projects in Industrial Services are proof of this.

Investment in R+D+i by area of activity





Creation of value for shareholders

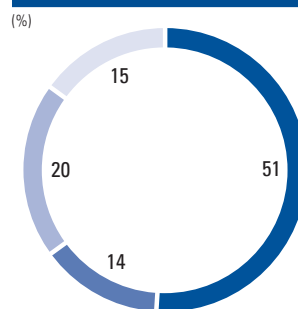
At 31 December 2008, the share capital of the ACS Group amounted to €167,695,213, made up of 335,390,427 ordinary shares with a face value of €0.50 each, all of the same class and series. ACS' shares are listed on the Madrid, Barcelona, Bilbao and Valencia stock exchanges.

The ACS Stock	2001	2002	2003	2004	2005	2006	2007	2008
Closing price	9.13 €	10.22 €	12.90 €	16.80 €	27.21 €	42.71 €	40.65 €	32.65 €
Revaluation of ACS shares	9.16%	11.86%	26.26%	30.23%	61.96%	56.96%	-4.82%	-19.68%
Revaluation of the IBEX 35	-7.82%	-28.11%	28.27%	17.37%	18.20%	31.79%	7.32%	-39.43%
Maximum closing price	11.15 €	12.33 €	13.13 €	17.03 €	27.23 €	43.62 €	50.95 €	40.99 €
Minimum closing price	7.08 €	8.86 €	9.88 €	12.68 €	16.98 €	26.96 €	32.10 €	24.03 €
Average in the period	9.64 €	10.20 €	11.80 €	14.16 €	22.22 €	34.21 €	43.08 €	32.66 €
Total volume of shares (thousands)	155,171	190,174	238,933	312,483	401,440	279,966	417,896	382,506
Average daily volume of shares (thousands)	621	761	956	1,245	1,568	1,098	1,652	1,506
Total effective traded (€ million)	1,496	1,949	2,847	4,563	8,989	9,386	18,003	12,492
Daily average effective(€ million)	5.99	7.80	11.39	18.18	35.11	36.81	71.16	49.18
Number of shares (millions)	192.18	192.18	355.58	352.87	352.87	352.87	352.87	335.39
Stock market capitalization at period end (€M)	1,755	1,963	4,587	5,928	9,602	15,071	14,344	10,950

In a stock market with a falling trend, as shown by the drop of close to 40% in the IBEX 35, the ACS Group's shares fell by 19.68% in 2008, far below the average drop for the construction and services sector on the Spanish Stock Exchange, the value of which dropped by over 47%.

Since the ACS Group's stock is in the form of bearer shares, there is no register of company shareholders. According to the most recent data available, there were 228,884 ACS shareholders in December 2008. The average investment per shareholder was 687 shares which, based on the 2008 year-end share price, represents an average of approximately €22,430. Free-float capital amounts to 46.9%.

Breakdown of holders of capital by type of investor



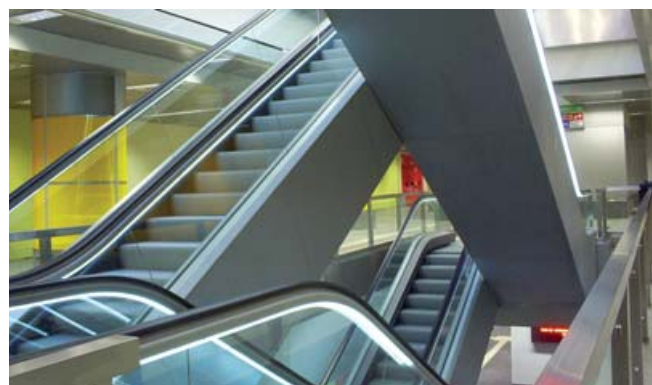
- Reference shareholders*
- Spanish institutional investors
- International institutional investors
- Minority shareholders

* Shareholding of over 5% and representation on the board

Commitment to 3. the Creation of Value

Name of Investee	% Direct ownership	Number of shares directly owned	% Indirect ownership	Number of shares indirectly owned	% Total	Number of controlled shares
Corporacion Financiera Alba, S.A.	0.00%	0	23.28%	78,085,599	23.28%	78,085,599
Corporacion Financiera Alcor, S.A.	0.27%	885,431	12.74%	42,722,033	13.01%	43,607,463
Inversiones Vesán, S.A.	11.57%	38,814,734	0.00%	0	11.57%	38,814,734
Balear Inversiones Financieras, S.L.	0.00%	0	5.26%	17,644,890	5.26%	17,644,890
Total Reference Shareholders	11.84%	39,700,165	41.28%	138,452,522	53.12%	178,152,687
Free float					46.88%	157,237,740
Total					100.00%	335,390,427

Stock exchange evolution



The value of the ACS Group's shares has multiplied three times in the last ten years, which amounts to an annual increase of 11.3% and a shareholder rate of return of 13.3%. Over the same period, the IBEX 35 went from 9,837 points to 9,196, the value at which it closed on 31 December 2008.

The ACS Group cancelled close to 5% of its capital in 2008, equivalent to 17.5 million shares. Likewise, in accordance with that approved by the Extraordinary Shareholders' Meeting of 3 December 2008, 16,746,453 ACS Group shares were redeemed in the first few days of 2009. This reduced the total number of shares to 318,643,974. The objective of these measures is to increase profitability for all the ACS Group's shareholders.

In 2008 the ACS Group was again selected as a member of the Dow Jones Sustainability Index, the most prestigious and important selective stock exchange index assessing the effort made with respect to sustainability policies as well as the commitment made to the general public and to the environment. The ACS Group was admitted to the world category (DJSI World).

The Dow Jones Sustainability World Index (DJSI World) includes the 300 leading companies in terms of corporate sustainability from twenty leading countries worldwide and accounts for 10% of the 2,500 largest companies listed on the Dow Jones World Index. Membership in this index is taken into account by the asset managers of 15 countries and has an influence on decisions taken in regard to investments, since the DJSI indices are used as a reference for the composition of portfolios centred on sustainability.

ACS' inclusion in the Dow Jones Sustainability Index represents an acknowledgement of the Group's effort in recent years in relation to sustainable development and its significance in the company's business strategy.

Creation of Value for the societies in which the ACS Group operates

The ACS Group's mission includes a concept which is part of our commitment to the creation of value: "The search for profitability while improving the society in which we live".

The ACS Group carries out projects for the construction, improvement, maintenance and operation of civil, industrial, environmental and energy infrastructures, including as an investor, employing its own resources in financing these assets for public use. It cannot be doubted that the use and enjoyment of these infrastructures unequivocally benefits the state of well-being of the societies where they are executed. Hundreds of kilometres of roads and railways were built in Spain, Greece, Ireland and the United States in 2008. Waste treatment plants were put into operation at several locations within the Iberian Peninsula, Morocco, France and Latin America and industrial and energy installations are maintained and developed in over 20 countries.

The ACS Group is one of the main direct and indirect employment generating companies. The Group's workforce grew by 6.8% during 2008, reaffirming ACS as an important driver in the generation of wealth for society, its employees, subcontractors and raw material and support services suppliers.



Several of its operating activities also lead to improvements in the environment, contributing a significant benefit to the society receiving these services. ACS treats over 12.6 million tons of rubbish generated by millions of inhabitants; provides water treatment services to over 9.8 million people; and generates sufficient clean electricity through the use of renewable energy sources to save over 1.1 million tons of CO₂ per year, considering the CO₂ that a lignite thermal power station would emit to produce the same amount of electricity.



“All of the ACS Group's activities decisively contribute with economic and social benefits, in addition to forming part of the wealth of the societies they serve.”

Commitment to 4. Information Transparency

[www.
grupoacs.
com](http://www.grupoacs.com)

ACS' website is visited by an average of 2,470 users with over 26,560 pages viewed daily in 2008, more than double the number in 2007.

ACS

is the worldwide leader in the promotion of transport infrastructure projects by number of concessions, according to a survey by the specialised US publication Public Works Financing.



The ACS Group is a member of the Dow Jones Sustainability World Index.





The transparency and rigour in the information transmitted, are the pillars of the ACS Group's communication strategy.

One of the key elements of the ACS Group's strategy to fulfil its mission to satisfy its clients and to generate profitability for its shareholders and the society in which it operates is information transparency. The objective of this strategy is to assure that its activity is as open as possible and that the interests of its clients and other stakeholders are respected. The ACS Group is committed to total rigour in the information transmitted, especially with respect to the media.

The value of information transparency

This general objective of transparency is achieved by following these guidelines:

- Transmitting the Company's overall corporate strategies as well as those specific to each of the Company's business areas to the outside world.
- Projecting the Group's business reality and assuring that the Group is recognised as being sound and well-managed inside and outside of Spain.
- Contributing to the makeup of a positive umbrella corporate image which aids in the achievement of business objectives and commercial activity.

- Maintaining a fluent relationship with external agents, particularly with representatives of the media.

All of the above leads to an increase in the value of the ACS brand and of its different companies and businesses.

The ACS Group's relationship with all forms of media is fluently and transparently framed thanks to the relations set up through the Communications Department, the various media windows established for interviews, press releases and contacts on the corporate website, as well as via the Chairman and General Manager's meetings with journalists.

Commitment to 4. Information Transparency

The definitive information tool: the ACS Website

The www.grupoacs.com website is a Group commitment to communication and transparency. It represents a pledge to clarity, accessibility and information.

The Group's website fulfils a series of objectives:

- Opening a "window" to society through which the company may be analysed with greater transparency and ease.
- Maintaining a permanent channel of communication with the Group's priority collectives and with any individual or company seeking any type of information on the Group.
- Openly offering all economic and financial information on the Group, its systems of governance and management and the activities it undertakes.

- Allowing the search for historical information on the Group for a more thorough analysis of trend and performance.

- Maintaining up-to-date information on the performance of the Group and the criteria behind its management.

ACS' website is visited by a daily average of 2,470 users, with over 26,560 pages viewed.

Similarly, to aid in their commercial and informational activity, the heads and subsidiaries of the ACS Group own and promote a large number of complementary web pages and information portals, intranets, online tools and remote reporting and training systems.

	Total 2005	Total 2006	Total 2007	Total 2008	Daily average 2008
Visits to the www.grupoacs.com portal	262,699	355,543	767,039	901,375	2,470
Pages seen	5,396,472	5,569,879	4,772,895	9,694,451	26,560





Information transparency, the pillar of the ACS Group's excellent reputation

The measures aimed at promoting information transparency affect the Company's reputation, the extension of its corporate values and technical capacities and the broadcasting of its business success. In 2008, this was reflected in the numerous mentions and acknowledgements of the ACS Group in different forms of domestic and international media, of which most noteworthy were the following:

- One of the largest contractors worldwide, and one of the twenty most internationalised companies in the industry, according to the Top Global Contractors 2008 ranking published by the prestigious US engineering and construction magazine Engineering News Record (ENR).
- The magazine Fortune placed ACS in sixth position among Spanish companies with the largest turnover from the 500 most important companies in the world. It led the risers in the ranking on climbing 143 positions and is the third ranked domestic company among the top twenty in the world in increase in income.
- Member of the Dow Jones Sustainability World Index, placing the ACS Group among the worldwide leaders in sustainable development.
- ACS appears in position 471 in the Financial Times Global 500 for 2008, in the 12th edition of the FT's annual ranking of the world's largest companies.
- Worldwide leader in the promotion of transport infrastructure projects by number of concessions, according to a survey by the specialised US publication Public Works Financing (PWF).
- ACS was presented with the "Gold Award" granted by the Canadian organisation commissioned to manage projects combining public and private initiatives, The Canadian Council for Public-Private Partnerships.
- The specialised publication for the PFI sector awarded the ACS Group the "North American Deal of the Year" prize highlighting the award of the A-30 highway in Canada as the financial operation of the year in the sector.

Communication and transparency of information reported to markets

The shareholders' right to information is detailed in several parts of the Shareholders' General Meeting By-laws. Hence, in order for the Shareholders' Meeting to properly serve the function for which it was designed, the Board of Directors of the Group makes available to all shareholders, prior to each Shareholders' Meeting, all the information which is legally required to be provided to them, in addition to information that is not legally required to be provided but that reasonably should be made available given the interests of the company and of the shareholders for them to form their opinion. In this regard, the Group makes every effort to respond duly to the requests formulated by shareholders for the purpose of the General Shareholders' Meeting, regardless of whether said requests are formulated before or after Shareholders' Meetings, provided that the Company's interests are not jeopardised.

The ACS Group uses different channels to meet its commitment to communication and transparency, in order to foster the flexibility and fairness of the information published in an immediate manner and with greater reach.

Information reported to the market

The ACS Group uses the Spanish Stock Market Commission as the main channel by which to communicate and announce its performance and principal undertakings.

Throughout 2008, 30 Communications were made, of which 28 were "Relevant facts" and the rest were "Other Communications".

Additionally, in 2008, the Group made 7 corporate presentations at specialised events held in Europe and the USA, and held over 300 meetings with institutional investors.

Financial information

The ACS Group makes annual and quarterly standardised financial reports and reports on the Group's performance available and also responds to requests for information by holding meetings with other market agents. These meetings are meant to complement the Group's reporting efforts and the objective thereof is to clarify information already published in accordance with investors' and shareholders' needs.



For further information, see the webpage www.grupoacs.com.

Commitment to Research, 5. Development and Innovation



24.6

million of euros invested in R+D+i in the Construction area.

15.2

million of euros invested in R+D+i in the Environment and Logistics area.

17.3

million of euros invested in R+D+i in the Industrial Services area.



The ACS Group is a company which evolves each year and adapts to the needs of its clients. The diversification process undergone by the ACS Group over the years has led it to undertake a wide range of activities, each of which has its own features and approaches innovation and development in a different but decided manner. This commitment to innovation is the ACS Group's response to the growing demand for process improvements, technological advances and service quality by clients and the society which the Group serves.



Each year, the investment and effort made in research, development and innovation is increased, resulting in tangible improvements in productivity, quality, client satisfaction, workplace safety, the obtaining of new and better materials and products and the design of more efficient production processes and systems.

In 2008 the ACS Group invested €57.1 million in projects relating to research, development and innovation.

For each area of activity, the Group has assigned a Technological Development Committee, whose function is to promote and analyse the Group's technological development and innovation initiatives in the fields of technology, machinery and equipment and in the improvement of procedures within the company's different activities.

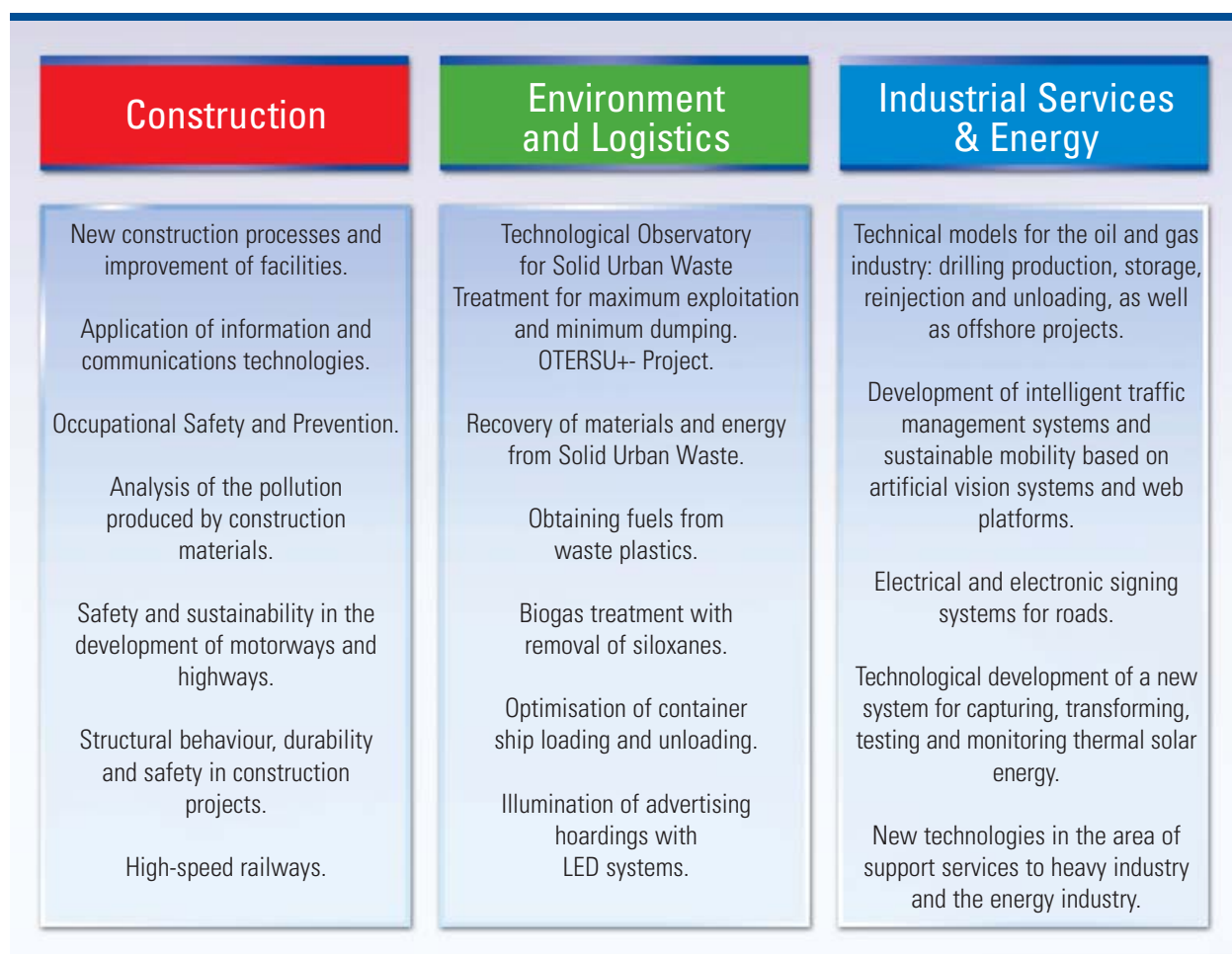


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The ACS Group leads its sector in terms of R+D+i efforts.



Commitment to Research, 5. Development and Innovation

Main areas of investment in R+D+i by the ACS Group





Construction

Activity in R+D+i grew in the Construction area in 2008 as the consequence of the creation and start of activities of a new R+D+i Management body to coordinate the R+D+i efforts for all the ACS Group's construction companies. Its main activities since its creation have been:

- To reorientate the R+D projects, prioritising those with expected results of interest to the companies which could be incorporated into production.
- To promote interaction between R+D+i and the companies' Management, Departments and Works.
- To drive the coordinated strategy of the ACS Group's construction companies by setting up the Committee for the coordination of R+D+i between these companies. Interaction between the companies has been encouraged in this way to:
 1. Increase the visibility of the companies' R+D+i.
 2. Promote the pooling of information on R+D+i.
 3. Boost coordinated work on R+D projects.

Investments in R+D+i in the Construction area exceeded €24.6 million in 2008.

In the ACS Group's Construction area, work is being carried out in many R+D projects, many of them with partial public financing and collaborating with other companies and with research bodies, outstanding among which are:

- Centre for Public Works Studies and Experimentation (CEDEX).
- Universities: Politécnica de Madrid, Politécnica de Cataluña, Cantabria, Valencia, Carlos III de Madrid.
- Research Centres: IETcc and Jaume Almera belonging to the Spanish Research Council (CSIC), Ciemat.
- Technological Centres: Cartif, Aitemín, Aídico, Labein.

Commitment to Research, 5. Development and Innovation

The company participates in research forums, among which are:

- Construction Technology Platforms (European and Spanish), leading the Spanish Platform.
- ENCORD European Group.
- Advisory Council to the European Commission's Seventh Framework Programme (NMP area).
- Spain's CEOE employers' association Technological Innovation Commission, SEOPAN export group R+D+i Commission and Civil Engineers' Association R+D+i Commission.

The main European and domestic R+D projects in which the company took part during 2008 were:

Underground construction

- Tunconstruct: Tunnel project, construction and maintenance.
- Multidimensional City.
- Fire resistant dual layer voussoir.
- Recycling of excavated materials as fill aggregate for the intrados in a tunnel.
- Recognition of terrain in front of the tunnel borer.
- DRAGARITA: Robot for tunnel inspection.

Infrastructures for surface transport

- SKIDSAFE: Enhanced Driver Safety due to improved Skid Resistance.
- CLEAM: Sustainability in transport infrastructures.
- OASIS: Optimisation of motorway use.
- DIASTIC: Automatic detection and identification of traffic signals in the Roadway Inventory.
- Elimination of expansion joints in old bridges.
- Road surface renewal in an operating urban tunnel stretch.
- State-of-the-art anchoring system for ties in bridges.
- Machine for unloading and positioning tracks on rail crossings.
- Complete reuse of ballast removed in track renewals.

Marine works:

- SAYOM: Prediction of swell and interaction with marine works.
- DYNAPORT: Durability of port works.
- DILAPE: Vertical breakwaters with pendulum plates to deaden the incident swell and extract energy.
- Port caissons with 100 year service life.



- Foundations for Offshore wind turbines in deep water (30 to 60 m deep).
- Submarine ducts with greater capacity, depth and length.

Building

- ManuBuild: Open building industrialisation.
- I3CON: Industrialised, intelligent and integrated construction of buildings.
- INVISO: Industrialisation and sustainability of buildings.
- ARFRISOL: Bioclimatic architecture.
- Automation in buildings, artificial intelligence, energy management.

ICTs

- Electronic delivery registers in concrete and asphalt agglomerate floors.
- Traceability system for prefabricated concrete and GRC items.
- Management of resources and construction processes.
- Laser monitoring.
- SICURA: Augmented reality applied to the maintenance of tunnel borers and to construction in building works.

- SAMCI: Advanced sensors and continuous monitoring of structures.
- Telemonitoring of the water-soil-floor-atmosphere system.
- Detection of personnel close to large moving machines.

Others

- TailorCrete: Elements in concrete with complex shapes.
- Robot@CWE: Robot/human interaction.
- PATRAC: Accessible cultural heritage. A no-barriers culture.
- DEX: New materials from GRC.
- Pre-shaped retaining system.
- UPSOIL: Sustainable Soil Upgrading by developing cost effective, biochemical remediation approaches.
- Biological treatment with submerged membranes for reuse of urban waste water.
- System for the detection of volatile compounds, electronic nose, for the preparation of a smell map for a waste water purification plant.
- In situ purifier mud pond treatment.
- Diffusion of pollutants in urban waste dump barriers and the trend over time.



Commitment to Research, 5. Development and Innovation

The SAYOM Project

Outstanding among these activities is the SAYOM Project to assist in the planning, construction and operation of marine works. This is a Concerted Industrial Research Project (PIIC) led by Dragados and partially financed by the Spanish Ministry of Science and Innovation's Centre for the Development of Industrial Technology (CDTI).

In this two-year project, Dragados has contracted the Ocean & Coastal Research Group (GIOC) from the Universidad de Cantabria and the Spanish International Centre for Numerical Methods in Engineering (CIMNE) as collaborating bodies. It also has the support of the Spanish State Ports as the Observing Promoter (EPO).

The objectives of the project are:

- The development and implementation of a system serving to prepare works plans optimising Dragados' resources and means for the execution of its most important marine works.
- To be a complementary aid to decision making during the process of execution and operation of the work.
- All of the above with the aim of contributing to guaranteeing safety.
- That it is possible to generalise the system for application independent of the location of the work.
- That once the system is implemented it can serve the receiving port as a tool for the optimisation of operations and exploitation.

The project consists of the development of previously trained expert systems with extensive case libraries. The result is a real time Decision Support System (SAD) based on the available marine climate predictions.

In order to carry out the project, it has been necessary to develop several applications based on the most advanced techniques in the field, representing significant innovations in the state-of-the-art, such as:

- The spatial calibration of databases of swell reanalysis.
- The use of satellite data for the validation of these calibrations.
- The development of expert systems combining swell propagation models according to the different characteristics of sea conditions.
- The classification of sea conditions based on self-organising neural network techniques.

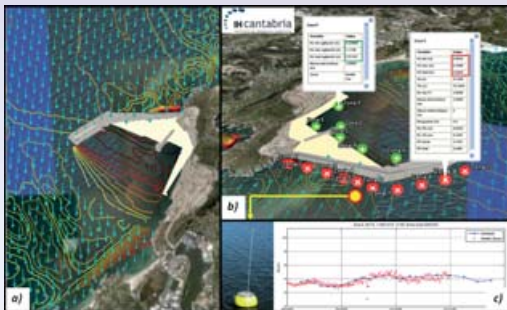
- The study of the interaction with the work in its different execution phases, with analysis both in plan view (for the determination of internal agitation regimes) and in provisional and definitive sections (run-up and overflow regimes).
- The development of the Swell Early Warning Program (PATO), based on the techniques developed in the above points, the result given from which is the possibility for working or not on the different faces and different parts of the work according to predefined thresholds.
- The development of marine climate predictions for the medium term (up to 6 months).
- The analysis of the interaction between swell and structure (provisional and definitive) using Particle Finite Element Models (PFEM), in both 2D and 3D, to determine the three dimensional effects with oblique waves, especially for three specific applications:
 - Analysis of the stability of provisional construction sections.
 - Analysis of caisson anchoring viability.
 - Analysis of the impact caused by overflow over crowning equipment.

All these developments are being implemented in their first version in the work for the New Port Installations at Punta Langosteira, although the system is transferable to other locations provided that the corresponding databases are available or are generated. The application of SAYOM in the work has three parts, some of which are currently being developed:

- Swell Early Warning Program (PATO): Application from IH Cantabria for the prediction of swell at the breakwater, always based on official prediction sources (AEMET, the Spanish metrological office).
- Internal agitation: Determination of the internal agitation regimes for the various geometries considered in plan for the outer breakwater previously set from the work.
- Application of the PFEM: The PFEM from CIMNE is proposed with three applications considered as independent Decision Support Systems:
 - A System to determine the effect of overflow on the crowning equipment.
 - A System to determine the stability of advance provisional sections, including three dimensional effects produced by oblique waves.
 - Finally, a System to determine the viability of caisson anchoring for the quay under certain conditions of internal agitation.



The PATO program: selection of zones and faces for two specific scenarios.



Example of the result from the warning system: a) Propagation of sea condition, b) interpretation of operational shutdowns at different kilometre points along the main breakwater and c) real time comparison of significant wave height prediction. Data simulated using PATO (blue line), data measured by the buoy (red points).



New Port Installations under construction at Punta Langosteira (aerial view).

Commitment to Research, 5. Development and Innovation



The OASIS project

The OASIS Project should also be mentioned. The main objective of this is to define the motorway of the future, which will give superior levels of safety, service to the user and sustainability in operation. This is a four-year project being carried out in the framework of the CENIT programme and is aimed at the operation of motorway concessions. Its detailed objectives are as follows:

- **Improve the service to the end user** by reducing service interruptions due to road surface maintenance tasks and to reduce congestion through assistance from intelligent services.
 - **To increase safety** by means of new design solutions from the passive safety point of view and new concepts for active safety services, preparing the infrastructure for the introduction of cooperative systems.
 - **To contribute to the sustainability** of the motorway through the reduction of its energy footprint and its dynamic integration into the environment in the exploitation phase.
- The following developments are being made, among others, in order to achieve these objectives:
- Techniques for restoration of road surfaces based on the development of high modulus mixtures with high contents of recycled material from removed asphalt layers.
 - Drainage systems which permit improvements in their installation and subsequent maintenance.
 - Models for predicting the service life of roads.
 - Immediate and continuous monitoring of infrastructure condition to optimise maintenance or repair actions.
 - Sensors to measure roadway deterioration, to collect information on road surface condition from vehicles (v2i).
 - Application of ICTs to traffic management and safety.

The SKIDSAFE project

A calculation program based on a micro-mechanical and multi-physical model for predicting the reduction in grip between the tyre and the road surface, in the dry and in the wet, as a function of the rolling surface composition and the traffic characteristics.

This is a project being carried out within the European Union's Seventh Framework Programme. A multidisciplinary team has been set up to develop the models and carry out the tests to be able to predict road surface grip as a function of the characteristics of the materials making up the road surface and the external conditions.



Study of the diffusion of pollutants in urban waste dump barriers and the trend over time

The objective of this project is to study the properties which promote mechanisms for retaining pollutants in the materials which make up the barriers delimiting urban solid waste dumps. The intention is to develop models which take such pollutants into account and enable the behaviour of the most appropriate barriers to be simulated and evaluated a priori in the future development of these infrastructures.

Likewise, a project is being carried out in parallel for sustainable improvement of ground by means of the development of efficient oxidation and reduction decontamination technologies (passive treatments), with the objective of developing new techniques and methodologies for "in situ" decontamination of soils. It is based on sustainable actions taking into account aspects relating to the preservation of the soil's properties and functions, making it possible to take advantage of natural attenuation together with the treatments to be applied.

Accessible Cultural Heritage: R+D+i for a no-barriers culture

The objective of this project is to develop strategies, products and methodologies to facilitate access to, viewing of and attraction to parts of Spain's Cultural Heritage in a non-discriminatory manner by people with disabilities, compatible with the demands of the monument. Diagnostic techniques have been applied to studying Spanish Cultural Heritage and its setting and developing the products and systems necessary to ensure accessibility to Heritage sites and their implementation and validation.



Commitment to Research, 5. Development and Innovation

Environment and Logistics

The investment in R+D+i in the Environment and Logistics area during the financial year was focussed on maximising exploitation of the energy which can be extracted from wastes, minimising dumping, reducing atmospheric emissions, the recovery of materials and plastics, optimising the loading and unloading operations for ships and the implementation of LED technology in advertising supports.

A total of €15.2 million were invested in R+D+i projects in the Environment and Logistics area in 2008.

In the field of Industrial Research and Technological Development, 11 projects are being carried out, from which the following need to be summarised:

Technological Observatory for Urban solid waste Treatment for maximum exploitation and minimum dumping. OTERSU+- Project

From 2006 to 2009, the objective of this €20 million project backed by the Spanish Centre for the Development of Industrial Technology (CDTI) is to increase the amount of recoverable by-products arising from the waste delivered to the treatment centre. For this purpose, processes which will include all possible treatment alternatives are to be researched.

This is a project for which a consortium of 9 organisations was formed. The consortium is led by Urbaser, the head of the ACS Group's Environment area and each of the organisations has entered into a cooperation agreement with Public





Research Bodies for a term of four years in relation to the following lines of research: Pre-treatment, biomethanization, recovery, composting, control system, environmental control and diffusion.

The planned experimental plants were installed during 2008 to enable us to carry out research at an appropriate scale to obtain results which can be extrapolated to improvements in real plants.

Recovery of urban plastic waste by means of its transformation into fuels of the gas-oil and fuel-oil type

The project objective is to obtain fuels from plastic wastes and laboratory scale trials have been carried out for the purpose using different catalysts.

The results have enabled data to be obtained on the optimum temperature ranges for thermal cracking of polyethylene plastic wastes (350 - 450 °C) in order to produce mainly gas-oil type hydrocarbons. Likewise, information has been collected and analysed on existing hydrocracking catalysts.

The main conclusion from this research is that it has demonstrated the viability of obtaining gas-oil type hydrocarbons from polyolefin plastic wastes. Work is being carried out based on the experimental data in scaling up to a pilot plant to be more representative of industry.

Pilot plant and project for the demonstration and elimination of silicon by-products in landfill biogas recovery processes

This project seeks to clean landfill biogas by eliminating the siloxanes from it in order to be able to use this gas for the production of electricity using motors. Several lines are being worked on by applying different technologies (adsorption and absorption).

The most outstanding step in 2008 was the carrying out of trials on a plant with a flow rate of 900m³/hour of biogas with different types of absorbent materials in order to study the associated performance and costs. Contact has been made in parallel with new organisations in order to seek materials to replace the present ones and methods for analysing siloxanes.

Illumination of advertising boards with an LED system to replace fluorescent lights, with the objective of reducing electricity consumption and hazardous wastes

This project consists of installing LED lamps, with 72 W consumption, in advertising boards on the Madrid Metro to replace 10 fluorescent tubes with 580 W consumption. The external appearance of these elements is outstanding, adapted to an innovative design criterion both from the point of view of concept and final appearance. They have a narrow profile, 68 mm, which does not impinge on the eye in passing, but at the same time they have a large advertising area of 3 m² which makes them very efficient given the special features of metro corridors.

Likewise, due to the elements used, great performance is achieved with low maintenance with a useful life beyond any applicable guarantee. The only proviso is the need to replace the strips of LEDs once every five years approximately. This replacement does not involve any loss of time as it can be carried out at the same time that the advertising poster is changed since they are built into the electrical frame within the system for fixing the poster.

Project to develop a bulk solid mineral terminal in the Port of Valencia: Reduction of dust and increase in ship unloading performance

The project is based on the execution of a loading and unloading terminal for bulk solids located on the Xita Quay in the Port of Valencia.

The main mission of this terminal is to eliminate the environmental pollution caused by the emission of dust from the bulk powdered mineral solids handled in the Port of Valencia by improving the operations to be carried out within the port using appropriate equipment and installations with their systems to prevent and control the emission of dust and to eliminate the current environmental impact.

Unloading takes place using three mobile cranes with three mobile ecological hoppers which feed the conveyor belt running along the quay with a capacity of 3,000 tons per hour, preventing the emission of particles and dust into the atmosphere.

Commitment to Research, 5. Development and Innovation

Industrial Services & Energy

Within the Industrial Services area, investments in R+D+I focused on technological improvements in the electricity area, the technological evolution of offshore platforms and urban control systems.

Outstanding in 2008 was the capacity of the ACS Group's Industrial Services area to carry out research in the areas of renewable energy, support to oil drilling, extraction and transport, especially offshore, and the projects for railway electricity supplies and traffic control. The most noteworthy activities were the following:

Development of a new system for capturing, transforming, testing and monitoring thermal solar energy

The project is made up of two differentiated parts. On one hand the intention is to design and build a new SENERTROUGH parabolic trough collector (PTC) and on the other hand to design and build a mobile unit to enable monitoring and testing of any loop or PTC without the need to build the plant completely.

The parabolic collector designed looks to develop an alternative domestic technology which is more efficient

and economical than the German SKAL-ET collector. This collector gives structural advantages which bring benefits in terms of both manufacturing and assembly costs and in its performance.

Another main objective of the project is to develop a mobile unit to permit monitoring and testing of any loop formed by solar collectors under operating conditions. This mobile unit will enable the SENERTROUGH to be tested and any other loop as well, all without the need for the whole thermal solar plant to be built.

The technological results obtained from the project are important. The attempt is being made to improve the existing design of a parabolic trough collector. The improvement of this design represents an increase in the energy efficiency of parabolic trough collectors, which directly affects the amount of electrical energy which can be obtained from this technology.

The importance to the business of the proposed project objectives is enormous. If success is achieved in improving the profitability of electricity generating systems using parabolic trough collectors, this technology may undergo the same expansion as wind energy and go from an experimental and minor technology to one with significant economic weight. Therefore, any initiative in this area may have great economic repercussions in the future.



Basic design and viability study for a new structural configuration for Semi-Submersible Platforms specialised in Deep Water operations

The main objective of this project is to design and develop a semi-submersible platform with structural and fluid-dynamic characteristics which improve on the properties of traditional semi-submersible platforms. With the new development for the structure, it is intended to obtain a better distribution of loads and a reduction in the weight of the platform, which directly affects its total cost. Improving the fluid dynamic properties of the platform will also enable its displacement capacity to be increased.

Development of the Ticketing System integrated into the ETRA Group's Operation Aid System (SAE)

The solution supplied by the ETRA Group in the public transport sector for passengers enables all the onboard management and control functions to be unified in a single onboard item of equipment, a single installation and a single control system. This represents an optimisation of the resources not just on the bus, but also in the management system itself, as it requires a single system to be maintained and controlled in real time as against the duplication of elements in other solutions.

The ticketing system integrated into it has been implemented over recent months in the cities of Santander, Vitoria and Albacete, as well as by the Transport Consortium in Mallorca. Different standards of contactless cards and advanced fare management functions, such as transfers to other means of transport and intermodal compensation, have been integrated in the different installations.

The total investment in R+D+i in the Industrial Services Area amounted to €17.3 million in 2008.

Study of the transformation of RENFE overhead power cables to adapt them to UIC and mixed gauges

This project arises from the decision of the Spanish Ministry of Development to transform the current railway network with its RENFE gauge (1,668 mm) to the international UIC gauge (1,435 mm). The consequences of this decision do not only involve actions on the rails for the lines, but also on the installations equipping the line. This project explores two possibilities:

- Installing double width sleepers, installing the UIC gauge rails and removing the RENFE gauge rails as the two cannot coexist. In this case the trains will run using alternating current, with which the interaction on the current 3 kV DC overhead cable and its transformation to enable trains to run from 25 kV will be studied. Hence it will be necessary to analyse and establish the actions on the installations equipping the current lines, giving priority to the most relevant lines which will be transformed first and on which the attempt will be made to make maximum use of the existing installations.
- The installation of three tracks, one in common to the two gauges and another for the UIC gauge, and displacing the axis of the track by half the difference between the two gauges. This second solution will enable the trains to run with alternating current at 25 kV and the alternative running of trains at RENFE gauge supplied with direct current at 3,000 V. For this second case it is necessary to design an overhead power cable which enables trains to run at both voltages, including the grounding protection system, which is different when the supply is alternating current (with grounded rails) from when the supply is direct current (with insulated rails). It is also necessary to design an overvoltage protection system, which with alternating current is made using surge diverters located in the substation, while for direct current it is formed from lightning conductors located along the line.

As all these systems cannot coexist when trains are running at one or other supply voltage, it is intended in the project to design and implement an intelligent system which detects the type of train which is to run and sets a protocol for the action of the isolators (switching devices), enabling the trains to run safely.



Commitment to 6. the Natural Environment

87%

of the Group's production takes place in companies that are certified in accordance with ISO 14001.

37.6%

recovery rate in 2008, favourable trend in the management of construction and demolition waste.

400_{MW}

future installed capacity. ACS Group is pioneering the development of thermal solar plants.



