

# Annual Report of ACS Group

## 2008





[www.grupoacs.com](http://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 <sup>(1)</sup>	2004	2005	2006	2007 <sup>(2)</sup>	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 <sup>(*)</sup>	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 <sup>(3)</sup>	2003 <sup>(1)</sup>	2004	2005	2006	2007 <sup>(2)</sup>	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 <sup>(3)(4)</sup>	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 <sup>(2)</sup>	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 <sup>(1)</sup>	2004	2005	2006	2007 <sup>(2)</sup>	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 <sup>(5)</sup>	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).

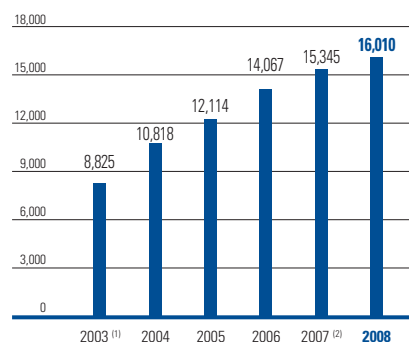
(4) On June 10th, 2004, there was a reduction in the share capital by a nominal amount of €1,353,679.5 through the redemption of 902,453 shares of treasury stock. On July 2008, there was a reduction in the share capital by a nominal amount of €8,741,385 through the redemption of 17,482,707 shares of 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

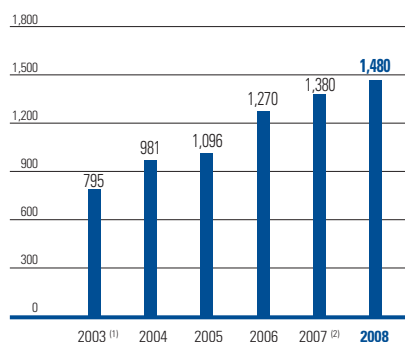
## Turnover

Millions of euros



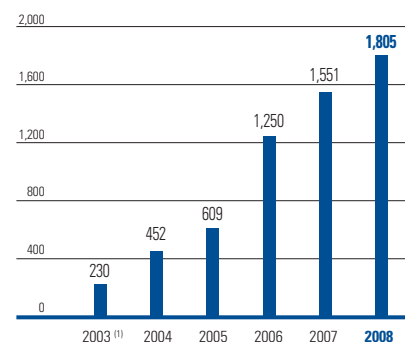
## Gross operating profit (EBITDA)

Millions of euros



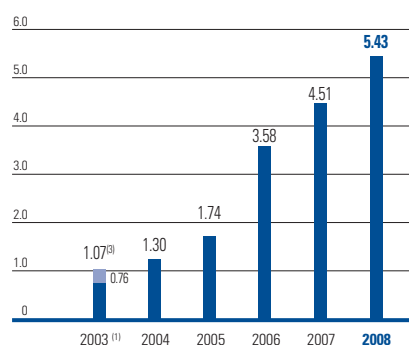
## Attributable net profit

Millions of euros



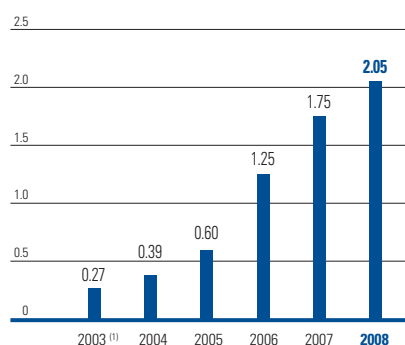
## Earnings per share

Euros



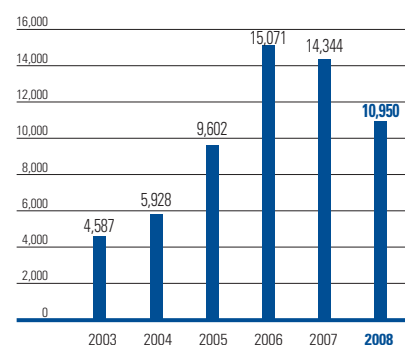
## Dividend per share

Euros



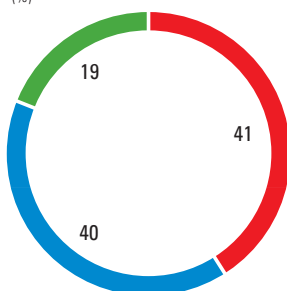
## Market capitalization

Millions of euros



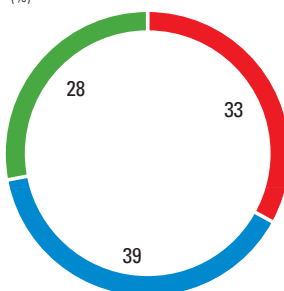
## 2008 Turnover by business <sup>(4)</sup>

(%)



## 2008 Gross operating profit (EBITDA) by business <sup>(4)</sup>

(%)

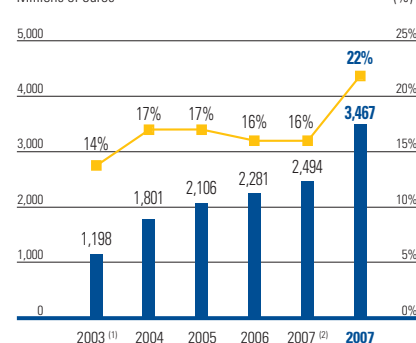


■ Construction  
■ Industrial Services  
■ Environment and Logistics

■ 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





# Annual Report of ACS Group

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# Letter from the Chairman

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## 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

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## 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.

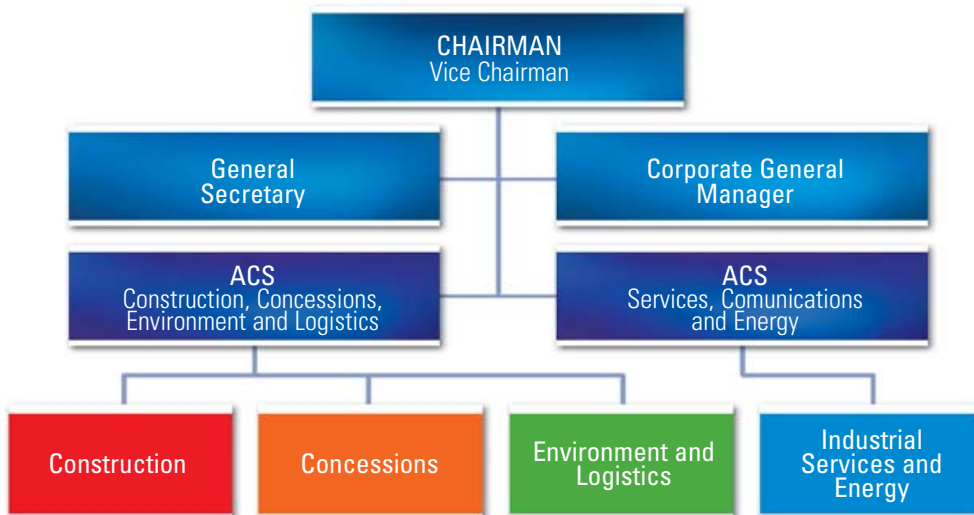
Mr. García started his professional career in the construction sector. He was General Manager of the Instituto Nacional de Industria (INI) and President of Bankers Trust for Spain and Portugal. In 1997 he joined the ACS Group as Corporate General Manager with responsibility over the economic-financial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

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## 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.

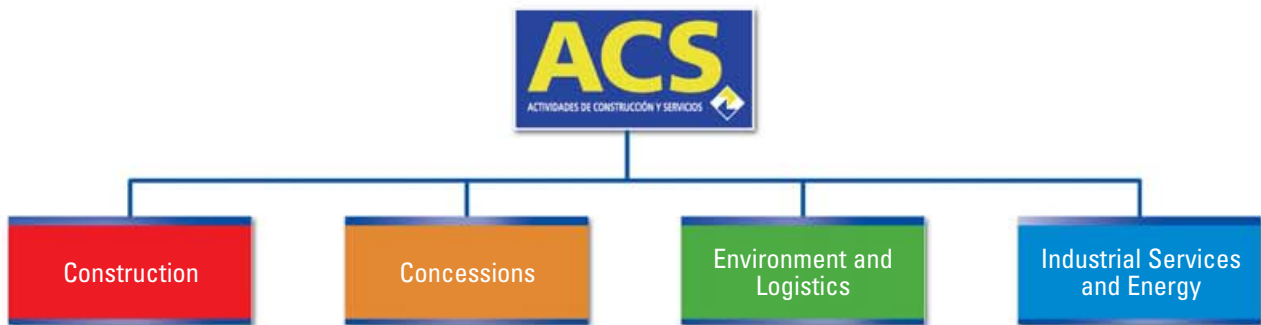
### Optimising the profitability of the resources managed

- 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.



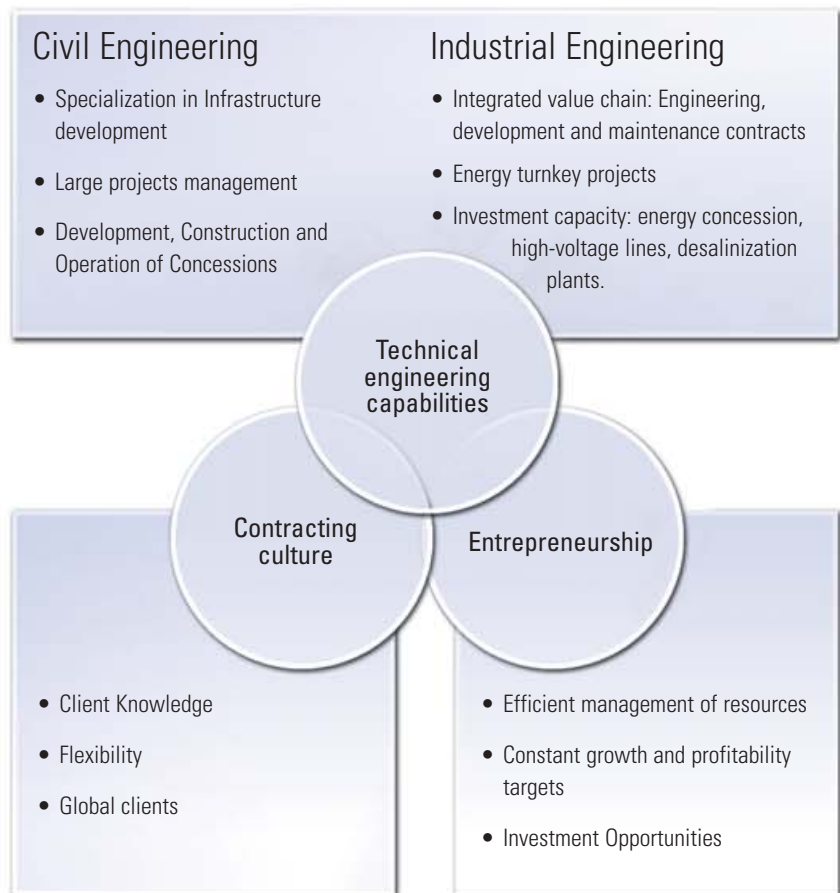


## Values

- **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.

