



**ACS, ACTIVIDADES DE CONSTRUCCIÓN Y  
SERVICIOS, S.A.**

*(Incorporated with limited liability in the Kingdom of Spain)*

**€750,000,000**

**EURO COMMERCIAL PAPER PROGRAMME**

Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin for Euro commercial paper notes (the "**Notes**") issued during the twelve months after the date of this document under the €750,000,000 Euro commercial paper programme (the "**Programme**") of ACS, Actividades de Construcción y Servicios, described in this document to be admitted to the Official List and trading on its regulated market.

There are certain risks related to any issue of Notes under the Programme, which investors should ensure they fully understand (see "*Risk Factors*" on pages 2 – 18 of this Information Memorandum).

Potential purchasers should note the statements on pages 75- 82 regarding the tax treatment in Spain of income obtained in respect of the Notes and the disclosure requirements imposed by Law 10/2014 on the Issuer relating to the Notes. In particular, payments on the Notes may be subject to Spanish withholding tax if certain information is not received by the Issuer in a timely manner.

The Issuer has been assigned a short-term credit rating of A-2 (stable outlook) and a long-term credit rating of BBB (negative outlook) by Standard & Poor's Credit Market Services Europe Limited. Standard & Poor's Credit Market Services Europe Limited is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

**A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.**

*Arranger and Dealer*

**SANTANDER GLOBAL CORPORATE BANKING**

## IMPORTANT NOTICE

This Information Memorandum (together with any documents incorporated by reference, the "**Information Memorandum**"), as may be supplemented, contains summary information provided by ACS, Actividades de Construcción y Servicios, S.A. (the "**Issuer**" or "**ACS**") in connection with a euro commercial paper programme (the "**Programme**") under which the Issuer may issue and have outstanding at any time euro commercial paper notes (the "**Notes**") up to a maximum aggregate amount of €750,000,000 or its equivalent in alternative currencies. Under the Programme, the Issuer may issue Notes outside the United States pursuant to Regulation S ("**Regulation S**") of the United States Securities Act of 1933, as amended (the "**Securities Act**"). Pursuant to an amended and restated dealer agreement dated 19 April 2018 (the "**Dealer Agreement**"), the Issuer has appointed Banco Santander, S.A. as arranger for the Programme (the "**Arranger**") and as dealer for the Notes (hereinafter referred to as, the "**Dealer**" and, together with any institution subsequently appointed as a dealer pursuant to the Dealer Agreement, the "**Dealers**") and authorised and requested the Dealer to circulate the Information Memorandum in connection with the Programme on its behalf to purchasers or potential purchasers of the Notes.

The Issuer accepts responsibility for the information contained in this Information Memorandum. To the best of the knowledge and belief of the Issuer (who has taken all reasonable care to ensure that such is the case), the information contained in this Information Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

Notice of the aggregate nominal amount of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each issue of Notes will be set out in final terms (each the "**Final Terms**") which will be attached to the relevant form of Note (see "*Forms of Notes*"). Each Final Terms will be supplemental to and must be read in conjunction with the full terms and conditions of the Notes, which are set out in the relevant form of Note. Copies of each Final Terms containing details of each particular issue of Notes will be available from the specified office of the Issuing and Paying Agent (as defined below) set out below.

The Issuer has confirmed to the Dealer that the information contained or incorporated by reference in the Information Memorandum is true and accurate in all material respects and not misleading and that there are no other facts the omission of which makes the Information Memorandum, as a whole, or any such information contained or incorporated by reference therein, misleading. Any statements of intention, opinion, belief or expectation contained in the Information Memorandum are honestly and reasonably made by the Issuer and, in relation to each issue of Notes agreed as contemplated in the Dealer Agreement to be issued and subscribed, the Information Memorandum together with the relevant Final Terms contains all the information which is material in the context of the issue of such Notes.

Neither the Issuer nor Banco Santander, S.A. ("**Banco Santander**") in its capacity as Arranger and/or Dealer, nor any institution subsequently appointed as a dealer pursuant to the Dealer Agreement, accept any responsibility, express or implied, for updating the Information Memorandum and neither the delivery of the Information Memorandum nor any offer or sale made on the basis of the information in the Information Memorandum shall under any circumstances create any implication that the Information Memorandum is accurate at any time subsequent to the date thereof with respect to the Issuer or that there has been no change in the business, financial condition or affairs of the Issuer since the date thereof.

This Information Memorandum comprises listing particulars made pursuant to the Listing and Admission to Trading Rules for Short Term paper published by the Irish Stock Exchange plc trading as Euronext Dublin. This Information Memorandum should be read and construed with any supplemental Information Memorandum, any Final Terms and with any document incorporated by reference.

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer or the Notes other than as contained or incorporated by reference in this Information Memorandum, in the Dealer Agreement (as defined herein), in any other document prepared in connection with the Programme or in any Final Terms or as approved for such purpose by the Issuer. Any such representation or information should not be relied upon as having been authorised by the Issuer or the Dealer.

Banco Santander, in its capacity as Arranger and Dealer has not independently verified the information contained in the Information Memorandum. Accordingly, no representation or warranty or undertaking

(express or implied) is made, and no responsibility or liability is accepted by it as to the authenticity, origin, validity, accuracy or completeness of, or any errors in or omissions from, any information or statement contained in the Information Memorandum, any Final Terms, or any responsibility for any acts or omissions of the Issuer or any other person (other than the relevant Dealer) in connection with the issue and offering of the Notes, or in or from any accompanying or subsequent material or presentation by Banco Santander.

The information contained in the Information Memorandum or any Final Terms is not and should not be construed as a recommendation by Banco Santander, in its capacity as Arranger and/or Dealer, any institution subsequently appointed as a dealer pursuant to the Dealer Agreement, or the Issuer that any recipient should purchase Notes. Each such recipient must make and shall be deemed to have made its own independent assessment and investigation of the financial condition, affairs and creditworthiness of the Issuer and of the Programme as it may deem necessary and must base any investment decision upon such independent assessment and investigation and not on the Information Memorandum or any Final Terms.

Neither the Arranger nor any Dealer undertakes to review the business or financial condition or affairs of the Issuer during the life of the Programme, nor do they undertake to advise any recipient of the Information Memorandum or any Final Terms of any information or change in such information coming to their attention.

Neither the Arranger nor any Dealer accepts any liability in relation to this Information Memorandum or any Final Terms or its or their distribution by any other person. This Information Memorandum does not, and is not intended to, constitute (nor will any Final Terms constitute, or be intended to constitute) an offer or invitation to any person to purchase Notes. The distribution of this Information Memorandum and any Final Terms and the offering for sale of Notes or any interest in such Notes or any rights in respect of such Notes, in certain jurisdictions, may be restricted by law. Persons obtaining this Information Memorandum, any Final Terms or any Notes or any interest in such Notes or any rights in respect of such Notes are required by the Issuer, the Arranger and the Dealer(s) to inform themselves about and to observe any such restrictions. In particular, but without limitation, such persons are required to comply with the restrictions on offers or sales of Notes and on distribution of this Information Memorandum and other information in relation to the Notes set out under "*Subscription and Sale*" below.

**The Final Terms in respect of any Notes may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "MiFID II" is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels. A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "MiFID Product Governance Rules"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules for the rest of the notes.**

Amounts payable under the Notes may be calculated by reference to the reference rates. The Final Terms for any such Notes will specify whether the administrator for the relevant reference rate appears on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("ESMA") pursuant to Article 36 (Register of administrators and benchmarks) of Regulation (EU) 2016/1011 (the "Benchmark Regulation"). However, Article 51 (Transitional provisions) of the Benchmark Regulation provides that index providers already providing a benchmark on 30 June 2016 have until by 1 January 2020 to apply for authorisation or registration in accordance with Article 34 (Authorisation and registration of an administrator) of the Benchmark Regulation and may continue to provide such an existing benchmark until 1 January 2020 or, where the index provider submits an application for authorisation or registration, unless and until such authorisation or registration is refused.

**THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT AND, SUBJECT TO CERTAIN EXCEPTIONS, MAY NOT BE OFFERED,**

**SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S).**

The Issuer has undertaken, in connection with the admission of the Notes to the Official List and trading on the regulated market of the Irish Stock Exchange plc trading as Euronext Dublin, that if there shall occur any adverse change in the business or financial position of the Issuer or any change in the terms and conditions of the Notes, that is material in the context of the issuance of Notes under the Programme, the Issuer will prepare or procure the preparation of an amendment or supplement to this Information Memorandum or, as the case may be, publish a new Information Memorandum, for use in connection with any subsequent issue by the Issuer of Notes to be admitted to the Official List and trading on the regulated market of the Irish Stock Exchange plc trading as Euronext Dublin. Any such supplement to this Information Memorandum will be subject to the approval of the Irish Stock Exchange plc trading as Euronext Dublin prior to its publication.

This Information Memorandum describes in summary form certain Spanish tax implications and procedures in connection with an investment in the Notes (see "*Risk Factors – Risks in relation to the Notes – Risks in relation to Spanish Taxation*" and "*Taxation – Taxation in Spain*"). Holders of Notes must seek their own advice to ensure that they comply with all procedures to ensure correct tax treatment of their Notes.

### **Interpretation**

In the Information Memorandum, references to "**EUR**", "**€**" and "**Euro**" are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro, as amended; references to "**Sterling**" and "**£**" are to the currency of the United Kingdom; references to "**U.S. dollars**" and "**U.S.\$**" are to the currency of the United States of America; and references to "**JPY**" and "**¥**" are to the currency of Japan.

Where the Information Memorandum refers to the provisions of any other document, such reference should not be relied upon and the document must be referred to for its full effect.

### **Ratings**

Tranches of Notes issued under the Programme will be rated or unrated. Where a tranche of Notes is rated, such rating will not necessarily be the same as the rating(s) described above or the rating(s) assigned to Notes already issued. Where a tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms. Whether or not each credit rating applied for in relation to a relevant tranche of Notes will be (1) issued by a credit rating agency established in the EEA and registered under the CRA Regulation, or (2) issued by a credit rating agency which is not established in the EEA but will be endorsed by a CRA which is established in the EEA and registered under the CRA Regulation or (3) issued by a credit rating agency which is not established in the EEA but which is certified under the CRA Regulation will be disclosed in the Final Terms. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the CRA Regulation or (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA which is certified under the CRA Regulation.

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## RISK FACTORS

*The Issuer believes that the following factors may affect their ability to fulfil its obligations under Notes issued under the Programme. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

*In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below. The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme as at the date of this Information Memorandum, but the inability of the Issuer to pay any amounts due on or in connection with any Notes or the Deed of Covenant, may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the information set out elsewhere in this Information Memorandum and reach their own view prior to making any investment decision.*

*Investing in Notes issued under the Programme involves certain risks. Prospective investors should consider, amongst other things, the following:*

### **Risks Relating to the Issuer or its Industrial Sector**

#### ***Current state of the global economy***

The risks and points raised in this section have been assessed and included on the basis of the following sources:

- European Commission, "Winter 2018 Interim Economic Forecast" which can be found at: [https://ec.europa.eu/info/business-economy-euro/economic-performance-and-forecasts/economic-forecasts/winter-2018-economic-forecast\\_en](https://ec.europa.eu/info/business-economy-euro/economic-performance-and-forecasts/economic-forecasts/winter-2018-economic-forecast_en)
- IMF, "World Economic Outlook Update, January 2018" which can be found at: <http://www.imf.org/en/Publications/WEO/Issues/2018/01/11/world-economic-outlook-update-january-2018>

The business performance of the Group is closely connected with the economic development of the countries and regions in which the Group carries out its activities. The business operations, as well as the financial condition and the results of operations of the Group, may be adversely affected if the global economic environment, and in particular the economic environment in those zones where there is a greater concentration of the Group's business (Asia-Pacific, North America (the United States and Canada) and Europe), deteriorates.

As at the date of this Information Memorandum, the cyclical upswing, underway since mid-2016, has continued to strengthen. Some 120 economies, accounting for three quarters of world GDP, have seen a pick up in growth in year-on-year terms in 2017. However, risks to the outlook remain skewed to the downside over the medium term. One notable threat to growth is a tightening of global financing terms from their current easy settings, either in the near term or later in the future.

A number of factors may negatively influence the economic outlook in different continents. Economic prospects are particularly uncertain in light of potential changes in the policy stance of the United States under the Trump administration. Currently, markets anticipate a gradual pace of monetary policy tightening, however, the potential reaction of longer-term bond yields and the U.S. dollar to the change in U.S. tax policy may entail upside risks to markets stability over the medium to longer term. A financial market correction could be triggered, for example, by signs of firmer inflation in the United States, where the boost to demand will exert downward pressure on the already very low unemployment rate. Higher inflation pressure, together with faster Fed policy rate tightening than anticipated, could contribute to a larger decompression of term premiums in the United States, volatility in the currencies and lower equity prices. The tightening of global financial conditions would have implications for global asset prices and capital flows, leaving economies with high gross debt refinancing needs and unhedged dollar liabilities particularly exposed to financial distress. Notable negative risks to activity include a possible shift towards inward-looking policy platforms and protectionism, resulting in a sharper than expected tightening in global financial conditions that could impact balance sheets in parts of the euro area and in some emerging market economies. In this vein, important long-standing commercial agreements, such as NAFTA and the economic arrangements between the United Kingdom and rest of the European Union, are under

renegotiation. An increase in trade barriers and regulatory realignments, in the context of these negotiations or elsewhere, would weigh heavily on global investment and reduce production efficiency, exerting a drag on potential growth in advanced, emerging market, and developing economies. A failure to make growth more inclusive and the widening of external imbalances in some countries, including the United States, could increase pressures for inward-looking policies. Other risks include increased geopolitical tensions and the impact of uncertainty on the political reform in China. Political uncertainty also gives rise to reform implementation risks or the possibility of reoriented policy agendas, including in the context of upcoming elections in several countries (such as Brazil, Colombia, Italy and Mexico). In addition, recent political developments highlight a fraying consensus about the benefits of cross-border economic integration. Moreover, geopolitical risks and a range of other non-economic factors continue to weigh heavily on the outlook in various regions - civil war and domestic conflict in parts of the Middle East and Africa, the tragic plight of refugees and migrants in neighbouring countries and in Europe, acts of terror worldwide and the protracted effects of a drought in Eastern and Southern Africa. If these factors intensify, they would deepen the hardship in directly affected countries. Increased geopolitical tensions and terrorism could also take a large toll on global market sentiment and economic confidence. In particular, the relevance of downside risks related to geopolitical tensions in the Korean peninsula appears to have increased. Finally, the absence of near-term warning flags, in turn, may reinforce yield-seeking behaviour and amplify the build-up of financial vulnerabilities that come to the fore over the medium term.

By regions, among major advanced economies, growth in the United States rebounded ahead of expectations and unemployment levels decreased further, but inflationary pressures appear on the horizon and a subsequent rise in interest rates could damage productive investments. Given the advanced stage of the cycle, some of the stimulus may be offset by faster monetary policy normalisation and higher interest rates than assumed earlier. In addition, the response of U.S. investment to tax policy changes could be more modest than envisaged, with attendant repercussions on the strength of external demand for the main U.S. trading partners.

In the Euro area, while certain European Union ("EU") Member States are expected to have positive growth rates with signs that the recovery is broadening across the EU in recent times, notable divergences in economic performances across EU Member States is likely to continue. Due to the continuing implementation of various reforms and deleveraging of banks, the public and private sectors differ across Member States. Downside risks have become more pronounced if one considers the possibility of tighter global financial conditions as well as the potential of a sharp correction in financial markets. Such an event could be triggered by, for example, a faster-than-expected tightening of U.S. monetary policy. Stretched valuations for some asset classes, including equity, combined with broadly-based low volatility and compressed risk premia suggest that global financial markets may be vulnerable to a re-assessment of fundamentals and risks. This could expose fragilities related to the debt overhang in a number of EU Member States. Also, risks related to the outcome of "Brexit" negotiations remain, as do risks associated with a shift towards more inward-looking and protectionist policies. The medium-term outlook for the euro area remains subdued because projected potential growth is held back by weak productivity, adverse demographics and in some countries, a public and private debt overhang. In Spain, the labour market reforms undertaken in recent years are expected to continue to deliver positive results, although the rate of decrease in unemployment levels remains slow. Moreover, financial fragmentation, structural rigidities, and unresolved fiscal challenges are likely to partially dampen the recovery. In the United Kingdom, economic activity has been resilient in the aftermath of the referendum on EU memberships but a UK exit ("**Brexit**") could produce a negative shock to the UK economy, with economic fallout in the rest of the OECD, particularly other European countries. In the UK, the medium-term growth outlook is highly uncertain and will depend in part on the new economic relationship with the EU and the extent of the increase in barriers to trade, migration and cross-border financial activity.

The economic outlook for emerging markets and developing economies remains diverse.

In much of Central, Eastern and Southeastern Europe, economic growth remains consistent. However, given subdued productivity growth and adverse demographics, these countries may not be able to maintain the current levels of growth without accepting a widening of external imbalances. Some risks are now more pronounced, as it is the case of the pace of monetary policy normalisation in key advanced economies. In addition, fiscal policy appears to be neutral or expansionary in this area, although this is not appropriate in economies where growth has been running above potential, since times of relative economic stability should be used to rebuild fiscal buffers by following growth-friendly fiscal consolidation to help reduce still high external debt levels.