ACS Group activities have a very significant impact on the environment. The development of infrastructures leads to changes in the environment resulting from the use of materials, fuels and energy (both at the time of construction and over the life of the various infrastructures) or from the generation of waste. It may also give rise to visual effects and effects on the landscape and all of these impacts may be either positive or negative.



Given the commitment of ACS to the natural environment, it undertakes specific measures in relation to each of the Group's activities in order to improve overall results, decrease risks and preserve, reuse and reduce the resources employed.

“Everyone has the right to enjoy an environment appropriate for the development of the person and the duty to preserve it”.

The axiom above is the point of departure for ACS Group activities. To monitor these activities, an environmental policy has been established the criteria for which are known, shared and put into practice by all the Group companies.

One of the objectives of each work centre is to draft and implement an Environmental Plan in each of its activity areas. During the annual review of the environmental management system performed by management, each Group company establishes its environmental objectives in accordance with ACS Environmental Policy. These objectives are determined by taking into account, inter alia, the most significant impacts of its activities and the changes in the laws in force.

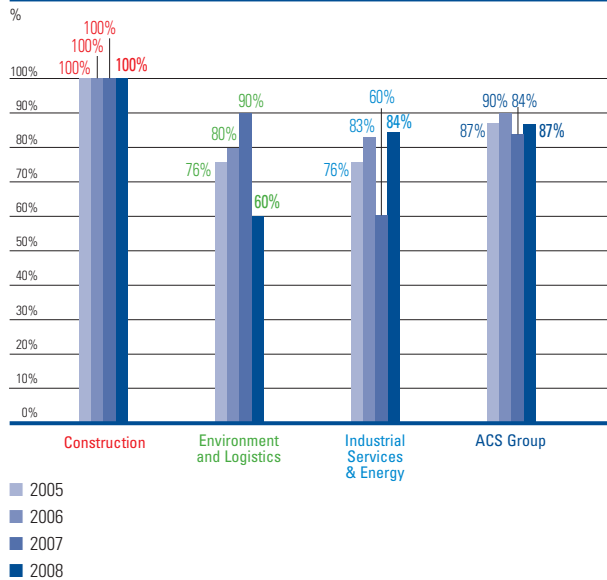
At the different work centres, these objectives are laid down in the Environmental Management Programme which includes the goals to be met, the measures required, the resources necessary, the responsible parties and the deadlines.

Currently, 87% of the Group's production takes place in companies that are environmentally certified in accordance with the ISO 14001 standard.

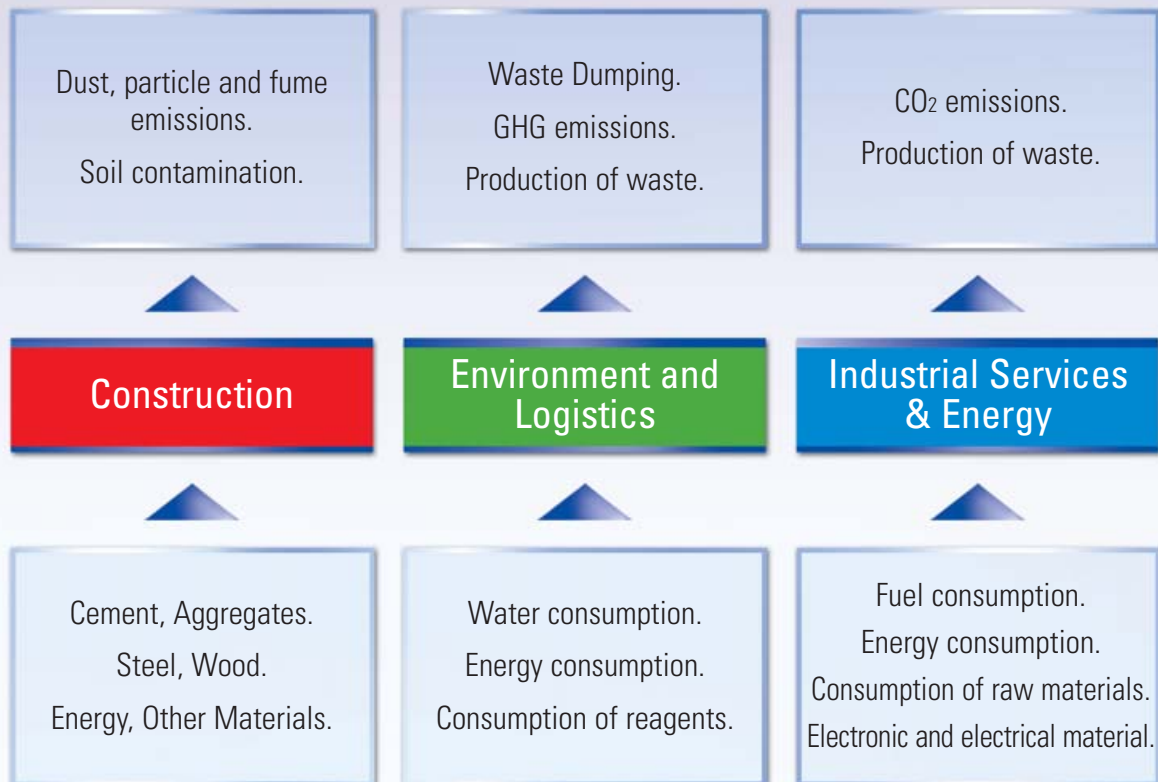
The ACS Group carried out 396 environmental audits during 2008, complementing its continuous process for certification and control. During the year 1,217 environmental incidents occurred with different impact levels, but only 28 of these involved the origination of minor sanctioning administrative proceedings.

Commitment to 6. the Natural Environment

Percentage of production Environmentally certified according to the ISO 14001 standard



Main impacts of ACS Group activities





The results of the combined analysis of the different activities and an aggregated summary of the environmental indicators corresponding to 2008 are as follows:

Area of Activity	Construction	Environment and Logistics	Industrial Services & Energy	ACS Group
% of total sales 2008	41%	19%	40%	100%
Materials used	Cement, steel, aggregates, chemical products, wood	Solid urban waste, hazardous waste for recycling, cleaning products, diesel fuel	Steel and other metals, oils, chemical products, cement, electronic materials, aggregates, wood, paper and cardboard	
Consumption of energy broken down by primary source				
Petrol + diesel consumption (Million litres)	18.6	51.8	21.1	92
Natural gas consumption (m ³)	377,347	6,321,263	41,591	6,740,201
Electricity consumption (GWh)	69	129	46	245
Total (toe)	25,588	71,080	25,837	122,505
<i>% of total ACS Group sales represented by the data obtained</i>	<i>41%</i>	<i>19%</i>	<i>38%</i>	<i>98%</i>
Water consumption				
Obtained from the public mains (m ³)	1,113,811	1,628,904	144,570	2,923,286
Obtained from other sources (m ³)	1,169,860	691,997	831	1,862,688
Total (m³)	2,283,671	2,320,901	145,401	4,749,974
<i>% of total ACS Group sales represented by the data obtained</i>	<i>41%</i>	<i>19%</i>	<i>38%</i>	<i>98%</i>
Total waste water dumped				
To the public network (m ³)	Not available	142,847	94,168	237,015
Drainage to the sea or rivers/lake (m ³)	Not available	2,398,012	0	2,398,012
Total (m³)	Not available	2,540,859	94,168	2,635,027
<i>% of total ACS Group sales represented by the data obtained</i>	<i>0%</i>	<i>13%</i>	<i>33%</i>	<i>46%</i>
Total direct and indirect greenhouse gas emissions (t)	95,091	23,780,922	31,108	23,907,122
<i>% of total ACS Group sales represented by the data obtained</i>	<i>41%</i>	<i>19%</i>	<i>38%</i>	<i>98%</i>
NOx, SOx and other significant emissions to the air				
NOx (t)	0	393.7	0.37	394.0
SOx (t)	0	41.2	0	41.2
Other gases (t)	Not available	10.2	0.02	10.2
<i>% of total ACS Group sales represented by the data obtained</i>	<i>41%</i>	<i>9%</i>	<i>26%</i>	<i>76%</i>
Savings of greenhouse gas emissions (t)	0	9,633,584	1,170,000	10,803,584
<i>% of total ACS Group sales represented by the data obtained</i>	<i>41%</i>	<i>19%</i>	<i>38%</i>	<i>98%</i>
Non-hazardous waste managed	Excess excavated soil and construction and demolition waste (debris, wood, plastic, paper and cardboard and metals)	Waste resulting from the treatment of wastes, urban waste	Paper, cardboard, wood, electronic waste, scrap, urban waste	
Total Tonnes	43,479	22,200,266	10,515	22,254,260
<i>% of total ACS Group sales represented by the data obtained</i>	<i>41%</i>	<i>19%</i>	<i>40%</i>	<i>100%</i>
Hazardous waste managed (t)	6,162	224,282	341	230,785
<i>% of total ACS Group sales represented by the data obtained</i>	<i>41%</i>	<i>19%</i>	<i>40%</i>	<i>100%</i>

Commitment to 6. the Natural Environment

Construction

The ACS Group is aware of the effect the construction activity has on the natural environment. Although this effect is temporary in nature, it can affect its different elements: water, atmosphere, soil, natural setting, biodiversity, etc.

For this reason, its companies have systems for environmental management integrated into their general management system. The main objective of its implementation in each work is to eliminate or minimise possible effects by identifying the different environmental aspects which may occur and evaluating them according to criteria based on scale and the characteristics of the environment. Based on this, a set of preventive measures or Good Practices are implemented, aimed at the sustainability of the environment and compliance with legal requirements.

Specifically, a series of measures are adopted aimed at preventing water pollution, soil contamination, atmospheric emissions and effects on natural species, both flora and fauna, as well as the effects incidents cause on people's everyday lives.

Among the main effects from the sector, it is worth highlighting the following:

Use of natural resources

During the construction phase it is necessary to employ the materials the project demands, hence the selection and use of certain materials and resources are not attributable to the execution phase.

However, the construction activity faces the challenge of optimising the consumption of these resources, preventing loss of materials which, due to incorrect storage or them becoming obsolete, finally converts them into waste. In addition, through appropriate recovery of the waste generated in the work, the contribution of new resources can be reduced.

Atmospheric emissions

Emission of dust and particles is a temporary effect with a varying level of intensity originated in works as a consequence of carrying out a series of activities, outstanding among which are the use of machinery and demolition, both in buildings and other elements.

Preventive measures focus on periodic watering of tracks and stores to minimise the presence of dust caused by passing machinery.

Noise and vibration

The generation of noise, also a temporary effect with a variable level of intensity, is caused in works as a consequence of carrying out a large number of activities. Abatement efforts are centred on the adoption of a series of actions resulting in the achievement of lower noise levels or reduced nuisance for those affected.

Generation of waste

The generation of waste can be considered to be the main environmental problem from the construction activity as, historically, its inadequate management has contributed to environmental degradation. Conscious of this situation and problem, the ACS Group's companies have been developing policies aimed at reducing and correctly managing waste originating in the work.

Additionally, public authorities try to correct that situation through the adoption of specific new regulations for the construction sector.

Biodiversity

Construction activity also impacts biotic factors such as the flora or fauna present in the setting of the work. For this reason the conservation of the flora and fauna is another of the environmental principles in the planning and preventive measures adopted in the work. These measures are based on physical protection, transplanting or transfer, as well as considering life cycles in activity planning.

Urban environment

Another of the main impacts on the community is located in the urban environment itself where part of our activity takes place. For this, a set of measures is adopted which tend to minimise the nuisance and interference in daily life, such as establishing alternative roads or routes when pavements or roads are occupied, protection and signing of occupied zones and preventing dirt on roads and pavements.



Environmental performance Main environmental indicators

The system of environmental indicators has been continued, principally: Consumption of natural resources (water and energy according to its different sources: electricity, fossil fuels, LPG, natural gas, etc), Waste management and CO₂ emissions.

The monitoring and analysis of the aforementioned environmental indicators enables the impact of construction activity on the environment to be evaluated, which in turn permits the trend over time to be seen, as well as the effects of the measures implemented.

Consumption indicators

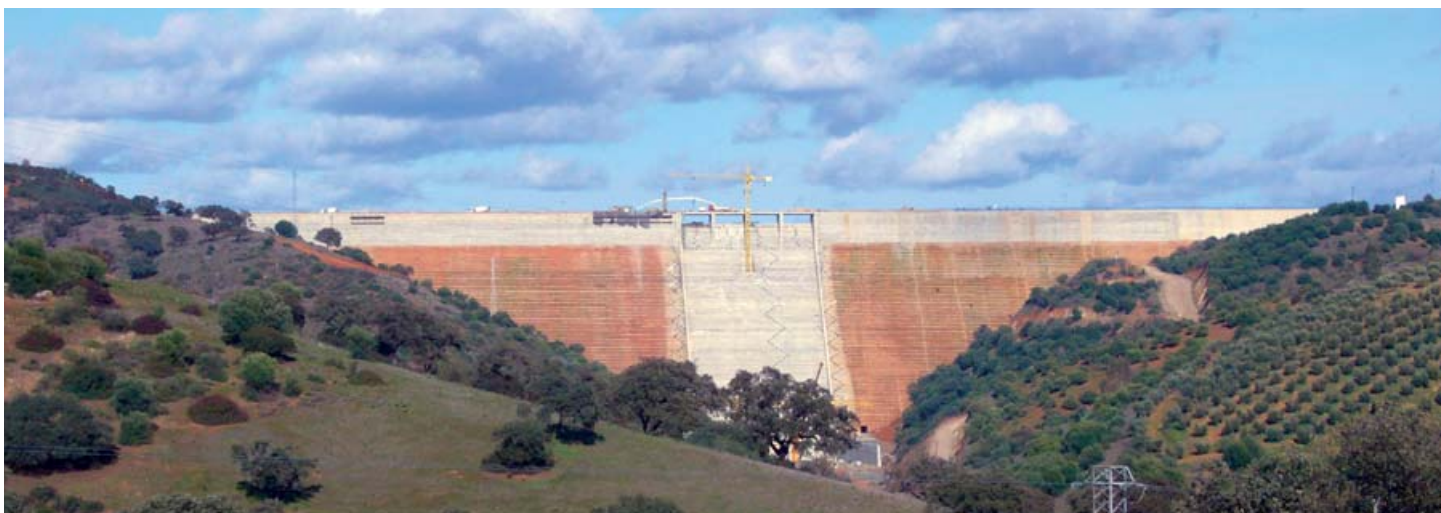
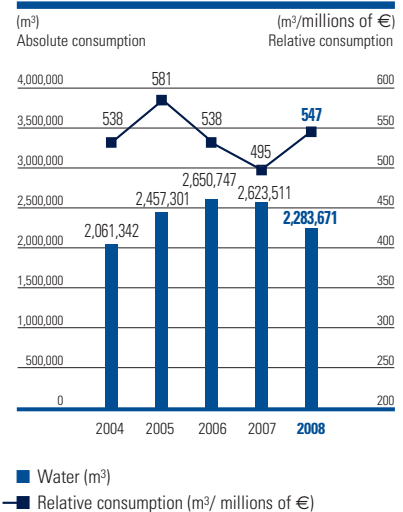
Water consumption

In the case of water, and to analyse the trend, relative consumption was obtained based on total annual production.

Water consumption	2004	2005	2006	2007	2008
Water (m ³)	2,061,342	2,457,301	2,650,747	2,623,511	2,283,671
Relative consumption (m ³ / millions of €)	538	581	538	495	547

As can be seen, the ratio or relative consumption continues to lie within the bracket between 500 and 600 m³/ millions of euros.

Trend in water consumption



Commitment to 6. the Natural Environment



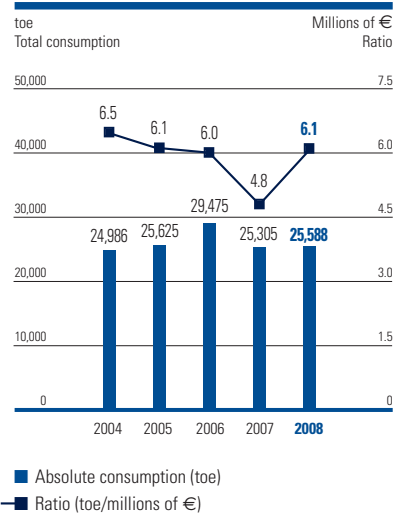
Energy consumption

To analyse energy consumption, the amounts consumed from different energy sources have been converted into a common unit so that it is possible to compare the trend based on total annual production.

In accordance with IAE (International Energy Agency) criteria, the common unit used is the tonne of oil equivalent (toe). The conversion factors used are those normally used by both national and regional public authorities in energy plans.

Energy consumption	2004	2005	2006	2007	2008
Totals (toe)	24,986	25,625	29,475	25,305	25,588
Ratio (toe/millions of €)	6.5	6.1	6.0	4.8	6.1

Evolution of energy consumption





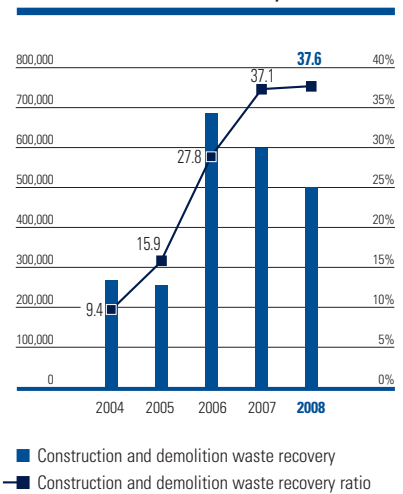
Waste indicators

Below is a table of the indicators corresponding to the types of waste which are most common in construction (soil and construction and demolition waste) in which the results of the measures taken can be appreciated, as can the trend over time.

Excavated soil	2004	2005	2006	2007	2008
<i>Reduction relative to projected amounts</i>	5.7%	5.8%	3.6%	2.3%	4.5%
Reuse relative to total produced	79.6%	72.0%	68.6%	79.6%	69.2%
At own site	91.5%	86.3%	63.8%	54.3%	64.9%
At other sites	2.5%	7.8%	12.3%	19.5%	10.3%
Restoration of degraded areas	6.0%	5.9%	23.9%	26.2%	24.9%
Deposited at dump site	20.4%	28.0%	31.4%	20.4%	30.8%

Construction and demolition waste	2004	2005	2006	2007	2008
Recovery (reuse + recycled)	9.4%	15.9%	27.8%	37.1%	37.6%
Reuse relative to total produced	3.6%	7.8%	17.2%	20.6%	14.1%
Recycling relative to total produced	5.8%	8.2%	10.6%	16.6%	23.5%
Deposited at dump site	90.6%	84.1%	72.2%	62.9%	62.4%

Trend in construction and demolition waste recovery



In accordance with applicable environmental law, the management of wastes is completed with the separation, storage and treatment by an authorised manager or Integrated Waste Management System of the remaining hazardous or specifically regulated wastes produced at the various work centres.

In 2008 the amount of hazardous wastes managed amounted to 6,162 tons.



As can be seen, the favourable trend in the management of construction and demolition waste has continued, reaching a recovery rate of over 37%.



Commitment to 6. the Natural Environment

Emissions indicators

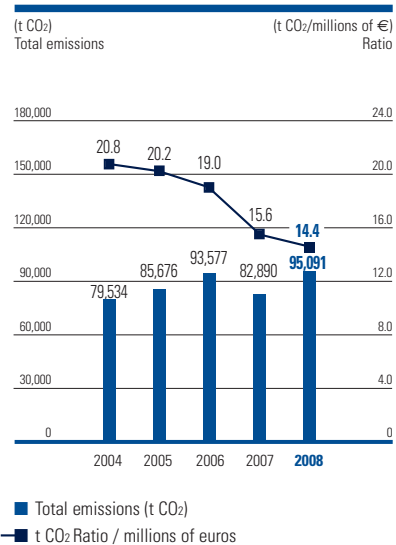
CO₂ emissions

The equivalent emissions of CO₂ arising from the consumption of fuel (petrol, gas-oils, natural gas, LPG) used at work centres as sources of energy were calculated. Likewise, emissions equivalent to electricity consumed at the work centres were included.

The emission factors used in the Renewable Energies in Spain 2005-2010 Plan were employed for this purpose, as well as the criteria established by WRI/WBCSD, under the GHG protocol. "Indirect CO₂ Emissions from the Consumption of Purchased Electricity, Heat, and/or Steam". Calculation worksheets (January 2007) v 1.2.

CO ₂ emissions	2004	2005	2006	2007	2008
Total (t CO ₂)	79,534	85,676	93,577	82,890	95,091
t CO ₂ Ratio/millions of €	20.8	20.2	19.0	15.6	14.4

Trend in CO₂ emissions





Noteworthy initiatives in 2008

- Actions aimed at recycling construction and demolition wastes resulted in a level of 23.5% being achieved.
- The adoption of preventive actions in works to reduce the impacts in the urban environment.

Monitoring of the achievement of 2007 Objectives in 2008

Objective set in the 2007 report	2007 data	2008 data	Trend
Increase in the recycling of construction and demolition wastes, to exceed 20% of the total	16.6%	23.5%	Achieved
Campaign to minimise or prevent effects on the urban environment	A variety of initiatives are being implemented, such as the establishment of alternative routes when pavements or roads are occupied, protection and signing of occupied zones and preventing dirt on roads and pavements		Achieved

The following awards and acknowledgements were also received in the environmental field in 2008:

- Mention of Honour in the 3rd Segovia Aqueduct Prize awarded by the Spanish Association of Roadway, Canal and Port Engineers for the execution of the Arenoso Dam.
- Dragados was awarded a prize for the execution of Telefónica's new head office in the third edition of the BEX International Awards in the "Best Sustainable Construction" section. This distinction is given to the year's best proposals in the area of design, use of natural resources and construction.

During 2008, the ACS Group carried out preventive actions in jobs to reduce the impact in the urban environment.

Objectives for 2009

- To increase recovery of construction and demolition waste above 45%.
- To continue the campaign of actions to prevent or minimise the effects on the urban environment.
- To identify, analyse and spread best environmental practices implemented at work sites, in order to transfer knowledge and experiences to the rest of the ACS Group.

The ACS Group achieved the objective of the 20% in the recycling of construction and demolition wastes, reaching a 23.5% recycling rate in 2008.



New Bridge over the Bay of Cadiz

The continuing progress of the city of Cadiz, one of Andalusia's main cities since the time of its origins as the Phoenician Gadir, together with the growing population of its metropolitan area, made the construction of a new entry to the city necessary, providing an essential improvement to its communications and, specifically, to its accesses.

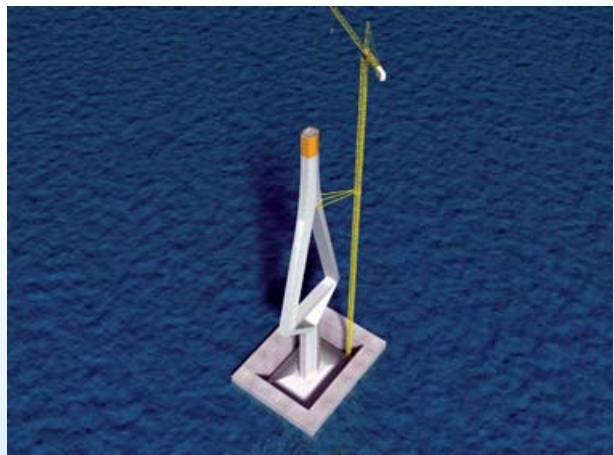
After considering the various possible options, such as the expansion of the existing bridge, the construction of a tunnel or of a new bridge, the latter was chosen as this represented the solution for urban traffic on both edges of the bay, with good integration into city planning and the landscape.

Dragados' links with Cadiz have been perpetuated since the former's setting up in 1941 when it started its activity, specifically there in the Province of Cadiz, before building and operating the Carranza Bridge in 1961.

Among the sections of which the new bridge is made up, the cable stayed bridge stands out as the main element which, with its peculiarities, the complexity of its structure and its sheer size, will make it the bridge with the longest span in Spain, with a central span of 540 m between two main towers of over 180 m high.

The execution of all the sections will be affected to a greater or lesser extent by a series of conditioning factors of varying nature which were considered at the time of planning the work, such as:

- The need for large zones for various installations, especially the large areas for the production and assembly of the metal structure.
- The construction of large sealed enclosures for the execution of pile capping and especially for the main towers.
- The complexity of all the marine operation to transport large parts and to supply resources to the sections over the sea.
- The lack of interference with port activities, as well as with land and sea traffic around the work.
- The extraordinary size of some of the units.
- The need to coordinate the scheduling of all types of marine and land-based activities and to guarantee performance taking into account the periods of bad weather and, of course.
- The environmental considerations.



Commitment to 6. the Natural Environment

Prescriptions	Affected contract work	Protective and corrective measures adopted
Physical	Edaphic	Alteration of the natural structure of land
		<p>Conservation and recovery of land by means of the following measures:</p> <ul style="list-style-type: none"> • Delimiting of work areas, specifically those areas which are to be temporarily or permanently occupied by it, as well as other auxiliary works including, among others: Machinery depots, offices and changing facilities, storage areas for materials and soil and as many other facilities as are necessary to carry out the work, in order to avoid any type of alteration to any space outside of that which is strictly necessary. • Location and marking out in a differentiated form those zones of greater environmental value, among which the following will be included specifically: <ul style="list-style-type: none"> - "Bay of Cádiz Natural Park". - Course of the river San Pedro and its neighbouring vegetation and the La Cortadura and El Trocadero drainage channels. - Built up areas neighbouring the works. • Creation of slopes to assure stability and balance under any weather conditions. • Removal and piling in optimal conditions to prevent the compacting of topsoil, including its sowing and fertilisation.
	Atmospheric	Risk of the emission of dust into the atmosphere
		<p>Reduction of the emission of dust into the atmosphere to maintain adequate air quality by carrying out the following activities:</p> <ul style="list-style-type: none"> • Determination of roads and areas where dust may be emitted. • Maintenance of internal roads in optimal conditions. • Materials will not be allowed to fall from great heights during the execution of the work. • Limit on the speed of the vehicles on the worksite. • Watering system to decrease the emission of dust into the atmosphere. • Vehicles transporting materials off the worksite will be required to be covered. • Equipping of areas for the washing of wheels at the worksite exit.
	Hydrological	Risk of impairing water quality
		<p>Minimise possible dumping into the water network through measures such as:</p> <ul style="list-style-type: none"> • A study of the real needs for stocking of materials in the auxiliary facilities zone, which will be located inside the Bay by anchoring a floating caisson, so as to stock the smallest possible quantity of potentially polluting substances for the Bay, both due to use and in the case of accident. • Designing the measures necessary to guarantee that no dumping into the water occurs in the case of accident or in normal use of the facilities. • Barricades, plant frameworks or sediment retaining barriers will be arranged in works alongside watercourses to prevent erosive processes which may occur during the works in the immediate vicinity of the river San Pedro and the drainage channels alongside the route. • Installation of temporary perimeter ditches and settling basins during the works phase and the sealing of all their surfaces to ensure that no runoff into the Bay occurs from the installations zones on the two sides for the construction of the structure for passage. The following will be included among the measures to be applied: <ul style="list-style-type: none"> - Location of the store zones sufficiently far from the Bay as to ensure that the stocks do not reach the water either due to accidental knocks or the action of the wind. - Sealing of all their surfaces. • No dumping will take place at a distance of less than 100 m from the river San Pedro, the Bay or the La Cortadura and El Trocadero drainage channels. • Analytical monitoring of water running out of the settling basins to prevent impacts deriving from possible dumping of pollutants on the ground waters. • In rainy periods, covering of the stocks of fine material to prevent solids entering into suspension. • Actions which require direct or indirect dumping of waste water will need to request obligatory authorisation.
	Habitat - Noise and Vibrations	Risk of an effect on the population
		<p>In the neighbourhood of the district of La Paz (Cádiz) and the district of Río San Pedro (Puerto Real), the static machinery which generates noise levels of above the defined quality levels will be located in soundproofed booths.</p> <p>Setting of hours for carrying out work from 8 am to 10 pm, with complete prohibition of carrying out any activity related to the works during the night in the residential zones of the districts of La Paz and Río San Pedro.</p> <p>Performance of noise emission controls in the areas close to the sites where there is housing.</p>



Prescriptions	Affected contract work	Protective and corrective measures adopted
Biological	Flora	<p>Risk of an effect on plant formations during the performance of the work tasks</p> <p>Reduction of the effects on existing vegetation by taking the following measures:</p> <ul style="list-style-type: none"> • Staking and protection of trees. • Correct transplanting and maintenance of affected trees. • The appropriate measures will be taken during the work so as not to affect the vegetation associated with salt marshes and mud flats which are not included in the levelled area for the new motorway, especially that associated with the Los Toruños mud flats and the Isla del Trocadero Nature Site salt marshes and mud flats. • Re-vegetation of bare areas arising from the contract work, paying special attention to aspects such as: <ul style="list-style-type: none"> - Soil analysis. - Selection of herbaceous and bush species. - Selection of sowing method in accordance with the anticipated restoration projects.
	Fauna	<p>Risk of an effect on populations located in the worksite's area of influence</p> <p>Maximise the protection of the different species with measures such as:</p> <ul style="list-style-type: none"> • Adaptation of the transverse drainage of the La Cortadura drainage channel as a passage for fauna, given the presence of the Bay of Cadiz Natural Park nearby, especially the Isla del Trocadero and Los Toruños sites. • Previous gathering of vertebrates with limited mobility in areas affected by the contract work by combing the area. • Transfer of these animals to neighbouring areas. • Depositing of organic waste in closed containers to prevent the attraction of species.
	Landscape Integration	<p>Effect of carrying out the contract work on the landscape in the setting</p> <p>Adaptation of facilities and structures to the environment through:</p> <ul style="list-style-type: none"> • Maintenance and cleaning of office areas, work cabins, machinery depots, roads, shoulders and ditches. • Appropriate location of material stocks and of the waste generated and rapid management of these. • Auxiliary structures at the entrances will be integrated into the landscape as far as possible.
Human	Social and Economic Environment	<p>Effect on the population near the area of influence of the worksites</p> <p>Minimise the effects on the population nearby with measures such as:</p> <ul style="list-style-type: none"> • The assignment of employees with appropriate training to carry out their tasks. • Appropriate location of vehicles and machinery to minimise interference with other vehicles and passers-by. • Preventing traffic problems and jams through the study of alternative routes. • Conducting of information campaigns.
	Habitat - Noise and Vibrations	<p>Risk of an effect on the population</p> <ul style="list-style-type: none"> • Installation of temporary acoustic protection screens in the Río San Pedro district during the works phase. These screens will be installed permanently during the operating phase. • Use of machinery approved in accordance with Royal Decree 245/89, of 27 February. • Carrying out of the necessary technical inspections and maintenance operations so that this machinery does not exceed the specifications in the aforementioned Royal Decree. • Use of silencers on compressors, motors, borers, etc. • In the neighbourhood of the district of La Paz (Cádiz) and the district of Río San Pedro (Puerto Real), the static machinery which generates noise levels of above the previously defined quality levels will be located in soundproofed booths. • Setting of hours for carrying out work from 8 am to 10 pm, with complete prohibition of carrying out any activity related to the works during the night in the residential zones of the districts of La Paz and Río San Pedro.

Environment and Logistics

Main environmental performance indicators

The main impacts of this activity are related to the emission of greenhouse effect gases produced by the fleet of vehicles used for different services, as well as their fuel consumption, to the emission of CO₂ from dumps and to waste generation.

The Environment and Logistics area is working hard to reduce the consumption of fuel by company and subcontracted fleets of vehicles in the collection of urban solid waste, street cleaning, the transport of passengers and integral logistics services.

To reduce these impacts, policies have been implemented in all areas, from the reduction of fuel consumption and the use of biodiesel fuel in transport to the reduction of emissions by treating urban solid waste instead of dumping it. On the other hand, it aims to treat the waste generated safely, both for the environment and for individuals.

The ACS Group, through its company Urbaser S.A., is the leader in the management of urban solid waste treatment plants in Spain and has undertaken significant actions abroad. It currently manages the following:

- 41 Urban Solid Waste Pre-Treatment Plants with an installed capacity of 6,761,016 tons/year.
- 8 Energy Recovery Plants with a treatment capacity of 2,076,000 tons/year.
- 19 Plants for the Biomethanization of organic fractions with an installed capacity of 1,287,260 tons/year.

	2005	2006	2007	2008
Number of vehicles managed	6,066	6,509	5,635	5,481
Diesel Fuel consumed (million litres)	91.1	96.5	96.6	51.8
CO ₂ emissions (t)	250,222	264,920	265,147	142,348

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The combination of materials recovery and electricity generation in treatment plants, plus the landfill de-gasification, gave rise to CO₂ savings equivalent to approximately 9.6 million tons in 2008.





- 47 Composting Plants with an installed capacity of 2,479,615 tons/year.
- 64 Transfer Plants with an installed capacity of 6,825,414 tons/year.
- 46 Controlled Landfills with an installed capacity of 8,737,040 tons/year.
- 8 Waste Dump Degasification Plants which produce 120 Hm³ per year of biogas.

One of the ACS Group's environmental activities is the treatment and integral management of water as a scarce resource. The ACS Group is responsible for the supply of drinking water to over three million people in Spain, Latin America and Morocco, and for its treatment, and focuses on maximum efficiency and savings in the use of this extremely valuable resource, which amounts to 286 million cubic metres per year.

For the ACS Group, the sustainable management of water is a key resource in its commitment to the environment and to sustainability.

En total la Subdirección de Agua gestionó:

- 7 Drinking Water Treatment Plants at 250,000 m³ per day for 290,000 inhabitants.
- 82 Waste Water Purification Plants for 970,000 m³ per day for 5,300,000 inhabitants.
- 17 Sewage operations for 985,000 inhabitants.
- 14 Water Supply facilities for 229,000 m³ per day for 910,000 inhabitants.
- 20 Towns in which management is carried out for 900,000 customers.
- 7 Analysis and Monitoring Laboratories for 1,400,000 inhabitants.

Monitoring of the achievement of 2007 Objectives in 2008

Objective set in the 2007 report	2007 data	2008 data	Trend
Increase in savings of equivalent CO ₂ emissions with respect to the baseline solution of dumping	5,200,000 tons.	9,600,000 tons.	Achieved
Replacement of fluorescent tubes with other mercury free lighting systems	LED lamps are being implemented in Publimedia, the company which proposed this objective in 2007 (see R+D+i)		Achieved
Reduction of fuel use by 1%	96.6 million litres of fuel	51.8 million litres of fuel	Achieved

Objectives for 2009

- To increase in savings of equivalent CO₂ emissions with respect to the baseline solution of dumping.
- To reduce electricity consumption by 10%.
- To improve waste management, increasing the number of tons treated by 5%.

The electrical power installed in the various processes which generate energy from Urban Waste is 205 MW, which generated 425 GWh.

Commitment to 6. the Natural Environment

Industrial Services & Energy

Main environmental performance indicators

The Industrial Services area has two main areas of impact on the environment: CO₂ emissions and the production of waste. To minimise these impacts, a great deal of effort is dedicated to environmental management year after year. In this respect, managers are not only concerned with the reduction of waste, but also the appropriate treatment and recycling of the waste inevitably produced by the environmental management departments of each of the Group companies.

Among the companies forming part of the Industrial Services area, noteworthy is the effort made by two of these which are representative of two activity segments, Dragados Offshore in CPE and "turnkey" projects and the ETRA Group in the Control and Maintenance Systems area.

Dragados Offshore has an Environmental Management System forming part of an Integrated Quality, Labour Risk Prevention and Environmental Management System. This system is certified by Lloyd's Register in accordance with the ISO 9001:2000 (Quality), OHSAS 18001:1999 (Labour Risk Prevention) and ISO 14001:2004 (Environment) standards. In 2006 it was recertified for an additional three years. The respective maintenance audits of the integrated system were carried out in 2008 in both Puerto Real and Tampico with satisfactory results. Likewise, in compliance with the applicable legal requirements, technical studies were carried out on noise level emissions to the exterior during the day/night, emission of solid particles in suspension and of volatile organic compounds.

Below are details of the hazardous and non-hazardous waste managed in 2008 in comparison to previous years.

Dragados Offshore	2006	2007	2008	Change
mt				
Hazardous waste	43.6	12.8	37.0	189.5%
Non-hazardous waste	761.8	895.6	737.8	-17.6%
Total waste	805.4	908.4	774.8	-14.7%



Industrial Services is making a significant effort to obtain ISO 14001:2004 certifications in all its companies and carried out 214 environmental audits in 2008, 46% more than in 2007.



Similarly, the ETRA Group has defined a Management System which enables it to assure that its policy and commitment to the Natural Environment is a reference in the provision of services.

The Environmental Management System established defines the organisational structure, planning of activities, responsibilities, practices, procedures, processes and resources required to do the following:

- Evaluate the impacts of its activity on the environment and minimise them.
- Research, develop and offer its clients innovations which improve environmental conditions.
- Heighten the awareness of its own staff and of those working on its behalf.
- Manage waste correctly and foster the reuse and recycling thereof.

Also, it aims for people and organizations unrelated to the company to have knowledge of its structure, operation and action guidelines based on the criteria and procedures required to guarantee the fulfilment of environmental principles.

In 2008, the ETRA Group developed an initiative aimed at reducing vehicle fuel consumption and emissions. Taking into account the problems with fuels and the necessity for their use, an objective was set of reducing their consumption through more efficient use of vehicles. Framed within this objective is the “Efficient Driving” course, carried out in collaboration with AVEN, which was a resounding success both due to the high level of participation achieved and the involvement of the students who took the course.