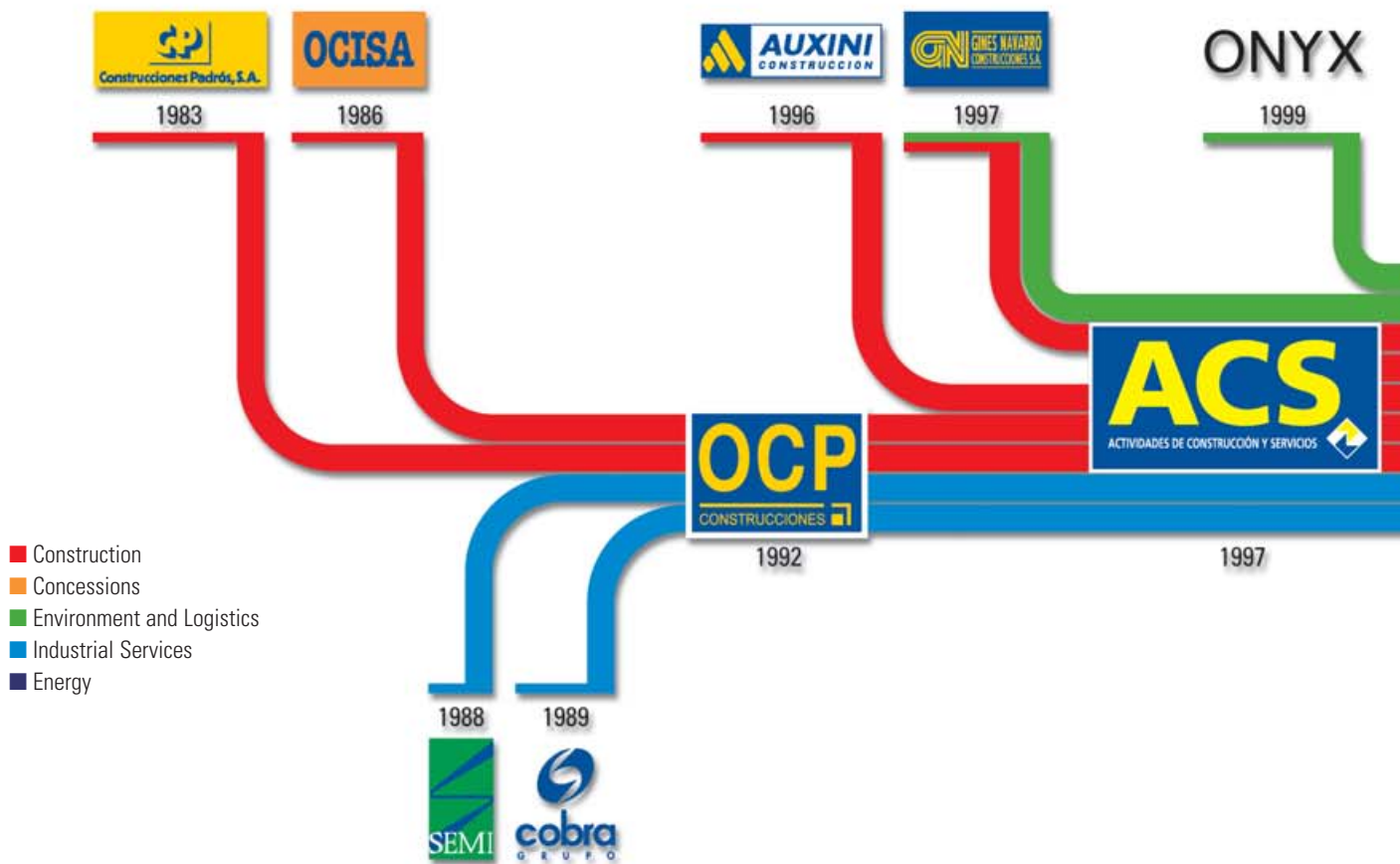
These values, which have formed part of the Group's culture since its foundation, have created the main competitive advantages which are the cornerstone of its past and future growth.

## 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.

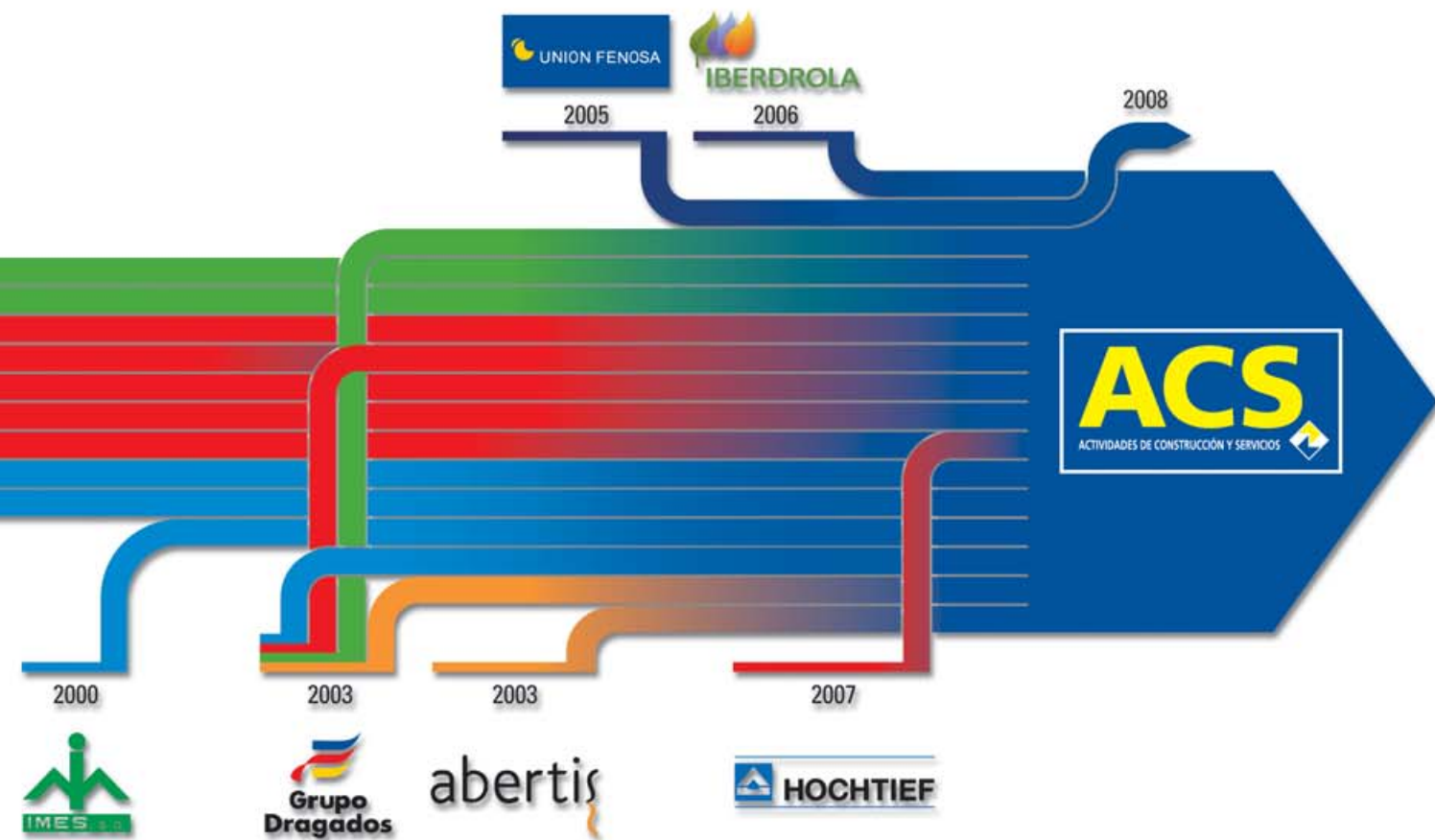
The turn of the century started with the integration of the Dragados Group, which positioned the ACS Group as the indisputable

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

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## 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.

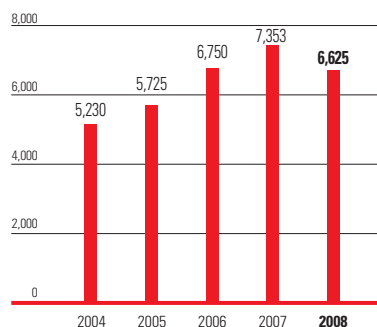
Revenue in Spain by type of client is divided between Public Authorities with 63%, Central Administration being outstanding in this, and the remaining 37% with private companies, specifically from large institutions and concession operating companies.

