

Annual
Report of
ACS Group

2010



ACS

ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS



www.grupoacs.com

Cover photo: Castor Project, underground natural gas storage (Castellón, Spain).



Activity Report of ACS Group

2010



Main Figures of the ACS Group

Financial and operating data	2005	2006	2007 ⁽¹⁾	2008 ⁽²⁾	2009 ⁽³⁾	2010
Million of euros						
Turnover	12,113.9	14,067.2	15,344.9	15,275.6	15,387.4	15,379.7
Gross operating profit (EBITDA)	1,095.5	1,270.3	1,379.8	1,382.5	1,429.3	1,505.2
Net operating profit (EBIT)	817.4	971.6	1,056.7	1,042.7	1,073.9	1,099.3
Attributable net profit	608.7	1,250.1	1,551.1	1,805.0	1,946.2	1,312.6
Cash-flow ^(*)	886.8	1,548.8	1,874.1	2,144.8	2,301.5	1,718.5
Dividends paid	137.6	211.7	441.1	600.2	653.2	618.2
Net investments/(Divestments)	4,216.4	5,407.1	2,475.0	170.5	(1,327.2)	2,324.4
Total assets	17,712.5	25,182.7	49,593.4	51,398.4	31,361.2	34,184.5
Equity	2,635.5	3,256.4	10,441.0	9,913.0	4,507.9	4,442.4
Shareholders' equity	2,480.9	3,115.7	4,653.8	3,402.4	4,219.6	4,178.5
Total net debt	4,264.6	8,746.3	7,938.7	9,355.8	9,089.3	8,003.1
Net debt with recourse	1,909.4	1,753.4	1,871.4	2,933.7	8,870.0	7,046.5
Non recourse financing	2,355.2	6,992.9	6,067.3	6,422.1	219.4	956.6
Order book	26,868.1	29,918.3	32,322.8	27,679.0	28,581.0	28,777.0
Number of employees	113,273	123,652	132,048	138,117	137,015	138,542

(*) Net profit + Depreciation + Change in provisions.

Data per share	2005	2006	2007 ⁽¹⁾	2008 ⁽²⁾	2009 ⁽³⁾	2010
Euros						
Earnings	1.74	3.58	4.51	5.43	6.26	4.38
Gross dividend	0.60	1.25	1.75	2.05	2.05	2.05
Cash-flow	2.51	4.39	5.44	6.45	7.40	5.74
Shareholders' equity	7.03	8.83	13.52	10.23	16.80	18.44

Stock market data	2005	2006	2007	2008	2009	2010
Listed shares ⁽⁴⁾	352,873,134	352,873,134	352,873,134	335,390,427	314,664,594	314,664,594
Market capitalization (€ Million)	9,601.7	15,071.2	14,344.3	10,950.5	10,953.3	11,036.7
Year-end closing price	27.21 €	42.71 €	40.65 €	32.65 €	34.81 €	35.08 €
Annual revaluation	61.96%	56.96%	-4.82%	-19.68%	6.62%	0.76%

Key ratios	2005	2006	2007 ⁽¹⁾	2008 ⁽²⁾	2009 ⁽³⁾	2010
Operating margin	6.7%	6.9%	6.9%	6.8%	7.0%	7.1%
Net margin	5.0%	8.9%	10.1%	11.8%	12.6%	8.5%
ROE	27.5%	45.5%	36.9%	41.2%	50.0%	32.5%
Gearing ⁽⁵⁾	161.8%	268.6%	76.0%	94.4%	201.6%	180.2%
Dividend yield	2.2%	2.9%	4.3%	6.3%	5.9%	5.8%

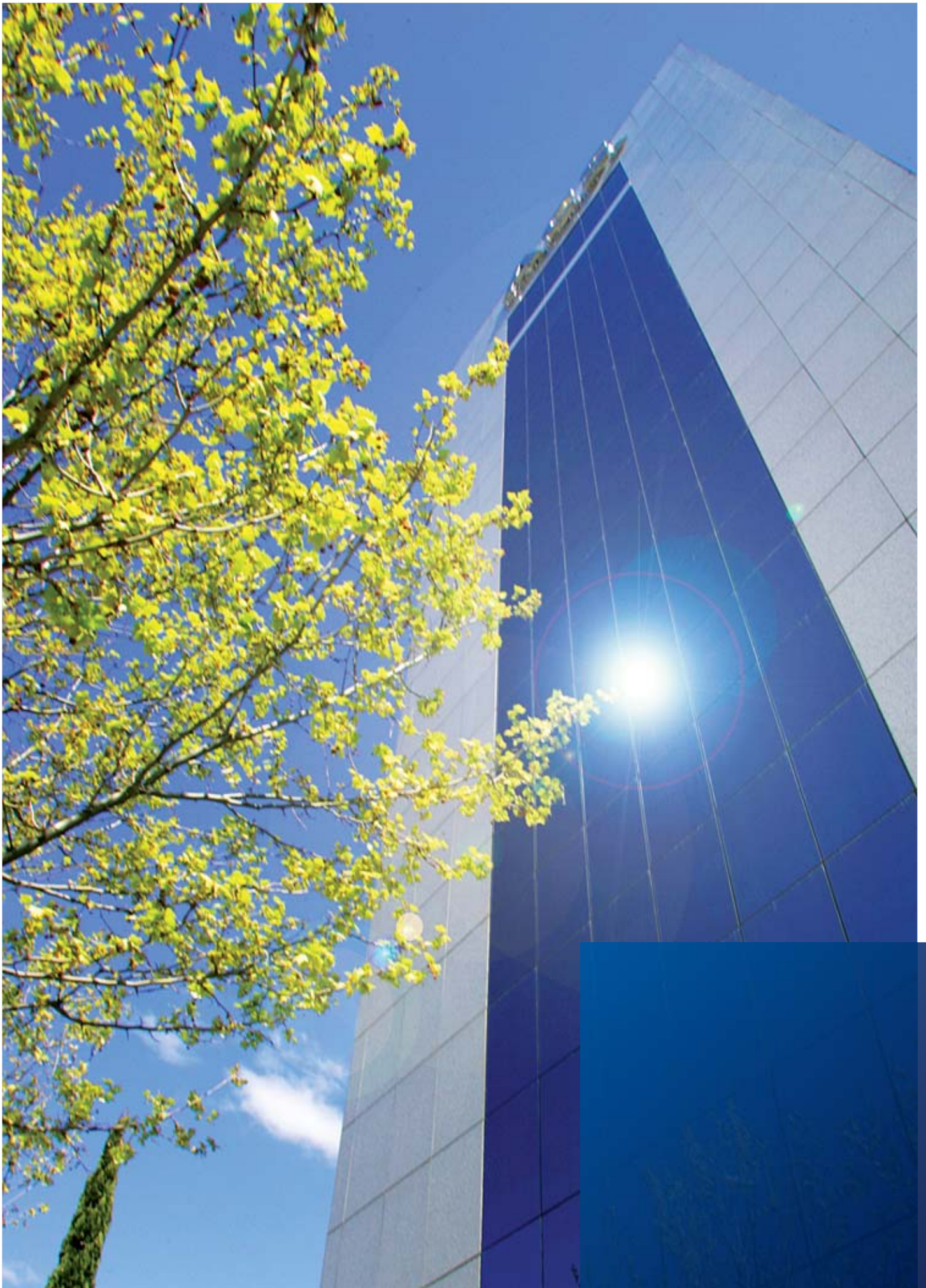
(1) 2007 data proforma, Union Fenosa has been reclassified as "Assets held for sale", using the same criteria that it has been used in 2008.

(2) 2008 data proforma, SPL has been reclassified as "Assets held for sale", using the same criteria that it has been used in 2009.

(3) 2009 data are presented applying IAS 31 and IFRIC 12 in comparable terms using the same criteria that in 2010 data.

(4) 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, on 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. On May 25th, 2009, there was a reduction in the stock capital by a nominal amount of € 1,989,690 through the redemption of 3,979,380 shares of treasury stock.

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



Main figures of the ACS Group



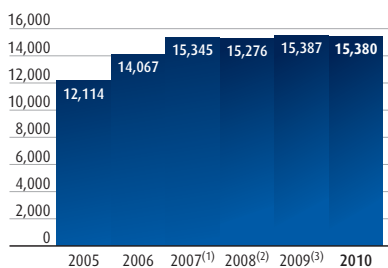
International presence

Countries in which ACS Group is present

Algeria	Costa Rica	Lybia	United Arab Emirates
Andorra	Dominican Republic	Mauritania	United Kingdom
Angola	Ecuador	Mexico	United States
Argentina	Egypt	Morocco	Uzbekistan
Australia	El Salvador	Norway	Venezuela
Bolivia	France	Panama	
Brazil	Germany	Peru	
Cameroon	Greece	Poland	
Canada	Guatemala	Portugal	
Chile	India	Saudi Arabia	
China	Ireland	Spain	
Colombia	Italy	Tunisia	

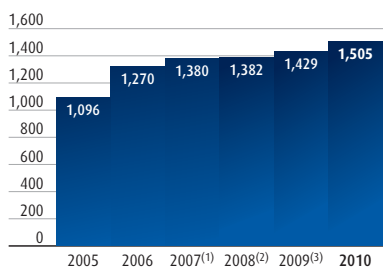
Turnover

Million of euros



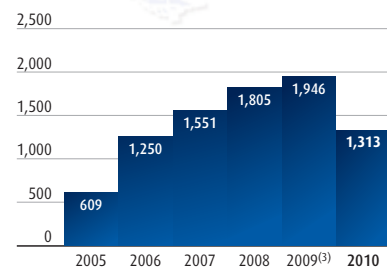
Gross operating profit (EBITDA)

Million of euros

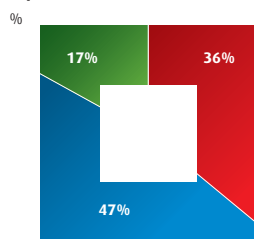


Attributable net profit

Million of euros

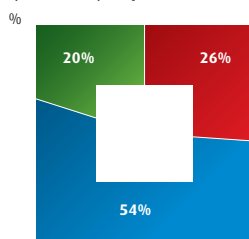


2010 Turnover by business⁽⁴⁾



■ Construction
■ Industrial Services
■ Environment

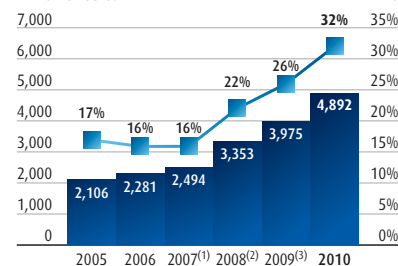
2010 Gross operating profit (EBITDA) by business⁽⁴⁾



■ Construction
■ Industrial Services
■ Environment

Internationalization

Million of euros

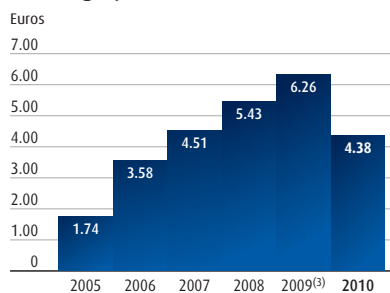


■ International Turnover
■ % International over Total

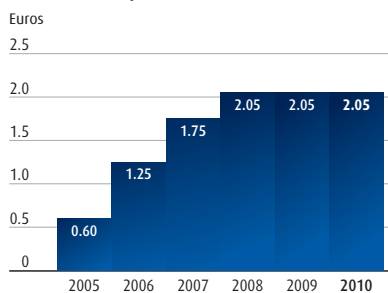
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 (3) 2009 data are presented applying IAS 31 and IFRIC 12 in comparable terms using the same criteria that in 2010 data.
 (4) Note: Percentages are calculated considering the sum of activities considered in the graph.



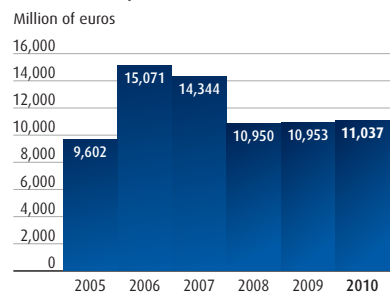
Earnings per share



Dividends per share



Market capitalization



Construction 2010

Million of euros	
Turnover	5,593
International	33.4%
Gross operating profit (EBITDA)	393
Margin	7.0%
Net profit	220
Margin	3.9%
Order book	11,087
Employees	17,628

Industrial Services 2010

Million of euros	
Turnover	7,158
International	37.4%
Gross operating profit (EBITDA)	821
Margin	11.5%
Net profit	400
Margin	5.6%
Order book	6,846
Employees	39,988

Environment 2010

Million of euros	
Turnover	2,562
International	11.5%
Gross operating profit (EBITDA)	311
Margin	12.1%
Net profit	152
Margin	5.9%
Order book	10,844
Employees	80,524

Annual Report of ACS Group

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“Our business model is founded on a consistent strategy, a continuous search for profitability and commitments based on personal integrity and respect for the environment”

Florentino Pérez
Chairman of the ACS Group

Letter from the Chairman



Dear Shareholder

For another year I have the pleasure of presenting you the Annual Report for our Group, detailing its management for 2010. During this year we have been able to meet the objectives we set ourselves, among which profitability has always been key as the basis for the sustainability of our company and the source of the trust you place in us.

In the 2010 financial year, attributable net profit totalled 1,313 million euros and earnings per share exceeded 4.38 euros, which represents a yield of 12.6% on the price of the shares at the start of the year. Net recurring profit, which excludes the profit from discounted operations and extraordinary profit, increased 10.3% on reaching 923 million euros.

To achieve these excellent results, we dedicated significant efforts to maintaining our level of activity, which is a complex task in the macroeconomic conditions we are going through. Our clear commitment to international growth helped in this, mainly in the geographical areas we know well and where the infrastructure development industry offers numerous opportunities. This strategy enabled sales outside of Spain to grow by over 23% in 2010, to represent 32% of consolidated sales. Likewise, our order book of international projects experienced a significant quantitative leap, increasing similarly by 23% in the last year to represent 42% of the total order book.

Also in 2010 we managed to increase our operating margin, as the result of the change in the weight of our activities, where Industrial Services is increasingly significant, and due to our efforts to reduce cost and promote profitability at all times.

Of course, we continue to give priority to cash generation in our businesses, both in operational management, supported by good operating results and efficient management of working capital, and in sales of non-strategic mature assets, which enables us to simultaneously pursue an active investment policy and continuously pay our shareholders.

Our investments during the year exceeded 5,100 million euros, confirming the significant effort made to pursue growth and profitability in the coming years. Among the most outstanding investments is the increase in our share in Iberdrola to 20.2%, restating our vocation of permanency in the electricity company, which is strategic for us.

In addition, we launched a takeover bid for Hochtief in September, which we completed satisfactorily on exceeding a 30% stake. Hochtief is our commitment to profitable growth, which will make us the worldwide leader in our industry and represent an expanding operating base for the coming years.

On the other hand, in August 2010 we reorganised our involvement in Abertis, bringing a new strategic

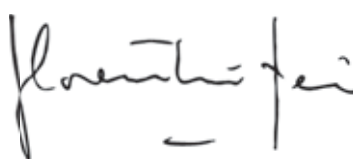
partner into the shareholder structure and making a significant divestment which gave us a substantial gain and a sizable inflow of cash. This, combined with the cash generated by operating activities, at over 1,377 million euros, enabled us to undertake the investments mentioned before and reduce the net debt balance by 12%, which stood at 8,003 million euros at year end.

It is important to point out that 88% of this debt is without recourse to shareholders, divided into concession project financing, with a balance of 1,481 million euros, and debt without recourse to such vehicles for the acquisition of Iberdrola and Hochtief, to a total of 5,565 million euros. This balance is much lower than the quoted market value of our shares at the end of 2010, which stood at 8,750 million euros.

I believe this coverage margin is sufficiently large, as the capital markets continue to show significant discounts with respect to intrinsic asset values, both in terms of the shares for companies in which we have invested and in our own share price. During 2010, ACS's shares achieved an annual yield, including dividends paid, of 6.6%. This makes us one of the few stocks in the Spanish IBEX35 index with positive results for the year and the second in terms of creation of value over the decade.

This fact is probably due, in large part, to our business model being founded on a consistent strategy, a continuous search for profitability and commitments based on personal integrity and respect for the environment. As such, we recently initiated a global plan to drive sustainability in the Group, focused on three main aspects: expansion and universal use of our code of conduct, to adapt it to our most international and multicultural reality; the implementation of a systematic analysis of risks to the Group's reputation; and the definition and implementation of a more comprehensive environmental strategy.

However, I am convinced that the main reason for our success lies in the talents and efforts of the Group's nearly 140,000 employees, who work daily to make ACS one of the world's leading infrastructure companies and to persist in creating value sustainably for all our shareholders. As always, we will continue to dedicate all our energies and the greatest enthusiasm to achieving these objectives.



Florentino Pérez
Chairman of the ACS Group

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

Executive Vice Chairman

Mr. Antonio García Ferrer ■
Civil Engineer
Member of the Board of Directors of ACS Group since 2003

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
Member of the Board of Directors 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 Cartera Industrial REA
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
Honorary Chairman of Banco Guipuzcoano

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

Mr. Javier Echenique Landiribar ■■

B.A. in Economics
 Member of the Board of Directors of ACS Group since 2003
 Chairman of Banco Guipuzcoano
 Executive Vice Chairman of Banco Sabadell
 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

Ms. Sabina Fluxá Thienemann

B.A. in Business Studies and MBA from the ESADE
 Member of the Board of Directors of ACS Group since 2009
 Vice Chairwoman 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
 Member of the Board of Directors of TEKA

Mr. Pedro López Jiménez ■

Civil Engineer
 Member of the Board of Directors of ACS Group since 1989
 Member of the Board of Directors of Keller Group Plc
 Vice Chairman of Dragados
 Chairman of Grupo Terratest
 Member of the Board of Directors of ENCE

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 Corporación Financiera Alba
 Member of the Board of Directors of Indra

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
 Member of the Board of Directors of Banca March

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
 Member of the Board of Directors of Endesa
 Secretary of the Board of Directors of Abertis Infraestructuras
 Secretary of the Board of Directors of Banco de Sabadell
 Secretary of the Board of Directors of Grupo AGBAR

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
 Executive Vice Chairman of Banca March
 Member of the Board of Directors of Corporación Financiera Alba

Member and Secretary of the Board of Directors

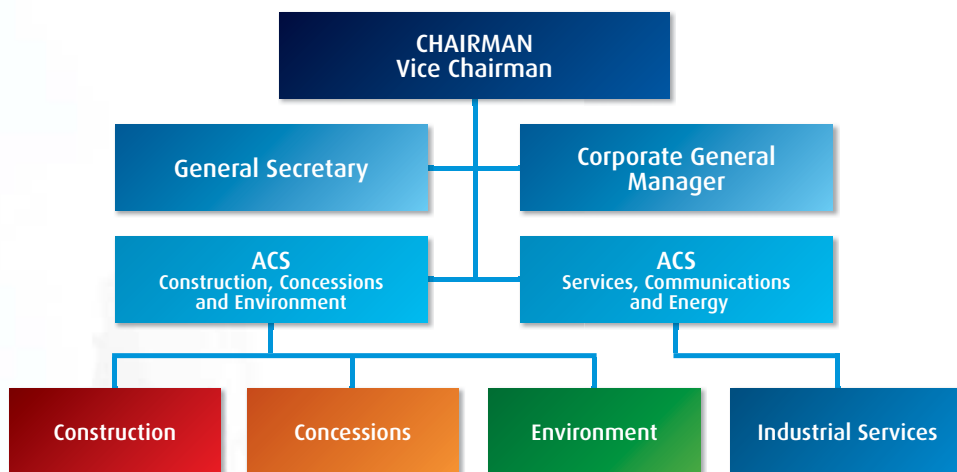
Mr. José Luis del Valle Pérez ■■■

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

Management Bodies

Management Committee





From left to right

Mr. Ángel García Altozano
Corporate General Manager

Born in 1949. Civil Engineer and MBA
Mr. García Altozano 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. Marcelino Fernández Verdes
Chairman and CEO of the Construction, Concessions and Environment 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 he was appointed Chairman of the company. In 2004 he was appointed Chairman and CEO of Dragados as well as responsible for ACS Servicios y Concesiones. In 2006 he was also appointed, Chairman and CEO of ACS Servicios y Concesiones, as well as responsible for the areas of Concessions and Environment.

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. since 1984, 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., as result of the merger of Construcciones Padrós with Geocisa, and since 1997 as the chairman and CEO of the so-called ACS Group, as result of the merger of OCP Construcciones S.A. with Ginés Navarro, S.A. He is also Vice Chairman of Abertis.

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. 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.

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

Born in 1947. Industrial Technical Engineer and MBA, Madrid Business 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 the Central Zone, 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 Services Area of the Group.

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 Concessions

Mr. Marcelino Fernández Verdes
Chairman and CEO

Mr. Luis Nogueira Miguelsanz
Secretary General

Construction

Dragados

Mr. Marcelino Fernández Verdes
Chairman and CEO

Mr. Ignacio Segura Suriñach
General Manager

Mr. Luis Nogueira Miguelsanz
Secretary General

Mr. Ricardo Martín de Bustamante
Director of Production

Mr. Juan Luis García-Gelabert Pérez
Director of Investments

Mr. José Antonio López-Monis Plaza
International Director

Mr. Maximiliano Navascués Redondo
Director of Contracts and Technical Services

Mr. Alfonso Costa Cuadrench
Deputy International Director

Mr. Alejandro Canga Botteghelz
Director of Management control

Vías y Construcciones

Mr. Manuel Pérez Beato
Chairman

Mr. Gonzalo Gómez Zamalloa
CEO

Mr. Manuel Álvarez Muñoz
Director of Production

Mr. Ignacio Legorburu Escobar
International and Investments

Tecsa

Mr. José María Aguirre Fernández
General Manager

Seis

Mr. Pablo Quirós Gracián
General Manager

Drace Medio Ambiente

Mr. Fernando García Arribas
General Manager

FPS

Mr. Juan Mata Arbide
General Manager

Geocisa

Mr. Santiago García Salvador
General Manager

Cogesa

Mr. Enrique Pérez Rodríguez
CEO

Environment

Urbaser

Mr. Javier Polanco Gómez-Lavín
Chairman

Mr. José María López Piñol
General Manager

Clece

Mr. Cristóbal Valderas Alvarado
Chairman and CEO

Mr. Diego Zumaquero García
General Manager

Concessions

Iridium

Mr. Manuel García Buey
Chairman and CEO

Mr. Adolfo Valderas Martínez
General Manager

Mr. Francisco Fernández Lafuente
General Manager and Deputy Chairman

ACS Services, Communications and Energy

Mr. Eugenio Llorente Gómez
Chairman and CEO

Mr. José Alfonso Nebrera García
General Manager

Mr. José Romero de Ávila González-Albo
Secretary General

Grupo Cobra

Mr. Eugenio Llorente Gómez
CEO

Mr. Ramón Jiménez Serrano
General Project Manager

Mr. Daniel Vega Baladrón
General Manager of SEMI and MAESSA

Mr. Jesús García Arias
General Manager of SEMI

Mr. José Antonio Pérez Pérez
General Manager of MAESSA

Mr. José Antonio Fernández García
CEO of Grupo ETRA

Mr. José María Castillo Lacabex
CEO of Imesapi

Mr. José Reis Costa
Chairman of CME

Dragados Industrial

Mr. Vicente Prados Tejada
CEO of CYMI and Masa

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

Mr. Pedro Ascorbe Trian
Chairman of Dragados Offshore

Mr. Juan Enrique Ruiz González
Chairman of Sice Tecnología and Sistemas



Vision

A worldwide reference in the industry of **infrastructure** development, both civil and industrial engineering projects. A Group which participates in the **development** of sectors 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



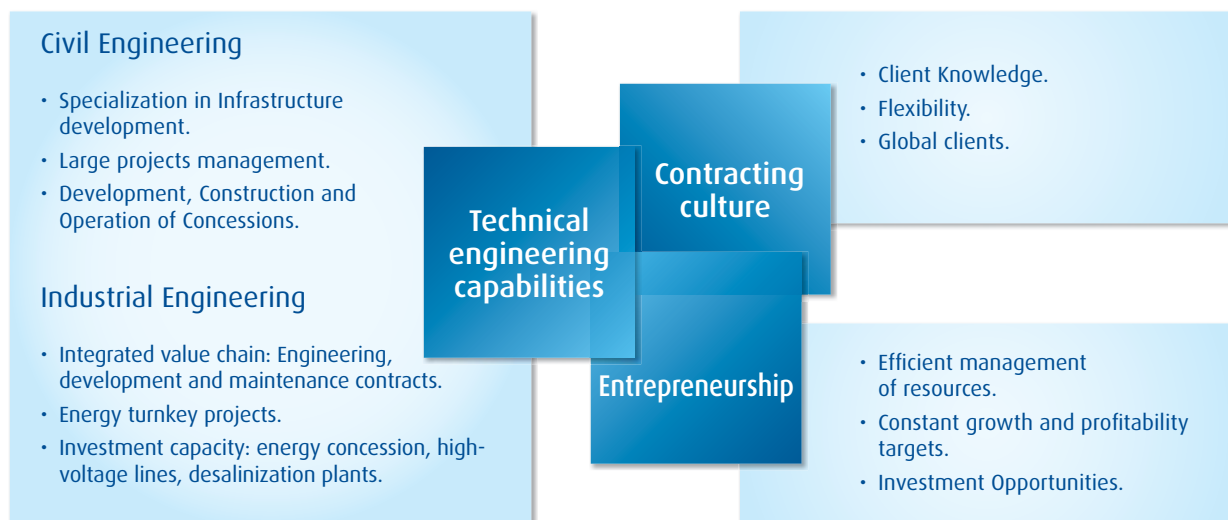
All ACS Group activities show a determined customer orientation, with a contracting culture and as a guarantee for future, building solid long-term relationships based on **trust** and mutual knowledge.

The flexible and decentralized Group structure promotes the responsibility and entrepreneurship of the employees, being a basic tool for maximising **profitability** and encouraging the **excellence** necessary to offer the best services and products to the customers.

The ACS Group maintains an unavoidable **commitment** to sustainable development, in order to serve society in an efficient and ethically responsible manner through its capacity to create value for shareholders and all stakeholders, demanding the maximum **integrity** standards from its employees and collaborators.

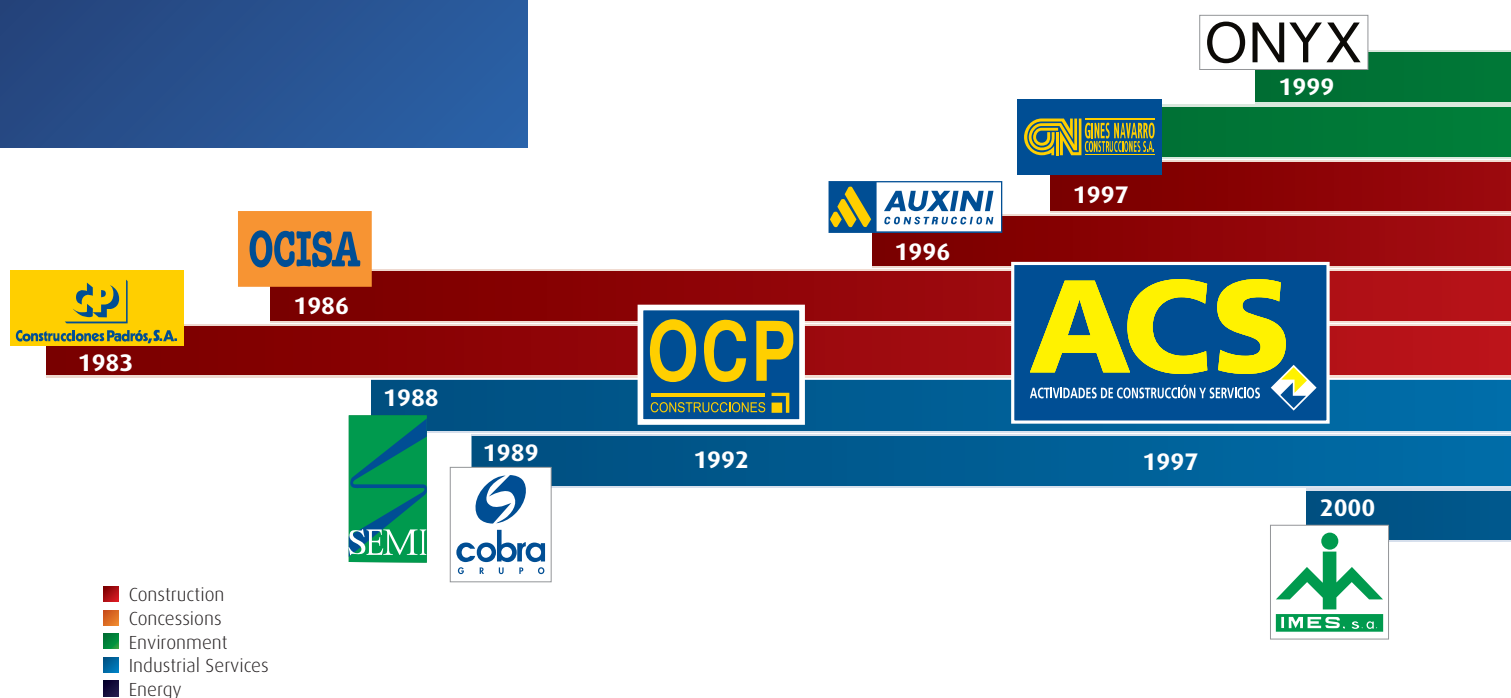
These values, which have formed part of the Group's culture since its foundation, have created the main competitive advantages which are the cornerstone of its past and future growth.

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 Gines Navarro.

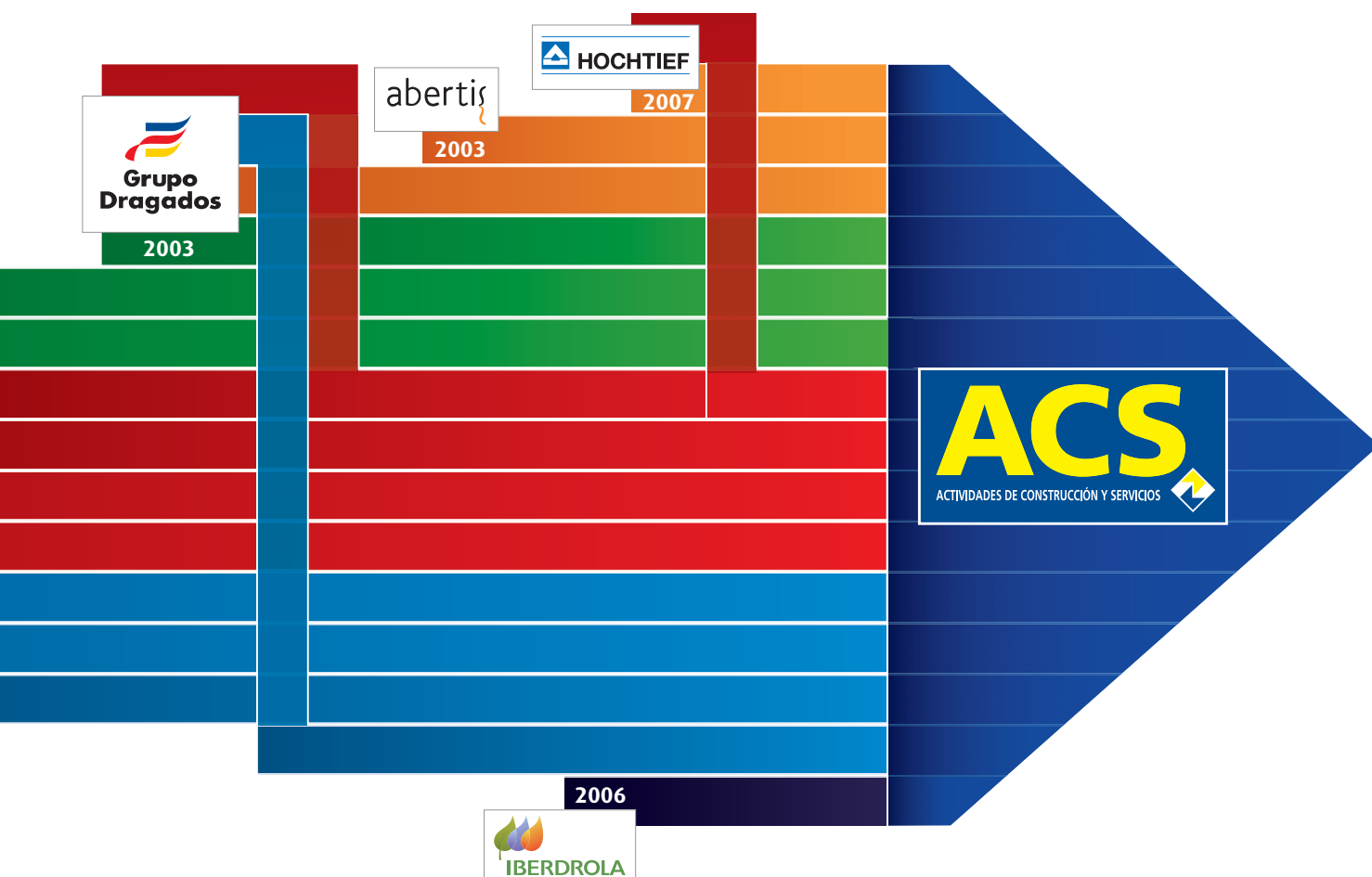
At the end of the nineties, the Group incorporated most of the companies forming its current services

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, and in 2010 it has brought in a new financial partner, enabling a new strategic push to be given to the project.