In Russia, the economy is under severe pressure. Over the medium term, growth is expected to remain below its potential level, constrained by moderate oil prices, adverse demographics and other structural impediments. Other economies of the Commonwealth of Independent States are caught in the slipstream of Russia's recession and geopolitical tensions, and in some cases this is further exacerbated by domestic structural weaknesses.

Regarding the Asia area, in Japan, momentum is driven by the strengthening of global demand and policy actions to sustain a supportive fiscal stance. Looking further ahead, as support from fiscal stimulus package gradually ceases, economic activity could decelerate over time towards the potential output growth rate.

In China, the expectations of GDP growth rate are based on the idea that the authorities will maintain a sufficiently expansionary policy mix (especially through high public investment). Growth has been slowing since 2012, as the economy has been rebalancing to a more sustainable growth model. This process of rebalancing involves not only lower growth but also a shift from heavy industry and construction to more advanced manufacturing and services in production, and from investment and export to consumption. China's trade patterns are also being affected by its evolving comparative advantage, driven by growing human capital and diminishing labour supplies. In the medium term, China's economic growth is expected to remain on a gradual downward trend. In particular, investment growth will continue as overcapacity is gradually cut back. The Chinese economy is in the midst of transitioning its sector focuses. In this vein, delaying the slowdown of the GDP growth comes at the cost of further large increases in debt, so that downside risks increase.

In Australia, the economy is expected to grow at a robust pace with business investment outside the housing and mining sectors picking up, with exports boosted as new resource-sector capacity comes on stream. The strengthening labour market and household incomes sustain private consumption. It is expected that inflation and wages will pick up gradually. However, to contain risks associated with potential large house-price corrections and financial stress, macro-prudential measures should be maintained. Australia is also vulnerable to "too big to fail" risks, due to its highly concentrated banking sector

With respect to the rest of the Asia-Pacific region, India is expected to have a increased growth rate, supported by a strong government spending. In the medium term, economic outlook will be conditioned by the implementation of several key structural reforms oriented to unify the vast domestic market. In other economies such as Indonesia, Malaysia, Philippines, Thailand and Vietnam the economic growth is expected to be robust.

In the Latin America and the Caribbean countries, the economic outlook is far of being homogeneous. Although growth is holding up well in Central America and strengthening, on average, in the Caribbean, domestic demand continues to underperform in much of the rest of the region, and some idiosyncratic factors are playing a key role in shaping substantially different outlooks across countries. In Mexico, growth is expected to soften. In Brazil, the improvement in the economic outlook depends upon the gradual restoration of confidence and the implementation over time of key reforms to ensure fiscal sustainability. In Argentina, the economic growth will be conditioned by the backdrop of tight macroeconomic policy settings (high real interest rates required by the disinflation process and the start of the fiscal consolidation). The intensification of the political crisis in Venezuela weighs heavily on economic activity, which is still contracting. In addition, the economies of Chile and Colombia are expanding below their potential growth rates. Finally, uncertainty concerning the duration of positive global financial conditions poses risks for the region and vulnerabilities in the financial and corporate sector.

In sub-Saharan Africa, downside risks have risen because of idiosyncratic factors in the region's largest economies and delays in implementing policy adjustments. Beyond the near term, growth is expected to rise gradually, but barely above population growth, as large consolidation needs weigh heavily on public spending. Plans to diversify economies away from oil and create jobs for the rapidly-growing populations have also been announced but such economic transformation will take time. In South Africa, growth is projected to remain subdued, due that despite more favourable commodity export prices and strong agricultural production, the heightened political uncertainty affects consumer and business confidence.

In Middle East and North Africa, regional insecurity and geopolitical risks still weigh heavily on the economic outlook.

Finally, a number of medium-term problems that predate the crisis, such as the impact of an ageing population on the labour force and weak growth in total factor productivity, remain relevant as at the date

of this Information Memorandum. These problems contribute to low potential growth in advanced economies - which may be affecting the pace of recovery - and a decline in potential growth in emerging markets.

Economic growth in countries where the Group (as defined in the section below titled "*Description of the Issuer*") operates remains dependent on a number of factors that are not within the control of the Group. In this regard, in a number of economies, an increase in public infrastructure investment could support demand in the short term and help boost potential output in the medium term. However, the use of fiscal policy as a countercyclical policy tool may be constrained by a lack of fiscal space that limits the ability to use fiscal stimulus and its effectiveness. Deterioration of the economy of continental Europe, or other regions where the Group has a greater concentration of business (Asia-Pacific and North America), could have a material adverse effect on the financial condition and the results of operations of the Group.

#### ***Risks related to unexpected adjustments and cancellations of projects***

The Group's project portfolio is exposed to unexpected adjustments and cancellations. The agreements entered into by the Group's companies to carry out their projects are usually entered into for periods of more than two years. This increases the risk of early cancellation of these agreements. Furthermore, in certain circumstances the Group's companies may not be entitled to compensation for early termination. In addition, the scope of the agreed work as part of a project may change. This may lead to an increase in costs in connection with the project as well as to reduced profits or to losses.

Any cancellations of or changes in projects as well as changes in the corporate strategy of the clients of the Group may affect negatively its project portfolio, which may have a material adverse effect on the results of operations and the profit of the Group.

#### ***Risk of a declining customer base***

The Group's activities in the environment business unit depend, to a large extent, on the continuation of the current trends in the public and private sectors to outsource services that are not the focus or core of the relevant entity's activity or business. Should this tendency decline or reverse, this could have a material adverse effect on the business and the results of operations of the Group.

#### **Risks in Relation to the Construction Business Sub-Unit**

##### ***Cyclicality of the construction industry***

In general, the construction industry is of a cyclical nature and depends on investments carried out by the public sector as well as the private sector. Until 2007, the general conditions for construction activities were favourable in most countries in which the Group carried out its activities. Since 2008, however, the general economic conditions have deteriorated, in particular in Spain and, in general, economic uncertainty exacerbates negative trends in civil construction activity leading to, for example, the postponement of orders. There can be no assurances as to when or if economic conditions favourable to the construction industry may return.

As at the date of this Information Memorandum, civil construction remains relatively weak in Spain. The outlook for the residential construction sector is, in any event, one of moderate recovery and still subject to some uncertainties.

Should the current unfavourable environment for investment in global construction projects in the public as well as the private sector continue, or should the current economic environment persist, this would have a material adverse effect on the business operations, the financial condition and the results of operations of the Group.

##### ***Risks in relation to private sector construction projects***

The level of new orders for construction projects in the private sector globally has been negatively affected by the economic conditions. In some cases, projects in progress have been suspended pending improved general economic conditions, and potential projects have been abandoned. Should this trend persist or become more widespread, this could have material adverse effects on the business, the financial condition and the results of operations of the Group.

### ***Risks resulting from delays and cost increases in the construction industry***

Large construction projects carried out by the Group are exposed to specific risks, such as claims relating to building defects, or cost increases with regard to materials, machinery and labour, as well as factors generally influenced by the economic environment. Even though some agreements include price adjustment clauses, it is not always possible to eliminate or reduce these risks.

If sub-contractors of the Group fail to meet project deadlines or the agreed budget, this may lead to delays and additional costs in the construction which may then further lead, not only to a delay in payment receipts, but also to fines or a cancellation of the agreement by the Group's customers. Furthermore, the Group's reputation as a construction company could be damaged. Such increases in costs, decreases in earnings and potential reputational damage to the Group could have a material adverse effect on the business, the financial condition and the results of operations of the Group.

### ***Risks in relation to public sector infrastructure projects and civil works***

Despite the gradual increase in the usage of public private partnerships (PPPs) as a way of procuring public services and infrastructure assets in those regions in which the Group is active, general conditions for infrastructure development have been affected by public budget restrictions. The Spanish market has been an example where fiscal imbalances and the growth of public debt since 2008 have affected public investment, and therefore the level of infrastructure development.

The Group's activities in Spain depend on investments in infrastructure projects determined by and approved under the Spanish national budget as well as under the budgets of the different Autonomous Communities and the Spanish municipalities. The overall economic decline in Spain has led to a decline in infrastructure projects being approved in the relevant public authorities' budgets, with the result that invitations to tender have also declined. Moreover, at the date of this Information Memorandum, the governmental budget for 2018 has not yet been approved in Spain, the delay in the formation of the government could affect the schedule of budget execution when it comes to public investments in infrastructures.

Should the Spanish public sector budget allocations for infrastructure projects be further reduced, or not be increased, or should new decisions be made leading to a delay in, or cessation of, public infrastructure projects already awarded to the Group, this could have a material adverse effect on the business, the financial condition and the results of operations of the Group.

### **Risks in Relation to the Concessions Business Sub-Unit**

#### ***Concessions disinvestment risk***

The concessions business strategy of the Group is to sell concessions as soon as they mature. Therefore, a suitable investor for the relevant concession has to be found and the relevant sales process has to be successfully completed. Should the Group's strategy of selling concessions fail, this could have a material adverse effect on the financial condition and the results of operations of the Group.

As at the date of this Information Memorandum, ACS has capital holdings in some motorway and railway infrastructure concessionaires which are experiencing financial difficulties due to the impact of financial crisis on the use of these infrastructures. The solutions found for the financial rebalancing processes will condition both the divestment calendar and the sale price of these assets. In particular, in the case of TP FERRO, and after not having agreed a rebalance of the project with the Spanish and French authorities and the financing banks, a bankruptcy procedure was filed, and a judge adopted a liquidation resolution for that company on 15 September 2016. Afterwards, both the Spanish and French authorities declared the administrative termination of the concession, and on 20 December 2016 the reversion of the concession to both countries was signed. As the equity participation was already valued at zero and since there were no guarantees or financial commitments regarding the project, there is no impact in the financial statements of ACS.

If the Group is required to continue operating the concessions that it was not able to dispose of, then this would generate a higher ordinary income from the operation of the concessions, however, it would in turn increase the risks related to the operation of these concessions, which are described in more detail under "*Risks related to revenues from the operation of concessions*", below.

### ***Risks resulting from the need to review the portfolio of concessions***

The Group aims to renew its portfolio of concessions on an ongoing basis. Should the Group not be awarded new concessions with which to replace the concessions previously sold, or concessions remaining in the portfolio which will expire or will terminate or be withdrawn, the extraordinary income from the sales as well as the ordinary income from the operation of concessions, could decline. This could have a material adverse effect on the business, the financial condition and the results of operations of the Group.

### ***Risks related to revenues from the operation of concessions***

The ordinary income realised by the Group from the operation of infrastructure concessions depends in part on the fee revenue from the relevant concession. Any option to increase such revenue above the agreed amount may be restricted or limited and the fees may be reduced by the relevant public authority during the term of the concession. The income from the operation of infrastructure concessions carried out by the Group may depend on the number of users of the infrastructure underlying the concession – in addition to the fee rates – which in turn depends on demand. If the number of users of the infrastructure operated by the Group or its availability for use, respectively, is lower than the number of users or the availability for use initially provided for in the economic plans and financial budgets, or if the fees initially used as a basis in the economic plans and financial budgets are reduced, this could have material adverse effects on the business, the financial condition and the results of operations of the Group.

### ***Risks associated with the enforcement of given guarantees in the concessions unit***

Regarding the guarantees granted by the Issuer in relation to Alazor Inversiones, S.A., in March 2015, a notification related to the enforcement of the payment to the banks was received. The Issuer has filed claims related thereto. Should the Group not succeed in such claims, it could adversely affect its financial results.

## **Risks in the Services Business Unit**

### ***Limited term of the concessions and service agreements***

A large part of the income of the services business unit is generated through concessions regarding the provision of services as well as service agreements entered into with private companies and public authorities. At the end of financial year 2017, the backlog (namely the number of agreed orders and contracts which have not yet been completed) for both types of services was 18 months. Once a concession expires, the Group must participate in another tender procedure in order to renew the relevant concession. Similarly, the Group has to frequently compete with other companies to renew private agreements after their expiry. Furthermore, concessions and agreements with private entities are subject to numerous conditions and obligations, with the failure to fulfil such conditions or obligations potentially leading to a termination of the concessions or cancellation of the agreements.

Regarding concessions for public services, the public authorities in specific countries are entitled to unilaterally amend or cancel concession agreements. Please see "*Risk of termination or early withdrawal of the concessions by public authorities*" above for more information on the risk of a termination or early withdrawal of concessions.

Should the Group be unable to maintain or renew the concessions and the service agreements it currently has been awarded, or should the Group not be awarded new concessions or service agreements, this could have a material adverse effect on the business, the financial condition and the results of operations of the Group.

## **Risks in the Industrial Services Business Unit**

### ***Risks relating to the awarding of new projects***

A significant part of the income of the Group in the industrial services business unit is generated directly or indirectly through turnkey projects (namely, projects developed from inception to delivery). These projects have increasingly become technologically complex. Typically, the contract for the entire project is awarded to a general contractor in a tendering competition, considering not only the price but also the quality of the service, technological capacity, efficiency and personnel, as well as reputation and experience.

Should the price competition intensify and fewer business opportunities considered by the Group as profitable arise, there could be less orders available to the Group. Should the Group be unable to enter into new project agreements, or to do so profitably, this could have a material adverse effect on the financial condition and the results of operations of the Group.

***Risks related to the estimate of construction costs and deadlines for completion***

In part, the Group offers its services in the industrial services business unit at fixed prices or as a lump-sum offer, amongst other things, in connection with engineering, procurement and construction ("**EPC**") agreements. In these kinds of agreements, additional costs, incurred as a consequence of an inaccurate cost estimates or as a consequence of the budgeted costs being exceeded during the implementation of the project (for example, due to fluctuations in the price of raw materials or to changes in the execution calendar or to design or procurement deficiencies), may lead to the project being less profitable than expected or to losses arising to the Group.

Some of the circumstances described above are beyond the Group's control and may lead to its inability to complete the project at the budgeted costs or according to schedule (which may, in turn, lead to the imposition of an agreed contractual penalty). This could have a material adverse effect on the financial condition and the results of operations of the Group.

***Risks related to national and international political measures to promote renewable energies***

The implementation and profitability of projects of the Group in the zone of renewable energies depend materially on the political and legal conditions for the promotion of such projects. Although in recent years renewable energy initiatives have been generally supported by the public authorities in those jurisdictions in which the Group is active, the Group believes that the renewable energy industry will need to be able to compete on a non-subsidised basis with both conventional and other alternative energy sources going forward. As public sector subsidies and other incentives are progressively withdrawn in those jurisdictions in which the Group implements renewable energy projects, this could result in the costs to the Group of implementing those projects increasing and there can be no assurances that the Group will be able to recover those costs from end-users of renewable energy. As a result, the withdrawal of subsidies and incentives to renewable energy production, or any public statement by a relevant public authority to do so, could have a material adverse effect on the business, the financial condition and the results of operation of the Group.

The activity of the Group could be jeopardised in two ways if the regulators in the countries where it operates modify the economic incentives for promoting sustainable energy sources. On the one hand, its activity could be jeopardised as a result of potentially reduced activity in the services provided by the public sector for installing new plants which generate renewable energy, in addition to a reduction in the number of new projects in this sector. On the other hand, it could be subject to possible negative effects to the term and/or in the sale price of shares for projects previously undertaken by the Group. Any negative impact on the renewable energy markets in which the Group is active could have a material adverse effect on the financial condition and the results of operations of the Group.

***Risks related to regulatory changes***

On 16 February 2015, Saeta Yield, S.A. ("**Saeta Yield**"), a subsidiary of the Group, was listed on the Spanish Stock Exchanges, but the Group still holds a 24.6 per cent. interest in this company. Saeta Yield's assets consist of wind farms and solar thermal plants. Any new regulatory changes in the renewable energy sector may negatively impact Saeta Yield's stock market quote and have a material adverse effect on the value of the Group's stake in Saeta Yield.

The sale of this shareholding would eliminate this risk. In this vein, TERP Spanish HoldCo S.L. (a subsidiary of TerraForm Power, Inc, a company controlled by Brookfield Asset Management, Inc) has disclosed its intention to launch a voluntary takeover offer for 100 per cent. of the shares of Saeta Yield, with a commitment to acquire 41.064.476 shares (50,338 per cent. of its capital) at a price of 12,20 euros per share. However, as at the date of this Information Memorandum this transaction has not been executed, since is subject to regulatory approvals.

In addition, regarding the hibernation of the underground gas storage facilities ("**Castor**") and the compensation to be paid to Enagás Transporte S.A.U., which was agreed by a decree-law ("**DL**") of the Spanish government, in December 2017 the Constitutional Court declared that the reasons for urgency and

necessity that the Constitution requires for the executive power to legislate by DL did not exist. During the process of approval of a new regulation (with the force of Law) that is required, a reputational damage to the Group could occur if there is a potential connection of this issue with the initial concessionaire firm of Castor, ESCAL U.G.S. S.L., (a company in which the Group had a stake) in the media.

Adjustments are to be made in accordance with the adoption of the new IFRS 15 and IFRS 9 standards. These are subject to the accounting of the tax effects and, therefore, the net deferred tax position will also be affected. New adjustments might arise in the future. The adoption of the new standards could generate a current estimated increase in the net deferred tax assets of the Group of approximately EUR 220 million. The effect of the first-time application of the two standards IFRS 15 and IFRS 9 supposes the reduction in the Group's own equity of approximately EUR 1,350 million. In addition, the impact on minority interests is estimated at EUR 530 million. Both figures are expressed in after-tax impact.

