



*Ordinary General Shareholders' Meeting*  
*May 25th 2009*

Chairman's speech  
*Mr. Florentino Pérez*

## INTRODUCTION

It is a pleasure to be with you all on the occasion of this ACS Group Ordinary General Meeting and I thank you sincerely for your attendance.

As is the case every year at around this date, we are gathered here to give you a report on the work carried out throughout the past financial year, an extremely complicated year given the economic and financial crisis. Never before has the Spanish economy suffered such a shift so quickly.

However, over these months in which the economic backdrop was so difficult, we were able to reach the objectives set at the beginning of this year, increasing our profitability and soundness, and consolidating our strategy to prolong this trend in upcoming years.

I would like to highlight the most significant events of 2008 for the ACS Group:

- Firstly, both the good performance of our activity areas as well as our investment operations enabled us to reach net profit of 1,805 million euros, up 16.4% on 2007 and above our own projections.
- As you know, in July 2008 we reached an agreement with Gas Natural for the sale of our ownership interest in Unión Fenosa, once authorization was received from the National Fair Trade Commission.

This decision was appropriate, not only due to the profitability of this transaction, but also since it allowed the ACS Group to unambiguously continue its track record in the energy industry in our position as the controlling shareholder of Iberdrola.

- In 2008 we also continued to sell aging concessions, which is an essential part of our operating strategy in this area. Specifically, in 2008, we sold our airports to the company TBI, which is an investee of Abertis and AENA, and also sold two Chilean motorways, Rutas del Pacifico and Autopista Central, to a consortium whose parent is Abertis with an infrastructure fund from Banco Santander.
- Furthermore in mid-2008 5% of our share capital was redeemed, a measure aimed at increasing profitability for all our shareholders. Subsequently at the beginning of 2009, an additional 5% of the share capital was redeemed to take advantage of the opportunity offered by the market price of the shares.

- Lastly, we have continued to follow our international growth strategy, which was successfully achieved some time ago in the Industrial Services area, and more recently has been even more successful in activities relating to infrastructures and environmental services, generally through concession projects. We have been awarded significant contracts in Canada, the United States, Portugal, France and Ireland, and we are continuing to develop large energy projects for our clients in Mexico, North Africa and Brazil.

All of these actions have enabled us to end 2008 with good operating and financial results:

- revenue reached 16,010 million euros, of which over 3,467 million euros, that is to say 22%, was earned abroad;
- gross operating profit (EBITDA) was 1,480 million euros;
- net profit was 1,805 million euros;
- net ordinary profit, i.e. without taking extraordinary profit into account, was 1,127 million euros;
- total investments reached 2,969 million euros;
- all of which is thanks to the over 141,000 directly employed individuals in the ACS Group distributed in over 40 countries.

The sustained growth of our activity is a constant since the creation of the ACS Group, following the merger of OCP Construcciones S.A. and Gines Navarro Construcciones S.A. in 1997. Since then:

- Consolidated sales have multiplied 16-fold, from nearly 1,000 million euros in turnover in 1996 to over 16,010 million euros in 2008, an average annual growth rate of over 26%.
- Gross operating profit (EBITDA) has risen at an annual average of 29%.
- The Group's net profit has risen from 24 million euros to 1,805 millions and has increased by an annual average of over 43%.
- Following adjustments for changes in capital and share splits performed over the years, earnings per share has increased 25% annually.

During this period the Group has generated a total return for its shareholders of 32% annually taking into account the sum of the revaluation of our securities and dividends paid.

Our company has become one of the leading companies in Europe both in terms of size and profitability. In fact, if we analyse the performance of the market price of the shares of the 600 largest companies in the European index, EuroStoxx, in the period from 1996 to 2008, we observe that the ACS Group is among the five companies whose shares have been most revalued in the past twelve years. Moreover, of these five, ACS is the company with the highest market cap.

In short, in 2008 we have achieved results which confirm our leadership, based on the professionalism and commitment of all those who make up the ACS Group. On behalf of the Board of Directors, of which I have the honour to be Chairman, I want to thank all these people for their efforts and their will to achieve these excellent results we present today.