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 significant stake 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 up to the current 20.2% to give it an outstanding role in the development of the premier Spanish electricity company.

In November 2008 ACS started to operate its first thermal solar plant with thermal storage devices in Spain, the plant Andasol I in Granada. Between 2009 and 2010 ACS has completed and started to operate four additional plants, achieving an installed capacity of 250 MW in operation. There are also two thermal solar plants under construction, which are expected, which will mean a total installed capacity of 350 MW. This commitment to technology leads to the ACS Group to be a worldwide leader in the development of thermal solar plants with thermal storage devices.

Simultaneously, the ACS Group continues its international expansion in all its areas of activity, focussing on large-scale projects. In the Construction area it has consolidated its position in the United States and Canada achieving important projects and through the acquisition of two local companies, strengthening the position of the Group in North America. Furthermore, it was acquired the Polish construction company Pol-Aqua, specialized in civil works and with a large experience and presence in the Polish market that is characterized by its high growth, in addition to being the seventh country in the E.U. by investment in infrastructures.

In the Environment area, it has been achieved important contracts abroad that lead to an international order book of 3,400 millions euros. The Industrial Services, the most internationalized area of the Group, continues its expansion abroad, with its international order book representing a 50% of total.

The international expansion, which is mainly focused on guaranteeing the ACS Group's competitiveness, investment capacity and growth in the future, follows with the launch of a public tender offer for Hochtief with the objective of reaching global leadership in the infrastructure sector, as well as increasing the competitive advantages and the profitability of both companies.

Prospects for the infrastructure development sector

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The infrastructure development is a fundamental pillar for the social and economic development

Prospects for the infrastructure development sector



The worldwide infrastructure development industry

The infrastructure development industry is one of the basic sectors in the world economy and covers the execution of civil and industrial engineering projects in a great number of strategic sectors for any economy, which can be focused on both public and private clients. Companies which operate in this sector usually act in:

- **Construction of projects for clients**, either public or private, to develop: power assets (power generating plants, etc); assets related to the oil, gas or mining industry; telecommunications assets; or civil works and building projects.
- **Development of projects under concession regimes** in the sphere of infrastructures for transport, environmental projects (waste treatment or water cycle plants); public-private partnerships to develop social facilities (hospitals, prisons or police stations under concession arrangements); energy projects (investment in electricity generation and distribution); or assets for oil prospecting, extraction and refining or projects of all kinds related to gas.

Infrastructures are an important engine for growth for any economy and become a fundamental tool in the social and economic development of any country, since: **they increase productivity, multiply the effect of investments and promote employment.**

This reality is acknowledged by the majority of developed economies, which invest a proportion of around 20% of their GDP in gross fixed capital formation¹.

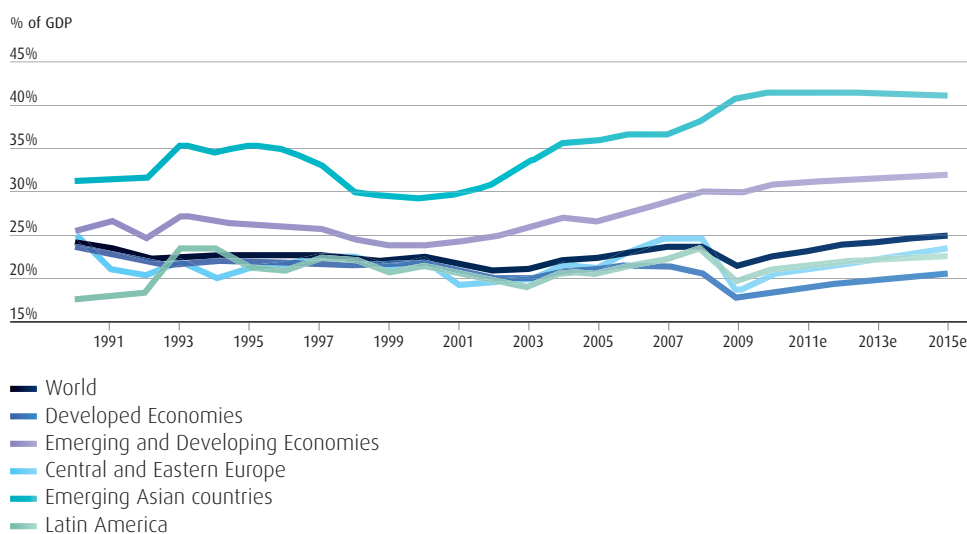
In the case of emerging economies, this figure is over 30% of GDP on average in these countries, among which are Mexico, Brazil, Peru, India and China. Outstanding in this area is the level of investments made by emerging Asian countries, which with China as the leading exponent have an average ratio of investment over GDP which have been at levels of over 40% in recent years.

The worldwide infrastructure development industry is expanding rapidly, so according to International Monetary Fund forecasts, in the period 2010-2015

¹ Gross fixed capital formation: Includes items for investment in construction, capital equipment and other tangible fixed assets, as well as investment in intangible fixed assets and improvements in fixed assets.



Evolution of investment by geographical area



Source: International Monetary Fund. World Economic Outlook 2010.

sustained growth in the percentage for investment in relation to the GDP generated is to be observed.

There are clear determining factors supporting the sustained growth in infrastructure investment, which are:

- The increase in per capita income, which is matched by an increase in demand for infrastructure improvements, both in transport and energy.
- Strong population growth, migratory or tourist movements.

- Regulatory, environmental or technological changes which drive the need for a transition towards more modern and efficient infrastructures.

The growth in the need for investment in infrastructures and their relevance in a country's economic and social development characterise this industry worldwide. However, the infrastructure sector presents differing characteristics depending on the geographic market in which it is located, as well as differentiated needs and opportunities for investment.

Prospects for the infrastructure development sector



Characteristics, opportunities and challenges for the infrastructure market in advanced economies

Advanced economies have common characteristics, whether at an economic, social or governmental level, which determine their model for investment in infrastructures.

These regions are characterised by:

- Governments with fiscal debt, seeking formulas to redress their balance sheets, which promote investment in infrastructures through public-private partnership schemes, with private financing, for which they have sound, stable regulatory frameworks and strong financial markets.
- They promote growing sophistication in the development of projects both at a technical level and in terms of environmental requirements, especially in the area of social facilities under PPP schemes, in the development of renewable energies or activities for environmental promotion.
- Mature markets with a developed infrastructure base, such that a high percentage of investment is allocated to the maintenance of the asset base.
- Financially stable markets and users with the ability to pay.

These characteristics set specific opportunities and risks for these types of economies:

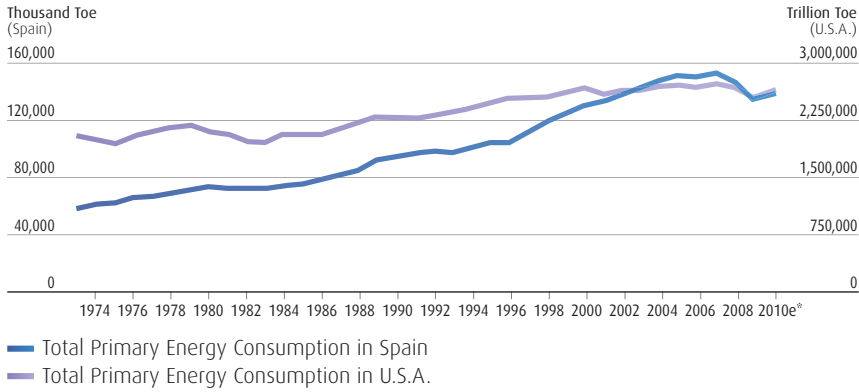
- There is a sustained level of demand for infrastructures, especially transport infrastructure, derived from population growth, expansion of urban areas and a continual need to improve communications networks. This is also the case for energy infrastructure, resulting from increased consumption of primary energy. In this sense the recovery in the demand for primary energy in 2010 can be highlighted, which accentuated the needs for power assets for generation, distribution and storage. Similarly, the increase in crude oil prices will involve investments to diversify installed capacity in developed countries, which are generally not crude oil producers.

Characteristics of target markets:

- **Financially stable**
- **Stable regulatory framework**
- **Availability of capital**
- **Demand for infrastructures**
- **Efficient support industry**



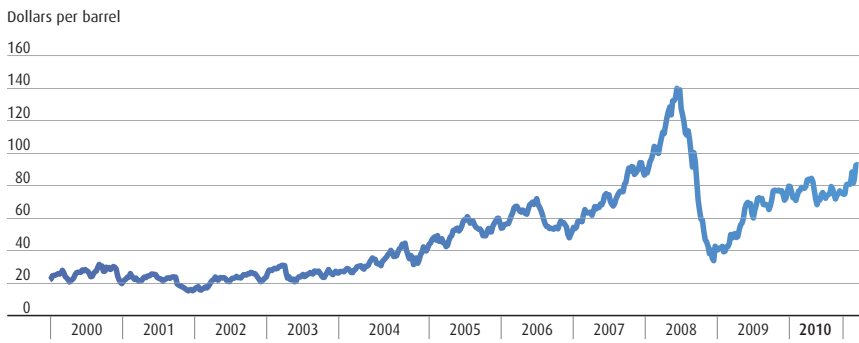
Primary energy consumption. USA and Spain. Evolution



Source: Ministry of Industry, Tourism and Trade and EIA (Energy Information Administration).

* 2010e: Spanish data was estimated based on Spanish Ministry of Industry information for June 2010, while U.S.A data was estimated based on the EIA data for September 2010.

Evolution of worldwide crude oil prices



Source: EIA. Weekly all countries crude oil price weighted by export volume.

- Projects are carried out using ever more private financing, which requires large companies with sufficient financial capacity which can invest in a sustained and profitable manner.
- Competition in these markets is keen and growing, which means there are significant barriers to entry.
- Clients require prolonged local presence, which limits the entry of competitors into the reference markets of large companies, other than together with local partners.
- The stability, maturity and barriers to entry and, in general, the reduced risk in the execution of projects, limit the profitability expected by investors.

Projects are carried out using ever more private financing, which requires large companies with sufficient financial capacity which can invest in a sustained and profitable manner

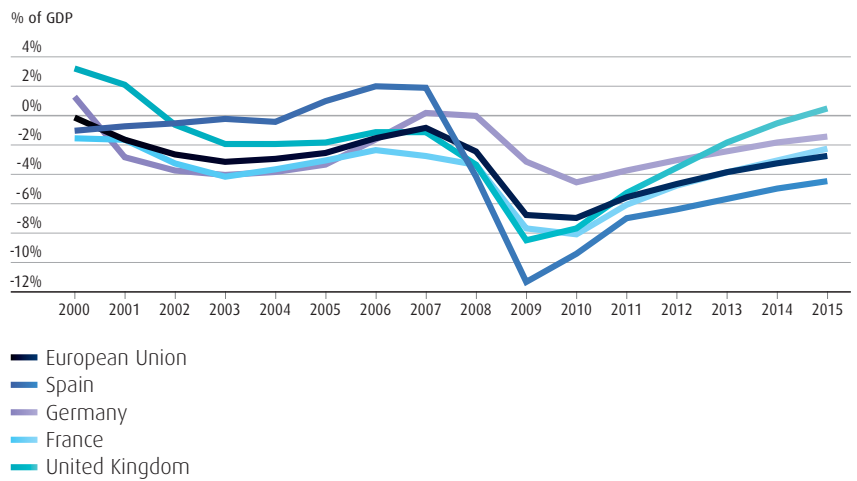
Prospects for the infrastructure development sector



Western Europe

From the economic point of view, several European countries are immersed in fiscal consolidation processes, which impacts negatively on their plans for investment in infrastructures in the short term.

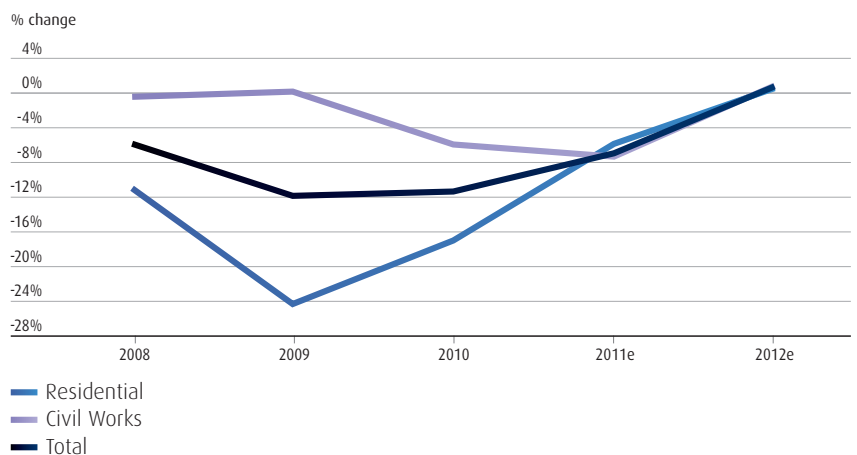
Evolution of European fiscal deficit/surplus



Source: International Monetary Fund. World Economic Outlook 2010.

For example, in Spain a scenario of generalised reduction in activity in the civil works area is forecast for 2011, below than that experienced in 2010, but still significant. According to Seopan, effective production will fall by 7% to 125,000 million euros in 2011, based on the basic hypothesis that GDP will grow by less than 1%, although as of 2012 recovery and growth of GDP of 0.7% is estimated.

Forecast investment in Construction by business activity in Spain. Estimate for 2011 and 2012



Source: Seopan.



Public-private partnership projects in Europe

Million dollars	Roads		Rail		Water		Building		Total	
	N° of Projects	Investment	N° of Projects	Investment	N° of Projects	Investment	N° of Projects	Investment	N° of Projects	Investment
Announced projects since 1985 to October, 2010	339	315,881	106	159,966	223	33,838	327	94,372	995	604,057
Funded projects October, 2010	200	176,673	57	47,350	171	23,263	239	70,358	667	317,644

Source: PwE.

However, private investment is being encouraged given the availability of capital from the market for economically viable projects in a stable and mature regulatory framework, enabling new public-private partnership schemes to be undertaken, e.g. the construction of hospitals, schools, police stations or prisons under concession arrangements and all types of transport infrastructures.

Western Europe continues to be a very important market in infrastructure development. Although a large part of its asset portfolio is developed and it is very competitive, it continues to promote the development of projects such as:

- **Transport infrastructures**, especially through the creation of a Trans-European transport network which, with the support of the European Commission, establishes a five-year plan to promote transport infrastructures between member states and their improvement, participating in over 274 projects and with a financing contribution from the European Union of around 6,700 million euros in the 2007-2013 period.
- **Investments in power assets**, where there is a trend to change the generating mix, with a commitment to those energies with lower emission levels, such as renewable energies (with the objective of reaching a proportion of 20% of power generation by renewable technologies in

2020) and nuclear, and where the creation of a more efficient system for electricity distribution, in agreement with the needs for the new energy system, will be necessary.

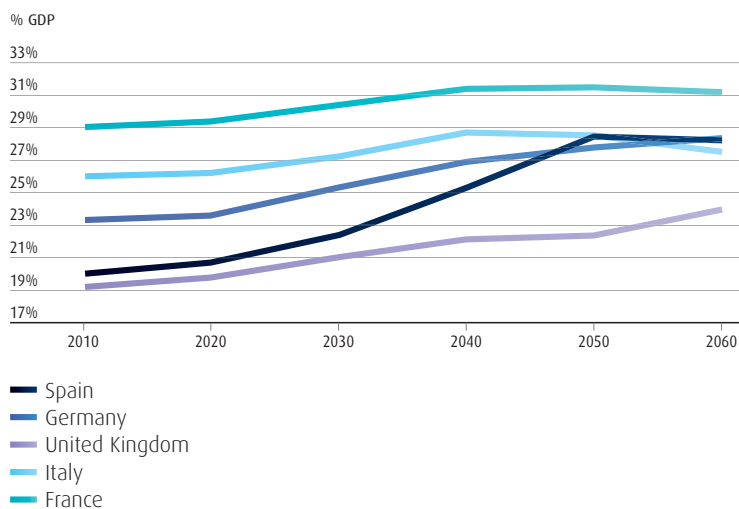
On the other hand, the European Energy Action Plan 2010-2014 establishes security of supply as one of its fundamental lines, given Europe's situation of energy dependency in an international context of instability in the areas which are the source of a significant part of the European market's energy. As such, investment is necessary in storage assets to enable it to guarantee stability of supply, at the same time as increasing the adaptability of the system in the case of sharp changes in demand or supply at source. Another of the priorities in this plan is the development of new technologies to increase efficiency and sustainability, and in this sense the development of carbon capture and storage systems needs to be mentioned. There are also new technologies focused on transport systems such as the development of the electric car or research into efficient forms of hydrogen production permitting, among other things, its use as a fuel.

Prospects for the infrastructure development sector



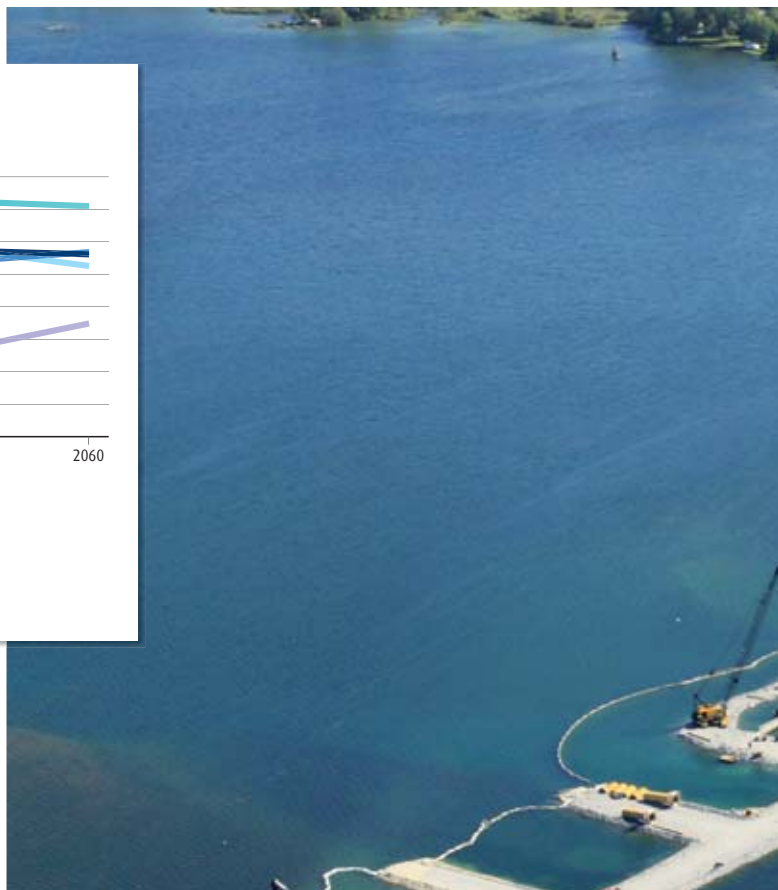
- **Development of environmental assets**, derived from new European directives which member states have to adapt in their local regulations. To be highlighted is the new directive regarding wastes which obliges member states to modernise their waste management plans and create waste prevention programmes before 2013. Noteworthy among the measures adopted is the obligation to recycle 50% of urban waste and 70% of waste from construction and demolition by 2020.
- **The change in the population pyramid** in European countries and the trend towards a more aged society will imply greater investment in services and infrastructures aimed at meeting the needs of this population group.
- **Increased investment in the maintenance of its assets**, with examples such as the recent projects in Spain to convert first generation highways into shadow toll projects to improve and outsource the financing of this maintenance.

Evolution of costs associated with aging*



Source: European Commission.

* The costs associated with aging include costs for pensions, health, education, unemployment and dependency.



United States and Canada

North America is undertaking concession projects, large civil works projects and continuing to invest in energy projects, especially in renewable energies, being one of the markets within the advanced countries with the greatest demand for infrastructures due to its economic level, population growth and geographic characteristics.

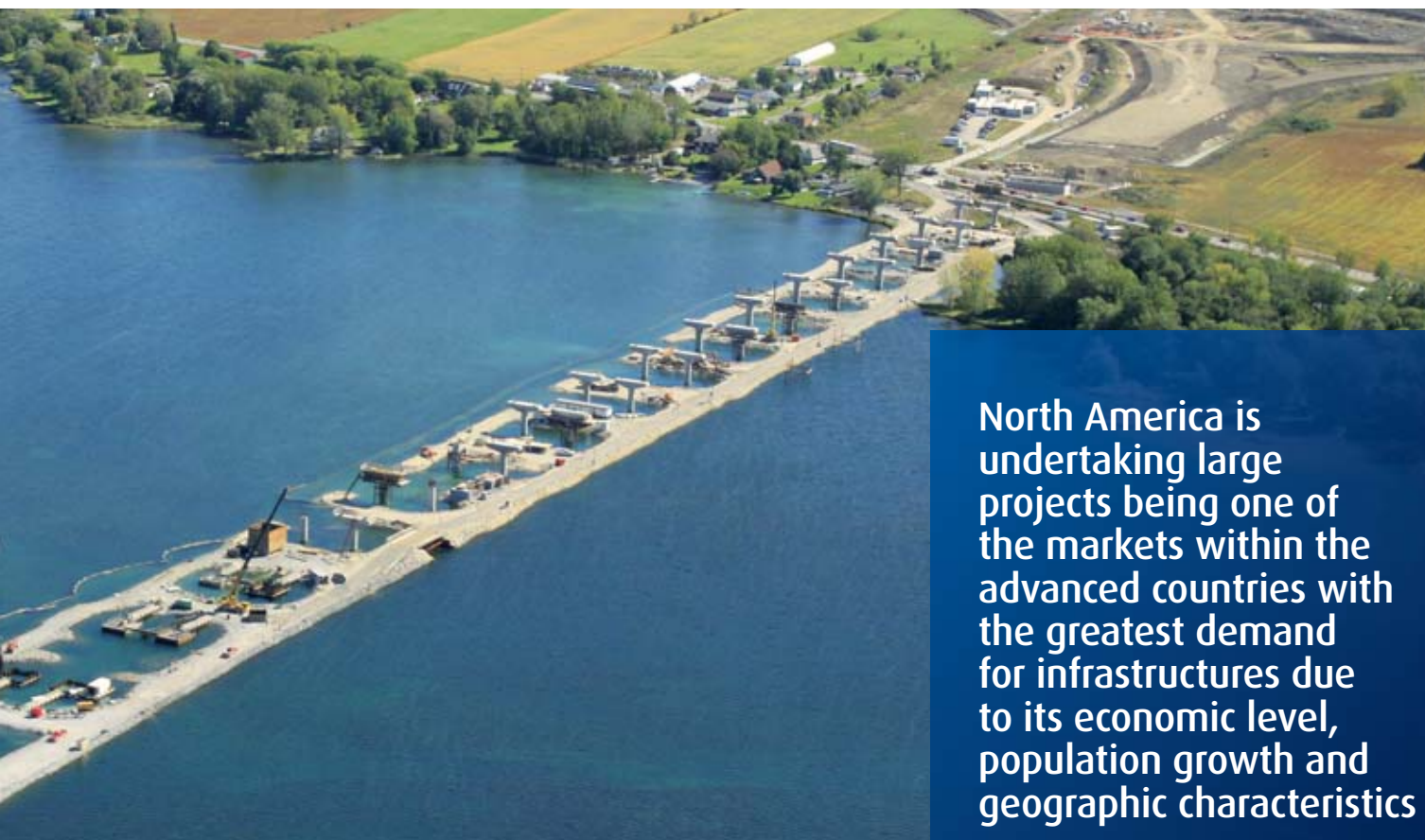
According to PWF, in spite of the difficult economic environment, financing was finalised for twelve new transport infrastructure projects in the United States and Canada in 2010, with a value of 11,300 million dollars. There are currently 56 new works at the project stage and at least 11 of these projects are expected to be finalised during 2012 with an estimated value of 12,000 million dollars.

North America is a very powerful financial market, with high availability of capital and financial partners. In those states which are most advanced, where investment is being made dynamically, infrastructure development companies encounter



favourable and stable regulatory frameworks, which promote long term investment in capital-intensive assets.

In parallel, a change is taking place in the investment model in this area to one more oriented to private initiatives in those markets with high levels of debt and public deficit.

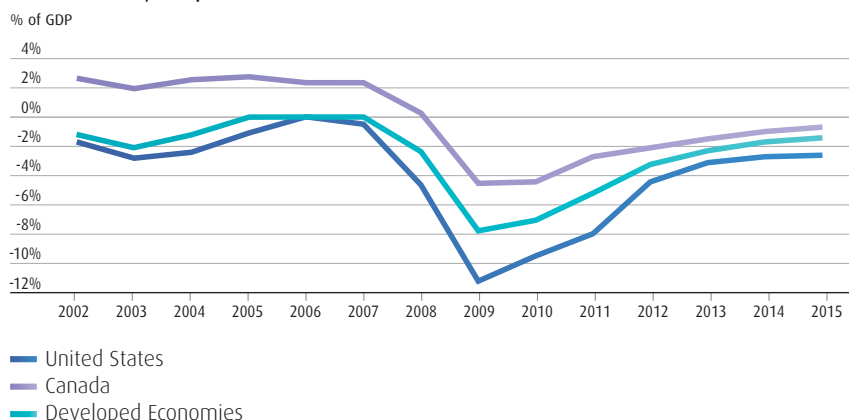


North America is undertaking large projects being one of the markets within the advanced countries with the greatest demand for infrastructures due to its economic level, population growth and geographic characteristics

Prospects for the infrastructure development sector



Evolution of United States and Canada fiscal deficit/surplus



Source: International Monetary Fund. World Economic Outlook 2010.

Public-private partnership projects in the United States and Canada

Million of dollars	Roads		Rail		Water		Building		Total	
	N° of Projects	Investment	N° of Projects	Investment	N° of Projects	Investment	N° of Projects	Investment	N° of Projects	Investment
Announced projects since 1985 to October, 2010	131	100,148	46	88,424	225	21,427	261	27,445	663	237,444
Funded projects October, 2010	65	36,247	22	15,485	158	14,941	221	24,103	466	90,776

Source: PWF.

The regulatory framework, although ever more favourable, continues to be fragmented or needs to be developed, and as a common feature requires significant financial solidity to be able to take on the guarantees the clients require before awarding a project. In addition, it is a market which requires a stable local presence at state level, which generally means the need to bid with local partners who know the local subcontracting industry and client characteristics.

Finally, projects carried out in North America require high technical and environmental specifications due to the keen competition and the countries' technological development.

Among these technologies with high technical and environmental requirements, manageable thermal solar power plants with heat storage can be highlighted. Thanks to its thermal storage with molten salts, this technology enables production to be managed according to system needs.



Characteristics, opportunities and challenges for the infrastructure market in emerging economies

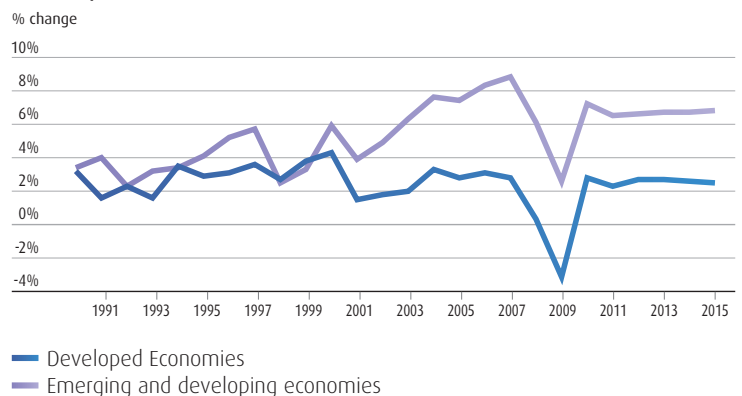
Emerging economies, given their level of economic development and population growth, represent a market with extremely high growth potential in the development of infrastructures. Areas such as China, Brazil, India, Eastern Europe, Russia, etc., will see significant investment processes in the coming years which, in spite of the geographical differences, have some common characteristics:

- They are all markets with high levels of economic growth, which promotes the need for investment to exploit natural resources, provide new power assets and for transport infrastructure.
- They are markets characterised by significant demographic growth and growing migratory pressure from rural areas to urban zones, which increases demand for infrastructures in specific areas.
- In general, they are characterised by the lack of strong infrastructure development companies

inside these countries, except for China, which means that there is an opportunity for companies with great technical and financial capabilities, particularly when tackling investment plans in strategic energy infrastructures.

- However, the regulatory and financial situation in these markets, together with the lack of political stability, limits the possibility of investing over the long term. Added to this on occasions is an inefficient support industry, which impacts on the technical characteristics of the projects to be carried out.

GDP evolution in emerging economies compared to developed countries



Source: International Monetary Fund. World Economic Outlook 2010.

Prospects for the infrastructure development sector

It is estimated that around 6 trillion dollars will be necessary in these markets in the next three years alone.

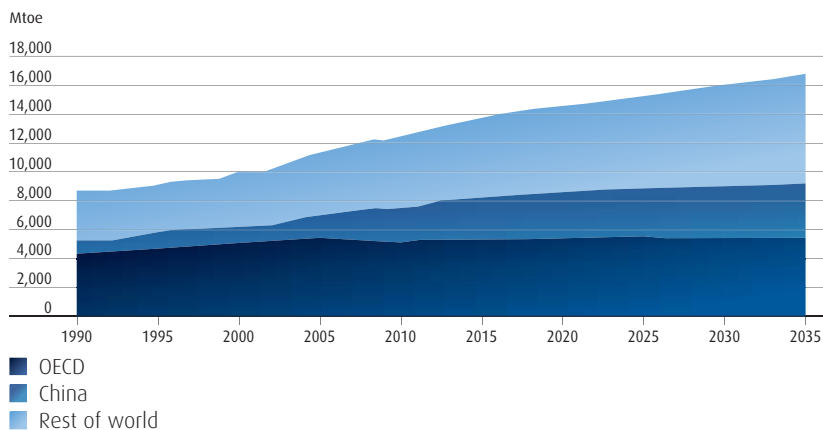
Estimated infrastructure investments in the main emerging markets

Investment (mn \$)	Investment (mn \$)				Total
	Energy	Transport and Logistics	Water and environment	Others	
China	778,000	1,472,000	1,621,000	n.d.	3,871,000
Russia	n.d.	n.d.	n.d.	500,000	500,000
Middle East	105,000	158,000	9,000	314,000	586,000
India	169,700	80,100	51,100	2,100	303,000
Brazil	251,000	56,000	17,000	193,000	517,000
Mexico	83,000	28,000	11,000	18,000	140,000
South Africa	54,000	13,000	2,000	46,000	115,000
Turkey	20,000	100,000	n.d.	67,000	187,000
Total	1,460,700	1,907,100	1,711,100	1,140,100	6,219,000

Source: Merrill Lynch.

The power asset segment is especially important as, according to World Economic Outlook, world energy consumption will rise by 1.2% annually between 2008 and 2035, with 93% of this growth from countries outside the OECD. This comes mainly from China, with a 36% contribution to the increase in world demand, and with projected growth of 75%. After China, India has the next highest contribution to the growth in world demand, 18% in total. Its needs for energy are forecast to double from 2008 to 2035. As regards general primary energy needs, fossil fuels continue to be predominant in the mix. On the other hand, it is estimated that demand for electricity will continue to see growth above the remaining end use energies, at 2.2% per year over the 2008-2035 period.

Forecast growth in worldwide demand for primary energy



Source: World Economic Outlook 2010, IEA.