### ***Risks in Relation to Derivative Transactions***

The Group has entered into derivative transactions, including transactions on interest rate, currency and equity. Derivative markets are in the process of being reformed. In Europe, this reform has led to the adoption of Regulation 648/2012, known as the European Market Infrastructure Regulation ("**EMIR**"). EMIR introduces new requirements to improve transparency and reduce risks associated with the derivatives market. EMIR came into force on 16 August 2012, although the main requirements are being progressively implemented from 2013 to 2018. As at the date of this Information Memorandum, EMIR requires, *inter alia*, all EU derivatives market participants who enter into any form of derivative transaction, including (amongst others) derivative transactions on interest rate, currency and equity, to report all derivative transactions to a trade repository and implement new risk mitigation techniques (including timely confirmation of transactions, portfolio reconciliation, dispute resolution and daily valuation). EMIR also requires, with respect to certain entities, the clearing through a central counterparty of over-the-counter derivatives that are subject to a mandatory clearing obligation, and the exchange of collateral for all non-cleared over-the-counter derivative transactions.

Compliance with the requirements imposed by EMIR which apply to the Group and with the requirements arising from any other derivatives regulations to which it could be subject could be burdensome, giving rise to additional expenses that may have an impact on the Group's financial condition. Additionally, such regulations could increase the cost of conducting hedging activities. Non-compliance with such requirements applicable under EMIR or under any other derivatives regulations to which the Group could be subject could constitute an offence under the Spanish Securities Markets Act which could result in the imposition of fines by the relevant supervisory authority.

Additionally, although the corporate management of the Group establishes counterparty selection criteria based on the quality of credit of the financial institutions which translates into a portfolio of entities of high quality and solvency, the Group is exposed to the risk of breach by its counterparties in transactions involving financial derivatives.

### **Risks Related to the Overall Business of the Group**

#### ***Risk of competition***

All of the Group's business units operate in highly-competitive sectors which require considerable use of human, material, technical and financial resources. The companies competing with the various subsidiaries and business units of the Group may have greater technical and financial resources available than those available to the Group or may be more experienced or have better knowledge of the markets in which the Group operates or in which it intends to expand. Other companies may also be willing to accept lower margins and would therefore be able to submit a technologically better offer at the same price or a similar offer at a lower price than the Group.

For these reasons, it could become more difficult for the Group to be awarded new projects, concessions and agreements. Likewise, the Group could find itself compelled to accept construction and other projects, concessions and agreements or providing services at lower margins than in the past. This could have a material adverse effect on its business, financial condition and results of operations.

### ***Legal risks related to licensing and approvals***

In order to be able to carry out specific projects, the Group may have to obtain approvals, licences, certificates and other permits from the competent authorities in specific project phases. There can be no assurances that the Group will be able to obtain the relevant approvals at all, or on a timely basis, or that it will be able to fulfil the requirements for such approvals in all cases. This could lead to delays, which could have a material adverse effect on the business, the financial condition and the results of operations of the Group.

### ***Dependency on various provisions under environmental law***

The Group operates in different businesses and jurisdictions with increasing environmental law and regulation requirements, which have in turn become increasingly complex and strict. The applicable regulations may provide for liability regardless of fault for any damage caused to natural resources or for a mere threat to public safety and health without having caused any actual environmental damage. Such liability regardless of fault, may lead to liability for environmental damage irrespective of whether it was caused negligently or whether several persons are jointly responsible for the damage. Irrespective of who is personally liable under civil law or, if applicable, criminal law, entities of the Group may also be considered liable.

A stricter application of the environmental laws or regulations, the entry into force of new laws, the discovery of currently unknown environmental contamination or the introduction of new or stricter requirements for obtaining licences and approvals could have a material adverse effect on the business, the financial condition or the results of operations of the Group.

### ***Risks due to legal claims***

Claims may be asserted against the Group based on accidents occurring or mistakes made during the implementation of construction works and projects, the operation of concessions by the Group or during the provision of services. Such claims may relate to the injury or death of human beings, damage to facilities and accessories or environmental damage. They may be based on alleged acts or omissions of the Group and/or of its sub-contractors.

Additionally, the Group is required to provide commercial guarantees to clients in respect of the proper functioning of construction works carried out by it. A failure of any such works to perform as specified could result in claims being made against the Group under the relevant guarantee(s). Any such claim could materially adversely affect the business, financial condition or results of operations of the Group, and could furthermore have a materially adverse effect on the Group's reputation.

The Group typically takes out insurance policies and tries to stipulate limits on liability in the contracts to which it is a party, with a view in each case to mitigate the risk of a claim under any such guarantee. However, the insurance taken out by the Group and contractual liability limits may not provide sufficient coverage to the Group with regard to the consequences of the circumstances described above and the corresponding liability claims. Furthermore, indemnifications granted to the Group by sub-contractors may be ineffective to the extent that the relevant sub-contractors do not have sufficient insurance cover of their own, or necessary resources to satisfy the claims made against them by the Group. On the other hand, the Group may decide that no insurance covering the above risks will be taken, may not be able to take out the insurance on a reasonable basis or ensure that each agreement will include appropriate indemnifications. Even if any insurance cover exists, the liability claims could exceed the amount insured or lead to an increase in insurance premiums. All of the above could have a material adverse effect on the business, the financial condition or the results of operations of the Group.

### ***Risks due to tax disputes***

There are at least two sources of tax risks. On the one hand, the risk arising from changes in tax legislations that could not be foreseen at the time when investment decisions were adopted. This could affect the achievement of the investment return objectives if the tax factor was relevant. Moreover, changes in tax laws could jeopardise the effective use of tax credits, generating a deviation in the cash flow for the payment of taxes. On the other hand, the Issuer is established in Spain, but the Group also operates in almost 65 countries through a number of subsidiaries which must operate in compliance with applicable tax regulations in their jurisdictions. In this regard, although the corporate tax policy of ACS determines that a

prudent tax practice must be followed, the interpretation of the tax laws in different tax jurisdictions could trigger material tax disputes or legal proceedings, such that claims could materially adversely affect the business, financial condition or results of operations of the Group.

***Risks arising from supplier agreements and the sub-contracting of services***

In carrying out construction works and projects, operating concessions and in regard to the services it offers, the Group relies on external manufacturers of equipment and sub-contractors. To the extent that it is impossible for the Group to sub-contract specific services or to acquire equipment and materials complying with the relevant plans, quality standards, specifications and cost objectives, this may affect the scheduled commissioning of concessions or a satisfactory provision of services to clients. In connection therewith, there is a risk of contractual penalties, cancellations of agreements and liability claims, which could have a material adverse effect on the financial condition and the results of operations of the Group.

***Risks related to the Group's presence in emerging markets***

In 2017, 13.5 per cent. of sales were generated in emerging markets: in Latin America (including Mexico), 7.7 per cent.; in Africa, 1.3 per cent.; and in Asia ex-Oceania, Hong Kong and Japan 4.5 per cent. These emerging markets are exposed to political and legal risks which are present to a greater degree than in Europe, North America (excluding Mexico) and Australia. These risks include the risk of nationalisation and expropriation of private assets, political and social instability, frequent changes in the general legal conditions and government policy as well as changes in tax policy and price control. These markets also face a higher risk of macro-economic instability and volatility than the markets in the industrialised nations, which may lead to restrictions in foreign currency transactions, in repatriating profits and importing of investment goods. These risks could have a material adverse effect on the business, the financial condition and the results of operations of the Group.

***The Group's operations are subject to extensive regulation, including environmental, health and safety and other regulations, as well as the need to manage relationships with NGOs, local communities and others***

As part of its normal course of operating and development activities, the Group has expended significant resources, both financial and managerial, to comply with governmental and environmental regulations including permitting requirements, and will continue to do so in the future. Moreover, it is possible that future regulatory developments, such as increasingly strict environmental protection laws, regulations and enforcement policies, and claims for damages to property and persons resulting from the Group's operations, could result in additional substantial costs and liabilities, restrictions on or suspension of its activities and delays in the exploration of and development of its properties.

Failure to comply with applicable environmental, health and safety laws can result in injunctions, damages, suspension or revocation of permits and imposition of penalties. There can be no assurance that the Issuer has been or will be at all times in complete compliance with such laws or permits, that its compliance will not be challenged or that the costs of complying with current and future environmental, health and safety laws and permits will not materially or adversely affect the Group's future cash flow, results of operations and financial condition.

As a consequence of public concern about the perceived ill effects of infrastructure development, particularly in developing countries, the Group's operations face increasing public scrutiny. The international standards on social responsibility, community relations and sustainability against which the Group benchmarks its operations are becoming increasingly stringent and extensive over time, and adherence to them is increasingly scrutinized by regulatory authorities, citizens groups and environmental groups, as well as by investors and financial institutions. In addition, the Group operates in several countries where ownership of rights in respect of land and resources is uncertain and where disputes in relation to ownership or other community matters may arise.

These disputes are not always predictable and may cause disruption to its operations or development plans. The Group's operations can also have an impact on local communities, including the need, from time to time, to relocate or resettle communities or infrastructure networks such as railways and utility services. Failure to manage relationships with local communities, governments and non-government organizations may harm the Group's reputation as well as its ability to bring development projects into production.

In addition, the costs and management time required to comply with standards of social responsibility, community relations and sustainability, including costs related to resettlement of communities or infrastructure, have increased substantially recently and are expected to further increase over time.

Adverse publicity generated by criticisms of non-governmental organisations (NGOs), trade unions or others related to development projects generally, or the Group's operations specifically, could have an adverse effect on the Group's reputation and financial condition and may impact the relationship with the communities in which the Group operates. Such groups may install road blockades, apply for injunctions for work stoppage, make criminal complaints to local authorities, or file lawsuits for damages. Such complaints, regardless of whether they have any substance or basis in fact or law, may have the effect of undermining the confidence of the public or a regulator in the Group and may adversely affect the price of the Notes, the Group's ability to raise capital, or the Group's prospects of obtaining the regulatory approvals necessary for advancement of some or all of its development plans or operations.

***Risks derived from Hochtief ring-fencing agreement***

As at the date of this Information Memorandum, although it is no applicable for recent issues, there are still some outstanding financial instruments issued by Hochtief A.G. ("**Hochtief**") subject to the policy of ring-fencing (or asset protection) established in 2012. In accordance with such policy, when arranging the refinancing of its syndicated and credit facilities with syndicates of international banks and through bond issuances, Hochtief signs agreements which include comprehensive ring-fencing clauses for dealings and transactions with the Group. Such clauses restrict Hochtief from entering into any contractual agreement with the Group that would weaken its credit standing, in accordance with which lenders and investors have special termination rights in the event that any such contracts are entered into, contrary to such clauses.

Should an adverse financial situation arise in which the Group were requested to cancel short-term debt using cash and short-term investments, the ring-fencing policy would make it difficult to gain access to cash and equivalent financial resources from Hochtief.

***Risks due to the further geographical expansion of the business***

The Group plans a further functional and geographic expansion of its business activities into new countries and markets. This expansion involves, in particular, the risk that the Group will not generate sufficient or any profits in the new business units and countries. There can be no assurances as to when such expansions may become profitable, if at all. Losses and even a smaller level of profits would have a material adverse effect on the financial condition and the results of operations of the Group.

***Risks related to technological changes***

The technologies used in the different sectors in which the Group operates are subject to fast and continued development. Increasingly complex technological solutions, which are continuously evolving, are used in these sectors. Should the Group be unable to react appropriately to the current and future technological developments in the sectors in which it carries out its activities, this could have material adverse effects on the business, the financial condition and the results of operations of the Group.

***Risk related to the cancellation of projects, termination or early withdrawal of the concessions by public authorities***

The Group performs its concessional activities worldwide through projects such as, for example, highway transport concessions, bus and train transfer stations, bridges, tunnels, energy concessions and storage projects, hospitals and other public-private partnerships and contract mining. The conduct by the Group of those concessional activities, including their commercial operation, depends on public authorities' decisions and authorisations. The public authorities in those countries in which the Group has been awarded concessions may unilaterally cancel, suspend or terminate or withdraw such concessions on public interest grounds or due to the existence of material changes in economic conditions or due to environmental concerns.

The Group generally aims to carry out its activities in industrialised countries in which this risk is typically lower. However, there can be no assurances that the public authorities in those jurisdictions in which the Group operates will not make decisions that adversely affect the business of the Group, by not authorising the exploitation of a particular project for any reason, or by changing adversely the legislative and/or regulatory framework in which the Group operates.

If a public authority cancels a project of the Group prior to or after the start-up of its exploitation, or if it terminates or withdraws provisionally or definitively a concession awarded to the Group, the Group may have a claim for compensation against that public authority. However, such compensation ultimately awarded to the Group may be insufficient and, should this be the case, it would have a material adverse effect on the business, financial condition and results of operations of the Group.

#### ***Damage to the Group's reputation could cause harm to the Group's business prospects***

Maintaining a positive reputation is critical to the Group attracting and maintaining customers, investors and employees. Damage to the Group's reputation can therefore cause significant harm to its business and prospects. Harm to the Group's reputation can arise from numerous sources, including, amongst others, employee misconduct, litigation or regulatory, failure to deliver standards of service, compliance failures, unethical behaviour and the activities of customers and counterparties. Further, negative publicity regarding the Group, whether or not true, may result in harm to its prospects.

#### **Risks Related to Shareholdings of the Group**

##### ***Risks related to sectors, geographical markets, indebtedness and litigation***

Material amendments to the legal provisions applicable to the sectors in which the companies of which the Group holds shares operate, operating risks of these companies as well as the specific risks related to the countries and regions in which these companies operate could affect their market value and have a material adverse effect on the future financial condition and the results of operations of the Group.

Any failure of the companies in which the Issuer holds shares to fulfil payment obligations, an increase of the borrowing costs of these companies as a consequence of higher liabilities or material fluctuations in interest rates, respectively, or clear cost increases as a consequence of any litigation in connection with the operation of their business activities as well as corporate actions could have a material adverse effect on the financial condition and the results of operations and the distribution of dividends of these companies. This could also have a material adverse effect on the financial condition and the results of operations and the profitability of the Group.

##### ***Strategy of growth by acquisitions***

The acquisition of companies with a strong presence in markets which are strategically important for the Group as well as the acquisition of shareholdings in listed companies, which operate in sectors that are also strategically important for the Group have been a decisive factor in the Group's growth strategy.

In case of an economic slowdown, the growth opportunities through acquisitions depend essentially on whether the Group is able to recognise strategic investment opportunities and whether it has its own funds and the external funds required to carry out an intended investment, in particular considering the currently restrained lending environment in the jurisdictions in which the Group is active. If this were not the case, this could have material adverse effects on the business, the financial condition and the results of operations of the Group.

##### ***Risk related to acquisitions offers***

HOCHTIEF, a company in which the issuer has a stake of 71.7 per cent., announced on 18 October, 2017 its intention to make an offer to all shareholders of Abertis Infraestructuras, S.A. ("**Abertis**") to acquire all shares in Abertis ("**Takeover Offer**"), constituting a voluntary public takeover offer pursuant to the Royal Decree 1066/2007, of 27 July, on the applicable regime to public takeover offers (Real Decreto 1066/2007, de 27 de julio, sobre el régimen de las ofertas públicas de adquisición de valores). However, on 14 March 2018, ACS, Hochtief and Atlantia S.p.A. ("**Atlantia**") announced to the market that the three companies (the "**Parties**") had reached a binding agreement (subject to compliance with certain conditions) on a joint final investment in Abertis. In particular, according to this agreement, Atlantia would withdraw its acquisition and takeover of Abertis' shares that had been approved by the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores*, or "**CNMV**") on October 9, 2017; Hochtief would modify its offer, such that the takeover would be fully paid in cash and the Parties would capitalize a special purpose vehicle company ("**Holding Company**") whose capital would be distributed such that Atlantia would hold 50 per cent. plus one share, ACS, 30 per cent.; and Hochtief, 20 per cent. minus one share. This Holding Company would acquire from Hochtief its full stake in Abertis for a consideration equivalent to the one paid by Hochtief in the acquisition and takeover, squeeze-outs or

delisting (adjusted by the corresponding gross dividends), the Holding Company would enter into a new financing contract for the purpose of partially financing the acquisition; and the Parties would enter into a long-term contract for the purposes of maximizing the strategic relationship and synergies between the Parties and Abertis in new public-private partnership projects, including both projects in the offer and construction (greenfield) phase, as well as projects in an operational (brownfield) phase. This agreement was based on a compelling strategic rationale and it would be highly beneficial for the three companies and their stakeholders. However, it is not possible as at the date of this Information Memorandum to determine either whether current Abertis' shareholders will accept the offer, nor whether the financing process will be successful. Should the Parties not be able to acquire Abertis, this could have a material adverse effect on the business and its reputation.

#### ***Risk of dependency on key personnel***

The Group employs highly qualified technical and managerial staff, both at Group level as well as at the level of the relevant divisions and areas of activity. The exit of key employees may have a material adverse effect on the business of the Group. Should the Group not be able to hire or retain sufficiently qualified technical and managerial staff, this could limit or delay the business performance of the Group.

#### ***Risks resulting from judicial proceedings and other legal disputes***

The Issuer and its subsidiaries are parties to a series of judicial and other legal proceedings and disputes. In most cases, the pending judicial proceedings and other legal disputes of the Group have their origin in the ordinary business activities of the Group. These judicial proceedings result from the Group's relations towards clients, suppliers, employees, authorities or activities carried out by the Group entities. The outcome of these judicial proceedings and disputes is uncertain and cannot be predicted with reasonable certainty.