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



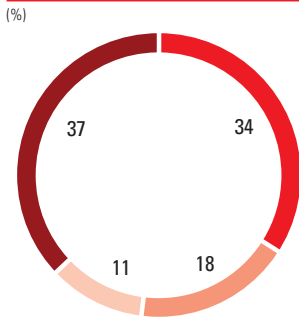
### Revenue international evolution

Million of euros



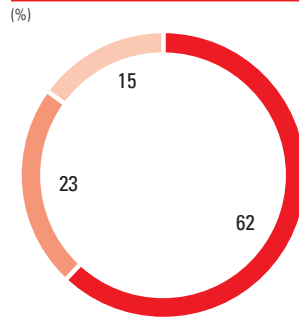


### Domestic order book breakdown by type of client



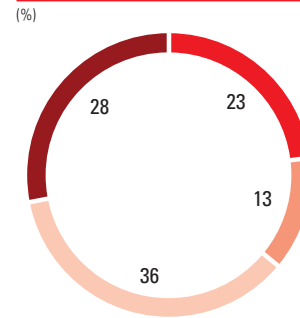
- Central Administration
- Autonomic Administration
- Local Administration
- Private Clients

### 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

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## 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**:

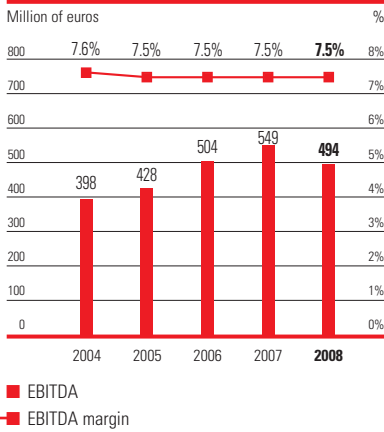
- Carrying out works for improving and fitting out Lanzarote Hospital (Islas Canarias, Spain).

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.

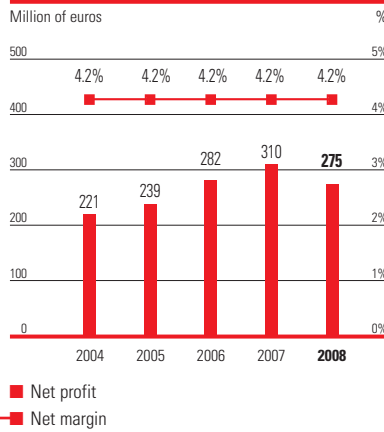
Construction activity shows solid margins on sales as a consequence of the continual improvements in productivity achieved in the last few years. This process has enabled ACS to become a more competitive company.



### EBITDA evolution

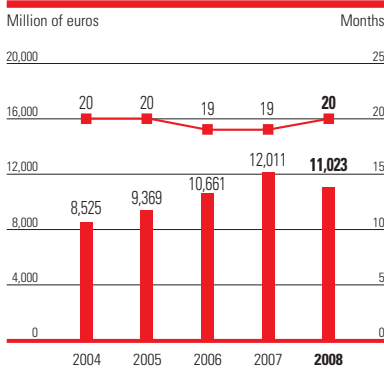


### Net profit evolution



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

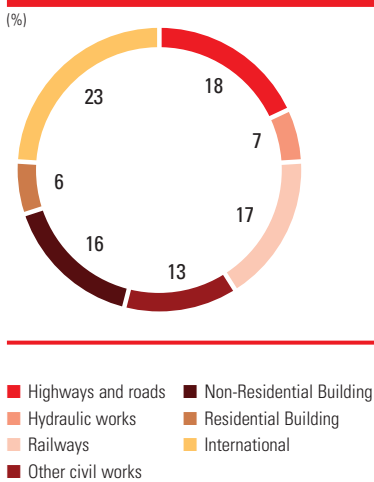
### Order book evolution



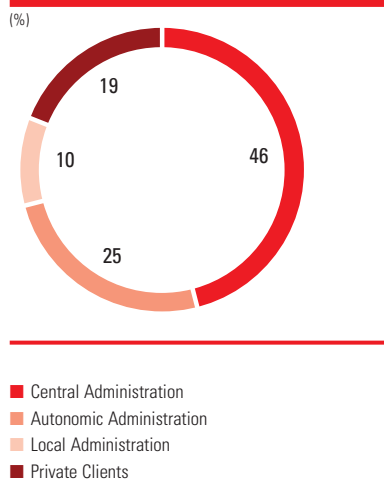
### Order book international evolution



### 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.

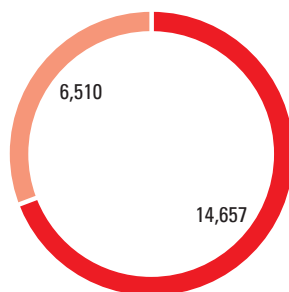
As the main focuses for forecasting investment in Spain, the General State Budgets for 2009, the Spanish Plan to Boost the Economy and Employment (Plan E) and the State Fund for Local Investment need to be analysed.

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

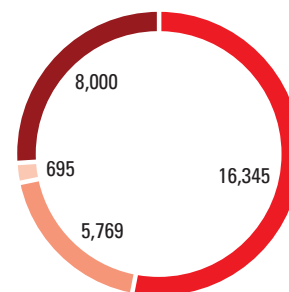
Million of euros



- 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>						
<b>Total Investments</b>						
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%
<b>Transport Infrastructure Subtotal</b>	<b>12,316</b>	<b>13,269</b>	<b>15,700</b>	<b>17,139</b>	<b>9.2%</b>	<b>11.6%</b>
Hydraulic	3,605	3,469	4,603	4,221	-8.3%	5.4%
Environmental	194	671	864	754	-12.7%	57.2%
<b>Total</b>	<b>16,115</b>	<b>17,409</b>	<b>21,167</b>	<b>22,114</b>	<b>4.5%</b>	<b>11.1%</b>

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



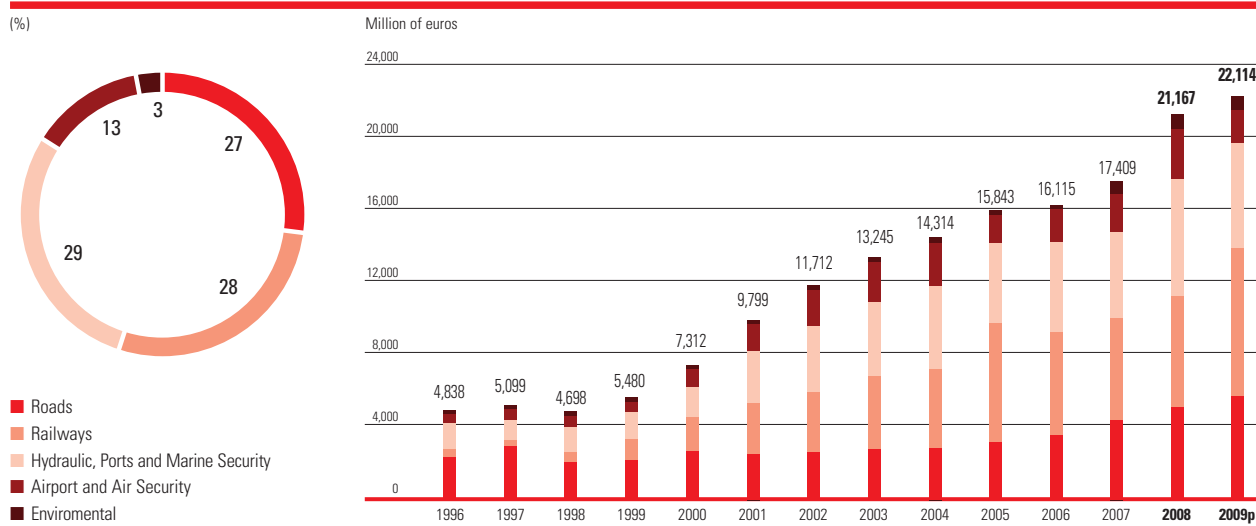


# 1. Construction

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

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### 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
<b>Total Motorways (km)</b>					<b>2,356</b>		<b>11,024</b>	<b>977</b>
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
<b>Total Railway (km)</b>					<b>99</b>		<b>2,548</b>	<b>128</b>
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
<b>Public Facilities (m<sup>2</sup>)</b>					<b>233,718</b>		<b>205</b>	<b>34</b>
Majadahonda Hospital	55.00%	Spain	Hospitale	Operation	749	2035	245	16
Son Dureta Hospital	48.00%	Spain	Hospitale	Construction	987	2038	312	17
<b>Public Facilities (number of beds)</b>					<b>1,736</b>		<b>557</b>	<b>33</b>
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
<b>Total Transport Interchanges (m<sup>2</sup>)</b>					<b>128,950</b>		<b>252</b>	<b>28</b>
Serrano Park	50.00%	Spain	Parking	Construction	3,157	2048	120	9
<b>Total Parkings</b>					<b>3,157</b>		<b>120</b>	<b>9</b>
<b>TOTAL CONCESSIONS</b>							<b>14,707</b>	<b>1,182</b>

\* 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.



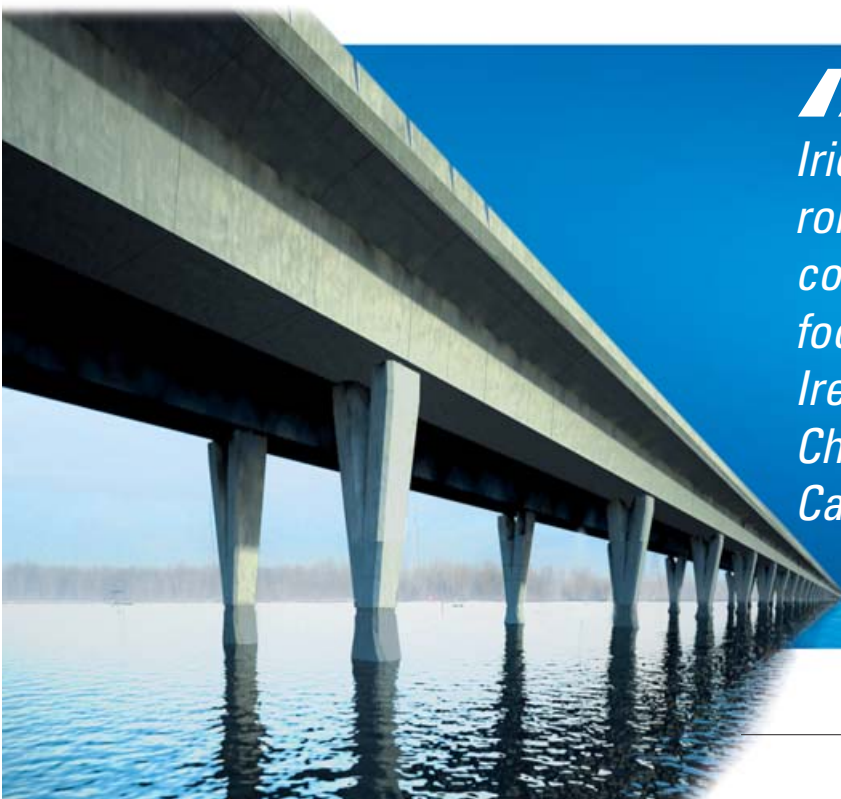
In 2008, bids were presented in Spain, Portugal, the United States, Canada and Chile.