To tackle this great increase in energy needs, significant investments in infrastructures will be necessary, both in extraction and generating assets and in transport and distribution infrastructures capable of ensuring supply. Worldwide, it is forecast that the investments necessary in infrastructures over the next 20 years to guarantee supply will total 26,000,000 million dollars, of which a high percentage will be for emerging countries, given their greater needs for energy and their lower level of infrastructures.

For example, in Mexico the focus of these investments will be on exploration and storage for gas fields, which is already carried out under a concession regime, for exploration of large areas of land. In the case of oil, the key will be to increase and modernise refining capacity, avoiding dependence on petrol imports for an oil producing country like Mexico. An increase in its production capacity to 402,000 barrels per day is anticipated by 2025 and investments in infrastructures of around 20,200 million euros are estimated for this. In the case of electricity generation, investment is focused on combined cycle plants, where 22,858 MW will be developed between 2011 and 2025. In general terms, requirements for investment in Mexico's electricity system between 2011 and 2025, in electricity generation and distribution, exceeds 76,600 million euros.

In Brazil the estimated evolution in energy demand will require investments of 61,000 million euros in generating assets in the 2010-2019 period, of which 48,500 million euros will be allocated to new installations which were already awarded or authorised in 2010. In the field of development of energy transmission networks, investment of over 17,500 million euros is estimated for the 2010-2019 period for the execution of more than 36,797 kilometres of new lines.

In India, according to the Energy Plan for 2007 to 2012, an increase in installed capacity of 78,700 MW is planned, of which 34,750 MW had been installed by November 2010, which means that investment remains to be made in the installation of another 43,950 MW in the next two years. Likewise, a large scale national grid is being developed, as the seed for future modernisation and expansion in power generating capacity for the world's second most populous country.

Conclusions

In summary, during the next 10 years infrastructure development companies face a period of significant investment in infrastructures worldwide.

From the analysis of the characteristics of the advanced and emerging markets it can be inferred that:

- a) Large companies with high technical levels will be necessary to tackle these opportunities;
- b) With local presence but a global portfolio; and
- c) With solid financial balances which enable them to make private investments to complement the public effort.

The infrastructure development market has changed, has become globalised and offers significant opportunities for profitability and growth.



The infrastructure development market has become globalised and offers significant opportunities for large companies with high technical levels

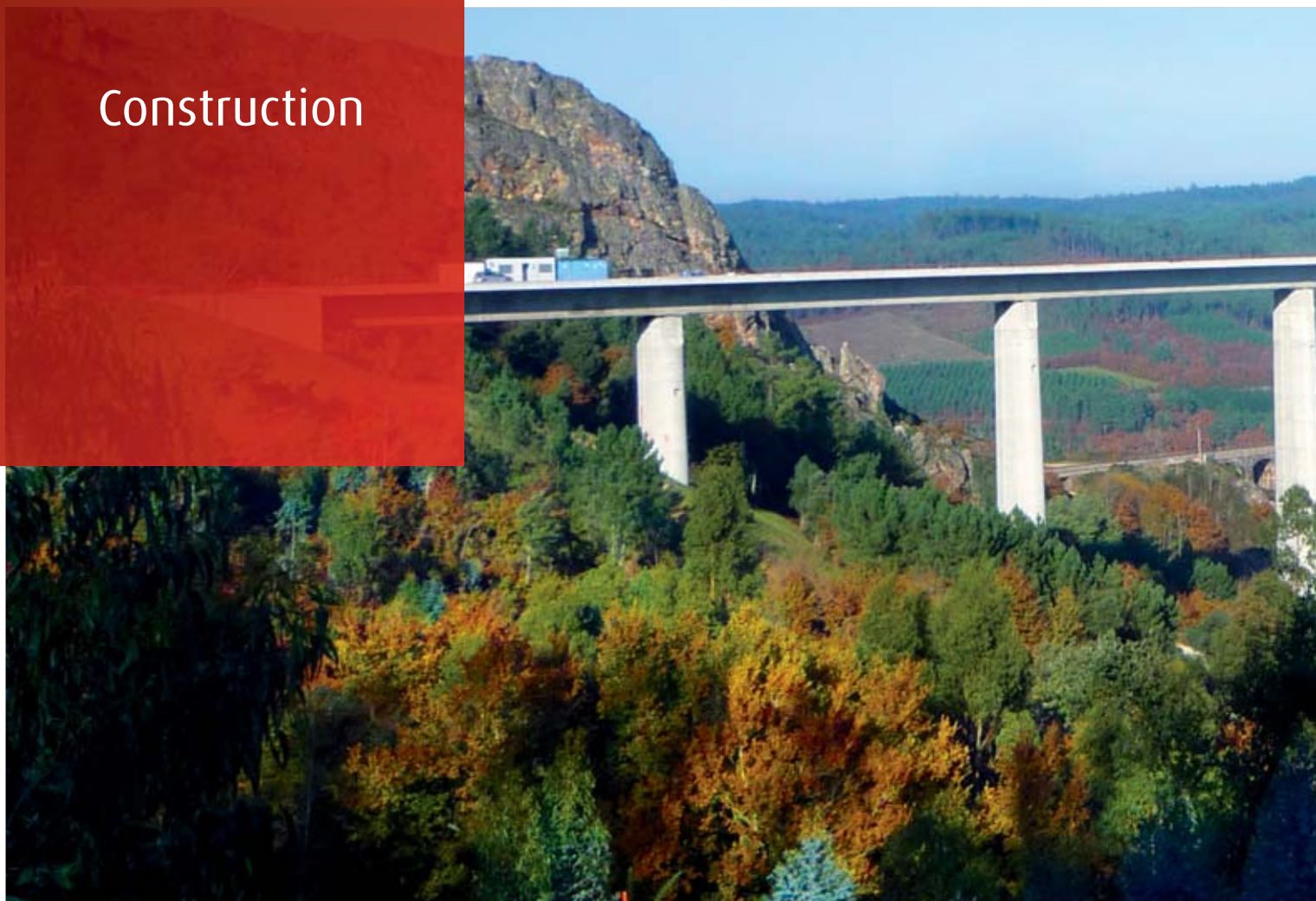
Construction

Business strategy **32**
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The ACS Group's Construction activity focuses basically on the development of all types of Civil Works and Building infrastructures, carried out through an extensive group of companies, with Dragados being the lead company in the area

Construction



International
revenue in the
Construction area
now represents

33.4%
of total

Business strategy

The strategy for the Construction area follows a model aimed at expanding and reinforcing its presence in different geographical markets and continuing to hold a solid position in the domestic market, in spite of the current market environment, with the objective of continuing to grow efficiently in the coming years. This strategy is embodied in the following initiatives:

- Maintaining its **position as leader** in the domestic market, enabling the combination of sustainable development and the company's operating profitability.
- Consolidating its presence in the **international markets** in which ACS already has a stable presence and in those markets selected for new establishment, developing a stable presence through concession projects, tendering for exceptional projects, based on a high level of specialisation, and through local companies and strategic partners.
- 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.



As a consequence of this clear commercial, corporate and operating strategy, the ACS Group maintains its lead in the sector in Spain, has a long track record in South America and is developing a strong presence in countries such as the United States, Canada and Poland. This strategy is based on the ACS Group's business values and competitive advantages:

- A resolute contracting mentality acting as guide for a human team with excellent technical capabilities and a clear focus on clients.
- A highly decentralised organisation which converts each project into an independent, flexible, efficient and profitable unit.

This strategy has led the ACS Group to consolidate its leadership position in the domestic market and to expand internationally in a planned and structured manner, limiting client risk and enabling it to apply its experience where it competes.

The objectives pursued by this strategy are: to maintain its leading position in domestic market, to consolidate its position in international markets and to increase its operating efficiency

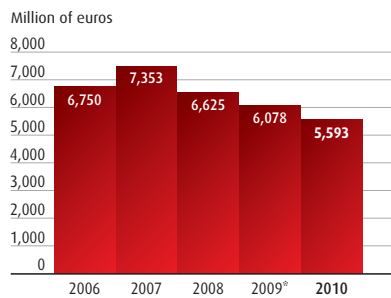
Construction



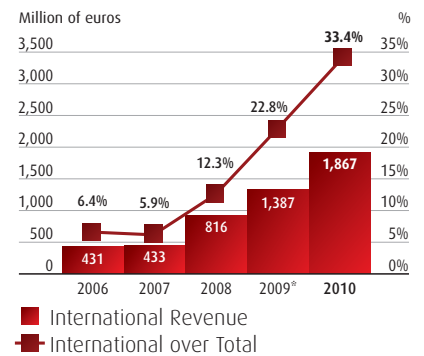
Activity description

The Construction area achieved revenue of 5,593 million euros in 2010. The Construction area's international activity grew 34.6% in 2010 with respect to 2009 to reach a total of 1,867 million euros, which represents 33.4% of total turnover.

Revenue evolution



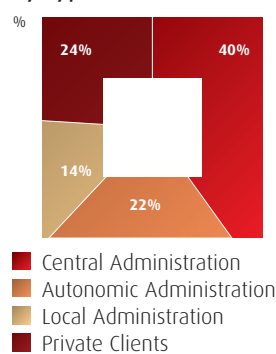
International revenue evolution



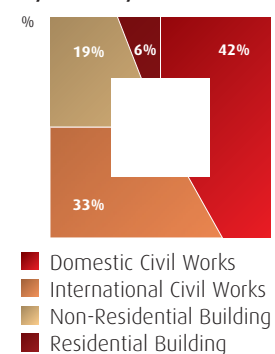
* Data restated applying IAS 31 and IFRIC 12.

Domestic turnover, which totalled 3,726 million euros in 2010, was distributed by type of client between Public Authorities at 76%, with Spain's Central Administration being outstanding, and the remaining 24% with private clients, more specifically from large institutions and concession operating companies.

Domestic revenue breakdown by type of client



Revenue breakdown by activity



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.



By type and technical characteristics, ACS's Construction output is organised into **Civil Works**, covering all types of activities aimed at developing infrastructures such as motorways, railway, maritime, hydraulic and airport works, and **Building**.

Civil Works

In **motorways and roads** the following projects carried out in 2010 are noteworthy:

- Construction of a new bridge over the river Júcar connecting the Sueca bypass to the A-38 highway (Valencia, Spain).
- Project for the construction of a new access to Córdoba airport between the A-4 and N-437 roads, corresponding to the southern stretch of the Western bypass (Córdoba, Spain).
- Construction of a third lane for the TF-1 motorway in the stretch between Santa Cruz de Tenerife and Güimar and remodelling of the junction between the TF-1 motorway and the outer motorway (A.E.) (Tenerife, Spain).
- Construction of the Tarancón to Alcazar del Rey stretch of the A-40 highway (Cuenca, Spain).
- Construction of the stretch of A-15 highway between the towns of Radona and Sauquillo del Campo (Soria, Spain).
- Construction of the stretch between Abrera and Olesa de Montserrat of the B-40 Barcelona orbital highway (Barcelona, Spain).
- Repair and consolidation works on the bank on the A-6 highway at kilometre point 418 (León, Spain)
- Concession contract for the adaptation, alteration and conservation of the A-2 highway in the bordering stretch of the provinces of Soria and Guadalajara at Calatayud (Zaragoza, Spain).
- Construction of the A-1 highway between the towns of Piekary Slaskie and Maciejów in Poland.
- Construction of the A-4 motorway between Wierzchoslawice and Krzyz in Poland.
- Works for the construction of the Algarve Litoral road network in Portugal, comprising several conventional roads, the main road being that running along the southern coast of Portugal between the towns of Sagres and Vila Real de Santo Antonio.
- Construction of the new Baixo Alentejo motorway in Portugal, which will connect the towns of Sines and Beja.
- Expansion of Ruta 5 in Chile from Puerto Montt to Pargua in the Los Lagos Region.
- Construction of I-595 interstate freeway in Florida (United States).
- Construction of the Montreal Nouvelle Autoroute A-30 orbital motorway consisting of the execution of 42 kilometres of motorway (Montreal, Canada).



ACS Group develops all types of Civil Works infrastructures: motorways, railways, hydraulic and airport projects

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

- Construction of the central stretch of the Pajares tunnels for the high-speed line between León and Asturias (León, Spain).
- Execution of the works for the construction of the stretch between Utrera and Las Cabezas de San Juan on the Seville to Cádiz high-speed line (Sevilla, Spain).
- Construction of the platform for the new high-speed railway access to the East Coast at the entrances to Albacete (Spain).
- Construction of the Lalín (Abeleda)-Lalín (Baxán) stretch on the Santiago to Ourense high-speed route (Pontevedra, Spain).
- Construction on the Atlantic high-speed route of the stretch between Uxes and Pocomaco (La Coruña, Spain).
- Construction of the Portuguese high-speed line in the stretch between Poceirao and Caia.
- Expansion of the New York subway to enable direct subway connection between the Long Island network in Queens and the Grand Central Terminal in Manhattan (United States).
- Works to expand New York subway line 7 (United States).
- Construction of the 72nd Street underground station for the new 2nd Avenue line in Manhattan (New York, United States).

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

- Expansion of the Port of Gijón (Spain).
- Project preparation and execution for the work for the new Júcar – Vinalopó pipeline (Valencia, Spain).
- Expansion of the Escombreras dock in the port of Cartagena (Murcia, Spain).
- Construction of new berths in the port of Málaga (Málaga, Spain).
- Project for the development of the Isla Verde outer wharf in the port of Algeciras Bay (Cádiz, Spain).
- Wharf for the liquefied natural gas regasification terminal in the Port of “El Musel” (Gijón, Spain).
- Works for the interception channel along the right bank of the Avilés estuary in the Carreño, Castrillón, Corvera de Asturias and Gozón municipal areas (Asturias, Spain).
- Improvement of the drainage network in the lower zone of the city of Melilla.

- Construction works for the waste water purification plants at Fuente-Álamo and Montealegre (Albacete, Spain).
- Construction of a purification plant at Newton Creek in New York (United States).
- Works to improve the water distribution network for Manhattan (New York, United States).
- Shanganach-Bray waste water treatment plant (Ireland).
- Construction of the breakwater for the port of Arzew in Algeria.
- Construction of the Portugues Dam in Puerto Rico (United States).

In terms of **Residential Building**, the activity the ACS Group carries out is mainly focused on the construction of subsidised housing for Public Authorities, such as the 215 dwellings for the Rivas Municipal Housing Company (Madrid, Spain) or the 182 subsidised homes at Torrent (Valencia, Spain), or on building of developments requiring greater sophistication or technical capabilities for third parties, such as the 118 single-family homes at Encinar de los Reyes (Madrid, Spain). 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.

Building

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:

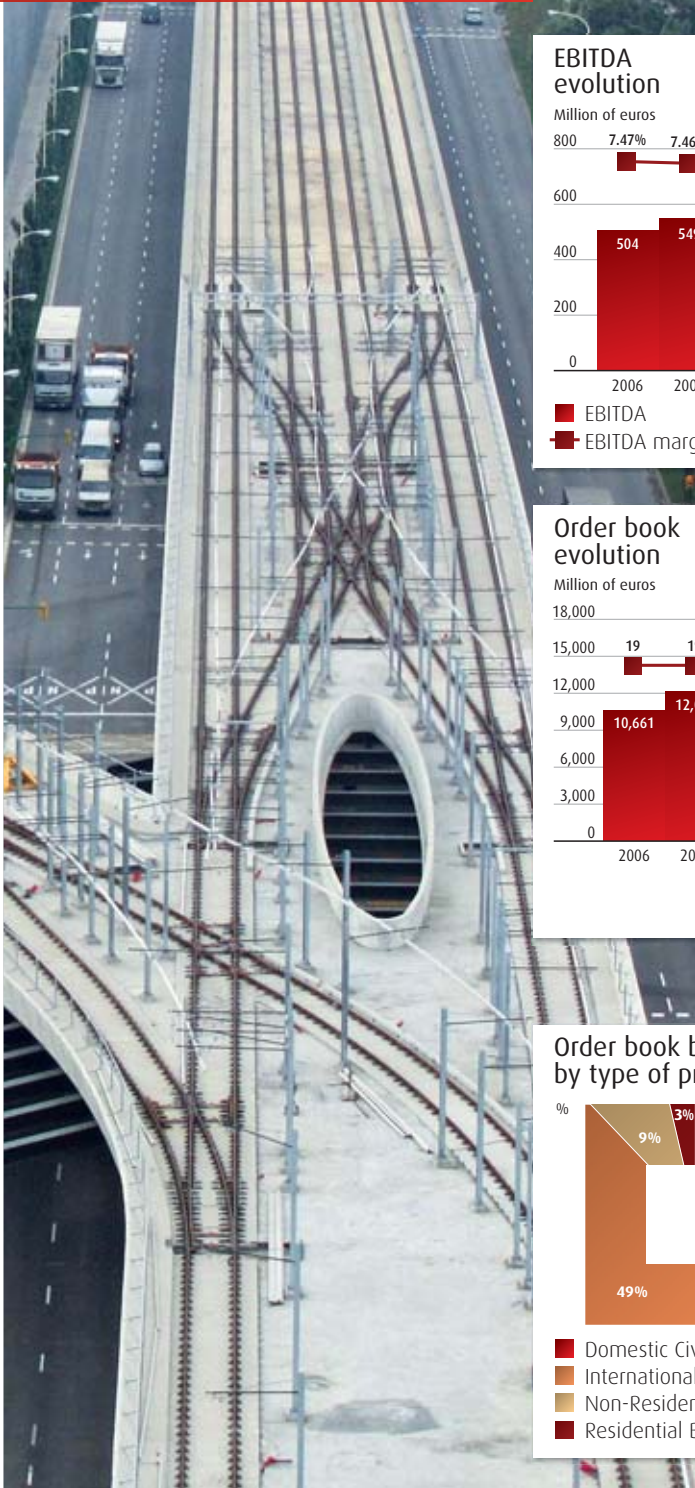
- Construction of the Son Espases Hospital (Palma de Mallorca, Spain).
- Construction of the Atocha station expansion (Madrid, Spain).
- Project and works for Reus Hospital (Tarragona, Spain).
- Works for the prison at Las Palmas de Gran Canaria (Spain).
- Works for the Auditorium at Cartagena (Murcia, Spain).
- Construction of the Conference Halls at Lérida (Spain).
- Construction of the new La Palma Airport terminal (Spain).
- Works for the new Alicante Airport electric terminal (Spain).
- Expansion and restoration works for the Beata María Ana Hospital (Madrid, Spain).
- Expansion of Miami Airport in the United States.
- Construction of the prison at Antofagasta (Chile).



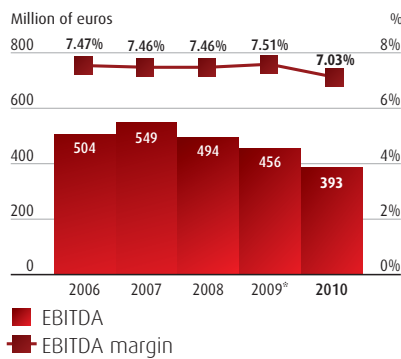
Construction



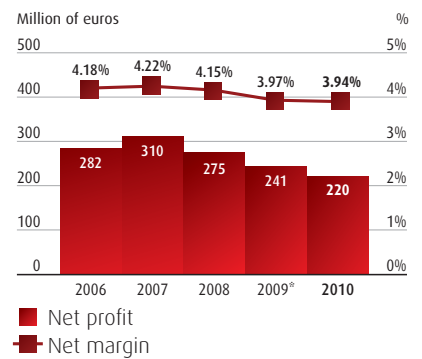
Gross operating profit totalled 393 million euros in 2010, with a 7% margin over sales, derived from the significant fall in domestic turnover and the costs derived from the consolidation of new companies internationally.



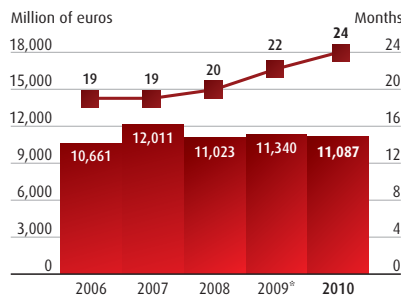
EBITDA evolution



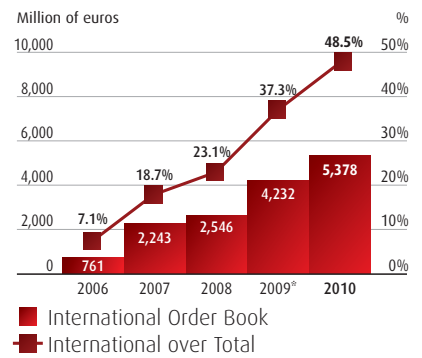
Net profit evolution



Order book evolution

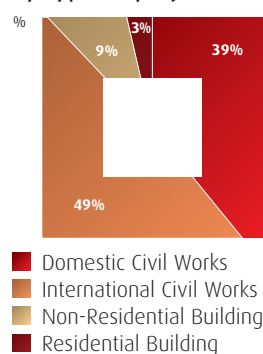


International order book evolution

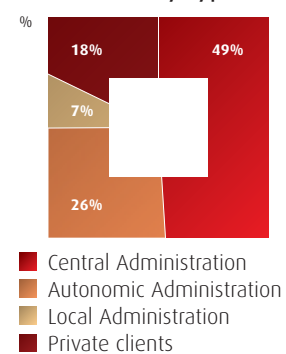


* Data restated applying IAS 31 and IFRIC 12.

Order book breakdown by type of project



Domestic order book breakdown by type of client



At 31 December 2010 the Group's Construction order book totalled 11,087 million euros, a figure which guarantees 24 months of activity. The significant increase can be highlighted in the international order book, which totalled 5,378 million euros at the end of 2010, representing 48.5% of the total order book.

Internationalisation

International activity in the Construction area grew 34.6% in 2010 in comparison to 2009 to total 1,867 million euros and now represents 33.4% of total turnover. On the other hand, the order book in the international area totals 5,378 million euros, representing 48.5% of the total. This growth is the result of an expansion strategy based on the development of concessions in reference markets and the application of ACS's local presence in tendering and construction of civil works projects with a high level of technical involvement.

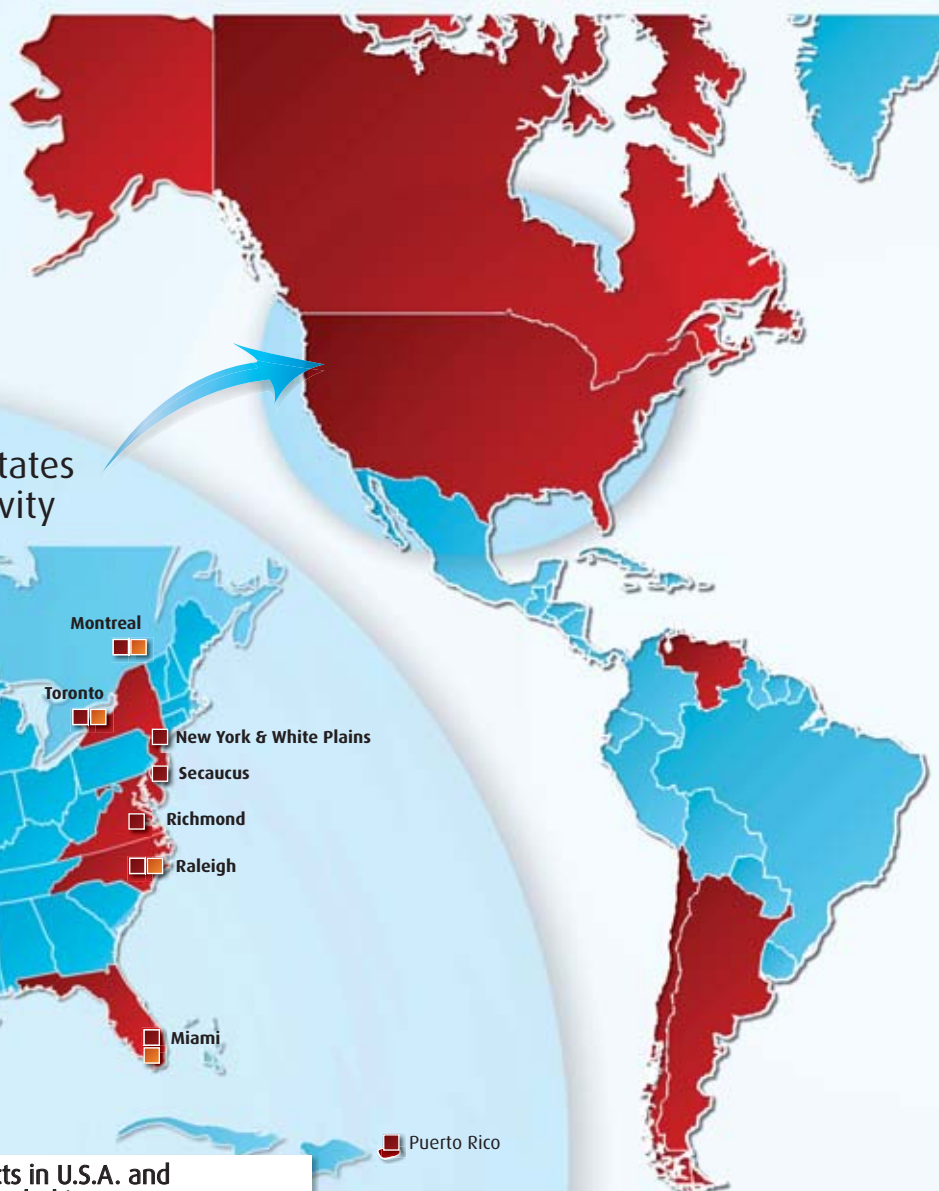
The Construction activity is carrying out projects in such different countries as Poland, Portugal, the United Kingdom and Ireland in Europe; in America it is present both in the South in Chile and Argentina and in Canada and the United States in the North.

Some important international projects in which the ACS Group is participating are: the execution of works such as the Crossrail Eastern Tunnels Contract C305 in London, in the United Kingdom, with a budget of 675 million euros; the extension of the A-30 motorway south of Montreal, the South Fraser Perimeter Road, British Columbia, and Windsor Essex Parkway and Ontario motorways, both in Canada, with a combined budget of almost 1,400 million euros; the reconstruction of carriageways and restoration of the I-595 in Florida and the tunnel for the SR99 Alaskan Way in Seattle, with a budget of over 800 million euros, in the United States and projects for the New York subway with a budget of over 2,000 million. In addition, ACS has been selected to take part in the construction of the first stretch of the high-speed line in Portugal (the stretch between Poceirao and Caia), the budget for which is approximately 1,700 million euros.

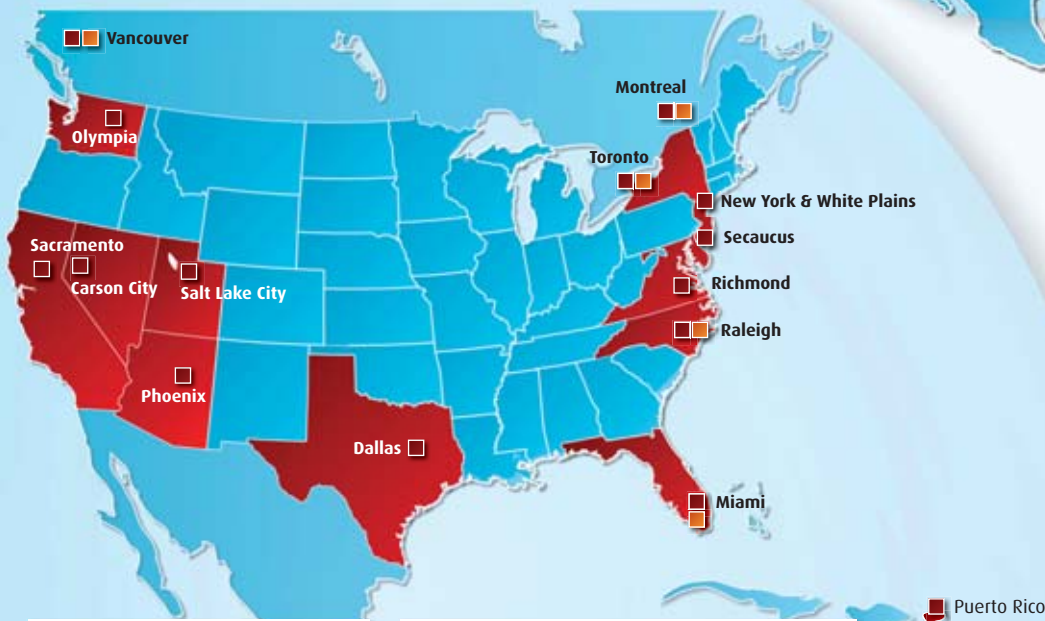


Construction

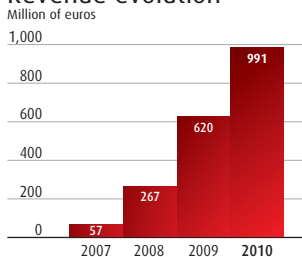
Countries where the ACS Group is developing Construction activity



ACS Group presence in United States and Canada in Construction activity



United States and Canada Revenue evolution



Main projects in U.S.A. and Canada awarded in 2010

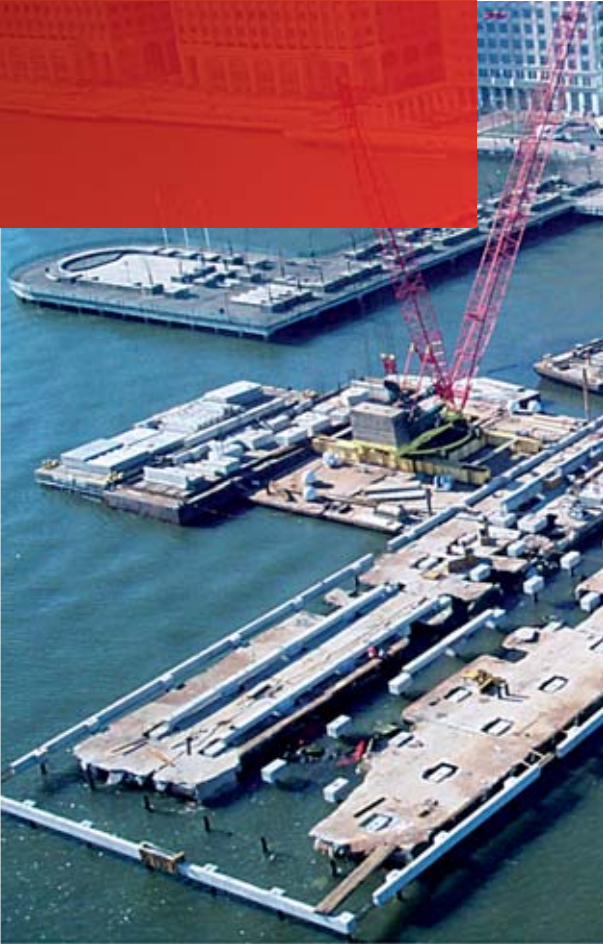
Project	Amount
Windsor Essex highway	1,200
South Fraser Perimeter Road Project in Vancouver	770
Construction of 72nd Street Station in New York	475
Fulton Street Transit Center in New York	70

Million of dollars

■ Construction
■ Concessions



Construction



North America

The contribution from activities in the United States and Canada stands out, as this area grew substantially in 2010 as a result of being awarded large civil works and concession projects. Over the next few years, the United States will continue to be a reference market and a clear future commitment.

The ACS Group, through its North American subsidiaries, has been competing in this market for many years and already has a significant presence in the area, where it competes through Dragados USA, Schiavone, Pulice and John P. Picone.

ACS continues to consolidate its position in North America, with sales of over 990 million euros in the United States and Canada. Its activity is based on developing infrastructure concessions and Civil Works projects in Ontario, British Columbia and Quebec in Canada and in Arizona, New York, New Jersey, North Carolina, Florida, Puerto Rico, Washington and Texas in the United States.

The contribution from activities in the United States and Canada grew substantially in 2010 as a result of being awarded large civil works and concession projects



It is also present in the bidding process in states such as Utah, Nevada, Virginia and California.

Some relevant projects in the United States and Canada for which the Group has been awarded the contract are:

- The project for the construction of 72nd Street Station with a budget of 475 million US dollars New York.
- The improvement, construction and operation under a concession regime of the I-595 in Florida, over the 20 kilometres of its extension. Total investment exceeds 800 million US dollars and it has a concession term of 35 years.
- The execution of the SR99 Alaskan Way tunnel in Seattle, with a budget of over 1,000 million US dollars and which, with its diameter of 17.5 metres, will be the largest diameter tunnel in the world executed with a tunnel boring machine.
- Other projects were received in New York in 2010, such as the building of the Fulton Street Transit Center or the repairs to the Cross Bay Bridge.
- In Canada, ACS is developing the A-30 Montreal orbital motorway, a project 42 km long and with total investment of over 1,500 million dollars, with a concession term of 35 years, where the estimated execution period is four years.
- Similarly, there is the South Fraser Perimeter Road in Vancouver at 40 km in length, with execution over 4 years, a concession term of 20 years and a construction budget of over 770 million dollars.
- ACS is also executing the Windsor Essex Parkway highway project in Ontario at 11 kilometres in length with significant structures and a budget of over 1,200 million dollars.