Nor, as usual, do I want to forget our clients, suppliers and subcontractors whose responsibility and dedication constitute a fundamental part of the success of our project and to whom we wish to present ourselves as a long-term partner so as to be able to work together as a team.

And I will never tire of thanking you, our shareholders, for the support, confidence and loyalty shown throughout these years, without which we would never have been able to get this far.

## **ECONOMIC SITUATION**

Allow me to comment on the current economic situation, which is one of the greatest concerns of our society.

At the Extraordinary General Shareholders' Meeting held in December, I provided an in-depth analysis of the causes and origin of the worldwide crisis, which continues to affect our global economy today, six months later.

In the past decade we have experienced heavy global growth and prolonged stability. In this economic environment, there have been numbers of initiatives with unsound risk management, financial products which were increasingly more opaque and excessive

levels of leveraging by families, companies and governments. A group of vulnerabilities that together with the errors committed by the regulators and supervisors of certain developed countries resulted in a severe disruption of the financial markets. This financial crisis commenced in July 2007 and has had far-reaching effects on the real economy.

Consequently, economies are in a recession worldwide, caused by a sharp drop in consumer spending and in investments, and consequently, in production and worldwide trade.

For the first time in decades, the International Monetary Fund has predicted that the World output would contract by nearly 1.3%.

The current situation and the measures that should be taken to confront this problem were discussed at the beginning of April in the G20 meeting held in London.

The leaders of the most important economies of the world recognised the magnitude of the problems and set their main objectives for upcoming months:

- Restore trust, growth and employment;
- Repair the financial system and revive the credit market;
- Strengthen the financial regulation;
- Finance and reform the international financial institutions so that they are able to face this crisis with guarantees and prevent future ones;
- Promote international trade and investment, avoiding policies of protectionism; and
- Create a global, sustainable and fair model of growth for the future.

In recognition that this was a joint effort, it was decided that over one billion dollars in new funds would be provided to the international Monetary Fund and its associated bodies.

Specifically, to restore growth and employment, the measures proposed include an expansive policy of public expense; the maintenance of low interest rates is recommended; both financial and operating support for the bank systems are being promoted to guarantee liquidity and the commitment not to use devaluation as a competitive advantage is proposed.

Financial regulation is in need of stringent reforms to avoid the same errors as those leading to this crisis. Therefore, it is essential to adapt the legislation of each country while maintaining systems which are not overregulated. Regulators should work together, fostering global competition, but avoiding past excesses.

Promoting international trade is another of the main objectives set in the G20 meeting in London, since for the first time in over 25 years, drops were recorded on an aggregate level in 2009. Protectionism measures which would make the current situation even worse have to be avoided.

The G20 agreed that the initiatives would be periodically and extensively reviewed in order to restore reasonable growth pursuing the sustainability of prosperity for all, and prevent inequality and misery in certain parts of the world.

Spain is one of the countries which has most suffered from the effect of the current crisis. In recent months, financial and global economic strains reached the Spanish economy in a phase marked by imbalances, as a result of over fifteen years of high sustained growth.

The magnitude of the recession in our economy is similar to that of other surrounding countries, taking into account the contracting of the GNP. However, it has led to higher than average unemployment rates in Spain.

Both the real estate and residential sectors have contributed to this situation being the main drivers of growth in recent years, and suffering from a severe downward adjustment.

The high indebtedness of companies and families drags down consumption and investment. Unemployment, the real estate crunch and high indebtedness are the differentiating factors of the situation in Spain

The necessary structural reforms will be complex, extensive and essential, although our economy is already correcting itself with high inflation and a high foreign deficit level with high unemployment costs.

All social agents need to come to an agreement on corrective measures leading to a drastic change in the development of human resources; an improvement in the industrial fabric based on the fostering of competitiveness of the supporting industry, and the restructuring of the real estate sector which favours letting and the promotion of subsidized housing for which there is a clear demand.

Also necessary are reforms in the energy industry, where investments in interconnections with Europe and in the generation of power not dependent on fossil fuels should be promoted.

No one argues the need to continue investing in the infrastructures that form the backbone of our country, fostering economic development and improving productivity.