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.

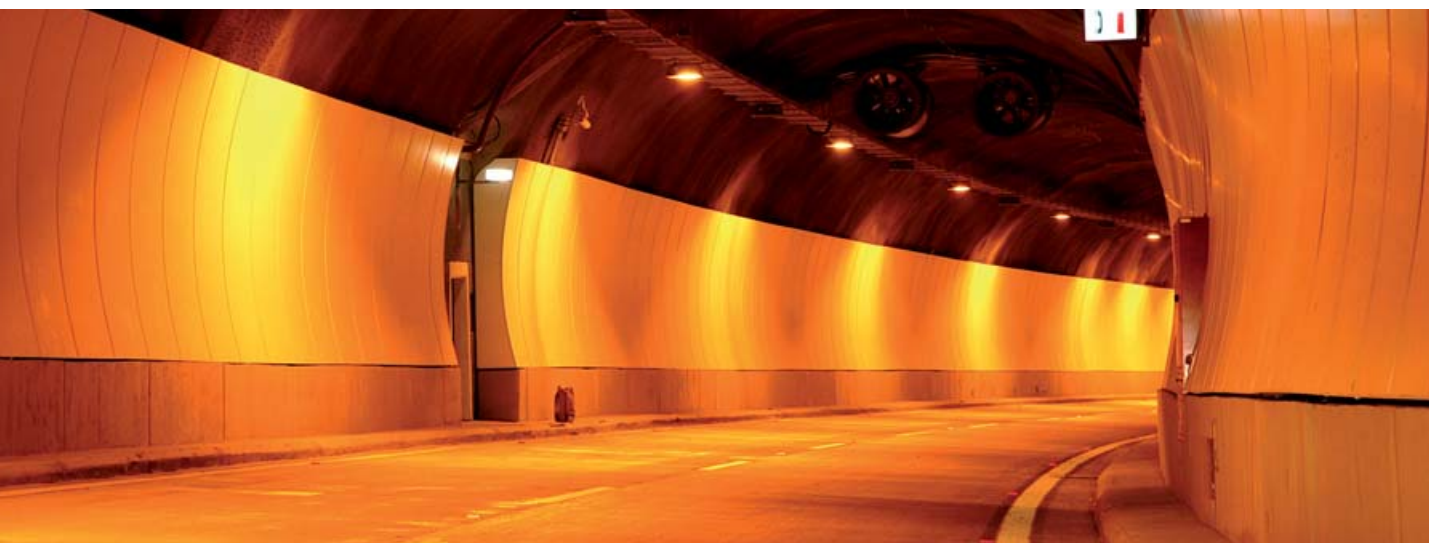
In the domestic field, in addition to the various Projects being monitored by Iridium, it is continuing the development of car park concessions in towns in various Autonomous Regions through its subsidiary Iridium Aparcamientos.



*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

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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

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### 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

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### 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.

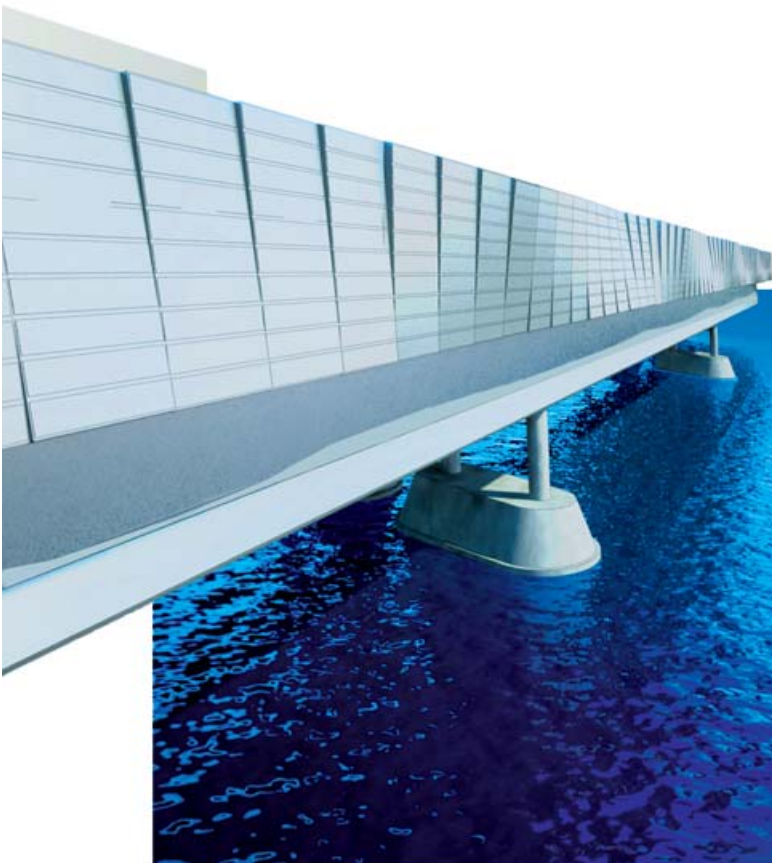
The stimulus package planned by President Obama provides for an ambitious infrastructure plan with the aim of filling the structural gap in the USA which has emerged with the passing years in the transport infrastructure sector, among others. In the current scenario, with high public spending, the impossibility 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:

# 11.1%

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

- 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.





*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

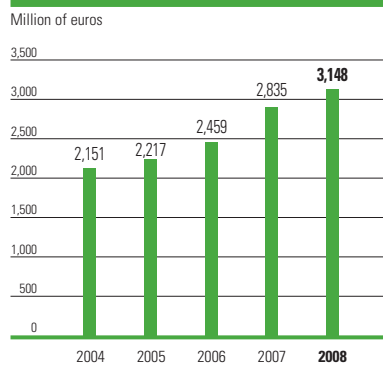


## Activity description

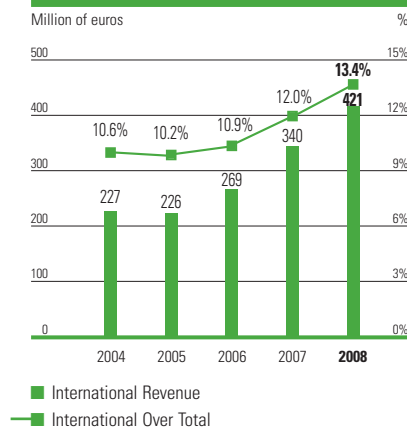
Environment and Logistics activity is grouped around three business lines: Environmental Services, Facility Management and Port and Logistic Services.

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.

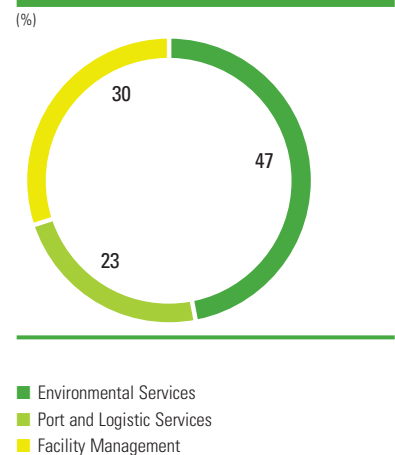
### Revenue evolution



### 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 Hm<sup>3</sup> 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

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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 m<sup>3</sup> per day for 290,000 inhabitants.
- 82 Industrial water purifying plants for 970,000 m<sup>3</sup> per day for 5,300,000 inhabitants.
- 17 Sewage operations for 985,000 inhabitants.
- 14 Water supply facilities for 229,000 m<sup>3</sup> 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.

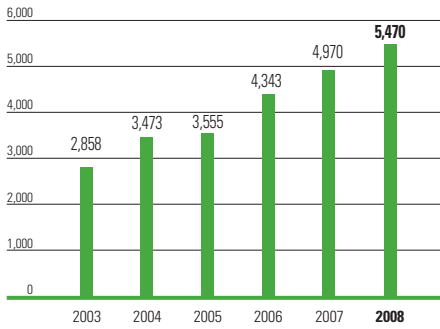
Ports-Description	% Grupo ACS stake	Consolidation Method	Country	Port	Type	Cargo	Phase
Marítima Valenciana	100.00%	Global	Spain	Valencia	Concession	Containers	Operation
Operaciones Portuarias Canarias (OPCSA)	45.00%	E.M.(1)	Spain	Las Palmas	Concession	Containers	Op./Const.
Abra Terminales Marítimas (ATM)	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