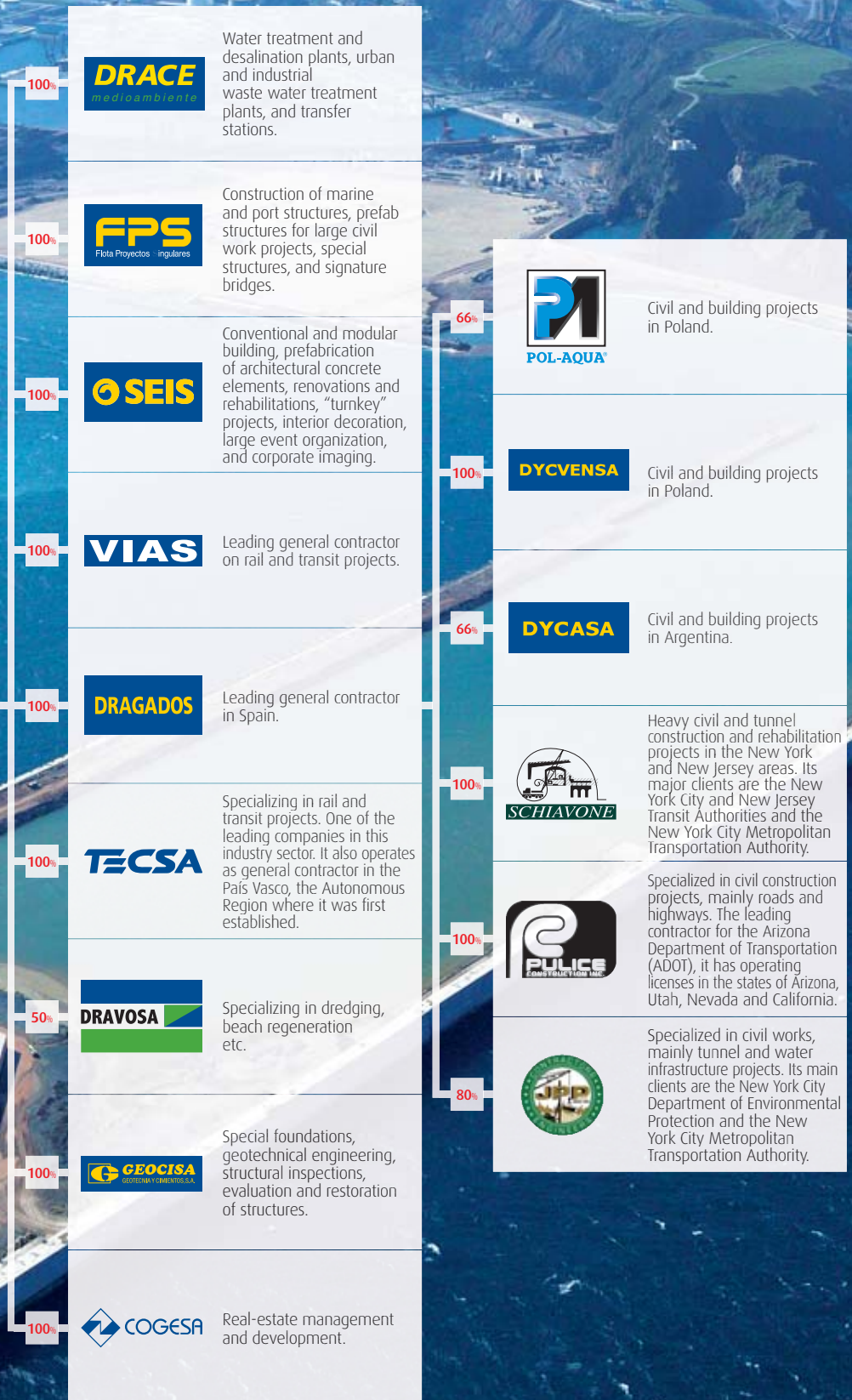
ACS Group continues to consolidate its position in North America where it competes through Dragados USA, Schiavone, Pulice and John P. Picone

Main contracts awarded

Main contracts awarded in 2010	Amount	Country	Type of project
Million of euros			
Contract for the construction of two twin tunnels 11.9 km long of new underground rail tunnels in the city of London.	488	U.K.	Civil Works - Railways
Project for Windsor Essex highway construction in Ontario.	272	Canada	Civil Works - Roads
South Fraser perimeter road construction in Vancouver.	192	Canada	Civil Works - Roads
Works for the construction and maintenance of the 2 nd stretch of the line 9 of Barcelona's subway.	145	Spain	Civil Works - Railways
Works for the construction of the high-speed railway line between San Isidro and Orihuela (Alicante).	127	Spain	Civil Works - Railways
Construction of the main cavern of the Station on 72 nd Street for the new 2 nd Avenue Subway line in Manhattan (New York).	127	U.S.A.	Civil Works - Railways
Project for the construction of the Sagrera railway station (Barcelona).	123	Spain	Civil Works - Railways
Málaga II correctional facility construction in Málaga.	95	Spain	Non Residential Building
Construction of the jetty and other improvements works in the Gijón Port (Asturias).	95	Spain	Civil Works - Hydraulic or Maritime
Railway platform construction for the Madrid-Galicia high-speed line in the stretch between Ponte Ambia and Tabolea (Orense).	83	Spain	Civil Works - Railways
New container terminal construction for La Plata port (Buenos Aires).	63	Argentina	Civil Works - Hydraulic or Maritime
Works for the construction of Punta de Langosteira port's dike (La Coruña).	61	Spain	Civil Works - Hydraulic or Maritime
Project for the new Can Misses Welfare Centre and two associated health centres construction (Ibiza).	53	Spain	Non Residential Building
Project for transfer station for New York's subway, the Fulton Street Transit Centre.	52	U.S.A.	Civil Works - Railways
Railway platform construction for the Urnieta-Hernani high-speed line (Guipúzcoa).	50	Spain	Civil Works - Railways

Organisational Structure

Construction



Concessions

Business strategy **48**

Relevant events **50**

International markets of
greatest interest **52**

Contracts awarded **54**



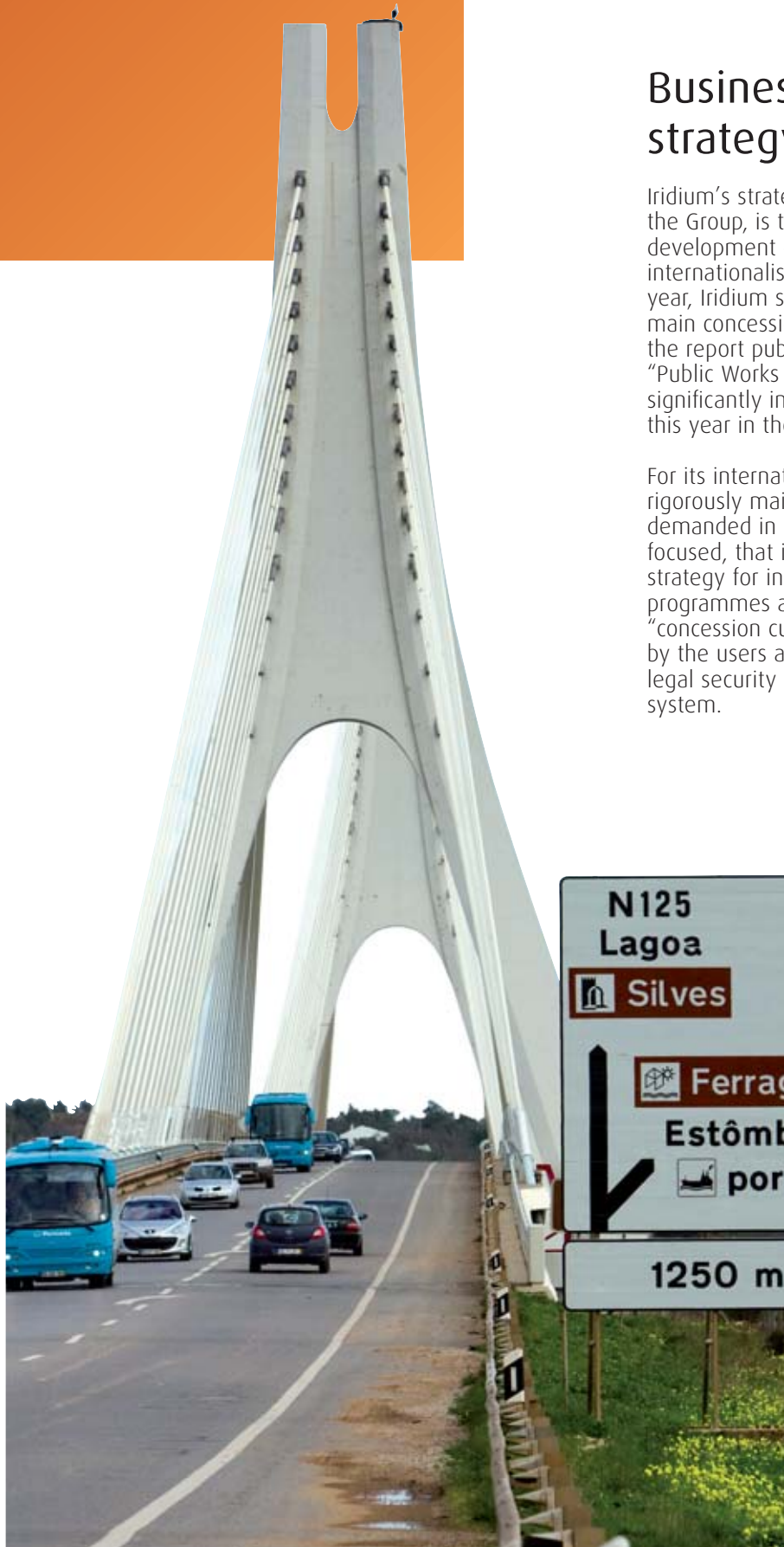
Iridium Concesiones de Infraestructuras, wholly owned by ACS, is and has been continuously, over recent years, the world's leading company in infrastructure promotion and development. For 45 years, both within Spain and internationally, the ACS Group has developed all types of administrative concessions relating both to transport and public facility infrastructures and it currently operates 79 concession companies

Iridium manages various Public-Private Partnership contract models, covering the whole concession business value chain, from project design to financing, construction, commissioning and operation. Once the project has reached maturity, with its operation and exploitation consolidated, orderly divestment of certain selected projects takes place which results in greater capacity for business generation

Business strategy

Iridium's strategy, in accordance with that of the Group, is to be a worldwide reference in the development of infrastructures, promoting the internationalisation of its activity. For another year, Iridium stood at the head of the world's main concession groups in 2010, according to the report published by the specialist journal "Public Works Financing" (PWF), and has significantly increased its portfolio of projects this year in the international field.

For its international expansion, Iridium has rigorously maintained the requirements demanded in the markets where its activity is focused, that is in those where there is a real strategy for infrastructure development with programmes already approved, where the "concession culture" is generally accepted both by the users and the Public Authorities, offering legal security and with a developed financial system.



Iridium's strategy is to be a worldwide reference in the development of infrastructures, promoting the internationalisation of its activity

Shown below is detail of the projects making up the Group's current portfolio at 31 December 2010:

Concession-Description	ACS Group stake	Country	Activity	Phase	Unit	Expiry date	Total investment (millions of euros)	ACS Group investment (millions of euros) ^a
A8/AP1 - Bidelan Guipuzkoako Autobideak	50.0%	Spain	Motorways	Operation	124	2013	62	3
La Mancha Highway	75.0%	Spain	Motorways	Operation	52	2033	128	21
Alicante Ringroad	50.0%	Spain	Motorways	Operation	148	2040	456	68
Autopista del Henares (R2 y M50)	35.0%	Spain	Motorways	Operation	87	2024	933	81
Accesos Madrid (R3/R5 y M50)	19.7%	Spain	Motorways	Operation	90	2049	1,646	68
Reus-Alcover	85.0%	Spain	Motorways	Operation	10	2038	72	14
Ruta de los Pantanos	33.3%	Spain	Motorways	Operation	22	2024	107	5
Santiago Brión	70.0%	Spain	Motorways	Operation	16	2035	112	15
Los Pinares Highway (Valladolid Cuellar)	53.3%	Spain	Motorways	Operation	44	2041	95	14
Medinaceli-Calatayud Highway(Aumecsa)	95.0%	Spain	Motorways	Construction	93	2026	122	13
Camp del Turia Highway (CV 50)	65.0%	Spain	Motorways	Construction	20	2042	121	10
AP21 Pirineo Highway	72.0%	Spain	Motorways	Construction	46	2039	226	53
EMESA (Madrid Calle 30)	50.0%	Spain	Motorways	Operation	33	2040	300	50
Eje Diagonal	100.0%	Spain	Motorways	Construction	67	2041	410	159
A-30 Nouvelle Autoroute 30	50.0%	Canada	Motorways	Construction	74	2042	1,180	85
FTG Transportation Group	75.0%	Canada	Motorways	Construction	45	2033	537	17
Windsor Essex	33.3%	Canada	Motorways	Construction	11	2040	996	10
Vespucio Norte Express	46.5%	Chile	Motorways	Operation	29	2032	787	103
San Cristóbal Tunnel	50.0%	Chile	Motorways	Operation	4	2035	99	20
Ruta del Canal	80.0%	Chile	Motorways	Construction	55	2040	147	30
Autopista Jónica (NEA ODOS)	33.3%	Greece	Motorways	Construction/Operation	380	2037	1,115	64
Central Greece	33.3%	Greece	Motorways	Construction	231	2037	1,623	52
CRG Waterford - Southlink	33.3%	Ireland	Motorways	Operation	24	2036	319	22
CRG Portlaoise - Midlink	33.3%	Ireland	Motorways	Operation	41	2037	367	23
Sper - Planestrada (Baixo Alentejo)	49.5%	Portugal	Motorways	Construction	347	2039	539	78
Rotas do Algarve - Marestrada (Algarve Litoral)	45.0%	Portugal	Motorways	Construction	260	2039	271	48
A-13, Thames Gateway	25.0%	U.K.	Motorways	Operation	22	2030	293	10
I595 Express	100.0%	USA	Motorways	Construction	17	2044	1,254	155
Total Motorways (km)					2,392		14,316	1,291
Figueras Perpignan - TP Ferro	50.0%	Spain - France	Railway	Operation ⁽¹⁾	45	2057	1,147	51
Subway Barcelona's Line 9 Stretch II	50.0%	Spain	Railway	Construction	-	2042	790	41
Subway Barcelona's Line 9 Stretch IV	50.0%	Spain	Railway	Construction/Operation	48	2040	592	31
Sevilla Subway	34.0%	Spain	Railway	Operation	18	2038	681	45
Arganda Subway	8.1%	Spain	Railway	Operation	18	2029	133	3
Poceirao-Caia Portuguese high-speed railway	15.2%	Portugal	Railway	Construction	167	2049	1,632	18
Total Railway (km)					296		4,975	189
Brians Prison	100.0%	Spain	Jail	Operation	95,182	2034	106	14
Central Police Station (Ribera Norte)	100.0%	Spain	Police Station	Operation	60,330	2024	66	12
Vallés Central Police Station (Terrasa)	100.0%	Spain	Police Station	Operation	8,937	2031	16	3
Vallés Central Police Station (Barberá)	100.0%	Spain	Police Station	Operation	9,269	2031	16	4
Green Canal Golf	100.0%	Spain	Sport Premises	Operation	60,000	2012	1	2
Public Facilities (m²)					233,718		204	35
Majadahonda Hospital	55.0%	Spain	Hospital	Operation	749	2035	255	19
Son Dureta Hospital	49.5%	Spain	Hospital	Operation	987	2038	312	17
Can Misses Hospital (Ibiza)	40.0%	Spain	Hospital	Construction	297	2042	125	12
Mallorca Health Centers	49.5%	Spain	Health Center	Construction	13,693	2021	19	3
Public Facilities (number of beds)					15,726		711	51
Plaza de Castilla Transfer Station	50.0%	Spain	Transfer Station	Operation	59,650	2041	169	42
Príncipe Pio Transfer Station	70.0%	Spain	Transfer Station	Operation	28,300	2040	64	11
Avda. América Transfer Station	100.0%	Spain	Transfer Station	Operation	41,000	2026	23	5
Total Transfer Stations (m²)					128,950		256	58
Iridium Aparcamientos	100.0%	Spain	Parking	Construction/Operation ⁽²⁾	19,690	2058	63	48
Serrano Park	50.0%	Spain	Parking	Construction	3,157	2048	132	25
Total Parking (number of places)					22,847		195	73
Total Concessions							20,658	1,697

^a ACS Group financial investment in the concession project. Investment paid by December 2010 accounted for 989 mn whilst 708 mn are still pending to be paid.

(1) Construction completed in 2009. Partial exploitation began in December, 2010.

(2) Covers all main contracts managed by Iridium Aparcamientos.



Iridium led again the table of the world's main infrastructure concession groups in 2010, according to "Public Works Financing" (PWF)

Relevant events

Within the scope of the operating project portfolio, as well as of Iridium's corporate activity, the following relevant events occurred in 2010:

- Iridium led the table of the world's main infrastructure concession groups again in 2010, according to the ranking published annually by the specialist journal "Public Works Financing" (PWF).
- The ceremony to lay the first stone for the I 595 project was held on 26 February 2010.
- The concession contract for the Portuguese High-Speed Railway Line, Poceirao to Caia stretch (Madrid - Lisbon route), was signed last 8 May. This contract, in which Iridium is a participant, includes the design, construction, financing, operation and maintenance of Portugal's high-speed railway line on the Poceirao to Caia stretch (Madrid to Lisbon route), as well as the design, construction, financing and operation of a new station at Évora. The project investment is 1,651 million euros and the concession term is 40 years. This is the first contract awarded for the development of Portugal's high-speed network (Madrid - Lisbon - Porto - Vigo).
- The operation of the 41 km of the Portlaoise - Cullahill/Castletown M7/M8, with a 33.3% holding by IRIDIUM, started on 28 May 2010. Construction was executed in under three years, concluding four months before the anticipated completion date. The concession contract, with a duration of 30 years, involved total investment of 367 million euros.
- On 14 July past, Iridium, through its subsidiary ACS Infrastructure Canada and the Canadian company Ledcor Development signed the Concession Contract with the Province of British Columbia for the financing, construction, refurbishment, operation and maintenance for the South Fraser Perimeter Road Project, a new motorway 40 km long south of Vancouver with an investment of 716 million Canadian dollars.
- The Confirmation Report for the Son Espases Hospital works was signed on 10 October 2010, along with the ceremony for "handing over of the keys". This milestone marks the start of the operating period for the concession company (in which Iridium has a 49.5% stake) which over the next 30 years will be responsible for the operation of all the non-clinical services in the Balearic Island's reference Hospital.



- On 28 October 2010, the concession company Vespucio Norte in Chile re-established full service on the motorway after the earthquake which occurred in the country on 27 February 2010.
 - On 5 November 2010, Iridium, through its subsidiary ACS Infrastructure Canada was named as the winner of the Windsor Essex Parkway Project, with a 33.33% stake in the consortium. The concession contract was signed on 15 December 2010 along with the finalisation of the financing with 10 banks for the project, with an approximate investment of 1,300 million Canadian dollars. The future road will be the most significant investment in motorways in the province of Ontario and is the result of commitments from the Canadian and Ontario Governments to improve the transport network in the Windsor border zone.
 - Serrano Parking in Madrid opened on 1 December past. The concession contract consists of the construction and operation of three car parks under Calle Serrano and their integration with the project for remodelling works for this street between the street named María de Molina and Plaza de la Independencia and the side streets in the area of influence. Project investment is 132 million euros and the concession term is 40 years.
 - Authorisation was obtained on 15 December for the start-up and the respective safety certificates for the Figueras to Perpignan high-speed train. The first commercial passenger train ran along the international section on 19 December and the first freight convoy ran starting from the port of Barcelona on 21 December.
- The company continued to show great efficiency and capacity for innovation in the management of project financing. In this regard, several financing operations were arranged over the course of 2010, for a sum of approximately 3,800 million euros,
- without recourse to shareholders, in spite of the extremely difficult global economic and financial situation. Noteworthy among these are:
- Financing arrangements for the Diagonal Artery in Catalonia (Spain) was finalised on 18 March for 249 million euros.
 - On 30 April the financing arrangements were finalised for the Pirineo Highway (Navarre, Spain) for 152 million euros.
 - Financing arrangements for the Poceirao to Caia stretch of the High-Speed Railway Line in Portugal were finalised on 8 May for 692 million euros.
 - The financing arrangements for the South Fraser Perimeter Road in the Province of British Columbia (Canada) were finalised on 14 July for 200 million Canadian dollars.
 - On 19 July the financing arrangements for Stretch IV of Barcelona Metro Line 9 were finalised for 544 million euros.
 - The financing arrangements for 15.5 million euros for 5 Basic Units and 5 Health Centres in Palma de Mallorca were completed on 23 November.
 - On 26 November the financing arrangements for Stretch II of Barcelona Metro Line 9 were finalised for 735 million euros.
 - Financing arrangements were completed on 15 December for the Windsor-Essex Parkway in Ontario (Canada) with a bank debt of 1,162 million Canadian dollars.
 - On 19 December, the financing arrangements for the Can Misses Hospital in Ibiza were finalised for 100 million euros.

Concessions



International markets of greatest interest

At the international level, Iridium has and carries out projects in various countries which meet its investment requirements. The North American market is one set as a priority for the ACS Group, where Iridium is present with offices in 7 US states and it has offices in three Canadian provinces. In the rest of the world, Iridium continues to have special interest in the markets in Portugal, Ireland, the United Kingdom, France and Chile.

USA

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 stimulus package framework aimed at improving these instruments. The American market will need developers with great financial and technical capabilities and the ACS Group is positioned as a leader in public-private partnership projects with

**ACS Group
is positioned
as a leader
in public-private
partnership
projects of new
construction**



new construction, hence it finds itself in a privileged position to selectively tackle new opportunities and consolidate current projects. Furthermore, it is participating proactively in the identification of infrastructure projects and in the promotion of appropriate legislation to permit the implementation of these contracts in those states where an adequate legal framework still does not exist.

Canada

With a level of infrastructure inferior to the country's economic level and with a great tradition for the promotion of concession projects, Canada presents itself as a country with great opportunities for these types of contracts for public-private initiatives. Opportunities are anticipated in the short and medium term for transport, hospital and public facilities infrastructures. The most active provinces are Ontario, British Columbia, Alberta, New Brunswick and Quebec, which have been outstanding both due to the volume and complexity of their projects and for their fulfilment in carrying out their tender plans.

Chile

The Chilean Government intends to use the Concession system as a tool to provide the country with the necessary infrastructure to achieve its aim of becoming a developed country. Among the actions carried out to this end is the enactment, after approval, of a new Concessions Law and the launching of a first Concessions programme for the 2010-2014 period, including investments in transport, hospital and prison infrastructures, with forecast investment of 11,700 million dollars.

Other markets of interest

Markets such as the United Kingdom, Ireland, France and Portugal, as well as others in which Iridium has significant presence or can offer appropriate conditions for carrying out future projects also continue to be monitored for analysis and possible study of new opportunities.



Concessions



Contracts awarded

In 2010 the ACS Group (or the consortia in which its companies participate) was awarded the following concession projects for transport and public facilities infrastructures:

- Concession for construction, financing, operation and maintenance of the Can Misses Hospital and two health centres associated with it, on the island of Ibiza (Spain). The total investment is 132 million euros and the concession term is 32 years and 7 months. The contract includes the execution of the works for the new Can Misses Welfare Centre and two associated health centres, as well as their conservation and maintenance throughout the concession term. It also includes the provision of the non-clinical services in the centres built, as well as the other 5 health centres and the Formentera hospital included in the Eivissa Area Health Authority. On 15 March, Iridium signed the concession contract with the Balearic Islands Health Service and on 29 March, the ceremony to lay the first stone was held with the attendance of the President of the Balearic Islands Government, the Mayoress of the City of Eivissa, the President of Eivissa Council and other authorities.
- Concession for the construction, financing, operation and maintenance of five Health Centres and five Basic Health Units on the Island of Mallorca (Spain). Total project investment is 21 million euros, with a gross floor area of 13,693 m². There will also be over 130 parking spaces. The concession contract is for 11 years and 2 months. Signing of the contract took place on 18 February and on 26 March 2010 the concession company and the Balearic Islands Government presided over the ceremony to lay the first stone for the project. The event was attended by the President of the Balearic Islands Government and other authorities.
- Concession for the design, financing, construction, operation, maintenance and restoration of the South Fraser Perimeter Road Project, a motorway 40 km long to be built as new to the south of Vancouver (British Columbia, Canada) with investment of 716 million Canadian dollars. The eastern stretch of the motorway (6 km) is expected to be open to traffic in January 2013 and the western stretch in June 2014. After the construction period, a term of 20 years of operation and maintenance of the motorway will begin.
- Concession for the design, financing, construction, operation, maintenance and restoration of the Windsor-Essex Parkway Project in Ontario, Canada. This new road connects motorway 401 in Ontario with the Windsor area in the border between United States and Canada. It is a project approximately 11 km long and with 6 lanes. The project also includes the construction of adjacent service roads, intersections, gardening, pedestrian routes and cycle lanes. Investment in the project is approximately 1,300 million Canadian dollars. The concession period is for 30 years after the construction of the project, which is planned to last four years. Construction of the motorway will begin in the second half of 2011.
- Concession for the construction, financing, operation and maintenance of certain infrastructures on Stretch II of Barcelona Metro Line 9. Included in the scope of the concession are the 15 stations which make up Stretch II of Barcelona Metro Line 9 (Polígon Pratenc to university zone), comprising the construction and maintenance of the stations, lifts, escalators, ticket checking and sale facilities and their cleaning, among other tasks, over a period of 31 years 11 months.

The stations on Stretch II will go into service progressively between 2012 and 2013. These stations are added to those in Stretch IV, which in turn are under a concession to a consortium led by IRIDIUM and form a part of Europe's longest metro line, at 47.8 kilometres and with 52 stations, which will, according to forecasts, transport nearly 100 million passengers per year.

- Concession for the Parking Service for the New Son Dureta University Hospital (NHUSD) at Son Espases, Palma de Mallorca, Spain. The subject of the contract consists of the management and control of all the parking spaces in the new hospital precincts, with a total of 2,259 spaces, of which 1,828 are underground and 431 outdoors.

At the end of 2010, Iridium also participated in various consortia previously selected or shortlisted for the following projects:

- In the United States, Iridium is carrying out the initial development of the project for Mid Currituck in North Carolina and is participating in projects in the states of Florida, New York, Georgia, Texas and California, as well as in Puerto Rico.
- In addition, the consortium in which Iridium participates is shortlisted for the tender for the West by Northwest Project (Georgia, USA). The project comprises the construction, financing, operation and maintenance of the Northwest Corridor Segment (addition of rapid reversing toll lanes along the I-75 and I-575 freeways), as well as the initial development of the Western Corridor Segment.
- In Ireland, the consortium in which Iridium participates has been selected for the BAFO phase for the Dublin Metro project.
- In the United Kingdom, the consortium in which Iridium is a participant is shortlisted for the tender phase for the Borders Railway project. The project involves the design, construction, financing and maintenance of a stretch of railway 49 km long between Edinburgh, Scotland to the border with England, including 7 stations.
- In Chile, the ACS Group is shortlisted for several public facility and road concession projects, outstanding among which are the completion of the Concepcion Interconnection Port Logistic road and the Américo Vespucio Oriente motorway.



Important concession projects, both for transport and public facilities, were awarded to the ACS Group and the consortia in which its companies participate

Environment

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Urbaser and Clece are the two companies through which the ACS Group carries out its activity in the Environment area, where it is a leader in the domestic market and has over two decades of accumulated experience in these sectors

Environment



Business strategy

In the Environment area, the ACS Group maintains its strategy of pursuing the following objectives:

- Consolidating its current market share in Spain, especially with public clients, and promoting its growth with the objective of maintaining leadership in activities in the area of environmental services at the domestic level.
 - Boosting internal efficiency and that of its clients by means of the use of advanced technologies, continuing its commitment to training, specialisation and promotion of the company's workers.
 - Expanding its fields of action based on the experience acquired with the aim of ACS Group's Environment area becoming a pioneer in new processes and services, in new markets and expanding its services to new clients.
- Within the ACS Group's culture, on which this strategy is based, the Environment area contributes with responsibility for:
- Satisfying the expectations of public and private clients by promoting their outsourcing policies in those areas outside their core business.
 - Adapting to the evolution of projects, offering greater efficiency in the provision of services and guaranteeing maximum profitability both to clients and the ACS Group.
 - Working ceaselessly in the field of Research, Development and Innovation to ensure sustainable environmental processes and services.



To tackle these objectives and challenges, ACS Group Environment companies have solid and clear competitive advantages based on:

- **Technological innovation** in the management and treatment of waste, maintaining the commitment to carry out all its activities with the best environmental quality, which enables the Group to compete in any country in the world with excellent results.
- A **sound financial capacity** to be able to make long-term investments in projects both under a concession system and for third parties.
- **Experience** accumulated over two decades in Facility Management activities, conferring the area with new opportunities in business aimed both at companies and public authorities, in areas as diverse as social services, airport services, energy efficiency and industrial catering, among others.

ACS Group Environment companies have solid and clear competition advantages based on: technological innovation, a solid financial capacity and the experience acquired in the development of these activities

Environment



Activity description

During 2010, the ACS Group's Environment area achieved revenue of 2,548 million euros, which represents growth of 3.2%² with respect to 2009. The compound annual rate of revenue growth over the last 5 years is 7.6%, reaffirming leadership in this area in Spain and consolidating its position in the European market.

The Environment activity is grouped around two business lines: Environmental Services and Facility Management.

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, is the leader in the management of solid urban waste treatment plants in Spain, with significant growth in these activities abroad.

During 2010, Urbaser managed the following facilities for the treatment and disposal of solid urban waste:

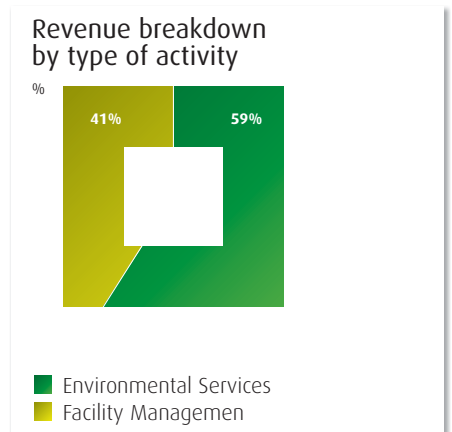
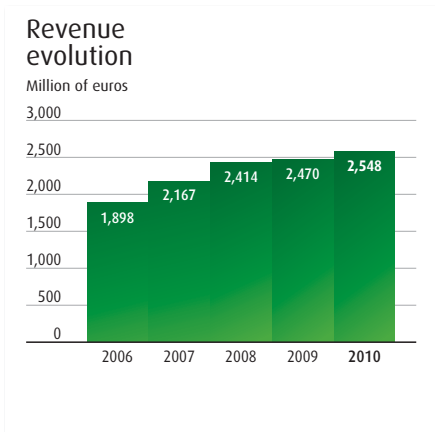
- 44 Plants for the pre-treatment of solid urban waste with an installed capacity of 7,026,436 tons/year.
- 9 Energy recovery plants with a treatment capacity of 2,266,000 tons/year and an installed electrical power of 244 MW.
- 19 Plants for the biomethanisation of organic fractions with an installed capacity of 1,361,260 tons/year.
- 50 Composting installations with an installed capacity of 2,584,568 tons/year.
- 78 Transfer plant installations with an installed capacity of 7,004,008 tons/year.
- 34 packaging treatment facilities.
- 48 Controlled waste dumps with an installed capacity of 9,179,439 tons/year.
- 14 Waste dump degasification installations which produce 421 Hm³ per year of biogas.

During 2010, Urbaser started up the integral solid urban waste plant in Marseilles (France), which processes 450,000 tons per year and which is in commercial operation. Furthermore, the waste incinerating plant in Mallorca with two new lines to treat 450,000 tons/year was also started up.

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

In addition, it treated and disposed of 4.7 million tons of inert waste and 150,000 tons of industrial waste; 109,477 tons for the regeneration of mineral oils and 167,000 tons of Marpol-type oils.