It is clear that the necessary measures require a commitment and effort by all, in line with the magnitude of the challenges posed by the current crisis.

In addition to structural measures, the Spanish financial system requires reaffirmation, not only being affected by the worldwide crisis but also the real estate crisis and the drop in the economic attractiveness of our country.

In order to be able to provide guarantees to the economic system and make structural reforms possible, financial institutions need to face two serious issues: the reactivation of credit flow for economic agents and the restructuring of the financial system as a whole.

Lastly, I believe that all economic agents should come together in a climate of negotiation and work, and should seek a census to undertake the in-depth restructuring that the Spanish economy requires.

I am convinced that they will do so, as they did in the past, and therefore, I have an optimistic outlook on the future. I believe in the recovery of our economy and of a new step forward by the Spanish Miracle in view of the history of success of the Spanish economy in recent decades.

## **REPORT ON THE 2008 FINANCIAL YEAR**

I will now refer to the Group's main actions and results for the past financial year.

### **Consolidated Results**

As I already indicated at the start of my speech, 2008 has been a very positive year for the ACS Group. In the documents you were given when you entered the Shareholders' Meeting, you have all the economic information on the Group, which you can use to follow the Company's financial situation and the results obtained in the last financial year in detail.

Allow me to highlight some data reflecting the positive performance of the ACS Group in 2008.

### **Income Statement**

Revenue reached 16,010 million euros, 4.3% higher than in the previous year in comparable terms. The contribution of each activity area to consolidated revenue was: 41% by Construction, 19% by Environment and Logistics, and 40% by Industrial Services and Energy.

The gross operating income (EBITDA) stood at 1,480 million euros, with an increase of 7.2% on the previous year, representing a gross operating sales margin of 9.2%.

Net operating income (EBIT) increased to 1,097 million euros, i.e. 6.9% of sales and was 3.8% higher in comparable terms. The contribution of each activity area to net operating income was 36% by Construction, 22% by Environment and Logistics and 42% by Industrial Services and Energy.

The Group's recurring profit grew by 11.6% in 2008 as shown by the increase in net ordinary income, i.e. without taking into account the extraordinary profit for the year, which amounted to 1,127 million euros, and the contribution made by the different areas was as follows:

- the Construction area contributed 25% of the total,
- the Concessions area, including the profit contributed by our holding in Abertis, accounted for 9%,
- the Environment and Logistics area 13%;
- the Industrial Services and Energy areas 28%, and
- other activities, including the contributions from our ownership interests in Iberdrola, Hochtief and Unión Fenosa, contributed the remaining 25%

As can be observed, all the areas contribute significant proportions of the Group's profit as a result of the Group's diversification over recent years.

Extraordinary profit for 2008 amounted to 678 million euros. This amount includes inter alia, the gains on the sale of the Chilean motorways and of the airports, which gave rise to 621 million euros, and the net gains on the sale of 10% of Unión Fenosa in July, which amounted to 404 million euros. These gains were reduced by 347 million euros mainly as a

result of the change in value of the ACS Group's financial instruments, including inter alia, the derivatives on the shares of Iberdrola.

Therefore, in absolute terms, net attributable profit increased more than projected to 1,805 million euros, up 16.4% on the previous year.

As a result of the increase in profits and the redemption of shares in 2008, earnings per share amounted to 5.43 euros, up 20.5% on 2007.

If you, the shareholders, approve the proposed distribution of 1.15 euro per share, the total dividend charged to the 2008 profit will climb to 205 cents of a euro per share, since an interim dividend of 90 cents of a euro per share was already paid last January. The total dividend will equal 37.8% of the earnings per share, which is 17% higher than in 2008.

### Investments

The operating growth of our activities has provided the base on which to continue increasing sustained profitability, through the generation of cash exceeding 3,500 million euros this year. These funds relate to operations, the dividends received from our investees and the divestments made in 2008, which amounted to 2,798 million euros.