Even though the Group creates provisions in its accounts in accordance with the best possible estimates based on available information, any pending and future judicial proceedings or other legal disputes may have a material adverse effect on the business, the financial condition and the results of operations of the Group.

In this vein, the claim from the Spanish Public Prosecutor's Office in relation to an alleged crime against the environment and natural resources as a result of micro-earthquakes detected in Castor's gas storage area, is still at the initial investigation phase.

#### ***The Group's financial condition and results of operations may be adversely affected if it does not effectively manage its exposure to interest rate and foreign currency exchange risk***

##### ***Interest rate risk***

Variations in interest rates modify the reasonable value of those assets and liabilities that accrue a fixed interest rate as well as the future flows of assets and liabilities referenced against a variable interest rate. The objective of the management of interest rate risk is to achieve equilibrium in the structure of debt in order to reduce subsequent volatility on the Group's income statement. The Group hedges its transactions through derivative transactions that mitigate part of these risks, however, there is no assurance as to the effectiveness of such measures.

##### ***Exchange rate risks***

Exchange rate risks are inherent in, *inter alia*, the following transactions:

- *debt denominated in foreign currency contracted by the Group;*
- *collections and payments for supplies, services or equipment in foreign currencies;*
- *income and expenses of the Group in foreign currencies; and*
- *profit or loss on consolidation of the financial statements of the Group's foreign subsidiaries.*

The global nature of the Group's operations means that it is exposed to exchange rate risks. The Group uses currency swaps and exchange rate insurance in order to mitigate part of these risks; however, there is no assurance as to the effectiveness of such measures.

#### *Refinancing risk*

As a result of the application of new international financial regulations ("**Basel III**"), and in order to recover investor confidence, major banks are immersed in a process to strengthen their balance sheets by means of reducing assets and increasing capital, a process known as deleveraging.

Basel III's rules respond to the need to strengthen regulation, supervision and management of risks in the banking sector and constitute a set of measures meant to improve the banking sector's ability to absorb shocks deriving from economic and financial stress, so as to improve the risk management and governance of financial institutions. However, in the event that financial tensions and synchronised deleveraging arise on a large scale with relation to international banks, this could lead to a global credit crunch which would affect the liquidity of governments, businesses and families, undermining economic growth and global recovery.

Dependence on bank credit is greater for European companies than that of North American companies and consequently they seem more exposed to such a contingency. Specifically in the Group, a process of this nature would require the implementation of a procedure for substituting financing sources, given that, as at the date of this Information Memorandum, the majority of its total gross debt corresponds to bank credit. The Group, which is using not only ECP instruments but also NEU CP instruments in its financial strategy, is exposed to risk as a result of a potential global credit crunch; which could cause economic or financial loss to the Group.

#### *Credit risk*

The Group is exposed to credit risk as a result of a counterparty failing to comply with its contractual obligations, thereby causing economic or financial loss to the Group. The different risk policies include, for example, limitations on maximum timeframes on open positions and minimum creditworthiness of counterparties with which the Group contracts.

### **Risks in Relation to the Notes**

#### *There is no active trading market for the Notes*

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is, as at the date of this Information Memorandum, no active trading market. If an active trading market does not develop or is not maintained, the market price and liquidity of the Notes may be adversely affected. Further, if the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon the market for similar securities, general economic conditions and the financial condition of the Issuer. Although applications have been made for Notes issued under the Programme to be admitted to the Official List and to trading on the regulated market of the Irish Stock Exchange plc trading as Euronext Dublin, there is no assurance that such applications will be accepted, that any particular issue of Notes will be so admitted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for any particular issue of Notes.

#### *The Issue Price may be greater than the market value of the Notes*

The Issue Price specified in the relevant Final Terms may be more than the market value of the Notes as at the Issue Date, and the price, if any, at which a Dealer or any other person is willing to purchase the Notes in secondary market transactions is likely to be lower than the Issue Price. In particular, the Issue Price may take into account amounts with respect to commissions relating to the issue and sale of the Notes as well as amounts relating to the hedging of the Issuer's obligations under the Notes, and secondary market prices are likely to exclude such amounts. In addition, whilst the proprietary pricing models of Dealers are often based on well recognised financial principles, other market participants' pricing models may differ or produce a different result.

### ***Global Notes held in a clearing system***

Because the Global Notes are held by or on behalf of Euroclear Bank, SA/NV ("**Euroclear**") and/or Clearstream Banking, S.A. ("**Clearstream, Luxembourg**") investors will have to rely on their respective procedures for transfer, payment and communication with the Issuer.

Notes issued under the Programme may be represented by one or more Global Notes. If the relevant Final Terms specify that the New Global Note form is not applicable, such Global Note will be deposited with a common depository for Euroclear and/or Clearstream, Luxembourg. If the relevant Final Terms specify that the New Global Note form is applicable, such Global Note will be deposited with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive definitive Notes. Euroclear and/or Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through Euroclear and/or Clearstream, Luxembourg.

While the Notes are represented by one or more Global Notes, the Issuer will discharge its payment obligations under such Notes by making payments to the common depository (in the case of Global Notes which are not in the New Global Note form) or, as the case may be, the common service provider (in the case of Global Notes in New Global Note form) for Euroclear and/or Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and/or Clearstream, Luxembourg to receive payments under their relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to take enforcement action against the Issuer under the relevant Notes but will have to rely upon their rights under the Deed of Covenant dated 20 March 2013 (the "**Deed of Covenant**").

### ***The Issuer may redeem the Notes for tax reasons***

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes if it has or will become obliged to pay additional amounts pursuant to the terms and conditions of the Notes as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Spain or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction) which change or amendment becomes effective on or after the issue date of the relevant Notes and such obligation cannot be avoided by the Issuer taking reasonable measures available to it.

Potential investors should consider the reinvestment risks in light of other investments available at the time any Notes are so redeemed.

### ***Risks in Relation to Spanish Taxation***

Under Spanish Law 10/2014, of 26 June and Royal Decree 1065/2007, as amended, income payments in respect of the Notes will be made without withholding tax in Spain provided that the Issuer provides, pursuant to Spanish law, certain information at the relevant time in the Spanish language regarding the Notes to the Spanish tax authorities. The Issuer and the Issuing and Paying Agent have arranged certain procedures to facilitate the collection of information concerning the Notes. The Issuer will withhold Spanish withholding tax from any payment in respect of any outstanding principal amount of the Notes (as applicable) as to which the required information has not been provided at the relevant time and will not gross up payments in respect of any such withholding tax. An amended and restated Issuing Paying Agency Agreement dated 19 April 2017 (the "**Issuing Paying Agency Agreement**"), provides that the Issuing and Paying Agent will, to the extent applicable, comply with the relevant procedures to facilitate the collection of information concerning the Notes. The procedures may be modified, amended or supplemented, to, among other reasons, reflect a change in applicable Spanish law, regulation, ruling or interpretation thereof or to reflect a change in applicable clearing system rules or procedures or to add procedures for one or more

new clearing systems. See "*Taxation — Taxation in the Kingdom of Spain*". None of the Issuer, the Dealer or the Issuing and Paying Agent assumes any responsibility therefor.

Royal Decree 1065/2007, as amended, provides that any payment of interest made under securities originally registered in a non-Spanish clearing and settlement entity recognised by Spanish legislation or by the legislation of another Organisation for Economic Co-operation and Development ("**OECD**") country will be made with no withholding or deduction from Spanish taxes provided that the relevant information about the Notes is received by the Issuer. In the opinion of the Issuer, payments in respect of the Notes will be made without deduction or withholding of taxes in Spain provided that the relevant information about the Notes is submitted by the Issuing and Paying Agent to it, notwithstanding the information obligations of the Issuer under general provisions of Spanish tax legislation, by virtue of which identification of Spanish investors may be provided to the Spanish tax authorities.

Notwithstanding the above, in the case of Notes held by Spanish resident individuals (and, under certain circumstances, by Spanish entities subject to Corporate Income Tax) and deposited with a Spanish resident entity acting as depositary or custodian, payments in respect of such Notes may be subject to withholding by such depositary or custodian at the current rate of 19 per cent..

If the Spanish tax authorities maintain a different opinion as to the application by the Issuer of withholding to payments made to Spanish residents (individuals and entities subject to Corporate Income Tax), the Issuer will be bound by that opinion and, with immediate effect, will make the appropriate withholding and the Issuer will not, as a result, pay additional amounts.

#### ***Risks relating to the Insolvency Law***

Law 22/2003 (*Ley Concursal*) dated 9 July 2003 ("**Law 22/2003**" or the "**Insolvency Law**"), provides, among other things, that: (i) any claim may become subordinated if it is not reported to the insolvency administrators (*administradores concursales*) within one month from the last official publication of the court order declaring the insolvency, (ii) provisions in a bilateral contract granting one party the right to terminate by reason only of the other's insolvency will not be enforceable, and (iii) accrual of interest (other than interest accruing under secured liabilities up to an amount equal to the value of the asset subject to the security) shall be suspended from the date of the declaration of insolvency and any amount of interest accrued up to such date (other than any interest accruing under secured liabilities up to an amount equal to the value of the asset subject to the security) shall become subordinated.

The Insolvency Law, in certain instances, also has the effect of modifying or impairing creditors' rights even if the creditor, either secured or unsecured, does not consent to the amendment. Secured and unsecured dissenting creditors may be written down not only once the insolvency has been declared by the judge as a result of the approval of a creditors' agreement (*convenio concursal*), but also as a result of an out-of-court restructuring agreement (*acuerdo de refinanciación pre-concursal*) without insolvency proceedings having been previously opened (e.g., refinancing agreements which satisfy certain requirements and are validated by the judge), in both scenarios (i) to the extent that certain qualified majorities are achieved and unless (ii) some exceptions in relation to the kind of claim or creditor apply (which would not be the case for the Notes).

The majorities legal regime envisaged for these purposes also hinges on (i) the type of the specific restructuring measure which is intended to be imposed (e.g., extensions, debt reductions, debt for equity swaps, etc.) as well as (ii) on the part of claims to be written-down (i.e. secured or unsecured, depending on the value of the collateral as calculated pursuant to the rules established in the Insolvency Law).

In no case shall subordinated creditors be entitled to vote upon a creditors' agreement during the insolvency proceedings, and accordingly, shall be always subject to the measures contained therein, if passed. Additionally, liabilities from those creditors considered specially related persons for the purpose of Article 93.2 of the Insolvency Law would not be taken into account for the purposes of calculating the majorities required for the out-of-court restructuring agreement (*acuerdo de refinanciación pre-concursal*).

As such, certain provisions of the Insolvency Law could affect the ranking of the Notes or claims relating to the Notes on an insolvency of the Issuer.

### ***The proposed Financial Transactions Tax ("FTT")***

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (each other than Estonia, a "**participating Member State**"). However, Estonia has ceased to participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal, FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

### ***FATCA***

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("foreign passthru payments") to persons that fail to meet certain certification, reporting, or related requirements. A number of jurisdictions (including Spain) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to 1 January 2019. Moreover, any Notes with a final maturity of 183 days or less generally will not be subject to FATCA withholding. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

## **DOCUMENTS INCORPORATED BY REFERENCE**

The English language translations of the audited consolidated financial statements of the Issuer for the years ended 31 December 2017 and 31 December 2016, together with English language translations of the auditor's reports thereon are deemed to be incorporated in to, and form part of, this Information Memorandum.

Copies of the documents specified above as containing information incorporated by reference in this Information Memorandum may be inspected, free of charge, at the specified offices (which are set out below) of the Issuer and the Issuing and Paying Agent. The audited consolidated financial statements of the Issuer for the years ended 31 December 2017 and 31 December 2016 are available on the website of the Issuer (<http://www.grupoacs.com>).

## KEY FEATURES OF THE PROGRAMME

<b>Issuer:</b>	ACS, Actividades de Construcción y Servicios, S.A.
<b>Arranger:</b>	Banco Santander, S.A.
<b>Dealer:</b>	Banco Santander, S.A.
<b>Issuing and Paying Agent:</b>	The Bank of New York Mellon, London Branch
<b>Listing Agent:</b>	The Bank of New York Mellon SA/NV, Dublin Branch
<b>Programme Amount:</b>	The aggregate principal amount of Notes outstanding at any time will not exceed €750,000,000 or its equivalent in alternative currencies subject to applicable legal and regulatory requirements. The Programme Amount may be increased from time to time in accordance with the Dealer Agreement.
<b>Currencies:</b>	Notes may be issued in United States Dollars, Euro, Sterling, Japanese Yen and Swiss Francs, and such other currencies as may be agreed between the Issuer and the relevant Dealer(s) from time to time and subject to the necessary regulatory requirements having been satisfied.
<b>Denominations:</b>	<p>Global Notes shall be issued (and interests therein exchanged for Definitive Notes, if applicable) in the following minimum denominations:</p> <ul style="list-style-type: none"><li>(a) for U.S.\$ Notes, U.S.\$500,000 (and integral multiples of U.S.\$1,000 in excess thereof);</li><li>(b) for euro Notes, €100,000 (and integral multiples of €1,000 in excess thereof) except in the case of Notes to be placed in the United Kingdom, in which case the minimum denomination will be the Euro equivalent of £100,000, or higher;</li><li>(c) for Sterling Notes, £100,000 (and integral multiples of £1,000 in excess thereof);</li><li>(d) for Yen Notes, Yen 100,000,000 (and integral multiples of Yen 1,000,000 in excess thereof); or</li><li>(e) for Swiss Franc Notes, SFr 500,000, or such other conventionally accepted denominations in those currencies as may be agreed between the Issuer and the Dealer from time to time, subject in the case of each currency (including those listed above) (i) to compliance with all applicable legal and regulatory requirements and (ii) to the minimum denomination being at least equal to the Euro equivalent of €100,000 (except in the case of Notes to be placed in the United Kingdom, in which case the minimum denomination will be the Euro equivalent of £100,000, or higher), and provided, however, that the Notes of each issuance may only be issued in equal denominations.</li></ul>
<b>Maturity of the Notes:</b>	Not less than 1 day nor more than 364 days, subject to legal and regulatory requirements.
<b>Tax Redemption:</b>	Early redemption will only be permitted for tax reasons as described in the terms of the Notes.

<b>Redemption:</b>	The Notes may be redeemed at par or as otherwise specified in the Final Terms. The Notes may also be redeemed at the option of the Issuer in whole, but not in part, at the Redemption Amount specified in the Final Terms together with (if the Notes are interest bearing Notes) accrued interest to the Early Redemption Date specified in the Final Terms at any time upon expiry of the notice period specified in the Final Terms if, prior to the date on which the relevant notice of redemption is given, purchases (and corresponding cancellations) and/or redemptions have been effected in respect of 85 per cent. or more in principal amount of the Notes originally issued.
<b>Issue Price:</b>	The issue price of each issue of Notes (if any) will be set out in the relevant Final Terms.
<b>Status of the Notes:</b>	The payment obligations of the Issuer pursuant to the Notes constitute and at all times shall constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and upon the insolvency ( <i>concurso</i> ) of the Issuer (and unless they qualify as subordinated debts under article 92 of the Insolvency Law (as defined below) or equivalent legal provision which replaces it in the future, and subject to any applicable legal and statutory exceptions) rank <i>pari passu</i> and rateably without any preference among themselves and <i>pari passu</i> with all other unsecured and unsubordinated indebtedness, present and future, of the Issuer.
<b>Taxation:</b>	All payments under the Notes will be made without deduction or withholding for or on account of any present or future Spanish withholding taxes, except as stated in the Notes and as stated under the heading " <i>Taxation in the Kingdom of Spain</i> ".
<b>Information requirements under Spanish Tax Law:</b>	Under Spanish Law 10/2014 and Royal Decree 1065/2007 as amended, the Issuer is required to provide certain information relating to the Notes to the Spanish tax authorities. If the Issuing and Paying Agent fails to provide the Issuer with the required information described under " <i>Taxation — Taxation in Spain</i> " in respect of the Notes, the Issuer may be required to withhold tax and may pay income in respect of such principal amount net of the Spanish withholding tax applicable to such payments (as at the date of this Information Memorandum, at the rate of 19 per cent.). None of the Issuer, the Arranger, the Dealers, Euroclear or Clearstream, Luxembourg assumes any responsibility therefor.
<b>Form of the Notes:</b>	The Notes will be in bearer form. Each issue of Notes will initially be represented by one or more global notes (each a " <b>Global Note</b> ", together the " <b>Global Notes</b> "). Each Global Note which is not intended to be issued in new global note form (a " <b>Classic Global Note</b> " or " <b>CGN</b> "), as specified in the relevant Final Terms, will be deposited on or around the relevant issue date (as specified in the Final Terms) with a depositary or a common depositary for Euroclear

and/or Clearstream, Luxembourg and/or any other relevant clearing system. Each Global Note which is intended to be issued in new global note form (a "New Global Note" or "NGN"), as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. Global Notes will be exchangeable for Definitive Notes in whole, but not in part, in the limited circumstances set out in the Global Notes (see "*Certain information in respect of the Notes – Forms of Notes*")

**Listing and Trading:**

Each issue of Notes may be admitted to the Official List and to trading on the regulated market of the Irish Stock Exchange plc trading as Euronext Dublin and/or listed, traded and/or quoted on any other listing authority, stock exchange and/or quotation system as may be agreed between the Issuer and the Dealers. No Notes may be issued on an unlisted basis.

**Delivery:**

The Notes will be available in London for delivery to Euroclear or Clearstream, Luxembourg or to any other recognised clearing system in which the Notes may from time to time be held.