² In all the data in this section, the results contributed by the Port and Logistic Services activity have been excluded in order to make the historical data comparable with that for 2010. 2009 data restated applying IAS 31 and IFRIC 12.



Port and Logistic Services have been excluded from this data in order to make the comparison with 2010 homogeneous. 2009 data restated applying IAS 31 and IFRIC 12.

Within the water cycle, the following facilities continued to be managed throughout 2010:

- 142 Industrial water purifying stations for 1,175,000 m³ per day for the equivalent of 5,600,000 inhabitants.
- 19 Sewage operations for the equivalent of 1,385,000 inhabitants.
- 14 Water supply facilities for 229,000 m³ per day for the equivalent of 910,000 inhabitants.
- 7 Drinking water treatment plants at 250,000 m³ per day for the equivalent of 290,000 inhabitants.
- 8 Analysis and monitoring laboratories for the equivalent of 1,423,000 inhabitants.
- A central laboratory certified under ISO 9001 and accredited to ISO 17025 for drinking water, waste water and mud.

Facility Management activities include the services necessary for the optimum running of public or private use properties (facility maintenance, cleaning or ancillary services), green-market related activities (gardening, reforestation, environmental recovery, environmental education and awareness activities and the utilisation of natural heritage), care services for social collectives in situations of dependence, airport services and the management of advertising spaces in large installations and transport systems, without forgetting new activities with great potential for the future, such as industrial catering or energy efficiency.

Outstanding within these activities during 2010 were the following contracts carried out by the ACS Group:

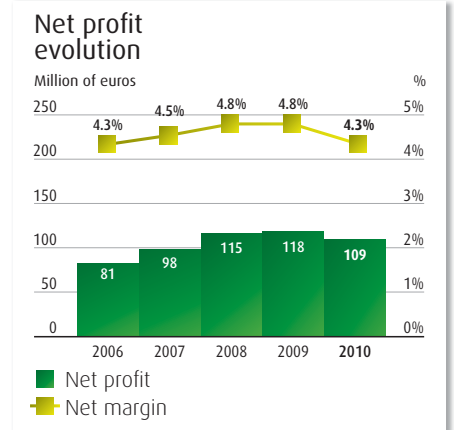
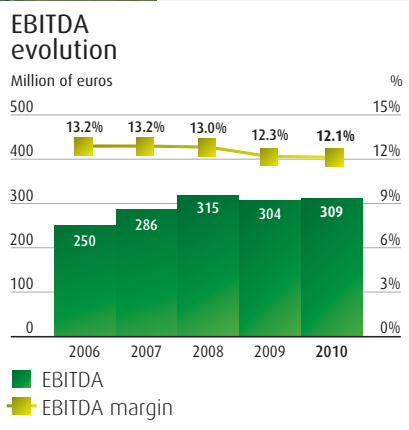
- **Contracts for maintenance** provided both to public authorities and large corporations, such as the contract for facility management for bases, barracks and other establishments for the Army; the management and operation of the theatres known as the Teatros del Canal and Teatro Auditorio at San Lorenzo de El Escorial (Madrid) or actions to improve the energy efficiency at the head office of the Ministry of Industry, Tourism and Trade in Madrid.
- **Cleaning services**, where contracts can be highlighted for the cleaning, disinfection and protection against insect pests for the Directorate General for the Police and Civil Guard; contracts for National Heritage in some of its most outstanding monumental buildings (Palacio de la Zarzuela, Palacio Real de Madrid, Reales Alcázares de Sevilla, etc) and cleaning services in various hospitals throughout the country such as Joan XXIII at Tarragona, Nuestra Señora de la Candelaria (Santa Cruz, Tenerife), etc.
- **Contracts for social healthcare and educational services** such as home help services in various Spanish cities (Zaragoza, Málaga, Valladolid, Córdoba, etc) and integral management of 8 infant schools promoted by the Community of Madrid.
- Services for the **mass catering area**, such as for hospitals (e.g. Son Espases in Palma; Arnau de Vilanova in Lérida and Bellvitge in Barcelona) and catering services for students at public learning centres in Seville.

Environment



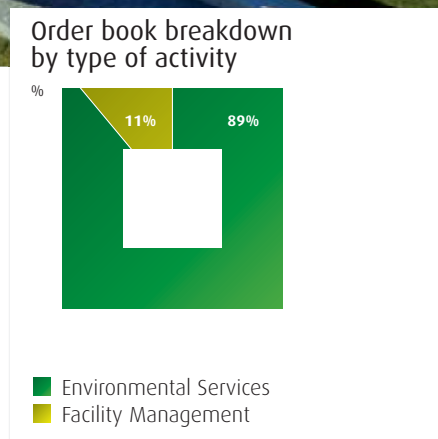
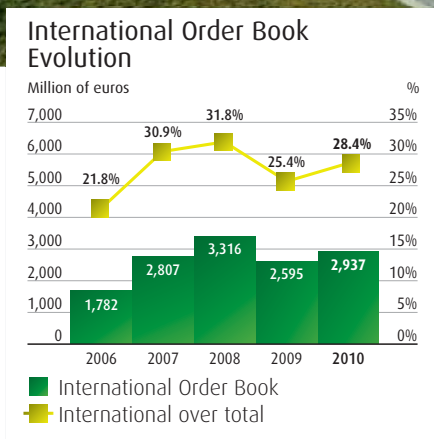
- Contracts for **airport services**, provided by the subsidiaries Multiservicios Aeroportuarios and Clever, for the cleaning of aircraft for different airlines; contracts for assistance to aircraft or assistance for people with reduced mobility in Fuerteventura, Ibiza, Murcia and La Palma airports.
- In the **advertising field**, the subsidiary Publimedia won significant contests such as that for the advertising exploitation of the outside of Madrid's Municipal Transport Company buses; the advertising on the Madrid-Valencia high-speed railway line and on Sevilla's metro network.
- In the **green market**, the maintenance and cleaning of the gardens in Málaga and various programmes for environmental education, such as La Fábrica del Sol (Barcelona), Centro Puente del Perdón (Madrid), etc can be highlighted.

Environment activities are based on medium- and long-term recurrent 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 visibility in the generation of revenue.



Port and Logistic Services have been excluded from this data in order to make the comparison with 2010 homogeneous. 2009 data restated applying IAS 31 and IFRIC 12.

The ACS Group's Environment order book amounted to 10,339 million euros in 2010, up 1.3% on the previous year. This figure is equivalent to 49 months of activity.



Port and Logistic Services have been excluded from this data in order to make the comparison with 2010 homogeneous. 2009 data restated applying IAS 31 and IFRIC 12.

Internationalisation

International turnover in the Environment area grew by 11.1% in 2010 to total 288 million euros, 11.3% of total turnover. The order book in the international area in 2010 was 2,937 million euros, 13.2% higher than the year before and representing 28.4% of the total order book. Sales and order book at an international level have experienced strong growth, at a compound annual rate of 10.5% and 13.3% respectively over the last five years, mainly as a consequence of the promotion of waste treatment plants, which has enabled ACS to tender for significant projects in large cities outside Spain.

The Environmental Services activity is the area with the greatest international presence. In the waste treatment area, where Urbaser has great experience due to the large number of treatment plants it has built and has in operation, significant projects came

to fruition in 2010 in France, Italy and Argentina. Bids have also been presented in the United Kingdom and the United States.

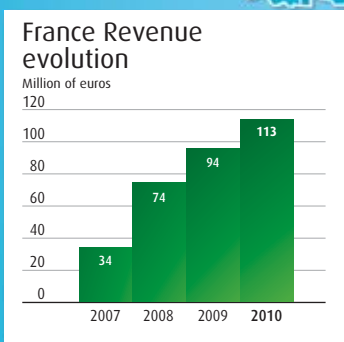
Furthermore, Urbaser has continued its activity derived from the contracts awarded in previous years in Morocco, Argentina, Colombia, the Dominican Republic, Venezuela, Panama, Mexico, Poland, Italy, Portugal, the United Kingdom and France.

Environment

Countries where the ACS Group is developing Environment activity

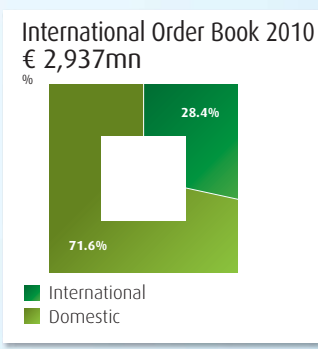
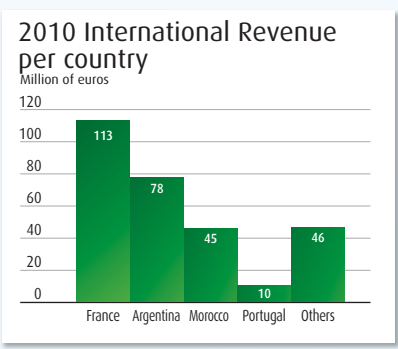


ACS Group presence in France in Environment activity



Main projects awarded in France in 2010

Project Description	Amount (Million of euros)
Construction and exploitation of an energy recovery plant in Bayona (France)	84
Urban waste collection services for the city of La Rochelle (France)	23
Urban waste collection services for Charleville-Mezières (France)	15



Environment



France

The development of Urbaser's activity in France in particular has been of special relevance in recent years. The market for treatment, waste collection and cleaning has shown itself to be particularly receptive to the arrival of the Urbaser Group, despite the fact that activity in this sector has traditionally been dominated by large French groups. French local authorities have looked favourably on the arrival of a new player in the market which has managed to stand out from its competitors due to its added technological value. Indeed, Urbaser started its instalment in France in the field of treatment, where it had the ability to take advantage of its specific know-how in the design, construction and operation of multidisciplinary treatment centres, including sorting, recycling, composting, methanisation and incineration of solid urban

The development of Urbaser's activity in France has been of special relevance in recent years where it has managed to stand out from its competitors due to its added technological value



waste, offering a global solution to waste management. Urbaser's great experience and improvements in the subject of treatment by methanisation boosted its positioning.

In the field of treatment, Urbaser bid for and was awarded a significant contract in 2010 for the construction and operation of a solid waste centre in Bayonne. Likewise, it completed the commissioning of the Marseille plant, with this starting its commercial operation.

In the field of collection, Urbaser bid for and contracted three new collection services in 2010, for La Rochelle (Charente-Maritime), Charleville-Mézières (Ardennes) and Givet (Ardennes).

The Urbaser Group continues to grow in the French market through 8 local companies which employ over 975 workers between employees

and direct collaborators. Revenue for the country reached a total of 113 million euros in 2010, representing growth of 20.3% with respect to 2009 revenue.

Thanks to this rapid and significant growth, Urbaser has an order book in the French market alone of over 1,500 million euros to date, this making it one of the five main waste collection and treatment companies in France.



Main contracts awarded

Main contracts awarded in 2010	Amount	Years	Country	Awarded company
Million of euros				
Cleaning, disinfected, treated for insects and treated for rodents services for the facilities of the Spanish Police.	89	2	Spain	Facility Management
Project for the construction and exploitation of an energy recovery plant in Bayona.	84	8	France	Environmental Services
Contract for the advertising in Madrid's urban buses.	76	7	Spain	Facility Management
Extension of the contract for the management of a solid urban waste treatment plant in Alicante.	62	21	Spain	Environmental Services
Contract for the water supply system of the city of Totana (Valencia).	57	22	Spain	Environmental Services
Extension of the contract for urban waste collection and treatment in the Hereford and Worcester County.	55	-	U.K.	Environmental Services
Contract for street cleaning services and urban waste collection in Aviles (Asturias).	46	10	Spain	Environmental Services
Extension of the contract for street cleaning and urban waste collection in Logroño.	38	8	Spain	Environmental Services
Contract for Parque Rio Madrid maintenance services (Madrid).	36	4	Spain	Facility Management
Street cleaning services and urban waste collection, transport and treatment in Calafell (Tarragona).	33	8	Spain	Environmental Services
Extension of the contract for the freight transportation in the Barajas Airport (Madrid).	27	5	Spain	Facility Management
Maintenance, logistics and cleaning services for Cat Spain vehicles.	26	2	Spain	Facility Management
Exploitation contract for an urban solid waste transfer plant in Ceuta.	26	6	Spain	Environmental Services
At-home medical care services for the city of Zaragoza.	25	4	Spain	Facility Management
Cleaning services for Joan XII Hospital in Tarragona and several Catalan health centers.	24	2	Spain	Facility Management
Urban waste collection services for the city of La Rochelle.	23	6	France	Environmental Services

Organisational Structure

Environment



Company specialising in waste management and treatment. Its activity encompasses street cleaning; beach cleaning, the management of urban gardening, the collection of solid urban waste, collection and treatment of hospital waste and disposal of industrial waste and waste from demolition and building and its subsequent treatment through the construction and operation of dumps and energy recovery plants; the management of renewable energies and cogeneration and integrated water cycle management.



Company specialised in 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, environmental education and awareness activities and the utilisation of natural heritage), care services for social collectives in situations of dependence, airport services, and the management of advertising spaces in large installations and transport systems.

Industrial Services

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The ACS Group's Industrial Services area is focused on developing, constructing, maintaining and operating power and industrial infrastructures in a large number of sectors

Industrial Services



Business strategy

The strategy in Industrial Services is aimed at maintaining sustainable and profitable growth, promoting the execution of projects within its specialist field in an efficient manner, both in Spain and in those countries where business opportunities arise. The strategic lines executed by this area are:

- To maintain a **position of leadership** which enables the ACS Group to participate in a very competitive sector from a privileged position, while attracting and retaining talent.
- To achieve a business balance which combines activities which provide **recurrence and visibility** of income and profit with specialised projects or “turnkey” solutions which provide its clients with ever more complete answers to their needs. All of this while maintaining a strict risk and cost control policy.
- To consolidate its position in the international field and to continue expanding the activity into new **markets** hand-in-hand with its clients, fulfilling rigorous profitability and stability criteria.

- To make continuous efforts in **technological innovation** through investment in new techniques and new assets to satisfy its clients’ needs.

The companies and professionals in this area of activity share the ACS Group’s values:

- A decentralised organisation focused 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.

To achieve the objectives set in the strategy, the Industrial Services area has the following competitive advantages:

- The ACS Group has long experience in the development of industrial and power infrastructures, both in the domestic market and in various foreign markets.
- A leading position in the promotion, development and maintenance of infrastructures related to electricity generation, both from renewable



sources (wind, solar, hydroelectric, biomass) and the development and maintenance of infrastructures for the generation of electricity from fossil fuels (combined cycle, coal-fired and nuclear power plants).

- A worldwide reference company in the development of large-scale infrastructures for the oil and gas industry, such as platforms and modules, projects for exploration and construction of wells, treatment and storage of natural gas and liquid hydrocarbons and “turnkey” projects for refineries and petrochemical plants.
- The ACS Group is one of the main investors in the development of high-voltage transmission lines under concessions in several countries and in the development of desalination and water treatment plants.
- A leading provider of maintenance, development and operating services for industrial infrastructures such as treatment and distribution networks for water, gas and electricity, thermodynamic and mechanical installations, railway and telecommunications systems.
- The ACS Group is the leading Spanish company in the development and maintenance of systems for public lighting, traffic management and industrial control.

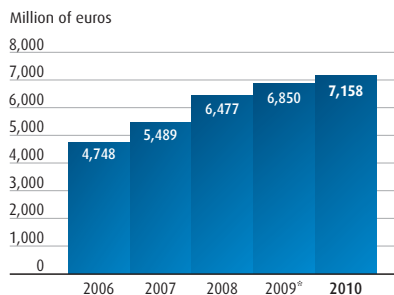
The strategy in Industrial Services is aimed at maintaining its leadership position, achieving a well-balanced business mix, expanding the activity to new markets and boosting technological innovation

Industrial Services

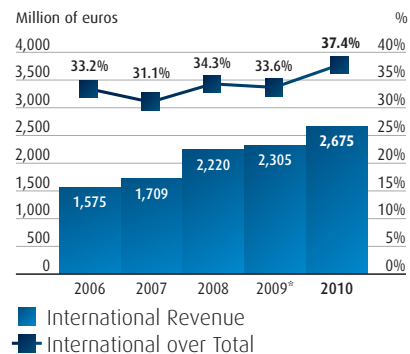
Activity description

In 2010, the Industrial Services area achieved a turnover of 7,158 million euros, representing growth of 4.5% with respect to 2009. The strong growth in activity experienced by Industrial Services over the last few years is reflected in the annual compound rate of growth of 10.8% recorded over the period between 2006 and 2010. The ACS Group consolidated its position for another year as the leading company in this sector in Spain and Latin America and as one of the main competitors in Europe and the other markets in which it operates.

Revenue evolution



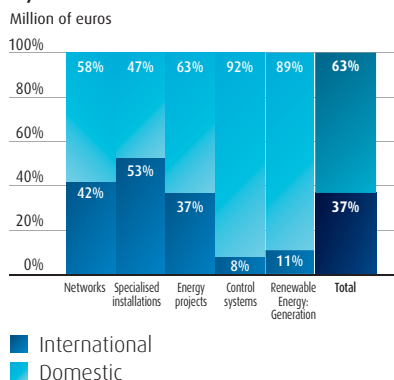
International revenue evolution



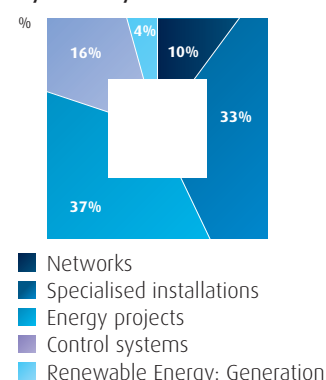
* Data restated applying IAS 31 and IFRIC 12.

Its extensive offering of services, its position of leadership and geographical spread offer great opportunities for development in markets with growing needs for these types of services. In 2010, sales in this area abroad represented 37.4% of the total, activities with Specialised Installations being the most international, with 52.9% of turnover from outside Spain.

Revenue breakdown by market



Revenue breakdown by activity





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

Support Services to Industry engages in industrial maintenance and includes 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 and 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.

The main projects carried out in 2010 in the area of Support Services to Industry were:

- Worthy of note among maintenance and construction of distribution **Network** installations are:
 - Construction and maintenance of the Gas Natural networks, including the gas distribution network, attending to urgent situations, industrial

connections and construction of community receiving facilities in various zones in Spain.

- Construction of 53 kilometres of gas gathering lines and over 17 kilometres of gas pipeline for handling of gas and liquids for the natural gas production field at Nejo, Mexico.
- Supply, transport, assembly and works for the remodelling of the primary electricity distribution subsystem for the city of Tarma in Peru.
- Construction and maintenance of the natural gas infrastructure on the Island of Mallorca, including the gas distribution network, the transport network, the receiving installations, maintenance of the liquefied natural gas plants and the expansion of the gas network by means of the inclusion of new supply points (Mallorca, Spain).
- Works to lay the output gas pipeline from the Poseidon gas production field underground (Cádiz, Spain).

Industrial Services



- Within **Specialised Installations**, the following projects are worthy of note:
 - The construction of 1,120 kilometres of high-voltage lines and the corresponding substations in Brazil.
 - Construction of transmission lines and associated electrical substations in Mexico, as well as the Occidente electrical substations or supply of power to the Manzanillo zone, among other projects.
 - Turnkey construction of 4 x 400 kV encapsulated substations and 575 kilometres of high-voltage lines in Libya.
 - Execution, supply and provision of assembly services for the railway line electrification project in the stretch between Xinxiang-Heze-Yanzhou y Rizhao in China.
 - Electrical and instrumentation assembly works for different units for the expansion of the Petrogal refinery at Sines (Portugal).
 - Decontamination services, waste treatments and mechanical maintenance for the Ascó and Vandellós nuclear power stations (Tarragona, Spain).
 - Electrification and structural works for the Alicante tram network (Spain).
 - Construction of 130 kilometres of transmission lines and associated auxiliary services at the border between Nicaragua and Costa Rica for the electrical interconnection system for the Central American countries.
- In **Control Systems**, the following contracts carried out in 2010 are worthy of note:
 - Prefabrication, assembly of pipes and equipment for the Port of Barcelona combined cycle gas power plant for Natural Gas (Barcelona, Spain).
 - Facility management for the Compostilla (León), Andorra (Teruel) and Puentes de García Rodríguez (La Coruña) thermal power stations in Spain.
 - Supply and mechanical assembly of gas-oil storage tanks for the company CLH at Loeches (Madrid).
 - Electrification works for the Atocha station expansion (Madrid, Spain).
- In **Control Systems**, the following contracts carried out in 2010 are worthy of note:
 - Contract for the installation of the traffic light network and supervision system using closed circuit television in various municipalities in the city of Lima (Peru).
 - Installation of dynamic signalling and control systems for traffic on the access roads to Cádiz (Spain).
 - Contract for the maintenance of public lighting in the north-eastern zone of Madrid (Spain).
 - Contract for the supply, installation, commissioning and maintenance of the control and supervision systems for the tunnels at Madeira (Portugal).



- Signalling supply and maintenance service for the trolley bus network in the city of Mérida (Venezuela).
- Installation of control systems, variable message panels, data capture stations and supervision services on the highway between the towns of Rabat, Casablanca and Settat (Morocco).
- Contract for the maintenance and replacement of vertical signalling in Bilbao (Spain).

In Energy Projects, the ACS Group engages in "turnkey" projects related to electricity, oil, gas and engineering applied to industry.

In 2010 the ACS Group participated in the following projects related to renewable energies:

- Turnkey execution of construction, equipment supply, assembly and commissioning works for the Manchazol I (Ciudad Real) and Extresol II (Badajoz) Thermal Solar Power Plants, each with an installed power of 49.9 MW.
- Turnkey execution of the works for construction, equipment supply, assembly and commissioning of the Montegordo (Huelva), Arroyal (Burgos) and El Viudo I and II (Valencia) wind farms, among other projects.

And in other Energy Projects (EPC³) related to oil and electricity and to engineering applied to industry, the most significant projects carried out in 2010 were:

- Construction of an electricity generating platform for the company Pemex in the Ku-Maloob-Zaap hydrocarbon production field in the Gulf of Mexico.
- Design, construction, operation, maintenance and connection to the electricity grid of various hydroelectric power plants in Panama, such as Pando, Monte Lirio, El Alto and Pedregalito among other projects.
- Project for the construction of an offshore accommodation platform for 201 people, including services for engineering, supply, loading, mooring and installation (Mexico).
- Construction of the Aceca combined cycle power plant with an installed power of 400 MW (Toledo, Spain).
- Project and construction for the desulphurisation plant for the La Robla thermal power station (León).

³ EPC: Engineering, Procurement and Construction.

Industrial Services



In **Renewable Energies**, at 31 December 2010, the ACS Group was participating in 44 operating wind farms with an installed power of 1,183.2 MW and an attributable power of 873.2 MW.

Furthermore, the Group is participating in 7 wind farms currently under construction, six in Spain and one in Mexico, with an installed power of 308.5 MW and an additional 21 wind farms in the financing or development phase with installed power of 1,617.8 MW.

In the area of thermal solar energy, the construction of the Extresol II (Badajoz) and Manchasol I (Ciudad Real) plants was completed in 2010, each with 49.9 MW of installed power. With these installations and the three plants completed in previous years, the ACS Group had an installed power of 249.5 MW at 31 December 2010. Two further thermal solar energy plants (Extresol III and Manchasol II) are also in the construction phase, to add 99.8 MW of installed power in the coming years. The ACS Group's 49.9 MW thermal solar plants have an advanced heat storage system which enables management of energy production, even producing power without solar radiation, and increases the load factor, clearly surpassing other plants without this technology.

The ACS Group has agreed to start the selling process of renewable assets that represents a net installed capacity of 1,757 MW in order to continue its activity of development, execution and maintenance of new projects



Seven projects are also in the financing or development phase within the area of solar energy: five projects in Spain and two projects for California Sun Power in the states of California and Nevada (USA), with a total installed power of 399.5 MW.

The total generated energy produced in 2010 by the ACS Group by means of renewable energies, both wind and thermal solar, amounted to 2,809 GWh, representing growth of 9.1% with respect to 2009 data.

Additionally, the ACS Group has been participating since 2009 in the area of energy generation from biomass, with its participation in three projects in Portugal which are in the financing or development phase, with a total installed power of 14 MW.

The ACS Group, having achieved a significant volume of operating assets, has agreed to start the process of selling both its domestic (registered or pre-registered in the corresponding public registers) and international renewable energy assets. This represents a total of 1,757 MW to be sold in order to release resources to continue its activity of development, execution and maintenance of new projects related with renewable energies.

At 31 December 2010, after the sale operation by ACS in December 2010 of a group of electricity transmission lines in Brazil, the ACS Group participated as a shareholder in 19 concession projects for the management of high-voltage lines in Brazil and Peru, with financing guaranteed by the Banco Nacional de Desenvolvimento Economico e Social do Brasil (BNDES). These projects total 6,913 kilometres.

The ACS Group has been developing equipment and technologies for water purification and desalination since 1983. The Group is now a world reference in this field, especially in the desalination of water by reverse osmosis, ranking 8th as a company in the world in the production of water desalinated using this method, thanks to its broad international experience in carrying out projects in countries such as Algeria, Australia, Mexico, etc. Outstanding due to their size and importance are the "Beni Saf" (Algeria) and "Cuenca del Llobregat" (Spain) desalination plants, with 200,000 m³/day of water production for human supply in each case.



Industrial Services



Wind farms in Operation	Location	Power (MW)
Santa Ana	Albacete	49.5
El Colmenar II	Almería	30.0
Serón I	Almería	50.0
Tinadas	Almería	10.0
Tíjola	Almería	36.8
La Noguera	Almería	29.9
El Perul	Burgos	51.8
La Lastra (Extension of El Perul)	Burgos	11.7
Lodoso	Burgos	49.5
Marmellar	Burgos	49.5
Lora I	Burgos	51.8
Lora II	Burgos	51.8
Las Calderas	Burgos	22.5
Sargentas	Burgos	24.0
Arroyal	Burgos	46.5
Las Vegas	Cádiz	23.0
Los Isletes	Cádiz	25.3
Chumillas*	Cuenca	50.0
Monte da Serra (Somozas)	La Coruña	16.1
Monte Marbán (Somozas)	La Coruña	11.4
Monte Villalbesa(Somozas)	La Coruña	22.2
Monte Redondo (Vimianzo)	La Coruña	49.5
Novo	La Coruña	18.8
Outes	La Coruña	35.1
Monte da Barda	La Coruña	3.3
Monte O'Barrigoso	La Coruña	3.3
Touriñán IV	La Coruña	24.7
Monte das Augas	La Coruña	3.0
Requeixo*	La Coruña	11.7
Raposeiras*	Logroño	40.5
Los Llanos* (Sierra de Utrera)	Málaga	19.8
El Juncal* (Sierra de Utrera)	Málaga	13.6
Trucafort (L'Enderrocada)	Tarragona	29.9
Ecovent II (Tortosa)	Tarragona	48.1
Sierra Las Carbas	Zamora	40.0
Alrota	Portugal	3.3
Alrota II	Portugal	1.7
Penamacor I	Portugal	20.0
Penamacor II	Portugal	14.7
Penamacor III	Portugal	20.0
Penamacor IIIB	Portugal	25.2
Penamacor III Exp.	Portugal	14.7
Sabugal	Portugal	25.2
Extension of Sabugal	Portugal	4.0
Wind farms in Operation		1,183.2

Note: The average stake is 73.80%. The average stake in those farms incorporated as fully consolidated is 79.27%, while for those incorporated using the equity method, the average stake is 31.52%.

* Companies accounted for by the equity method.



Wind farms under Construction	Location	Power (MW)
Monte Gordo	Huelva	48.0
Tesosanto	Salamanca	50.0
Santa Catalina	Valencia	25.5
El Viudo I	Valencia	40.0
El Viudo II	Valencia	26.0
Cerronegro	Valencia	16.0
Oaxaca I	Oaxaca (Mexico)	103.0
Wind farms under Construction		308.5

Note: The average stake is 92.25%

Wind farms in Promotion/Financing	Location	Power (MW)
Campete	Cáceres	32.0
Campillo	Cáceres	18.0
Argallén	Cáceres	6.0
Castilla-La Mancha	Cuenca	85.0
Loma del Capón*	Granada	30.6
Valcaire	Granada	14.4
Tajos de Bazán	Granada	30.6
Baza Caravaca	Granada	100.0
Palancas*	Oviedo	28.0
Buseco	Oviedo	50.0
Las Tadeas	Palencia	36.8
Valdehierro	Palencia	14.4
Bandeleras	Salamanca	36.0
Rodera Alta	Salamanca	34.0
Donado	Soria	50.0
Almazán Meco I	Soria	300.0
Almazán Meco II	Soria	200.0
Complejo Atlántica	Brasil	120.0
Marcona	Peru	32.0
Red Top Wind Power	Nuevo Mexico (U.S.A.)	150.0
U.S.A.	Texas (U.S.A.)	250.0
Wind farms in Promotion/Financing		1,617.8

Note: The average stake is 86.05%

* Companies accounted for by the equity method

Thermal Solar Energy in Operation	Location	Power (MW)
Extresol I	Badajoz	49.9
Extresol II	Badajoz	49.9
Manchasol I	Ciudad Real	49.9
Andasol I	Granada	49.9
Andasol II	Granada	49.9
Thermal Solar Energy in Operation		249.5

Note: The average stake is 100%.

Thermal Solar Energy under Construction	Location	Power (MW)
Extresol III	Badajoz	49.9
Manchasol II	Ciudad Real	49.9
Thermal Solar Energy under Construction		99.8

Note: 100% stakes.

Industrial Services

Thermal Solar Energy in Promotion	Location	Power (MW)
Andasol III	Granada	49.9
Andasol IV	Granada	49.9
Andasol V	Granada	49.9
Andasol VI	Granada	49.9
Andasol VII	Granada	49.9
California Sun Power	Nevada (U.S.A.)	50.0
California Sun Power	California (U.S.A.)	100.0
Thermal Solar Energy in Promotion		399.5

Note: 100% stakes.

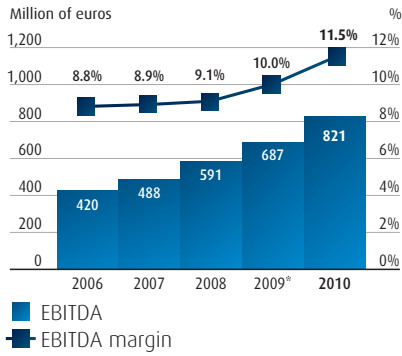
Biomass Energy in Promotion	Location	Power (MW)
Viseu	Portugal	5.0
Santarém	Portugal	6.0
Beja - Faro	Portugal	3.0
Biomass Energy in Promotion		14.0

Note: The average stake is 75%.

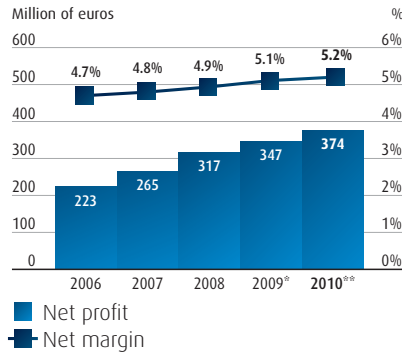
Transmission Line Concession Projects	Country	Km	Voltage (Kv)
UIRAPURU: Ivapora Londrina	Brazil	122	525
IEMG: Neves- Mesquita	Brazil	172	200
CPTe: Tijuco Preto- Cachoeira Paulista	Brazil	181	500
VCTE: Tucuruí - Vila do Conde	Brazil	324	500
ARTEMIS: Concessionaria Paraná Lote B03	Brazil	376	525
NTE: Xingó- Angetin- Campina Grande	Brazil	386	500/230
STE: Uruguaina-Maçambara- Santo Angelo- Santa Rosa	Brazil	386	230
Iracema: Sao Joao do Piaui- Milagres	Brazil	400	500
PPTe: Porto Primavera- Nova Porto Primavera - Imbirussu- Dourados	Brazil	509	440/230
IENNE: Cotinas- Sao Joao do Piaui	Brazil	720	500
JTE: Jairú Transmissora de Energia	Brazil	939	230
LTI: Linhas de Transmissao do Itatim	Brazil	988	440/230/138
IESUL: Nova Santa Rita- Scharlau, double circuit and electrical substation Scharlau	Brazil	23	230
Catxerê: Cuiabá - Ridaorinzho - Rio Verde Norte	Brazil	242	500
Araraquara: Araraquara 2 - Araraquara Furnas, Araraquara 2 - Araraquara CTE	Brazil	15	400/500
REDESUR	Peru	425	220
BTE: LT Chapadao - Imbirussu - Sidrolandia - Anastacio	Brazil	544	230/138
LTMC: Linhas de Transmissao de Montes Claros	Brazil	161	345
SLTE: Sete Lagoas electrical substation	Brazil		345/138
Total kilometres		6,913	

Gross operating income grew 19.6% in 2010 to 821 million euros, while ordinary net profit was 374 million euros, 7.9% above the figure for 2009.