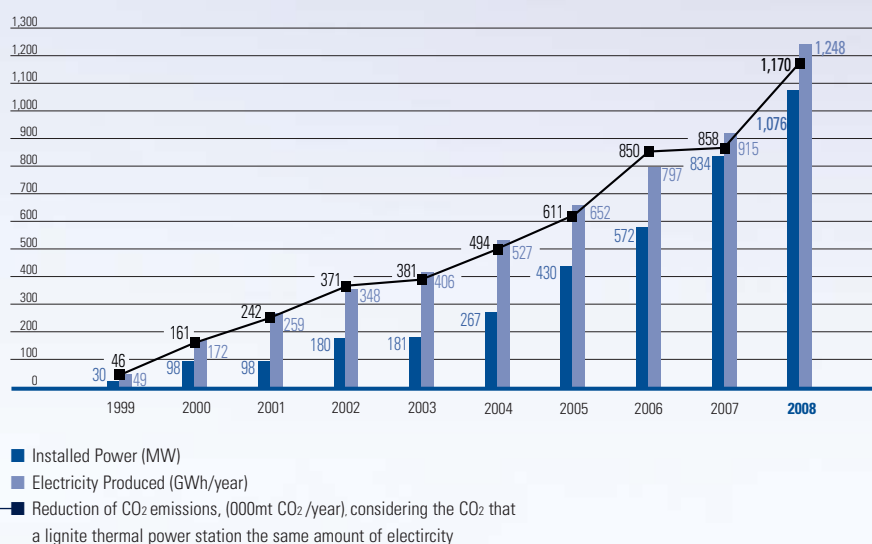
The remainder of the main actions carried out by the ETRA Group’s companies certified in this area were aimed at achieving reductions of the company’s impact on the environment and increasing staff awareness.

The Industrial Services activity dedicates a great deal of effort and resources year after year to environmental management and renewable energy investments.

Commitment to 6. the Natural Environment

Renewable energy, main figures

The ACS Group takes part in the operation of 35 wind farms with total installed power of 1,076 MW that generated over 1,249 GWh in 2008 from this renewable energy source. If this electricity had been produced by lignite power station, 1,170,000 tons of CO₂ would have been emitted as a result of the combustion of this mineral.



In addition, the ACS Group is a pioneer in the development of thermal solar electricity generating plants, as in 2008 it completed the construction of the 50 MW Andasol I plant, which has been operation since November 2008.

Likewise, there are three farms in the construction phase, the development of which commenced in 2007 and 2008:

- Andasol II, a 50 MW thermal solar power generating plant;
- Extresol I, also of 50 MW of installed power, located in Extramadura; and
- Ferreira do Alentejo, with 10 MW of installed power, located in Alentejo, Portugal.

Five projects are also in the financing or development phase within the area of solar energy: Andasol IV, Extresol II and III and Manchasol I and II, with a total installed power of 250 MW.



Monitoring of the achievement of 2007 Objectives in 2008

Objective set in the 2007 report	2007 data	2008 data	Evolución
Increase of 5% in managed waste (mt)	3,340	10,515	Achieved
Continue with the policy of improving the efficiency of fuel use	As explained, companies such as ETRA are carrying out initiatives to reduce fuel use		Achieved

Objectives for 2009

- To reduce consumption of electricity, water and fuels by 3%.
- To make progress in the accounting and control of greenhouse gases.
- To increase savings in CO₂ emissions through the development of renewable energies.

ACS takes part in the development of renewable energy. In Spain is the pioneer in the development of thermal solar electricity plants with heat storage decives.

Commitment to 7. the Social Environment

36.2%

of the workforce are women, 1.5 percentage points higher than the figure for 2007.

88%

of clients were satisfied according to the surveys carried out in 2008.


3.3

million of euros in investment in social action through the ACS Foundation during 2008.



The ACS Group understands that the respect for the employees is one of the values that excellent companies promote.





***The quality and skills
of the professional
team of the ACS Group
is one of its main
competitive advantages.***

Commitment to ACS Group employees

Principles of ACS' relationship with its employees

The success of the ACS Group is based on the skills and quality of its professional team and is one of its main competitive advantages. Accordingly, the ACS Group maintains its commitment to continually improve their skills, capacities, commitment and motivation, always with the highest attention to work and safety conditions.

For this purpose, the most modern and efficient human resource management techniques are applied in order to retain the best professionals and to foster work safety, in accordance with the following principles:

- Attracting, retaining and motivating talented individuals.
- Promoting teamwork and quality control as tools to reinforce the concept of excellence through work well done.
- Acting quickly, promoting the assumption of responsibilities and minimising bureaucracy.

- Supporting and increasing training and learning.
- Innovating with ideas that enable improvement of processes, products and services.

The ACS Group is one of the construction and services sector companies that have most stably over time adapted their labour relations to the life of the company. It works toward fostering social justice and internationally proclaimed human and labour rights, respecting and protecting the forming of labour unions and employees' rights to freedom of association and granting equal opportunities and treatment, without discriminating on the basis of sex, ideology, religion, etc or any other social or individual circumstance or condition.

Additionally, it provides assistance in the training and retraining of employees. It has an employment policy which generates wealth in the areas where it is established and produces links giving rise to positive synergies for the environment. Furthermore, it shows special interest in assuring decent working conditions, promoting health and safety at work.

Commitment to 7. the Social Environment

Social welfare continues to be developed and expanded within the Clece Group with one of the most outstanding actions being the effort and support dedicated to strengthening its Special Employment Centre, INTEGRÁ CEE.

During this, its second year of existence, it managed to triple the number of disabled workers employed, going from 76 in 2007 to over 250 at present, with over 95% of the workers being disabled, and with them being fully integrated into the job market both at a social and an economic level.

Likewise, the national coverage of this Special Employment Centre continues to expand. While in 2007 it only took in Madrid and Salamanca, in 2008 it was able to take its proposals for integrating people with disabilities into the job market to 9 provinces and 3 Autonomous Regions, with a plan for 2009 to be able to offer the Special Employment Centre in another 14 provinces and 7 Autonomous Regions.

INTEGRÁ CEE actively participated in the Community of Madrid's 2nd Disabled Employment Fair, in which over 650 people with disabilities sought work posts and from which more than 30 have been contracted to date.

INTEGRÁ CEE continues to expand the social coverage requested by its group of workers through corporate agreements for medical assistance, rehabilitation, psychological treatments, economic assistance for orthopaedic and mechanical aids, family support (food, day care or schools), family contests and event, etc.



Each year the ACS Group's Foundation introduces initiatives, courses and activities in support of reducing architectural barriers and of integrating people with disabilities.

Currently, 2,028 people with disabilities work in ACS. This is over three times the number of the year before and represents over 1.4% of the company's total workforce.



The ACS Group has a firm commitment to underprivileged groups and particularly the disabled.



Hiring and Retaining policies

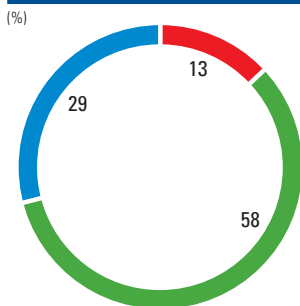
The ACS Group is made up of a total of 141,002 people, 6.8% more than last year.

Of the employees, 15.9% were contracted directly and permanently and 84.1% were contracted in relation to a specific project, work or temporary production joint venture.

Likewise, 29,966 employees worked abroad. Of these 18,775 worked in America, 5,737 in Africa, 4,625 in Europe and 829 in Asia and Oceania and in a total of 43 countries.

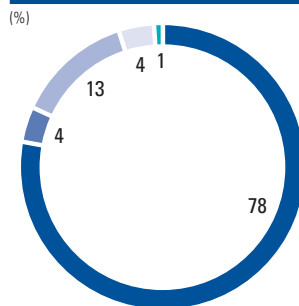


Breakdown of employees by area of activity



- Construction
- Environment and Logistics
- Industrial Services & Energy

Breakdown of employees by geographical area



- Spain
- Rest of Europe
- America
- Africa
- Asia Pacific

In 2008, the ACS Group created over 8,950 net jobs.





Women in the ACS Group

ACS' commitment to incorporating more women into the job market in the infrastructures sector manifested itself in the last year in a substantial increase in the feminine workforce in our Group. Specifically, in 2008 the number of female staff was 51,073, up 11.3% on 2007 and 2.6 times more than the increase in male staff. Hence women now account for 36.2% of the Group's total workforce and 26% of management and professionals with higher degrees.

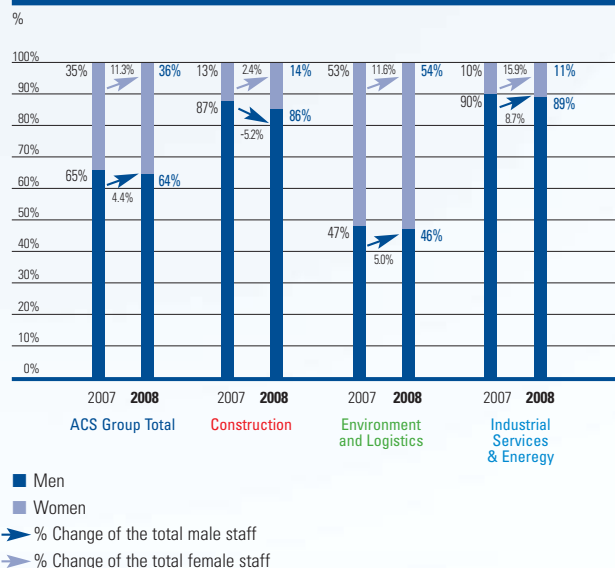
For another year, it is noteworthy that in the Construction area, where women have had less presence culturally and historically, net hiring has been exclusively feminine: while the number of men decreased by 5.2%, the number of women increased by 2.4%.

In the Environment and Logistics area women are in the majority, representing 54.2% of the total workforce and with an increase of 11.6% which is 2.3 times higher than the increase in men contracted.

Industrial Services follows the trend in the other areas. Female representation is now at 11% and net contracting of managers and professionals with higher degrees was exclusively feminine. This group, which has decreased in total by 4%, has seen a 6% increase in females, with the latter now representing 21% of the total managers and professionals with higher degrees.

In short, the ACS Group always tries to recruit and retain the best professionals in the market and so the growing recruitment of women in our company, in parallel with the incorporation of women in the working market, is a reality which fits our objective of excellence.

Breakdown of management and professionals with graduates by gender



Women in the ACS Group make up an ever more relevant weight, both in terms of numbers and in the posts they occupy. Likewise, they are present, with an increasing trend, on the boards of directors of our main divisions, on the boards of directors of the companies in which ACS has a holding, in the Group's senior management and in innumerable technical, financial, human resources and legal advice offices, among others.

Equality of opportunities and non-discrimination, which are basic ACS principles written into the company's Code of Conduct, are determining factors when promoting professional and personal development for all ACS' employees and equality of opportunity is ensured through policies for action. The effectiveness of this equality policy



is guaranteed as it is accompanied by objectives tending to eliminate entry barriers in sectors historically considered to be masculine and measures for reconciling professional and personal life.

An illustrative example of these practices is to be found in the Environment and Logistics area, which is the area with the greatest female representation. In this case workers' working time needs are analysed individually to be able to organise working days which enable working and personal life to be reconciled. In addition, the company offers workers who suffer bad treatment the possibility of transferring to another city where they maintain an equal or similar post to that in the original city.



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At the end of 2008, there were 51,073 women employed in the ACS Group, accounting for a total 36.2% of the ACS Group's workforce. This total number was 11.3% higher than the figure for 2007. The proportion of women in the ACS Group rose by one and a half percentage points relative to 2007.



Commitment to 7. the Social Environment

The ACS Group follows an equal-opportunities policy that prohibits all types of discrimination against individuals in hiring or assuming positions. This policy is defined by basic principles which can be summarised under the following headings:

- A commitment to providing staff with a context and prospects in which professionals can deploy their talent and perceive their professional development as something valuable and desirable.
- A rigorous hiring process that enables the Group to rely on the best professionals in each sector.
- Promotion of gender diversity and equal opportunities.

The ACS Group's strategy involves an overall approach of ongoing training in the workplace, in classes or by distance learning. The Annual Training Plan comprises over 1,270,000 hours of study in courses and seminars related to all its activities.

Training and career development policies

The technical excellence of the ACS Group, one of its competitive advantages, is not only based on the skills of the employees hired by the Group in view of their experience and background. Subsequent training and development are also of importance, not only in line with the Group's culture, but also the project needs that ACS' professionals confront in their professional career.

The objective is to make full use of and integrate the personal and professional diversity of its work groups in order to improve its capacity of response to the growing needs of its clients. The Group seeks to continuously involve its entire staff in corporate objectives and philosophy, allowing employees to simultaneously develop their professional potential and skills.

Specifically, courses are given in areas related to:

- Training of management.
- Technological specialisation in management and production systems.
- Knowledge of products and services developed.
- Policies on quality and the environment.
- Job safety.

Training procedures are internally and externally audited every year, thus guaranteeing an optimum level and an ongoing process of improvement of programmes.

Training initiatives in 2008	Study Hours	Number of Courses	Participants	Investment (millions of euros)
Construction	213,520	1,244	14,652	3.2
Environment and Logistics	693,198	3,226	25,189	5.0
Industrial Services & Energy	367,735	2,695	23,104	5.6
Total	1,274,453	7,165	62,945	13.8

Training initiatives by type of content in 2008	Production	Safety	Environment
Construction	784	379	81
Environment and Logistics	933	2,236	33
Industrial Services & Energy	1,089	1,532	74
Total	2,806	4,147	188



In 2008, the ACS Group launched various training initiatives through the Internet. These were based on agreements with various universities and were developed using specific training tools.

The main initiatives for training by means of computer media seek to make collaborators better prepared to carry out their tasks and to train them continuously on new products and services.

As a differentiating feature, distance learning or e-learning is based on a participant-centred model. It enables them to access training when they can and where they like (independent of time and place), in visual, audio and experiential forms and, for training administrators, it records the individual process and reduces travel costs and time. It enables training actions to be carried out over the Internet without limits on time or place of delivery and with continuous support from specialised tutors. All of this with equivalent or greater effectiveness than traditional training and at much lower cost per trained student.

E-learning employs advances in telecommunications, videoconferencing, digital TV and multimedia materials and combines different educational elements:

- Classical instruction: classroom or self-study.
- Real time practice and contact: classroom, videoconference or chat.
- Deferred content: tutors, messages, debating forums, e-mail.

The main advantages of this methodology are as follows:

- The possibility of forming widely spread groups.
- Convenience for the student, as in the end they decide when to be trained.
- Personalised tutors who rapidly resolve each student's specific doubts.
- The worker is not required to miss key times in their working day.
- Courses can be repeated as many times as necessary at minimal cost, unlike the situation for classroom-based training.
- Content can be updated immediately, so facilitating retraining of workers in a much shorter time than with traditional methods.
- There are other possibilities for learning: online libraries, forums and other collaborative learning spaces, which reinforce comprehension and understanding of content, etc.
- Online content is easier to divide into modules, hence it enables greater customisation of training plans.

Probably the biggest point in favour of e-learning is its capacity to measure results in real time by means of management and tracking tools such as LMS, which can be integrated with other personnel management modules. This possibility of improved monitoring also enables agile and effective corrective measures to be incorporated throughout the process.

Commitment to 7. the Social Environment

Various training actions continued to be given via e-learning in 2008. In the Construction area, the total number of hours of e-learning received by technical staff as training represented nearly 40%.

Technical staff in training	hours	%
Classroom	22,960	64%
E-learning	12,790	36%
Total	35,750	100%

Training in safety in the ACS Group has always played an important role and numerous courses have been held over the years in order to train personnel both in general concepts and in risks which are specific to the sector. In 2008, Dragados collected together all the documentation on Safety which exists for all workers, both relating to its own training courses and courses from external organisations. The result is recorded in an internal computer application with over 10,000 supporting documents corresponding to Safety certificates for the company's personnel.

These initiatives seek to combine training in prevention with new technology and to facilitate access to the information collected, so making it possible to see, recover and accredit all personnel training in Safety.

A total of 4,147 safety and prevention of workplace hazards courses were given in the ACS Group in 2008, 58% of the total and 47% more than in 2007.

It is also important to highlight that in 2008 Dragados was officially approved as a company authorised by the Spanish Labour Foundation for the Construction Sector to give the courses on the subject of safety laid down in the current General Agreement for the Construction Industry.

Likewise, it encourages and assists in obtaining the Construction Professional Card for its workers. Possession of this card will be mandatory in the sector as from 2011.

In the ACS Group, the prevention of workplace hazards is the most important training subject and the one in which the greatest effort and investment is made.



Safety and risk prevention policies

The prevention of labour risks is one of the areas of greatest importance to the ACS Group and its efforts have led to results which are more than satisfactory according to the data on accidents that occurred during the year. They represent one more step in the ongoing interest to continue being one of the companies in the sector which pays the greatest attention to safety.

The ACS Group is guided by its prevention policy, which is based on the following principles:

- Compliance with current legislation on labour risk prevention and other requirements voluntarily observed.
- Integration of labour risk prevention in all initiatives at all levels, implemented through correct planning and practices.
- Adoption of any measures necessary to ensure the protection and well-being of staff.
- Development of human potential through appropriate training and information regarding labour risk prevention, fostering initiative and participation in order to achieve continuous improvement of the system.
- Ensuring the correct control and quality of monitoring of staff health.
- Qualification of staff and application of technological innovations.

As a complement to the labour risk prevention management systems in each activity area in 2008, numerous labour risk prevention campaigns were conducted, the purpose of which is to make the employees aware of these risks, reduce accidents and improve working conditions.

On the occasion of Laboralia 2007, a fair covering all aspects of Workplace Prevention, Protection, Safety and Health, Dragados was awarded the prize for Innovation in Prevention of Labour Risk, standing out thanks to the technical innovations it has introduced in prevention, such as the case of the virtual simulator for practical training of workers, PREVISOR.

This tool for simulating real situations was used in 2008 in collaborations with the Spanish Ministry of Labour and Immigration for practical training of Work and Social Security Inspectors.

In 2008 the Asturias Prevention Institute, reporting to the Government of the Principality of Asturias, recognised the work carried out exclusively by Dragados on the Barres to Ribadeo stretch of the A-8 Highway by awarding it the Avelino Espeso prize for safety for the use of formwork cars in the construction of the viaducts on this road.

The ACS Group performs external reviews of its health and safety systems, in addition to those legally required. Teams of internal specialists also check these systems. For example, Dragados has 300 technicians dedicated exclusively to prevention tasks, the largest such team in all of Spain.

The ACS Group actively participates in the most important conferences, symposiums and organised events in general on labour risk prevention taking place in Spain and abroad, contributing its experience in this area.

The training and labour risk prevention campaign conducted by the ACS Group, as well as all safety initiatives and protocols implemented, contributed to reduce the accidents suffered by Group employees by over 10% in 2008.

Evolution of Prevention Rates	Frequency rate ⁽¹⁾				Severity rate ⁽²⁾				Incidence rate ⁽³⁾			
	2005	2006	2007	2008	2005	2006	2007	2008	2005	2006	2007	2008
Construction	36	36	35	30	0.95	0.97	1.03	0.84	66	69	61	52
Environment and Logistics	50	51	48	42	0.94	1.17	1.01	1.03	76	91	86	159
Industrial Services & Energy	41	26	34	32	1.00	0.49	0.63	0.56	74	47	61	46
ACS Group	45	41	39	37	0.96	0.94	0.85	0.78	74	73	70	71

Note: the severity and incidence rates were calculated as an average of the rates of each subsidiary, weighting by its sales.

(1) Represents the number of accidents that occurred during the working day per million hours worked.

(2) Represents the number of working days lost due to accidents per 1,000 hours worked.

(3) Represents the number of accidents in relation to which sick leave was taken per 1,000 employees.

Commitment to 7. the Social Environment



Initiatives for the reconciliation of family life and employment

One of the ACS Group's firmest commitments in the Human Resources area is to adopt effective policies for the reconciliation of family life and employment. Although contracts are awarded throughout Spain and the rest of the world, and consequently, transfers and travel of staff are inevitable, the Group makes every effort to form work teams for jobs and projects with employees that live relatively nearby, in order to avoid the displacement of families.

The following are outstanding among the main initiatives which have been implemented generally across various ACS Group companies:

- Adaptation of working conditions in order to assist the consolidation of working and family life. The facility to carry out some work from home.

One of the ACS Group's firmest commitments in the Human Resources area is to adopt effective policies for the reconciliation of family life and employment.

- Flexible hours.
- Reduction of the working day.
- Accumulation of breast-feeding periods.
- Time off or part time working for fathers and mothers after childbirth.
- Teleworking for those posts amenable to it, above all middle management and administrative posts.

Noteworthy among many other initiatives for the reconciliation of personal and professional life are those relating to day care services at work centres, the hiring of doctors specialising in occupational medicine and paediatrics and the adoption of measures in the interests of improving the working environment.

Trade Union representation

All ACS Group employees are protected under collective labour agreements applicable in the sectors in which they perform their work, and in any case, by the Spanish General Workers Statute, in addition to the labour regulations commonly applicable in all countries in which they carry out their work.

The ACS Group considers social dialogue to be very important and holds periodic meetings with the trade union representatives of each of its companies. Of ACS Group employees, 78% are members of or are represented by trade unions.

Commitment to ACS Group clients

Given the specific nature of ACS' business and the small number of clients to which it provides services, client satisfaction is measured on the basis of an organisational management model in which a very close relationship with the client prevails. Continuous contact is maintained with clients and feedback is obtained regarding their opinion of the quality of the work carried out and possible areas for improvement.

All the Group's companies and areas of activity carry out periodic client satisfaction consultations or mediations.

A total of 4,105 satisfaction surveys were carried out in 2008, with 88% of replies being satisfactory or very satisfactory.

Dragados conducts client satisfaction surveys at the end of its works. There is a documented procedure for this process, which culminates in the completion of a "satisfaction card" by the client followed by the analysis of the information received. The summary of these evaluations of the surveys is shown in the table below:

Production	2005	2006	2007	2008	Accumulated data
Numbers of works completed	281	236	305	362	1,184
Numbers of surveys sent	59	275	340	321	995
Numbers replies received	41	88	136	190	455
% response	33%	32%	37%	59%	46%

From the surveys received, the following information was obtained:

Overall Impression	2004	2005	2006	2007	2008			
					Total	%	Civil works	Building
Very unsatisfactory	0	2	0	0	2	1.1%	1	1
Unsatisfactory	0	3	9	13	12	6.3%	2	10
Satisfactory	39	26	65	99	124	65.3%	50	74
Very satisfactory	12	7	13	24	52	27.4%	33	19

Of all the clients who returned the survey, 92.6% say that they were "Satisfied" or "Very Satisfied" with Dragados' work (90.4% the year before), while "Unsatisfied" and "Very Unsatisfied" clients represent 7.4% of the surveys received (10% the year before).

With respect to other contractors, the Clients' opinions are as follows:

Client's opinion	2005	2006	2007	2008			
				Total	%	Civil works	Building
Worse	3	9	9	9	5.0%	1	8
Equal	7	23	43	75	42.0%	31	44
Better	19	32	84	94	53.0%	44	50

Commitment to 7. the Social Environment

Fifty-three percent of Clients rated Dragados as better than other contractors, while 42% rated them as equal. On the other hand, 5% considered that the work carried out was worse than other companies. Analysing the extreme evaluation options ("Very Satisfactory" and "Very Unsatisfactory"), the following data is obtained:

Client's valuation analysis

	Positives	Negatives
Carrying out of the contract in relation to:		
Timescale	5.0%	17.5%
Budget	3.3%	6.3%
Specifications	4.8%	3.2%
Finishes and final touches	4.5%	6.3%
Resources		
Professionalism of the team	11.1%	3.2%
Planning the work	6.3%	7.9%
Sufficient resources employed	6.7%	7.9%
Rating of subcontractors and suppliers	2.5%	9.5%
Relationship with the client		
Collaboration during execution	11.0%	0.0%
Collaboration after execution	7.4%	11.1%
Technological contribution	7.8%	0.0%
Response time in solving problems	7.0%	12.7%
Quality, Safety and Environment		
Concern for Safety	5.1%	4.8%
Concern for the Environment	4.6%	3.2%
Concern for improving Quality	6.8%	3.2%
Overall Impression	6.0%	3.2%



As in previous years, "Professionalism of the team" and "Collaboration during execution" stand out among the positive aspects.

Dragados has a post of Contract Manager, whose mission is to manage relations with clients. Due to the special type of clients to which Dragados provides services, there is a Contract Manager for each type of client, allowing for individualised management of each one. In the case of smaller clients, relations are managed by each of the Managers of the 45 offices of Dragados.

Dragados has a quality system to manage client dissatisfaction. The client's complaints are recorded and evaluated and each of the Dragados offices is responsible for following up on and resolving the related problems. In the event that a complaint is open for a considerable period of time, it is followed up by corporate headquarters. To be highlighted similarly is the work carried out by the ETRA Group, which dedicates great efforts to measuring client satisfaction in the scope of its Quality and Administration

Management System. The majority of its processes are focused on the client. Some are focused on collecting information on their needs for execution and delivery and others on measuring their satisfaction so as to make improvements. The ETRA Group lays down a data analysis methodology based on different sources of information:

- Client complaints.
- Penalties in contracts.
- Surveys for each work.
- General satisfaction surveys.
- Commercial evaluation reports.

It also sets different periods of time for analysing each of the different sources of information, as such the general client satisfaction surveys are triennial and they are carried out after analysis of the type of questionnaire to use and the attributes to evaluate. Given the characteristics of continuous change in the market, the ETRA Group updates its procedures by applying the latest methodologies to facilitate the handling of the



information. In the next analysis period the surveys will be prepared by means of the 4Q+4D method in order to obtain quantitative and qualitative information on the tangible and intangible aspects which determine client behaviour. The following conclusions were obtained from the last period when the percentage fulfilment of client expectations was analysed:

The four aspects most highly valued by the client were:

- Responses to unexpected events.
- Technical support (Solutions).
- Quality of the product.
- Meeting deadlines.

The average mark obtained by the ETRA Group in these 4 aspects was 94.75%.

As a general rule, the procedures adopted by the ACS Group for the integration of customer feedback are based on closeness and continual management of relations. In view of the characteristics of the clients and of the businesses in which ACS operates, technological solutions such as databases are not the best system for managing relations with clients.

Finally, it is important to state that all regulations are respected to guarantee client confidentiality in all those actions where it is necessary.



Furthermore, ACS Group clients can send their complaints to the e-mail indicated on the company website, www.grupoacs.com.

Commitment to 7. the Social Environment

Commitment to ACS Group suppliers and contractors

Management of Suppliers

The ACS Group relies on the systems implemented to appropriately manage its relationship with suppliers. It has centralised purchasing management systems developed for all areas, as well as various procedures which are followed by each of the Group companies and included in their quality management systems.

For example, suppliers are required to meet a series of requirements relating to health and safety. The system implemented makes it possible for the documentation sent by the supplier to be audited. With respect to contractors, compliance with requirements is audited.

Certificates and approvals are demanded and visits and audits are carried out in order to evaluate supplier quality in relation to different criteria. These criteria are established independently by each of the ACS Group's companies.

Likewise, supplier practices are monitored in accordance with the procedures implemented. In the case that a breach by a supplier is detected, the purchasing department is informed for the measures deemed appropriate to be taken. If possible, it is pursued by the manager or agent him- or herself who is charged with taking the appropriate measures.

All agreements entered into by the ACS Group with suppliers have a fixed section including general specifications and a variable section detailing the certifications required from the suppliers. For example, in accordance with DRAGADOS purchasing rules, the supervisor is responsible for evaluating each contract, taking into account both environmental and prevention criteria.

The conditions stipulated for all projects and agreements entered into in Spain and abroad are adapted to the laws in force in terms of collective bargaining agreements or legal regulations in relation to employees. Specifically avoided are the employment of children and the exploitation of both employees directly hired by the Group and employees of suppliers and subcontractors within the scope of the control of the work being carried out. In this regard, in the event that activities outside of or contrary to law are detected, there are clauses stipulating the termination of the agreement.



Commitment to society

Each year the ACS Group dedicates notable effort to collaboration for the development of initiatives of community interest. These are focused on the undertaking of measures which improve integration, cultural promotion and the generation of knowledge. The ACS Group considers that these activities serve to demonstrate the social commitment of one of the most important companies worldwide to the society.

Additionally, ACS Group operations are based on the provisions contained in the OECD Guidelines for Multinational Enterprises. The ACS Group has committed to implementing measures aimed at integrating these principles of conduct into the whole of its operations.

Social Initiatives

The ACS Group and Foundation monitor the philanthropic initiatives in which the group collaborates with third parties and the impact these might have on the reputation of the ACS Group.

To maximise the effectiveness of its philanthropic and corporate citizenship initiatives, the ACS Group attempts to transfer its technical knowledge to the area of philanthropic actions. So the Board of the ACS Foundation replicates the ACS Group Board of Directors. For example, the General Secretary and Board Member of the ACS Group is also the Secretary of the ACS Foundation.

The objective of the ACS Foundation is to integrate, coordinate and manage all the ACS Group's efforts relating to patronage of the arts and cultural, institutional, sport or environmental sponsorship as well as the granting of awards and scholarships, promotion of training and research, charity and all similar activities at a domestic and international level.



In 2002, the ACS Group became one of the Spanish Companies adhering to the United Nations Global Compact. The Group's commitment is to include the principles of the Global Compact in its strategy and operations

The Foundation's aims include, inter alia, transferring the ACS Group's technical knowledge in areas such as the following to maximise the impact of the resources allocated:

- I. Accessibility.
- II. Environment.
- III. Cultural and educational promotion.
- IV. The spreading and renovating of Spain's historical heritage.
- V. Sponsorship of foundations and institutions.

In 2008 the Foundation diversified its activities relating to basic support programmes and expanded its relations with public and private institutions relating to these.

In this regard, noteworthy is the public-private strategic alliance entered into by the ACS Foundation and the Secretary of State for International Cooperation, under which the ACS Foundation, backed by the Founder, will carry out activities for technical assistance and training relating to safety, occupational health and the environment. In this same framework, the first prize for Architectural and Urban Accessibility was put into effect for Latin American Local Councils, which went to four town councils in Argentina, Peru, Costa Rica and Mexico.

The three programs directly executed by the ACS Foundation were consolidated: elimination of physical and architectural barriers to physically handicapped people; promotion, upkeep and spreading of Spain's historical heritage assets and environmental defence assets. Additionally, the Foundation has continued its policy of backing universities and other foundations and institutions so they are able to fulfil their own aims on the basis of their relationship with the aims of the ACS Foundation.

Commitment to 7. the Social Environment

	Number of projects	Number of beneficiaries/participants	Investment (thousands of euros)
Accessibility	34	> 1,000,000 (*)	720
Environment	8	8,500	190
Cultural and Educational Promotion	37	> 750,000	656
Spreading and Renovating of Spain's Historical Heritage	5	> 175,000	300
Sponsorship of Foundations and Institutions	n.a.	60 institutions and/or foundations	1,428
Total	84	(*)	3,294

(*) The number of impacts cannot be quantified, but in reference to the contribution to the Spanish Paralympic Committee (Beijing 2008) alone the Foundation ACS supported this initiative for over two years in the lead up to the Beijing Games. Figure excluded of the external review.

In relation to the program for the elimination of physical and architectural barriers for the disabled, qualitative advances were made in the achievement of the objectives originally set in 2006. Actions aimed at both professionals and those responsible for developing technical projects for building, town planning and transport (universal design), as well as actions aimed at the training of foremen and other professionals directly involved in their execution were expanded. This was possible through the incorporation of the Construction Labour Foundation and the ongoing effort of the ACS Foundation and Royal Board on the Disabled over the past six years.

Approximately one thousand two hundred students have passed through the Accessibility to the Physical Medium Courses which have been given in 12 universities and technical schools within Spain, two City Councils and the Spanish Training Centre in Cartagena de Indias (Colombia).

In addition, the first Train the Trainers seminar was held in the Training Centre the Construction Labour Foundation has in Granada. This was aimed at the Construction Labour Foundation's teachers who are responsible for training first class journeymen and foremen. After this seminar the Labour Foundation then had 60 teachers who are teaching an accessibility module in all the foundation's training seminars throughout Spain.

Likewise, in the area of accessibility, the holding in Malaga of the 3rd National Congress for Universal Accessibility could be highlighted. This was organised jointly by the Royal Board on Disability, the Spanish Federation of Municipalities and Provinces (FEMP), the ACS Foundation and Malaga City Council. Also in this area, the Reina Sofia Awards 2008 for Universal Accessibility for Municipalities were delivered as sponsored by the ACS Foundation and the Royal Board on Disability. These went to Blanca (Murcia) Town Council, Ávila Town Council and Elche City Council.

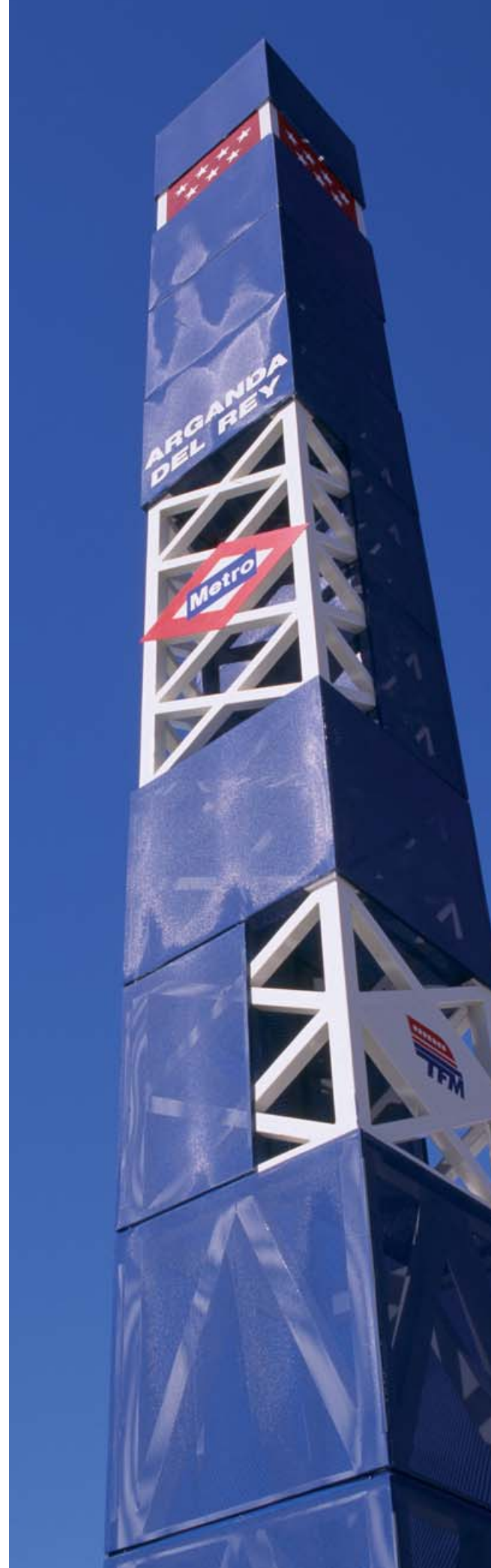
Within the Environmental Programme, of special relevance were the ACS Foundation's participation in the 9th National Conference on the Environment (CONAMA), the support given to the Worldwide Forum Soria 21 for Sustainable Development and the sponsorship of several activities offering training on sustainable buildings, alternative energies, waste management, climate change and other subjects. As such, the 4th Award for Sustainable Development, Tourism and Climate Change was presented, as sponsored jointly by the ACS Foundation and the Universidad Antonio de Nebrija.

In relation to the Architectural Historical Heritage, collaboration took place principally with the National Heritage, Centre for Romanesque Studies of the Santa María La Real Foundation and in the restoration of the Nuestra Señora del Pilar Basilica in Zaragoza. The foundation also collaborated with the National Construction Platform and specifically in the strategic platform for the development of research on "Architectural heritage without barriers". This project is to last three years and is being financed by the Ministry of Education and Science, under the National Scientific Research, Development, and Technological Innovation Plan. The project is to continue for the next two years.

Several publications were produced relating to the programme for historical heritage, outstanding among which were the co-sponsorship of the publishing of the Encyclopaedia of the Romanesque in Madrid with the Santa María la Real Foundation, on the Casita de El Príncipe in El Pardo in Madrid, jointly with National Heritage, the restoration of the El Pilar Basilica and the churches of Santa María Magdalena and Santo Tomás (La Mantería) in Zaragoza and the restoration of the Palacio de Viana in Madrid.

Likewise, sponsorship agreements have been entered into for the fulfilment of the foundations own purposes with the following Foundations and Institutions:

Spanish Association of Foundations
Centro Nacional de Arte Reina Sofía
Amigos del Museo del Prado Foundation
Casa Asia
Carolina Foundation
COTEC Foundation
Príncipe de Asturias Foundation
Teatro Real de Madrid Foundation
Universidad Autónoma de Madrid Foundation
Universidad Rey Juan Carlos Foundation
San Pablo - CEU University Foundation
Terrorism Victims Foundation
Universidad Antonio de Nebrija de Madrid
Universidad Complutense de Madrid
Universidad Politécnica de Madrid
Universidad Internacional Menéndez Pelayo
Hispania Nostra
Royal Board on the Disabled
Madrid Royal Foundation
Equestrian Sport for the disabled Foundation
Pro Rebus Academiae Foundation
Foundation for Analysis and Social Studies
Spaniards in the World Foundation
Spanish Political Transition Foundation
Araya Autism Association
Afim Foundation
Down's Syndrome Foundation
Spanish Anti-Cancer Association
Spanish Association of Amyotrophic Lateral Sclerosis - ADELA
Hospitalitat Mare de Deu de Lourdes Foundation
Development and Assistance Foundation
Charitable Construction Foundation
Juan XXIII Foundation
Association of Neurofibromatosis Sufferers
Spanish Red Cross




Principles governing this report

For the ACS Group, the preparation of this Corporate Responsibility Report implies the formalisation of a policy focused on understanding the main dilemmas and challenges faced by the infrastructure development sector and the society as a whole.

This report was prepared following the G3 guidelines from the Global Reporting Initiative (GRI). In this manner, all issues of relevance to the Company's stakeholders were taken into account.

With respect to the levels of application defined by the GRI, the ACS Group has given this report an A+ rating. Accordingly, the principles and guidelines of the G3 Guide were applied and each chapter details both the organisation's profile and its management approach. Additionally, all performance indicators considered to be of principal importance are contained in this report.