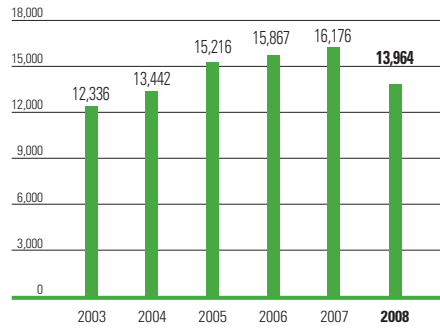
## TEUS

Thousands TEUs



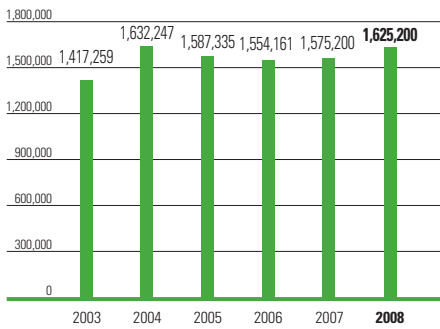
## Bulk and other cargo

Thousands of tons



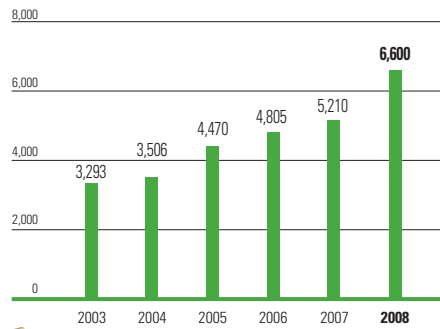
## Cars

Vehicles



## Agency Services

Port Calls



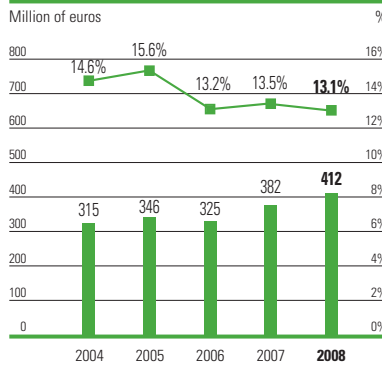
“  
 Environment and Logistics  
 activities are based on  
 medium and long-term  
 recurrent contracts for both  
 public and private clients.  
 ”

### 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.

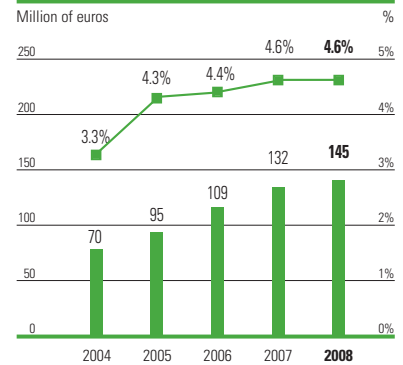
The ACS Group's Environment and Logistics order book amounted to €16,839 million in 2008, up 16.5% on the previous year.

#### EBITDA evolution



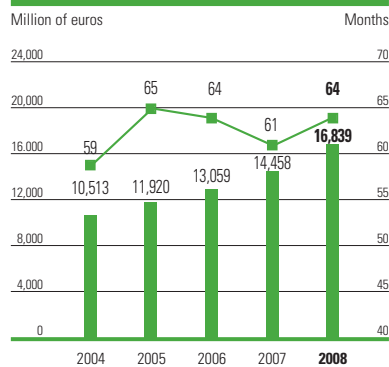
■ EBITDA  
— EBITDA margin

#### Net profit evolution

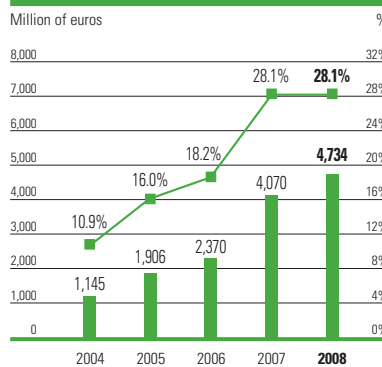


■ Net profit  
— Net margin

#### Order Book evolution

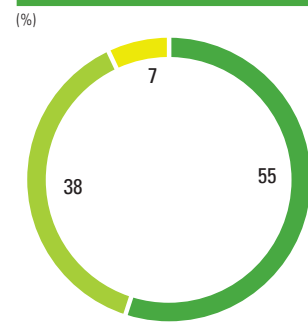


#### International order book evolution



■ 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



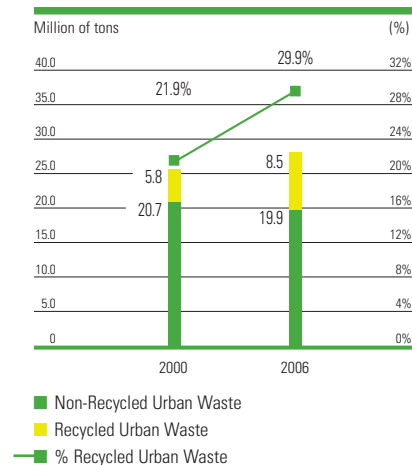
In parallel with this social awareness, the growth in population and tourism in Spain over the last 10 years has resulted in an increase in the need for these types of services.

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 CO<sub>2</sub>.

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.

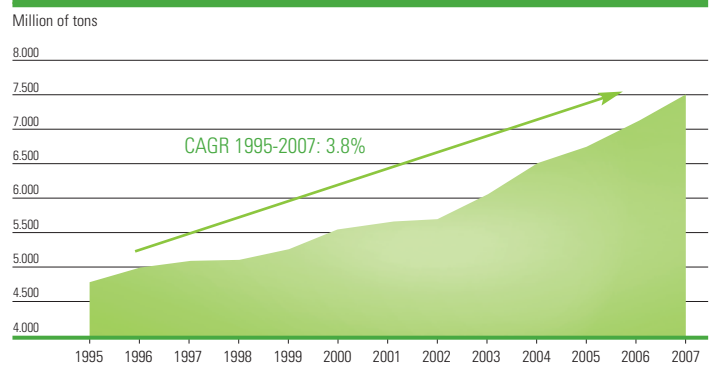
As regards social health services, a segment into which public authorities invest significant resources, the market requires services with a guarantee of quality and efficiency which translates into reduction in costs. The recent approval of the Dependency Law in Spain and the increasing age of the population (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.*

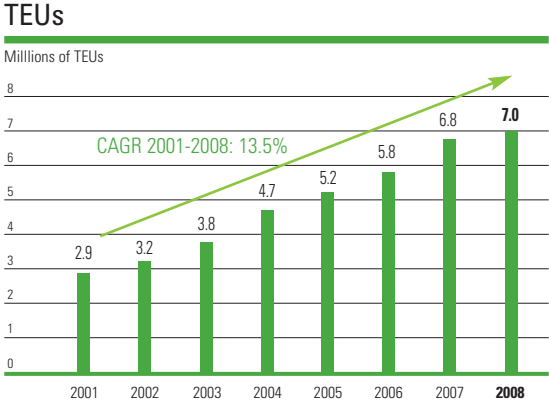


### 3. Environment and Logistics

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.



Source: Spanish Port System





# Organisational Structure



## 4. Industrial Services

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### 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

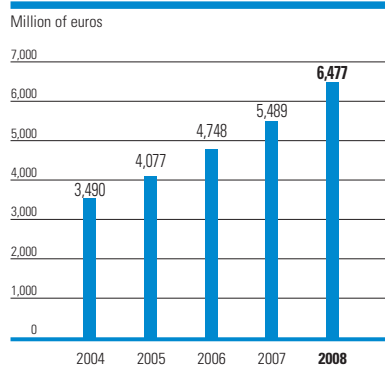


### Activity description

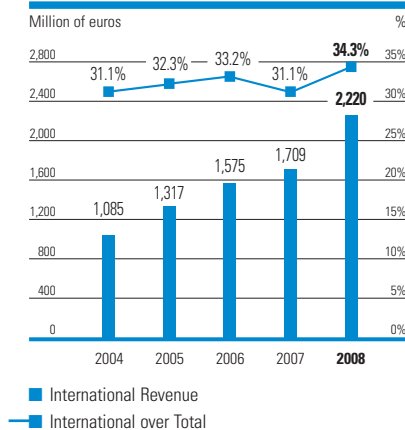
The turnover of the Industrial Services area in 2008 was €6,477 million. The strong growth in activity in this area means that its production has increased by 8.5 times since 1998, equivalent to an annual growth rate of 24%. Once again this consolidates the ACS Group's position as the leading company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

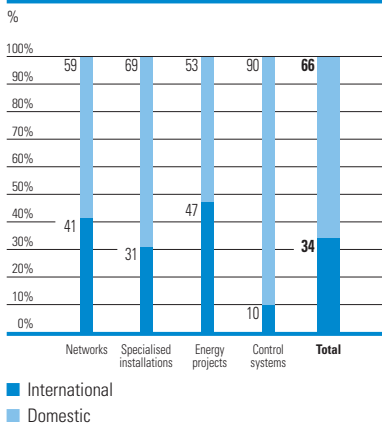
#### Revenue evolution



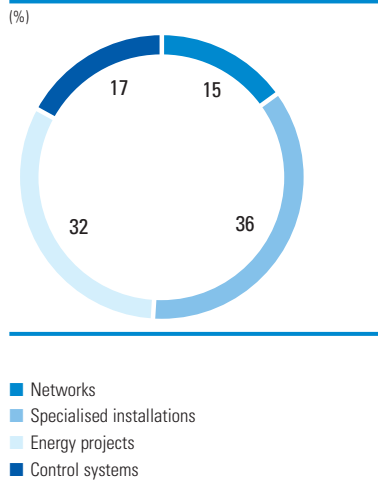
#### Revenue international evolution



### 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

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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

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- 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 Carbas	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
<b>Wind farms in Operation</b>		<b>1,075.9</b>

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
<b>Wind farms under Construction</b>		<b>212.9</b>

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
Valdehierro (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
<b>Wind farms in Promotion/Financing</b>		<b>1,798.7</b>

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
<b>Thermal Solar Energy in Operation</b>		<b>50.0</b>

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
<b>Thermal Solar Energy under Construction</b>		<b>110.0</b>

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
<b>Thermal Solar Energy in Promotion</b>		<b>250.0</b>

Note: The average stake is 100%



## 4. Industrial Services



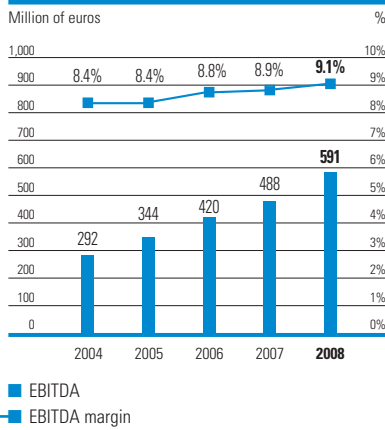
### Transmission Line Concession Projects

	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
<b>Total Kilometres</b>		<b>10,360</b>	

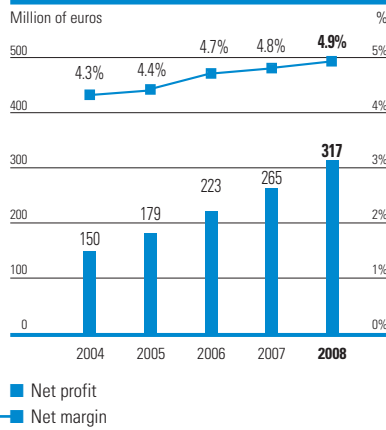


Operating income and net profit increased in line with the evolution of production and these maintain high margins on sales.