EBITDA evolution



Net profit evolution

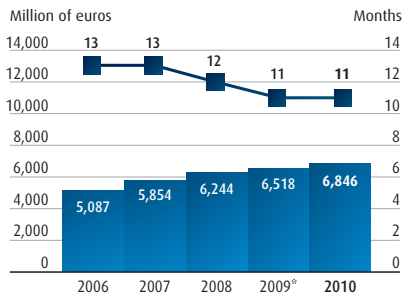


* Data restated applying IAS 31 and IFRIC 12.

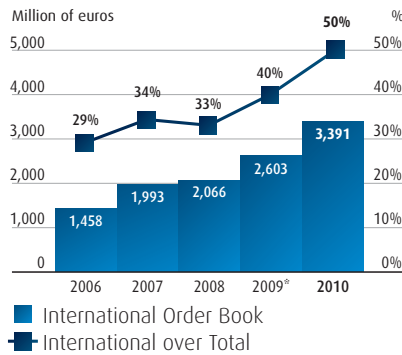
** The 2010 figure does not include the gain due to the sale of the transmission lines in Brazil.

Half of Industrial Services' turnover is recurrent in nature, mainly in high-visibility maintenance contracts. Industrial Service's order book grew by 5.0% in 2010 with an international order book of 3,391 million euros, representing 49.5% of the total.

Order book evolution

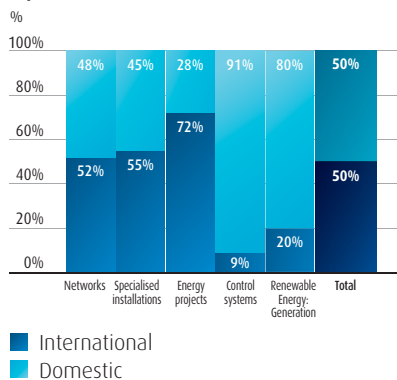


International order book evolution

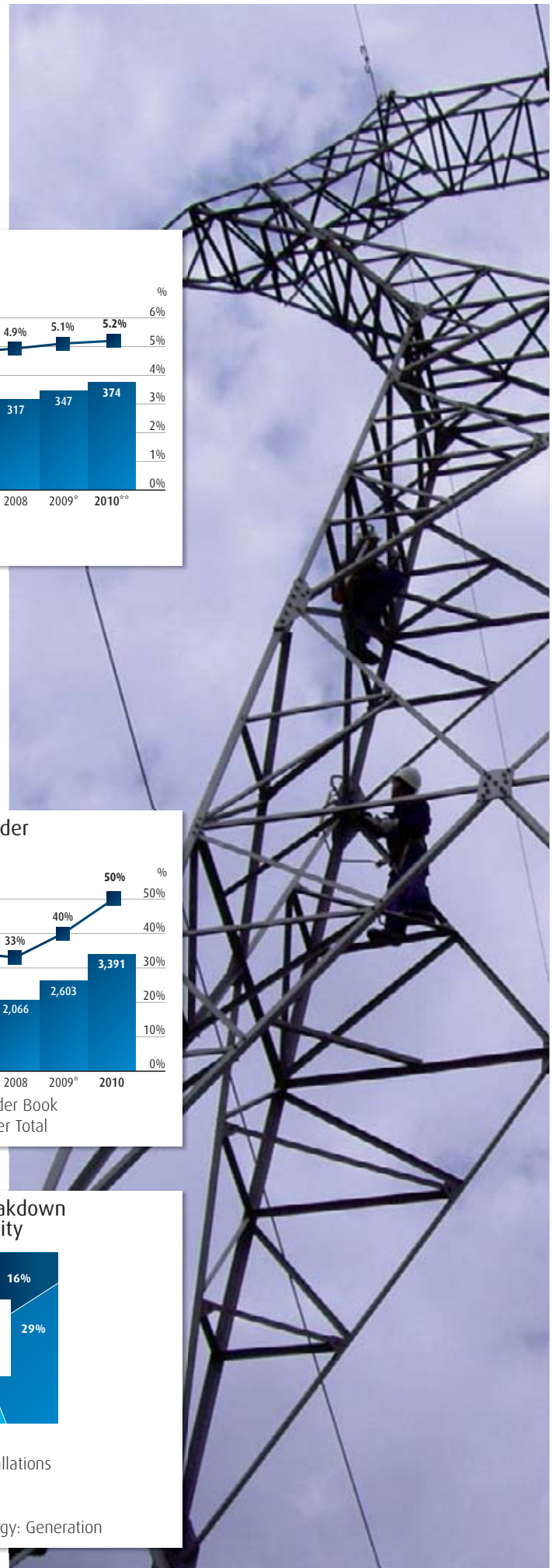
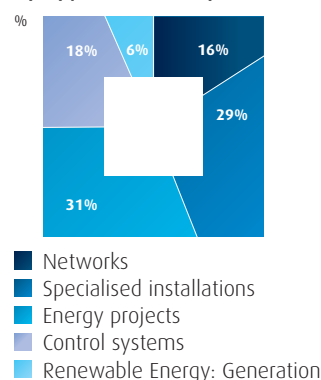


* Data restated applying IAS 31 and IFRIC 12.

Order book breakdown by market



Order book breakdown by type of activity





International order book grew by 30.3% versus 2009 and it now represents

50%
of the total

Internationalisation

The ACS Group, through its Industrial Services area, continued its international expansion process in 2010, achieving turnover outside Spain in the Industrial Services area 16.1% above the figure for 2009, reaching 2,675 million euros as such, which represents 37.4% of the total turnover for the area.

The order book for the foreign market was 3,391 million euros, recording growth of 30.3% with respect to 2009 and the international order book now represents 49.5% of the total. Sales and order book at an international level have recorded a compound annual rate of growth of 14.2% and 23.5% respectively over the last five years

The Industrial Services area is the ACS Group's most international area and has projects on all continents.

As such, it is present in the main countries in Western **Europe**, such as France, the United Kingdom and Germany, where it was recently awarded a contract to build a 400 MW combined cycle power plant at Mittelsbüren. New opportunities are arising in Northern European countries as well, mainly in the execution of contracts for offshore platforms, such as the contract for the expansion of the South Arne marine oil platform in Denmark and a contract for the construction of two topsides for an oil platform in the North Sea.

Similarly, activity has been growing in all the countries in **North Africa** in recent years, such as in Morocco where it was awarded the construction of a system for ammonia storage in 2010 for the company OCP and in Algeria where the Beni Saf desalination plant stands out. It also carried out contracts in other African countries such as Angola, Libya, Cameroon and South Africa. It has a constant presence in the Gulf countries of the **Middle East** and has been working in **India** for 10 years.

Likewise, the Group has started to carry out projects, mainly related to the renewable energies field, in the **United States**, also in 2010 executing projects in **Australia**, such as the Altona purification plant, and in **China** with railway line electrification on the stretch between Xinxiang-Heze-Yanzhou and Rizhao.

On the other hand, the ACS Group's Industrial Services area has a strong presence across almost all of **Latin America**, with turnover in this area in 2010 of around 1,850 million euros and over 8,800 employees. Significant infrastructure projects have

been carried out in recent years in countries, such as in Panama, where “turnkey” construction of several hydroelectric plants has been executed, such as Barro Blanco, Pando and Montelirio; in Venezuela, where the restoration of the Caracas underground and the construction of the transmission substations associated with the San Diego de Cabruticas thermoelectric power plant are worthy of note; in Peru with the project to build the Taboada purification plant; and in Chile, where, among other projects, the Cerro de Navia and Alto Jachuel electrical substations were executed and the second 150 MW thermal unit was constructed at the Andina thermoelectric power station at Mejillones.

Among all those Latin American countries in which ACS operates, Brazil and Mexico are considered reference markets due to the number of projects carried out and their great potential for expansion. As such, the ACS Group currently has contracts for the installation, management and maintenance of over 6,488 kilometres of high-voltage lines in Brazil. Also worthy of note in 2010 was the awarding of the turnkey project to develop 4 wind farms with an installed capacity of 120 MW in Río Grande do Sul.

The consolidation of ACS’s presence in these countries and the growth in its activities in the United States, Canada and Australia are the main objectives for this area in the international field over the coming years. This strategy for expansion is based on the Group’s capability to provide the technology, experience and capacity to resolve all those aspects of promotion, financing, construction, operation and maintenance of sophisticated infrastructures for a wide variety of technologies. The international expansion understood in this way will continue to provide the ACS Group, through its Industrial Services area, with a set of businesses with high recurrence and significant technical and financial requirements which will provide stability against fluctuations in the domestic market and critical mass which will enable it to invest in future development of greater experience and advanced technology.



Industrial Services

Countries where the ACS Group is developing Industrial Services activity



ACS Presence in Mexico in Industrial Services activity

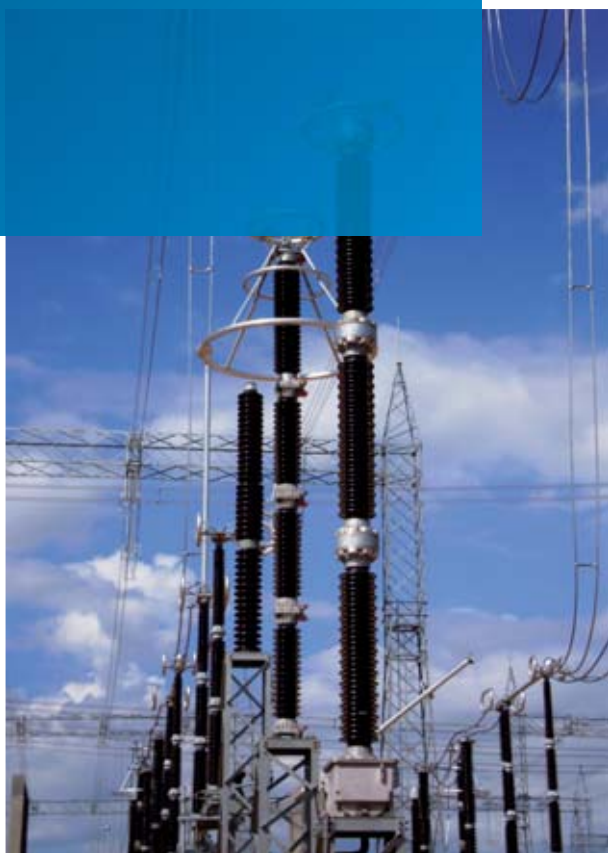


Main projects awarded in Mexico in 2010

Project Description	Amount (Million of euros)
Repowering of the Manzanillo combined cycle power station (1,400 MW).	748
Construction and maintenance of gas fields in the Nejo block in Tamaulipas.	732
Marine terminal for storage and distribution of liquefied petroleum gas in the port of Tuxpan in Veracruz.	37
Construction of 4 high-voltage lines and 2 electricity substations in the state of Jalisco.	27



Industrial Services



Mexico

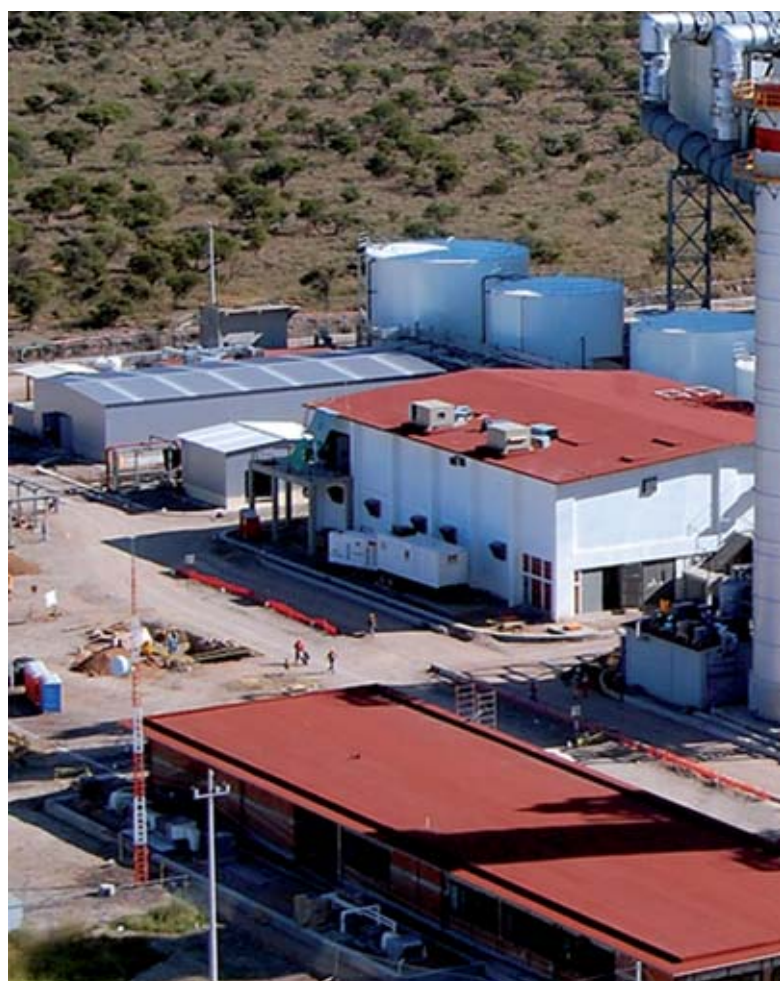
Mexico is one of the ACS Group's reference markets in the Industrial Services area, it being the leader in this country in the Industrial Services area applied to oil, gas and electricity, as well as one of the main suppliers of services to Pemex and the Federal Electricity Commission. Revenue totalled 1,028 million euros in 2010, representing an increase of over 75% on the previous year, derived from significant contracts awarded in this area in recent years. The ACS Group has 1,088 employees in this area.

Among the most significant projects in which the Group has participated in this country are:

- The expansion of the country's refining capacity with significant projects such as the Minatitlán refinery in the state of Veracruz.
- The construction and maintenance of gas fields in the Nejo block in the state of Tamaulipas was

Revenue in Mexico totalled 1,028 million euros in 2010, representing an increase over the previous year of

75%



awarded in 2010, along with the works for the expansion of this project.

- The construction of new oil platforms on the Gulf coast, such as that at the Activo Litoral Tabasco.
- The installation and maintenance of electricity generating plants, such as the Norte combined cycle power plant at Durango and San Lorenzo in Puebla. In addition, there is the execution and maintenance of transmission networks and their associated substations throughout the country, worthy of note among which is the project for the construction of 140 kilometres of transmission lines in the state of Nuevo León.
- The development of two wind farms in the state of Oaxaca, with total power of 100 MW.

The ACS Group was awarded new projects in Mexico during 2010, among which the following are worthy of note: the awarding of the project for the

repowering of the Manzanillo combined cycle power station in the state of Colima, with an installed capacity of 1,400 MW and with the sum of 750 million euros awarded in 2010; the marine terminal for storage and distribution of liquefied petroleum gas in the port of Tuxpan in Veracruz and works for the expansion of the Nejo gas field; as well as contracts for the Federal Electricity Commission, mainly with the awarding of 4 high-voltage lines and 2 electricity substations in the state of Jalisco and 61 kilometres of new high-voltage lines in the state of Campeche.

The significance and number of projects awarded in the country in recent years, as well as the investment commitment for energy development being made by the country's Government, ensure sustainable growth in the ACS Group's activity in Mexico over the coming years, where the objective is to continue to strengthen its position as one of the reference companies in the sector.



The significance and number of projects awarded in Mexico in recent years and the investment commitment for energy development being made by the country's Government, ensure sustainable growth in the ACS Group's activity in Mexico over the coming years

Main contracts awarded

Contracts awarded in 2010	Amount	Country	Type of project
Million of euros			
Project for the construction of the Manzanillo combined cycle plant, with and installed capacity of 1,400 MW.	747	Mexico	Energy Projects
Enlargement works for construction and maintenance of gas fields in the Nejo block located in the state of Tamaulipas.	732	Mexico	Specialized Products
Turnkey project for 4 wind farms with an installed capacity of 120 MW in Rio Grande do Sul.	238	Brazil	Energy Projects
Contract for the next 6 years for construction and maintenance a services for Endesa electrical distribution network.	190	Spain	Networks
Mittelsbüren combined cycle power plant construction, with an installed capacity of 400 MW.	145	Germany	Energy Projects
Contract for the expansion of the existing South Arne field offshore Denmark, that includes engineering, procurement and construction (EPC) of two wellhead platforms and the two jackets supporting these platforms.	96	Denmark	Energy Projects
Project for the enlargement of the Bahía Bizkaia Gas regassification plant (Vizcaya).	96	Spain	Energy Projects
Project for the engineering construction of two topsides and bridges associated for an oil offshore platform in the North Sea.	88	Norway	Energy Projects
Project for the construction of an ammonia storage system for OCP company in Jorf Lasfar.	67	Morocco	Specialized Products
Contract for the development of El Alto Maipo hydroelectric project.	65	Panama	Energy Projects
Engineering, Procurement and Construction for Barro Blanco hydropower project.	62	Panama	Energy Projects
Construction and maintenance of overhead line installations and associated systems for the stretch between Albacete and Alicante station on the high-speed line connecting Madrid, Castilla la Mancha, Valencia and Murcia.	57	Spain	Specialized Products
Engineering, procurement and construction (EPC) of a jacket for Ekofisk oil platform.	54	Norway	Energy Projects

Organisational Structure

Cobra Group



Industrial Services

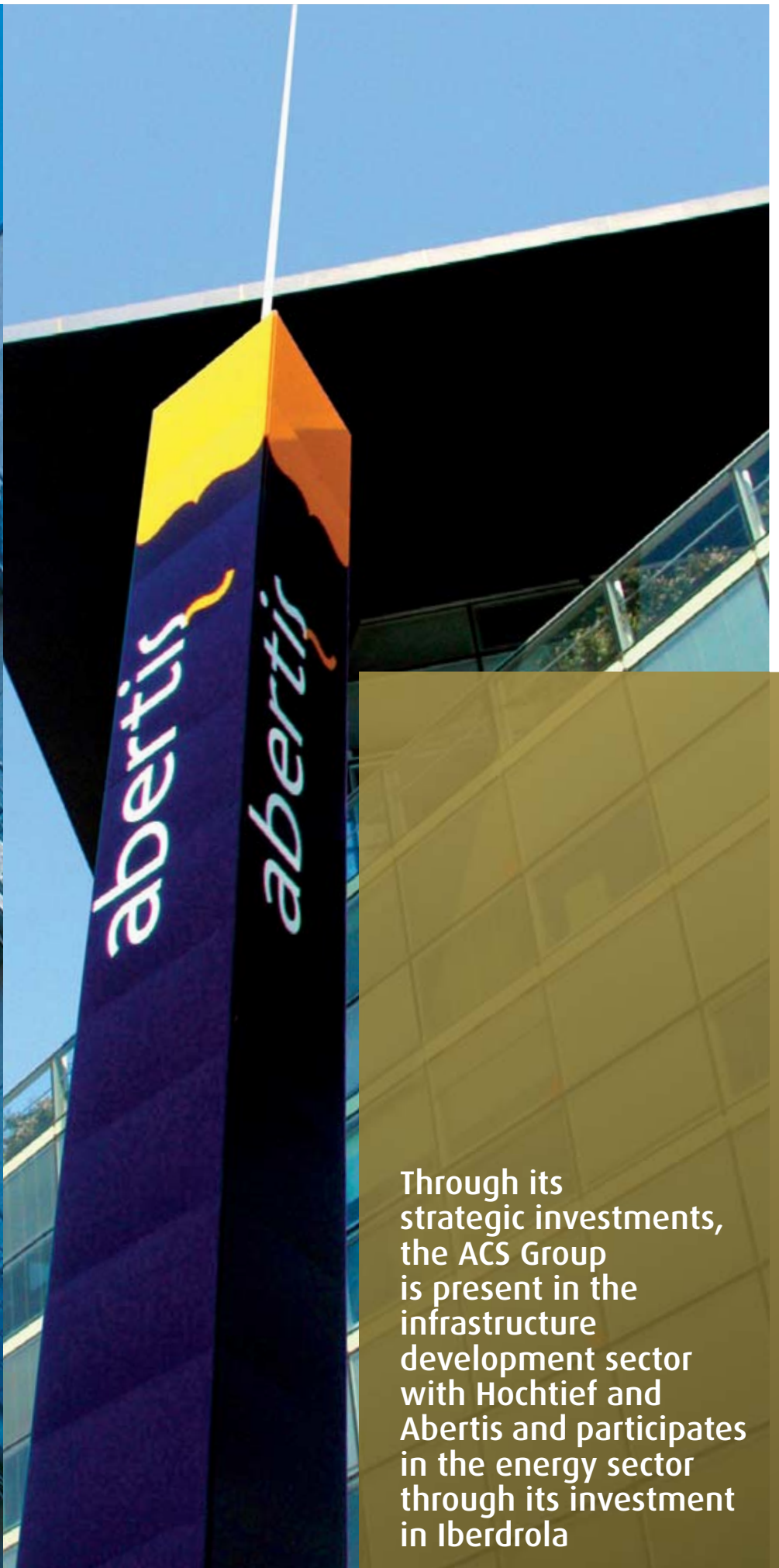
Dragados Industrial



Strategic Investments

Abertis **95**
Iberdrola **97**
Hochtief **98**





Through its strategic investments, the ACS Group is present in the infrastructure development sector with Hochtief and Abertis and participates in the energy sector through its investment in Iberdrola

Strategic Investments



Through its strategic investments, the ACS Group is present in the infrastructure development sector with Hochtief and Abertis and participates in the energy sector through its investment in Iberdrola.

The ACS Group completed a series of relevant operations in relation to these companies in 2010. In Abertis, ACS has brought in a new financial partner, enabling a new strategic push to be given to the project. The Group has also consolidated its position as the main shareholder in Iberdrola, increasing its stake to 20.2% of the company's share capital.

Lastly, the ACS Group, following its strategy of seeking global leadership in the infrastructure sector, launched a public tender offer for Hochtief, which was completed successfully in February 2011.

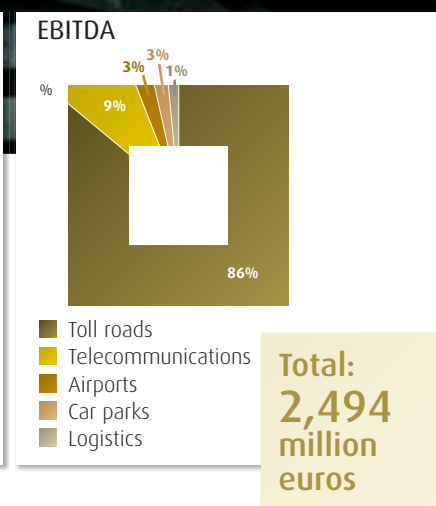
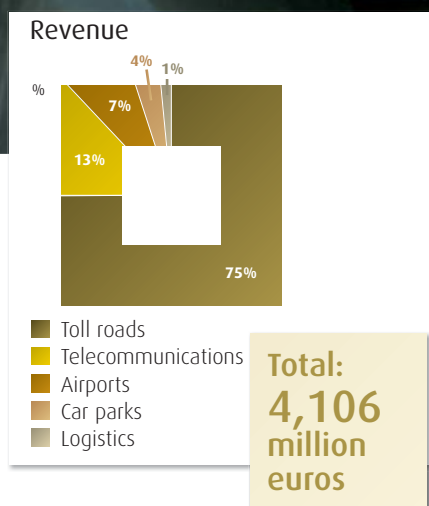
As such, the net contribution from the affiliates to the ACS Group's net profit in 2010 increased by 35.7% with respect to 2009, totalling 159.1 million euros.

Company	Sales*	EBITDA*	EBIT*	Net Profit*	Consolidation Method*	Capitalization 31/12/2010*	ACS's stake at 31/12/2010
Abertis	4,106	2,494	1,519	662	Equity Method	9,944	10.3%
Iberdrola	30,431	6,815	4,509	2,870	Non consolidated	31,631	20.2%
Hochtief	20,159	1,643	715	288	Equity Method	4,893	27.3%

* Figures in million euros.



abertis



Abertis is a leading company in infrastructure management worldwide, with a presence in 17 countries, and is the leader in the sector in the European market. Abertis participates in the management of infrastructures for mobility and telecommunications through five business areas: toll roads, telecommunications, airports, parking and logistics.

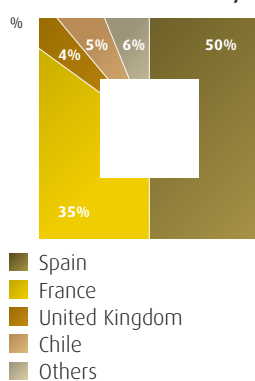
Abertis' revenue reached 4,106 million euros in 2010, representing growth of 5.2% with respect to 2009. All the business areas showed growth in their activity compared to 2009, with the positive development of the Toll roads area, which grew 5.9% with respect to 2009, standing out due to

increased traffic in France, slight increases in tolls and the positive impact of changes in the scope of consolidation. The increase in activity, added to greater operating efficiency, means that the company's net profit was 662 million euros at 31 December, 6.1% above that for 2009. This represents a contribution to the ACS Group by the equity method of 119.3 million euros.

Strategic Investments

The company's investment commitment, always following rigorous criteria for selection and required profitability to enable maintenance of a sound capital structure, has enabled its growth and expansion, achieving the figure of 50% of revenue from foreign markets in 2010.

International activity in 2010



Revenue	
Million of euros	
Spain	2,051
France	1,444
United Kingdom	177
Chile	192
Others	242
Total	4,106

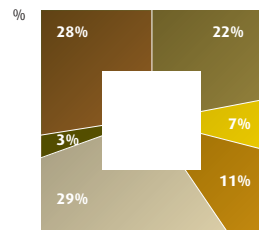
During 2010, Abertis made total investments of 756 million, of which 192 million correspond to maintenance investments while 564 million were for organic expansion. The following can be highlighted among the latter:

- Motorways in France (Sanef) and Spain (more specifically the AP-7 and other motorways) for the expansion of carriageways and investment in new constructions.
- Territorial deployment of Digital Terrestrial Television (DTT) and Hispasat.

The ACS Group's objective through its presence in Abertis, with 10.3% of its capital, is to participate in the operation and management of infrastructures across the whole value chain of the concessions business, acting as a reference industrial shareholder in the company.



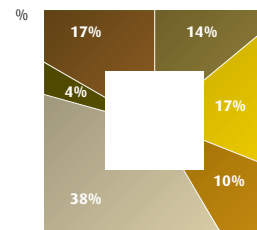
Installed capacity 2010



- Hydroelectric
- Nuclear
- Coal
- Gas combined cycle
- Cogeneration
- Renewables

Total:
44,991 MW

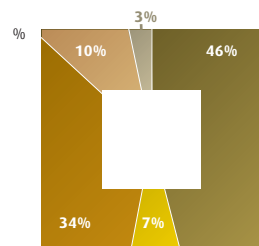
Production 2010



- Hydroelectric
- Nuclear
- Coal
- Gas combined cycle
- Cogeneration
- Renewables

Total:
154,073 GWh

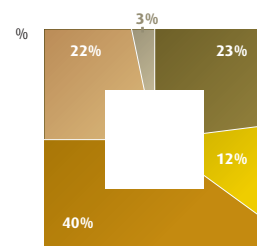
Installed capacity in renewables



- Wind Spain
- Wind U.K.
- Wind U.S.A.
- Wind Rest of the world
- Other renewables

Total:
12,532 MW

Pipeline for renewables



- Wind Spain
- Wind U.K.
- Wind U.S.A.
- Wind Rest of the world
- Other renewables

Total:
62,613 MW



IBERDROLA

Iberdrola is the leading energy company in Spain and over the last ten years has become established among the five largest energy companies in the world.

At an operating level, Iberdrola reached an installed capacity of 44,991 MW in 2010, a figure 3% higher than that in 2009. The increase in installed capacity, combined with the slight recovery in the demand for energy meant that Iberdrola's production rose 7.9% during 2010, totalling 154,073 GWh.

Iberdrola is characterised as having an efficient and balanced generating mix, which enables it to meet demand in any situation, at the same time as increasing its generation using technologies with low emissions levels, reaffirming its commitment to the environment. As such, 48% of the energy produced by Iberdrola in 2010 was by means of technologies which do not generate carbon dioxide emissions.

Iberdrola also participates in the energy distribution and commercialisation segment, and in December 2010 it had over 24 million electricity customers enabling it to distribute 203,090 GWh and around 3.2 million customers for gas with 2.25 bcm of gas distributed.

It is also the world leader in the development and generation of renewable energy, more specifically wind power, through its subsidiary Iberdrola Renovables. Installed capacity in renewables reached

12,532 MW in 2010, 16.6% above 2009. Of the total installed capacity, 51% is in the international area. Likewise, the company's international projection in the renewable energies field is reflected in its project portfolio, which is for 62,613 MW in the coming years, with 40% of these corresponding to projects in the United States, while another 34% correspond to projects in other international areas.

Its high level of internationalisation, its position as the worldwide leader in wind power, as well as proper management of operating efficiency and a sound financial structure, permitted the company's revenue to grow by 17.5% in 2010 to 30,431 million. EBITDA exceeded 7,500 million, 10.5% above the figure for 2009, and profit attributable to the company was 2,870 million euros.

The ACS Group is Iberdrola's main shareholder, with a stake which increased to reach 20.2% at 31 December 2010, reaffirming ACS' commitment as the company's reference industrial partner. Iberdrola's contribution to the ACS Group's profits in 2010 totalled 248.7 million euros, from recognition of dividends received, which is accounted for as financial profit.

Strategic Investments



Over the last four years, the ACS Group has been the main shareholder in Hochtief, the German group fundamentally dedicated to infrastructure development, with a stake of 27.3% of its share capital at 31 December 2010. In September 2010, the ACS Group decided to table a Public Tender Offer aimed at all the shareholders in the German company Hochtief A.G. This operation was completed satisfactorily in February 2011, yielding 3.64% of the equity capital in the German company.

Hochtief is the seventh largest company in the world in the construction sector and the third largest in Europe, according to ENR, with a workforce of over 70,000 employees and a sales volume of 20,159 million euros in 2010, while its profit reported was 288 million, 50% higher than the figure for 2009. Likewise, it is the company with the highest level of internationalisation in the sector, as such over 90% of the company's activity took place outside the German market in 2010. The main markets in which it operates are: Asia-Pacific, the United States, Central Europe and the Middle East, being one of the main private developers of infrastructure concessions and public buildings in the world.

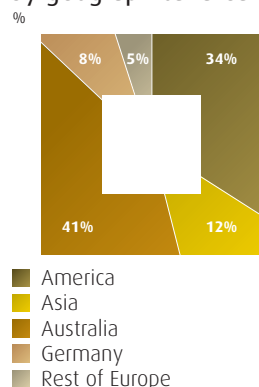
Hochtief's organisational structure is made up of six major business areas:

- Hochtief Americas: Carries out its business in the US through Turner and Flatiron and E.E. Cruz. 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. They carried out several projects jointly within the last year. Hochtief acquired E.E. Cruz in 2010. This company is dedicated to developing infrastructures in the New York area.
- 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 Middle East. Leighton engages in building, construction and development of infrastructures, and concessions and services. It is also one of the leading mine operating companies in the world.
- Hochtief Europe: Engages in construction in Europe, both in Germany and in other European countries such as the United Kingdom, Austria, Russia, Poland and the Czech Republic, as well as carrying out some projects in other countries such as Qatar and Chile. 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 in Germany, Austria, Greece and Chile and social infrastructures in Germany, the United Kingdom and Ireland. During 2010, in collaboration with Flatiron, it also started activity in the North American market.
- Hochtief Real Estate: Develops, executes and sells real estate projects, management and support services for the properties.
- Hochtief Services: Engages in integrated management of properties and installations, mainly in the industrial area, and carries out projects for efficient and responsible use of energy.

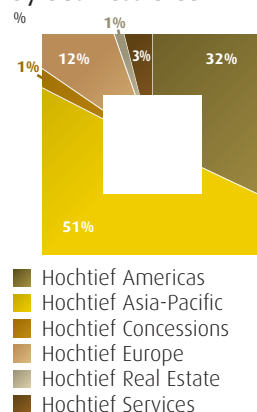
Hochtief is to reorganise its divisional structure as of 2011, with Hochtief Europe, Hochtief Real Estate and Hochtief Services passing to the new Hochtief Europe division, with which the Group's structure will be distributed into three large geographical divisions plus the Concessions area.