		2002 In Accordance						
		C	C+	B	B+	A	A+	
Mandatory	Self-declared						✓	
Optional	Checked by third party						✓	
Optional	Checked by GRI							

The ACS Group has applied the following GRI G3 principles for defining the contents and guaranteeing the quality of the information included in this report:



Principle of materiality

The ACS Group carried out a materiality study based on the AA1000 Standard of Accountability, the purpose of which was to identify the items of most relevance to the stakeholders and the company itself. The following aspects were studied:

- The maturity of issues, determined by the attention paid to them by the companies in the industry in which ACS operates.
- The attention paid to the different aspects of corporate responsibility by industry associations considered to be of significance.
- The relevance of corporate responsibility issues based on the attention paid to them by the media and social organisations.

Context of sustainability

The objective of this report is to express the performance of the ACS Group in each of the three sustainability areas: economic, social and environmental. Throughout this report, information is supplied in relation to the context of each of these.

Exhaustiveness

In the preparation process, the coverage and scope of this report was clearly defined, giving priority to information considered to be material and including all significant events that took place in 2008, without omitting information of relevance to the Group's stakeholders.

The coverage of the report was determined in parallel with its content. In the case that there were no changes in the chapters with respect to coverage, these have been indicated.

Additionally, the relevant issues, the indicators included herein and the matters covered by the 2008 Corporate Responsibility Report offer an overview of the significant impacts in the economic, social and environmental fields.

Comparability

To the greatest extent possible, the information included in this report was organised in such a manner that the stakeholder may interpret the changes undergone by the ACS Group with respect to previous years.

Balance

This report includes both positive and negative aspects, in order to present an image which is not biased and to enable stakeholders to reasonably assess the Company's performance.

Exactness and clarity

This report contains numerous tables, graphs and diagrams, the purpose of which is to make the report easier to understand. The information included in the report is meant to be clear and exact in order to be able to assess the performance of the ACS Group. Additionally, to the greatest extent possible, the use of technical terms whose meaning may be unknown to stakeholders has been avoided.

Reporting frequency

The ACS Group has the commitment to report its corporate responsibility actions annually. This report relates to the Group's performance in 2008 in the economic, social and environmental fields.

Reliability

The reliability of the information included in this 2008 Corporate Responsibility report was checked by KPMG, the firm responsible for its verification.



Further information on Accountability at <http://www.accountability21.net/>

Associations to which the ACS Group belongs

The ACS Group through the employers organizations that it belongs to participates, supports and collaborates with the regulators in the definition and start up of the most proper public policies related to the infrastructure and energy development in the markets that it operate.

ACS Group

- CEOE-CEIM.
- Association for the Progress of Management (APD).
- Circle of Entrepreneurs.
- Internal Auditors' Institute.

Construction

- SEOPAN.
- National Construction Federation (CNC).
- Association of Spanish Road, Tunnel, Bridge and Toll Road Concession Companies (ASETA).
- Association of Infrastructure Maintenance and Operation Companies (ACEX).
- Technical Association of Ports and Coasts (ATPYC).
- Spanish Motorway Association.
- Technical Motorway Association.
- Spanish Association of Labour Prevention Services (AESPLA).
- Spanish Association of Manufacturers and Leasers of Prefabricated Modular Structures.
- Madrid Foundation of Excellence.
- Confederation of Entrepreneurs of Madrid (CEIM).
- Spanish Association for Quality (AEC).
- Spanish Standardization and Certification Association (AENOR).
- Cotec Foundation for Technological Innovation.
- Spanish Tunnel and Underground Work Association (AETOS).
- Spanish National Large Dam Committee.
- Scientific/Technical Association for Structural Concrete (ACHE).

Environment and logistics

- Association of Public Cleaning Companies (ASELIP).
- Association of Landscape and Environment Restorers (ASERPYMA).
- Spanish Association of Gardening Companies (ASEJA).
- Madrid Logistics Platform.
- USW Energy Recovery Business Association (AEVERSU).
- Association of Waste and Special Resource Management Companies (ASEGRE).
- Association of Professional Cleaning Companies (ASPEL).
- Association of Home Assistance Companies of Madrid (ASEMAD).
- Association of Integral Maintenance (AMI).
- Spanish Maintenance Association (AEM).
- Spanish Facility Management Association (SEFM).
- Spanish Shopping Centre Association (AECC).
- Association for the Health and Development of the Needy (ASADE).
- Association of Spanish Forestry Companies (ASEMFO).
- General Association of Advertising Companies (AGEP).
- Outdoor Advertising Companies Association of Spain (AGEP).
- National Confederation of Special Employment Centres (CONACEE).

Industrial Services & Energy

- Confemetal.
- Conseil International des Grands Réseaux Électriques (CIGRE).
- Spanish Association of Assembly and Industrial Maintenance Companies (ADEMI).
- National Association of Equipment Manufacturers (SERCOBE).
- Spanish Association for the Promotion of the Thermal Solar Energy Industry (PROTERMOSOLAR).
- Solar Thermal Electricity Association (ESTELA).
- Spanish Energy Club.
- Association of Metal Companies of Madrid (AECIM).
- Association of Renewable Energy Promoters (APA).
- Association of Wind Farm Developers and Producers (APREAM).
- Spanish Association of Desalination and Reuse (AEDYR).
- Spanish Association of Integral Maintenance of Buildings, Infrastructures and Industries (AMI).
- Spanish Technical Association of Air-Conditioning and Refrigeration (ATECYR).
- Association of Installer and Maintainer Companies of the Madrid Region (ASIMCCAF).
- Association of Metal Companies of Madrid (AECIM).

We would like to hear your opinion

As you have been able to read from the previous pages of this report, at the ACS Group we understand corporate responsibility as a commitment which determines the Company's relationship with the environment and with each of its stakeholders. This Corporate Responsibility Report aims to include the main milestones and programmes carried out by the ACS Group aimed at improving relationships with its different stakeholders.

The ACS Group considers the assumption of corporate responsibility principles to be a continual improvement process, in which it is crucial to rely on the opinion of the different stakeholders. Hence, we would be grateful to receive any opinion you may have on this report at:

ACS Group

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Phone. +34 91 343 92 00

Fax: +34 91 343 94 56

E-mail: rsc@grupoacs.com



For further information, see the webpage www.grupoacs.com.

Verification Report



KPMG Asesores S.L.
Edificio Torre Europa
Paseo de la Castellana, 95
28046 Madrid

Independent Review Report of the Actividades de Construcción y Servicios, S.A. 2008 Corporate Responsibility Report according to the ISAE 3000 Standard

(Free translation from the original in Spanish.
In case of discrepancy, the Spanish language version prevails.)

To the management of Actividades de Construcción y Servicios, S.A. (hereinafter ACS)

Introduction

We have been engaged by ACS to review the non-financial information corresponding to the year 2008, included in its 2008 Corporate Responsibility Report (hereinafter the Report), which is available to the general public and whose scope is described in the chapter entitled Principles governing this report.

The contents, preparation and maintenance of the information systems that provide the data, as well as the integrity of the ACS Report, are the responsibility of ACS Management.

Scope

In the Report, ACS describes the efforts and progress it has made towards a more sustainable development. Our responsibility has been to review the Report and assure appropriate application of the Global Reporting Initiative Version 3 (GRI G3) Guidelines based on ACS's level of self-declaration, and to offer readers a limited level of assurance in relation to the verification of non-financial information, according to the ISAE 3000 standard (International Standard for Assurance Engagements), that:

- The quantitative data regarding the GRI G3 indicators has been reliably obtained;
- The qualitative information regarding the GRI G3 indicators is adequately supported by internal or third-party documentation;
- The Report follows the GRI G3 Guidelines for A+ level of application, and the self-declaration has received Global Reporting Initiative confirmation.

Review criteria

Our work has been carried out in accordance with ISAE 3000: *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board (IAASB), and the Guidelines for Engagements in the Revision of Corporate Responsibility Reports from the Spanish Institute of Registered Auditors (ICJCE). Among other requirements, compliance with these norms requires the following:

- The engagement has been carried out with a team specialised in assurance and corporate sustainable development. In accordance with the aforementioned norms, this engagement complies with KPMG's independence policy, which is based on the IFAC Code of Ethics for Professional Accountants.

- The procedures undertaken are substantially fewer than those of a reasonable assurance procedure, and consequently the assurance provided is also lower. Under no circumstances may this report be understood as an audit report.

In our review we have followed ACS's criteria for application of the GRI G3 principles, as described in the chapter entitled Principles governing this report.

Work performed

We have reviewed the reliability of the quantitative data and other qualitative information included in the Report as described in the scope, basing our review on the following activities:

- Interviews with personnel responsible for the systems providing information included in the Report.
- Review of the systems used to generate, aggregate and facilitate the data.
- Analysis of the scope and manner in which information is presented.
- Review by sampling of the calculations carried out at corporate level and their consistency.
- Verification that other information included in the Report is adequately supported by internal or third-party documentation.

Conclusions

Based on the work described above, we have not observed circumstances indicating that the data included has not been obtained by reliable means, that the information is not fairly stated. We have also not identified any significant omissions or differences in the information reviewed.

KPMG Asesores, S.L.

(Signed:)

José Luis Blasco Vázquez
Partner

22 April 2009

Main Performance Indicators

Profile Disclosures

Page

Strategy and Analysis

1.1	Statement from the most senior decision-maker of the organization	AR. 4, 5
1.2	Description of key impacts, risks, and opportunities.	CRR. 4-8

Organizational Profile

2.1	Name of the organization.	CRR. Cover
2.2	Primary brands, products, and/or services.	AR. 14-15, 27, 51, 70
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	AR. 14-15, 27, 51, 70
2.4	Location of organization's headquarters.	CRR. 77
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report..	AR. 30, 44, 59, 60-62
2.6	Nature of ownership and legal form.	CGR. 2
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	AR. 30, 44, 59, 60-62
2.8	Scale of the reporting organization.	CRR. 15, 16. EFR. 6
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	CRR. 75
2.10	Awards received in the reporting period.	CRR. 21

Report Parameters

3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	CRR. Cover
3.2	Date of most recent previous report (if any).	2007
3.3	Reporting cycle (annual, biennial, etc.).	CRR. 75
3.4	Contact point for questions regarding the report or its contents.	CRR. 77
3.5	Process for defining report content.	CRR. 74,75
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	CRR. 75
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	CRR. 75, 78,79

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3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	This report was developed following the basis of consolidation included in the page 42 of the Economic and Financial Report of the ACS Group.
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	CRR. 75
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	Grupo ACS sold its stake in Unión Fenosa in 2008. Therefore there is no information regarding Unión Fenosa in this report and the area of activity "Energy" has been eliminated from the analysis.
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Grupo ACS sold its stake in Unión Fenosa in 2008. Therefore there is no information regarding Unión Fenosa in this report and the area of activity "Energy" has been eliminated from the analysis.
3.12	Table identifying the location of the Standard Disclosures in the report.	CRR. 80
3.13	Policy and current practice with regard to seeking external assurance for the report.	CRR. 78

Governance, Commitments, and Engagement

4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	CGR. 9, 40, 41
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	CGR. 9, 14, 30
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	CGR. 13
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	CGR. 58
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	CGR. 23, 24
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	CGR. 39, 50
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	CGR. 39
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	AR. 12, 13. IRSC. 4
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	CGR. 17, 49, 53-55, 56

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Main Performance Indicators

	Page
4.10 Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	CGR. 73. There are no specific processes related to this item, so it is included amongst the self-regulation faculties of the Board of Directors.
4.11 Explanation of whether and how the precautionary approach or principle is addressed by the organization.	CGR. 53
4.12 Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	CRR. 71
4.13 Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	CRR. 76
4.14 List of stakeholder groups engaged by the organization.	CRR. 8
4.15 Basis for identification and selection of stakeholders with whom to engage.	CRR. 75
4.16 Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	CRR. 75
4.17 Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	CRR. 10, 18, 22, 36, 57, 67, 70

Economical dimensión

	Disclosure on Management Approach EC	AR. 30, 44, 59, 60-62. IRSC. 15, 16, 17
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	EFR. 34
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	CRR. 6, 7
EC3	Coverage of the organization's defined benefit plan obligations.	CRR. 66
EC4	Significant financial assistance received from government.	EFR. 58, 93
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	The company has not developed any specific procedures to promote the hiring of locally-based suppliers. The company position in relation to these policies will be developed in the long term.
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	The company has not developed any specific procedures to promote the hiring of senior management from the local community. The company position in relation to these policies will be developed in the long term.
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	CRR. 72

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Environmental Dimensión		Página
Disclosure on Management Approach EN		CRR. 7, 36-38
EN1	Materials used by weight or volume.	CRR. 29. Qualitative information is provided. The diversity of the Group's activities and the current information management systems make difficult to obtain reliable data related to this indicator. In the long-term, the company will develop information management systems to obtain this information.
EN2	Percentage of materials used that are recycled input materials.	CRR. 43. Information for the Construction area is provided. The diversity of the Group's activities and the current information management systems make difficult to obtain reliable data related to this indicator. In the long-term, the company will develop information management systems to obtain this information.
EN3	Direct energy consumption by primary energy source.	CRR. 39
EN4	Indirect energy consumption by primary source.	CRR. 39
EN8	Total water withdrawal by source.	CRR. 39
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	The current information management systems makes difficult to obtain reliable data related to this indicator. In the long-term, the company will develop information management systems to obtain this information.
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	CRR. 46-49
EN16	Total direct and indirect greenhouse gas emissions by weight.	The current information management systems makes difficult to obtain reliable data related to this indicator. In the long-term, the company will develop information management systems to obtain this information.
EN17	Other relevant indirect greenhouse gas emissions by weight.	The current information management systems makes difficult to obtain reliable data related to this indicator. In the long-term, the company will develop information management systems to obtain this information.
EN19	Emissions of ozone-depleting substances by weight.	CRR. 39
EN20	NOx, SOx, and other significant air emissions by type and weight.	CRR. 39
EN21	Total water discharge by quality and destination.	CRR. 39, 43
EN22	Total weight of waste by type and disposal method.	The current information management systems makes difficult to obtain reliable data related to this indicator. In the long-term, the company will develop information management systems to obtain this information.
EN23	Total number and volume of significant spills.	
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	CRR. 40, 43, 45, 46-49
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	ACS Group understand that this is not a material indicator for its activity, as none of its significant business units sell products or packaging materials that are reclaimed.
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	CRR. 37

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Main Performance Indicators

Social		Page
Labor Practices and Decent Work		
	Disclosure on Management Approach LA	CRR. 57, 58, 60, 61, 62, 65
LA1	Total workforce by employment type, employment contract, and region.	CRR. 59
LA2	Total number and rate of employee turnover by age group, gender, and region.	CRR.13. The current information management systems makes difficult to obtain reliable data related to this indicator. In the long-term, the company will develop information management systems to obtain this information.
LA4	Percentage of employees covered by collective bargaining agreements.	CRR. 66
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	CRR. 66. These periods are regulated by the collective agreements, the Spanish General Workers Statute and the labour regulations commonly applicable in all countries in which they carry out their work.
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	CRR. 65
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	CRR. 64, 65
LA10	Average hours of training per year per employee by employee category.	CRR. 62
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	CRR. 58, 60. CGR. 33
LA14	Ratio of basic salary of men to women by employee category.	The current information management systems makes difficult to obtain reliable data related to this indicator. In the long-term, the company will develop information management systems to obtain this information.
Human Rights		
	Disclosure on Management Approach HR	CRR. 60, 61, 66, 70
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	CRR. 70
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	CRR. 70
HR4	Total number of incidents of discrimination and actions taken.	According to the Secretary of the Board of Directors, there were no significant incidents in 2008 deriving from the monitoring of the procedures brought together in the ACS Group's Code of Conduct.
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	CRR. 66
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	According to the Secretary of Board Directors, there were no significant incidents in 2008 deriving from the monitoring of the procedures brought together in the ACS Group's Code of Conduct.
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	According to the Secretary of Board Directors, there were no significant incidents in 2008 deriving from the monitoring of the procedures brought together in the ACS Group's Code of Conduct.

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Society		Page
	Disclosure on Management Approach SO	CRR. 6, 70, 71
S01	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	CRR. 71, 72
S02	Percentage and total number of business units analyzed for risks related to corruption.	The Group has not developed any analysis by business unit in relation to the risks related to corruption. These analysis will be carried out in the long-term.
S03	Percentage of employees trained in organization's anti-corruption policies and procedures.	The current information management systems makes difficult to obtain reliable data related to this indicator. In the long-term, the company will develop information management systems to obtain this information.
S04	Actions taken in response to incidents of corruption.	According to the Secretary of Board Directors, there were no significant incidents in 2008 deriving from the monitoring of the procedures brought together in the ACS Group's Code of Conduct.
S05	Public policy positions and participation in public policy development and lobbying.	CRR. 76
S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	ACS Group understand that this is not a material indicator for its activity, as there were no significant fines or non-monetary sanctions for non-compliance with laws and regulations during the period.

Product Responsibility

	Disclosure on Management Approach PR	CRR. 11, 12, 67
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	CRR. 26-28, 30
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	CRR. 11, 12
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	ACS Group understand that this is not a material indicator for its activity, as there were no marketing communications nor the sponsorship is used with advertising purposes.
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	ACS Group understand that this is not a material indicator for its activity, as there were no significant fines for non-compliance with laws and regulations concerning the provision and use of products and services during the period.

AR: 2008 Activity Report of the ACS Group.
 CRR: 2008 Corporate Responsibility Report of the ACS Group.
 EFR: 2008 Economic-Financial Report of the ACS Group.
 CGR: 2008 Corporate Governance Report of the ACS Group.



The Annual Report of the ACS Group can be obtained in www.grupoacs.com







Project Director and Editor
ACS Group

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Annual Report of ACS Group

2008



www.grupoacs.com



Cover photo: *Andasol I Thermal Solar Energy Plant in Aldeire (Granada, Spain).*

Corporate Governance Report of ACS Group

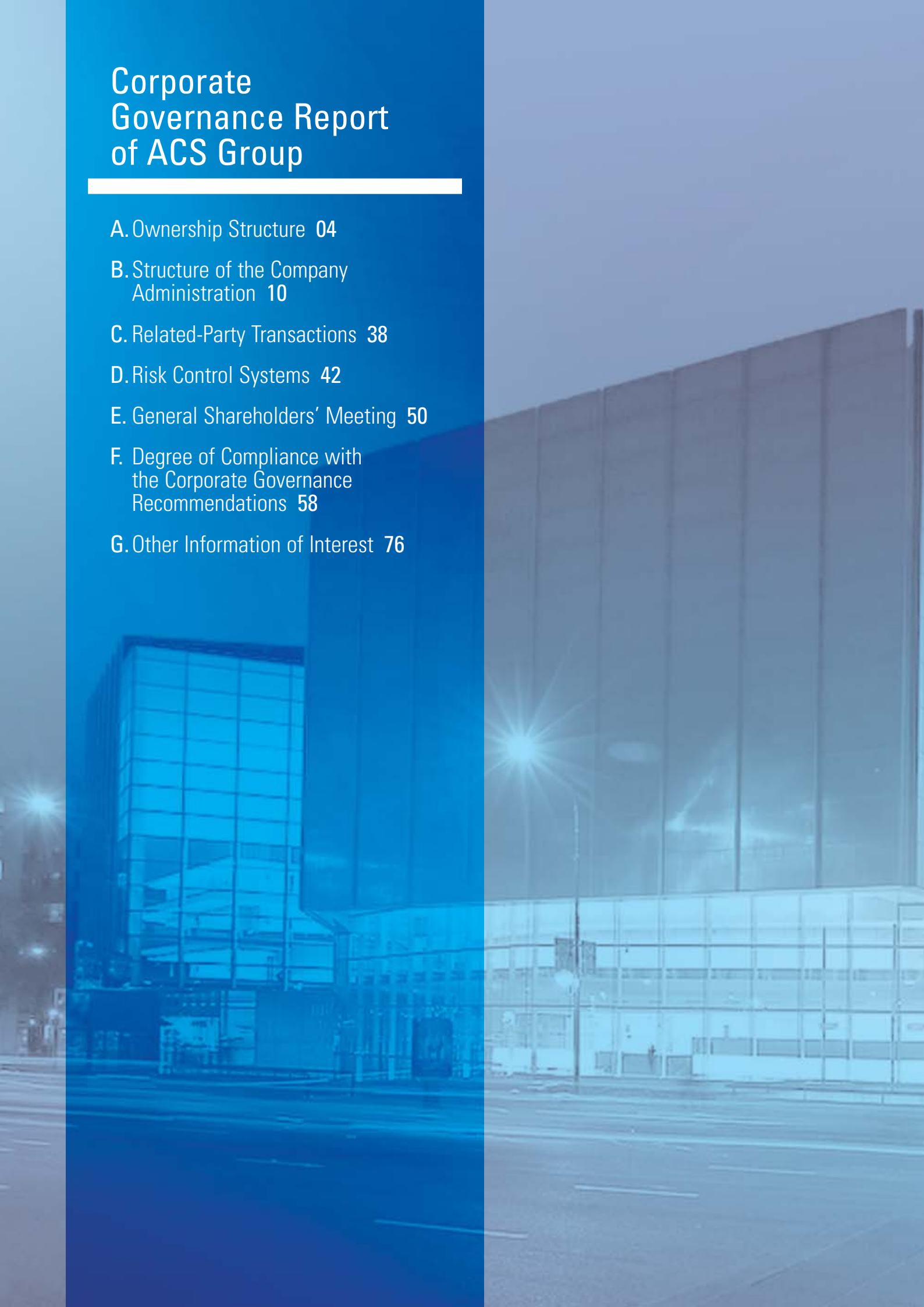


2008



Corporate Governance Report of ACS Group

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A. Ownership Structure

A.1 Complete the following table on the company's share capital:

Date of last amendment	Share capital (€)	Number of shares	Number of voting rights
09/7/2008	167,695,213.50	335,390,427	335,390,427

Indicate whether there are different classes of shares with different rights associated thereto:

	Yes	No
		X

Class	Number of shares	Par value	Unitary number of voting rights	Different rights

A.2 Detail the direct or indirect holders of significant shareholdings of the company at the close of the financial year, excluding the board members:

Name or corporate name of the indirect shareholder	Number of voting rights	Number of indirect voting rights (*)	% of total voting rights
Corporación Financiera Alba, S.A.	0	78,084,267	23.282
Inversiones Vesán, S.A.	38,815,575	0	11.573
Mr. Alberto Alcocer Torra	5,000	21,799,070	6.501
Mr. Alberto Cortina Alcocer	4,728	21,799,071	6.501
Balear Inversiones Financieras, S.L.	0	17,643,657	5.261
Southeastern Asset Management, Inc	0	16,875,535	5.032
Banco Bilbao Vizcaya Argentaria, S.A.	9,408,469	0	2.805

Name or corporate name of the indirect shareholder	Held through: Name or corporate name of the direct shareholder	Number of voting rights	% of total voting rights
Corporación Financiera Alba, S.A.	Alba Participaciones, S.A.	78,084,267	23.282
Mr. Alberto Alcocer Torra	Catser, S.L.	506,500	0.151
Mr. Alberto Alcocer Torra	Comercio y Finanzas, S.A.	515,907	0.154
Mr. Alberto Alcocer Torra	Corporación Financiera Alcor, S.A.	466,440	0.139
Mr. Alberto Alcocer Torra	Imvernelin Patrimonio, S.L.	19,794,316	5.902
Mr. Alberto Alcocer Torra	Percacer, S.A.	515,907	0.154
Mr. Alberto Cortina Alcocer	Catser, S.L.	506,500	0.151
Mr. Alberto Cortina Alcocer	Comercio y Finanzas, S.A.	515,907	0.154
Mr. Alberto Cortina Alcocer	Corporación Financiera Alcor, S.A.	466,440	0.139
Mr. Alberto Cortina Alcocer	Imvernelin Patrimonio, S.L.	19,794,317	5.902
Mr. Alberto Cortina Alcocer	Percacer, S.A.	515,907	0.154
Balear Inversiones Financieras, S.L.	Iberostar Hoteles y Apartamentos, S.L.	17,643,657	5.261

Indicate the most significant changes in the shareholding structure occurring during the financial year:

Name or corporate name of the shareholder	Transaction date	Description of the transaction
Southeastern Asset Management, Inc.	26/03/2008	Exceeded 3% of share capital
Southeastern Asset Management, Inc.	21/08/2008	Exceeded 5% of share capital

A.3 Complete the following table on the members of the Board of Directors of the Company that hold rights over shares in the company:

Name or corporate name of the board member	Number of voting rights	Number of Indirect voting rights (*)	% of total voting rights
Mr. Florentino Pérez Rodríguez	0	38,815,575	11.573
Mr. Antonio García Ferrer	52,000	0	0.016
Mr. Pablo Vallbona Vadell	56,560	0	0.017
Mr. Agustín Batuecas Torrego	833,088	1,482,853	0.691
Mr. Francisco Servando Verdú Pons	1,000	0	0.000
Mr. Javier Echenique Landiribar	24,432	0	0.007
Mr. Javier Monzón de Cáceres	4,200	0	0.001
Mr. José Álvaro Cuervo García	0	42,000	0.013
Mr. José María Aguirre González	421,500	0	0.126
Mr. José María Loizaga Viguri	128,313	225,000	0.105
Mr. Joan-David Grimà i Terré	0	0	0.000
Mr. Juan March de la Lastra	35,750	0	0.011
Mr. Julio Sacristán Fidalgo	1,356	0	0.000
Mr. Manuel Delgado Solís	0	0	0.000
Mr. Miguel Fluxá Rosselló	0	17,741,012	5.290
Mr. Miquel Roca i Junyent	12	0	0.000
Mr. Pedro José López Jiménez	0	2,170,000	0.647
Mr. Santos Martínez-Conde Gutiérrez- Barquín	8,208	0	0.002
Mr. José Luis del Valle Pérez	121,000	0	0.036

Name or corporate name of the direct shareholder	Held through: Name or corporate name of the direct shareholder	Number of voting rights	% of total voting rights
Mr. Florentino Pérez Rodríguez	Inversiones Vesán, S.A.	38,815,575	11.573
Mr. Miguel Fluxá Rosselló	Iberostar Hoteles y Apartamentos, S.L.	17,643,657	5.261
Mr. Pedro José López Jiménez	Fidwei Inversiones, S.L.	1,420,000	0.423
Mr. Agustín Batuecas Torrego	Inversiones Batuecas Torrego, S.L.	1,382,853	0.412
Mr. Pedro José López Jiménez	Lynx Capital, S.A.	750,000	0.224
Mr. José María Loizaga Viguri	Inversiones Europeas, S.L.	225,000	0.067
Mr. Agustín Batuecas Torrego	Inversiones Ceda, S.L.	100,000	0.030
Mr. Miguel Fluxá Rosselló	Gloya Trust, B.V.	97,355	0.029
Mr. José Álvaro Cuervo García	Sociedad de Estudios y Estrategia Empresarial, S.A.	42,000	0.013

Total % of voting rights in power of the Board of Directors	18.535
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Complete the following table on the members of the Board of Directors of the company that hold rights over shares in the Company:

Name or corporate name of the Board Member	Number of option rights held directly	Number of option rights held indirectly	Equivalent number of shares	% of total voting rights
Mr. Florentino Pérez Rodríguez	3,110,000	1	3,110,000	0.927
Mr. Antonio García Ferrer	710,000	1	710,000	0.212
Mr. Agustín Batuecas Torrego	178,000	1	178,000	0.053
Mr. José Luis del Valle Pérez	650,000	1	650,000	0.194

A.4 Indicate, if applicable, any relationships of a family, commercial, contractual or corporate nature existing between holders of significant shareholdings, to the extent that they are known by the company, excluding those of little significance or deriving from the ordinary course of business or trade:

Name or corporate name related	Type of relationship	Brief description

A. Ownership Structure

A.5 Indicate the relationships of a commercial, contractual or corporate nature existing between holders of significant shareholdings and the Company, unless they are of little significance or derive from the ordinary course of business or trade:

Name or corporate name related	Type of relationship	Brief description
Inversiones Vesán, S.A.	Contractual	Rosan Inversiones, S.L. with C.I.F. B-78962099, company wholly owned by Mr. Florentino Pérez Rodríguez, formalised agreement for execution of works with the company Dragados, S.A. on 27/04/05, for the construction of a building in Madrid. The works certified by Dragados, S.A. in 2008 amounted to 15,746,918.43 €

A.6 Indicate whether any shareholders' agreements affecting the company have been executed between shareholders pursuant to Article 112 of the Stock Exchange Law. If so, briefly describe the agreements and list the shareholders who entered into the agreement:

	Yes	No
		X

Parties involved in the agreement	% of share capital affected	Brief description of agreement

Indicate whether the company is aware of any concerted actions between its shareholders. If so, briefly describe them:

	Yes	No
		X

Parties involved in side agreement	% of share capital affected	Brief description of side agreement

If there has been any modification or termination of said pacts or agreements or concerted actions during the financial year, indicate them expressly.

A.7 Indicate if there is any individual or legal entity that exercises or could exercise control over the company under the terms of Article 4 of the Stock Exchange Law. If so, identify them:

	Yes	No
		X

Name or corporate name

Comments

A.8 Complete the following tables on the company's treasury stock:

At the close of the financial year:

Number of direct shares	Number of indirect shares (*)	Total % of share capital
16,746,453	0	4.993

(*) Held through:

Total	0
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In accordance with the provisions set forth in Royal Decree 1362/2007, detail any significant changes during the financial year:

Notification Date	Total number of direct shares acquired	Total number of indirect shares acquired	Total % of share capital
04/03/2008	4,555,357	0	1.293
23/05/2008	4,447,855	0	1.264
22/08/2008	3,424,585	0	1.023
06/10/2008	3,965,936	0	1.182
28/10/2008	5,732,114	0	1.709
01/12/2008	3,778,787	0	1.127

Gain / (Loss) on treasury shares disposed of in the year (in thousands of euros)	334
--	-----

A. Ownership Structure

A.9 Detail the conditions and term of mandate of the General Shareholders' Meeting to the Board of Directors for engaging in acquisitions or transfers of treasury shares.

The following resolution was adopted at the Extraordinary General Shareholders' Meeting held on 3 December 2008:

Render the previous authorisation granted by means of a resolution adopted by the Company's General Shareholders' Meeting held on 26 May 2008 null and void, and under the conditions and requirements set forth in Article 75 of the Spanish Corporations Law, authorize both the Company's Board of Directors as well as those of subsidiary companies to acquire shares in the Company for valuable consideration, the par value of which does not exceed 5% of the issued share capital. Such authorization shall be granted for a period of 18 months from the date of the aforementioned meeting. The minimum and maximum price shall be, respectively, the par value of the shares and a price not exceeding the price at which they are traded at the stock market on the day of the purchase, or the price authorised by the competent body of the Stock Exchange or by the Spanish Stock Market Commission."

A.10 Indicate the legal and statutory restrictions on the exercise of voting rights, as well as the statutory restrictions on the acquisition or sale of holdings in the share capital: Indicate whether there are legal restrictions on the exercise of voting rights:

	Yes	No
		X
Maximum percentage of voting rights that may be exercised by a shareholder under this legal restriction		0

Indicate whether there are statutory restrictions on the exercise of voting rights:

	Yes	No
		X
Maximum percentage of voting rights that may be exercised by a shareholder under this statutory restriction		0

Description of the legal and statutory restrictions on the exercise of voting rights

Indicate whether there are any legal restrictions on the acquisition or sale of holdings in the share capital:

	Yes	No
		X

Description of the legal restrictions on the acquisition or sale of holdings in the share capital

A.11 Indicate whether or not the General Shareholders' Meeting has resolved to adopt anti-takeover measures in accordance with the provisions of Law 6/2007.

	Yes	No
		X

If so, explain the measures adopted and the terms in which the restrictions will be deemed to be inefficient:

B. Structure of the Company Administration

B.1 Board of Directors

B.1.1 Outline the maximum and minimum number of Board Members provided for in the Company By-laws:

Maximum number of Board Members	21
Minimum number of Board Members	11

B.1.2 Complete the following table with the Board Members:

Name or corporate name of the Board Member	Representative	Position	Date first appointment	Date last appointment	Election procedure
Mr. Florentino Pérez Rodríguez	-	Chairman and CEO	28/06/1989	03/12/2008	General Meeting
Mr. Antonio García Ferrer	-	Executive Vice Chairman	14/10/2003	03/12/2008	General Meeting
Mr. Pablo Vallbona Vadell	-	Vice Chairman	05/09/1997	03/12/2008	General Meeting
Mr. Agustín Batuecas Torrego	-	Board Member	29/06/1999	03/12/2008	General Meeting
Mr. Francisco Servando Verdú Pons	-	Board Member	19/05/2006	19/05/2006	General Meeting
Mr. Javier Echenique Landiribar	-	Board Member	20/05/2004	20/05/2004	General Meeting
Mr. Javier Monzón de Cáceres	-	Board Member	20/05/2004	20/05/2004	General Meeting
Mr. José Álvaro Cuervo García	-	Board Member	05/09/1997	03/12/2008	General Meeting
Mr. José María Aguirre González	-	Board Member	29/06/1995	19/05/2006	General Meeting
Mr. José María Loizaga Viguri	-	Board Member	28/06/1989	03/12/2008	General Meeting
Mr. Joan-David Grimà i Terré	-	Board Member	14/10/2003	03/12/2008	General Meeting
Mr. Juan March de la Lastra	-	Board Member	30/07/2008	03/12/2008	General Meeting
Mr. Julio Sacristán Fidalgo	-	Board Member	24/06/1998	03/12/2008	General Meeting
Mr. Manuel Delgado Solís	-	Board Member	20/05/2004	20/05/2004	General Meeting
Mr. Miguel Fluxá Rosselló	-	Board Member	26/05/2008	26/05/2008	General Meeting
Mr. Miquel Roca i Junyent	-	Board Member	14/10/2003	03/12/2008	General Meeting
Mr. Pedro José López Jiménez	-	Board Member	28/06/1989	03/12/2008	General Meeting
Mr. Santos Martínez-Conde Gutiérrez-Barquín	-	Board Member	19/06/2002	03/12/2008	General Meeting
Mr. José Luis del Valle Pérez	-	Secretary General Board Member	28/06/1989	03/12/2005	General Meeting

Total number of Board Members	19
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Indicate the resignations from the Board of Directors that occurred during the period:

Name or corporate name of the Board Member	Position	Date of resignation
Mr. Isidro Fernández Barreiro	Proprietary	30/07/2008

B.1.3 Complete the following tables on the Board Members and their positions:

Executive Directors

Name or corporate name of the Board member	Committee which proposed the appointment	Position in the Company's organizational chart
Mr. Florentino Pérez Rodríguez	None	Chairman and CEO
Mr. Antonio García Ferrer	None	Executive Vice Chairman
Mr. Agustín Batuecas Torrego	None	Board Member
Mr. José Luis del Valle Pérez	None	Board Member Secretary

Total number of executive directors	4
Total % of the Board	21.053

Proprietary & External directors

Name or corporate name of the Board member	Committee which proposed the appointment	Name or corporate name of significant shareholder represented or that proposed his appointment
Mr. Pablo Vallbona Vadell	Appointment and Remuneration Committee	Corporación Financiera Alba, S.A.
Mr. Francisco Servando Verdú Pons	None	Corporación Financiera Alba, S.A.
Mr. Javier Echenique Landiribar	None	Corporación Financiera Alcor, S.A.
Mr. Javier Monzón de Cáceres	None	Corporación Financiera Alcor, S.A.
Mr. Juan March de la Lastra	Appointment and Remuneration Committee	Corporación Financiera Alba, S.A.
Mr. Julio Sacristán Fidalgo	Appointment and Remuneration Committee	Inversiones Vesán, S.A.
Mr. Manuel Delgado Solís	None	Corporación Financiera Alcor, S.A.
Mr. Miguel Fluxá Rosselló	Appointment and Remuneration Committee	Balear Inversiones Financieras, S.L.
Mr. Santos Martínez-Conde Gutiérrez-Barquín	Appointment and Remuneration Committee	Corporación Financiera Alba, S.A.

Total number of proprietary directors	9
Total % of Board	47.368

Independent non executive directors

Name or corporate name of the Board Member	Profile
Mr. José Álvaro Cuervo García	Professor
Mr. José María Aguirre González	Enterprise
Mr. José María Loizaga Viguri	Enterprise
Mr. Joan-David Grimà i Terré	Enterprise
Mr. Miquel Roca i Junyent	Lawyer

Total number of independent non-executive directors	5
Total % of Board	26.316

Other non executive directors

Name or corporate name of the Board Member	Committee which proposed the appointment
Mr. Pedro José López Jiménez	Appointment and Remuneration Committee

Total number of Board Members	1
Total % of Board	5.263

Indicate the reasons why they cannot be considered proprietary or independent and their relations, either to the company, its management or its shareholders:

Name or corporate name of the Board Member	Company, executive or shareholder with whom there is a relation	Reasons
Mr. Pedro José López Jiménez	-	Mr. Pedro López Jiménez currently has an indirect ownership in the Company of 0.615%. However, he has been considered to be a proprietary Board Member ever since he was one of the Company's majority shareholders and owned 10% of the Company's shares. This ownership interest has progressively been diluted as a result mainly of the corresponding corporate mergers. Therefore, he was elected as an Independent Board Member by the Extraordinary General Shareholders' Meeting held on 3 December 2008.

B. Structure of the Company Administration

Indicate any changes in the type of each board member during the period:

Name or corporate name of the Board Member	Date of Change	Previous status	Current status
Mr. Pedro José López Jiménez	03/12/2008	Proprietary	Other Non Executive Directors

B.1.4 If applicable, explain the reasons for appointing a proprietary director at the request of shareholders who have a holding of less than 5% of the share capital:

Name or corporate name of the shareholder	Grounds

Indicate whether any formal requests by a shareholder to have a Board Member appointed were denied although the shareholder holds the same or a higher number of shares than another shareholder at whose request proprietary directors were appointed. In this case, explain the grounds for denying this request:

	Yes	No
		X

Name or corporate name of the shareholder	Explanation

B.1.5 Indicate whether any Board Member resigned from office before the end of his term, whether he gave reasons to the Board for doing so, and by what means, and in the case that these reasons were not given to the whole of the Board in writing, provide an explanation of at least the reasons he gave for resigning:

	Yes	No
		X

Name	Reason for resigning

B.1.6 If applicable, indicate any powers delegated to the Board Members or Chief Executive Officers:

Name or corporate name of the Board Member	Brief description
Mr. Florentino Pérez Rodríguez	All powers corresponding to the board except those that cannot be transferred.