This ability to generate cash has enabled us to improve our policy on shareholder returns, which include 600 million euros paid by means of dividends and the acquisition of treasury shares amounting to 674 million euros, and their subsequent redemption. However, basically this recurring cash flow enables us to make the necessary investments to meet the growth objectives we are pursuing, and which amounted to 2,969 million euros in 2008.

By operating areas, the investments made from the Corporate Unit are noteworthy, including:

- The investment of 288 million euros in Hochtief upon exercising their *equity swap*.
- The acquisition of 0.2% of Iberdrola for 67 million euros.
- The investment of 134 million euros in the acquisition of 1% of Abertis.

I would also like to highlight the significant effort made in Industrial Services and Energy, where 1,158 million euros was invested in 2008. These include, inter alia, the following:

- 416 million euros was invested in four thermal solar plants.

- 455 million euros in different wind-powered facilities.
- 65 million euros in three desalination plants.
- 15 million euros in a high voltage power line in Brazil.

Investments amounting to 101 million euros were carried out in the Construction area, mainly related to equipment and machinery for the development of projects.

185 million were invested in the Concessions area, including, inter alia, the Reus-Alcover and Santiago-Brión motorways in Spain, the Central Griega motorway, the Son Dureta hospital in Mallorca and line 9 of the Barcelona subway.

351 million euros were allocated to the Environment and Logistics area. In the Environment area, over 169 million was invested for the acquisition of the necessary equipment for the renewal and award of these contracts. 155 million were invested in the Port and Logistics Services, and basically the port terminal of Bilbao and the renewal of agency agreements. Clece also invested over 27 million in 2008.

As you can see, we have made a commitment to capital intensive projects relating to our basic activities, which promotes ongoing increases in profit and ensures stable revenue in the future. In this process we increased our diversification and internationalization, always respecting our profitability objectives.

### **Net borrowings**

Our investment process entails the correct allocation of the capital required by each project or business according to its risks, duration and expected profitability. The Group has the necessary flexibility to be able to gain access to the capital markets quickly and efficiently.

In 2008, the ACS Group reduced its debt position by nearly 7,300 million euros as a result of our generation of operating funds, the sale of Union Fenosa, and the resulting exclusion of this company from the scope of consolidation, and the sale of road and airport concessions.

At December 31 2008, the ACS Group's borrowings amounted to 9,355 million euros, of which 6,422 million euros related to non-recourse financing and 2,933 million euros to net recourse debt. At the end of March of this year, after finalising the sale of Unión Fenosa and closing the novation of the equity swap of Iberdrola, our financing structure was much more sound, presenting a balance of 123 million euros of recourse debt and 8,860 million

of non-recourse debt. Total debt in relation to all of these items at March 31 was 8,983 million euros.

From the detailed analysis of our financial structure it is concluded that:

- Our operating activities are not indebted, which enables us to continue growing and investing backed by our sustainable, sound and stable capacity for generating cash flows.
- Our total net borrowings amounted to 4.8 times the Group's projected gross operating income (EBITDA) for 2009 plus dividends from our investees, a ratio we consider to be prudent considering the current conditions of capital markets.

### *Activity Report*

I will now detail the main actions taken in each of our activity areas, the profit earned by each area in 2008 and the current environment in each sector on which to base prospects for 2009.

#### **Construction**

In 2008 the turnover in the Construction area amounted to 6,625 million euros, 9.9% lower than in 2007. However, the average annual growth rate was over 6% in recent years.

The Construction area showed two distinguishable facets. On the one hand there was a significant decrease in activity in Spain as a result of the problems common to the industry as a whole:

- Firstly, there was a sharp drop in residential building as a result of the change in the cycle as compared to the heavy expansion experienced in recent years. ,
- Secondly, non-residential building was affected by the reduction in commercial and institutional building activity.
- Lastly, there was a slowdown in civil engineering work in Spain, mainly due to the drop in calls for tenders and resulting delay in performance in local corporations and in autonomous regional areas.

On the contrary, international activity grew by 88.6% with turnover amounting to over 816 million euros, as a result of the increase in production in the United States, Portugal,

Greece and Ireland. Heavy commercial activity and the success of our operations in these countries will be a significant growth factor in the near future.