**Selling Restrictions:**

The offering and sale of the Notes is subject to all applicable selling restrictions including, without limitation, those of the United States of America, the United Kingdom, Japan, Spain, France and Ireland (see "*Subscription and Sale*").

**Governing Law:**

The status of the Notes, the capacity of the Issuer and the relevant corporate resolutions shall be governed by Spanish law. Any non- contractual obligations arising out of or in connection with the Notes, the terms and conditions of the Notes and all related contractual documentation will be governed by, and construed in accordance with, English law.

**Use of Proceeds:**

The net proceeds of the issue of the Notes will be used for the general funding purposes of the Group (as defined herein).

## DESCRIPTION OF THE ISSUER

### General Information

ACS, Actividades de Construcción y Servicios, S.A. (the "**Issuer**" or "**ACS**") was incorporated in Spain on 13 October 1942 under the name Obras y Construcciones Industriales, S.A. In 1993 it changed its name to OCP Construcciones, S.A. following a merger with Construcciones Padrós, S.A. In 1997, it adopted its current name following a merger with Ginés Navarro Construcciones, S.A. The Issuer is a publicly listed company (*sociedad anónima cotizada*) incorporated under the laws of the Kingdom of Spain and registered in the Mercantile Registry of Madrid in sheet M-30221.

The Issuer's registered office is located at Avenida de Pío XII, 102, 28036, Madrid, Spain, with telephone number +34 91 343 9200.

The Issuer operates under the commercial name "**ACS**".

### Group Structure

The Issuer and its consolidated subsidiaries, its affiliates and joint ventures (collectively, the "**Group**") operates as a diversified group, both in terms of its geographic reach and the nature of its activities. As at 31 December 2017, the Group comprised the Issuer, its 1,046 subsidiaries and its 336 affiliates and joint ventures. For further information, see "*Organisational Structure*" below.

### The Group's Business

#### *General overview*

The Group is an engineering and contracting company that develops civil and industrial infrastructure projects and provides environmental and industrial services.

The Group is one of the largest Spanish corporate groups operating in its field in terms of market capitalisation (*source*: Bloomberg), with over 25 years' experience. At the date of this Information Memorandum, the Group is active across five continents and in over forty countries.

The Group operates through three business units:

- *Construction and Concessions: the Construction and Concession Business Unit focuses on the design, construction, implementation, development and, in some cases, operation of civil works and infrastructure projects;*
- *Services: the Services Business Unit focuses on providing facility management services for both public and private entities; and*
- *Industrial Services: the Industrial Services Business Unit focuses on developing, constructing, maintaining and operating energy supply and industrial infrastructure projects.*

#### *Construction and Concessions Business Unit*

##### *Construction Business Sub-Unit*

In 2017, the Group's Construction Business Sub-Unit comprised one of the largest construction groups by revenue in Europe (*source*: Engineering News Record, December 2017 (Top Contractors 2017)) and engaged in the development of infrastructure projects worldwide.

The principal Group companies operating within the Construction Business Sub-Unit are Dragados, S.A. ("**Dragados**"), Hochtief, CIMIC Group (Australia) ("**CIMIC**"), Turner Construction Company (America) ("**Turner**"), Flatiron Construction Corporation (America) ("**Flatiron**"), Dragados USA Inc. (America), Dragados Canada Inc. (America), Shiavone Construction Company (America) and Iridium Concesiones de Infraestructuras, S.A. (a global firm with its registered office in Spain) ("**Iridium**").

The Construction Business Sub-Unit is divided into the following three areas of activity:

### **Civil Engineering**

Through Hochtief, Dragados and other subsidiaries (including Vías y Construcciones, S.A., Tecsma Empresa Constructora, S.A. and Drace Infraestructuras, S.A.), the Group participates in civil engineering projects, including the construction of motorways and highways, railways and water networks as well as maritime and port projects. Civil engineering works also include the development of specialised projects as part of concessions and operations outside Spain with demanding technical requirements.

The Group's civil engineering business is the primary component of the international operations of the Construction Business Sub-Unit.

### **Non-Residential Construction**

The activities of the non-residential construction business are focused primarily on public-private partnerships, such as the construction of cultural and sports facilities, healthcare facilities and hospitals, commercial buildings, education centres and buildings to house public administrations. In addition, this business engages in the refurbishment of buildings with special significance and the construction of commercial buildings.

### **Residential Construction**

The Construction Business Sub-Unit has historically engaged in residential construction activity on an opportunistic basis. In particular, the Group has been active in social housing developments for public authorities as well as construction projects for third parties whose complexity or size required the employment of significant resources.

### *Concessions Business Sub-Unit*

The Group is one of the leading concession operators and developers in the world (primarily involving the development of transport concessions from project inception) (*source*: Public Work Financing, October 2017). As at 31 December 2017, the Group had a portfolio of 81 concession and PPP projects.

The activities of the Concessions Business Sub-Unit are focused primarily on Iridium, which is the umbrella company for the active Group subsidiaries in this business sub-unit. Iridium has interests in companies operating under concession contracts, which mostly specialise in marketing concessions for transport infrastructure and public facilities.

In addition, the Concessions Business Sub-Unit conducts activities such as project identification, bid preparation, contracting with regard to awarded projects, financing and developing the respective concessionaire companies, as well as managing, operating and implementing concessions in Spain and around the world.

The types of projects in which the Concessions Business Sub-Unit is usually involved include:

- *Transport infrastructure: concessions over motorways, underground and overground railway lines;*
- *Public facilities: hospitals, prisons and other public facilities; and*
- *Other activities: bus and train stations and parking zones.*

### **Services Business Unit**

The Services Business Unit provides facility management services.

Clece, S.A. ("**Clece**") is an entity that specialises in staff management and resource optimisation, and has an extensive portfolio of activities which can be divided into three main areas: Social Services, Integrated Services, and Environmental Services. Integrated Services activities include services required for the optimum operation of properties for public or private use (maintenance of installations, cleaning and auxiliary services). Environmental Services include services such as gardening, reforestation,

environmental recovery, educational activities, environmental disclosure and development of natural heritage sites. Social Services include care services for social groups with a dependent status, airport services and innovative activities such as social restoration and energy efficiency.

### ***Industrial Services Business Unit***

The activities of the Industrial Services Business Unit include the maintenance, development and operation of industrial infrastructure and energy infrastructure facilities. The Group operates a wide range of applied technologies, which are used in exploration, the implementation of new projects, and the maintenance of industrial infrastructure facilities in the areas of energy, communication and control systems.

The Group's activities in the Industrial Services Business Unit include:

- *Networks: the maintenance of power, gas and water networks;*
- *Specialised installations: comprising the construction, installation and maintenance of high voltage networks, telecommunication systems, railway systems, electrical installations, mechanical assemblies and air-conditioning systems;*
- *Control systems: comprising traffic and transport control systems and the maintenance of public infrastructure facilities; and*
- *Integrated projects: comprising major turnkey projects (in connection with electrical energy, crude oil and natural gas, technical solutions for industry, and high-speed train systems) and renewable energy projects (by developing, constructing and operating wind farms and thermal solar power plants for industry).*

### **Historical Financial Information in Respect of the Group and its Business Units**

#### ***Comparative information***

The audited consolidated financial statements of the Issuer for the years ended 31 December 2016 and 2017 were presented in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU).

In 2016, Urbaser activity was considered a discontinued operation since it was a significant business line that represented the entire environmental activity segment of the ACS Group from an operational point of view.

As a result of the acquisition of UGL by Cimic being undertaken very near the end of fiscal year 2016, the fair value of the identifiable assets and liabilities of UGL (Purchase Price Allocation or PPA) was provisional and had not been finalised. In accordance with current regulations, there is a twelve-month period in which to complete the definitive allocation of the purchase of net assets. At close on 31 December 2017, the accounting of the business combination had been completed, and therefore the comparative information in the consolidated statement of financial position at 31 December 2016 has been retrospectively restated, increasing the fair value of accounts payable on the date of acquisition by EUR 41.1 million (AUD 60.0 million) and increasing deferred tax assets by EUR 12.3 million (AUD 18.0 million), as well as increasing goodwill and reducing net equity by EUR 14.4 million each (AUD 21.0 million).

### Historical Financial Information in Respect of the Group

The following table sets out certain key performance indicators of the Group as at and for the years ending 31 December 2016 and 2017:

	<u>As at 31 December</u>		<b>Variation 2016 vs. 2017</b>
	<u>2016</u>	<u>2017</u>	
	<i>(in millions of euro except earnings per share and percentages)</i>		
Revenue (audited) .....	31,975	34,898	+9.14%
Backlog <sup>1</sup> .....	66,526	67,082	+0.84%
Months (Backlog/Revenue) x 12 .....	25	23	
EBITDA <sup>2</sup> .....	1,947	2,168	+11.35%
EBITDA Margin <sup>3</sup> .....	6.1%	6.2%	
EBIT <sup>4</sup> .....	1,368	1,515	+10.75%
EBIT Margin <sup>5</sup> .....	4.3%	4.3%	
Profit attributable to the parent (audited).....	751	802	+6.79%
EPS <sup>7</sup> (audited) .....	2.44	2.57	
Cash flow from Operating Activities (audited).....	1,403	1,863	+32.79%
Net Cash flows from Investment Activities and Financials .....	595	(309)	

<sup>1</sup> Backlog represents the orders and contracts which have already been agreed, but not yet completed.

<sup>2</sup> The EBITDA for any relevant period is the sum of Revenue, Changes in inventories of finished goods and work in progress, Capitalised expenses of in-house work on assets, Procurements, Other operating income, Staff costs, Other operating expenses and losses on impairment and trade-related provisions.

<sup>3</sup> The EBITDA Margin is the division between EBITDA and Revenues.

<sup>4</sup> EBIT for any relevant period is the sum of Revenue, Changes in inventories of finished goods and work in progress, Capitalised expenses of in-house work on assets, Procurements, Other operating income, Staff costs, Other operating expenses and Depreciation and amortisation charge.

<sup>5</sup> The EBIT Margin is the division between EBIT and Revenues.

<sup>7</sup> Earnings per share (basic and diluted).

Revenues for the year ended 31 December 2017 accounted for EUR 34,898 million, an increase of 9.1 per cent. compared with the same period of the previous year; adjusted by currency effects it grew by 10.7 per cent. Both the positive performance in sales in general and the growth pattern of CIMIC in particular, which grew by 23.7 per cent. in local currency, reinforce the upward trend shown in the first half of 2017.

As at 31 December 2017, the backlog accounted for EUR 67,082 million, growing by 0.8 per cent. and affected by the value of the euro against the other main currencies. Excluding this effect, backlog grew by 8.8 per cent. due to positive commercial activity in most regions during 2017. It is worth noting the positive evolution of the backlog in CIMIC, and the solid growth of its backlog in North America.

EBITDA of the Group accounted for EUR 2,168 million. When including proportional EBITDA from joint ventures, total EBITDA accounted for EUR 2,279 million. This is a 12.6 per cent. increase due mainly to the positive growth of construction activity in the Australian and American markets. EBITDA margin stood at 6.5 per cent., an improvement of 20 basis points ("**bps**").

EBIT, including proportional EBIT from joint ventures, accounted for EUR 1,626 million, growing 12.5 per cent. EBIT margin stood at 4.7 per cent., increasing by 20 bps.

Net profit of the Group accounted for EUR 802 million which represents, in comparable terms, a 15.5 per cent. increase compared with 2016, excluding Urbaser's contribution in 2016.

Net debt stood at EUR 153 million, EUR 1,061 million lower than the outstanding balance at 31 December 2016, backed by strong operating cash generation. Excluding non-recourse debt (from project finance) the group indebtedness stood at a EUR 42 million net cash balance position.

## Operating results

The following table sets out certain operating results of the Group as at and for the years ending 31 December 2016 and 2017:

	Year ended 31 December		Variation
	2016	2017	2016 vs. 2017
	<i>(in millions of euro except percentages)</i>		
EBITDA.....	1,947	2,168	+11.35%
EBITDA Margin <sup>1</sup> .....	6.1%	6.2%	
Depreciation and amortisation charge (audited).....	(514)	(611)	+18.87%
Construction.....	(444)	(547)	+23.20%
Industrial Services.....	(41)	(40)	-2.44%
Services.....	(27)	(24)	-11.11%
Corporation.....	(1)	-	na
Losses on impairment and trade-related provision variation (audited)...	(65)	(42)	-35.38%
EBIT*.....	1,368	1,515	+10.75%
EBIT Margin <sup>2*</sup> .....	4.3%	4.3%	

<sup>1</sup> The EBITDA Margin is the division between EBITDA and Revenues.

<sup>2</sup> The EBIT Margin is the division between EBIT and Revenues.

As at December 2017, EBITDA accounted for EUR 2,279 million, showing an increase of 12.6 per cent. compared with December 2016. EBIT accounted for EUR 1,626 million, growing by 12.5 per cent. with respect to the prior period. Both margins improved by 20 bps.

The net profit of the Group reached EUR 802 million, 6.8 per cent. higher than 2016. In comparable terms, this growth would be 15.5 per cent. without the contribution of Urbaser in the prior period or the impact of exchange rate fluctuations.

## Revenues per geographical zone

The following table contains information regarding revenues per geographical zone as at and for the years ended 31 December 2016 and 2017. Sales are allocated to a specific geographical zone based on the criteria of the country in which works and services are delivered, regardless of the company which performs such work or provides such services (revenues are allocated depending on the country of residence of the customer):

	Year ended 31 December				Variation
	2016	%	2017	%	2016 vs. 2017
	<i>(figures in millions of euro except percentages)*</i>				
Spain.....	4,293	13.4%	4,426	12.7%	+3.10%
Rest of Europe.....	2,617	8.2%	2,539	7.3%	-2.98%
America.....	16,437	51.4%	17,237	49.4%	+4.87%
Asia Pacific (including Australia).....	8,342	26.1%	10,226	29.3%	+22.58%
Africa.....	286	0.9%	470	1.3%	+64.34%
<b>TOTAL.....</b>	<b>31,975</b>		<b>34,898</b>		<b>+9.14%</b>

\* Please note that the transactions performed between the different business units have been eliminated

The following table shows the division of work geographically and between different business units:

	Construction			Industrial Services			Services			Corporate and other		
	Year ended 31 December		Variation 2016 vs. 2017	Year ended 31 December		Variation 2016 vs. 2017	Year ended 31 December		Variation 2016 vs. 2017	Year ended 31 December		Variation 2016 vs. 2017
	2016	2017		2016	2017		2016	2017		2016	2017	
<i>(in millions of euro except for percentages)</i>												
Spain .....	1,194	1,280	+7.20%	1,710	1,813	+6.02%	1,424	1,361	-4.42%	(35)	(28)	-20.00%
Rest of												
Europe .....	2,086	2,049	-1.77%	417	406	-2.64%	112	85	-24.11%	2	(1)	-150.00%
America .....	13,531	14,693	+8.59%	2,907	2,545	-12.45%	-	-	-	(1)	(1)	0.00%
Asia Pacific ...	7,404	9,199	+24.24%	938	1,026	+9.38%	-	-	-	-	1	+100.00%
Africa .....	1	-	-	284	470	+65.49%	2	-	-100%	(1)	-	-100.00%
<b>TOTAL .....</b>	<b>24,216</b>	<b>27,221</b>	<b>+12.41%</b>	<b>6,256</b>	<b>6,260</b>	<b>+0.06%</b>	<b>1,538</b>	<b>1,446</b>	<b>-5.98%</b>	<b>(35)</b>	<b>(29)</b>	<b>-17.14%</b>

The breakdown of sales by geographical area demonstrates the diversification of the Group's revenue sources: North America represents 44.4 per cent. of sales, Asia Pacific 29.3 per cent., Spain 12.7 per cent. and the remaining 13.6 per cent.

In Construction, it is worth noting the rebound in activity in Asia Pacific which grew by 24.2 per cent. thanks to the positive evolution of CIMIC. Activity in North America, with its larger contribution, maintained its solid growth of 8.1 per cent. despite the negative impact of the depreciation of the US dollar. Likewise, it is worth noting the recovery of activity in Spain, which showed an increase of 7.2 per cent.

In Industrial Services, the activity fall in North America, mainly in Mexico, is offset by the rebound in domestic activity which recovered by 6.0 per cent., as well as the positive trend in Asia Pacific, which showed growth of 9.4 per cent.

Services sales decreased by 6.0 per cent. due to the sale of Sintax. The only remaining activity in this area is Clece, whose sales increased by 3 per cent.

The Group's backlog stood at EUR 67,082 million, growing by 0.8 per cent. in the past twelve months. It is affected by the value of the euro against the other main currencies. Without this impact of EUR 5,272 million, backlog growth stands at 8.8 per cent.

Construction backlog remained practically stable due to the aforementioned impact of currency fluctuations, which amounts to over EUR 4,400 million. Excluding this effect, backlog grew by 7.6 per cent.

Industrial Services experienced solid growth in its backlog of 6.0 per cent., thanks to the positive evolution of the order intakes in the past twelve months, mainly of energy projects in Europe and South America. It is worth noting the recovery of the domestic backlog, which grew by 6.6 per cent. compared with 2016.

Clece's backlog increased by 13.6 per cent. thanks to the positive trend in the domestic backlog and the progressive increase in the international market contribution.