B.1.7 If applicable, identify the members of the Board that hold the positions of director or other executive positions at companies in the same group as the listed company:

Name or corporate name of the Board Member	Corporate name of the Group Entity	Position
Mr. Florentino Pérez Rodríguez	ACS Servicios, Comunicaciones y Energía, S.L.	Chairman
Mr. Antonio García Ferrer	ACS Servicios y Concesiones, S.L.	Board Member
	ACS Servicios, Comunicaciones y Energía, S.L.	Board Member
	Dragados, S.A.	Board Member
	Unión Fenosa, S.A.	Board Member
Mr. Agustín Batuecas Torrego	Construirail, S.A.	Board Member
	Continental Rail, S.A.	Individual Representative
	Dragados Servicios Portuarios y Logísticos, S.L.	Vice Chairman
	Intercambiador de Transportes Plaza de Castilla, S.A.	Individual Representative
	Intercambiador de Transportes Príncipe Pío, S.A.	Individual Representative
Mr. Javier Echenique Landiribar	ACS Servicios, Comunicaciones y Energía, S.L.	Board Member
Mr. Javier Monzón de Cáceres	ACS Servicios y Concesiones, S.L.	Board Member
Mr. José María Aguirre González	ACS Servicios, Comunicaciones y Energía, S.L.	Vice Chairman
	Cobra Gestión de Infraestructuras, S.L.	Chairman
Mr. José María Loizaga Viguri	Unión Fenosa, S.A.	Board Member
Mr. Julio Sacristán Fidalgo	Unión Fenosa, S.A.	Board Member
Mr. Manuel Delgado Solís	Dragados, S.A.	Board Member
	Unión Fenosa, S.A.	Board Member
Mr. Pedro José López Jiménez	ACS Servicios y Concesiones, S.L.	Board Member
	Dragados, S.A.	Vice Chairman
	Unión Fenosa, S.A.	Chairman
Mr. Santos Martínez-Conde Gutiérrez-Barquín	Unión Fenosa, S.A.	Board Member
Mr. José Luis del Valle Pérez	ACS Servicios y Concesiones, S.L.	Board Member Secretary
	ACS Servicios, Comunicaciones y Energía, S.L.	Board Member Secretary
	Clece, S.A.	Board Member
	Cobra Gestión de Infraestructuras, S.L.	Board Member-Secretary
	Dragados Servicios Portuarios y Logísticos, S.L.	Board Member
	Dragados, S.A.	Board Member-Secretary
	Iberpistas, S.A.C.E.	Board Member
	Iridium, S.A.	Board Member
	Saba Aparcamientos, S.A.	Board Member
	Sociedad Española de Montajes Industriales, S.A.	Board Member-Secretary
	Unión Fenosa, S.A.	Board Member
	Urbaser, S.A.	Board Member

B. Structure of the Company Administration

B.1.8 List, if applicable, the Board Members of the Company who are members of the Board of Directors of other companies that are listed on official stock exchanges in Spain and which do not form part of the Company's Group and of which the Company is aware:

Name or corporate name of the Board Member	Listed Company	Position
Mr. Florentino Pérez Rodríguez	Abertis Infraestructuras, S.A.	Vice Chairman
Mr. Antonio García Ferrer	Abertis Infraestructuras, S.A.	Board Member
Mr. Pablo Vallbona Vadell	Abertis Infraestructuras, S.A.	Vice Chairman
	Corporación Financiera Alba, S.A.	Vice Chairman
Mr. Francisco Servando Verdú Pons	Corporación Financiera Alba, S.A.	Board Member
Mr. Javier Echenique Landiribar	Repsol YPF, S.A.	Board Member
	Grupo Empresarial Ence, S.A.	Board Member
	Uralita, S.A.	Board Member
Mr. Javier Monzón de Cáceres	Indra Sistemas, S.A.	Chairman
Mr. José Álvaro Cuervo García	Bolsas y Mercados Españoles. Sdad Holding de Mdos y Stmas Fin. S.A.	Board Member
Mr. José María Aguirre González	Acerinox, S.A.	Chairman
	Banco Guipuzcoano, S.A.	Chairman
Mr. José María Loizaga Viguri	Mecalux, S.A.	Board Member
	Cartera Industrial Rea, S.A.	Chairman
	Zardoya Otis, S.A.	Vice Chairman
Mr. Juan March de la Lastra	Acerinox, S.A.	Board Member
	Corporación Financiera Alba, S.A.	Board Member
Mr. Julio Sacristán Fidalgo	Autopistas Aumar, S.A.C.E	Board Member
Mr. Pedro José López Jiménez	Compañía Española de Petróleos, S.A.	Board Member
	Indra Sistemas, S.A.	Vice Chairman
Mr. Santos Martínez-Conde Gutiérrez- Barquín	Acerinox, S.A.	Board Member
	Corporación Financiera Alba, S.A.	CEO

B.1.9 Indicate, and if applicable, explain whether the company has set rules regarding the number of Boards on which its Board Members may also be a member:

	Yes	No
	X	

Explanation of the rules

Article 14 of the Rules of the Board of Directors provides that Board Members cannot, either directly or indirectly, hold positions in companies or firms that are competitors of the Company or of any of the Group companies or provide representation services on behalf of same.

B.1.10 In relation to recommendation number 8 of the Unified Code, mark the Company's general policies and strategies which shall be approved by the Board in full:

	Yes	No
Investment and financing policy.	X	
Definition of the structure of the corporate group	X	
Corporate governance policy	X	
Corporate social responsibility policy	X	
Strategic or business plan, as well as the annual management and budget objectives.	X	
Senior executive management evaluation and remuneration policies.	X	
Risk control and management policy, and the periodic monitoring of internal information and control systems.	X	
Policy on dividends and on treasury shares, and the limits to be applied	X	

B.1.11 Complete the following tables showing the total remuneration of the Board Members accrued during the financial year:

a) In the Company covered under the present report:

Nature of remuneration	Figures in thousand euros
Fixed remuneration	2,957
Variable remuneration	3,483
Expenses	0
Statutory dues	2,081
Stock options and/or other financial instruments	1,283
Other	0
Total	9,804

Other benefits	Figures in thousand euros
Advances	0
Loans	0
Pension funds and plans: contributions	2,204
Pension funds and plans: obligations assumed	2,204
Life insurance premiums	12
Guarantees arranged by the Company in favour of Board Members	0

b) Received by Board Members of the Company for belonging to other Boards of Directors and/or senior management of companies of the Group:

Nature of remuneration	Figures in thousand euros
Fixed remuneration	438
Variable remuneration	0
Expenses	0
Statutory dues	2,576
Stock options and/or other financial instruments	0
Other	60
Total	3,074

Other benefits	Figures in thousand euros
Advances	0
Loans	0
Pension funds and plans: contributions	0
Pension funds and plans: obligations assumed	0
Life insurance premiums	0
Guarantees arranged by the Company in favour of Board Members	0

c) Total compensation per type of Board Member:

Classes of Board Members	By company	By group
Executive Directors	8,258	1,026
Proprietary & External Directors	886	753
Independent Non Executive Directors	550	166
Other Non Executive Directors	110	1,129
Total	9,804	3,074

d) In relation to profit attributed to the parent company:

Total Board Member remuneration (thousands of euros)	12,878
Total Board Member remuneration/ profit due to parent company (as %)	0.7

B. Structure of the Company Administration

B.1.12 Identify the members of senior management that are not, in turn, executive directors, and indicate the total remuneration accrued in their favour during the financial year:

Name or corporate name	Position
Mr. Gonzalo Gómez-Zamalloa Baraibar	CEO of Vias y Construcciones, S.A.
Mr. Antonio Alfonso Sánchez	Assistant to the Chairman of ACS Servicios y Concesiones, S.L.
Mr. Víctor Revuelta García	General Manager of Iridium Concesiones de Infraestructuras, S.A.
Mr. Alejandro Canga Bottegheiz	CEO of Geocisa y Soluciones de Edificación Integrales y Sostenibles, S.A.
Mr. Juan Mata Arbide	General Manager of Flota Proyectos Singulares, S.A.
Mr. Manuel Pérez Beato	Chairman of Vias y Construcciones, S.A.
Mr. Antonio Cortes Sánchez	Director of Control of Dragados, S.A.
Mr. Eugenio Llorente Gómez	CEO of ACS Servicios Comunicaciones y Energía, S. L.
Mr. Pablo García Arenal	General Plant Manager of Cobra Instalaciones y Servicios, S.A.
Mr. José Ignacio Legorburo Escobar	Director of Building of Vias y Construcciones, S.A.
Mr. José María Aguirre Fernández	Manager of Tecsa, Empresa Constructora, S.A.
Mr. Ricardo Martín de Bustamante Vega	Director of Civil Works of Dragados, S.A.
Mr. Maximiliano Navascués Redondo	Director of Contracts of Dragados, S.A.
Mr. Manuel Álvarez Muñoz	Director of Production of Vias y Construcciones, S.A.
Mr. Marcelino Fernández Verdes	Chairman and CEO of Dragados, S.A and head executive of the Constr, Env. Log. and Concessions
Mr. Manuel García Buey	Chairman and CEO of Iridium, Concesiones de Infraestructuras, S.A.
Mr. José Ontañón Carrera	General Manager of Waste Treatment of Urbaser, S.A.
Mr. Javier Polanco Gómez-Lavín	Chairman and CEO of Urbaser, S.A. and Chairman of Dragados SPL, S.L.
Mr. José Reis Costa	Chairman of CME
Mr. Víctor Luis Alberola Ruipérez	CEO of Dragados Servicios Portuarios Y Logísticos, S.L.
Mr. Juan Luis García-Gelabert Pérez	Director of Building of Dragados, S.A.
Mr. José Javier Román Hernando	General Manager of Clece, S.A.
Mr. Ángel Manuel García Altozano	Corporate General Manager of ACS Actividades de Construcción y Servicios, S.A.
Mr. José Romero de Ávila González-Albo	Secretary General of ACS Servicios Comunicaciones y Energía, S. L.
Mr. Daniel Vega Baladrón	CEO of Sociedad Española de Montajes Industriales, S.A. (SEMI)
Mr. Vicente Prados Tejada	General Manager of Control y Montajes Industriales, S.A
Mr. Manuel Andrés Martínez	General Manager of Urban Waste of Urbaser, S.A.
Mr. Pedro Sola Casado	General manager of Geotecnia y Cimientos, S.A. (Geocisa)
Mr. Javier San Millán Pérezagua	General Manager of Clece, S.A.
Mr. José Zornoza Soto	Finance Manager of ACS Actividades de Construcción y Servicios, S.A.
Mr. José Luis López Molinillo	General Manager of ACS Actividades de Construcción y Servicios, S.A.
Ms. Cristina Aldamiz-Echevarría González de Durana	Director of Investments and Management Control of ACS Actividades de Construcción y Servicios, S.A.
Mr. José Alfonso Nebreira García	General Manager of ACS Servicios Comunicaciones y Energía, S. L.
Mr. Cristóbal Valderas Alvarado	Chairman and CEO of Clece, S.A.
Mr. Juan Enrique Ruiz González	CEO of Sice Tecnologías y Sistemas
Mr. Alfonso Costa Cuadrench	Director of Technical Services of Dragados, S.A.
Mr. José María López Piñol	General Manager of Urbaser, S.A.
Mr. Pedro Ascorbe Trián	General Manager of Dragados Off-shore S.A.
Mr. Carlos Gerez Pascual	Director of Machinery of Dragados, S.A.
Mr. Luis Nogueira Miguelsanz	Secretary General of Dragados, S.A.
Mr. Francisco Fernández Lafuente	General Manager of Iridium, Concesiones de Infraestructuras, S.A.
Mr. Epifanio Lozano Pueyo	Administration Manager of ACS Servicios Comunicaciones y Energía, S. L.
Mr. Eloy Domínguez-Adame Bozzano	International Director of Dragados, S.A.
Mr. Juan José Sacristán Sacristán	Sole Director of Seis
Mr. Andrés Sanz Carro	Secretary General of Sociedad Española de Montajes Industriales, S.A. (SEMI)
Mr. Ignacio Segura Suriñach	General Manager of Dragados, S.A.
Mr. Juan Agustín Sánchez Bernal	Chairman of Etra e Imesapi, S.A.,
Mr. Enrique Pérez Rodríguez	General manager of the Real Estate area
Mr. Octavio del Real Sánchez	Assistant General Manager of Dragados, S.A.
Mr. Fernando García Arribas	General Manager of Drace Medioambiente, S.A.
Total Board Member remuneration (thousand euros)	26,802

B.1.13 Indicate on an aggregate basis if there are guarantee or protection clauses, in the case of dismissal or changes of control in favour of members of senior management, including the executive directors, of the company or its group. Indicate if these contracts have to be notified and/or approved by the bodies of the Company or its Group:

Number of beneficiaries			10
	Board of Directors	General Meeting	
Body authorising the clauses	X		
	Yes	No	
Is the General Meeting informed about the clauses?		X	

B.1.14 Indicate the process for establishing the remuneration of the members of the Board of Directors and the statutory clauses relevant in this respect.

Process for establishing the remuneration of the members of the Board of Directors and statutory clauses

The remuneration of the different Board Members for statutory dues was proposed by the Board at the proposal of the Remuneration Committee. Every year, the global amount is submitted for the approval by the Company's General Shareholders' Meeting within the agreement regarding the allocation of profits.

- This matter is ruled in the last three paragraphs of Article 34 of the Company By-laws, which establish the following: "In addition to the allowances and expenses agreed by the General Meeting, for statutory participation, the Board of Directors shall also be entitled to remuneration that does not exceed ten percent of the distributable net profit. This can only be allocated once the legal reserves and, if applicable, the statutory reserves have been made and the shareholders have been paid a dividend of at least four percent of the paid-up capital for each share.
- Express authorisation is hereby given to allow remuneration to all or any of the members of the Board of Directors, as well as executive staff of the company and the companies that belong to the same Group, which consists in the surrender of company shares or of stock option rights or through a reference to the value of said shares, in the manner, terms and conditions set by the General Shareholders' Meeting through the opportune agreement with the legally established requirements.
- The Board of Directors shall decide on the manner of distributing the remuneration due through the application of this Article, including the different amounts.
- In accordance with the provisions of Article 16 of the Rules of the Board of Directors, it shall be the Board that, after a report from the Appointment and Remuneration Committee, shall determine the distribution of the total corresponding amount, as well as the frequency, in accordance with legislation and By-laws in force. Furthermore in keeping with Article 24 of the Rules, the Appointment and Remuneration Committee has the duty to inform the Board of the following:
 1. The remuneration system of the Chairman of the Board of Directors and other senior executives of the Company.
 2. The distribution among the members of the Board of Directors of the overall remuneration agreed upon by the General Shareholders' Meeting, and if applicable, the establishment of supplementary remuneration and other supplementary payments corresponding to executive directors in relation to their functions.
 3. Remuneration of Board Members.
 4. Long-term plans that may be established in accordance with the value of the share, such as stock option plans.

Mark whether the Board in full shall take these decisions:

	Yes	No
At the request of the Vice-Chairman, the appointment and eventual stepping down of senior executives and related compensation clauses.	X	
The remuneration of the Board Members, and if applicable, extra remuneration for executive and other functions that the contracts should respect.	X	

B. Structure of the Company Administration

B.1.15 Indicate whether the Board of Directors approves a detailed remuneration policy and specify the issues it deals with:

	Yes	No
	X	
	Yes	No
The amount of the fixed components, itemised where necessary, of Board and Board committee attendance fees, with an estimate of the fixed annual payment they give rise to.	X	
Variable pay items	X	
	Yes	No
Main characteristics of provision systems, and estimate of its equivalent annual cost.	X	
The conditions to be respected in the contracts of executive directors exercising senior management functions	X	

B.1.16 Indicate whether the Board submits a consultative report on the Board Members' remuneration policy to the vote of the General Shareholders' Meeting, as a separate point on the Agenda. If appropriate, explain the parts of the report relating to the remuneration policy approved by the Board for future years, the most significant changes in remuneration policy with respect to the previous year and an overall summary of how the remuneration policy was applied in the year. Detail the role of the Remuneration Committee and the identity of any external advisors retained:

	Yes	No
		X

Matters dealt with by the report on remuneration policy

--

Role of the Remuneration Committee	Yes	No
Were external advisors used?		
Identity of the external advisors		

B.1.17 Indicate the identity of any Board Members that are, at the same time, Board Members or executives at companies who hold significant shareholdings in the listed company and/or entities in the Group:

Name or corporate name of the Board Member	Corporate name of the significant shareholder	Position
Mr. Florentino Pérez Rodríguez	Inversiones Vesán, S.A.	Director
Mr. Pablo Vallbona Vadell	Corporación Financiera Alba, S.A.	Vice Chairman
Mr. Francisco Servando Verdú Pons	Corporación Financiera Alba, S.A.	Board Member
Mr. Juan March de la Lastra	Corporación Financiera Alba, S.A.	Board Member
Mr. Miguel Fluxá Rosselló	Balear Inversiones Financieras, S.L.	Executive Chairman
Mr. Santos Martínez-Conde Gutiérrez-Barquín	Corporación Financiera Alba, S.A.	CEO

Detail of any relevant relationships, other than those contemplated in the chart above, which could bind any board members with significant shareholders and/or their group companies:

Name or corporate name of the related Board Member	Name or corporate name of the related significant shareholder	Description of Relationship
Mr. Pablo Vallbona Vadell	Corporación Financiera Alba, S.A.	Executive Vice Chairman of Banca March S.A., Main Shareholder of Corporación Financiera Alba, S.A.
Mr. Francisco Servando Verdú Pons	Corporación Financiera Alba, S.A.	Ceo of Banca March S.A., Main Shareholder of Corporación Financiera Alba, S.A.
Mr. Juan March de la Lastra	Corporación Financiera Alba, S.A.	Director of Banca March S.A., Main Shareholder of Corporación Financiera Alba S.A.
Mr. Julio Sacristán Fidalgo	Inversiones Vesán, S.A.	Brother in law of Mr. Florentino Pérez, Director of Inversiones Vesán, S.A.
Mr. Manuel Delgado Solís	Percacer, S.A. Imvemelin Patrimonio, S.L.	Lawyer Lawyer
Mr. Miguel Fluxá Rosselló	Balear Inversiones Financieras, S.L.	Executive Chairman of Iberostar Hoteles y Apartamentos, S.L., a Subsidiary of Balear Inversiones Financieras, S.L

B.1.18 Indicate whether any amendments have been made to the Rules of the Board of Directors during the financial year:

	Yes	No
	X	

Description of amendments

The Board of Directors of ACS, Actividades de Construcción y Servicios S.A. resolved to amend Article 23 at its meeting held on March 27, 2008. This resolution was recorded as a public document by means of the deed authorised by the Notary of Madrid Mr. Cruz Gonzalo López-Muller Gómez on 6 June 2008, under number 1228 of his notary protocol, registered at the Madrid Mercantile Register on 17 June 2008, in Volume 10.064, Sheet 200, Section 8, Page M-30221, Entry 823. Reported to the CNMV on 24 June 2008, Register Entry No. 2008 62649.

Article 23. The Audit Committee

In accordance with the provisions set forth in Article 20 b of the Company By-laws, there shall be an Audit Committee that shall comprise a minimum of three and a maximum of five members who shall be appointed and discharged, from among its members, by the Board of Directors. This appointment cannot fall to anyone who currently occupies this post, or who has carried out tasks of an executive or work nature in the company during the three immediately preceding years. The appointment of the Chairman, also to be made by the Board of Directors, must fall on one of the non-executive directors of the Company. Nevertheless, he may be re-elected after one year has elapsed since the end of his or her term of office. The Secretary to the Board of Directors shall attend the Committee's meetings shall act as its Secretary, with entitlement to participate but not to vote, and shall write up the minutes of the meeting, which shall be forwarded to all members of the Board of Directors following their approval.

It shall only be deemed to be constituted when the majority of its members are present and shall adopt its agreements by majority vote of those attending. In the event of a tie, the Chairman shall have the casting vote. It shall meet whenever the Chairman convenes a meeting and at least twice a year, coinciding with the initial and final stages of the auditing of the Company's financial statements and the consolidated accounts of the Group of Companies and always prior to the issue of the audit reports. The Company's Auditor may attend these meetings, whenever especially convened, for the purpose of explaining the most significant aspects of the audit performed.

B. Structure of the Company Administration

The Audit Committee shall be responsible for the following functions:

- a) Inform the General Shareholders Meeting on issues of its competence raised by shareholders.
- b) Propose the appointment of the external auditors referred to in Section 204 of the Revised Text of the Corporations Law to the Board of Directors of the Company for submittal to the General Shareholders' Meeting.
- c) Likewise, in general, all dealings with the external auditors in order to receive information on those issues that could jeopardize their independence as well as any others related to the process of implementation of accounts auditing and any other communications set forth in legislation governing accounts auditing and the technical rules of accounting.
- d) Receive periodic reports from the internal auditing services and supervise its operation; propose the appointment, re-election and termination of its head; assure its independence and efficiency; propose a budget for this service; and verify that senior management takes into account its conclusions and recommendations.
- e) Supervise compliance with internal conduct codes and corporate governance rules.
- f) Be aware of the financial information process and the internal control systems of the company.
- g) Periodically review the risk control and management systems, assuring that they appropriately define the different types of risks (operating, technological and financial, including contingent, legal, and image liabilities, etc.) faced by the company; define the acceptable risk level and establish the appropriate measures for mitigating the risks identified in the event that such risks were to arise.
- h) Review and provide information on the estimates made by the Company management and those that are integrated into its Group of Companies on possible tax and legal contingencies of a significant nature.
- i) Be aware of the results of inspections carried out by official authorities.
- j) Be aware of the information periodically provided to the Stock Market on the company's accounts.
- k) Previously inform the Board of Directors of any related party transactions to be submitted for its approval.
- l) Any other matters which may be especially entrusted to it by the Board of Directors.

The provisions set forth in these rules regarding the operation of the Board of Directors shall be applied to the Audit Committee as necessary and with the natural adaptations.

B.1.19 Indicate the procedures for appointment, re-election, evaluation and removal of Board Members. Detail the competent bodies, the steps to follow and the criteria to use in each of the procedures.

The issue is regulated in the Rules of the Board of Directors, in the following Articles, the literal content of which is the following:

Article 3. Composition and appointments

Within the limits laid down by Article 13 of the Company Bylaws in effect and notwithstanding the powers of proposal which, under the legislation in force, may correspond to the shareholders, it shall fall to the Board of Directors shall be responsible for proposing to the General Shareholders' Meeting both the number of Board Members and the persons, natural or legal, to be appointed. The appointment proposal must specify the proposed Members' condition of executive, representing substantial shareholders, independent or external.

Furthermore, in the event that vacancies were to arise, the Board of Directors may provisionally fill them from among the shareholders until the next General Shareholders' Meeting where the definitive choice would be made.

Article 4. Duties (...) In particular, the Board of Directors shall be responsible for:

Accept the resignation of the Board Members.

Appoint, revoke and accept the resignation of the Chairman, Vice Chairman and Secretary of the Board.

Appoint, revoke and accept the resignation of the Board Members that are to form part of the Committees and Commissions set forth in these Rules.

Article 11. Period of appointment of the Directors

The Board Members shall perform their functions during the term for which they were appointed, that is, six years. They may be re-elected one or more times for terms of equal or less time.

In the event of a vacancy for any reason, the Board of Directors may provisionally fill it from among the shareholders until the next General Shareholders' Meeting, where a definitive election shall take place.

The appointment of Board Members shall expire when, once the corresponding has elapsed, the next General Shareholders' Meeting is held or the term legally established for the General Meeting to take place elapses, in which resolution must be approved regarding the approval of the annual accounts for the preceding year.

Article 17. The Chairman

The Board shall elect a Chairman from among its members. The Chairman, in addition to the duties that correspond to him by virtue of current legislation, the Company By-laws and these Rules, shall undertake duties that befit the status of the top executive post of the company, within the guidelines laid down by the General Shareholders' Meeting, the Board of Directors and the Executive Committee.

The Chairman shall have the widest possible powers for the purpose of carrying out his duties and, unless lawfully prohibited, may totally or partially replace same in favour of other members of the Board and executive personnel of the Company and, in general, to whomever he deems fit and proper.

Article 18. The Vice Chairman

The Board may likewise elect one or two Vice Chairman from among its Directors: The Vice Chairman shall deputise for the Chairman in those instances of delegation, absence or illness and, in general, shall exercise all those duties that fall to the Chairman, the Executive Committee and the Board of Directors.

The replacement of the Chairman by the Vice Chairman shall be carried out in accordance with the order of their appointment or, in the absence of this, through the order of their seniority and, finally, in order of age from eldest to youngest.

B. Structure of the Company Administration

Article 19. The Chief Executive Officer

The Board may appoint a Chief Executive Officer (CEO) and award him the powers required unless these are prohibited from being delegated through the Law or through the Company By-laws.

Article 20. The Secretary

Following the issuance of a report by the Appointment and Remuneration Committee, the Board of Directors shall appoint a Secretary, who may be a non-member, and who must be a practising lawyer. Apart from the functions laid down by the legislation in force, the Company Bylaws and these Rules, the Secretary to the Board of Directors is responsible for ensuring that actions arising from the company bodies it forms part of comply with the requirements of the law, issuing warnings in this respect and registering them in the Minutes.

Article 24. The Appointment and Remuneration Committee

Likewise, the Board of Directors shall set up an Appointment and Remuneration Committee to be made up of a Chairman and a minimum of two Members who shall be freely elected and moved, from among its members, by the Board of Directors, and who shall perform their functions during the term of four years for which they were elected. The Secretary to the Board of Directors shall attend the Committee's meetings shall act as its Secretary, with entitlement to participate but not to vote, and shall write up the minutes of the meeting, which shall be forwarded to all members of the Board of Directors following their approval.

It shall only be deemed to be validly constituted when the majority of its members are present and shall adopt its resolutions through a majority of those attending. In the event of a tie, the Chairman shall have the casting vote. It shall meet whenever the Chairman convenes a meeting and at least twice a year.

The Appointment and Remuneration Committee is responsible for reporting to the Board of Directors on:

1. The remuneration system of the Chairman of the Board of Directors and other senior executives of the Company.
2. The distribution among the members of the Board of Directors of the overall remuneration agreed upon by the General Shareholders' Meeting, and if applicable, the establishment of supplementary remuneration and other supplementary payments corresponding to executive directors in relation to their functions.
3. Remuneration of the Board Members.
4. Long-term plans that may be established in accordance with the value of the share, such as stock option plans.
5. Propose Board Member and Secretary to the Board of Director appointments.
6. Propose appointment of Senior Executives, especially those who will form part of the Group's Management Committee, and the basic conditions of their contracts.
7. Issues relating to gender diversity on the Board of Directors.

The provisions set forth in these rules regarding the operation of the Board of Directors shall be applied to the Appointment and Remuneration Committee as necessary and with the natural adaptations.

B. Structure of the Company Administration

B.1.20 Indicate the events in which Board Members are obliged to resign.

This is not expressly considered.

B.1.21 State whether the function of the Chief Executive Officer of the company rests with the Chairman of the Board. If this is the case, indicate the measures that have been taken to limit the risks of accumulation of powers in a single person:

	Yes	No
	X	

Measures to limit risks

The chairman of the Board, Mr. Florentino Pérez Rodríguez, is also CEO, and has delegated all the powers of the Board, except those that cannot be transferred. His duty is not only delimited by this scope of powers that cannot be transferred, but also by the duties that he carries out as chairman of the Executive Committee. There is no other specific risk limitation of the accumulation of these duties.

Indicate if any rules have been stipulated empowering any of the independent Board Members to request the calling of Board meetings or the inclusion of new items on the agenda, to coordinate and voice the concern of external Board Members and to direct an evaluation by the Board of Directors.

	Yes	No
		X

Explanation of the rules

B.1.22 Are higher majorities required, different from the legal majority, in any type of decision?

Yes	No
	X

Indicate how resolutions are adopted by the Board of Directors, identifying at least, the minimum quorum of attendance and the type of majority to adopt resolutions:

Adoption of resolutions

Description of resolutions	Quorum	Type of Majority
----------------------------	--------	------------------

B.1.23 State whether there are specific requisites, different from those related to board members, to be nominated Chairman.

Yes	No
	X

Description of requisites

B.1.24 Indicate if the Chairman has a casting vote:

Yes	No
	X

Matters where the casting vote exists

B.1.25 Indicate if the Company By-laws or the Rules of the Board of Directors establish any limit on the age of Board Members:

Yes	No
	X

Age limit of Chairman

0

Age limit of Chief Executive Officer

0

Age limit of Board Member

0

B.1.26 Indicate if the Company By-laws or the Rules of the Board of Directors establish a limited mandate for independent Board Members:

Yes	No
	X

B. Structure of the Company Administration

Maximum number of mandate years

B.1.27 In the event that there are few or no women Board Members, explain the reasons and initiatives adopted to correct this situation.

Explanation of reasons and initiatives

The women within the ACS Group have a progressively greater weight both in terms of number and positions held. In 2008 women accounted for 36.2% of the group's total staff and 26% of its management and professionals with higher degrees. Women are also increasingly more present on the Boards of Directors of our main divisions and of companies in which ACS has an ownership interest and in the technical, financial, human resource, legal advisory and other management teams.

Equal opportunity and non-discrimination, basic principles of ACS included in the Company's Code of Conduct, are determining factors when promoting the professional and personal development of all ACS employees, and the company assures equal opportunities through its policies. The effectiveness of this equal opportunities policy is guaranteed since it is accompanied by measures aimed at breaking down the traditional barriers on the entrance of females in a sector which is traditionally male, and measures to reconcile professional and personal life.

Specifically, indicate whether the Appointment and Remuneration Committee has established procedures to assure that recruitment processes are not implicitly biased in a manner which hinders the selection of women Board Members, and that candidates filling the required profile are deliberately sought:

	Yes	No
		X

Point out the main procedures

B.1.28 Indicate if there are formal processes for the delegation of votes in the Board of Directors. If so, explain them briefly.

Without prejudice to the obligation to attend, the Directors that cannot attend a meeting in person may be represented and cast a vote through another Director. This delegation must be made in writing to the Chairman and must in the form of a letter, telegram, telex or fax or any other written means that acknowledges receipt by the addressee.

B.1.29 Indicate the number of meetings that the Board of Directors has held during the year. In addition, indicate the number of time the Board has meet without the presence of the Chairman, if applicable:

Number of Board meetings	5
Number of board meetings without the presence of the chairman	0

Indicate the number of meetings held during the year by the different Board committees:

Number of meetings of the Executive Committee or representative	10
Number of meetings of the Audit Committee	6
Number of meetings of the Appointment and Remuneration Committee	4
Number of meetings of the Appointment Committee	0
Number of meetings of the Remuneration Committee	0

B.1.30 Indicate the number of meetings that the Board of Directors has held during the year without all Members present. In this calculation, Board Members who have granted proxies without specific instructions shall be considered to be absent:

Number of Board Member absences in the year	3
% of absences in comparison to the total number of votes in the year	5.260

B.1.31 Indicate whether the individual and consolidated financial statements submitted to the Board of Directors for their approval are previously certified:

	Yes	No
	X	

Identify, if applicable, the person/people that has/have certified the company's individual and consolidated financial statements, for their preparation by the board:

Name	Position
Mr. Ángel Manuel García Altozano	Corporate General Manager

B.1.32 Explain the mechanisms established by the Board of Directors, if any, to prevent the individual and consolidated financial statements which it prepares from being presented at the General Shareholders' Meeting with a qualified auditor's report.

In this respect, routine meetings are held between the accounts auditor and the Audit Committee to analyse with sufficient notice any differences between the accounting criteria of the Company and its Group and the auditor's interpretation of the accounts. The foregoing is in accordance with Article 20 bis of the Company By-laws. It is considered that the 2008 auditors' reports on ACS Actividades de Construcción y Servicios, S.A. and the ACS Group will be favourable, as they were in 2006 and 2007.

B.1.33 Is the Secretary of the Board of Directors a Board Member?:

	Yes	No
	X	

B.1.34 Explain the procedures relating to the appointment and stepping down of the Board Secretary, indicating whether the Secretary's appointment and dismissal were reported by the Appointment Committee and approved by the Board in full.

Procedure for appointment and dismissal

Following the issuance of a report by the Appointment and Remuneration Committee, the Board of Directors shall appoint a Secretary, who may be a non-member, and who must be a practising lawyer. Apart from the functions laid down by the legislation in force, the Company Bylaws and these Rules, the Secretary to the Board of Directors is responsible for ensuring that actions arising from the company bodies it forms part of comply with the requirements of the law, issuing warnings in this respect and registering them in the Minutes. The appointment of the Secretary was not reported to the Appointment and Remuneration Committee since he was appointed years prior to the formation of this Committee.

Does the Appointment Committee report the appointment?	Yes
Does the Appointment Committee report the dismissal?	No
Does the Board in full approve the appointment?	Yes
Does the Board in full approve the dismissal?	Yes

B. Structure of the Company Administration

Is the Secretary of the Board specifically responsible for ensuring that good governance recommendations are complied with?

	Yes	No
		X

Comments

B.1.35 Indicate the mechanisms established by the company, if any, to preserve the independence of the auditor, of the financial analysts, of the investment banks and the rating agencies.

With regard to the auditor, Article 23 of the Rules of the Board of Directors expressly sets forth that in addition to the appointment proposal, the Audit Committee shall be responsible for dealing with the external auditors in order to receive information on those matters that could jeopardise their independence and any others related to the process of implementation of the accounts auditing as well as those other communications provided for in accounts auditing legislation and technical standards of auditing. Elsewhere, both Article 20 bis of the Company By-laws as well as Article 23 of the Rules of the Board of Directors set forth that the appointment of the members of the Audit Committee cannot fall to anybody that is currently performing this task or who had carried out tasks of an executive or work nature in the Company during the three immediately preceding years. Moreover, the appointment of the Chairman must fall to a non-executive board member of the Company who cannot remain in this post for a period greater than four years. He can, however, be re-elected once a period of one year has elapsed from his stepping down.

Among the mechanisms employed to preserve the independence of the financial analysts and investment banks, the principles of maximum transparency and non-discrimination are of note, where the Company bases its relationship with these entities on such principles. The Corporate General Management coordinates the relationship with said entities, establishing communication channels with both institutional investors and with individuals in order to guarantee fair and objective treatment. In addition and in relation to this matter, for the purposes of the General Shareholders' Meeting, a special service for shareholders has been started, especially directed at minority shareholders. The Corporate General Management also handles the mandates of the investment banks. The principles of transparency and non-discrimination are shown in a personalised fashion, and always in accordance with the Spanish Stock Market Commission (CNMV) regulations, through the communication of information relative to quarterly and other specific information (as a rule, no relevant information is published in the 15 days prior to the publication of the results), by email, on the web page (info@grupoacs.com), presented in person or transmitted through mobile phone and internet. All information for analysts, investors and individuals is included on the corporate website (www.grupoacs.com). There are no rating agencies for the Company.

B.1.36 Indicate whether the Company changed its external auditor in the year. If so, identify the incoming and outgoing auditor:

	Yes	No
		X

Outgoing Auditor

Incoming Auditor

In the event that there were disagreements with the outgoing auditor, explain the contents thereof:

	Yes	No
		X

Explanation of disagreements

B.1.37 Indicate if the auditing firm undertook other work for the Company and/or its Group other than the audit and in this case indicate the amount paid in fees for said work and the percentage that it represents of the total fees invoiced to the Company and/or Group.

	Yes	No
	X	

	Company	Group	Total
Amount from work other than the audit (thousand euros)	13	723	736
Amount from work other than audit / Total amount invoiced by auditing firm (in %)	8.230	21.960	21.330

B.1.38 Indicate whether the Auditors' report on the financial statements for the previous year had any reservations or qualifications. If so, indicate the reasons given by the Chairman of the Audit Committee to explain the contents and scope of these reservations or qualifications.