The operating margins in construction remained unchanged with respect to 2007 as a result of an increase in efficiency through an ongoing practice of cost rationalization and control of the performance of projects. The EBITDA sales margin remained unchanged at 7.5%, and the EBIT sales margin stood at 6.2%.

Net profit stood at 275 million euros and a sales margin of 4.2% was maintained.

At year-end , the construction backlog amounted to 11,023 million euros, equal to 20 months of production, which combines with the new concession contracts not yet included in the backlog will allow for the recovery of activity in 2009. Additionally, the Government's infrastructure investment budget plans enable us to project that there will be heavy investment activity in the public sector this year. The Government's aim is to continue to be backbone of the country, through its Strategic Infrastructure Plan, while promoting employment and industrial activity, which is essential in view of the current economic backdrop.

Internationally, the outlook for 2009 centres on capitalising on infrastructure investments in the United States, where the ACS Group competes in the development of concession and specialized construction projects.

Within the framework of the Obama Plan to revive the US economy, the main initiative of the US Government centres on an increased remodelling effort, improvement and an increase in infrastructure capacity.

In relation to these new US Projects, the ACS Group has a proven track record in the development of high-speed railway lines, innovative solutions to improve urban public transport, such as those carried out by Dragados in relation to the New York Subway, and a hydraulic works plan in response to the natural catastrophes in the southern US. An increase in public-private investment is also projected, through the development of transport concessions similar to those already developed by states such as Florida, Texas and California.

The United States will continue to be a market of reference and growth for the ACS Group in upcoming years, and is fundamental for maintaining an appropriate level of internationalism and diversification to increase profitability.

## Infrastructure Concessions

The concessions area is one of the ACS Groups' main means of internationalisation. Iridium is the ACS Group company which carries out the promotion and development of all types of infrastructure concessions.

With a proven track record, both due to its pioneering role in the development of these kinds of contracts and as a result of the number of concessions that have been executed successfully in several countries, Iridium is a worldwide leader in the promotion, financing, construction and operation of transport infrastructures and public facilities. Its objective is to continue to add new concession projects to its portfolio.

Iridium currently participates in 64 concession companies for roads, airports, railways, penitentiary facilities, police stations, hospitals and transport interchanges which represent a managed investment of over 14,600 million euros with an active presence in the world's main concession markets. Its main efforts are focused on Spain, the United States, Ireland, Chile, Greece, Canada and Portugal.

In addition to the concessions which ACS develops and manages directly, the Group is present in the concessions operation part of the value chain in the long term as a reference industrial shareholder, with a 25.8% ownership interest in the share capital of Abertis.

Abertis is one of the most important infrastructure companies worldwide in terms of market capitalization and number of projects. It is a leading international group in the management of infrastructures and telecommunications through five business areas: motorways, telecommunications, airports, parking and logistics.

The Concessions area of the ACS Group has significant growth opportunities, given that for 2009, the Group is prequalified in several calls for tender for which the related investment amounts to over 12,000 million euros, and it will continue to bid on projects tendered by government bodies both in Europe and North America in the near future.

As you already know, ACS maintains its strategy of rotating older concessions, selling those for which the development period has been completed to heighten the value of its initial investments. For this purpose, the ACS Group will continue to promote the operating and strategic synergies shared with Abertis, in order to uphold its position as the Worldwide leader in the development of concessions.

## Environment and Logistics

Continuing with our activities, the Environment and Logistics area is a sector reference in Spain in the different types of activities it carries out: Environmental, Port, Logistics and Integral Building Maintenance Services, both public and private. In 2008, this activity area achieved turnover amounting to 3,148 million euros, which represents an increase of 11.1%. The annual compound rate of growth over the last five years is 10%, reasserting ACS's leadership in Spain and consolidating the Group's status as a reference company in the European market.

All Environment and Logistics area activities showed growth of over 10% in 2008. The domestic market showed a 9.3% increase while international sales rose by 23.8%.

The revenue recorded by Environment, the head of which is Urbaser, was up 11% to 1,473 million, especially due to the increase in international area activity in treatment plants and recycling, where it has consolidated its position as one of the leading European companies in the sector, as in environmental services.