### EBITDA evolution

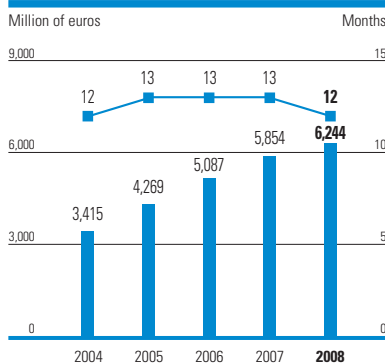


### Net profit evolution



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

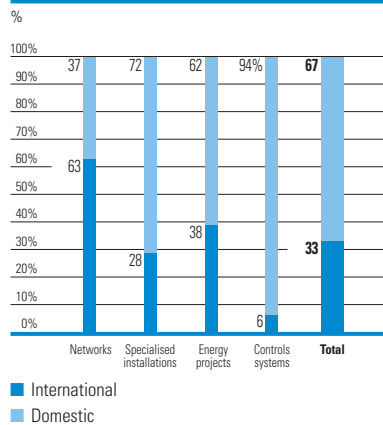


### Revenue international evolution

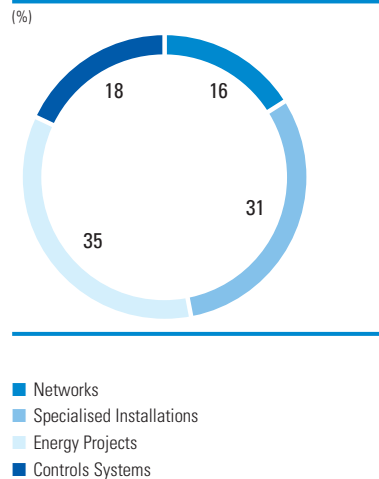


## 4. Industrial Services

Order book breakdown by type of activity



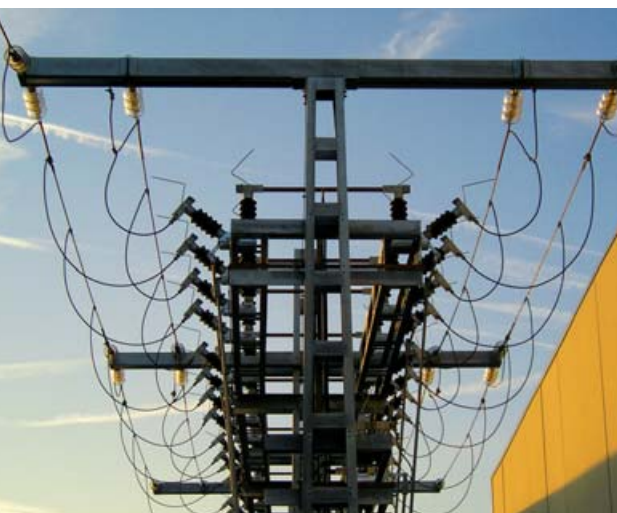
Order book breakdown by type of activity



## Main contracts awarded

### Contracts awarded in 2008

	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 Manchazol 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



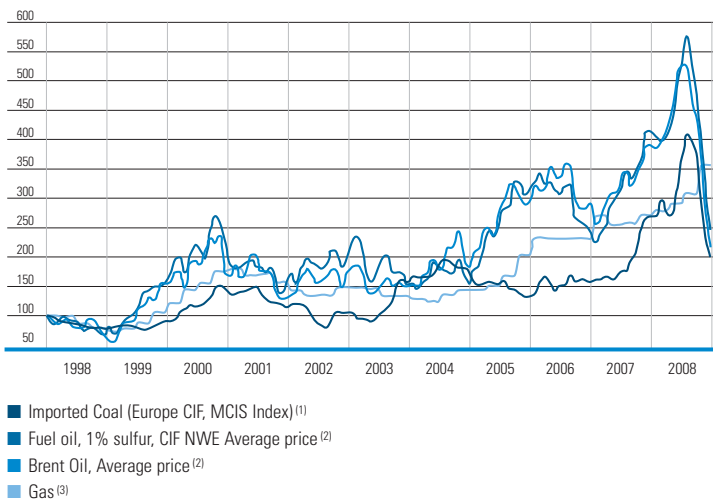
## Sector environment

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

<sup>(1)</sup> McClaskey's Coal Report

<sup>(2)</sup> Platt's Oilgram Price Report

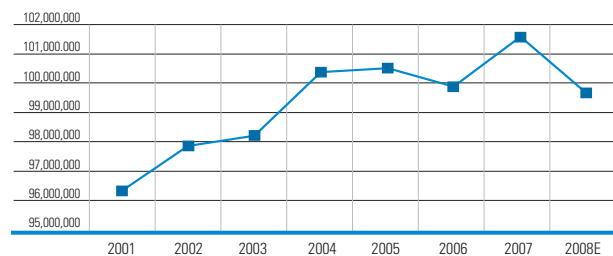
<sup>(3)</sup> Official State Gazette

### 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:

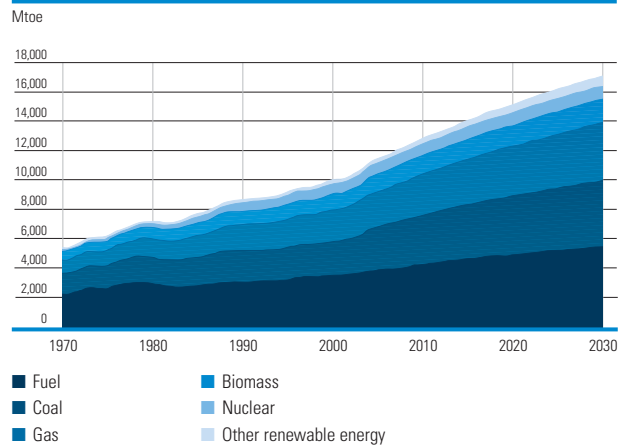
- How will the extremely volatile prices affect demand for energy?
- How will the crisis and lack of liquidity affect supply and investment in primary energy?
- If demand recovers, is the world prepared from the point of view of supply?
- How do you build a tenable global energy model?

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

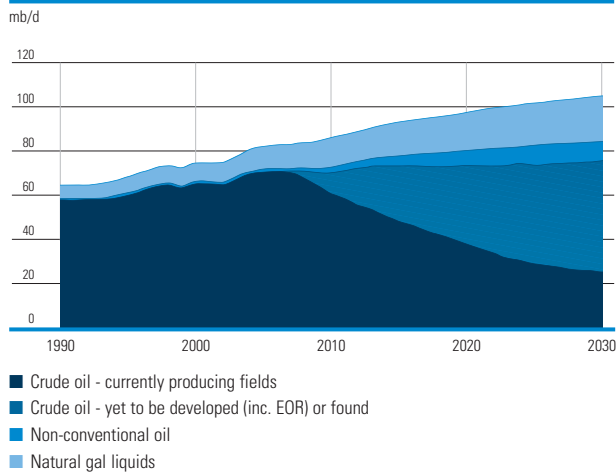


Source: World Energy Outlook, (International Energy Agency) adopted in structural reports such as those published by the EIA (U.S. Electricity Information Administration).

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 <sup>3</sup> N)	1,659	5,600	+238%
Capacity for injection (Mm <sup>3</sup> N/day)	8.2	37.2	+354%
Extraction of underground storage (Mm <sup>3</sup> 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 <sub>2</sub> )
	Total investments (2008-2012) (k€)	Total Public Funds (2008-2012) (k€)	Final	Primary	
<b>Final Use Sectors</b>					
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
<b>Transformation Sector</b>					
Transformation of energy	1,085,330	29,284		6,707	17,834
<b>Communication</b>	40,000	40,000			
<b>Totals</b>	<b>22,184,967</b>	<b>2,366,500</b>	<b>59,454</b>	<b>87,934</b>	<b>238,130</b>

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 CO<sub>2</sub> will be avoided.

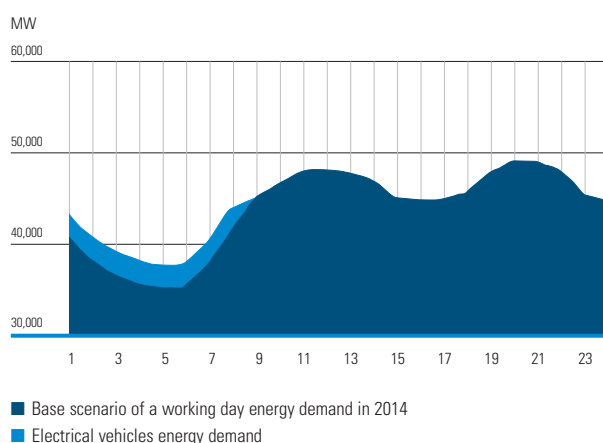
In the case of electric vehicles, their implementation would look to adapt the effective demand for electricity to the installed capacity for clean energy, such as renewable energies, which would increase consumption at off-peak times.

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.

