

## **2008 BOARD OF DIRECTORS' REPORT IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE 116 BIS OF THE SPANISH SECURITIES MARKET LAW.**

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

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

As provided in Article 6 of its By-laws, at 2008, December 31<sup>st</sup> the Company's share capital amounts to 167,695,213.5 euros represented by 335,390,427 fully subscribed and paid shares of EUR 0.5 par value each, all of the same class and series. All of the shares are fully paid. Pursuant to Article 23 of the By-laws, in order to be able to attend the General Shareholders' Meeting, shareholders are required to hold at least one hundred shares.

### **b) Any restriction on the transferability of securities.**

There are no restrictions on the transferability of shares representing the company's share capital. Since the company is listed, in order to acquire a percentage equal to or higher than 30% of its share capital or voting rights, a takeover bid is required to be launched under the terms provided in Article 60 of the Spanish Securities Market Law 24/1988 and Royal Decree 1066/2007 of 27 June.

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

<b>SHAREHOLDERS</b>	<b><u>31/12/2008</u></b>
CORPORACIÓN FINANCIERA ALBA, S.A.	23.282%
CORPORACIÓN FINANCIERA ALCOR, S.A.	13.002%
INVERSIONES VESAN, S.A.	11.573%
BALEAR INVERSIONES FINANCIERAS, S.L.	5.261%
SOUTHEASTERN ASSET MANAGEMENT INC	5.032%
BANCO BILBAO VIZCAYA, S.A.	2.805%

### **d) Any restriction on voting rights.**

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

### **e) Shareholders' agreements.**

No shareholders' agreements have been reported to the Company.

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

Appointment and substitution of members of the Board of Directors.

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

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

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

The board members shall cease to hold their position when separated by the General Shareholders' meeting, when they notify the Company of their resignation or dismissal or when the term for which members were appointed has expired, and in accordance with Article 145 of the Regulations of the Spanish Mercantile Registry. In the event of a vacancy for any reason, the Board of Directors may provisionally fill the same from among the shareholders until the next General Shareholders' Meeting, where a definitive election shall take place.

Amendment of the Company By-laws

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

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

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

responsibilities and decision-making powers deemed appropriate in relation to the management of the Company's business.

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

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

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

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

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

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