	Yes	No
		X

Explanation of reasons

B.1.39 Indicate the number of uninterrupted years that the current auditing firm has carried out the audit of the financial statements of the Company and/or its Group. Also indicate the percentage that the number of years audited by the current auditing firm represents of the total number of years which the financial statements have been audited:

	Company	Group
Number of uninterrupted years	19	19

	Company	Group
Number of years audited by current auditing firm / Number of years that the Company has been audited (in %)	100.0	100.0

B. Structure of the Company Administration

B.1.40 Indicate the shareholdings of members of the Company's Board of Directors in entities that have the same, analogous or complementary kinds of activities to the business purpose of both the Company and its Group, which have been notified to the Company. Also indicate the positions or duties that they perform in these companies:

Name or corporate name of the Board Member	Name of the object Company	% of Ownership	Position or functions
Mr. Florentino Pérez Rodríguez	Abertis Infraestructuras, S.A.	0.000	Vice Chairman
Mr. Antonio García Ferrer	Abertis Infraestructuras, S.A.	0.000	Board Member
Mr. Pablo Vallbona Vadell	Iberpistas, S.A.C.E.	0.000	Chairman
	Abertis Infraestructuras, S.A.	0.001	Vice Chairman
Mr. Javier Echenique Landiribar	Abertis Infraestructuras, S.A.	0.002	Board Member
Mr. Javier Monzón de Cáceres	Banco Inversis Net, S.A.	0.000	Individual representing Board Member Indra Sistemas S.A.
	Indra Sistemas, S.A.	0.047	Chairman
	YPF, S.A.	0.000	Board Member
	Lagardere SCA	0.000	Member of the Supervision Board
Mr. Julio Sacristán Fidalgo	Autopistas Aumar S.A.C.E.	0	Board Member
Mr. Manuel Delgado Solís	Cintra Concesiones de Infraestructuras de Transporte, S.A.	0.000	-
Mr. Pedro José López Jiménez	Grupo Terratest	45.000	Chairman (through Fapindus, S.L.)
Mr. Santos Martínez-Conde Gutiérrez-Barquín	Enagas, S.A.	0.002	-
	Indra Sistemas, S.A.	0.001	-
	Grupo Ferrovial, S.A.	0.001	-
	Abertis Infraestructuras, S.A.	0.001	-
	Iberdrola Renovables, S.A.	0.000	-
	Repsol YPF, S.A.	0.001	-
	Iberdrola, S.A.	0.001	-
	Sociedad General de Aguas de Barcelona, S.A.	0.002	-
	Gas Natural S.D.G., S.A.	0.001	-
	Abengoa, S.A.	0.002	-
	Telefónica, S.A.	0.001	-
	Endesa, S.A.	0.000	-
	Fomento de Construcciones y Contratas, S.A.	0.004	-
Técnicas Reunidas, S.A.	0.002	-	
Mr. José Luis Del Valle Pérez	Inversiones Montecarmelo, S.A.	23.490	-
	Continental Tires España, S.L.	0.000	Chairman
	FSC Servicios de Franquicia, S.A.	0.000	Chairman
	Continental Industrias del Caucho, S.A.	0.000	Chairman
	Sagital, S.A.	5.100	-
	Del Valle Inversiones S.A.	33.330	Director acting severally

B.1.41 Indicate and detail, if applicable, if there is any procedure for the board members to obtain external advice:

	Yes	No
		X

Detail of procedure

B.1.42 Indicate and if applicable provide details of any procedure for Board Members to obtain the information required to prepare for the meetings of the management bodies with sufficient time:

	Yes	No
	X	

Detail of procedure

Article 15 of the Rules expressly considers the right of the Board Members to request and obtain the information and advice required to carry out their functions. The information that they consider necessary is to be requested through the Chairman or the Secretary of the Board.

B.1.43 Indicate and if applicable detail whether the Company has set rules requiring Board Members to report, and if necessary, resign in cases where they may harm the Company's credit and reputation:

	Yes	No
	X	

Explanation of the rules

Article 15 of the Rules expressly considers the right of the Board Members to request and obtain the information and advice required to carry out their functions. The information that they consider necessary is to be requested through the Chairman or the Secretary of the Board.

Article 13 expressly states that in regard to the duty of loyalty, Board Members shall avoid conflicts of interest among themselves, or their most immediate relatives and the Company. Should any conflict of interest exist and be unavoidable, this must be notified to the Board of Directors and recorded in the Minutes of the first Board meeting that takes place. Shares, stock or derivative options that refer to the value of the share of which they are holders, either directly or indirectly, must also be notified to the Company as soon as possible, and under all circumstances within the five days that follow. This applies both to the Board Members as well as their most immediate relatives.

The Board Members must also notify the Company of any significant changes in their professional capacity and, specifically, those changes that affect their designation as a board member. They shall likewise inform the Company of any legal or administrative procedure that could have a negative affect on the reputation of the Company.

The Board Members shall abstain from intervening in the deliberations and of taking part in the voting on those matters in which they have a particular interest. This shall also be expressly recorded in the Minutes.

B.1.44 Indicate whether any member of the Board of Directors has informed the Company that legal action has been taken or that a lawsuit has been filed against him for any of the crimes set forth in Article 124 of the Spanish Corporations' Law:

	Yes	No
		X

Name	Criminal charge	Comments

Indicate whether the Board of Directors has analysed the case. If this response is affirmative, explain the reasons for the decision taken as to whether or not this Board Member should continue to hold office.

	Yes	No
		X

Decision taken	Detailed explanation

B. Structure of the Company Administration

B.2 Committees of the Board of Directors

B.2.1 Detail of all the Committees of the Board of Directors and its members:

Executive Committee

Name	Position	Type
Mr. Florentino Pérez Rodríguez	Chairman	Executive
Mr. José María Loizaga Viguri	Vice Chairman	Independent
Mr. Antonio García Ferrer	Member	Executive
Mr. Javier Echenique Landiribar	Member	Proprietary
Mr. Pablo Vallbona Vadell	Member	Proprietary
Mr. Pedro José López Jiménez	Member	Other external
Mr. Santos Martínez-Conde Gutiérrez-Barquín	Member	Proprietary

Audit Committee

Name	Position	Type
Mr. José Álvaro Cuervo García	Chairman	Independent
Mr. Julio Sacristán Fidalgo	Member	Proprietary
Mr. Manuel Delgado Solís	Member	Proprietary
Mr. Santos Martínez-Conde Gutiérrez-Barquín	Member	Proprietary

Appointment and Remuneration Committee

Name	Position	Type
Mr. Pablo Vallbona Vadell	Chairman	Proprietary
Mr. Javier Echenique Landiribar	Member	Proprietary
Mr. José María Aguirre González	Member	Independent
Mr. José María Loizaga Viguri	Member	Independent

B.2.2 Mark whether the Audit Committee has the following duties:

	Yes	No
Monitor the preparation and the integrity of the financial information prepared on the company and, where appropriate, the group, checking for compliance with legal provisions and the correct application of accounting principles	X	
Review internal control and risk management systems on a regular basis, so main risks are properly identified, managed and disclosed	X	
Oversee the independence and effectiveness of the internal audit function; propose the selection, appointment, reappointment and removal of the head of internal audit; propose the resources to be assigned to the internal audit function; receive regular report backs on its activities; and verify that senior management are acting on the conclusions and recommendations of its reports	X	
Establish and supervise a mechanism whereby staff can report any irregularities, and particularly financial and accounting irregularities they detect in the course of their work anonymously or confidentially.		X
Make recommendations to the Board for the selection, appointment, reappointment and removal of the external auditor, and the terms and conditions of his engagement	X	
Receive regular information from the external auditor on the progress and findings of the audit plan, and check that senior management are acting on its recommendation	X	
Oversee the independence of the external auditor	X	
In the case of groups, the group auditor shall be encouraged to assume responsibility for the audits of all the group companies.	X	

B.2.3 Provide a description of the organization and operating rules, as well as the responsibilities attributed to each of the Board committees.

Committee Name	Brief description
Remuneration and Appointment Committee	<p>Likewise, the Board of Directors shall set up an Appointment and Remuneration Committee to be made up of a Chairman and a minimum of two Members who shall be freely elected and moved, from among its members, by the Board of Directors, and who shall perform their functions during the term of four years for which they were elected. The Secretary to the Board of Directors shall attend the Committee's meetings, shall act as its Secretary, with entitlement to participate but not to vote, and shall write up the minutes of the meeting, which shall be forwarded to all members of the Board of Directors following their approval.</p> <p>It shall only be deemed to be validly constituted when the majority of its members are present and shall adopt its resolutions through a majority of those attending. In the event of a tie, the Chairman shall have the casting vote. It shall meet whenever the Chairman convenes a meeting and at least twice a year. The Appointment and Remuneration Committee is responsible for reporting to the Board of Directors on:</p> <ol style="list-style-type: none"> 1. The remuneration system of the Chairman of the Board of Directors and other senior executives of the Company. 2. The distribution among the members of the Board of Directors of the overall remuneration agreed upon by the General Shareholders' Meeting, and if applicable, the establishment of supplementary remuneration and other supplementary payments corresponding to executive directors in relation to their functions. 3. Remuneration of the Board Members. 4. Long-term plans that may be established in accordance with the value of the share, such as stock option plans. 5. Propose Board Member and Secretary to the Board of Director appointments. 6. Propose appointment of Senior Executives, especially those who will form part of the Group's Management Committee, and the basic conditions of their contracts. 7. Issues relating to gender diversity on the Board of Directors. <p>The provisions set forth in these rules regarding the operation of the Board of Directors shall be applied to the Appointment and Remuneration Committee as necessary and with the natural adaptations.</p>
Executive Committee	<p>The Executive Committee shall be comprised of the Chairman of the Board, who shall be its Chairman; of one or two Vice Chairmen, if these positions have been designated; of the Board Members designated by the Board of Directors; and of the Secretary of the Board, with voice but without vote, who shall act as Secretary.</p> <p>The Executive Committee shall meet as often as it is convened by the Chairman, either of his own initiative or when at least two members so request. The Committee is understood to be validly constituted when the majority of its elements are either present or represented and, save any other provision set forth in current legislation, in the Company By-laws or in these Rules, shall adopt its resolutions through a majority of attendees, either present or represented.</p> <p>Through delegation of the Board of Directors, this Committee shall hold all the powers that correspond to this body, except those that cannot be transferred by law or through a provision in the Company By-laws. That notwithstanding, the Board of Directors may discuss the knowledge and decision of any issue that falls under its terms of reference, and the Executive Committee may submit any matter to the decision of the Board of Directors when, although the matter could be dealt with by the Committee, this body believes it is necessary for the Board to take the appropriate decision.</p> <p>The provisions set forth in these rules regarding the operation of the Board of Directors shall be applied as necessary and with the natural adaptations.</p>
Audit Committee	<p>In accordance with the provisions set forth in Article 20 (bis) of the Company By-laws, there shall exist an Audit Committee to be made up of three and a maximum of five members who shall be appointed and discharged, from among its members, by the Board of Directors. This appointment cannot fall to anyone who currently occupies this post, or who has carried out tasks of an executive or work nature in the company during the three immediately preceding years. The appointment of the Chairman, also to be made by the Board of Directors, must fall on one of the non-executive directors of the Company. Nevertheless, he may be re-elected after one year has elapsed since the end of his or her term of office. The Secretary to the Board of Directors shall attend the Committee's meetings, shall act as its Secretary, with entitlement to participate but not to vote, and shall write up the minutes of the meeting, which shall be forwarded to all members of the Board of Directors following their approval.</p> <p>It shall only be deemed to be constituted when the majority of its members are present and shall adopt its agreements by majority vote of those attending. In the event of a tie, the Chairman shall have the casting vote. It shall meet whenever the Chairman convenes a meeting and at least twice a year, coinciding with the initial and final stages of the auditing of the Company's financial statements and the consolidated accounts of the Group of Companies and always prior to the issue of the audit reports. The Company's Auditor may attend these meetings, whenever especially convened, for the purpose of explaining the most significant aspects of the audit performed.</p> <p>The Audit Committee shall be responsible for the following functions:</p> <ol style="list-style-type: none"> a) Inform the General Shareholders Meeting on issues of its competence raised by shareholders. b) Propose the appointment of the external auditors referred to in Section 204 of the Revised Text of the Corporations Law to the Board of Directors of the Company for submittal to the General Shareholders' Meeting. c) Review and approve any significant changes to accounting policies of the Company and the subsidiaries in the Group of companies, as well as the Group itself. Likewise, in general, all dealings with the external auditors in order to receive information on those issues that could jeopardize their independence as well as any others related to the process of implementation of accounts auditing and any other communications set forth in legislation governing accounts auditing and the technical rules of accounting. d) Receive periodic reports from the internal auditing services and supervise its operation; propose the appointment, re-election and termination of its head; assure its independence and efficiency; propose a budget for this service; and verify that senior management takes into account its conclusions and recommendations. e) Supervise compliance with internal conduct codes and corporate governance rules. f) Be aware of the financial information process and the Company's internal control systems. g) Periodically review the risk control and management systems, assuring that they appropriately define the different types of risks (operating, technological and financial, including contingent, legal, and image liabilities, etc.) faced by the company; define the acceptable risk level and establish the appropriate measures for mitigating the risks identified in the event that such risks were to arise. h) Review and provide information on the estimates made by the Company management and those forming part of its Group of Companies on possible tax and legal contingencies of a significant nature. i) Be aware of the results of inspections carried out by official authorities. j) Be aware of the information periodically provided to the Stock Market on the company's accounts. k) Previously inform the Board of Directors of any related party transactions to be submitted for its approval. l) Any other matters which may be especially entrusted to it by the Board of Directors. <p>The provisions set forth in these rules regarding the operation of the Board of Directors shall be applied to the Audit Committee as necessary and with the natural adaptations.</p>

B. Structure of the Company Administration

B.2.4 Indicate the powers of advice, consultation and, if applicable, delegations held by each of the committees.

Committee Name	Brief description
Remuneration and Appointment Committee	<p>The Appointment and Remuneration Committee is responsible for reporting to the Board of Directors on:</p> <ol style="list-style-type: none">1. The remuneration system of the Chairman of the Board of Directors and other senior executives of the Company.2. The distribution among the members of the Board of Directors of the overall remuneration agreed upon by the General Shareholders' Meeting, and if applicable, the establishment of supplementary remuneration and other supplementary payments corresponding to executive directors in relation to their functions.3. Remuneration of the Board Members.4. Long-term plans that may be established in accordance with the value of the share, such as stock option plans.5. Proposed Board Member and Secretary to the Board of Director appointments.6. Proposed appointment of Senior Executives, especially those who will form part of the Group's Management Committee, and the basic conditions of their contracts.7. Issues relating to gender diversity on the Board of Directors.
Executive Committee	<p>Through delegation of the Board of Directors, this Committee shall hold all the powers that correspond to this body, except those that cannot be transferred by law or through a provision in the Company By-laws. That notwithstanding, the Board of Directors may discuss the knowledge and decision of any issue that falls under its terms of reference, and the Executive Committee may submit any matter to the decision of the Board of Directors when, although the matter could be dealt with by the Committee, this body believes it is necessary for the Board to take the appropriate decision.</p>
Audit Committee	<p>The Audit Committee shall be responsible for the following functions:</p> <ol style="list-style-type: none">a) Inform the General Shareholders Meeting on issues of its competence raised by shareholders.b) Propose the appointment of the external auditors referred to in Section 204 of the Revised Text of the Corporations Law to the Board of Directors of the Company for submittal to the General Shareholders' Meeting.c) Revise and approve any significant changes to accounting policies of the Company and the subsidiaries in the Corporate Group, as well as the Corporate Group itself. Likewise, in general, all dealings with the external auditors in order to receive information on those issues that could jeopardize their independence as well as any others related to the process of implementation of accounts auditing and any other communications set forth in legislation governing accounts auditing and the technical rules of accounting.d) Receive periodic reports from the internal auditing services and supervise its operation; propose the appointment, re-election and termination of its head; assure its independence and efficiency; propose a budget for this service; and verify that senior management takes into account its conclusions and recommendations.e) Supervise compliance with internal conduct codes and corporate governance rules.f) Be aware of the financial information process and the Company's internal control systems.g) Periodically review the risk control and management systems, assuring that they appropriately define the different types of risks (operating, technological and financial, including contingent, legal, and image liabilities, etc.) faced by the company; define the acceptable risk level and establish the appropriate measures for mitigating the risks identified in the event that such risks were to arise.h) Review and provide information on the estimates made by the Company management and those forming part of its Group of Companies on possible tax and legal contingencies of a significant nature.i) Be aware of the results of inspections carried out by official authorities.j) Be aware of the information periodically provided to the Stock Market on the company's accounts.k) Previously inform the Board of Directors of any related party transactions to be submitted for its approval.l) Any other matters which may be especially entrusted to it by the Board of Directors.

B.2.5 Indicate, if applicable, if there are regulations of the Board Committees, where they can be consulted, and amendments made during the year. In addition, indicate on a voluntary basis if any annual report has been prepared on the activities of each committee.

Remuneration and Appointment Committee

The Board Committees are regulated in Articles 19, 20 and 20 bis of the Bylaws and Article 21 to 24 of the Rules of the Board of Directors. Both documents are available on the Company's webpage www.grupoacs.com. At its meeting on December 13, 2007, in order to adapt the Rules of the Board of Directors to the provisions of the Unified Code of Good Corporate Governance, known as the Conthe Code, which was approved by the Board of the Spanish Stock Market Commission on 22 May 2006, and was first applicable in 2007, the Board of Directors resolved to approve new Rules of the Board of Directors in which the following amendments were made to the Articles regulating the Board of Director's Committees:

Article 24. The Appointment and Remuneration Committee

Likewise, the Board of Directors shall set up an Appointment and Remuneration Committee to be made up of a Chairman and a minimum of two Members who shall be freely elected and moved, from among its members, by the Board of Directors, and who shall perform their functions during the term of four years for which they were elected. The Secretary to the Board of Directors shall attend the Committee's meetings, shall act as its Secretary, with entitlement to participate but not to vote, and shall write up the minutes of the meeting, which shall be forwarded to all members of the Board of Directors following their approval.

It shall only be deemed to be validly constituted when the majority of its members are present and shall adopt its resolutions through a majority of those attending. In the event of a tie, the Chairman shall have the casting vote. It shall meet whenever the Chairman convenes a meeting and at least twice a year.

The Appointment and Remuneration Committee is responsible for reporting to the Board of Directors on:

1. The remuneration system of the Chairman of the Board of Directors and other senior executives of the Company.
2. The distribution among the members of the Board of Directors of the overall remuneration agreed upon by the General Shareholders' Meeting, and if applicable, the establishment of supplementary remuneration and other supplementary payments corresponding to executive directors in relation to their functions.
3. Remuneration of the Board Members.
4. Long-term plans that may be established in accordance with the value of the share, such as stock option plans.
5. Proposed Board Member and Secretary to the Board of Director appointments.
6. Proposed appointment of Senior Executives, especially those who will form part of the Group's Management Committee, and the basic conditions of their contracts.
7. Issues relating to gender diversity on the Board of Directors.

The provisions set forth in these rules regarding the operation of the Board of Directors shall be applied to the Appointment and Remuneration Committee as necessary and with the natural adaptations.

Only the Audit Committee issues an annual report on its activities, in accordance with law. This report is presented to the General Shareholders meeting.

Executive Committee

The Board Committees are regulated in Articles 19, 20 and 20 bis of the Bylaws and Article 21 to 24 of the Rules of the Board of Directors. Both documents are available on the corporate website, www.grupoacs.com.

At its meeting on December 13, 2007, in order to adapt the Rules of the Board of Directors to the provisions of the Unified Code of Good Corporate Governance, known as the Conthe Code, which was approved by the Board of the Spanish Stock Market Commission on 22 May 2006, and was first applicable in 2007, the Board of Directors resolved to approve new Rules of the Board of Directors, which was then amended by the Board of Directors on March 27, 2008 to include the appropriate changes:

Article 21. The Committees

For greater efficiency in the exercise of its duties and without prejudice to the statutory powers that correspond to the Board for the creation of the Committees that it deems necessary, an Executive Committee shall be formed, with delegated powers from the Board, an Audit Committee and an Appointment and Remuneration Committee, with the functions that are set forth in these Rules within the framework of current legislation and the Company By-laws.

B. Structure of the Company Administration

Article 22. The Executive Committee

The Executive Committee shall be comprised of the Chairman of the Board, who shall be its Chairman; of one or two Vice Chairmen, if these positions have been designated; of the Board Members designated by the Board of Directors; and of the Secretary of the Board, with voice but without vote, who shall act as Secretary.

The Executive Committee shall meet as often as it is convened by the Chairman, either of his own initiative or when at least two members so request. The Committee is understood to be validly constituted when the majority of its elements are either present or represented and, save any other provision set forth in current legislation, in the Company By-laws or in these Rules, shall adopt its resolutions through a majority of attendees, either present or represented.

Through delegation of the Board of Directors, this Committee shall hold all the powers that correspond to this body, except those that cannot be transferred by law or through a provision in the Company By-laws. That notwithstanding, the Board of Directors may discuss the knowledge and decision of any issue that falls under its terms of reference, and the Executive Committee may submit any matter to the decision of the Board of Directors when, although the matter could be dealt with by the Committee, this body believes it is necessary for the Board to take the appropriate decision.

The provisions set forth in these rules regarding the operation of the Board of Directors shall be applied as necessary and with the natural adaptations.

Only the Audit Committee issues an annual report on its activities, in accordance with law. This report is presented to the General Shareholders meeting.

Audit Committee

The Board Committees are regulated in Articles 19, 20 and 20 bis of the Bylaws and Article 21 to 24 of the Rules of the Board of Directors. Both documents are available on the corporate website www.grupoacs.com. At its meeting on December 13, 2007, in order to adapt the Rules of the Board of Directors to the provisions of the Unified Code of Good Corporate Governance, known as the Conthe Code, which was approved by the Board of the Spanish Stock Market Commission on 22 May 2006, and was first applicable in 2007, the Board of Directors resolved to approve new Rules of the Board of Directors in which the following amendments were made to the Articles regulating the Board of Director's Committees:

Article 23. The Audit Committee

In accordance with the provisions set forth in Article 20 (bis) of the Company By-laws, there shall exist an Audit Committee to be made up of three and a maximum of five members who shall be appointed and discharged, from among its members, by the Board of Directors. This appointment cannot fall to anyone who currently occupies this post, or who has carried out tasks of an executive or work nature in the company during the three immediately preceding years. The appointment of the Chairman, also to be made by the Board of Directors, must fall on one of the non-executive directors of the Company. Nevertheless, he may be re-elected after one year has elapsed since the end of his or her term of office. The Secretary to the Board of Directors shall attend the Committee's meetings, shall act as its Secretary, with entitlement to participate but not to vote, and shall write up the minutes of the meeting, which shall be forwarded to all members of the Board of Directors following their approval.

It shall only be deemed to be constituted when the majority of its members are present and shall adopt its agreements by majority vote of those attending. In the event of a tie, the Chairman shall have the casting vote. It shall meet whenever the Chairman convenes a meeting and at least twice a year, coinciding with the initial and final stages of the auditing of the Company's financial statements and the consolidated accounts of the Group of Companies and always prior to the issue of the audit reports. The Company's Auditor may attend these meetings, whenever especially convened, for the purpose of explaining the most significant aspects of the audit performed.

The Audit Committee shall be responsible for the following functions:

- a) Inform the General Shareholders Meeting on issues of its competence raised by shareholders.
- b) Propose the appointment of the external auditors referred to in Section 204 of the Revised Text of the Corporations Law to the Board of Directors of the Company for submittal to the General Shareholders' Meeting.
- c) Revise and approve any significant changes to accounting policies of the Company and the subsidiaries in the Corporate Group, as well as the Corporate Group itself. Likewise, in general, all dealings with the external auditors in order to receive information on those issues that could jeopardize their independence as well as any others related to the process of implementation of accounts auditing and any other communications set forth in legislation governing accounts auditing and the technical rules of accounting.
- d) Receive periodic reports from the internal auditing services and supervise its operation; propose the appointment, re-election and termination of its head; assure its independence and efficiency; propose a budget for this service; and verify that senior management takes into account its conclusions and recommendations.
- e) Supervise compliance with internal conduct codes and corporate governance rules.
- f) Be aware of the financial information process and the Company's internal control systems.
- g) Periodically review the risk control and management systems, assuring that they appropriately define the different types of risks (operating, technological, financial, including contingent, legal, and image liabilities, etc.) faced by the company; define the acceptable risk level and establish the appropriate measures for mitigating the risks identified in the event that such risks were to arise.
- h) Review and provide information on the estimates made by the Company management and those forming part of its Group of Companies on possible tax and legal contingencies of a significant nature.
- i) Be aware of the results of inspections carried out by official authorities.
- j) Be aware of the information periodically provided to the Stock Market on the company's accounts.
- k) Previously inform the Board of Directors of any related party transactions to be submitted for its approval.
- l) Any other matters which may be especially entrusted to it by the Board of Directors.

The provisions set forth in these rules regarding the operation of the Board of Directors shall be applied to the Audit Committee as necessary and with the natural adaptations.

B.2.6 Indicate if the members of the executive committee reflect the shareholding in the Board of the different Board Members based on their status:

	Yes	No
		X

If no, please explain the composition of its executive committee

The Executive Committee comprises an independent Board Member, two executive Board Members and four proprietary Board Members as well as a Secretary with voice but without vote.

C. Related-Party Transactions

C.1 Mark whether, following a favourable report from the Audit Committee or any other committee assigned this task, the Board in full is responsible for approving the Company's transactions with Board Members, significant shareholders or shareholders represented on the Board, or individuals related thereto.

	Yes	No
	X	

C.2 Detail the relevant operations that involved a transfer of resources or obligations between the Company or entities of the Group and significant shareholders of the Company:

C.3 Detail the relevant operations that involved a transfer of resources or obligations between the company and entities of its group and the directors or executives of the company:

Name or corporate name of the significant shareholder	Name or corporate name of the Company or its Group Entity	Nature of relationship	Description of the operation	Amount (Thousands of euros)

C.4 Detail the relevant operations made by the company with other companies belonging to the same group, provided that they are not eliminated in the process of preparing the consolidated financial statements and do not form part of the normal business of the company in terms of its business purpose and conditions:

C.5 Indicate whether the members of the Board of Directors have had any conflicts of interest in the year, pursuant to the provision of Spanish Corporations Law 127 ter.

	Yes	No
		X

Name or corporate name of the Board Member	Description of the conflict of interest

C.6 Mechanisms established to detect and regulate possible conflicts of interest between the company and/or the group, and its Board Members, Executives or significant shareholders.

- There are several standards included in the Rules of the Board of Directors. Article 13⁹ specifically regulates conflicts of interest. With regard to the duty of loyalty, this Article stipulates that the board members shall avoid conflicts of interest between themselves, or their most immediate relatives and the Company. Should any conflict of interest exist and be unavoidable, this must be notified to the Board of Directors and recorded in the Minutes of the first board meeting that takes place. Shares, stock or derivative options that refer to the value of the share of which they are holders, either directly or indirectly, must also be notified to the Company as soon as possible, and under all circumstances within the five days that follow This applies both to the Board Members as well as their most immediate relatives.

The Board Members must also notify the Company of any significant changes in their professional capacity and, specifically, those changes that affect their designation as a board member. They shall likewise inform the Company of any legal or administrative procedure that could have a negative affect on the reputation of the Company.

The Board Members shall abstain from intervening in the deliberations and of taking part in the voting on those matters in which they have a particular interest. This shall also be expressly recorded in the Minutes.

Likewise, on regulating the non-competition and the use of information, Article 14^o sets forth that the Board Members cannot, either directly or indirectly, hold positions in companies or firms that are competitors of the Company or of any of the Group companies or provide representation services on behalf of same.

The Board Members cannot use restricted information that they have become aware of through the exercise of their position as a Board Member for any private purpose. More specifically, unless expressly authorised by the Board of Directors, the Board Members cannot benefit from commercial transactions that they have become aware of in their capacity as a Board Member.

Unless it is a duly authorised payment in kind, Board Members cannot make use of Company assets or use these assets to obtain a patrimonial advantage without paying the adequate consideration.

2. Likewise, there are Rules of Conduct in the Stock Markets that include a set of rules designed to detect and regulate any possible conflicts of interest between the Company and / or its Group, its Board Members, Directors or significant shareholders.

At its meeting of July 17, 2003, the Executive Committee of ACS, Actividades de Construcción y Servicios, S.A., by virtue of the powers vested in it by the Board of Directors, approved the Rules of Conduct in the Stock Markets, informing the Spanish Stock Market Commission (CNMV) of this on July 31, 2003. At its meeting on July 1, 2004, the Board of Directors unanimously resolved to approve a number of amendments to the Rules of Conduct in the Stock Exchange which was notified to the CNMV on July 2, 2004.

In general, the Rules apply to the Members of the Board of Directors, members of the Group Management Committee as well as, in general, those representatives and personnel of the Company that carry out activities that could fundamentally influence the Company's share listing. It also applies to Company representatives, personnel and external consultants who, for specific purposes, have privileged or reserved information regarding Company stock.

The Monitoring Unit provided for in the Rules shall have an updated list of the Board Members, representatives and personnel of the Company as well as external consultants bound by the same regulations. This list shall be made available to all supervising authorities of the stock markets. Both the inclusion on this list as well as exclusion from same shall be communicated in writing by the Chairman of the Monitoring Unit to all those affected.

The Regulations are applied with regard to shares, stock options and similar contracts that grant the right to subscribe to or acquire Company shares, convertible or non-convertible securities, bonds, promissory notes, junior debt and, in general, any kind of financial instrument issued by the Company or, if applicable, by Group entities. The Regulations shall also apply to cases of conflicts of interest pursuant to Article 7 of same.

All persons to whom the Regulations apply must abstain from carrying out, or preparing to carry out, any kind of acts that falsify the free formation of prices on the stock market. Moreover, they must abstain from using all manner of privileged information, whether for personal gain or on behalf of third parties, which they have gained through the exercise of their functions at the Company or on behalf of the Company.

All members of the board of directors, representatives and personnel of the Company that possess privileged information regarding the negotiable securities and financial instruments issued by the Company or Group entities, are bound to safeguard same. This is without prejudice to their duty to communicate this information and to collaborate with the legal and administrative authorities in the terms legally set forth.

C. Related-Party Transactions

During the study or negotiation stages of any kind of legal or financial operation that could have an appreciable influence on the listing of the securities to which the Regulations refer, the Company personnel that are in charge of these operations shall be obliged:

- a) Inform only those people about the transaction, whether inside or outside the organisation, whose involvement is indispensable.
- b) Maintain, for each transaction, a register of the names of the people referred to in paragraph a), stating the date on which each had access to the information.
- c) Clearly inform the persons listed on the register of the nature of the information, their duty to keep it confidential and the prohibition from using it.
- d) Establish security measures for maintaining, filing, accessing, copying and distributing the information.
- e) Monitor the performance of the negotiable securities or financial instruments related to the transaction in process as well as the information made public in any specialised and ordinary media that could affect the process.
- f) In the event of unusual corporate volumes or prices, and if there are reasonable grounds to believe that these changes are the result of premature, partial or distorted reporting of the transaction, the individuals responsible for the transaction shall immediately inform the Secretary of the Board of Directors, who shall then report a relevant occurrence, providing clear and precise information on the status of the transaction underway or containing advanced notice of the information to be made public.

Persons subject to the Regulations who carry out any kind of operation on negotiable securities or financial instruments issued by the Company must observe the following duties:

- a) Provide the Company, via the Chairman of the Monitoring Unit, with written information on any kind of purchase or sale or acquisition of option rights operation, carried out on their own behalf and which is related to the securities that constitute the target scope of these Regulations. Also considered on the same level as operations carried out on their own behalf are those carried out by the spouse, unless this only affects their private or exclusive wealth in accordance with the financial marriage rules, by children under legal age or disabled under paternal powers of the obligee or by companies that are directly or indirectly controlled, or by intervening persons. Those operations that have not involved intervention by the person that is subject to these Regulations because they were ordered by the entities that the affected person has entrusted their securities portfolio management to on a stable basis are excluded from this information obligation. In this case it shall be sufficient to inform the Chairman of the Monitoring Unit of the existence of the portfolio management contract and the name of the managing agent.
- b) At the request of the Chairman of the Monitoring Unit, to provide full details of the operations carried out on their own behalf that are related to the securities that constitute the objective sphere of application of these Regulations.
- c) Communicate in writing to the Chairman of the Monitoring Unit, at the time of acquiring the status of Board Member, representative or staff member of the Company that is subject to these regulations, the list of the securities of the Company or the Group entities of which they are the holder, directly or indirectly via controlled companies or through intervening persons or entities or persons and entities that act jointly, as well as those that are owned by their children under the legal age or disabled under paternal powers of the obligee or those carried out by the spouse, unless this only affects their private or exclusive wealth in accordance with the financial marriage rules. In addition, written notification of the existence of the portfolio management contract and the name of the managing agent must be given.

d) Submit to the Monitoring Unit, via its Chairman, any doubts regarding the application of these Rules, abstaining from any action until a response to the query has been received.

Without prejudice to the foregoing, when the operations on securities or financial instruments issued by the Company are carried out by Board Members, these must also be notified to the Stock Exchanges where the shares are listed and the Stock Market Committee, in the legally determined manner.

The Secretary of the Monitoring Unit shall maintain the communications, notifications and anything else related to the Regulations duly filed and organised. Moreover, the Secretary shall maintain said file confidential and may, at any time, request confirmation from persons that are bound by the Regulations of balances of securities and financial instruments that derive from the file.

The Monitoring Unit, through its Chairman, is responsible for formulating and maintaining an updated list of all persons subject to these Rules. The Monitoring Unit shall comprise the Secretary of the Board of Directors, who shall chair, the Corporate Director General and the Director of Administration, who shall act as Secretary.

Breach of the rules of conduct contained herein with regard to the provisions set forth in the Stock Market regulations may give rise to the corresponding administrative sanctions and other consequences that derive from applicable legislation. This shall be considered to be a work misdemeanour in so far as it affects Company staff.

C.7 Is more than one Group company listed in Spain?

	Yes	No
	X	

Identify the subsidiaries listed in Spain:

Listed subsidiaries

Unión Fenosa, S.A.

Indicate whether they have publicly defined the exact respective activity areas and possible business relations between them, as well as the listed subsidiary's relation with the other Group companies:

	Yes	No
		X

Define the possible business relations between the parent and the listed subsidiary, and between the subsidiary and other group companies

Identify the mechanisms to be used to resolve a conflict of interest between the listed subsidiary and other Group companies:

Mechanisms for resolving possible conflicts of interest

D. Risk Control Systems

D.1 General description of the risk policies of the Company and/or its Group, detailing and evaluating the risks covered by the system, along with the justification of the appropriateness of these systems for the profile of each type of risk.

The ACS Group's risk control system is based on a range of strategic and operational actions designed to mitigate risks and fulfil the objectives established by the Board of Directors.

The diversity and complexity of the sectors in which the Group carries out its activities implies a variety of risks; the Corporate Unit is responsible for defining basic guidelines in order to homogenize performance criteria in each of the divisions to guarantee an adequate level of internal control. The companies and divisions of the Group are responsible for developing the required and appropriate internal regulation to govern the implementation of any necessary internal controls, which, in turn, shall guarantee optimum performance of such internal control in accordance with the special circumstances of their activities.

In order to respond to the need for global and homogeneous risk management, the Corporate Unit has established a risk management model which includes the identification, evaluation, classification, valuation, processing and follow-up of risks at the Group and operational business line levels. Once these risks have been identified, a risk map is prepared.

In light of the above, risks have been identified as follows:

- Operating risks, stemming from the different businesses that the Group develops and which vary depending on the area of activity, but which can be summarised in risks relative to entering into contracts, planning and control of the execution of the various works and projects, quality-related risks, environmental risks, and risks related to international activities.
- Non-operating risks, which also vary depending on the different businesses that the Group develops, such as risks relating to image, human resources, legal or regulatory matters, tax, financial matters and insurance coverage.

As indicated previously, the Group's risk control systems are based on a series of strategic and operational actions aimed at complying with risk policies by each area of Group activity. The actions are organised according to a decentralised model that allows each business unit to carry out its risk control and evaluation policies in accordance with certain basic principles. These principles are the following:

- Definition of the maximum risk limits that may be assumed by each business in accordance with the characteristics and expected return of the same, and which are implemented at the time contracts are entered into.
- Establishment of procedures to identify, approve, analyse, control and report the different risks for each business area.
- Coordination and communication to ensure that the risk policies of each business area are consistent with the Group's overall risk strategy.

The systems provide the necessary information to supervise and evaluate the risk exposure of each business area and develop the corresponding management information required for decisions with the monitoring of the appropriate indicators.

The control systems implemented in each business area may be classified into the following categories:

Management systems for the entering into contracts and bidding processes for works and projects

Aimed at evaluating the profitability of projects from a technical and economic point of view, with sufficient guarantees to ensure client solvency.

Management systems for the planning and execution of works and projects

The Group and the various activity areas have several economic and production control systems designed to give reliable knowledge of the economic forecasts and deadlines for projects, from planning phase through execution of the projects, and information on the actual status at all times.

These systems are part of a comprehensive economic and budgetary control system for each business area, and are adapted to the characteristics of their activities in order to provide the necessary information to the persons responsible for each area so that they may control the risks deriving from any possible deviation and make the appropriate decisions to optimise the management process. All information is kept in economic information systems which allow the consolidated parameters to be easily monitored and controlled in a dynamic and strict manner. By giving Group Management detailed knowledge of the economic situation and potential and assumed risks, the system has become an essential element in the decision-making process.

Quality management systems

These are the means used to ensure the products manufactured and the services provided are in accordance with the requirements specified in the contract, as well as legal and statutory requirements, for the purpose of ensuring client satisfaction. The systems, which meet the requirements of the ISO 9001 standard, are based on preliminary identification of the relevant processes from the quality management point of view in which the activities developed in different area are organised, in order to plan them and track them accordingly. The periodic review of the systems by the management and the setting of targets allows for ongoing improvements to be made to same.

Environmental management systems

The implementation of these systems in the different business areas of the Group allows them to undertake their activities while guaranteeing maximum respect for the environment.

D. Risk Control Systems

The systems, regulated by international standard ISO 14001, are based on the identification and evaluation of environmental aspects on which the business can have an impact, planning the necessary steps in order to eliminate or minimise risks by establishing adequate control measures in accordance with current legal requirements and the environmental code of conduct corresponding to each business unit. The basic criteria are as follows:

- a) Incorporation of the most advanced technologies in environmental issues, such as:
- Conservation of energy and of raw materials.
 - Using recyclable and biodegradable materials.
 - Minimising waste production and a respectful treatment with the environment.
 - Promoting the reforestation and landscaping of construction sites.
- b) Development of specific actions for activities that so require, depending on the effect of the impact.
- c) To provide clients with continuous information regarding environmental risks and possible preventive measures.

Human resources management systems

These systems are designed to establish compensation remuneration and objectives (especially for management personnel), hiring, training, evaluation of performance, motivation, control and follow-up of collective labour agreements and policies on expatriates.

Under this heading, the prevention of labour risks is noteworthy. The ACS Group has developed a labour risk prevention policy that fully complies with current legislation. The policy is based on specific management systems for each business area. The criteria taken into consideration in this policy follow the basic principles of training, participation, individual responsibility and control of safety conditions. The systems are adapted to the specific characteristics of each business area. Occupational risk prevention plans based on the identification of risks are designed and implemented in order to eliminate them, evaluating potential risks to minimise these and take the necessary protective measures.

Financial risk control systems

The following are financial risks associated with Group activities:

- Risk of liquidity.
- Risks arising from changes in foreign exchange currency rates.
- Risks arising from changes in interest rates.
- Credit risk.