Hochtief ended 2010 with an order book of 47,486 million euros, of which 92% correspond to projects outside Germany. This order book figure represents coverage of 28.3 months of sales.

Revenue breakdown by geographical area



Revenue breakdown by business area



Outstanding among the main contract awards in 2010 are:

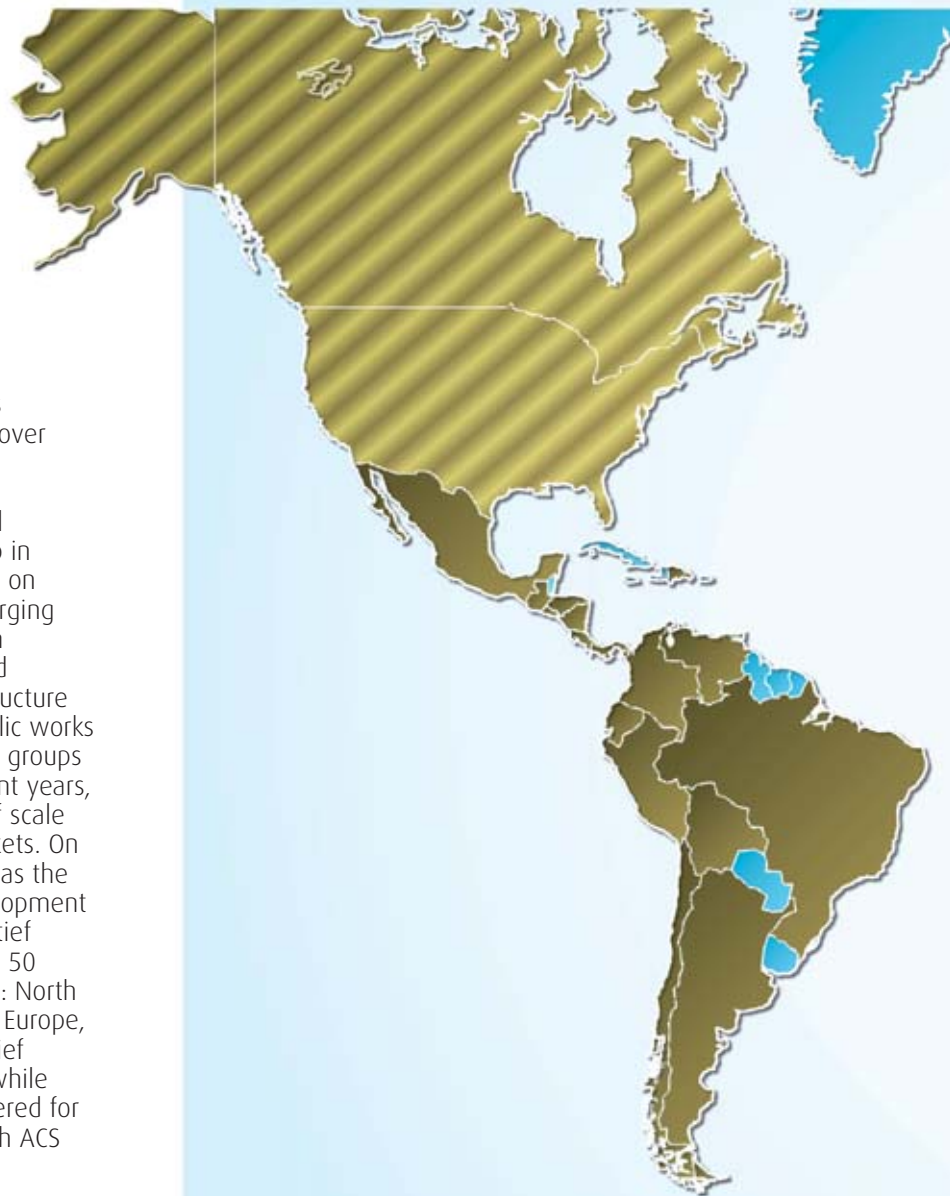
Project	Country	Division	Amount (million of euros)
Development, operation and production at the Pakri Barwadhi coal mine	India	Asia-Pacific	3,640
Additional services at Ukhaa Khudag Mine	Mongolia	Asia-Pacific	1,128
Extension of the mine coal contract in MSJ mine	Indonesia	Asia-Pacific	772
Extension of coal mine contract at the Mt Owen Coal Mine	Australia	Asia-Pacific	756
Construction of the tunnels and ventilation buildings for a section of a new rail link between mainland China and Hong Kong	China	Asia-Pacific	598
4th contract for civil works at Barrow Island	Australia	Asia-Pacific	577
Eastern Section of the Hunter Expressway in New South Wales	Australia	Asia-Pacific	577
120 km stretch of pipeline off the coast	Iraq	Asia-Pacific	525
Extension of contract to mine coal in the Curragh North Mine in Queensland	Australia	Asia-Pacific	521
Design and construction of a 10.5-kilometer rail line near Sydney	Australia	Asia-Pacific	408
Chenani-Nashri tunnel	India	Asia-Pacific	407
Design, building, financing, operation and maintainance of the Presidio Parkway in San Francisco	USA	Concessions	358
Upgrade of the Hills M2 Motorway	Australia	Asia-Pacific	331
Partial upgrade of Pacific Highway in New South Wales	Australia	Asia-Pacific	315
Remediating a stretch of river bed in the south arm of the Hunter River in New South Wales	Australia	Asia-Pacific	283
Contract mining at the Jellinbah Coal Mine in Queensland	Australia	Asia-Pacific	243
Design, financing, building and maintainance of ten schools in Alberta	Canada	Concessions	242
Construction contract by rail operator Queensland Rail	Australia	Asia-Pacific	229
Upgrade and maintainance of the electrical distribution network in Perth	Australia	Asia-Pacific	221
Building of a new hospital in San Jose, California	USA	Americas	220
Infrastructure for a new industrial zone at the Khalifa Port port complex in Abu Dhabi	United Arab Emirates	Asia-Pacific	208
Upgrade rail link between Keon Park and Epping north of Melbourne	Australia	Asia-Pacific	208
Creation of a new port facility to supplement the existing Cape Lambert port terminal	Australia	Asia-Pacific	201
Procurement, transportation and erection of the wind turbines for the Macarthur Wind Farm	Australia	Asia-Pacific	201
Construction of major elements of the German Baltic EnBW Baltic 2 offshore wind farm	Germany	Europe	191
Extension of Prague Metro	Czech Republic	Europe	190
Building of a sewage sludge incineration facility in Hong Kong	China	Asia-Pacific	184
Planning and building of the Oakland Airport Connector in California	USA	Americas	184
Construction of the offshore wind farm Global Tech I in the German North Sea	Germany	Europe	175

Strategic investments

Countries where the ACS Group and Hochtief are developing their activities

With the offer for Hochtief completed satisfactorily, the ACS Group maintains its objective of obtaining a stake of slightly over 50% in the company.

After consolidation, ACS and Hochtief will become the leading infrastructures group in the western world, with a solid presence on all continents and a unique place in emerging markets. This consolidation will give both companies great potential for growth and profitability, fundamentally in the infrastructure concessions sector and that for large public works and institutional building, where the two groups have already collaborated closely in recent years, so benefitting from greater economies of scale as well as access to global financial markets. On the other hand, this operation will serve as the basis for boosting the international development of the two companies. So, ACS and Hochtief will have a stable presence in more than 50 countries in all the world's great markets: North America, Latin America, the Middle East, Europe, South-east Asia and Oceania, with Hochtief complementing ACS' areas of influence while significant business opportunities are offered for Hochtief to exploit new activities in which ACS has great experience.





- Mainly ACS Group presence
- Mainly Hochtief presence

ACS and Hochtief will have a stable presence in more than 50 countries in all the world's significant markets

Main Economic- Financial figures of the ACS Group



Business performance of the ACS Group in 2010

Key operating and financial indicators	2009	2010	Var. 10/09
Million of euros			
Turnover	15,387.4	15,379.7	0.0%
<i>International</i>	25.8%	31.8%	+23.1%
Operating Cash Flow (EBITDA)	1,429.3	1,505.2	+5.3%
<i>Margin</i>	9.3%	9.8%	
Ordinary Operating Profit (EBIT)	1,073.9	1,099.3	+2.4%
<i>Margin</i>	7.0%	7.1%	
Ordinary Net Profit from Continuing Operations*	836.9	923.1	+10.3%
Ordinary EPS from Continuing Operations	2.69 €	3.08 €	+14.6%
Attributable Net Profit	1,946.2	1,312.6	-32.6%
Cash Flow from Operations	1,590.5	1,376.6	-13.4%
Net Investments	(1,327.2)	2,324.4	n.a.
Investments	4,577.9	5,111.9	+11.7%
Disposals	5,905.1	2,787.5	-52.8%
Total Net Debt	9,089.3	8,003.1	-12.0%
Net Debt with recourse	219.3	956.6	+336.2%
Non recourse Financing	8,870.0	7,046.5	-20.6%

* Profit after taxes not including exceptional results nor profits from discontinued operations.

Note: Data presented with ACS Group management criteria, which may differ from the presentation criteria of the consolidated financial statements. Data from 2009 is presented in comparable terms by applying IAS 31 and IFRIC 12 interpretation.



For the ACS Group 2010 has been a positive year; it had turnover of 15,380 million euros, practically equal to the sales of 2009, while the Group's international sales continue to grow substantially (+23.1%), as does its portfolio (+22.7%). In 2010, domestic production has seen a drop of 8.1%.

In accordance with the operating results, the gross operating income of the Group grew by 5.3% to 1,505 million euros, while the operating profit increased by 2.4% to 1,099 million euros. The ordinary net profit from continuing activities, that is, basically excluding the gains from the sales of Abertis in 2010 and Union Fenosa in 2009, as well as the contribution of SPL in prior periods, grew by 10.3% to 923 million euros and the corresponding earnings per share increased by 14.6%, totaling 3.08 euros.

Net profit attributable to the Group amounted to 1,313 million euros and includes, among others, the 384 million euros from the gain net of taxes by the sale of 15.5% of Abertis. The figure is 32.6% lower than that recorded in 2009. That period included the result from the sale of 35.3% of Union Fenosa (1,001 million euros).

As far as the cash generation capacity of ACS, the funds generated by the operating activities before the working capital variation amounted to 1,188 million euros, 5.6% more than in 2009. The positive performance of the working capital fund

has allowed the funds generated by operations in 2010 to reach 1,377 million euros. Likewise, investments have been carried out at a value of 5,112 million euros. The divestitures reached 2,788 million euros, basically due to the sales transaction of the 15.5% of Abertis.

The total net debt amounted to 8,003 million euros, of which 957 million euros pertained to recourse debt, while the non-recourse debt stood at 7,046 million euros.

Main Economic- Financial figures of the ACS Group

During 2010 several strategic decisions were made designed to strengthen financial soundness, international expansion of the Group and the creation of value for the shareholder:

- Throughout 2010, the ACS Group acquired 477.5 million shares of Iberdrola, equivalent to 8.7% of the current capital of the electricity company, which involved an investment of 2,753 million euros. The stake of the ACS Group in Iberdrola stood at 20.2% of the total capital at 31 December 2010.
- On 17 December 2010, the ACS Group sold its stake in eight electrical power transmission lines in Brazil for a sale price of 278.4 million euros, having obtained a gain before tax of 38.8 million euros.
- On 2 December 2010, the ACS Group completed the sale process of the entire share capital of SPL, the parent company of the Group in the line of business of Port and Logistics Services within the Environmental business area, for a total company value greater than 700 million euros, excluding the international assets and the holdings in Remolcadores de Barcelona, S.A. and Sintax Logística, S.A.
- On 25 November 2010 the ACS Group agreed to initiate the sales process of its renewable energy assets, both national –registered or pre-registered at the corresponding public registers - and international, which involve a total of 2,148 MW (1,757 MW attributable to ACS).
- On 16 September 2010, the ACS Group decided to prepare a takeover bid targeting all of the shareholders of the German company Hochtief A.G., payable in shares finally at a rate of 9 shares of ACS for every 5 shares of Hochtief. On 4 February 2011, the takeover bid was completed satisfactorily, for a total of 2,805,599 shares representing 3.64% of the share capital of Hochtief A.G. Currently the Group holds 37.6% of the share capital of the German company.
- In August of 2010, ACS closed the partial sales transaction of its stake in Abertis to some investment funds managed by the CVC company. The transaction was structured so that ACS and CVC are partners in some instruments that control the 25.8% stake of Abertis. In said structure, 60% belongs to CVC and 40% to ACS. In this manner, ACS and CVC participate actively in the management of Abertis, being present in its management bodies and promoting the company in the same way that ACS has done to date.

The transaction was performed at a price of 15 euros per share, and therefore the total valuation of the ACS stake was 2,900 million euros. The transaction was financed with 50% equity and the remaining 50% through credits from different financial institutions, both Spanish and international.

The gain before tax obtained by the ACS Group as a result of the partial transfer of its stake in Abertis representing 15.55% of the share capital amounted to 520 million euros, with the ACS Group having increased its net cash position by 2,263 million euros as a result of the transaction.

- On 30 June 2010, the one-year extension to the maturity of the derivatives contract on the Iberdrola shares (“equity swap”) was signed with the Natixis bank, representing 4.68% of the current share capital of the electricity company, setting the new contract completion date at March 2012 and maintaining all other conditions.

Consolidated income statement of the ACS Group

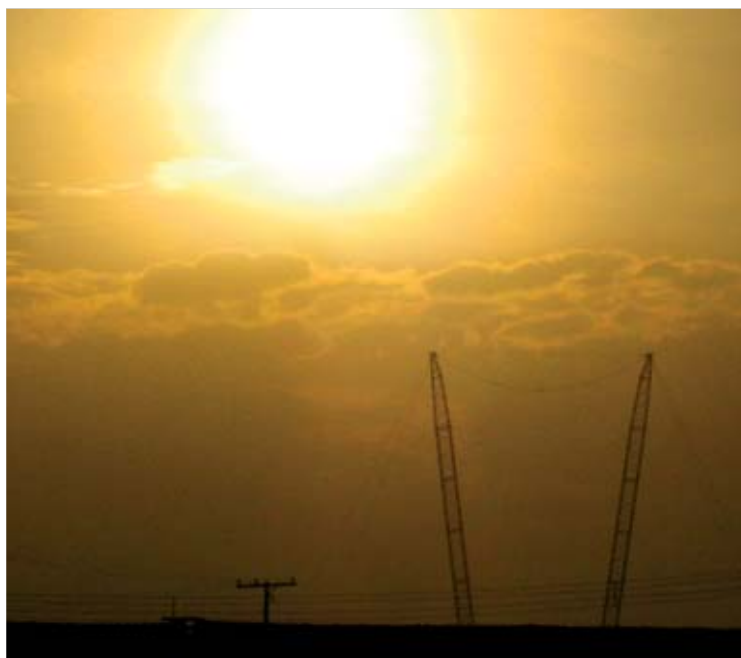


Consolidated Income Statement	2009	%	2010	%	Var. 10/09
Million of euros					
Net Sales	15,387.4	100.0%	15,379.7	100.0%	0.0%
Other revenues	389.1	2.5%	356.3	2.3%	-8.4%
Total Income	15,776.5	102.5%	15,736.0	102.3%	-0.3%
Operating expenses	(10,568.9)	(68.7%)	(10,194.9)	(66.3%)	-3.5%
Personnel expenses	(3,778.3)	(24.6%)	(4,035.9)	(26.2%)	+6.8%
Operating Cash Flow (EBITDA)	1,429.3	9.3%	1,505.2	9.8%	+5.3%
Fixed assets depreciation	(343.2)	(2.2%)	(404.7)	(2.6%)	+17.9%
Current assets provisions	(12.1)	(0.1%)	(1.3)	(0.0%)	n.a.
Ordinary Operating Profit (EBIT)	1,073.9	7.0%	1,099.3	7.1%	+2.4%
Fixed assets depreciation	0.3	0.0%	(18.2)	(0.1%)	n.a.
Other operating results	(39.5)	(0.3%)	(4.1)	(0.0%)	n.a.
Operating Profit	1,034.8	6.7%	1,077.0	7.0%	+4.1%
Financial income	377.9	2.5%	492.9	3.2%	+30.4%
Financial expenses	(661.0)	(4.3%)	(808.5)	(5.3%)	+22.3%
Ordinary Financial Result	(283.1)	(1.8%)	(315.6)	(2.1%)	+11.5%
Foreign exchange Results	(3.7)	(0.0%)	25.2	0.2%	n.a.
Impairment non current assets results	(2.3)	(0.0%)	(0.5)	(0.0%)	n.a.
Results on non current assets disposals	22.8	0.1%	536.2	3.5%	n.a.
Net Financial Result	(266.2)	(1.7%)	245.3	1.6%	-192.1%
Results on equity method	212.7	1.4%	222.2	1.4%	+4.5%
Ordinary income of continued operations	981.2	6.4%	1,544.5	10.0%	+57.4%
Corporate income tax	(117.5)	(0.8%)	(233.0)	(1.5%)	+98.3%
Profit after taxes of the continued operations	863.7	5.6%	1,311.5	8.5%	+51.8%
Profit after taxes of the discontinued operations	1,113.0	7.2%	43.2	0.3%	n.a.
Consolidated Result	1,976.7	12.8%	1,354.8	8.8%	-31.5%
Minority interest	(30.5)	(0.2%)	(42.2)	(0.3%)	+38.3%
Net Profit Attributable to the Parent Company	1,946.2	12.6%	1,312.6	8.5%	-32.6%

Main Economic- Financial figures of the ACS Group

Consolidated Balance Sheet at 31 December

Consolidated Balance Sheet	2009	%	2010	%	Var. 10/09
Million of euros					
Intangible Fixed Assets	1,675.4	5.3%	1,613.7	4.7%	-3.7%
Tangible Fixed Assets	1,239.0	4.0%	1,218.2	3.6%	-1.7%
Concession Projects Assets	4,502.5	14.4%	2,380.3	7.0%	-47.1%
Property Assets	61.0	0.2%	57.2	0.2%	-6.3%
Investments accounted by Equity Method	4,193.7	13.4%	2,333.4	6.8%	-44.4%
Long Term Financial Investments	5,012.3	16.0%	7,508.6	22.0%	+49.8%
Financial Instruments Debtors	21.7	0.1%	59.8	0.2%	+175.0%
Deferred Taxes Assets	774.5	2.5%	824.0	2.4%	+6.4%
Fixed and Non-current Assets	17,480.1	55.7%	15,995.0	46.8%	-8.5%
Non Current Assets Held for Sale	1,134.0	3.6%	4,576.7	13.4%	+303.6%
Inventories	653.7	2.1%	618.0	1.8%	-5.5%
Accounts receivables	7,080.2	22.6%	6,939.2	20.3%	-2.0%
Short Term Financial Investments	2,757.9	8.8%	3,502.2	10.2%	+27.0%
Other Short Term Assets	84.0	0.3%	100.8	0.3%	+20.0%
Cash and banks	2,171.3	6.9%	2,452.6	7.2%	+13.0%
Current Assets	13,881.1	44.3%	18,189.5	53.2%	+31.0%
Total Assets	31,361.2	100.0%	34,184.5	100.0%	+9.0%
Shareholders' Equity	5,225.8	16.7%	5,519.2	16.1%	+5.6%
Adjustment s from Value Changes	(1,006.1)	(3.2%)	(1,340.7)	(3.9%)	+33.2%
Minority Interests	288.3	0.9%	263.8	0.8%	-8.5%
Net Worth	4,507.9	14.4%	4,442.4	13.0%	-1.5%
Subsidies	90.5	0.3%	69.9	0.2%	-22.7%
Long Term Financial Liabilities	11,636.8	37.1%	9,621.2	28.1%	-17.3%
Deferred Taxes Liabilities	371.1	1.2%	270.8	0.8%	-27.0%
Long Term Provisions	394.0	1.3%	407.2	1.2%	+3.3%
Financial Instruments Creditors	319.9	1.0%	240.4	0.7%	-24.8%
Other Long Term Accrued Liabilities	241.7	0.8%	161.3	0.5%	-33.3%
Non-current Liabilities	13,054.2	41.6%	10,771.0	31.5%	-17.5%
Liabilities from Assets Held for Sale	800.3	2.6%	3,590.1	10.5%	+348.6%
Short Term Provisions	268.4	0.9%	233.3	0.7%	-13.1%
Short Term Financial Liabilities	2,381.6	7.6%	4,336.7	12.7%	+82.1%
Trade accounts payables	9,773.1	31.2%	10,154.7	29.7%	+3.9%
Other current payables	575.7	1.8%	656.3	1.9%	+14.0%
Current Liabilities	13,799.1	44.0%	18,971.1	55.5%	+37.5%
Total equity & liabilities	31,361.2	100.0%	34,184.5	100.0%	+9.0%



Cash Flow Statement

Cash Flow Statement	2009	2010	Var. 10/09
Million of euros			
Net Profit	1,946.2	1,312.6	-32.6%
Adjustments to net profit without cash flow	(821.6)	(124.7)	
Working Capital Variation	465.9	188.7	
Cash Flow from Operating Activities	1,590.5	1,376.6	-13.4%
1. Investments	(4,577.9)	(4,857.9)	
2. Disinvestments	5,905.1	2,787.5	
Cash flow from Investing Activities	1,327.2	(2,070.4)	n.a.
1. Treasury stock acquisition	(465.7)	(332.7)	
3. Dividends paid	(653.2)	(618.2)	
4. Other adjustments	(230.8)	(111.9)	
Other Cash Flows	(1,349.7)	(1,062.8)	-21.3%
Total Cash Flow	1,568.0	(1,756.6)	n.a.

Significant events subsequent to year-end

Noteworthy is the completion of the takeover bid of Hochtief in February 2011 through the swapping of ACS treasury shares for Hochtief shares, reaching a 33.49% holding at that time. At the date of preparation of these financial statements, the ACS Group had reached approximately a 37.6% holding in the share capital.

In addition, on 10 February 2011, the ACS Group signed a non-recourse financing contract in which BBVA acts as an agent, for the amount of 2,059 million euros, which expands the financing of Residencial Monte Carmelo, S.A. (a company that holds 6.58% of Iberdrola shares) by three years to 28 December 2014. With this transaction, the Group managed to refinance the most relevant financing debt that would mature in 2011.

In relation to the legal proceedings that are being pursued at Commercial Court No. 1 of Bilbao, in a lawsuit for annulment of the agreement of the General Shareholders' Meeting of Iberdrola on 26 March 2010, whereby the Director chosen by ACS resigned by exercising his right of proportional representation. On 26 January 2011, notification was received of the judgment dismissing the lawsuit, and not being in agreement with the content of said judgment, ACS decided to file the appropriate appeal that shall be ruled upon by the Provincial Court of Biscay.

The ACS Group's Commitment to Sustainability

ACS's Business Sustainability

The ACS Group has a decentralised structure based around its four areas of activity,

**Construction,
Concessions,
Environment and
Industrial Services,**

and carries out its activities through dozens of different companies. This multi-brand organisation encourages the Group's companies to compete and carry out their work independently, at the same time sharing common guidelines which add value for their clients.

Although all the ACS Group companies share the Group's values and culture, each operates in a standalone manner, contributing individually more than twenty valid and profitable management formulas thanks to the multiple factors involved in their decision making and which generate know-how and good practices which are also independent.

Each of the ACS Group's companies is managed autonomously, with independent functional managements and flexible and sovereign executive bodies.

This organisation encourages:

- *Decentralisation.*
- *Reduced bureaucracy.*
- *Entrepreneurship.*
- *Competitiveness.*
- *Flexibility and ability to adapt.*
- *Diversity.*

Therefore, contributions from a multitude of companies come together in the ACS Group's Sustainability effort, defining its policies for action autonomously and managing their resources in the most efficient manner possible, always covered by a common objective. Their special features are ACS's angular stone of business success and their Corporate Responsibility policy.

The ACS Group's Five Commitments



The ACS Group sets the context for its Corporate Responsibility activities according to its commitment to sustainability which, in turn, is summarised in five commitments the company makes voluntarily and responsibly.

The ACS Group's Commitment to Sustainability

Commitment to the Creation of Value

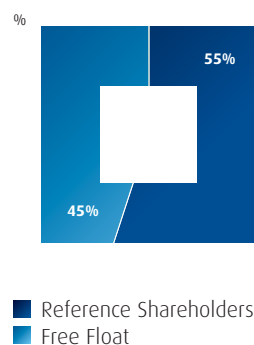
To provide growing and sustained profitability is one of the company's main objectives.

Shareholders

ACS Share	2004	2005	2006	2007	2008	2009	2010
Closing price	16.80 €	27.21 €	42.71 €	40.65 €	32.65 €	34.81 €	35.08 €
Revaluation of ACS shares	30.23%	61.96%	56.96%	-4.82%	-19.68%	6.62%	0.76%
Revaluation of the IBEX 35	17.37%	18.20%	31.79%	7.32%	-39.43%	29.84%	-17.43%
Maximum closing price	17.03 €	27.23 €	43.62 €	50.95 €	40.99 €	38.75 €	38.38 €
Minimum closing price	12.68 €	16.98 €	26.96 €	32.10 €	24.03 €	27.67 €	28.90 €
Average in the period	14.16 €	22.22 €	34.21 €	43.08 €	32.66 €	34.61 €	34.15 €
Total volume of shares (thousands)	312,483	401,440	279,966	417,896	382,506	196,115	194,506
Average daily volume of shares (thousands)	1,245	1,568	1,098	1,652	1,506	769	757
Total effective traded (€ million)	4,563	8,989	9,386	18,003	12,492	6,759	6,533
Daily average effective (€ million)	18.18	35.11	36.81	71.16	49.18	26.50	25.42
Number of shares (millions)	352.87	352.87	352.87	352.87	335.39	314.66	314.66
Stock market capitalisation at period end (€ million)	5,928	9,602	15,071	14,344	10,950	10,953	11,037

The value of ACS Group shares rose 0.76% in 2010 to euros 35.08 euros per share.

Capital ownership distribution



* Shareholding of over 5% and representation on the board

An investor who purchased an ACS share on 31 December 2000 would have obtained an annual yield of 19.9% at the end of 2010. Investing 100 euros on that day would have given 615.25 euros at the end of 2010.

Clients

The commitment to clients is one of the ACS Group's most important corporate values. Not for nothing is there a high level of trust between the client and the Group, thanks to the high added value services the company offers, throughout time, promoting this close relationship. Main aspects are:

- To provide solutions.
- To feed back to the relationship with the client is fundamental.
- To search for appropriate partners, particularly in technological matters of importance.
- Confidentiality: responsible use of information.
- Monitoring of client needs.
- Periodic measurement of client satisfaction.

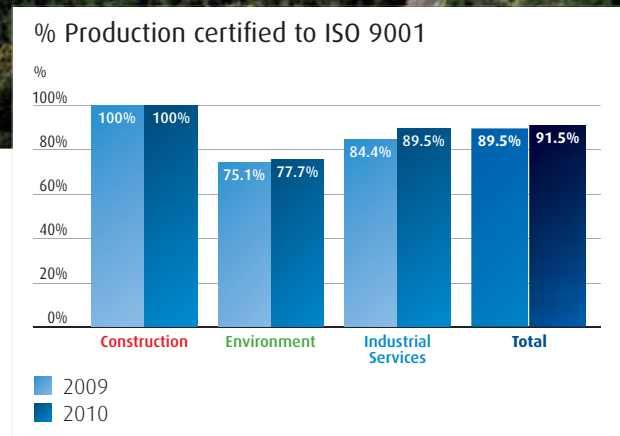
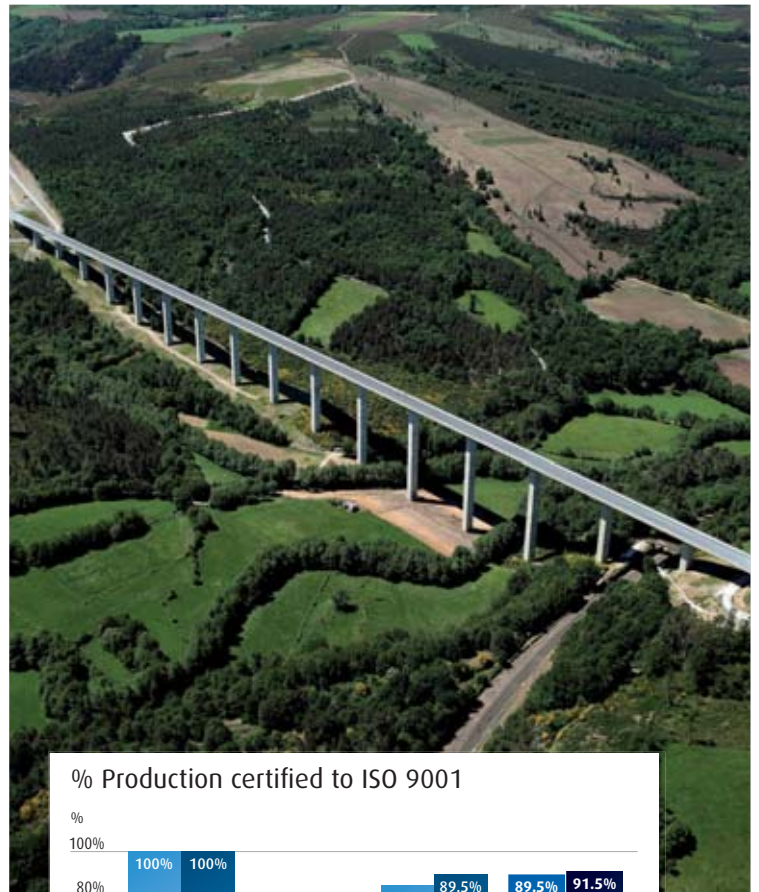
In 2010, 1,211 client satisfaction surveys were carried out in the ACS Group, of which 85.62% produced a positive assessment (the client was satisfied or highly satisfied). The 2009 percentage was 85.75% from 1,104 surveys carried out.

Quality

Quality is a determining factor for the ACS Group, as it represents the factor distinguishing it from the competition in the highly sophisticated infrastructure and services industry.

The Quality Department in the Group's different companies is the entity responsible for implementing the Quality Management Systems. ACS invested a total of 15.58 million euros in 2010 in promoting quality.

These quality systems are audited periodically in order to certify the Group's activities to the ISO 9001 standard. A total of 929 quality audits were carried out in 2010. Of the production by Group's companies, 91.5% is certified to the ISO 9001 standard.



Suppliers

In Group companies, the purchasing department manages the relationship with suppliers and contractors by means of specific systems for managing, classifying and approving them.

ACS Group companies' supplier selection processes classify these as critical (or essential) or circumstantial, according to the following concepts:

- Experience, professional prestige and technical capability.
- History of fulfilment of contractual clauses in their prior relationship with ACS.
- Proximity of the work centre, giving preference to local suppliers (63.01% of suppliers were from the local area in 2010).
- Additional financial criteria, labour, health and safety and environmental matters

The ACS Group's Commitment to Sustainability



Ethics, Integrity and Transparency in the ACS Group

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 company or its employees. This commitment is based on the ethical principles governing the ACS Group's operations, which shape its corporate culture.

ACS's Code of Conduct constitutes a guide for the professional performance of all the Group's employees and managers in relation to their daily work, the resources used and the business environment, as well as for all the investee companies in which the ACS Group has control of management.

The Value of Information Transparency

This general objective of transparency is stated by means of the following guidelines:

- Transmitting the Company's overall corporate strategies, as well as those specific to each of the Company's business areas, to the outside world.
- Projecting the Group's business reality so that the Group's different stakeholders recognise it as being sound and well-managed inside and outside of Spain.
- Contributing to the makeup of a positive corporate image which aids in the achievement of business objectives and in commercial activity.
- Maintaining a fluent relationship with external agents, particularly with representatives of the media.
- All of the above leads to an increase in the value of the ACS brand and of its different companies and businesses.

Commitment to Technological Development

Through its commitment to innovation, the ACS Group responds to the growing demand for improvements in processes, technological progress and quality of service from its clients and from society.