Port and Logistics Services increased their sales by 10% to over 734 million euros. The highest growth was shown in the container terminal segment supported by the incorporation of the container terminal in the port of Bilbao, which offset the reduction in conventional terminal activity.

Integral Maintenance, which is carried out by Clece, increased sales by 12% to 941 million euros, backed by the solid order book of contracts with public authorities and the upward trend in commercial activity in 2008.

Environmental and Logistics activities are based on medium and long-term repeat contracts for both public and private clients. Many of their activities are capital intensive and their concessional nature reduces the 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 euros at the end of 2008, up 16.5% on the previous year. It is noteworthy that 28% of this order book is international, a result of the continued diversification through investments and the award of large projects.

## Industrial Services and Energy

The area which showed the highest growth in 2008 in the ACS Group, and which has continued to do so since 1998 at a compound growth rate of over 20% is the Industrial Services and Energy area. Again this year, its performance was excellent, as shown by its main operating figures:

- Turnover rose to 6,477 million euros, up 18% on the previous year.
- EBITDA increased by 21.1% and stood at 591 million euros with a sales margin of 9.1%, 20 basis points higher than in the previous year.
- EBIT rose by 14.4% to 472 million euros, with a sales margin of 7.3%.
- Net profit amounted to 317 million euros, up 19.5%, with a sales margin of 4.9%.

These magnificent results are the result of the strategy implemented years ago which sought recurring growth based on stable and diversified activities with high development potential. But they are also based on the broad and extensive experience of over 80 years in services for engineering, installation and maintenance of industrial infrastructures in the energy, communications and control systems sectors in Spain and Portugal and its current international presence in over 25 countries.

During these years we have managed to reach a position of leadership as a main supplier of support services to industry in installation and maintenance activities for water, gas and electricity companies, as well as becoming one of the top firms in applied engineering, specialised in carrying out large projects for the gas, oil and electricity industries.

In addition, the ACS Group actively participates in the renewable energies sector through development, "turnkey" construction and operation of wind farms and industrial solar thermal energy plants. At December 31, 2008, the ACS Group had an ownership interest in 35 wind-powered facilities in operation, with installed power of 1,076 megawatts and attributable power of 796 megawatts. Furthermore, the Group has an ownership interest in 7 other wind-powered facilities currently under construction with installed power of 213 megawatts.

In 2008, the construction of the Andasol I thermal solar plant of 50 megawatts was completed, and the plant has been in operation since last November. Additionally, there are 4 plants of over 50 megawatts each currently under construction.

At December 31, 2008, the ACS Group had an ownership interest 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 Económico y Social of Brazil. These projects total 10,360 km and a managed investment of over 3,000 million euros.

Another area of concession development in energy projects is the strategic gas deposit facilities, where the Group has a proven technical and financial track record which has enabled us to lead projects such as Castor. This significant facility, whose total investment exceeds 1,400 million euros, consists in converting the old oil wells of the Tarraconense coast into a strategic deposit for national gas reserves.

On the whole, the Industrial Services and Energy area present a comprehensive offer to large clients and government bodies, combining a focus on specialised products, multidisciplinary integration in projects and extensive geographical coverage, both in Spain and internationally. In fact, the area's international activity represented 34% of total turnover.

Ongoing international growth combined with the stability of its maintenance contracts and the opportunities to invest in energy generation and concession assets enable us to have good future growth prospects.

In view of the features of its offers, 60% of its annual turnover was of a recurring nature, mainly relating to maintenance contracts with high visibility. The Industrial Services and Energy order book grew by 6.7% in 2008 to 6,244 million euros, enabling us to project continued growth.

The activity driving growth in this area is essentially the energy industry on all links of the value chain, from the extraction and refining of petrol and gas to the generation of electricity, its use for transport, air-conditioning and heating systems and the services providing support to large consumer industries.

There are a number of growth opportunities in this industry, from the standpoint of investment, improved efficiency, guaranteed sustainability and secure supply. A scenario which is being taken advantage of each day by the large industrial groups that are our clients, and that rely on our experience and the quality of our service to approach its expansion plans.