### Cash flows

The following table sets out the net cash flows of the Group for the years ending 31 December 2016 and 2017:

Euro Millions	Net Cash Flow							
	2016			2017			Variation	
	TOTAL	HOT*	ACS ex HOT**	TOTAL	HOT*	ACS ex HOT**	TOTAL	ACS ex HOT**
	<i>(in millions of euro except percentages)</i>							
Cash Flow from Operating Activities (GROSS) .....	1,514	744	770	1,908	1,135	773	+26.0%	+0.4%
Cash Flow from Operating Activities before Working Capital..	1,397	909	488	1,672	1,158	514	+19.7%	+5.3%
Operating working capital variation	(21)	264	(285)	192	213	(21)		
Net CAPEX .....	(331)	(187)	(144)	(372)	(252)	(120)		
Net Operating Cash Flow from continuing activities.....	1,045	986	59	1,492	1,119	373	+42.8%	+532.2%
Net Operating Cash Flow from discontinued operations (*).....	(71)	-	(71)	-	-	-		
Financial Investments/Disposals.....	926	(613)	1,539	63	(43)	106		
Other Financial Sources.....	(65)	(12)	(53)	(21)	(17)	(4)		
Free Cash Flow.....	1,835	361	1,474	1,534	1,059	475	-16.4%	-67.8%
Dividends paid.....	(326)	(133)	(193)	(297)	(141)	(156)		
Intra group Dividends.....	-	(92)	92	-	(120)	120		
Treasury stock acquisition .....	(131)	(79)	(52)	(195)	-	(195)		
<b>Total Cash Flow generated / (Consumed) .....</b>	<b>1,378</b>	<b>57</b>	<b>1,321</b>	<b>1,042</b>	<b>798</b>	<b>244</b>	<b>-24.4%</b>	<b>-81.5%</b>

\* Hochtief.

\*\* Results of the Group excluding Hochtief.

Cash Flow from Operating Activities before working capital amounted to EUR 1,672 million, up 19.7 per cent. on 2016. The recovery in construction activity as well as the improvement in financial expenses contributed to the positive evolution of operating cash flow.

Operating working capital had an impact of EUR 192 million of cash inflow in 2017, mainly from Construction activities.

During the period, the Group devoted EUR 195 million to the acquisition of treasury stock, in respect of the scrip dividends paid in July 2017 and February 2018.

In addition to the Group paid EUR 297 million of dividends in cash which practically corresponds to the ACS scrip dividends paid in February and July. As well as the dividends paid by HOCHTIEF and CIMIC to its minorities in 2017.

### Operating Investments and Disposals

The Group's total and net investments for the twelve months ended 31 December 2017 are summarised in the following table:

	Operational Capex	Operating Disposals	Net Operational Investment	Investment in Projects	Financial Disposals	Net Projects Investment	Net Investments
	<i>(figures in millions of euro)</i>						
<b>Construction</b>	<b>426</b>	<b>(142)</b>	<b>284</b>	<b>122</b>	<b>(226)</b>	<b>(105)</b>	<b>180</b>
Dragados	69	(37)	32	2	(20)	(18)	14
Hochtief	357	(106)	252	72	(29)	43	294
Iridium	-	-	-	48	(177)	(129)	(129)
<b>Services</b>	<b>28</b>	<b>(7)</b>	<b>20</b>	<b>11</b>	<b>(57)</b>	<b>(47)</b>	<b>(26)</b>
<b>Industrial Services</b>	<b>88</b>	<b>(23)</b>	<b>65</b>	<b>248</b>	<b>(158)</b>	<b>90</b>	<b>156</b>
Corporation & Others	2	-	2	(9)	7	(3)	(1)
<b>TOTAL</b>	<b>544</b>	<b>(172)</b>	<b>372</b>	<b>371</b>	<b>(434)</b>	<b>(63)</b>	<b>308</b>

The total investments of the ACS Group amounted to EUR 915 million, while divestments amounted to EUR 607 million, resulting in a net negative cash flow balance for investing activities of EUR 308 million.

Regarding Construction activities, investment corresponding to concession projects from Iridium amounted to EUR 48 million (among them, Los Libertadores in Chile) as well as financial investments in HOCHTIEF, including the acquisition of minorities in UGL, amounting to EUR 20 million. Divestments included EUR 177 million from Iridium, mainly upon the sale of the 80 per cent. stake in the Hospitals in the Balearic Islands, and various highway concessions in Chile (Nueva vía del Mar y Ruta del Canal) and Greece (Jónica, Central Greece). In addition, Dragados and HOCHTIEF Europe sold financial assets realising EUR 50 million.

Regarding Industrial Services, financial investments amounted to EUR 248 million. These included transmission lines in Brazil and various renewable energy projects, both wind farms and PVs. Divestments were of two wind farms in Portugal to Saeta Yield.

Regarding the Services area, investments corresponded to the acquisition of Clece Care UK. Financial divestments in Services constituted mainly the sale of Sintax, completed in February 2017 for a total of EUR 55 million.

#### *Net debt*

The following table sets out the Group's net debt by business unit as at 31 December 2017:

	<u>Construction</u>	<u>Services</u>	<u>Industrial Services</u>	<u>Corporation and adjustments</u>	<u>ACS Group</u>
	<i>(figures in millions of euro)</i>				
<b>Bank borrowings, debt instruments, and other marketing securities .....</b>	<b>3,349</b>	<b>331</b>	<b>966</b>	<b>2,840</b>	<b>7,486</b>
Non-current instruments.....	2,552	181	382	1,695	4,810
Current instruments.....	797	150	584	1,145	2,676
<b>Other financial liabilities .....</b>	<b>378</b>	<b>145</b>	<b>97</b>	<b>(262)</b>	<b>358</b>
Non-current instruments.....	118	-	88	(3)	203
Current instruments.....	260	145	9	(259)	155
<b>Companies receivables, current financial assets, cash and cash equivalent .....</b>	<b>(5,334)</b>	<b>(311)</b>	<b>(1,681)</b>	<b>(560)</b>	<b>(7,886)</b>
Group Companies' long-term receivables .....	(3)	-	-	3	-
Long-term cash collateral deposits .....	(8)	-	-	-	(8)
Other current financial assets .....	(730)	(226)	(73)	(530)	(1,559)
Cash and cash equivalents.....	(4,593)	(85)	(1,608)	(33)	(6,319)
<b>Project finance with limited recourse .</b>	<b>179</b>	<b>-</b>	<b>16</b>	<b>-</b>	<b>195</b>
Non-current instruments.....	133	-	14	-	147
Current instruments.....	46	-	2	-	48
<b>TOTAL NET DEBT 2017 .....</b>	<b>(1,428)</b>	<b>165</b>	<b>(602)</b>	<b>2,018</b>	<b>153</b>

The Group's total net debt stood at EUR 153 million, EUR 1,061 million lower than the outstanding balance at 31 December 2017 thanks to positive growth in the funds from operations. Excluding non-recourse debt, net debt stood at a net cash position of EUR 42 million at the end of 2017.

Net debt linked to assets held for sale amounted to EUR 162 million, 27.3 per cent. lower than the prior period.

The balance of factoring and securitisation at the end of 2017 stood at EUR 1,150 million.

## Equity

The following table sets out the Group's equity as at 31 December 2016 and 2017:

	<b>Year ended 31 December</b>		<b>Variation 2016 vs. 2017</b>
	<b>2016</b>	<b>2017</b>	
	<i>(in millions of euro except for percentages)</i>		
Shareholders' Equity .....	3,563	3,959	+11.1%
Adjustments for changes in value .....	11	(216)	n.a
Non-controlling interests .....	1,393	1,421	+2.0%
<b>Total Equity .....</b>	<b>4,968</b>	<b>5,164</b>	<b>+4.0%</b>

The Total Equity of the Group accounted for EUR 5,164 million by period-end, showing an increase of 4.0 per cent. since 31 December 2016.

The balance of minority interests includes the equity participation of minority shareholders of Hochtief as well as minority interests included in the balance of the German company, mainly minority shareholders of CIMIC Holdings.

### **Significant financial events in 2017**

#### *Dividends*

In 2017, dividends equivalent to EUR 1.196 per share were paid using the scrip dividend system, distributed as:

- An interim dividend paid in February 2016 for an equivalent amount of EUR 0.445 per share, as agreed by the Board of Directors on 22 December 2016; and
- A complementary dividend amounting to EUR 0.751 per share, as approved by the General Shareholders' meeting held on 4 May 2017 and paid in July 2016.

Likewise, on 19 December 2017, exercising the powers granted by the resolution of the General Shareholders' Meeting of the Issuer held on 4 May 2017, the Board of Directors approved the distribution of the interim dividend for 2017 through the scrip dividend system. To this end, it was agreed to proceed to a second capital increase against reserves of up to EUR 142 million (equivalent to around EUR 0.449 per share), in order that shareholders could choose between continuing to receive remuneration either in cash or in shares of the Issuer. This simultaneous capital increase and reduction was carried out in February 2018.

#### *Mergers, acquisitions and transmission of shares*

On 21 June 2017, Grupo ACS, proceeded with the sale of an 80 per cent. stake in its indirect holdings in three hospitals in the Balearic Islands, through its subsidiary Iridium Concesiones S.A. The Company EV of the three assets was EUR 418 million and the sale price EUR 43.3 million, generating a capital gain of EUR 6.7 million.

On 14 August 2017, the ACS Group reached an agreement, through its Portuguese subsidiary PROCME, for the sale to Saeta Yield S.A. of Lestenergía Exploracao de Parques Eólicos, S.A., (EV of EUR 181 million) for a price of EUR 104 million, and an after-tax and minority capital gain of approximately EUR 12 million.

On 7 September 2017, the ACS Group sold 100 per cent. of its stake in Concessionaire Company Rutil del Canal SA, through its subsidiary Concesiones Viarias Chile S.A., the company holding the concession contract for the operation and maintenance of the "Concession Route 5, Section Puerto Montt Pargua", in favour of the Penta Public Investment Fund The Americas Infrastructure Three (company value of 100 per cent. of EUR 142 million, and a capital gain of approximately EUR 10 million).

On 9 October 2017, HOCHTIEF launched a counter-offer to the previous takeover bid launched in July 2017 by Atlantia Spa. for 100 per cent. of Abertis Infraestructuras, S.A., the terms and conditions being described in the document filed with the CNMV. For further information on the current status of this transaction please see "*—Recent Developments*" below.

#### *Loans, credits and other financial operations*

On 8 May 2017, ACS, Actividades de Construcción y Servicios, S.A. obtained an investment grade credit rating of BBB on a long-term basis and A-2 on a short-term basis, with a stable outlook, from Standard & Poor's agency. Likewise, on 10 May 2017, HOCHTIEF and CIMIC obtained the same credit rating.

On 28 June 2017, Grupo ACS and a syndicate of banks consisting of 43 Spanish and foreign institutions entered into a novation financing agreement (issue date, 13 February 2015 and renewed 31 December 2016) totaling EUR 2,350,000 million (that was divided into two tranches). ACS, Actividades de Construcción y Servicios, S.A. has withdrawn EUR 200 million from the referred financing agreement and the current outstanding amount is EUR 2,150,000 thousand, divided into two tranches (the tranche A loan amounting to EUR 1,200,000 thousand and the tranche B liquidity facility amounting to EUR 950,000 thousand, unutilized at 31 December 2017). The novation implied an extension of the maturity of the agreement until 13 June 2022 and a significant reduction in margins as a consequence of the rating obtained by the company in fiscal year 2017.

On 22 October 2017, ACS, Construction Activities and Services, S.A. issued a EUR 300 million programme of Negotiable European Commercial Paper (NEU CP) quoted on Luxembourg Stock Exchange.

#### *Corporate Governance*

On 28 February 2017, ACS's Board of Directors agreed to appoint Mrs. Carmen Fernández Rozado as an independent Board Director as well as Chairman and member of the Audit Committee.

On 4 May 2017, General Shareholders' Meeting approved the appointment of Mr. Marcelino Fernández Verdes to the Board of Directors of ACS. Subsequently, the Board of Directors proceeded to appoint him as Chief Executive Officer of ACS on 11 May, 2017.

#### *Recent Developments*

On 6 February 2018, the ACS Group reached an agreement for the sale of its stake in Saeta Yield through its subsidiary Cobra, with the irrevocable acceptance of its purchase by a company controlled by Brookfield Asset Management. The transaction is subject to the relevant regulatory approvals.

On 28 February 2018, the Board of Directors of ACS Construction and Services Activities S.A. agreed to: appoint a Coordinating Director, replacing Mrs. Catalina Miñarro Brugarolas, the Independent Director Mr. José Eladio Seco Domínguez ceased as member of the Appointments Committee to the Director Mr. Agustín Batuecas Torrego.

On 14 March 2018, ACS, Hochtief and Atlantia disclosed to the market that the three companies had reached a binding agreement in principle, subject to compliance with certain conditions, on a joint final investment in Abertis. The investment will be structured in accordance with the following considerations:

(A) *Hochtief Acquisition and Takeover*: regarding the competitive voluntary acquisition and takeover of Abertis' shares proposed by Hochtief that was approved by the CNMV on 12 March, 2018, Hochtief shall modify its offer by removing the Shares for Consideration (and the resulting condition related to choosing this form of consideration for a determined percentage of Abertis' capital), such that the price of the acquisition and takeover shall be fully paid in cash, and the Abertis share price shall remain unchanged at EUR 18.36 per share. Hochtief shall exercise the right to squeeze out in the event of reaching the legally required threshold, or alternatively, shall promote the delisting of Abertis' shares.

(B) *Holding Company*: the Parties shall capitalise the Holding Company for an approximate amount of EUR 7 billion, which shall acquire from Hochtief its full stake in Abertis for a consideration equivalent to the one paid by Hochtief in the acquisition and takeover, squeeze-outs or delisting (adjusted by the corresponding gross dividends). The Holding Company shall enter into a new financing contract for the

purpose of partially financing the acquisition. The Holding Company's capital shall be distributed between the Parties as follows: (i) Atlantia, 50 per cent. plus one share; (ii) ACS, 30 per cent.; and (iii) Hochtief, 20 per cent. minus one share. This shall allow Atlantia to consolidate Abertis and the Holding Company, without ACS having to pay back the corresponding debt. The Parties shall sign a shareholders agreement for the purposes of regulating their relationship as shareholders of the Holding Company, including matters normally reserved in this class of operations.

(C) *Capitalisation and investment by Atlantia in Hochtief*: Hochtief shall make a capital increase of up to approximately 6.43 million shares that will be entirely subscribed by ACS at a price of EUR 146.42 per share. Likewise, ACS shall sell Hochtief's shares at the same price to Atlantia for a total value of up to EUR 2,500 million.

(D) *Strategic Collaboration Contract*: the Parties intend to enter into a long-term contract for the purposes of maximising the strategic relationship and synergies between the Parties and Abertis in new projects of public-private partnership, for both projects in the offer and construction (greenfield) phase, as well as projects in operation (brownfield) phase.

(E) *Atlantia Acquisition and Takeover*: based on the previous agreements, Atlantia shall withdraw its acquisition and takeover of Abertis' shares that was approved by the CNMV on 9 October, 2017.

### ***Organisational Structure***

The Issuer is the parent company of the entities of which the Group is comprised, functioning as a holding company for each of the Group's subsidiaries. As at 31 December 2017, the Group comprised 1,383 companies, including the Issuer, 1,046 subsidiary companies and 336 associate companies and joint ventures.

The organisational structure of the Group with its holding companies and their significant subsidiaries as at 31 December 2017 is summarised in the following diagram.



### Share Capital and Major Shareholders

As at the date of this Information Memorandum, the Issuer's share capital is made up of 314,664,594 ordinary shares of EUR 0.50 nominal value each, represented by book entries and forming a single class. The Issuer's share capital is fully subscribed and paid-up. The Issuer's shares are admitted to listing on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges (the "**Spanish Stock Exchanges**") and trade through the automated quotation system (*Sistema de Interconexión Bursátil*).

As at 31 December 2017, the following shareholders (excluding members of the Board of Directors) each held, directly or indirectly, 2.5 per cent. or more of the ordinary shares with voting rights of the Issuer:

<b>Name or company name of the shareholder</b>	<b>Number of direct voting rights</b>	<b>Number of indirect voting rights</b>	<b>% of total voting rights</b>
Mr. Alberto Cortina Alcocer .....	5,372	7,964,131	2.53%
Mr. Alberto Alcocer Torra .....	0	7,898,563	2.51%
Blackrock .....	0	9,462,444	3.01%

<b>Name or company name of the indirect shareholder</b>	<b>Held through: Name or company name of the direct shareholder</b>	<b>Number of voting rights</b>
Mr. Alberto Cortina Alcocer .....	Percacer, S.L.	4,231,030
Mr. Alberto Cortina Alcocer .....	Corporacion Financiera Alcor, S.L.	466,440
Mr. Alberto Cortina Alcocer .....	Imvernelin Patrimonio, S.L.	3,266,661
Mr. Alberto Alcocer Torra .....	Comercio Y Finanzas, S.L.	4,165,461
Mr. Alberto Alcocer Torra .....	Corporacion Financiera Alcor, S.L.	466,440
Mr. Alberto Alcocer Torra .....	Imvernelin Patrimonio, S.L.	3,266,662
Blackrock .....	Blackrock, Inc	9,462,444

Based on the information available to the Issuer, there is no individual or corporation that, directly or indirectly, through one or more intermediaries, exercises or may exercise any type of control over the Issuer. In addition, various independent directors are appointed to the Board of Directors and the Issuer has processes in place to monitor the purchase of its shares, including a policy in relation to maintaining treasury holdings, which complies with recommendations approved by the CNMV and which is reported on to the Audit Committee at regular intervals by the responsible person.