R&D management takes place through a system which, in the largest companies and in general, follows the guidelines in the UNE 166002: 2006 standard and is audited by independent specialists. This management system serves the general research strategy of each of the companies which, whatever their specific features, share the following lines of action:

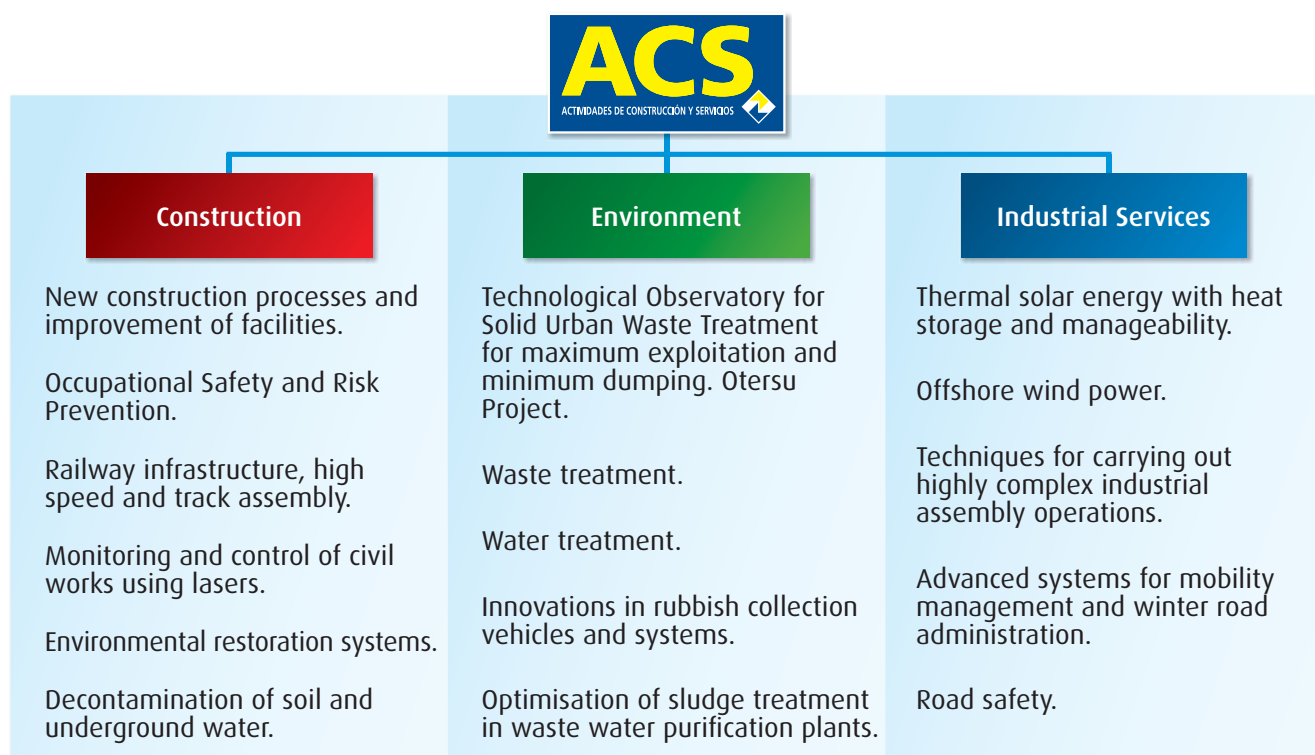
- 1) Strategic research line.
- 2) Strategic collaboration with external organisations.
- 3) Growing and responsible investment in order to promote research and generate patents and operational techniques constantly and efficiently.

Each Group company's strategic decisions on the execution of R&D projects seek to maximise the positive impact of ACS's technical and technological progress.

The collaboration with external organisations is crucial to the success of the projects undertaken. In 2010, the ACS Group collaborated in 172 projects with 59 research centres, 96 universities and 42 technological centres.

The ACS Group invested a total of 46.77 million euros in research, development and innovation in 2010, which represents an increase of around 8% relative to 2009. Its efforts were aimed at various lines of research.

Main Research lines



The ACS Group's Commitment to Sustainability

Commitment to Natural Environment

The ACS Group combines its business objectives with protection of the environment and appropriate management of its stakeholders' expectations in this regard.

These general environmental commitments need to keep within the requirements of the ISO 14001 Standard:

- Commitment to complying with the legislation.
- Commitment to preventing pollution.
- Commitment to continuous improvement.
- Commitment to transparency, communication and the training of Group employees, suppliers, clients and other stakeholders.

Of the ACS Group's turnover in 2010, 71.69% was certified under the ISO 14001 standard. A total of 798 environmental audits were carried out in 2010, 3.8% more than in 2009. A total of 1,219 environmental incidents occurred in 2010, which involved the origination of a total of 32 sanctioning administrative proceedings. These figures are appreciably lower than those for 2009.

The main environmental measures revolve around four key areas, on which the ACS Group positions itself explicitly: **the fight against climate change, promotion of eco-efficiency, water saving and respect for biodiversity.**

Main Environmental Indicators	2009	2010
Water consumption (m ³)	6,504,133.14	6,772,360.99
Production certified under ISO 14001 (%)	69.86	71.69
Direct emissions (Scope 1) (tCO _{2eq})*	1,958,109.13	1,998,929.38
Indirect emissions (Scope 2) (tCO _{2eq})	108,612.92	108,948.84
Indirect emissions due to employee travel (Scope 3) (tCO _{2eq})	4,570.39	5,063.25
Non-hazardous waste sent to management (t)	1,115,301	824,735
Hazardous waste sent to management (t)	174,241	200,949

* For more information about methodology used to calculate emissions, consult the ACS Group Corporate Responsibility Report 2010.

Climate Change

The ACS Group's strategy in the fight against climate change is based on proper management of fossil fuels, on renewable energies, on energy efficiency and saving and on sustainable movement. The main lines of action for this commitment are as follows:

- Reduction of direct emissions with the implementation of new production processes.
- Reduction of indirect emissions by moderating fuel consumption and promoting energy efficiency.
- Implementation of an Energy Management System (and where appropriate in accordance with UNE-EN ISO 16001 certification).
- Training of employees, raising client awareness and monitoring of suppliers.

Eco-Efficiency

The ACS Group accords efficiency in resource consumption top priority, as an effective strategy in this area implies benefits from two angles. On the one hand, it reduces the environmental impact on the setting and, on the other, it cuts the costs needed for their purchase.

To this effect, the ACS Group strategy is based on three fundamental aspects:

- Definition of priority areas for improvement.
- Research and application of the most novel technologies permitting the minimisation of resource consumption
- Measurement of the environmental impact of the activities carried out by the Group.

Direct GHG emissions (tCO₂eq)	2009	2010
Construction	65,848.53	57,547.68
Industrial Services	80,439.34	125,577.98
Environment	1,811,806.73	1,815,753.78
Concessions (Iridium)	14.53	49.94
Group Total	1,958,109.13	1,998,929.38

Indirect GHG emissions Group Total (tCO₂eq)	2009	2010
Emissions derived from electricity consumption (Scope 2)	108,612.92	108,948.84
Emissions derived from employees' travel (Scope 3)	4,570.39	5,063.25

Direct and indirect energy consumption, by source	2009	2010
Petrol + diesel consumed (million litres)	99.01	94.62
Natural gas consumption (m ³)	3,032,442	897,866
Electricity consumption (MWh)	389,293.60	390,497.63

Non-hazardous waste sent to management	2009	2010
Total non-hazardous waste sent to management (t)	1,115,301	824,735

Treatment method
The non-hazardous wastes generated or managed are sent to dumps, collected by an authorised handling company, reused, recycled or recovered.

Hazardous waste sent to management (t)	2009	2010
Total hazardous waste sent to management (t)	174,241	200,949

Treatment method
Hazardous waste is, in general, delivered to authorised handling companies in accordance with the legislation in force.

SO_x y NO_x emissions Group Total(t)	2009	2010
Emissions of Oxides of Nitrogen (NO _x)	2,082	2,115
Emissions of Oxides of Sulphur (SO _x)	433	447
Emissions of solid particles	155	153
Other gases	82,051	85,590

The ACS Group's Commitment to Sustainability



Water consumption (m ³)	2009	2010
Obtained from the public mains	2,975,775.64	2,744,035.06
Obtained from other sources	3,528,357.50	4,028,325.93
Total	6,504,133.14	6,772,360.99

Total waste water dumped (m ³)	2009	2010
To the public network	1,490,209.48	1,498,100.80
Drainage to the sea or rivers/lakes	6,524,886.76	6,640,831.00
Total	8,015,096.24	8,138,931.80

Accidental spills	2009	2010
Total (m ³)	5,485	1,064.81
Total (n°)	4	5

Water

The keys to the ACS Group's strategy for reduction of water consumption are summarised in three points:

- Implementing appropriate measurement systems (at project, company and corporate level), permitting detailed knowledge of the main sources for consumption.
- Carrying out actions which promote reduction of water consumption or which encourage the consumption of recycled water.
- Driving the development of operational policies for water management and desalination.

The ACS Group has numerous measures aimed at reducing water consumption.

Biodiversity

The ACS Group tries to minimise the environmental effect of its activities, especially when these take place in areas of high ecological value. Projects are planned with the objective of minimising their environmental impact and, as far as possible, are carried out under the methodology which causes least damage in the setting. The ACS Group includes the commitment to conservation of biodiversity in its environmental management systems.

The objectives of the ACS Group's Environmental Management System are as follows:

- To assess the impacts of the activities on the environment.
- To research, develop and offer its clients innovations which improve environmental conditions.
- To raise awareness in its own personnel and those who work under the name of the ACS Group.
- To manage waste correctly and to foster its reuse and recycling.

Commitment to the Social Setting

The ACS Group's business success comes from its team. Hence the company maintains its commitment to continuously improve their skills, capabilities and level of responsibility and motivation, at the same time as it attends to working and safety conditions with the greatest dedication.

The ACS Group applies modern and efficient human resource management tools with the objective of retaining the best professionals.

The fundamental principles governing the company's corporate human resource policies are based on the following actions:

- Attracting, retaining and motivating talented individuals.
- Promoting teamwork and quality control as tools to drive excellence as work well done.
- Acting quickly, promoting the assumption of responsibilities and minimising bureaucracy.
- Supporting and increasing training and learning.
- Innovating to improve processes, products and services.

The ACS Group is an active defender of the human and labour rights recognised by various international organisations. The company promotes, respects and protects the forming of labour unions and employees' rights to freedom of association and guarantees equal opportunities and treatment, without discriminating on the basis of sex, ideology, religion or any other social or individual circumstance or condition.

Likewise, the Group promotes the professional development of its workers. With this aim, it has an employment policy which generates wealth in the zones where it operates and produces links which create positive synergies for the environment. Furthermore, it shows special interest in ensuring dignified working conditions, subject to the most advanced measures for health and safety at work.

The ACS Group employs 138,542 people, 32,414 of whom have non Spanish nationality. It carries

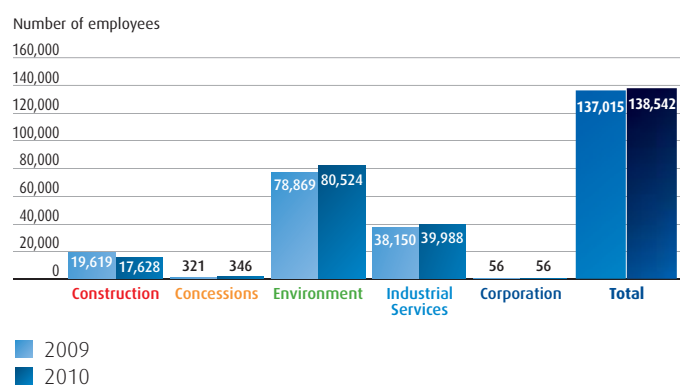


out its activities in over 40 countries, in which it promotes the economic and social development of its workers.

ACS's commitment to the inclusion of women in the labour market is embodied in the strong feminine presence in its workforce. The total number of women employees in the ACS Group in 2010 was 53,521 professionals, 38.6% of the total workforce.

The ACS Group has programmes for continuous training and skills development, aimed at covering the employees' training wants and needs as identified during the year and in line with the competences established in the management models.

Workforce by line of business



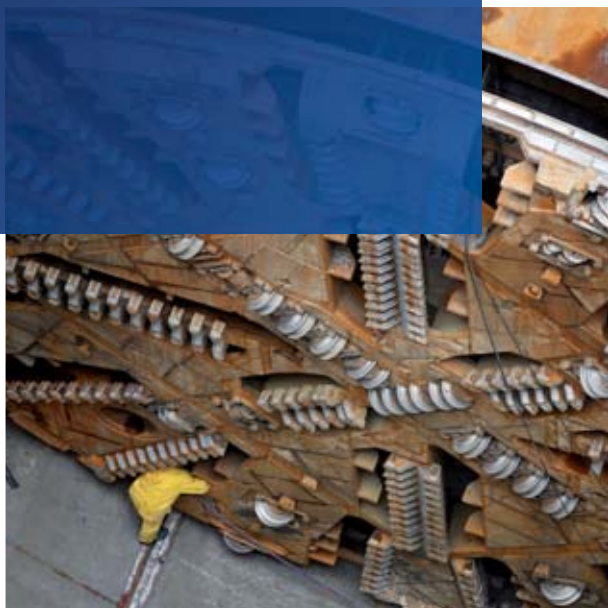
NOTE: The data shown in this chart correspond to 97.33% of the ACS Group's total workforce, this being the scope of coverage of the data collection system for the Corporate Social Responsibility Report for 2010.

Courses given and participants	2009	2010
Number of courses given	11,172	12,297
Number of participants	72,575	72,152

Investment in training	2009	2010
Investment in training (million euros)	11.4	11.5
Training per employee (€/employee)	84.58	87.66

NOTE: The data shown in this chart correspond to 97.33% of the ACS Group's total workforce, this being the scope of coverage of the data collection system for the Corporate Social Responsibility Report for 2010.

The ACS Group's Commitment to Sustainability

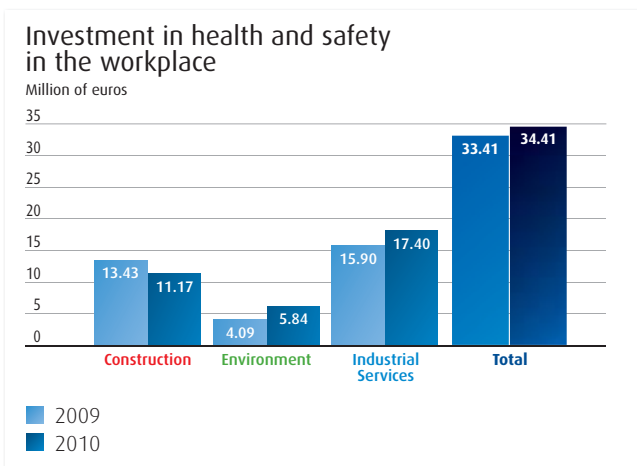


Safety in the Workplace in the ACS Group

The prevention of occupational risks is one of the ACS Group's strategic pillars. The company maintains the commitment to reach the most demanding standards in this area and so become a reference in health and safety protection, not only for its own employees, but also for its suppliers, contractors and collaborating companies.

All the Group's companies share common principles in the management of their employees' health and safety. These principles are the following:

- Compliance with current legislation on occupational risk prevention and other requirements voluntarily observed.
- Integration of occupational risk prevention into the set of initiatives and at all levels, implemented through correct planning and its putting into practice.
- Adoption of all those measures necessary to ensure the protection and well-being of employees.
- Achieving continuous improvement of the system by means of appropriate training and information as regards risk prevention.
- Qualification of staff and application of technological innovations.



Accident indicators	2009				2010			
	Construction	Environment	Industrial Services	ACS Group	Construction	Environment	Industrial Services	ACS Group
Frequency Index No. of accidents that occurred during the working day per million hours worked	23.37	57.88	51.55	51.25	20.16	57.20	44.16	49.05
Severity Index No. of working days lost due to accidents per 1,000 hours worked	1.07	1.00	1.08	1.03	1.55	1.06	1.01	1.10
Incidence Index No. of accidents with sick leave per 1,000 workers	87.19	75.05	51.08	68.66	23.45	65.48	41.69	52.94
Professional disease rate Total number of cases of occupational diseases over the total hours worked times 200,000	0.06	0.03	0.02	0.04	0.03	0.02	0.04	0.02
Absenteeism rate Total number of days lost (due to absence) during the period over the total number of days worked by the group of workers during the same period times 200,000	12,694.14	19,455.92	7,794.34	16,076.94	15,865.79	13,973.42	7,800.00	12,828.83

Social Action in the ACS Group

The ACS Group channels its social action through the ACS Foundation, the formal social action policy of which is stated in its foundation charters and which is guided by several principles for action:

- Philanthropic action by means of donations and contributions to specialised institutions.
- Actions in seven areas of work: accessibility, assistance to development, environment, cultural and educational promotion, dissemination and restoration of Spanish national heritage, collaboration with scientific institutions and sponsorship and patronage of philanthropic institutions.
- Selection of projects which provide the greatest social benefit - carried out with prestigious bodies, leaders in their field - and of great general interest.
- Setting up of mixed monitoring committees, between donor and beneficiary, to monitor the execution of significant projects.

In 2010, the ACS Foundation has invested 3.417 million euros, which meant 93% of 2010's budget.

In 2009, it invested a total of 3.745 million euros, which includes the total investment planned for the year (which was 3.260 million euros) and an additional extraordinary investment of 0.485 million euros, which meant that ACS Foundation in 2009 spent 112% of its budget for the year.

For 2011, it has been approved an increase in the budget of 10% compared to 2010, to exceed 4 million euros.

During 2010, the ACS Foundation carried out activities in the framework of its action programmes, with growth in all fields, especially in scientific, technological and social research. Furthermore it has been carried out the most striking and significant project since the Foundation's creation: accessibility of 95% of the El Escorial Royal Monastery to people with reduced mobility.

We Would Like to Know your Opinion

The ACS Group considers the assumption of corporate responsibility principles to be a continual improvement process, in which it is crucial to rely on the opinion of the different stakeholders. Hence, we would be grateful to receive any opinion you may have on this report at:

ACS Group

Avda. Pío XII, 102

Madrid 28036

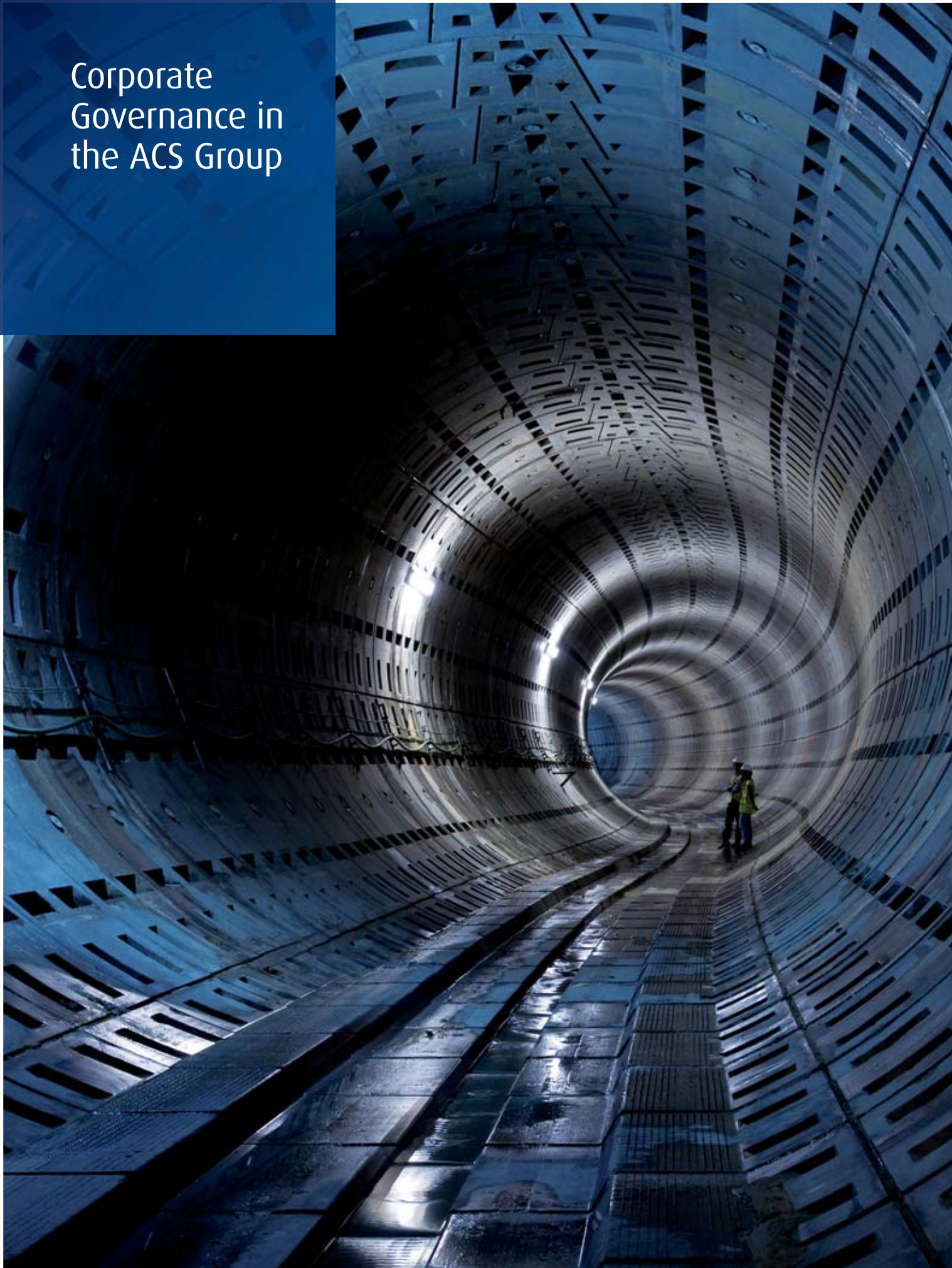
Phone: +34 91 343 92 39

E-mail: infogrupoacs@grupoacs.com



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

Corporate Governance in the ACS Group

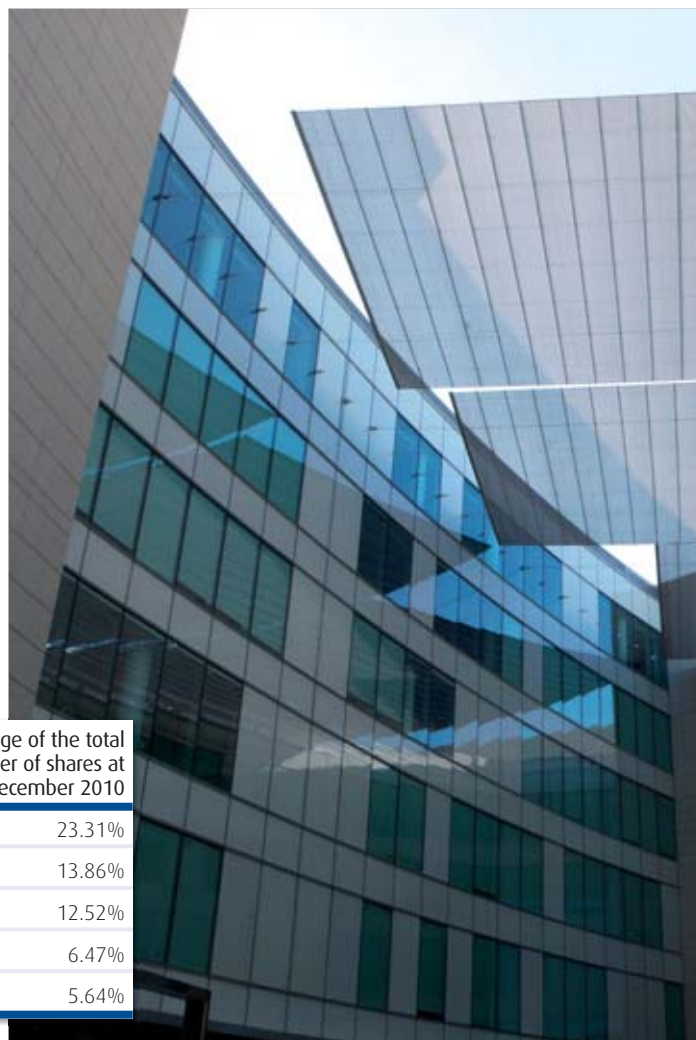


Ownership Structure

The ACS Group's share capital, at 31 December 2010, totalled 157,332,297 euros, represented by 314,664,594 fully subscribed and paid up shares, all of a single class and with the same rights.

The main shareholders in the ACS Group, considering as such those whose stake in the share capital exceeds 5% of the total, are those who, as at 31 December 2010, are shown in the following table:

Shareholder's name or corporate name	Number of shares	Percentage of the total number of shares at December 2010
Corporación Financiera Alba, S.A.	73,339,232	23.31%
Corporación Financiera Alcor, S.A.	43,613,139	13.86%
Inversiones Vesán, S.A.	39,397,625	12.52%
Southeastern Asset Management, Inc	20,357,056	6.47%
Fluxá Rosselló, Miguel	17,741,012	5.64%



Company Administration

It is laid down in the Company Bylaws and the Rules of the Board of Directors that the ACS Group will be governed by a Board of Directors made up of a minimum of eleven (11) and a maximum of twenty-one members (21).

As the ACS Group's decision-making body, it falls to the Shareholders' Meeting, at the proposal of the Board of Directors, both to set the exact number of members of the Board, within these limits, and to name the people to occupy these posts.

The composition of the Board of Directors is based on a proportional principle, by means of which the interests of all ACS's groups of shareholders are represented on the Board. In this way, at 31 December 2010, the ACS Group's Board of Directors was made up of 19 Board Members: 4 executive members, 9 members representing major shareholders, 5 independent members and 1 external member. The mission of these independent and external board members is to represent the interests of the free-float capital on the Board of Directors.

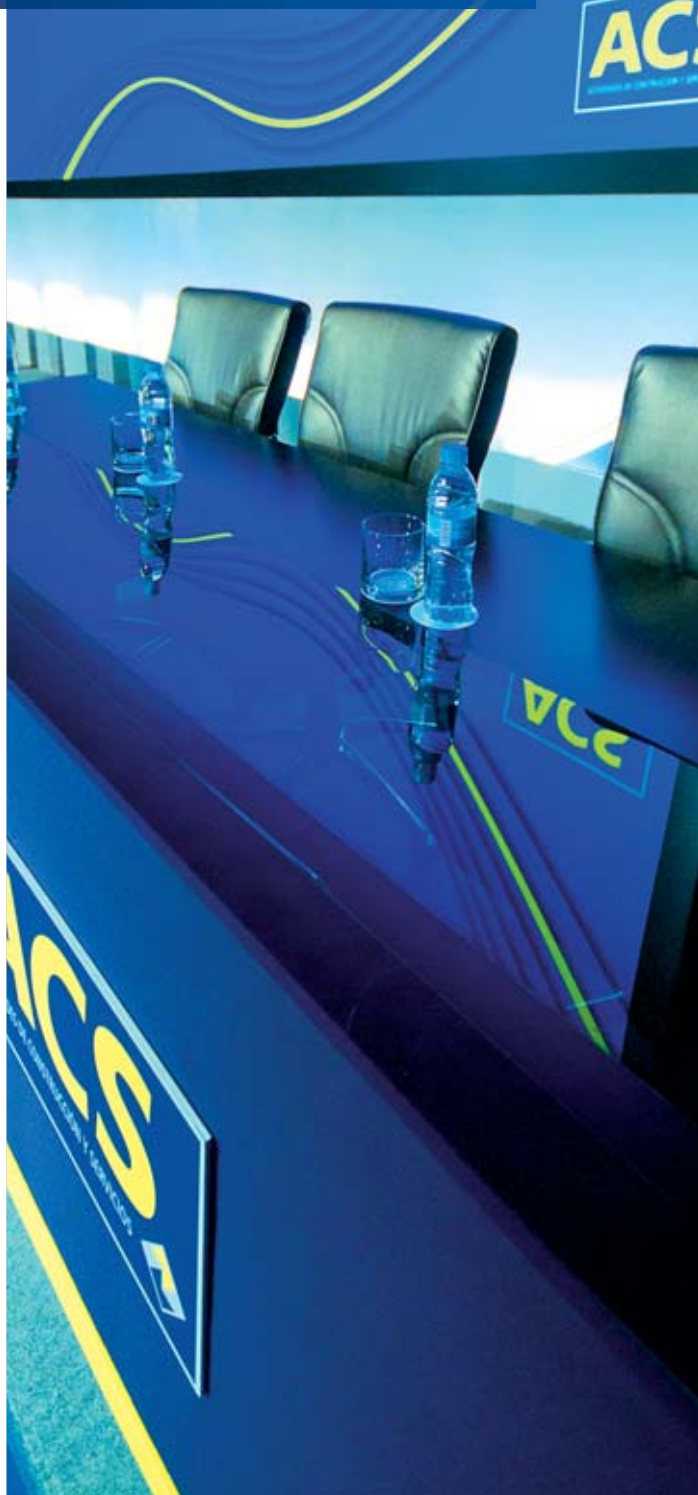
As regards the function of the Board of Directors, this acts jointly and is granted the broadest of powers to represent and govern the company as

the body supervising and controlling its activity, but also with the capacity to assume the responsibilities and decision-making powers directly on the management of the businesses.

In particular, the Board of Directors fully reserves the authority to approve the following general policies and strategies:

- The investment and financing policy.
- Definition of the corporate group structure.
- Corporate governance policy.
- Policy for Corporate Responsibility.
- The strategic or business plan, as well as management targets and annual budgets.
- Senior executive management assessment and remuneration policies.
- The risk control and management policy, in addition to the periodic monitoring of internal information and control systems.
- The policy on dividends as well as on treasury stock and its limits.
- Related-party transactions, except in those cases anticipated by the Regulations.

Corporate Governance in the ACS Group



For greater efficiency in its functions, a series of Commissions are constituted within the Board of Directors, the task of which consists of the control and monitoring of those areas of greatest importance for the good governance of the company. The Board of Directors is currently made up of three commissions: the Executive Commission, the Audit Committee and the Appointment and Remuneration Committee.

Within the ACS Group's transparency and information policy, the remuneration received by both the members of the Board of Directors and the Senior Executives during the financial year is shown in the Annual Corporate Governance Report.

Furthermore, substantial improvements were introduced in 2010 aimed at reinforcing the transparency and independence of the corporate governance system, making the necessary modifications to the Rules of the Board of Directors to adapt its procedures to practically all of the recommendations of the Unified Code of Good Governance.

Shareholders Rights and the Shareholders' Meeting

The operation of the Shareholders' Meeting and the rights of the shareholders are regulated in the ACS Group's Company Bylaws and in the Rules of the Shareholders' Meeting. According to Article 1 of the latter, the Shareholders' Meeting is the supreme body for the expression of the will of the company and its decision making.

As such, according to these Rules, the Group's shareholders represented in the General Shareholders' Meeting will decide all matters within the Meeting's powers by majority. This meeting will be made up of those holders of at least one hundred shares present or represented, such that holders of less than one hundred shares can group together to reach this number.

In addition, shareholders' attendance and voting rights are laid down in these Rules, by means of which egalitarian treatment is guaranteed for all, and a series of measures aimed at encouraging shareholders' participation in the General Meeting are included. As such, not only is delegation or representation of votes permitted during the Meeting, but the possibility of shareholders casting

their vote remotely is also expressly laid down in Article 26 of the Company Bylaws. Furthermore, since the Ordinary General Shareholders' Meeting of 19 May 2005, the necessary procedures have been articulated for exercising the right to vote in advance remotely by internet or fax. The measures adopted by the Group to encourage attendance of the Meeting are positively reflected in their attendance percentages.

Attendance at Shareholders' Meetings	2009 Ordinary	2010 Ordinary	2010 Extraordinary
Shareholders Present	208	213	115
Quorum Shareholders Present	7.66%	19.44%	19.93%
Shareholders Represented	2,763	2,776	2,183
Quorum Shareholders Represented	70.88%	58.22%	57.11%
Quorum Total	78.54%	77.66%	77.04%

Likewise, the shareholders' and investors' right to information is detailed in several parts of the Rules of the Shareholders' Meeting. Indeed, all the necessary information is made available to the shareholders prior to holding each Meeting, such that, in addition to the standard information provided by the company in the annual, half-yearly or quarterly reports, the Group maintains a website with all the fundamental data on it. Periodic meetings are also held with analysts for this information to reach both shareholders and the general market in the fairest, most symmetrical and efficient way possible.

The ACS Group not only sets up permanent communications channels with its shareholders and investors, but also ensures that all the information made available to them is truthful and rigorous. The Audit Commission reviews this information before it is transmitted to confirm that it is prepared in accordance with the professional principles, criteria and practices with which the accounts are prepared.

The ACS Group's Board of Directors has, over a number of years, also been promoting measures to guarantee the transparency of the company's action in the financial markets and to exercise as many functions as result from its position as a listed company on the stock exchanges. To this effect, we try to ensure that knowledge of relevant facts is restricted, until made public, to the minimum number of identified people.



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