Our vocation to the energy sector is decided and indisputable. The ACS Group has been present in this sector for over 80 years. In the 20´s, the ACS Group companies already worked on the installation and maintenance of generation and distribution assets, while fostering a lasting relationship of trust with the public regulator and electric companies, which were then both public and private. This relationship remains unchanged today.

It is this extensive experience that we intend to contribute to Iberdrola. We wish to contribute to business development with the main objective of creating value for all shareholders in a transcendental economic sector. We will attempt to collaborate in the growth and profitability of Iberdrola together with the rest of the shareholders.

The way in which we act will be not be new or different from our actions in Unión Fenosa, Abertis or Hochtief, where we applied our experience and best practices in order to aid in increasing the company's future profitability, and consequently, that of all its shareholders.

### *Corporate Strategy*

Definitively, the ACS Group carried out activities relating to the development of infrastructures combining high visibility and generation of resources and a number of common industrial features. We are one of the worldwide leaders in the development of infrastructures.

The cultural values and principles of our Group are our identity which we have cultivated and maintained during our long track record. The Group has developed a decentralized organisation strongly dedicated to its clients, which is backed by a human team combining technical excellence and a business mentality based on our activity as contractors.

Our strategy upholds three essential criteria which we apply to each of the business activities in which we take part:

- First: we attempt to ensure that our revenues remain stable.
- Second: we pursue profitable and sustainable growth for each line of business, with sufficient capacity to generate cash in the medium and long-term.
- Third: we promote efficient risk management enabling us to assign and strictly control each euro that we invest.

Our strategy capitalised on our competitive advantages:

- Firstly, we seek recognised leadership in each of our activity areas, as a means to strengthen our competitiveness and to continue to attract talent to our organisation. .
- Secondly, we pursue ongoing operating efficiency. Efficiency which requires ongoing improvement in operating margins and the maintenance of a flexible and highly decentralised structure.
- Thirdly, our decisions must be backed by a sound financial structure, which enables us to follow a reasonable investment policy in profitable projects allowing for growth.

Based on these criteria, we consider our competitive position to be strong even considering the current economic and sector backdrop. Our financial soundness and the capacity we have demonstrated in recent years when generating profitability for our shareholders, is without a doubt, a guarantee of our future success.

### *Social Responsibility*

Our position, with stability and projection for the future is founded on our culture, which drives us to keep progressing in our commitment to creating value in the long term with all the agents who interact with us, that is to say::

- our clients, being conscious that we are a service company and we want to maintain their trust;
- our employees, through the search for excellence which enables us to attract talent, promote professional development and provide incentives for creativity and dedication, in order to continue growing as a leading company;
- you, our shareholders, through profitable and sustained growth, based on a strict policy of resource allocation and of investment in recurrent businesses;
- and the society in general, through our contribution to its sustainable development and constant improvement, serving it efficiently and in an ethically responsible way.

These commitments are the basis for our Corporate Responsibility policy, which pursues a sustainable growth strategy improving social wellbeing and respecting the environment, carried out in a fully transparent manner.

In 2008 the ACS 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, I would like to highlight the increase in the investment made in research and development; 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.

In research and development, the ACS Group has invested over 57 million euros, up 46% on 2007. These investments are dedicated to the development of projects leading to tangible improvements in productivity, quality, customer satisfaction, work safety, the obtainment of new and better materials and products, and the design of more efficient production processes and systems.

All of our research, development and innovation activity is carried out in collaboration with universities, public and private research bodies, and as members of consortiums of companies.

I would like to stress our efforts to increase the number of women in the workforce in our activities. In the past year there was a substantial increase in the number of female employees in our Group. In 2008 there were a total of 51,073 females on staff, up 11.3% as compared to 2007 and 2.6 times higher than the increase in men. In 2008 women accounted for 36.2% of the group's total staff and 26% of its management and professionals with higher degrees. In short, the ACS Group always tries to recruit and retain the best professionals in the market and so the growing recruitment of women in our company, in parallel with the incorporation of women in the working market, is a reality which is consistent with our objective of excellence.