The liquidity risk is managed by maintaining sufficient amounts available to negotiate the substitution of transactions coming due for different, new transactions under the best terms and to meet short-term cash needs.

In loan transactions, periodically a follow-up is performed on the concentration risk by financial entity to avoid an excessive concentration and be able to rely on a number of entities to manage risk situations in case the need should arise.

In this area, the Group's objectives in relation to capital management are to maintain an optimal financial-equity structure in order to reduce the cost of capital, while safeguarding the company's ability to continue operating with an adequately stable debt-to-equity ratio.

In the case of risk arising from changes in foreign exchange currency rates, the Group finances its investments, when possible, in the same currency as the cash flows from said investments. This is not possible in the shallow markets associated with investments fundamentally in Latin America.

In relation to the risk arising from changes in interest rates, the impact that this could have on the Group results is evaluated. In this way, to avoid that such risk may give rise to elevated volatilities, the need to reduce said volatility is considered in such a way that the financing expense has a reduced percentage of variation.

In the scope of financial transactions, credit risk arises from the incapacity of clients and debtors to fulfil the obligations established under contract. Client analysis is performed in specific cases and by analysing payment capacity through the knowledge existing in the Group on transactions with such client, from the moment at which negotiations with the client are to begin.

In the case of foreign transactions, this analysis is performed in a thorough manner. In countries in which there is elevated risk, transactions are only performed if the party paying the job or service is an international entity of acknowledged prestige and solvency, or is sufficiently insured.

Exposure to equity security risk arises in investments performed in listed companies. Therefore, the market price of the securities of these companies are monitored and impairment tests are performed to verify their appropriateness. In this connection, the performance of investments by means of equity swaps is aimed at hedging possible changes in the disbursements to be made to obtain strategic holdings. Although the uncertainty of the effects of the disbursements to be made and of the obtainment of strategic holdings is eliminated, since the IFRS does not consider these to be hedges, they are subject to positive and negative fluctuations in the event of increases and decreases in value.

The monitoring of financial risks is performed through methodological application in accordance with IFRS and the preparation of a series of reports that allow for the monitoring and control of said risks for decision-making.

Other systems

For legal or tax risks, the appropriate departments in each Company, business area or at the corporate level are relied upon, along with external support of renowned prestige in the area necessary to mitigate regulatory risks, litigation, etc. Additionally, the signing of contracts is supervised by the legal counsel of each company and, depending on its relevance, by the legal counsel of the various business areas or of the Group

The Group has a strategy for covering accidental risks which could affect Group assets and activities that involves the underwriting of insurance policies for any coverable risks. These policies are reviewed periodically to adapt them to the current and specific status of the risk covered. These policies are reviewed periodically to adapt them to the current and specific status of the risk covered.

D. Risk Control Systems

D.2 Indicate if any of the different types of risk (operating, technological, financial, legal, reputational, tax-related, etc.) affecting the Company and or group, arose during the year.

	Yes	No
	X	

If so, indicate the circumstances leading to the risk and whether the control systems established operated correctly.

As described in section D.1, the system comprises risks which may prevent the ACS Group from achieving its objectives, as well as the control systems implemented aimed at minimising the impact of these risks in the Group.

Risk arising in the year	Related circumstances	Operation of the control systems
Those intrinsic to the Group companies' activities. Related circumstances	-	The control systems implemented have operated correctly.

D.3 Indicate whether there is a committee or other government body responsible for setting up and supervising these control mechanisms.

	Yes	No
	X	

If so, describe their duties.

Name of Commission or Body	Description of duties
Audit Committee	The Board of Directors delegates the supervision of compliance with the established procedures to the Audit Committee, with the latter also responsible for the generic monitoring of compliance with the risk levels relevant to each activity.
Management Committee	The Management Committee determines the Group's global risk policy and, if appropriate, sets up the management mechanisms that ensure that the risks are kept within the approved levels.

D.4 Identification and description of the processes of compliance with the different regulations that affect the Company and / or its Group.

Throughout this report, direct or indirect reference has been made to the processes for complying with the various regulations to which the Company is subject, such as those included in the following sections:

A.9, On the conditions and the deadline/s for the authorisation/s required from the board of directors for the purchase or transfer of treasury stock described in section A.8.

A.10, On the legal and statutory restrictions on exercising voting rights, as well as the legal restrictions on the purchase or transfer of investments in the share capital.

B.1.14, On the process for establishing the remuneration of the members of the Board of Directors and the statutory clauses relevant in this respect.

B.1.19, On appointment, re-election, evaluation and movement of the board members and competent bodies, as well as the steps to be followed and the criteria to be used in each one of the procedures.

B.1.32, On the mechanisms established by the Board of Directors to prevent opinions which are qualified in the audit report on the individual and consolidated financial statements they have prepared when submitted to the General Shareholders' Meeting.

B.1.35, On the mechanisms established by the company to conserve the independence of the auditor, financial analysts, investment banks and rating agencies.

B.2.3, On the organization and operating rules, as well as the responsibilities attributed to each of the Board committees.

B.2.4, On the authority to advice and consult, and if appropriate on the powers held by each of the committees.

C.6, On the mechanisms established to detect and regulate possible conflicts of interest between the company and/or the group, board members, executives or significant shareholders

E.1, On the quorum for the constitution of the General Shareholders' Meeting established in the Company By-laws. Describe how it differs from the minimum levels established in the Corporations Law.

E.2, On the regime for the adoption of resolutions.

E.3, On the rights of shareholders with respect to Shareholders' meetings that are different from those established in the Corporations Law.

E.4, On the measures adopted to encourage the shareholders' participation at General Shareholders' Meetings.

Notwithstanding the above, together with the information relating to risk control systems described earlier in this section, reference should be made to the following issues:

1. Technological Innovation and Environmental Protection

ACS Actividades de Construcción y Servicios S.A. considers that sustainable growth, its vocation to care for and respect the environment and the meeting of the expectations that society places on a company like ACS must all have a decisive influence on its strategy and on each of its actions.

This commitment is identified in each of the activities in which the Group is present, in each of the investments that it promotes and in the decisions that it takes in order to satisfy its customers and shareholders, to boost profitable growth, quality and technological development, while also attending to growing demands for respect of the environment by implementing measures to prevent or minimize the environmental impact of the Group's infrastructure development and service activities.

D. Risk Control Systems

1.1. Research and development activities

On an individual basis, the Company does not engage in research and development. However, the ACS Group is committed to a policy of ongoing improvement of its processes and of applied technology in all activities. For this purpose, the ACS Group has its own research program aimed at developing new technological know-how applicable to the design of processes, systems, new materials, etc. in each activity that it manages.

1.2. Environmental protection

As in the previous case, on an individual basis, the Company does not carry on any environmental activity. However, the ACS Group's main activity, namely the development and maintenance of infrastructures, involves environmental impacts including the use of materials deriving from natural resources, the use of energy (both during construction as well as during the life of the various infrastructures), the generation of waste, as well as both visual effects and effects on the landscape.

In line with its vocation to protect the environment, which has prevailed since its creation, the ACS Group promotes two main action areas: an environmental policy, the main objective of which is to minimise the environmental impact of its activity, and for an additional year, an Environmental Management System, which controls the specific actions of each Group Company to protect the environment.

2. Information and transparency

Shareholders' right to information is detailed in several parts of the regulations of the shareholders' meeting. Hence, in order for the Shareholders' Meeting to properly serve the function for which it was designed, the Board of Directors of the Group makes available to all shareholders, prior to each Shareholders' Meeting, all information which is legally required to be provided to them, in addition to information that is not legally required to be provided but that reasonably should be made available given the interests of the company and of the shareholders and their desire to develop criteria. Accordingly, the Board of Directors shall process any requests made by shareholders either before or during the General Meeting with maximum diligence, providing that the information is not detrimental to Company interests.

In line with the firm commitment of ACS Group to transparently, fairly and symmetrically report the information needed to evaluate the performance of the Group, more efficient and flexible channels of reporting have been established in order for said information to reach shareholders, potential investors and the general public in a consistent, immediate and fluent manner.

3. Financial information

The ACS Group has taken the necessary measures to ensure that the information provided in the quarterly, half-yearly and annual reports is made available to shareholders in a clear, rigorous and timely manner. To this end, the Audit Committee reviews this information before it is made public, to verify that it has been drawn up in accordance with the same professional principles, criteria and practices as the accounts, and that it is just as reliable.

The individual and consolidated financial statements are presented to the Board of Directors by the Chairman and the Secretary of the Board following the preparation of same by the Corporate General Management on which the Financial Management of the company depends.

The section on "Listed Company Obligations" of the Rules of the Board of Directors establishes that the Board of Directors shall adopt or promote any measures deemed necessary or advisable to ensure the transparency of Company's operations on the financial markets and the exercise of any duties inherent in its status as a listed company.

In this regard, the relevant occurrences reported to the Spanish Stock Market Commission (CNMV) shall be disclosed to the fewest people possible, who will be duly identified, until they are made public.

4. Website

The Group has progressively updated the contents of the corporate website (<http://www.grupoacs.com>) throughout 2008, with special emphasis on this section of the Annual Report, on the sections dedicated to Organisation, Shareholder and Investor Information, Corporate Governance and Corporate Responsibility, through which complete and updated information may be accessed on a daily basis on the following subjects:

Organisation

- Structure
- Management Bodies
- Board of Directors (Composition, Rules of the Board of Directors and shareholding of the Board of Directors)
- Delegated Committees
- Executive Committee
- Audit Committee (where the Audit Committee Reports may be accessed)
- Appointment and Remuneration Committee
- Management Committee
- Management Team

Shareholder and Investor Information

- Shares
- Stock Market Information
- Share capital
- Dividends
- Analyst coverage
- Historical financial information (Annual and quarterly)
- Annual report (which includes access to, among other sections, the Economic and Financial Report for each fiscal year since 2002)
- Quarterly results (since 2003)
- Relevant facts Spanish Stock Market Commission (CNMV) (with a direct link to the CNMV web page)
- The General Shareholders' Meeting (where the calls to meetings, speeches, presentations and resolutions adopted in all General Meetings held since 2002 may be accessed, as well as the call to the General Shareholders' Meeting foreseen for May 2007, along with the corresponding documents and information)
- Investor's Agenda
- Corporate presentations (since 2003)

Corporate Governance

- Company By-laws
- General Shareholders' Meeting Regulations
- Annual Corporate Governance Report (since 2003) Board of Directors
- Members
- Delegated Committees
- Rules of the Board of Directors
- Shareholders' agreements
- The Code of Conduct in the Stock Market

Corporate Responsibility

- Strategy
- Corporate Responsibility Report Creation of Value
- Information Transparency
- R+D+I
- Environmental
- Commitment to individuals Ethics and professionalism

E. General Shareholders' Meeting

E.1 Indicate, and if applicable describe the differences between the minimum required under the Spanish Corporations Law and the quorum required for holding the General Shareholders' Meeting.

	Yes	No
		X
	% quorum differing from the one provided by CL 102 for general cases	% quorum differing from the one provided by CL 103 for the special cases included under art. 103
Quorum required on the first call	0	0
Quorum required on the second call	0	0

E.2 Indicate whether there is difference between the Board's system for adapting resolutions and the system provided under Spanish Corporations Law, and if so, explain this difference:

	Yes	No
		X

Describe how it differs from the system envisaged in the Corporations Law.

	Reinforced majority other than that provided by Art. 103.2 of the CA for cases of 103.1	Other cases of reinforced majority
% required by the entity for the adoption of resolutions		

Describe differences

E.3 Detail the rights of shareholders with respect to Shareholders' meetings that are different from those established in the Corporations Law.

There are no rights different from those provided by the Corporations Law, except that in order to be able to attend General Shareholders' Meetings, it is necessary to hold 100 shares either alone, or together with other shareholders.

E.4 Indicate, if applicable, the measures adopted to encourage the participation of shareholders in the General Meetings.

Implementation of measures that make the vote delegation mechanism more transparent and to accentuate communication of the Company with its shareholders.

To provide detailed justification of the voting proposals that are offered in the application, with regard to the adoption of resolutions that involve a certain delegation importance, and reveal the existence of any conflict of interest, whenever appropriate.

The creation of channels or instruments of flexible communication. In addition to the standard information that the Company provides in the form of annual, six-monthly or quarterly reports, to promote meetings with market analysts, in order that these experiences reach the investors. The purpose of these measures is to maintain permanent communication channels with the

shareholder that are complementary to the right to question at the general Meeting provided for under current legislation. This will allow shareholders to obtain the information they require at any time. In addition, Article 26 of the Company By-laws expressly includes the possibility of shareholders casting their vote from outside the General Meeting. Since the Ordinary Shareholders' Meeting held in May 19, 2005, this method of voting was disseminated and the necessary rules and procedures for the remote voting via internet or fax are detailed at the corporate website of the Company.

E.5 Indicate if the position of Chairman of the Shareholders' Meeting coincides with the Chairman of the Board of Directors. Detail, in this event, the measures adopted to guarantee the independence of the Shareholders' Meeting and that it functions correctly:

	Yes	No
	X	

Detail of measures

E.6 Indicate, if applicable, the amendments made to the regulations of the Shareholders' Meeting during the year.

The Board of Directors of ACS, Actividades de Construcción y Servicios S.A. resolved to amend Articles 3,4,11 and 16 at its meeting held on May 26, 2008. This resolution was recorded as a public document by means of the deed authorised by the Notary of Madrid Mr. Cruz Gonzalo López-Muller Gómez on 6 June 2008, under number 1227 of his notary protocol, registered at the Madrid Mercantile Register on 17 June 2008, in Volume 10.064, Sheet 201, Section 8, Page M-30221, Entry 824. Reported to the CNMV on 24 June 2008, Register Entry No. 2008 62648.

Article 3. Ordinary General Meeting.

1. The Ordinary General Meeting, previously called for this purpose, shall necessarily meet within the first six months of each financial year, to review corporate management, to approve, where appropriate, the accounts for the previous year, and to adopt a resolution regarding the distribution of profit for the previous year, in accordance with the approved balance sheet.
2. Once the required provisions to the legal reserve and any other reserves established in law have been made and the amount relating to the payment of a minimum dividend of one percent for non-voting shares, where appropriate, has been allocated, in accordance with Article 6 of the Company By-laws, the remaining profit for the year may be allocated to voluntary reserves and any other item permitted in law. Any remaining amount shall be allocated to the payment of dividends to ordinary shareholders in proportion to the capital paid up for each share, and to payment of the statutory remuneration of the Board laid down in the following paragraph, in compliance with legal requirements.
3. In addition to the allowances and expenses agreed by the General Shareholders' Meeting for statutory participation, the Board of Directors shall also be entitled to remuneration not exceeding ten percent of the distributable net profit. This can only be allocated once the legal reserves and, if applicable, the statutory reserves have been made and the shareholders have been paid a dividend of at least four percent of the paid-up capital for each share.
4. Express authorisation is hereby given to allow remuneration to all or any of the members of the Board of Directors, as well as executive staff of the company and the companies that belong to the same Group, which consists in the surrender of company shares or of stock option rights or through a reference to the value of said shares, in the manner, terms and conditions set by the General Shareholders' Meeting through the opportune agreement with the legally established requirements.

E. General Shareholders' Meeting

5. The Board of Directors shall decide on the manner in which the remuneration payable under this Article, the amounts of which may differ, shall be distributed among its members.
6. In the event that the General Shareholders' Meeting resolves that dividends are to be paid, the Directors shall specify the place, term and method of payment. The Board of Directors may resolve to pay interim dividends under the conditions provided in law.
7. Dividends not claimed within a five-year period as from the payable date shall be allocated to the Company's profit.
8. A separate vote shall be taken on each agenda item. Additionally, a separate vote shall be taken on the appointments or ratifications of Board members, which shall be voted on individually, and on proposed amendments to the Company Bylaws, which shall be voted on Article by Article or by substantially independent groups of Articles.

Article 4. Extraordinary General Meeting.

Any General Meetings not foreseen in the previous Articles shall be considered to be Extraordinary General Meetings.

A separate vote shall be taken on each agenda item. Additionally, a separate vote shall be taken on the appointments or ratifications of Board members, which shall be voted on individually, and on proposed amendments to the Company Bylaws, which shall be voted on Article by Article or by substantially independent groups of Articles.

Article 11. Means of Information.

1. The Company shall have a web page with at least the following contents:
 - a) Company Bylaws
 - b) The Shareholders' General Meeting By-laws
 - c) Rules of the Board of Directors, and if appropriate, Rules of the Committees of the Board of Directors.
 - d) Annual report and internal rules of conduct.
 - e) Corporate governance report.
 - f) Documents relating to the Ordinary and Extraordinary General Shareholders' Meetings called, with information regarding the agenda, the proposed resolutions submitted by the Board of Directors, and any other relevant information which may be required by the shareholders to cast a vote, all within the period set forth under the law in force.
 - g) Information relating to the progress of the General Shareholders' Meetings held, and particularly, to the composition of the General Shareholders' Meeting at the time of its constitution, the resolutions adopted and the number of votes cast in favour or against each of the proposed resolutions included on the agenda, all within the period set forth under the law in force.
 - h) The channels of communication between the Company and the shareholders, and specifically the explanations required for the shareholders' to exercise their right to information, which shall indicate the mail and e-mail addresses to be used by the shareholders for these purposes.

- i) The means and procedures for conferring representation by proxy at the General Shareholders' meeting, in accordance with the stipulations provided under the law in force.
- j) The means and procedures for remote voting, in accordance with the rules relating to this system, including, where applicable, the forms for verifying attendance and voting by telematic means at the General Shareholders' Meetings.
- k) Relevant facts, in accordance with the provisions of the law in force.
- l) The composition of the Board of Directors, and in relation to each Board Member: his professional profile; the other Board of Directors of which he is a member: whether he is an executive and proprietary director, and the shareholder which he represents; or whether he is independent or external director; the date on which he was appointed, and if applicable, re-elected; and the company shares or share options to which he holds title.

2. It is the directors' responsibility to keep all information on the Company's web page up to date and to coordinate its content with the information included in the documents deposited and registered in the corresponding public registers.

Article 16. Remote voting and proxy votes.

- 1. Votes on proposed resolutions regarding items included on the agenda of any type of General Shareholders' Meeting may be cast by proxy or by the shareholder by means of postal correspondence, electronic mail or any other means of communications, provided that the identity of the person delegating or casting his vote is duly assured. The means and procedures for remote voting, in accordance with the rules relating to this system, including, where applicable, the forms for verifying attendance and voting by telematic means are included on the Company's web page.
- 2. Shareholders who vote remotely shall be counted as present for the purposes of convening the General Shareholders' Meeting.
- 3. If proxy voting cards, with or without specific instructions and on which the name of the proxy is left blank, are received at corporate headquarters on the days prior to the General Meeting, it will be understood that the shareholder empowers the Chairman of the Board of Directors to appoint a Board Member as proxy from among those who have requested such duty.
- 4. In the event that several shareholders have appointed the same financial intermediary as proxy, and when requested by this representative, he shall be allowed to divide his vote for the purpose of abiding by the instructions received from each of the shareholders represented.

E.7 Indicate attendance figures for the Shareholders' Meetings held in the year that the present annual report refers to:

Attendance information

Date of the General Meeting	% attending In person	% by proxy	% remote voting		Total %
			Electronic	Other	
26/5/2008	6.197	68.034	0.000	0.000	74.231
3/12/2008	0.652	72.940	0.000	0.000	73.592

E. General Shareholders' Meeting

E.8 Indicate briefly the resolutions adopted in the Shareholders' Meetings held during the year that the present annual report refers to and voting percentage by which each resolution was adopted.

Ordinary General Meeting. May 26, 2008

The proposals of the Board regarding item 1 on the Agenda, read by the Secretary under letters a) and b) (approval of the individual and consolidated financial statements, approval of the proposal for the distribution of profits), were approved by a majority: the proposal read under letter a) with 261,921,320 votes in favour (representing 99.9907% of the shares present or represented), 6,346 abstentions (representing 0.0024% of the shares present or represented) and 18,045 against (representing 0.0069% of the shares present or represented); the proposal read under letter b) with 261,939,176 votes in favour (representing 99.9975% of the shares present or represented), 6,346 abstentions (representing 0.0024% of the shares present or represented) and 189 votes against (representing 0.0001% of the shares present or represented).

The proposals of the Board regarding item 2 on the agenda, read by the Secretary under letters c), d) and e) (acknowledgement of the Annual Corporate Governance Report, the Corporate Responsibility Report, and the Special Report on Article 116 bis of the Spanish Securities Market Law, all for 2007), were approved by majority with 261,940,665 votes in favour (representing 99.9981% of the shares present or represented), 4,857 abstentions (representing 0.0019% of the shares present or represented) and 189 votes against (representing 0.0001% of the shares present or represented).

The proposal of the Board regarding item 3 on the Agenda, read by the Secretary under letter f) (approval of the management of the Board of Directors), was then approved by a majority with 261,913,608 votes in favour (representing 99.9877% of the shares present or represented), 14,058 abstentions (representing 0.0054% of the shares present or represented) and 18,045 votes against (representing 0.0069% of the shares present or represented).

The proposal of the Board regarding item 4 on the Agenda, read by the Secretary under letter g) (increase the number of the Company's Board Members to nineteen and appoint Mr. Miguel Fluxá Rosselló, was approved by a majority with 252,226,561 votes in favour (representing 96.2896% of the shares present or represented), 1,610 abstentions (representing 0.0006% of the shares present or represented) and 9,717,540 votes against (representing 3.7098% of the shares present or represented).

The proposal of the Board regarding item 5 on the agenda, read by the Secretary under letter h) (amendment of Articles 3, 4, 11 and 16 of the Regulations of the Shareholders' Meetings were separately taken to a vote and approved by majority with 261,934,914 votes in favour (representing 99.9959% of the shares present and represented), 10,608 abstentions (representing 0.0040% of the shares present and represented) and 189 votes against (representing 0.0001% of the shares present or represented).

The proposal of the Board regarding item 6 on the Agenda, read by the Secretary under letter i) (acknowledge the amendments to the Rules of the Board of Directors) was taken to a vote and was approved by a majority with 261,944,742 votes in favour (representing 99.9996% of the shares present or represented), 780 abstentions (representing 0.0003% of the shares present or represented) and 189 votes against (representing 0.0001% of the shares present or represented).

The proposal of the Board regarding item 7 on the Agenda, read by the Secretary under letter j) (authorisation to acquire shares in the company in the company for consideration), was then taken to a vote and was approved by a majority with 261,862,409 votes in favour (representing 99.9682% of the shares present or represented), 1,436 abstentions (representing 0.0005% of the shares present or represented) and 81,866 votes against (representing 0.0313% of the shares present or represented).

The proposal of the Board regarding item 8 on the Agenda, read by the Secretary under letter k) (appointment of auditor), was then taken to a vote and was approved by a majority with 261,516,970 votes in favour (representing 99.8363% of the shares present or represented), 780 abstentions (representing 0.0003% of the shares present or represented) and 427,961 votes against (representing 0.1634% of the shares present or represented).

The proposal of the Board regarding item 9 on the Agenda, read by the Secretary under letter I) (redemption of the Company's treasury shares and the subsequent reduction in share capital and amendment of Article 6 of the Company Bylaws), was then taken to a vote and was approved by a majority with 261,942,846 votes in favour (representing 99.9989% of the shares present or represented), 780 abstentions (representing 0.0003% of the shares present or represented) and 2,085 votes against (representing 0.0008% of the shares present or represented).

The proposal of the Board regarding item 10 on the Agenda, read by the Secretary under letter II) (empowerment to formalise and execute the resolutions adopted at the meeting), was then taken to a vote and was approved by a majority with 261,944,901 votes in favour (representing 99.9997% of the shares present or represented), 810 abstentions (representing 0.0003% of the shares present or represented) and no votes against.

It was recorded in the minutes that Mr. Miguel Fluxá Rosselló, who had just been appointed as a Director by the General Meeting of Shareholders and was present at the meeting, accepted his appointment, and declared that he was not subject to any legal incompatibilities, and particularly those referred to in Law 5/2006, of April 10, and in the Autonomous Community of Madrid, Law 14/1995, on April 21.

The Secretary then read an extract of the Minutes, which he had prepared as the Meeting took place, and then read the proposal of the Board for the approval of said Minutes. This proposal was approved by a majority vote with 261,944,931 votes in favour (representing 99.9997% of the shares present or represented), 780 abstentions (representing 0.0003% of the shares present or represented) and no votes against.

Extraordinary General Meeting. 3 December 2008

The proposal of the Board regarding item 2 on the agenda, read by the Secretary under letter a) (redemption of the Company's treasury shares and the subsequent reduction in share capital and amendment of Article 6 of the Company Bylaws), was then taken to a vote and was approved by a majority with 246,792,840 votes in favour (representing 99.9866% of the shares present or represented), 31,405 abstentions (representing 0.0127% of the shares presented and represented) and 1,557 votes against (representing 0.0006% of the shares present or represented).

The proposal of the Board regarding item 3 on the agenda, read by the Secretary under letter b) (authorisation to acquire shares in the company for consideration), was then taken to a vote and was approved by majority: with 245,879,915 votes in favour (representing 99.6168% of the shares present or represented), 298,126 abstentions (representing 0.1208% of the shares presented and represented) and 647,761 votes against (representing 0.2624% of the shares present or represented).

The proposals of the Board regarding item 4 on the agenda, read by the Secretary under letters c), d) and e) (appointment and ratification of Board Member), were each voted on separately and were approved:

- The proposal relating to the re-election of the Board Member Mr. Agustín Batuecas Torrego, was approved by majority: with 242,457,589 votes in favour (representing 98.2302% of the shares present or represented), 30,100 abstentions (representing 0.0122% of the shares presented and represented) and 4,338,113 votes against (representing 1.7576% of the shares present or represented).
- The proposal relating to the re-election of the Board Member Mr. Álvaro Cuervo García, was approved by majority: with 242,959,268 votes in favour (representing 98.4335% of the shares present or represented), 30,100 abstentions (representing 0.0122% of the shares presented and represented) and 3,836,434 votes against (representing 1.5543% of the shares present or represented).
- The proposal relating to the re-election of the Board Member Mr. José María Loizaga Viguri, was approved by majority: with 242,312,695 votes in favour (representing 98.1715% of the shares present or represented), 30,100 abstentions (representing 0.0122% of the shares presented and represented) and 4,483,007 votes against (representing 1.8163% of the shares present or represented).

E. General Shareholders' Meeting

- The proposal relating to the re-election of the Board Member Mr. Pedro López Jiménez, was approved by majority: with 242,168,880 votes in favour (representing 98.1133% of the shares present or represented), 30,100 abstentions (representing 0.0122% of the shares presented and represented) and 4,626,822 votes against (representing 1.8745% of the shares present or represented).
- The proposal relating to the re-election of the Board Member Mr. Santos Martínez-Conde Gutiérrez-Barquín, was approved by majority: with 242,168,880 votes in favour (representing 98.1133% of the shares present or represented), 30,100 abstentions (representing 0.0122% of the shares presented and represented) and 4,626,822 votes against (representing 1.8745% of the shares present or represented).
- The proposal relating to the re-election of the Board Member Mr. Florentino Pérez Rodríguez, was approved by majority: with 242,570,061 votes in favour (representing 98.2758% of the shares present or represented), 60,389 abstentions (representing 0.0245% of the shares presented and represented) and 4,195,352 votes against (representing 1.6997% of the shares present or represented).
- The proposal relating to the re-election of the Board Member Mr. Julio Sacristán Fidalgo, was approved by majority: with 242,167,880 votes in favour (representing 98.1129% of the shares present or represented), 30,100 abstentions (representing 0.0122% of the shares presented and represented) and 4,627,822 votes against (representing 1.8749% of the shares present or represented).
- The proposal relating to the re-election of the Board Member Mr. Pablo Vallbona Vadell, was approved by majority: with 242,559,639 votes in favour (representing 98.2716% of the shares present or represented), 30,100 abstentions (representing 0.0122% of the shares presented and represented) and 4,236,063 votes against (representing 1.7162% of the shares present or represented).
- The proposal relating to the re-election of the Board Member Mr. José Luis del Valle Pérez, was approved by majority: with 242,457,389 votes in favour (representing 98.2302% of the shares present or represented), 30,300 abstentions (representing 0.0123% of the shares presented and represented) and 4,338,113 votes against (representing 1.7576% of the shares present or represented).
- The proposal relating to the re-election of the Board Member Mr. Antonio García Ferrer, was approved by majority: with 242,457,589 votes in favour (representing 98.2302% of the shares present or represented), 30,100 abstentions (representing 0.0122% of the shares presented and represented) and 4,338,113 votes against (representing 1.7576% of the shares present or represented).
- The proposal relating to the re-election of the Board Member Mr. Joan-David Grimà i Terré, was approved by majority: with 243,065,258 votes in favour (representing 98.4764% of the shares present or represented), 30,100 abstentions (representing 0.0122% of the shares presented and represented) and 3,730,444 votes against (representing 1.5114% of the shares present or represented).
- The proposal relating to the re-election of the Board Member Mr. Miguel Roca i Junyent, was approved by majority: with 243,229,007 votes in favour (representing 98.5428% of the shares present or represented), 30,100 abstentions (representing 0.0122% of the shares presented and represented) and 3,566,695 votes against (representing 1.4450% of the shares present or represented).
- The proposal relating to the ratification, and election, if appropriate of Mr. Juan March de la Lastra as Board Member was approved by majority: with 242,277,377 votes in favour (representing 98.1572% of the shares present or represented), 43,745 abstentions (representing 0.0177% of the shares presented and represented) and 4,504,680 votes against (representing 1.8250% of the shares present or represented).

It was recorded in the minutes that since all the Board Members who had just been elected by the General Meeting of Shareholders were present at the meeting, they accepted their appointments, and declared that they were not subject to any legal incompatibilities, and particularly those referred to in Law 5/2006, of April 10, and in the Autonomous Community of Madrid, Law 14/1995, on April 21.

The proposal of the Board regarding item 4 on the Agenda, read by the Secretary under letter f) (delegation of powers of attorney for the formalisation and execution of the resolutions adopted in this General Shareholders' Meeting) was then taken to a vote and was approved by majority with 246,805,027 votes in favour (representing 99.9916% of the shares present or represented), 1,513 abstentions (representing 0.0006% of the shares presented and represented) and 19,262 votes against (representing 0.0078 % of the shares present or represented).

The Secretary then read an extract of the Minutes, which he had prepared as the Meeting took place, and read the proposal of the Board for the approval of the said Minutes. This proposal was approved by a majority vote: with 246,810,157 votes in favour (representing 99.9937% of the shares present or represented), 1,583 abstentions (representing 0.0006% of the shares presented and represented) and 14,062 votes against (representing 0.0057% of the shares present or represented).

E.9 Indicate whether there is a statutory restriction requiring that a minimum number of shares be held to be able to attend the General Shareholders' Meeting.

	Yes	No
	X	
Number of shares required to attend the General Shareholders' Meeting		100

E.10 Outline and justify the policies followed by the Company regarding voting by proxy in the General Meeting.

The company does not pursue any policy with regard to the vote delegation at the General Meeting.

E.11 Indicate if the company is aware of the policy of institutional investors regarding whether they participate or not in company decisions:

	Yes	No
		X
Describe the policy		

E.12 Indicate the Internet address and procedure to access to the information on corporate governance at the company's website.

The address is <http://www.grupoacs.com>

Access is very simple: once at the web page, a page appears with several tabs on the edge, one of which is "CORPORATE GOVERNANCE"; if you click on this tab, the following sub-sections appear: "Company By-laws", "Shareholders' General Meeting By-laws", "Annual Corporate Governance Report", "Board of Directors", "Shareholders' Agreements" and "Rules of Conduct of the Securities Market"; Each sub-section contains pertinent information. If you click on "Annual Corporate Governance Report" and following a brief introduction, there is a specific instruction to click on it and download the annual reports for 2003-2007 as PDFs.

Degree of Compliance with the

F. Corporate Governance Recommendations

Indicate the Company's degree of compliance with the recommendations of the Unified Code of good governance. In the event that any recommendations are not complied with, explain the recommendations, rules, practices or criteria that the Company follows.

1. The bylaws of listed companies may not limit the number of votes held by a single shareholder, or impose other restrictions on the company's takeover via the market acquisition of its shares.

See sections: A.9, B.1.22, B.1.23 and E.1, E.2.

	Complies	Explain
	X	

2. In the event that a parent and subsidiary company are separately listed, they must publish an exact definition of:

- a) The respective activity areas and any business dealings between them, as well as the listed subsidiary's dealings with the other Group companies;
- b) The mechanisms in place to resolve possible conflicts of interest.

See sections: C.4 and C.7.

	Complies	Partially complies	Explain	Not applicable
			X	

It is to our understanding that possible conflicts of interest between the parent (regardless of whether or not it is listed) and the listed subsidiary cannot be prevented by giving up the management powers corresponding to the parent under law (including the exercise of the proportional representation right). More appropriate would be the application of abstention rules when taking decisions involving a possible conflict of interest and information under the law in force.

Furthermore, this Recommendation might hinder the correct operation of takeover bids (since, on many occasions if it were followed it would prevent effective control over the company from being taken, and could be considered to be an authentic anti-takeover measure).

3. Even if not expressly required under company law, transactions involving a structural change in the company, and particularly the following, are subject to the approval of the General Shareholders' meeting:

- a) The transformation of listed companies into holding companies through the process of subsidiarisation, i.e. reallocating to subsidiaries core activities that were previously carried out by the originating firm, even though the latter retains full control of the former;
- b) The acquisition or disposal of key operating assets that would effectively alter the company's corporate purpose;
- c) Operations that effectively add up to the company's liquidation.

	Complies	Partially complies	Explain
			X

Ordinary and extraordinary company management powers correspond to the management body and only transactions with a legal reserve in the General Shareholders Meeting fall out of the management body's competence.

Under Spanish law, the Shareholder Meeting's interference in matters within the scope of the Board's competence is only acceptable at limited liability companies based on its flexible legal system, and the closed nature of such companies. As opposed to these companies, the attribution of certain exclusive and excluding powers to the directors of listed companies is founded on the need to establish a clear division of functions in open companies. However, independence in the taking of decisions involves the assumption of responsibility by directors, who are only to act in the benefit of social interests.

The system provided in the aforementioned Recommendation may be understood to be unnecessary, especially after the amendment of the Spanish Securities Market Law by Law 26/2003, of July 17 which has obligated the Group to approve a Shareholders' General Meeting Bylaw requiring each company to establish more specific rules regarding the competencies and operations of this body.

4. That the proposed resolutions to be adopted at the General Shareholders' Meeting including the information referred to in recommendation 28, be made public on the date on which the call of the meeting is published.

	Complies	Explain
	X	

5. Separate votes are to be taken at the General Meeting on materially separate items, so shareholders can express their preferences in each case. This rule particularly applies to the following:

- a) Appointment or ratification of directors, with separate voting on each candidate;
- b) Changes to the bylaws, with votes taken on all Articles or groups of Articles that are materially different.

See section: E.8.

	Complies	Partially complies	Explain
	X		

6. Companies shall allow split votes, so that financial intermediaries who are shareholders of record but acting on behalf of different clients can issue their votes according to instructions.

See section: E.4.

	Complies	Explain
		X

The recognition of the right to vote through intermediaries and depositaries seems to be a recommendation aimed at the collective investment institution management companies and pension fund and plan managers, rather than to listed companies in general.

7. The Board of Directors shall perform its duties with unity of purpose and independence, according all shareholders the same treatment. It shall be guided at all times by the company's best interest, to be understood as maximizing the company's value over time.

It shall ensure that the company abides by the laws and regulations in its relations with stakeholders; fulfils its obligations and contracts in good faith; respects the customs and good practices of the sectors and territories where it does business; and upholds any additional social responsibility principles it has subscribed to voluntarily.

F. Degree of Compliance with the Corporate Governance Recommendations

Complies	Partially complies	Explain
X		

8. The core components of the Board's mission shall be to approve the company's strategy, authorise the organisational resources to carry it forward, and ensure that management meets the objectives set while pursuing the company's interests and corporate purpose. As such, the Board in full shall approve:

- a) The company's general policies and strategies, and specifically:
- i) The strategic or business plan, management targets and annual budgets.
 - ii) Investment and financing policy.
 - iii) Definition of the structure of the corporate group.
 - iv) Corporate governance policy.
 - v) Corporate social responsibility policy.
 - vi) Senior management remuneration and performance evaluation policy.
 - vii) Risk control and management policy, and the periodic monitoring of internal information and control systems.
 - viii) Policy on dividends and on treasury shares, and the limits to apply.

See sections: B.1.10, B.1.13, B.1.14 and D.3.

- b) The following decisions:
- i) On the proposal of the company's chief executive, the appointment and removal of senior executives and their termination clauses.

See section: B.1.14.

- ii) The remuneration of the Board Members and in the case of executive directors, additional consideration for their management duties and other conditions that should be respected under their contracts.

See section: B.1.14.

- iii) The financial information to be periodically disclosed by the Company given that it is listed on the stock exchange.
 - iv) Investments or operations of all kinds which, in view of their amounts or their special characteristics, are of a strategic nature, unless their approval corresponds to the Board of Directors;
 - v) The incorporation or acquisition of special purpose vehicles or entities resident in countries or territories defined as tax havens, as well as any analogous transactions or operations whose complexity may impair the Group's transparency.
- c) Transactions conducted by the Company with directors, significant shareholders, shareholders with Board representation or other persons related thereto ("related-party transactions").

It is understood, however, that said authorisation from the Board shall not be necessary in those linked operations in which the follow three conditions are simultaneously fulfilled:

1. They are governed by standard contracts applied on an across-the-board basis to a large number of clients;
2. They are performed at the general prices or rates set by the supplier of the good or service at issue: and
3. The transaction amount does not exceed 1% of the company's annual revenues.

It is recommended that Related-party transactions only be approved by the Board on the basis of a favourable report from the Audit Committee, or other committee to which this task was assigned. Directors related to the transaction may neither exercise nor delegate their votes, and shall be absent from the meeting room while the Board deliberates and votes.

It is recommended that the powers attributed to the Board not be allowed to be delegated, with the exception of those mentioned in b) and c), which can be delegated to the Executive Committee in urgent cases, subject to subsequent ratification by the full Board.