The table below sets out the number of ordinary shares with voting rights held by members of the Board of Directors of the Issuer as at 31 December 2017:

<b>Name or company name of the Board Member</b>	<b>Number of direct voting rights</b>	<b>Number of indirect voting rights</b>	<b>per cent. of total voting rights</b>
Agustin Batuecas Torrego .....	1,081,170	770,000	0.59%
Antonio Botella García.....	0	0	0.00%
Manuel Delgado Solis .....	0	0	0.00%
Jose Luis Del Valle Perez.....	279,064	0	0.09%
Javier Echenique Landiribar.....	33,434	0	0.01%
Carmen Fernández Rozado	457	0	0.00%
Marcelino Fernández Verdes	619	822,369	0.26%
Antonio García Ferrer .....	100,572	0	0.03%
Emilio García Gallego.....	10	0	0.00%
Joan David Grima Terre .....	0	0	0.00%
Mariano Hernandez Herreros .....	0	2,064	0.00%
Jose Maria Loizaga Viguri .....	141,676	0	0.05%
Pedro Jose Lopez Jimenez.....	0	542,936	0.17%
Catalina Miñarro Brugarolas .....	0	0	0.00%
Florentino Perez Rodriguez.....	0	39,397,625	12.52%
María Soledad Pérez Rodríguez .....	5,841	0	0.00%
Miguel Roca Junyent.....	40	0	0.00%
Jose Eladio Seco Dominguez .....	0	0	0.00%

The following table describes the indirect shareholdings by members of the Board of Directors of the Issuer as at 31 December 2017:

<b>Name or company name of the indirect shareholder</b>	<b>Held through: Name or company name of the direct shareholder</b>	<b>Number of voting rights</b>
Agustin Batuecas Torrego .....	Carcalodon, S.L.	770,000
Marcelino Fernández Verdes	Gesguiver, S.AL.	822,369
Mariano Hernández Herreros	María Concepción Pérez Rodríguez	2,064
Pedro Jose Lopez Jimenez.....	Fapin Mobi, S.L.	542,936
Florentino Perez Rodriguez.....	Inversiones Vesan, S.A.	39,397,625

**Percentage of total voting rights held by the Board of Directors: 13.71 per cent.**

In addition, as at 31 December 2017, no members of the Board of Directors had notified the CNMV of stock options which, should they be exercised by such Director, would give them additional voting rights.

As at 31 December 2017, treasury shares held by the Issuer amounted to 3,756,460 (1.19 per cent. of total shares), with a face value of EUR 0.50 each. This figure has subsequently been reduced by the sale of treasury shares detailed under "Recent Developments" above.

## **Management**

### *Board of Directors*

As at the date of this Information Memorandum, the Issuer has 18 Directors, The following table describes the composition of the Board of Directors of the Issuer as at the date of this Information Memorandum:

<u>Name or company name of the Board Member</u>	<u>Representative</u>	<u>Class of Board Member</u>	<u>Position on the Board</u>	<u>Date of first appointment</u>	<u>Date of last appointment</u>	<u>Appointment procedure</u>
Marcelino Fernández Verdes		Executive	CEO	04/05/2017	04/05/2017	General Shareholders' Meeting Resolution
Carmen Fernández Rozado		Independent	Board Member	28/02/2017	28/01/2017	Board Of Directors' Meeting Resolution
Jose Eladio Seco Dominguez		Independent	Board Member	22/12/2016	22/12/2016	Board Of Directors' Meeting Resolution
Mariano Hernandez Herreros		Proprietary	Board Member	05/05/2016	05/05/2016	General Shareholders' Meeting Resolution
Antonio Botella García		Independent	Board Member	28/04/2015	28/04/2015	General Shareholders' Meeting Resolution
Catalina Miñarro Brugarolas		Independent	Board Member	28/04/2015	28/04/2015	General Shareholders' Meeting Resolution
Emilio García Gallego		Independent	Board Member	13/11/2014	28/04/2015	General Shareholders' Meeting Resolution
María Soledad Pérez Rodríguez		Proprietary	Board Member	13/11/2014	28/04/2015	General Shareholders' Meeting Resolution
Manuel Delgado Solis		Proprietary	Board Member	20/05/2004	25/05/2009	General Shareholders' Meeting Resolution
Javier Echenique Landiribar		Proprietary	Board Member	20/05/2004	25/05/2009	General Shareholders' Meeting Resolution
Antonio Garcia Ferrer		Executive	Executive Deputy Chairman	14/10/2003	28/04/2015	General Shareholders' Meeting Resolution
Joan David Grima Terre		Other External	Board Member	14/10/2003	28/04/2015	General Shareholders' Meeting Resolution
Don Miguel Roca Junyent		Other External	Board Member	14/10/2003	28/04/2015	General Shareholders' Meeting Resolution
Agustin Batuecas Torrego		Executive	Board Member	29/06/1999	28/04/2015	General Shareholders' Meeting Resolution
Jose Luis Del Valle Perez		Executive	Board Member Secretary	28/06/1989	28/04/2015	General Shareholders' Meeting Resolution
Jose Maria Loizaga Viguri		Other External	Board Member	28/06/1989	28/04/2015	General Shareholders' Meeting Resolution

<u>Name or company name of the Board Member</u>	<u>Representative</u>	<u>Class of Board Member</u>	<u>Position on the Board</u>	<u>Date of first appointment</u>	<u>Date of last appointment</u>	<u>Appointment procedure</u>
Pedro Jose Lopez Jimenez		Other External	Board Member	28/06/1989	28/04/2015	General Shareholders' Meeting Resolution
Florentino Perez Rodriguez		Executive	Chairman and CEO	28/06/1989	28/04/2015	General Shareholders' Meeting Resolution

The business address of each of the Members of the Board of Directors of the Issuer is Avenida Pío XII, 102, 28036, Madrid, Spain.

#### *Senior Management*

The Board has delegated some of its powers to the following committees:

#### **Executive Committee**

The Executive Committee is made up of the Chairman of the Board of Directors, one or both Vice-Chairmen, Board Members appointed by the Board of Directors for such purpose and the Secretary to the Board of Directors (who is entitled to participate in, but not to vote at, meetings of the Executive Committee).

The Executive Committee meets as often as it is convened by its Chairman, on his or her own initiative or at the request of at least two of its members.

The Executive Committee exercises the same powers as those of the Board of Directors, with the exception of those powers that may not be delegated to the Executive Committee by law or under the Issuer's by-laws.

The following table describes the composition of the Executive Committee at the date of this Information Memorandum:

<u>Name</u>	<u>Position</u>	<u>Type</u>
Florentino Perez Rodriguez	Chairman and CEO	Executive
Antonio Garcia Ferrer	Deputy Chairman	Executive
Marcelino Fernández Verdes	CEO	Executive
Javier Echenique Landiribar	Member	Proprietary
Jose Maria Loizaga Viguri	Member	Other External
Pedro Jose Lopez Jimenez	Member	Other External

#### **Management Committee**

The Management Committee is a non-statutory internal body, formed by members of the main companies of the Group and their affiliates, with the purpose of giving such executives the opportunity to meet to discuss professional experiences and to find solutions to management issues of the Group generally.

The following table describes the composition of the Management Committee (*Comité de Dirección*) of the Issuer as at the date of this Information Memorandum:

<u>Management Committee Member</u>	<u>Position in the Issuer</u>
Florentino Pérez Rodríguez	Chairman and CEO
Antonio García Ferrer	Executive Vice Chairman
Marcelino Fernández Verdes	CEO
José Luis del Valle Pérez	Secretary General
Ángel García Altozano	Corporate General Manager
Eugenio Llorente Gómez	CEO of the Industrial Services Business Unit

## Audit Committee

The Audit Committee is comprised of a minimum of three and a maximum of five members appointed by the Issuer's Board of Directors from amongst its members.

The following table describes the composition of the Audit Committee of the Issuer as at the date of this Information Memorandum:

<u>Name</u>	<u>Position</u>	<u>Class</u>
Carmen Fernández Rozado	Chairman	Independent
Emilio García Gallego	Board Member	Independent
Catalina Miñarro Brugarolas	Board Member	Independent
Jose Maria Loizaga Viguri	Board Member	Other External
María Soledad Pérez Rodríguez	Board Member	Proprietary

The responsibilities of the Audit Committee include:

- (a) Report to the General Meeting of Shareholders on the questions that shareholders may raise there on matters of its competence.
- (b) Propose to the Company's Board of Directors, for submission to the General Meeting of Shareholders, the appointment of external accounts auditors referred to under Section 204 of the Public Limited Companies Act (Revised Text).
- (c) Review and approve significant changes in the accounting policies of the Company and of the subsidiaries comprised within its Business Group and of the Group itself. In addition, in general, liaise with the external auditors to receive information on those matters that may endanger their independence and any other matter relating to the proceedings of the accounts audit, in addition to any other communication stipulated in the legislation on accounts auditing and on technical auditing standards.
- (d) Receive periodic reports from the internal auditing services and supervise its operation; propose the appointment, re-election and termination of its head; assure its independence and efficiency; propose a budget for this service; and verify that senior management takes into account its conclusions and recommendations.
- (e) Supervise compliance with internal conduct codes and corporate governance rules.
- (f) Be aware of the financial information process and the company's internal control systems.
- (g) Periodically review the risk control and management systems, assuring that they appropriately define the different types of risks (operating, technological, financial, including contingent, legal, and image liabilities, etc.) faced by the company; define the acceptable risk level and establish the appropriate measures for mitigating the risks identified in the event that such risks were to arise.
- (h) Review and report on the estimates made by the management of the Company and of those forming part of its Business Group with respect to possible significant fiscal and legal contingencies.
- (i) Be aware of the results of inspections carried out by official agencies.
- (j) Be aware of the information periodically provided to the Stock Market on the company's accounts.
- (k) Previously inform the Board of Directors of any related party transactions to be submitted for its approval.
- (l) Any other matters under its competence pursuant to these Rules, which may be especially entrusted to it by the Board of Directors.

### Appointment Committee

The Appointment Committee is made up of a Chairman and a minimum of two members appointed by the Board of Directors from among its members. At least two of the members, as well as the Chairman of this Committee, must be independent Board members. The Appointment Committee must meet at least twice a year.

The following table describes the composition of the Appointment Committee of the Issuer as at 31 December 2017:

<u>Name</u>	<u>Position</u>	<u>Class</u>
Catalina Miñarro Brugarolas	Chairman	Independent
Agustin Batuecas Torrego	Board Member	Executive
Javier Echenique Landiribar	Board Member	Proprietary
Carmen Fernández Rozado	Board Member	Independent
Joan David Grima Terre	Board Member	Other External
Jose Maria Loizaga Viguri	Board Member	Other External
Pedro Jose Lopez Jimenez	Board Member	Other External

On 28 February 2018, ACS's Board of Directors agreed to end Agustín Batuecas Torrego's term as a member of the Appointment Committee.

The Appointment Committee is responsible for providing the Board of Directors with information on:

- (a) Proposed Board Member and Secretary to the Board of Director appointments.
- (b) Proposed appointment of Senior Executives, especially those who will form part of the Group's Management Committee, and the basic conditions of their contracts.
- (c) Issues relating to gender diversity on the Board of Directors.
- (d) The provisions established in these rules regarding the operation of the Board of Directors will be applied to the Appointment Committee as necessary and with the natural adaptations.

### Remuneration Committee

The Remuneration Committee is made up of a Chairman and a minimum of two members appointed by the Board of Directors from amongst its members. At least two of the members, as well as the Chairman of this Committee, must be independent Board members. The Appointment Committee must meet at least twice a year.

The following table describes the composition of the Remuneration Committee of the Issuer as at the date of this Information Memorandum:

<u>Name</u>	<u>Position</u>	<u>Class</u>
Antonio Botella García	Chairman	Independent
Manuel Delgado Solis	Board Member	Proprietary
Emilio García Gallego	Board Member	Independent
Mariano Hernandez Herreros	Board Member	Proprietary
María Soledad Pérez Rodríguez	Board Member	Proprietary
Miguel Roca Junyent	Board Member	Other External
Jose Eladio Seco Dominguez	Board Member	Independent

The Remuneration Committee is responsible for providing the Board of Directors with information on:

- (a) The remuneration system of the Chairman of the Board of Directors and other senior executives of the Company.
- (b) The distribution among the members of the Board of Directors of the overall remuneration agreed upon by the shareholders at the General Meeting and, if applicable, the establishment of supplementary remuneration and other payments corresponding to executive Board Members in relation to their functions.
- (c) Remuneration of Board Members.

- (d) Long-term plans that may be established in accordance with the value of the share, such as stock option plans.

In so far as may be necessary, and with any necessary adaptations, the functioning of the Appointments and Remuneration Committees shall be governed by the provisions of these Rules regulating the functioning of the Board of Directors.

At the next General Shareholders' Meeting it will be proposed to split this Committee into two separate committees.

### **Employees**

As at 31 December 2017, the Group employed a total of 182,269 people. The following table sets out a breakdown, by business unit, of the Group's employees as at 31 December 2015, 2016 and 2017:

	<u>31 December 2015</u>	<u>31 December 2016</u>	<u>31 December 2017</u>
Construction .....	57,903	64,281	66,897
Industrial Services .....	40,006	40,806	41,002
Services .....	99,005	71,616	74,317
Corporation .....	53	52	53
<b>Total .....</b>	<b><u>196,967</u></b>	<b><u>176,755</u></b>	<b><u>182,269</u></b>

### **Conflicts of Interest**

Other than those specifically declared according to the applicable law or regulations, and as set out in the Issuer's 2017 financial statements incorporated by reference herein, there exist no conflicts of interest between the administrative, management and supervisory bodies of the Issuer and there exist no potential conflicts of interest between any duties to the issuing entity of any members of such administrative, management or supervisory bodies and their private interests and/or other duties.

### **Transactions with Related Parties**

All related-party transactions executed in the financial year ended 31 December 2017 and up to the date of this Information Memorandum were undertaken in the ordinary course of business of the Issuer and were performed on an arm's-length basis.

### **Financial Information concerning the Issuer**

The Issuer's consolidated financial statements for the year ending 31 December 2016 and 31 December 2017 have been audited by Deloitte, S.L.

The registered offices of Deloitte, S.L are at Plaza Pablo Ruiz Picasso, 1, Madrid, and it is registered under number S 0692 in the Official register of Auditors (*Registro Oficial de Auditores de Cuentas*). Deloitte, S.L. is a member of the Instituto de Censores Jurados de Cuentas de España.

### **Litigation**

As at 31 December 2017, the Group had provisions for third-party liability amounting to EUR 893.1 million. These provisions cover the risks arising from companies of the Group, which are party to certain legal proceedings due to the liability inherent in the activities carried out by them.

Although there are a number of lawsuits, the Issuer believes that such lawsuits, except those outlined in this section, are for non-relevant amounts when considered individually based on the size of the Group.

Periodic charges to these provisions are made based on an analysis of the lawsuits or claims in progress, according to the reports prepared by the legal advisers of the Group. As in the case of provisions for taxes, these amounts are not updated to the extent that the time at which the risk arises or disappears depends on circumstances linked to judgments or arbitration and it is impossible to determine the date on which they will be resolved. Additionally, these provisions are not derecognised until the judgments handed down are final and payment is made, or until there is no doubt as to the disappearance of the associated risk.

Both the investment of ACS Group in Alazor and the accounts receivable for Alazor have been fully provided for in the consolidated annual accounts of the ACS Group for 2017. In addition, in February 2014 the Group received a notice of guarantee enforcement towards Desarrollo de Concesiones Viarias Uno, S.L. and ACS, Actividades de Construcción y Servicios, S.A. from several financial institutions, amounting to EUR 73,350 thousand (including both the principal and estimated costs), which was recorded under "Other current financial assets" in the consolidated statement of financial position and which has been consigned to the account of Madrid First Tier Tribunal no. 51. In March 2015, that Court issued an Order rejecting the opposition to the enforcement and ordering delivery of the amounts already recorded to the banks, provisionally effective in May 2016, transferring to these institutions the amount corresponding to the principal claimed. Through an Order on 19 September 2017, the Audiencia Provincial considered the appeal against the opposition to the enforcement delivery, overturning it and ordering the lifting of all measures adopted by the Court, with costs payable by the implementors. In fulfilment of the Order of the Audiencia Provincial, the implementors have reintegrated the amounts received. In this way, the shareholder Desarrollo de Concesiones Viarias Uno, S.L. has received a total of EUR 87.854 thousand (the difference with the amount initially assigned follows the acquisition by the said company in October 2016 of the 3.9 per cent. stake of Iperpista in Alazor) in various payments made between 12 December 2017 and 6 February 2018.

On the matter of the declaratory proceeding brought by several financial institutions against the shareholders of Alazor claiming the payment of funds to Accesos de Madrid in compliance with agreements on the financing of excess expropriation and other costs, a favourable ruling was obtained in the first instance that was appealed by the Banks, and the National Court of Appeal confirmed the appeal in the second instance on 27 November 2015. The Banks filed an appeal with the Supreme Court against this but it has not yet pronounced if it will be admitted.