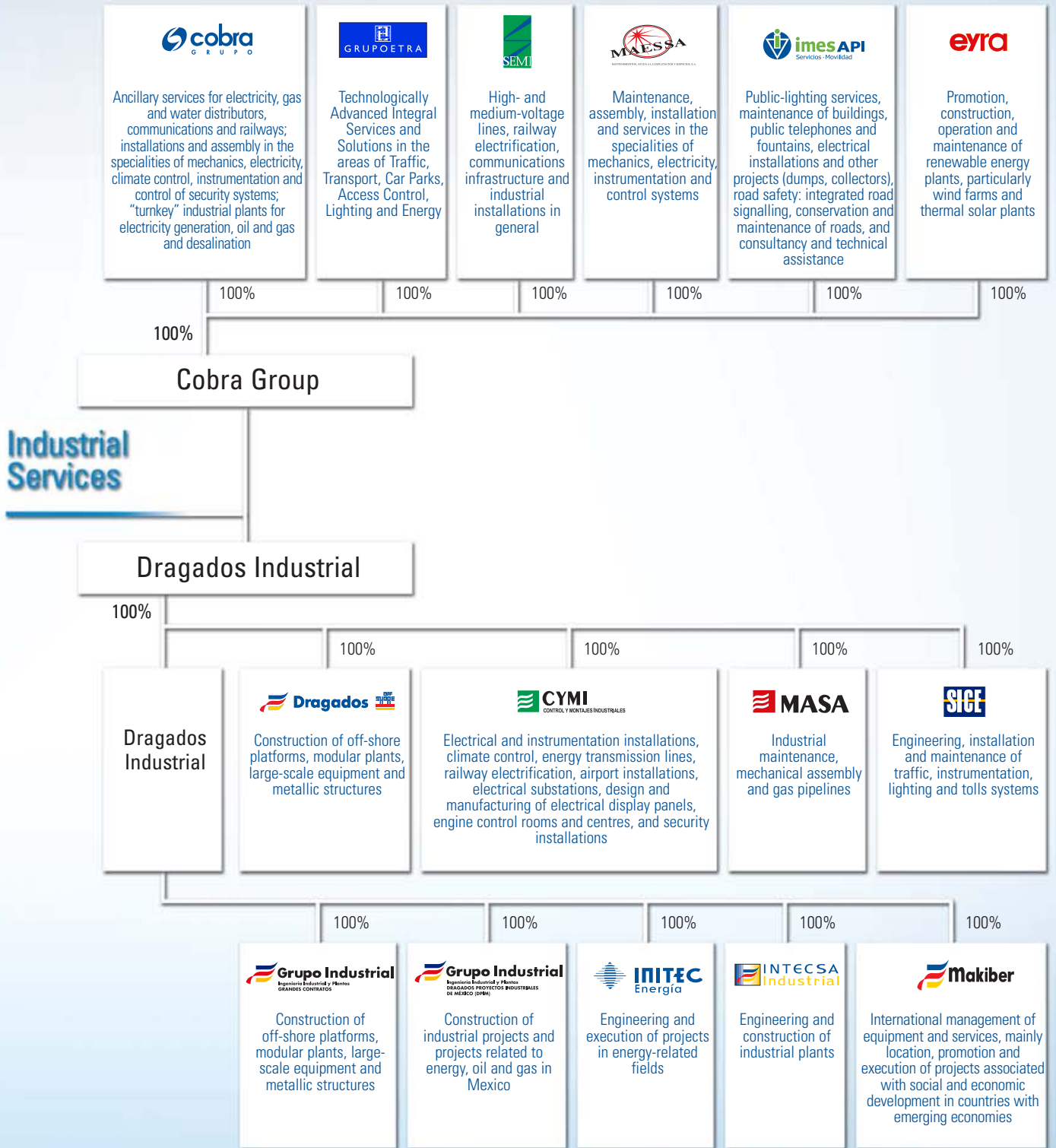
### Integration of electric vehicles into the H 2014 electrical system

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.*

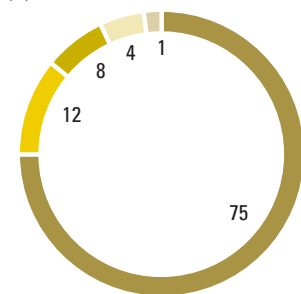
## 5.1 Abertis

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

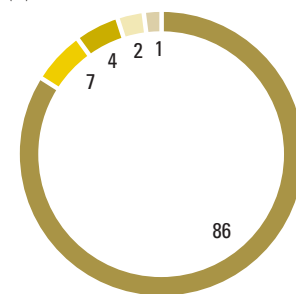
Revenue

(%)



EBITDA

(%)



- Motorways
- Telecommunications
- Airports
- Parking
- Logistics

- Motorways
- Telecommunications
- Airports
- Parking
- Logistics

3,679

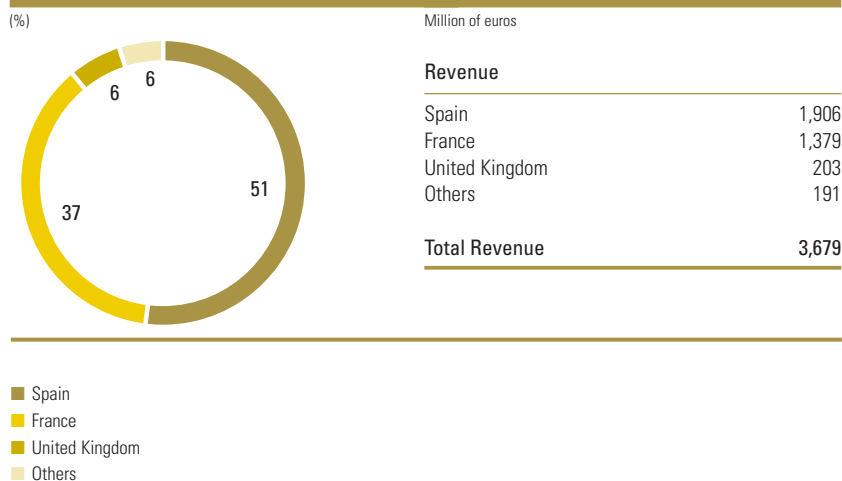
*million of euros, total Revenue in 2008*

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.

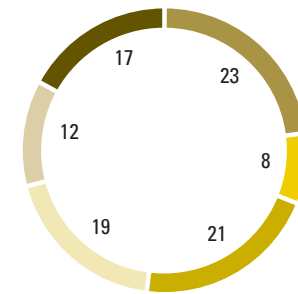
- It has an installed capacity of 43,300 MW and produced 141,268 GWh in 2008. It also has over 10 million clients enabling it to distribute 181,794 GWh.
- It has expanded significantly internationally. Worthy of note are its presence in the United Kingdom through Scottish Power; in Latin America where 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.

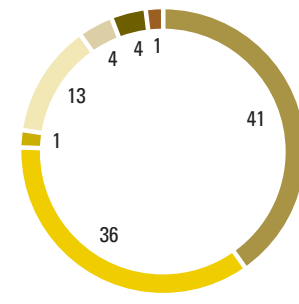
Hochtief carries out its business through six large business areas:

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



## 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%)
<b>Fixed and Non-current Assets</b>	<b>34,620</b>	<b>69.8%</b>	<b>14,619</b>	<b>28%</b>	<b>(57.8%)</b>
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%)
<b>Current Assets</b>	<b>14,973</b>	<b>30.2%</b>	<b>36,779</b>	<b>72%</b>	<b>145.6%</b>
<b>Total Assets</b>	<b>49,593</b>	<b>100.0%</b>	<b>51,398</b>	<b>100%</b>	<b>3.6%</b>
Shareholders' Equity	4,654	9.4%	3,402	7%	(26.9%)
Minority Interests	5,787	11.7%	6,511	13%	12.5%
<b>Net Worth</b>	<b>10,441</b>	<b>21.1%</b>	<b>9,913</b>	<b>19%</b>	<b>(5.1%)</b>
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%)
<b>Non-current Liabilities</b>	<b>21,461</b>	<b>43.3%</b>	<b>11,070</b>	<b>22%</b>	<b>(48.4%)</b>
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%)
<b>Current Liabilities</b>	<b>17,691</b>	<b>35.7%</b>	<b>30,415</b>	<b>59%</b>	<b>71.9%</b>
<b>Total Equity &amp; Liabilities</b>	<b>49,593</b>	<b>100.0%</b>	<b>51,398</b>	<b>100%</b>	<b>3.6%</b>

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

## 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

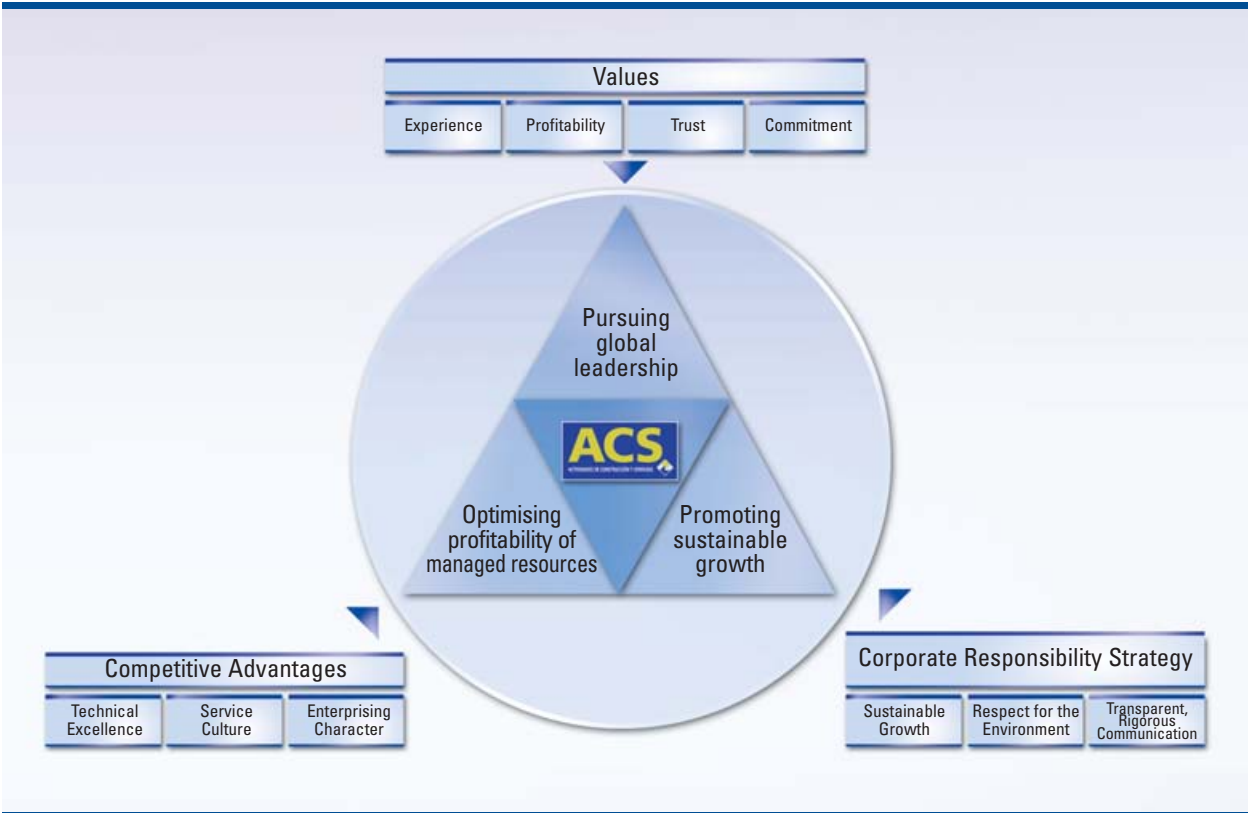
Subsequent to year end, the Group entered into a novation of the equity swap for 5.125% of the shares of Iberdrola, S.A. This novation extends the period for the exercise of the equity swap; the exercise of voting rights inherent to the underlying shares shall correspond to ACS, Actividades de Construcción 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](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.*