See sections: C.1 and C.6.

	Complies	Partially complies	Explain
	X		

9. In the interests of the effectiveness and participatory nature of its functioning, the Board of Directors should comprise between five and fifteen members.

See section: B.1.1.

	Complies	Explain
		X

There are currently 19 Board members, which is a number comprised within the 11 to 21 member limit provided in Article 13 of the Bylaws, and is accordance with the Spanish Corporations Law. To date, this was considered to be most appropriate number in consideration of the needs and characteristics of the company with respect to capital structure, capitalisation and management structure.

10. A broad majority of the Board shall be external proprietary and independent directors and the number of executive directors should be the minimum necessary, taking into account the complexity of the group of companies as well as each executive shareholders' holding in the share capital of the company.

See sections: A.2, A.3, B.1.3 and B.1.14.

	Complies	Partially complies	Explain
	X		

11. Where an external director cannot be considered either proprietary or independent, the company shall explain this circumstance and disclose his ties to the company, management or shareholders.

See section: B.1.3.

	Complies	Explain	Not applicable
	X		

F. Degree of Compliance with the Corporate Governance Recommendations

12. Among external directors, the relation between proprietary members and independents should reflect the proportion between the capital represented on the Board and the remainder of the company's capital.

This criterion of strict proportionality may be relaxed, so the weight of proprietary directors is greater than would strictly correspond to the total percentage of capital they represent, in the following cases:

1. In large cap companies where few or no equity stakes attain the legal threshold or significant shareholdings, despite the considerable sums actually invested.
2. In companies with a plurality of shareholders represented on the Board but not otherwise related.

See sections: B.1.3, A.2 and A.3.

	Complies	Explain
		X

It is to our understanding that the distribution of the different types of Shareholders (executive, proprietary and independent) is appropriate based on the characteristics of the company, i.e. a large cap company with four significant shareholders holding different ownership percentages ranging from 5% to 23%.

13. The number of independent directors shall represent at least a third of all Board Members.

See section: B.1.3.

	Complies	Explain
		X

There are 5 independent directors, one less than one third of the Board of Directors.

In this connection see the explanations provided in sections 9 and 12 above.

14. The nature of each director must be explained to the General Shareholders' Meeting, which shall make or ratify his or her appointment. Such determination shall subsequently be reviewed in each year's Annual Corporate Governance Report following verification by the Appointment Committee. This report shall also explain the reasons for having appointed a proprietary director at the proposal of shareholders holding less than 5% of the share capital, as well as the reasons for any rejection of a formal request for a Board place from shareholders whose ownership interest is equal to or greater than that of others at whose request proprietary directors were appointed.

See sections: B.1.3 and B.1.4.

	Complies	Partially complies	Explain
	X		

15. When women Board Members are few or non existent, the Board should state the reasons for this situation and the initiatives taken to correct it. In particular, in the event of new vacancies, the Appointment Committee should take steps to ensure that:

- a) Recruitment processes are not implicitly biased in a manner which hinders the selection of women Board Members;
- b) The company makes a conscious effort to include women with the target profile among potential candidates.

See sections: B.1.2, B.1.27 and B.2.3.

Complies	Partially complies	Explain	Not applicable
		X	

The women within the ACS Group have a progressively greater weight both in terms of number and positions held. In 2008 women accounted for 36.2% of the group's total staff and 26% of its management and professionals with higher degrees. Women are also increasingly more present on the Boards of Directors of our main divisions and of companies in which ACS has an ownership interest and in the technical, financial, human resource, legal advisory and other management teams.

Equal opportunity and non-discrimination, basic principles of ACS included in the Company's Code of Conduct, are determining factors when promoting the professional and personal development of all ACS employees, and the company assures equal opportunities through its policies. The effectiveness of this equal opportunities policy is guaranteed since it is accompanied by measures aimed at breaking down the traditional barriers on the entrance of females in a sector which is traditionally male, and measures to reconcile professional and personal life.

16. The chairman shall be responsible for the proper operation of the Board of Directors. He or she will ensure that Board Members are supplied with sufficient information in advance of board meetings, and will work to ensure a good level of debate. He or she will organise and coordinate regular evaluations of the Board and, when different from the chairman of the Board, the company's chief or top executive.

See section: B.1.42.

Complies	Partially complies	Explain
X		

17. When chairman and chief executive are one and the same, one of the company's independent directors shall be empowered to request the calling of Board meetings or the inclusion of new business on the agenda, in order to coordinate and voice the concerns of external directors and will take charge of the chairman's evaluation.

See section: B.1.21.

Complies	Partially complies	Explain	Not applicable
		X	

The Chairman of the Board, Mr. Florentino Pérez Rodríguez, is also CEO, and has delegated all the powers of the Board, except those that cannot be transferred. His duty is not only delimited by this scope of powers that cannot be transferred, but also by the duties that he carries out as chairman of the Executive Committee. There is no other specific risk limitation of the accumulation of these duties.

Our Rules do not include any provision in this respect and it is to our understanding that this matter should be included within the scope of the Board's powers to determine its own organisation.

F. Degree of Compliance with the Corporate Governance Recommendations

18. The Secretary of the Board of Directors shall take steps to assure that the Board's actions:

- a) Adhere to the spirit and letter of laws and their implementing regulations, including those issued by regulatory agencies;
- b) Comply with the company Bylaws, General Shareholders' Meeting Bylaws, Rules of the Board of Directors and any other related rules;
- c) Take into account the good governance recommendations of this Unified Code accepted by the company.

To safeguard the independence, impartiality and professionalism of the Secretary, his or her appointment and removal must be proposed by the Appointment Committee and approved by a full Board meeting. This appointment and removal procedure must be detailed in the Rules of the Board of Directors.

See section: B.1.34.

Complies	Partially complies	Explain
	X	

The Secretary is not specifically responsible for ensuring that good governance recommendations are complied with. However, pursuant to Article 20 of the Rules of the Board of Directors, he is responsible for ensuring that actions arising from the company bodies he forms part of comply with the requirements of the law, issuing warnings in this respect and recording them in the minutes.

The Audit Committee is specifically responsible for supervising compliance with internal conduct codes and rules of good governance (Art. 23.e) of the Rules of the Board of Directors.

19. The Board of Directors shall meet as often as required to properly carry out its duties, following the timetable of dates and issues agreed at the beginning of the year, Board Members may propose that business not initially foreseen be included on the agenda of these meetings.

See section: B.1.29.

Complies	Partially complies	Explain
X		

20. Board Member absences will be kept to the bare minimum and quantified in the Annual Corporate Governance Report. In the event that Board Members' votes must be delegated, proxies shall be provided with proper instructions.

See sections: B.1.28 and B.1.30.

Complies	Partially complies	Explain
X		

21. When Board Members or the Secretary express concerns about some proposal or, in the case of Board Members, about the company's performance, and such concerns are not resolved at the meeting, the member expressing them will request that they be recorded in the minute book.

Complies	Partially complies	Explain	Not applicable
			X

22. The full Board shall evaluate the following points on a yearly basis:

- a) The quality and efficiency of the Board's stewardship;
- b) Based on the report issued by the Appointment Committee, how well the chairman and chief executive officer have carried out their duties;
- c) The performance of the Board's Committees, on the basis of the reports furnished thereby.

See section: B.1.19.

	Complies	Partially complies	Explain
			X

As indicated in our response to recommendation 17, it is to our understanding that this matter should be included within the scope of the Board's powers to determine its own organisation, since there is no provision under law in this regard.

23. All Board Members shall be entitled to receive any additional information they require on matters within the Board's competence. Unless the Bylaws or Rules of the Board of Directors indicate otherwise, such requests should be addressed to the chairman or Secretary.

See section: B.1.42.

	Complies	Partially complies	Explain
		X	

24. All Board Members shall be entitled to call on the company for the advice they need to carry out their duties. The company shall establish suitable channels for the exercise of this right, extending in special circumstances to external assistance at the company's expense.

See section: B.1.41.

	Complies	Partially complies	Explain
			X

It is to our understanding that it is not necessary to explicitly provide that the Board members may seek external assistance at the company's expense to aid them in carrying out their duties, since the Company has a group of experts in each area who are able to aid the Board Members in carrying out these duties.

25. Companies shall organise induction courses for new Board Members to supply them rapidly with the information they need on the company and its corporate governance rules. Board Members shall also be offered refresher courses when circumstances so advise.

	Complies	Partially complies	Explain
		X	

It is to our understanding that the information made available to the Board Members is appropriate in terms of quality and quantity for the correct exercise of their duties. Additionally, the Board Members have access to the rules regarding the Company's corporate operations at all times, since they are furnished to them on each occasion required and they may consult them at any time on the company's website.

F. Degree of Compliance with the Corporate Governance Recommendations

26. The companies shall require their Board Members to devote sufficient time and effort to perform their duties effectively. As such:
- a) Board Members shall apprise the Appointment Committee of their other professional obligations which might detract from the necessary dedication;
 - b) The companies shall set rules regarding the number of Board positions their Board Members may hold.

See sections: B.1.8, B.1.9 and B.1.17.

	Complies	Partially complies	Explain
		X	

For these purposes, Articles 13 and 14 of the Rules of the Board of Directors stipulate that the Board Members must also notify the Company of any significant changes in their professional capacity and, specifically, those changes that affect their designation as a Board Member. Board Members cannot, either directly or indirectly, hold positions in companies or firms that are competitors of the Company or of any of the Group companies or provide representation services on behalf of same.

It is to our understanding that a limitation by the company on the number of Boards on which their Board members may hold positions is excessive, since it their responsibility to devote sufficient time to carry out the duties relating to each of the positions to which they have been appointed diligently and loyally. Furthermore, in view of the different levels of dedication required to hold a position on certain Boards as compared to others, laying down a general rule is not the most appropriate solution, given that the only ones in the position to assess whether forming part of several Boards hinders the diligent fulfilment of their obligations is the Board Member in question, or those assessing the performance of the Board.

27. The proposal for the appointment or renewal of Board Members which the Board submits to the General Shareholder’s Meeting, as well as provisional appointments through cooptation, shall be approved by the Board:
- a) At the proposal of the Appointment Committee, in the case of independent directors.
 - b) Subject to a report from the Appointment Committee in the case of all other Board Members.

See section: B.1.2.

	Complies	Partially complies	Explain
		X	

The Appointment and Remuneration Committee is responsible, inter alia, for informing the Board of Directors of the proposed appointment of all Board Members, regardless of the type thereof, as well as the proposed appointment of the Secretary of the Board. It does appear to be appropriate to establish two different procedures for the proposed appointment or re-election of Board Members, based on the type thereof.

28. Companies shall post the following information regarding the Board Members on their websites, and keep them permanently updated:
- a) Professional experience and background;
 - b) Other Boards of Directors of which they are a member, regardless of whether or not the related companies are listed on the stock exchange;
 - c) Indication of the Board Member’s classification as executive, proprietary or independent, as the case may be. In the case of proprietary directors, the shareholder they represent or to whom they are affiliated shall be stated.
 - d) The date of their first and subsequent appointments as a company Board Member; and;
 - e) Shares held in the company and any options on the same.

Complies	Partially complies	Explain
X		

29. Independent directors may not hold this office for over an uninterrupted period of 12 years.

See section: B.1.2.

Complies	Explain
	X

It is to our understanding that holding office for over a period of 12 years does not compromise the Board Member's independence in any manner, and since there is no limit (legal, statutory or regulatory) regarding age or permanence on the Board, it is not appropriate to specifically lay down a rule for independent directors.

30. Proprietary directors shall resign when the shareholders they represent dispose of the shares owned in their entirety. The corresponding number of proprietary directors shall also resign, when the shareholders they represent reduce their ownership interest to a level requiring a reduction in the number of proprietary directors.

See sections: A.2, A.3 and B.1.2.

Complies	Partially complies	Explain
		X

It is to our understanding that a specific provision is not required in this regard.

31. The Board of Directors may not propose the removal of independent directors before the expiry of the statutory term for which they were appointed, as mandated by the bylaws, except where just cause is found by the Board based on a report of the Appointment Committee. In particular, just cause will be presumed when a Board Member is in breach of the duties inherent to his position or comes under one of the disqualifying grounds enumerated in section 5 of chapter III on the definitions of this Code.

The removal of independent directors may also be proposed when a takeover bid, merger or similar corporate operation causes changes in the capital structure of the company, in order to meet the proportionality criterion set out in Recommendation 12.

See sections: B.1.2, B.1.5 and B.1.26.

Complies	Explain
	X

It is to our understanding that the fact that the Board may not propose the removal of an independent director to the General Shareholders' Meeting except in the aforementioned case of just cause might be in conflict with the General Shareholders' Meeting power to revoke Board Members *ad nutum* (without cause).

32. The companies shall lay down rules requiring Board Members to inform the Board, and if necessary, resign, in cases where the company's name and reputation is harmed. In particular, Board Members shall be required to inform the Board immediately of any criminal charges brought against them and the progress of any subsequent trial.

F. Degree of Compliance with the Corporate Governance Recommendations

If a Board Member is indicted or brought to trial for any of the crimes stated in Article 124 of the Spanish Corporations law, the Board will examine and, in view of the particular circumstances, determine whether or not the Board Member shall continue in his position. The Board shall provide a reasonable explanation of all determinations made in the Annual Corporate Governance Report.

See sections: B.1.43 and B.1.44.

Complies	Partially complies	Explain
	X	

For these purposes, Article 13 of the Rules of the Board of Directors stipulate that the Board Members must also notify the Company of any significant changes in their professional capacity and, specifically, those changes that affect their designation as a Board Member. They shall likewise inform the Company of any legal or administrative procedure that could have a negative affect on the reputation of the Company.

The Board Members shall abstain from intervening in the deliberations and of taking part in the voting on those matters in which they have a particular interest. This shall also be expressly recorded in the Minutes.

Since it is impossible to fully categorize all circumstances which might lead to the loss of confidence or harm the company's reputation, we do not consider it appropriate to specify one case, such as the case included in this recommendation. Consequently, we believe that the generic provision included in the aforementioned Rule of the Board of Directors is more appropriate.

Additionally, it is to our understanding that treatment should be uniform and, in accordance with the law applicable to this case or any other circumstance worthy of reproach, the Board should be responsible for studying, and if deemed appropriate, proposing the removal of the Board Member in question to the General Shareholders' Meeting, following which the General Shareholders' Meeting may determine whether or not to remove the Board Member.

33. All Board Members should express clear opposition when they feel a proposal submitted for the Board's approval might harm the corporate interest. In particular, independent directors, and other Board Members not subject to a potential conflict of inter should strenuously challenge any decision that might unjustifiably harm the interests of shareholders lacking board representation.

When the Board makes material or reiterated decisions about which a Board Member has expressed serious reservations, then he or she must draw the pertinent conclusions. Board Members resigning for such causes should set out their reasons in the letter referred to in the next Recommendation.

The term of this Recommendation will also apply to the Board Secretary in the discharge of his or her duties.

Complies	Partially complies	Explain	Not applicable
			X

34. Board Members who resign or otherwise step down before their term expires, shall explain their reasons for doing so in a letter sent to all the Board Members. Notwithstanding whether it is reported as a relevant fact, the removal of any director and the motives for the same must be explained in the Annual Corporate Governance Report.

See section: B.1.5.

Complies	Partially complies	Explain	Not applicable
			X

35. The company's remuneration policy, as approved by its Board of Directors, will specify at least the following points:

- a) The amount of the fixed components, itemised where necessary, of Board and Board committee attendance fees, with an estimate of the fixed annual payment they give rise to.
- b) Variable remuneration items, including specifically:
 - i) The types of Board Members they apply to, with an explanation of the relative weight of variable to fixed remuneration items.
 - ii) Performance evaluation criteria used to calculate entitlement to the award of shares or stock options or any variable remuneration;
 - iii) The main parameters and justification for any system of annual bonuses or other, non cash benefits; and
 - iv) an estimate of the total variable pay resulting from the proposed remuneration plan based on the extent to which the applicable benchmarks are complied with.
- c) Main characteristics of pension systems (for example, supplementary pensions, life insurance and similar arrangements), and an estimate of the equivalent amount or cost.
- d) The conditions to apply to the contracts of executive directors exercising senior management functions, including:
 - i) Term;
 - ii) Notice periods; and
 - iii) Any other clauses covering hiring bonuses, as well as indemnities or 'golden parachutes' in the event of early termination of the contractual relation between company and executive director.

See section: B.1.15.

	Complies	Partially complies	Explain
	X		

36. Remuneration comprising the delivery of shares in the company or other companies in the group, stock options or other share-based incentives, or incentive payments linked to the company's performance or membership of pension schemes shall be confined to executive directors.

The delivery of shares is excluded from this limitation, when such delivery is contingent on Board Members retaining the shares till the end of their term.

See sections: A.3 and B.1.3.

	Complies	Explain
	X	

37. Board Member remuneration shall sufficiently compensate them for the commitment, qualifications and responsibility that the position entails, but should not be so high as to jeopardise their independence.

	Complies	Explain
	X	

38. In the case of remuneration linked to company earnings, deductions should be computed for any qualifications stated in the independent auditor's report.

	Complies	Explain	Not applicable
			X

F. Degree of Compliance with the Corporate Governance Recommendations

39. In the case of variable pay, remuneration policies should include technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, atypical or exceptional transactions or circumstances of this kind.

Complies	Explain	Not applicable
X		

40. The Board shall submit a consultative report on the Board Members' remuneration policy to the vote of the General Shareholders' Meeting, as a separate item on the Agenda. The said report shall be provided to shareholders separately or in any form deemed appropriate by the company.

The report will focus on the remuneration policy the Board has approved for the current year, with reference, as the case may be, to the policy planned for future years. It will address all the questions referred to in Recommendation 35, except points potentially involving the disclosure of commercially sensitive information. It will also identify and explain the most significant changes in remuneration policy with respect to the previous year referred to the General Shareholders' Meeting. It shall also provide a general summary of how remuneration policy was implemented in the prior year.

The role of the Remuneration Committee in designing the policy and, if external advisors have been retained, their identity shall also be reported.

See section: B.1.16.

Complies	Partially complies	Explain
		X

As previously stated (B.1.14) The Board submits the attendance fees payable to the Board Members to the approval of the Shareholders' Meeting, at the time the distribution of profits is proposed. Additionally in the Annual Corporate Governance report (B.1.12) detailed information is included on the different type of pay received by the Board Members each year. A detail of the options granted to each Executive director and to the Group's other senior managers is also made available to the general public by means of the corresponding relevant fact. Therefore it is considered unnecessary to draft a specific report on the remuneration policy or of the Appointment and Remuneration's role in its design.

41. This report shall include a detail of the payments made in the period to individual directors, including:

- a) A breakdown of the remuneration obtained by each company director, to include where appropriate:
 - i) Participation and attendance fees and other fixed Board Member payments;
 - ii) Additional compensation for acting as chairman or member of a Board committee;
 - iii) Any payments made under profit-sharing or bonus schemes, and the reason for their accrual;
 - iv) Contributions on the director's behalf to defined-contribution pension plans; or any increase in the director's vested rights in the case of contributions to defined-benefit schemes;
 - v) Any indemnities agreed or paid on the termination of their functions;
 - vi) Any compensation they receive as Board Members of other companies in the group;;
 - vii) The remuneration executive directors receive in respect of their senior management positions;
 - viii) Any kind of compensation other than those listed above, of whatever nature and provenance within the group, especially when it may be considered a related-party transaction or when its omission would detract from a true and fair view of the total remuneration received by the Board Member.

- b) An individual breakdown of deliveries to directors of shares, stock options or other share-based incentives, itemised by:
- i) Number of shares or options awarded in the year, and the terms set for their execution;
 - ii) Number of options exercised in the year, specifying the number of shares involved and the exercise price;
 - iii) Number of options outstanding at the annual close, specifying their price, date and other exercise conditions;
 - iv) Any change in the year in the exercise terms of previously awarded options.
- c) Information on the relation in the year between the remuneration obtained by executive directors and the company's profits or some other measure of enterprise results.

	Complies	Partially complies	Explain
			X

As indicate in our response to the previous recommendation, it is to our understanding that the information furnished by the company, particularly in the Annual Corporate Governance reports and relevant facts relation to stock options, contained sufficient individualized or collective information, as the case may be in this connection in accordance with the law in force.

42. When the company has a Delegate or Executive Committee (hereafter, "Executive Committee"), the breakdown of its Board Members by category should roughly mirror that of the Board itself.

See sections: B.2.1 and B.2.6.

	Complies	Partially complies	Explain	Not applicable
		X		

The Executive Committee is formed by 2 executive directors, 3 external proprietary directors and one external independent director. The non-member Secretary of the Executive Committee, is the Secretary General of the Board of Directors. The breakdown of ownership interest by type of Board Member on the Board of Directors as compared to the Executive Committee, is as follows:

	Board of Directors	Executive Committee
Executive Directors	21.05%	28.6%
External Proprietary Directors	47.368%	42.857%
External Independent Directors	26.3%	14.3%
Other External Directors	5.263%	14.3%

It is to our understanding that a broad proprietary representation on the Board and Executive Committee, is in most cases, the best manner in which to represent the Company's interest, and it cannot be generally assumed that its is best to have a Board formed by a broad majority of independents. A Board of Directors made up of many independents is not necessary more representative than a Board with a broad proprietary representation. The same applies to the exact proportionality between the Board of Directors and Executive Committee.

Of importance is the establishment of majority support between the Board and the General Shareholders' Meeting, which is recognised by the market and shareholders. On this basis, correction mechanisms can be put in place which allow for the presence of non-proprietary directors whose function is precisely to assure that the interests of the proprietary majority are not confused with those of the Company. It is not the case that certain members represent the majority and other the minority, but rather that neither one group nor the other should lose sight of the fact that they should represent the global interests of the company.

F. Degree of Compliance with the Corporate Governance Recommendations

43. The Board shall be kept fully informed of the business transacted and decisions made by the Executive Committee. All Board members will receive a copy of the Committee’s minutes.

Complies	Explain	Not applicable
X		

44. In addition to the Audit Committee, which is mandatory under the Securities Market Law, the Board of Directors shall form a Committee, or two separate committees, of Appointment and Remuneration.

The rules governing the make-up and operation of the Audit Committee and the Committee or committees of Appointment and Remuneration will be set forth in the Rules of the Board of Directors, and shall include at least the following:

- a) The Board of Directors shall appoint the members of these committees with regard to the knowledge, skills and experience of its Board Members and the duties each committee; shall discuss their proposals and reports; and at the first meeting of the Board following their meetings, the committee members shall report on and take responsibility for the work performed.
- b) These committees shall be composed exclusively of external directors and shall have a minimum of three members. This is without prejudice to executive directors or senior managers attending meetings, for informational purposes, at the committees’ invitation.
- c) Their chairmen shall be independent directors.
- d) They may engage external advisors, when they feel this is necessary for the discharge of their duties.
- e) Meeting proceedings shall be recorded in minutes, a copy of which is to be sent to all Board members.

See sections: B.2.1 and B.2.3.

Complies	Partially complies	Explain
	X	

The Company complies with the different sections of this Recommendation, except for: c) given that the chairman of the Appointment and Remuneration Committee is not an external independent director, but rather a proprietary director; and e) since the Board of Directors is not furnished with copies of the minutes of the Committee meetings.

45. The task of supervising compliance with internal codes of conduct and corporate governance rules will be assigned to the Audit Committee, the Appointment Committee or, as the case may be, separate Compliance or Corporate Governance committees.

Complies	Explain
X	

46. All members of the Audit Committee, particularly its chairman, will be appointed with regard to their knowledge and experience in accounting, auditing or risk management matters.

Complies	Explain
X	

47. Listed companies will have an internal audit function, under the supervision of the Audit Committee, to ensure the proper operation of internal information and control systems.

	Complies	Partially complies	Explain
	X		

48. The head of internal audit shall present an annual work programme to the Audit Committee, report to it directly on any incidents arising during its implementation, and submit an activities report at the end of each year.

	Complies	Partially complies	Explain
	X		

49. Control and risk management policy shall specify at least:

- a) The different types of risk (operational, technological, financial, legal, reputational...) the company is exposed to, with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks;
- b) The determination of the risk level the company sees as acceptable;
- c) The measures provided to mitigate the impact of the risks identified, in the event that they were to materialise;
- d) The internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks.

See sections: D.

	Complies	Partially complies	Explain
	X		

50. The Audit Committee's role will be as follows:

1. In relation to internal control and reporting systems:

- a) Monitor the preparation and the integrity of the financial information prepared on the company and, where appropriate, the group, checking for compliance with legal provisions and the correct application of accounting principles.
- b) Review internal control and risk management systems on a regular basis, so main risks are properly identified, managed and disclosed.
- c) Oversee the independence and effectiveness of the internal audit function; propose the selection, appointment, reappointment and removal of the head of internal audit; propose the resources to be assigned to the internal audit function; receive regular report backs on its activities; and verify that senior management are acting on the conclusions and recommendations of its reports.
- d) Establish and supervise a mechanism whereby staff can report any irregularities, and particularly financial and accounting irregularities they detect in the course of their work anonymously or confidentially.

2. In relation to the external auditor:

- a) Make recommendations to the Board for the selection, appointment, reappointment and removal of the external auditor, and the terms and conditions of his engagement.
- b) Receive regular information from the external auditor on the progress and findings of the audit plan, and check that senior management are acting on its recommendation.
- c) Oversee the independence of the external auditor, to which end:
 - i) The company will notify any change of auditor to the Spanish Stock Market Commission in the form of a relevant fact, stating the reasons for its decision.
 - ii) The Committee will ensure that the company and the auditor adhere to current regulations on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, other requirements designed to safeguard auditors' independence;
 - iii) The Committee will investigate the issues giving rise to the resignation of any external auditor.

F. Degree of Compliance with the Corporate Governance Recommendations

d) In the case of groups, the group auditor shall be encouraged to assume responsibility for the audits of all the group companies.

See sections: B.1.35, B.2.2, B.2.3 and D.3.

Complies	Partially complies	Explain
	X	

The Company complies with all sections of this recommendation except for section d) since there is no specific provision in this respect, although this does not imply that the company does not materially comply with the contents of the recommendation.

51. The Audit Committee may meet with any company employee or manager, even ordering their appearance without the presence of any senior manager.

Complies	Explain
	X

Refer to the explanation included under Recommendation 50.

52. The Audit Committee will report on the following points from Recommendation 8 before any decisions are taken by the Board:

- The financial information to be periodically disclosed by the Company given that it is listed on the stock exchange. The Committee shall ensure that intermediate statements are drawn up under the same accounting principles as the annual statements and, to this end, may ask the external auditor to conduct a limited review.
- The incorporation or acquisition of special purpose vehicles or entities resident in countries or territories defined as tax havens, as well as any analogous transactions or operations whose complexity may impair the Group's transparency.
- Related-party transactions, unless this responsibility has been another supervision and control Committee.

See sections: B.2.2 and B.2.3.

Complies	Partially complies	Explain
	X	

The Rules of the Board of Directors does not expressly stipulate that the Audit Committee must report to the Board before it takes decisions on the items included in b).

53. The Board of Directors shall present the financial statements to the General Shareholders' Meeting without reservations or qualifications in the audit report. Should such reservations or qualifications exist, both the Committee chairman and the auditors will give a clear account to shareholders of their scope and content.

See section: B.1.38.

Complies	Partially complies	Explain
X		

54. The majority of the members of the Appointment Committee or of the Appointment and Remuneration Committee, in the case that there is only one, of independent directors.

See section: B.2.1.

Complies	Explain	Not applicable
	X	

Refer to the explanation provided in response to Recommendation 42.

55. The Appointment Committee shall have the following functions in addition to those stated in earlier Recommendations:

- a) Evaluate the skills, knowledge and experience of the Board, define the roles and abilities required of the candidates to fill each vacancy, and decide the time and dedication necessary for them to properly perform their duties.
- b) Examine or organise, in appropriate form, the succession of the chairman and chief executive officer, making the pertinent recommendations to the Board so the handover proceeds in a planned and orderly manner.
- c) Report on the senior management appointments and removals which the chief executive officer proposes to the Board.
- d) Report to the Board on the gender diversity issues discussed in Recommendation 14 of this Code.

See section: B.2.3.

Complies	Partially complies	Explain	Not applicable
	X		

The Appointment and Remuneration Committee has not been formally assigned with the duties listed in a), b) and d).

56. The Remuneration Committee will consult with the chairman or chief executive officer, especially on issues involving executive directors and senior executives.

Any Board Member may request that the Appointment Committee take into consideration potential candidates considered to be appropriate to fill Board Member vacancies.

Complies	Partially complies	Explain	Not applicable
		X	

The chairman is the one who consults the Appointment and Remuneration Committee regarding matters relating to executive directors and the appointment of the company's senior executive. It is not expressly provided that any Board Member may propose candidates to the Committee to fill Board Member vacancies.

57. The Remuneration Committee shall have the following functions in addition to those stated in earlier Recommendations:

- a) Make proposals to the Board of Directors regarding:
 - i) The remuneration policy for Board Members and senior executives;
 - ii) The individual remuneration of Board Members and other contract conditions;
 - iii) The basic conditions of the contracts of senior executives.
- b) Oversee compliance with the remuneration policy set by the company.

See sections: B.1.14 and B.2.3.

Complies	Partially complies	Explain	Not applicable
X			

58. The Remuneration Committee will consult with the chairman or chief executive officer, especially on issues involving executive directors and senior executives.

Complies	Explain	Not applicable
	X	

See the response provided under Recommendation 56.

G. Other Information of Interest

If it is considered that there is some principle or matter that is relevant with respect to the practices of corporate governance applied by the Company that has not been covered by the present report, include it below and explain its content.

A.1. At its meeting held on 3 December 2008, the Extraordinary General Shareholders' Meeting resolved to redeem 16,746,453 shares, representing 4.993% of the share capital constituting the Company's treasury shares at the date of the meeting, with a charge to the share capital for the par value of the redeemed shares, and with a charge to voluntary reserves up to the amount paid for the acquisition. Following this redemption, the share capital amounted to EUR 159,321,987 represented by 318,643,974 shares. The aforementioned resolutions were recorded in a public document n January 7, 2009, before the Madrid Notary Mr. Cruz Gonzalo López-Muller Gómez, under number 2 of his protocol, and registered in the Madrid Mercantile Register on January 8, 2009, in volume 10064, sheet 205, page M 30221, entry no. 329. The Madrid, Barcelona, Bilbao and Valencia Stock Exchange Governing Companies delisted the 16,746,453 redeemed shares, effective on January 13, 2009.

B.1.2. Don Juan March de La Lastra, was appointed as a Board Member through cooptation on July 30, 2008. The Extraordinary General Shareholders' Meeting held on 3 December 2008 ratified his appointment and elected Mr. Juan March de La Lastra as a member of the Company's Board of Directors for at term of six years following the date of this meeting.

B.1.7. Iberpistas S.A.C.E y SABA Aparcamientos, S.A. are not fully consolidated by the ACS Group.

B.1.11. The obligations assumed in relation to pension plans are the same as the amounts contributed in this connection, since these obligations have been externalised and transferred to an insurance company. Accordingly, the Group has not assumed any outstanding obligation other than the contribution of the annual premium.

B.1.30. The percentage of absent votes in the Board are not calculated by the number of meetings at which all the Board Members were not present with respect to the total number held, but rather by the number of votes (five) with respect to the total theoretical number (5 meeting by 19 Board Members).

C.2. In relation to this section, the relevant operations that involved a transfer of resources or obligations between the Company or entities of the Group and significant shareholders of the Company are detailed:

Description of the transaction	Cu./Pr.	Amount (thousands of euros)	Related party
Financing agreements: current loans	Current	25,446	Banca March, S.A.
Financing agreements: others (specify)	Current	172,323	Banca March, S.A.
Guarantees	Current	71,642	Banca March, S.A.
Reception of services	Current	15,859	Rosán Inversiones, S.L.
Reception of services	Previous	9,974	Rosán Inversiones, S.L.
Reception of services	Current	5,332	Grupo Iberostar

The other financing agreements with Banca March, S.A. mainly correspond to certified suppliers payment credit lines.

All these commercial transactions were carried out on an arm's-length basis in the ordinary course of business, and related to ordinary Group company transactions.

C.3. With respect to this section, the only transactions performed between the Company's management and directors relate to the remuneration already disclosed in the different sections of the Annual Corporate Governance Report, and specifically in B.1.11 and B.1.12. Noteworthy is the 10% increase in the number of senior managers which is the main reason for the year-on-year increase in remunerations.

In any case, it is noteworthy that in 2008 the ACS Group had commercial relationships with companies in which some of its directors hold management functions. These commercial transactions were carried out in the normal course of business, under market conditions, and are habitual operations of Group companies.

The transactions performed in 2008 are as follows:

Description of the transaction	Cu./Pr.	Amount (thousands of euros)	ST/ LT	Related party
Loans	Current	1,084,918	ST	Banco Santander Central Hispano
Financing agreements: loans	Current	399,760	LT	Banco Santander Central Hispano
Financing agreements: other (specify)	Current	520,425	ST	Banco Santander Central Hispano
Financing agreements: other (specify)	Current	260	LT	Banco Santander Central Hispano
Finance lease agreements	Current	364	ST	Banco Santander Central Hispano
Finance lease agreements	Current	1,220	LT	Banco Santander Central Hispano
Guarantees	Current	1,431,337	ST	Banco Santander Central Hispano
Guarantees	Current	25,030	LT	Banco Santander Central Hispano
Financing agreements: loans	Current	415,775	ST	Banesto
Financing agreements: loans	Current	308,173	LT	Banesto
Financing agreements: other (specify)	Current	266,188	ST	Banesto
Financing agreements: other (specify)	Current	1,258	LT	Banesto
Finance lease agreements	Current	517	ST	Banesto
Finance lease agreements	Current	259	LT	Banesto
Guarantees	Current	361,697	ST	Banesto
Guarantees	Current	12,588	LT	Banesto
Operating lease agreements	Current	605	ST	Fidalsar, S.L.
Provision of services	Current	49	ST	Fidalsar, S.L.
Dividends and other benefits paid	Current	2,778	ST	Fidwei Inversiones, S.L.
Dividends and other benefits paid	Current	1,313	ST	Lynx Capital, S.A.
Dividends and other benefits paid	Current	193	ST	Fazyx Inversiones Inmobiliarias, S.A.
Provision of services	Current	17,056	ST	Grupo Terratest
Management or cooperation agreements	Current	305	ST	Grupo Terratest
Sale of goods (unfinished or finished)	Current	2,183	ST	Indra
Provision of services	Current	79,945	ST	Indra
Reception of services	Current	6,718	ST	Indra
Operating lease agreements	Current	1,484	ST	Indra
Provision of services	Current	3,372	ST	Zardoya Otis, S.A.
Reception of services	Current	15,863	ST	Zardoya Otis, S.A.
Financing agreements: loans	Current	642	ST	Santander Banco Río
Financing agreements: loans	Current	559	LT	Santander Banco Río
Financing agreements: loans	Current	2,123	ST	Santander México
Financing agreements: loans	Current	2,123	LT	Santander México
Finance lease agreements	Current	41	ST	Santander Totta
Finance lease agreements	Current	311	LT	Santander Totta
Guarantees	Current	11	ST	Santander Totta
Other (specify)	Current	54,772	ST	March - Unipsa, Correduría de Seguros, S.A.
Sale of goods (unfinished or finished)	Current	84	ST	Geblassa

The transactions performed with Banco Santander Central Hispano and its Group companies are indicated due to their relationship with the Director Joan-David Grimá Terré. The transactions performed with Grupo Terratest, Fidalsar, S.L., Fidwei Inversiones, S.L., Fazyx Inversiones Inmobiliarias, S.A. and Lynx Capital, S.A. are indicated due to their relationship with the director Pedro José López Jiménez. The transactions performed with Indra Sistemas, S.A. are indicated because Mr. Javier Monzón de Cáceres is the chairman of this Company. The transactions performed with the Zardoya Group are indicated due to their relationship with the Board Member Mr. Jose María Loizaga.

G. Other Information of Interest

The other financing agreements with Banco Santander Central Hispano and Banesto mainly correspond to reverse factoring for suppliers.

Transactions were performed with Unipsa, Correduría de Seguros, S.A. (a company related to Banca March, S.A.) amounting to EUR 54,722 thousand relating to "intermediate premiums" and not to consideration for insurance Brokerage services. All these commercial transactions were carried out on an arm's length basis in the ordinary course of business and relate to the normal operations of the Group companies.

This section may include any information, clarification or detail related to the above sections of the report, so far as it is relevant and not repetitive.

Specifically, indicate whether the Company is subject to legislation other than Spanish legislation in matters of corporate governance and, if applicable, include information that the Company is required to supply and which is different to that required in this report.

Binding definition of independent director:

Indicate whether any of the independent directors has or has had any relation to the company, its significant shareholders or managers, which having been sufficiently significant or important, would have caused this Board Member to lose his consideration as an independent in accordance with the definition set forth in section 5 of the Unified Code of Good Governance:

	Yes	No
	X	

Name	Type of relationship	Explanation
Mr. José María Loizaga Víguri	Member of the Board of Directors of Zardoya Otis, S.A.	Zardoya Otis, S.A. is a normal supplier to the construction companies of the ACS Group
Mr. José María Aguirre González	Chairman of Banco Guipuzcoano, S.A.	Banco Santander S.A. is one of the Group's and different Group companies' normal financial service providers.
Mr. Joan-David Grimà i Terré	General Manager of Banco Santander S.A.	Banco Santander S.A. is one of the Group's and different Group companies' normal financial service providers.
Mr. Miquel Roca i Junyent	Lawyer	Mr. Roca has served as a lawyer in relation to certain matters which are individually of significance, but not when taken into consideration as a whole.

Date and signature:

This Annual Corporate Governance Report was approved by the Board of Directors of the company at its session held on 26/03/2009

Indicate if any Board Members voted against or abstained with regard to the approval of this Report.

	Yes	No
		X









Project Director and Editor
ACS Group

Creation and Design
IMAGIA *officina*

Photos
ACS Group Archives