Lastly, and in relation to our corporate responsibility, the ACS Group has approved and undertaken a firm commitment to fighting against climate change, and in 2008, focused on three main points:

- The implementation of procedures that increase savings, energy efficiency and the improvement of the environment in the course of operations.
- The construction and start-up of the Andasol I thermal solar plant with thermal storage system, a technology in relation to which the ACS Group is one of the pioneers, and which combines profitability with respect for the environment.

- Participation in projects which foster reductions in emissions, recycling, waste treatment , the production of renewable energies, and the efficient management of water in order to contribute to sustainable development.

In 2008 alone, the ACS Group invested 871 million euros in projects which reduce the emission of greenhouse gases in their operations. In the past year, the combination of all our efforts has enabled us to save the emission of over 10 million tons of CO<sub>2</sub>.

The Annual Report which we delivered to you includes the Corporate Responsibility Report for the 2008 financial year, which presents extensive information related to the economic, environmental and social performance of the Group and the different interest groups who interact with us. Also, as in previous years, the Vice-Chairman of the ACS Group, Mr. Antonio García Ferrer, will summarise the items of most significance in connection with this matter, which is of such great importance.

### *Stock market performance*

Throughout my speech, I have detailed the main features of the ACS Group and the reasons I consider our growth prospects to be good in the medium and long-term. I believe that these arguments have contributed to the fact that our shares performed significantly better than the market average in 2008.

As you know, the lack of liquidity and uncertain economic outlook had a heavy impact on financial markets in 2008. We are currently witnessing how the market prices in the main indexes are beginning to recover little by little. However, there is still a long path left to be trodden following the serious corrective adjustment suffered in 2008.

The Spanish IBEX 35, which grew by 7% in 2007 almost reaching 16,000 points at mid-November, but it dropped by almost 39.4% to 9,196 points in 2008. The EuroStoxx 50 fell by 44.4%, the Dow Jones of the New York Stock Exchange was down by 30.4% and the Japanese Nikkei dropped by 24.9%.

In the same period, the ACS share dropped by 19.7%, closing at 32.65 euros. Although this result is not positive, our shares performed better than the IBEX35 and the main companies in our industry, both in Spain and internationally.

2009 began with a certain improvement, considering that the IBEX35 has grown by 1.2% in the first months of the year, and the shares of ACS recovered by 14.7% so far this year, closing at 37.44 euros per share last Friday.

## FUTURE OUTLOOK

Approaching the future, we believe that we are backed by our track record. If our achievements over recent years are reviewed, we will find that we have been able to generate value through the constant and consistent growth of our main economic indicators.

I would like to emphasize our capacity to generate cash. In the past 5 years, and specifically, since 2003, which is the year that ACS merged with Dragados, the Group has been capable of obtaining 17,900 million euros, of which 5,200 million euros stems from the Group's recurring operating activities, 10,800 million from divestments over these years, and specifically Unión Fenosa, and solely 1,900 million from an increase in corporate borrowings.

I consider it fair to state that in these past five years we have shown concern for our shareholders' returns. We have allocated around 2,500 million euros, i.e. 20% of our current capitalization to shareholders' returns both by means of dividends and through the purchase of treasury shares. Simultaneously, we have maintained an investment policy guaranteeing the company's future growth. In this period, we allocated 15,400 million euros to operating, concessions and corporate investments, including inter alia, the acquisition of Unión Fenosa whose profitability exceeded 66% for our shareholders.

We believe that we are prepared to continue on the same track. We are convinced that our strategy is appropriate to face the future, and although difficult and uncertain it is still full of opportunities. We have a sound financial structure enabling us, within the prudence that has always been our guide, to pursue those opportunities which fit our industrial investor profile.

The different sector projections I have commented on, combined with our efforts to contain costs and optimise our financial structure, should lead us to increased net profits with respect to 2008, which in current times, is very important. The results for the first quarter of 2009 confirm these projections.

I believe it is possible to assert, that even in this complex yet hopeful backdrop, this will be a year which may even enable us to come out of this crisis stronger. I hope to be able to report this to you next year if, as I hope you will, you continue to participate in the exciting project that is the ACS Group.

Thank you very much.