*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.*

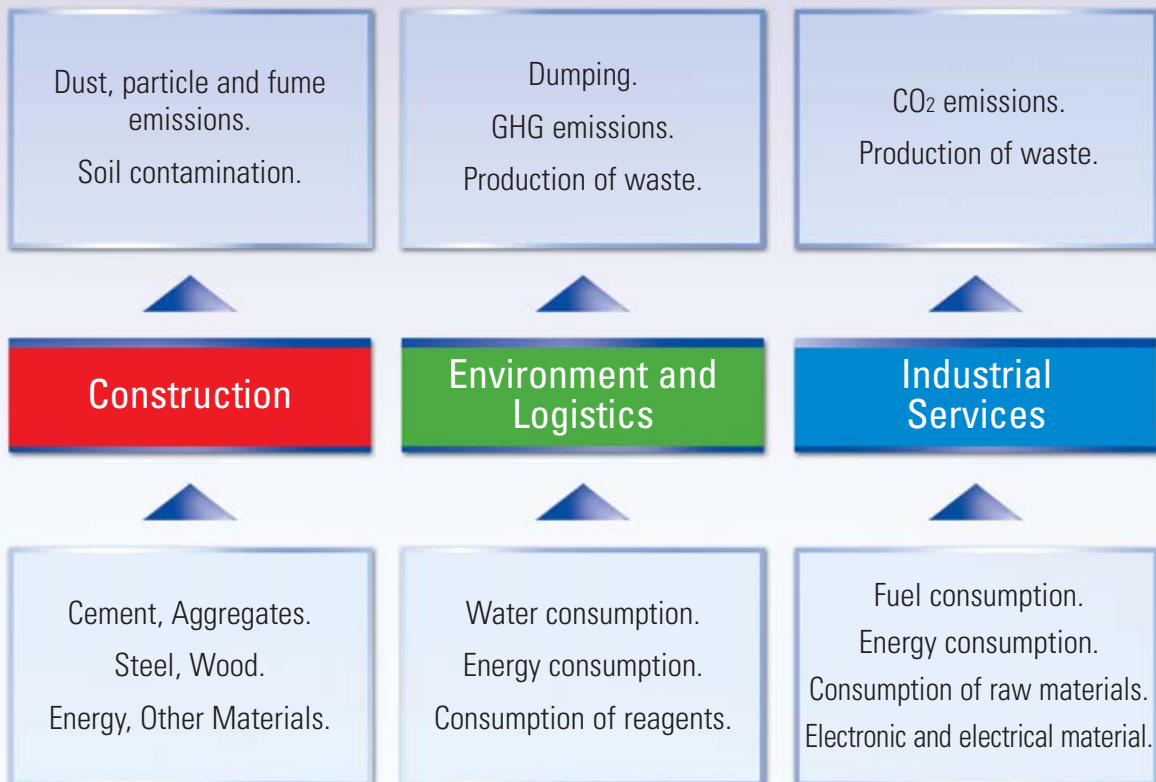
*ACS Group is pioneering the development of thermal solar plants.*

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 <sup>(1)</sup>				Severity rate <sup>(2)</sup>				Incidence rate <sup>(3)</sup>			
	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.



*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 CO<sub>2</sub> 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 CO<sub>2</sub> 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%
<b>Main environment indicators</b>				
<b>Materials used</b>	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	
<b>Consumption of energy broken down by primary source</b>				
Petrol + diesel consumption (millions of litres)	18.6	51.8	21.1	92
Natural gas consumption (m <sup>3</sup> )	377,347	6,321,263	41,591	6,740,201
Electricity consumption (GWh)	69	129	46	245
<b>Total (toe)</b>	<b>25,588</b>	<b>71,080</b>	<b>25,837</b>	<b>122,505</b>
<i>% of total ACS Group sales represented by the data obtained</i>	<i>41%</i>	<i>19%</i>	<i>38%</i>	<i>98%</i>
<b>Water consumption</b>				
Obtained from the public mains (m <sup>3</sup> )	1,113,811	1,628,904	144,570	2,923,286
Obtained from other sources (m <sup>3</sup> )	1,169,860	691,997	831	1,862,688
<b>Total (m<sup>3</sup>)</b>	<b>2,283,671</b>	<b>2,320,901</b>	<b>145,401</b>	<b>4,749,974</b>
<i>% of total ACS Group sales represented by the data obtained</i>	<i>41%</i>	<i>19%</i>	<i>38%</i>	<i>98%</i>
<b>Total waste water dumped</b>				
To the public network (m <sup>3</sup> )	Not available	142,847	94,168	237,015
Drainage to the sea or rivers/lakes (m <sup>3</sup> )	Not available	2,398,012	0	2,398,012
<b>Total (m<sup>3</sup>)</b>	<b>Not available</b>	<b>2,540,859</b>	<b>94,168</b>	<b>2,635,027</b>
<i>% of total ACS Group sales represented by the data obtained</i>	<i>0%</i>	<i>13%</i>	<i>33%</i>	<i>46%</i>
<b>Total direct and indirect greenhouse gas emissions (t)</b>	<b>95,091</b>	<b>23,780,922</b>	<b>31,108</b>	<b>23,907,122</b>
<i>% of total ACS Group sales represented by the data obtained</i>	<i>41%</i>	<i>19%</i>	<i>38%</i>	<i>98%</i>
<b>NO<sub>x</sub>, SO<sub>x</sub> and other significant emissions to the air</b>				
NO <sub>x</sub> (t)	0	393.7	0.37	394.0
SO <sub>x</sub> (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>
<b>Savings of greenhouse gas emissions (t)</b>	<b>0</b>	<b>9,633,584</b>	<b>1,170,000</b>	<b>10,803,584</b>
<i>% of total ACS Group sales represented by the data obtained</i>	<i>41%</i>	<i>19%</i>	<i>38%</i>	<i>98%</i>
<b>Non-hazardous waste managed</b>	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	
<b>Total Tonnes</b>	<b>43,479</b>	<b>22,200,266</b>	<b>10,515</b>	<b>22,254,260</b>
<i>% of total ACS Group sales represented by the data obtained</i>	<i>41%</i>	<i>19%</i>	<i>40%</i>	<i>100%</i>
<b>Hazardous waste managed (t)</b>	<b>6,162</b>	<b>224,282</b>	<b>341</b>	<b>230,785</b>
<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
<b>Quality and creation of value for clients</b>				
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%
<b>Investments carried out in R+D+i (millions of euros)</b>	<b>25</b>	<b>15</b>	<b>17</b>	<b>57</b>
<b>Commitment to the Natural Environment</b>				
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
<b>Employees</b>				
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%
<b>Training</b>				
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
<b>Labour risk prevention and job safety</b>				
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.

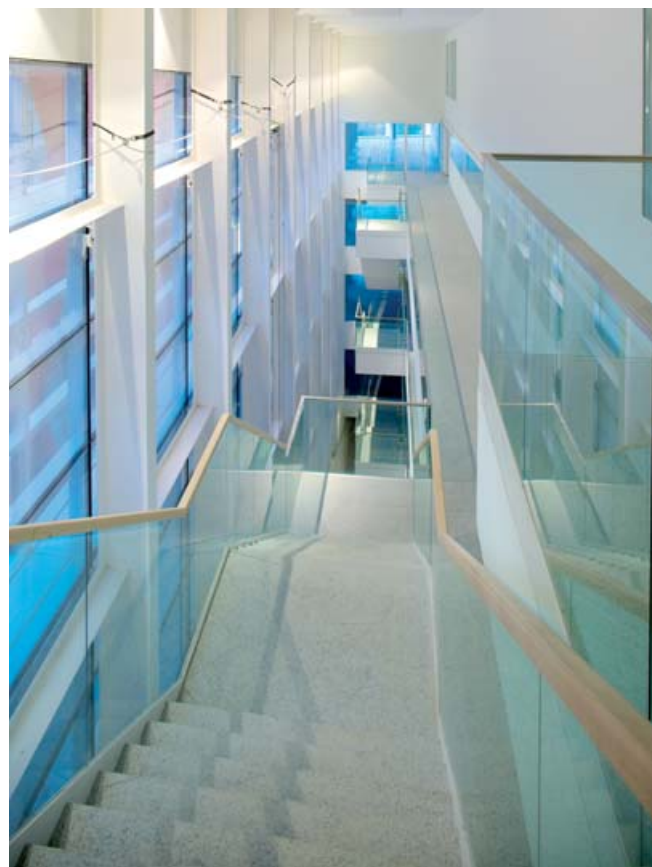
More specifically, the Board of Directors in full shall approve the following policies and general strategies:

- 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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