With regard to the insolvency proceedings, it is noted that although the agreement proposal corresponding to Accesos de Madrid obtained support in excess of 75 per cent., as it also wanted the agreement to be approved with the parent Alazor but did not obtain the necessary support, the judge of the Juzgado de lo Mercantil No. 6 (Commercial Court) ordered the entry into liquidation of the two concessionaires on 2 November 2017. The Judge declared the company administrators should cease the dissolution of the companies and the early maturity of all credits, requesting the respective liquidators to present their Liquidation Plans, which they did on 24 November 2017 for Accesos de Madrid and on 28 December 2017 for Alazor. In the plans of both liquidators, the effective delivery of the operation to Sociedad Estatal de Infraestructuras del Transporte Terrestre, S.A. will take place during the first quarter of 2018.

The Company currently value this investment at zero, and does not consider it necessary to record additional provisions, as the Group has issued no guarantees in relation to this project.

As there was an insufficient quorum to approve the proposed Agreement, the judge ruled that TP Ferro should enter into liquidation in 2016. On the other hand, at the end of 2016 the two states (France and Spain) gave notice of the commencement of the administrative termination proceedings of the concession contract, ending the concession and assuming management of the infrastructure from 2017. The two states have not yet provided the result of the calculation of the amount subject to compensation for the termination of the concession in clear breach of the Concession Contract which stipulates six months after termination.

On 16 January 2017, the Liquidation Plan for TP Ferro was approved. In March 2017, a report was issued proposing the qualification of the insolvency proceedings as a force majeure, to which no claims were received.

From the Liquidator's successive reports, it can be inferred that they have initiated various proceedings against TP Ferro, essentially without repercussions for the Group.

In relation to the concession agreement of Proyecto Metro de Lima Línea 2 in Peru, on 16 January 2017 the concessionaire Metro de Lima Línea 2, S.A. (in which Iridium Concesiones de Infraestructuras, S.A. holds a 25 per cent. stake) filed an application for arbitration against the Republic of Peru (Ministry of Transport and Communications) before the International Center for the Settlement of Investment Disputes between States and Nationals of other States (ICSID) for a serious breach by the Republic of Peru of the concession agreement principally consisting of (i) the non-delivery of the Concession Area in the terms and conditions established in the concession agreement; and (ii) the lack of approval and delayed approval of the Detailed Engineering Studies. Through the petition presented by the concessionaire on 23 January 2018,

an extension of the implementation period for the Project works and compensation for damages in excess of USD 400 million have been requested, which include damages incurred by various participants in the Project (construction group, rolling stock supplier, and others) whose legitimacy to claim these could be called into question. The arbitration ruling is likely to be issued in July 2019.

On 3 December 2015, the CNMC delivered a judgment in the proceedings against various companies, including Dragados, S.A., for alleged restrictive practices to competition in relation to the modular construction business. The amount of the decision, which totals EUR 8.6 million was the subject of an appeal filed during 2016. The Group's Management considers that its potential effect will not be significant.

The Group is also involved in a series of proceedings through the Group company Escal UGS, S.L.:

- On 18 November 2015, Escal UGS, S.L. submitted an appeal against the General Directorate of Energy and Mining Policy on the grounds that it believed the approved compensation was unreasonable. In January 2017, an administrative appeal was lodged which as of 31 December 2017 had not yet been ruled on.

- In December 2014, the Prosecution Service brought proceedings for an alleged offense against the environment and natural resources as a result of microseisms detected in the Castor gas storage area. This claim is currently in the early stages and the judge has not yet set the date for any ruling.

- Additionally, on 21 December 2017, the Spanish Constitutional Court issued a ruling for which partial provision is being made. Essentially, certain articles of RDL13/2014 have been declared void, the Court ruling that the enabling budget (criteria of extraordinary and urgent need) did not apply in the case of the amendment to the Decree-Law.

#### **Intellectual and industrial property**

The trademarks of the Issuer and the Group are protected on a domestic, European Union and international level in a broad range of classes in international patent registers. As at the date of this Information Memorandum, there were no proceedings or other litigation in connection with the Issuer's or the Group's trademarks.

#### **Credit Rating**

The Issuer has been assigned a short-term credit rating of A-2 (stable outlook) and a long-term credit rating of BBB (negative outlook) by Standard & Poor's Credit Market Services Europe Limited.

## CERTAIN INFORMATION IN RESPECT OF THE NOTES

### **Key Information**

The persons involved in the Programme and the capacities in which they act are specified at the end of this Information Memorandum.

The net proceeds of the issue of each issue of Notes will be used for the general funding purposes of the Group.

### **Information concerning the securities to be admitted to trading**

#### *Total amount of Notes admitted to trading*

The aggregate amount of each issue of Notes will be set out in the applicable Final Terms.

The maximum aggregate principal amount of Notes which may be outstanding at any one time is EUR 750,000,000 (or its equivalent in other currencies).

#### *Type and class of Notes*

Notes will be issued in tranches. Global Notes shall be issued (and interests therein exchanged for Definitive Notes, if applicable) in the following minimum denominations:

- (a) for U.S.\$ Notes, U.S.\$500,000 (and integral multiples of U.S.\$1,000 in excess thereof);
- (b) for Euro Notes, EUR 100,000 (and integral multiples of EUR 1,000 in excess thereof) except in the case of Notes to be placed in the United Kingdom, in which case the minimum denomination will be the Euro equivalent of £100,000, or higher;
- (c) for Sterling Notes, £100,000 (and integral multiples of £1,000 in excess thereof);
- (d) for Yen Notes, Yen 100,000,000 (and integral multiples of Yen 1,000,000 in excess thereof); or
- (e) for Swiss Franc Notes, SFr 500,000,

or such other conventionally accepted denominations in those currencies as may be agreed between the Issuer and the relevant Dealer from time to time, subject in the case of each currency (including those listed above) (i) to compliance with all applicable legal and regulatory requirements and (ii) to the minimum denomination being at least equal to the Euro equivalent of EUR 100,000 (except in the case of Notes to be placed in the United Kingdom, in which case the minimum denomination will be the Euro equivalent of £100,000, or higher), and provided, however, that the Notes of each issuance may only be issued in equal denominations.

The international security identification number of each issue of Notes will be specified in the relevant Final Terms.

### ***Legislation under which the Notes, the related contractual documentation and the Deed of Covenant have been created***

The status of the Notes, the capacity of the Issuer and the relevant corporate resolutions shall be governed by Spanish law. Any non-contractual obligations arising out of or in connection with the Notes, the terms and conditions of the Notes and all related contractual documentation will be governed by, and construed in accordance with, English law.

### ***Form of the Notes***

The Notes will be in bearer form. Each issue of Notes will initially be represented by a Global Note which will be deposited with a common depository for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system. Each Classic Global Note, as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a depository or a common depository for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system. Each New Global Note, as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a common

safekeeper for Euroclear and/or Clearstream, Luxembourg. Each Global Note may, if so specified in the relevant Final Terms, be exchangeable for Notes in definitive bearer form in the limited circumstances specified in the relevant Global Note.

On 13 June 2006, the European Central Bank (the "**ECB**") announced that Notes in NGN form are in compliance with the "Standards for the use of EU securities settlement systems in ESCB credit operations" of the central banking system for the euro (the "**Eurosystem**"), *provided that* certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

### ***Currency of the Notes***

Notes may be issued in United States Dollars, Euro, Sterling, Japanese Yen, and Swiss Francs and such other currencies as may be agreed between the Issuer and the Dealer(s) from time to time and subject to the necessary regulatory requirements having been satisfied.

### ***Status of the Notes***

The payment obligations of the Issuer pursuant to the Notes constitute and at all times shall constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and upon the insolvency (*concurso*) of the Issuer (and unless they qualify as subordinated debts under article 92 of the Insolvency Law or equivalent legal provision which replaces it in the future, and subject to any applicable legal and statutory exceptions) rank *pari passu* and rateably without any preference among themselves and *pari passu* with all other unsecured and unsubordinated indebtedness, present and future, of the Issuer.

*In the event of insolvency (concurso) of the Issuer, under the Insolvency Law, claims relating to Notes (unless they qualify as subordinated credits under Article 92 of the Insolvency Law) will be ordinary credits (créditos ordinarios) as defined in the Insolvency Law. The claims that qualify as subordinated credits under Article 92 of the Insolvency Law include, but are not limited to, any accrued and unpaid interests (including, for Notes sold at a discount, the amortisation of the original issue discount from (and including) the date of issue to (but excluding) the date upon which the insolvency proceeding (concurso) of the Issuer commenced). Ordinary credits rank below credits against the insolvency estate (créditos contra la masa) and credits with a privilege (créditos privilegiados). Ordinary credits rank above subordinated credits and the rights of shareholders. Pursuant to Article 59 of the Insolvency Law, accrual of interest shall be suspended from the date of declaration of insolvency of the Issuer (other than any interest accruing under secured liabilities up to an amount equal to the value of the asset subject to the security).*

### ***Rights attaching to the Notes***

Each issue of Notes will be the subject of Final Terms which, for the purposes of that issue only, supplements the terms and conditions set out in the relevant Global Note or, as the case may be, definitive Notes and must be read in conjunction with the relevant Notes. See "*Forms of Notes*" and "*Form of Final Terms*".

### ***Maturity of the Notes***

The maturity date applicable to each issue of Notes will be specified in the relevant Final Terms (the "**Maturity Date**"). The Maturity Date of an issue of Notes may not be less than 1 day nor more than 364 days from the date of issue, subject to applicable legal and regulatory requirements.

### ***Optional Redemption for Tax Reasons***

The Issuer may redeem Notes (in whole but not in part) on giving not less than 30 nor more than 60 days' notice to the Noteholders, or such other period(s) as may be specified in the relevant Final Terms, (which notice shall be irrevocable), at their Early Redemption Amount (Tax) if it has or will become obliged to pay additional amounts pursuant to the terms and conditions of the Notes as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Spain or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction) which change or amendment

becomes effective on or after the issue date of the relevant Notes and such obligation cannot be avoided by the Issuer taking reasonable measures available to it.

For the purposes of this section, "**Early Redemption Amount (Tax)**" means, in respect of any Note, (i) its principal amount or (ii) such percentage of its principal amount (expressed as an amount per Calculation Amount) as may be specified in the relevant Final Terms;

#### ***Redemption at the Option of the Issuer***

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at the Redemption Amount specified in the Final Terms together with (if this Note is an interest bearing Note) accrued interest to the Early Redemption Date specified in the Final Terms at any time upon expiry of the notice period specified in the Final Terms if, prior to the date on which the relevant notice of redemption is given, purchases (and corresponding cancellations) and/or redemptions have been effected in respect of 85 per cent. or more in principal amount of the Notes originally issued.

#### ***Prescription***

Claims for payment of principal and interest in respect of the Notes shall become prescribed and void unless made, in the case of principal, within ten years after the Maturity Date (or, as the case may be, the Relevant Date) or, in the case of interest, five years after the relevant Interest Payment Date in each case as specified in the relevant Final Terms.

#### ***Yield Basis***

Notes may be issued on the basis that they will be interest bearing or they may be issued at a discount (in which case they will not bear interest). The yield basis in respect of Notes bearing interest at a fixed rate will be set out in the relevant Final Terms.

#### ***Authorisations and approvals***

The establishment of the Programme and the issuance of Notes pursuant thereto was authorised by a resolution of the Board of Directors of the Issuer adopted at a meeting passed on 8 November 2012, on the basis of the authorisation granted by a resolution of the ordinary General Shareholder's Meeting of the Issuer passed on 25 May 2009. The update of the Programme was authorised by a resolution of the Board of Directors of the Issuer adopted at a meeting passed on 28 February 2018. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

#### ***Admission to Trading and Dealing Arrangements***

Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin for Notes issued under the Programme during the period of twelve months after the date of this Information Memorandum to be admitted to the Official List and to trading on the regulated market of the Irish Stock Exchange plc trading as Euronext Dublin. Notes may be listed, traded and/or quoted on any other listing authority, stock exchange and/or quotations system, as may be agreed between the Issuer and the Dealer. No Notes may be issued on an unlisted basis.

The Bank of New York Mellon, London Branch at One Canada Square, London E14 5AL, United Kingdom is the Issuing and Paying Agent in respect of the Notes.

#### ***Expense of the Admission to Trading***

The expense in relation to the admission to trading of each issue of Notes will be specified in the relevant Final Terms.

#### ***Additional Information***

The legal advisers and capacity in which they act are specified at the end of this Information Memorandum.

Any credit ratings assigned to the Notes will be set out in the relevant Final Terms.

**A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, charge or withdrawal at any time by the assigning rating agency.**

## FORM OF NOTES

### PART I FORM OF MULTICURRENCY GLOBAL NOTE

THE SECURITIES COVERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS. TERMS USED ABOVE HAVE THE MEANINGS GIVEN TO THEM BY REGULATIONS UNDER THE SECURITIES ACT.

**ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A.**  
*(Incorporated with limited liability in the Kingdom of Spain)*

**€750,000,000**

#### EURO-COMMERCIAL PAPER PROGRAMME

1. For value received, ACS, Actividades de Construcción y Servicios, S.A. (the "**Issuer**") promises to pay to the bearer of this Global Note on the Maturity Date set out in the Final Terms or on such earlier date as the same may become payable in accordance with paragraph 4 below (the "**Relevant Date**"), the Nominal Amount or, as the case may be, Redemption Amount set out in the Final Terms, together with interest thereon, if this is an interest bearing Global Note, at the rate and at the times (if any) specified herein and in the Final Terms. Terms defined in the Final Terms attached hereto but not otherwise defined in this Global Note shall have the same meaning in this Global Note.

All such payments shall be made in accordance with an amended and restated issuing and paying agency agreement (the "**Issuing and Paying Agency Agreement**") dated 19 April 2017 (as amended and restated or supplemented from time to time) between the Issuer, The Bank of New York Mellon, London Branch as issue agent and as principal paying agent (the "**Issuing and Paying Agent**"), together with their successors in such capacity and any other paying agents appointed by the Issuer on the terms of the Issuing and Paying Agency Agreement, the "**Paying Agents**"), a copy of which is available for inspection at the offices of the Issuing and Paying Agent at One Canada Square, London E14 5AL, United Kingdom, and subject to and in accordance with the terms and conditions set forth below. All such payments shall be made upon presentation and surrender of this Global Note at the office of the Issuing and Paying Agent referred to above by transfer to an account denominated in the Specified Currency set out in the Final Terms maintained by the bearer in the principal financial centre in the country of that currency or, in the case of a Global Note denominated in Euro, by Euro cheque drawn on, or by transfer to a Euro account (or any other account to which Euro may be credited or transferred) maintained by the payee with, a bank in the principal financial centre of any member state of the European Union. The Issuer undertakes that, so long as the Notes are listed, traded and/or quoted on any listing authority, stock exchange and/or quotation system, there will at all times be a paying agent with a specified office in such place as may be required by the rules and regulations of the relevant listing authority, stock exchange and/or quotation system.

Notwithstanding the foregoing, presentation and surrender of this Global Note shall be made outside the United States and no amount shall be paid by transfer to an account in the United States, or mailed to an address in the United States. In the case of a Global Note denominated in U.S. dollars, payments shall be made by transfer to an account denominated in U.S. dollars in the principal financial centre of any country outside of the United States that the Issuer or Issuing and Paying Agent so chooses.

2. If the Final Terms specify that the New Global Note form is applicable, this Global Note shall be a "**New Global Note**" or "**NGN**" and the principal amount of Notes represented by this Global Note shall be the aggregate amount from time to time entered in the records of both ICSDs (as defined below). The records of the ICSDs (which expression in this Global Note means the records that each ICSD holds for its customers which reflect the amount of such customers' interests in the Notes (but excluding any interest in any Notes of one ICSD shown in the records of another ICSD)) shall be conclusive evidence of the principal amount of Notes represented by this Global Note and,

for these purposes, a statement issued by an ICSD (which statement shall be made available to the bearer upon request) stating the principal amount of Notes represented by this Global Note at any time shall be conclusive evidence of the records of the ICSD at that time.

If the Final Terms specify that the New Global Note form is not applicable, this Global Note shall be a "**Classic Global Note**" or "**CGN**" and the principal amount of Notes represented by this Global Note shall be the amount stated in the Final Terms or, if lower, the principal amount most recently entered by or on behalf of the Issuer in the relevant column in the Schedule hereto.

3. All payments in respect of this Global Note by or on behalf of the Issuer shall be made without set-off, counterclaim, fees, liabilities or similar deductions and free and clear of, and without deduction or withholding for or on account of, taxes, levies, duties, assessments or charges of any nature now or hereafter imposed, levied, collected, withheld or assessed in any jurisdiction through, in or from which such payments are made or any political subdivision or taxing authority of or in any of the foregoing ("**Taxes**"). If the Issuer or any agent thereof is required by law or regulation to make any deduction or withholding for or on account of Taxes, the Issuer shall, to the extent permitted by applicable law or regulation, pay such additional amounts as shall be necessary in order that the net amounts received by the bearer of this Global Note or the holder or beneficial owner of any interest herein or rights in respect hereof after such deduction or withholding shall equal the amount which would have been receivable hereunder in the absence of such deduction or withholding, except that no such additional amounts shall be payable where this Global Note is presented for payment:
  - (a) by or on behalf of a holder which is liable to such Taxes by reason of having some connection with the jurisdiction imposing the Taxes other than the mere holding of this Global Note; or
  - (b) to, or to a third party on behalf of, a holder who could have been able to avoid such deduction or withholding by presenting a certificate of tax residence and/or such other document evidencing its tax residence required by the competent tax authorities or in relation to whom the Issuer does not receive any relevant information about the Notes (including due to any failure by the Issuing and Paying Agent to provide the information required by Royal Decree 1065/2007) as may be required in order to comply with Spanish tax disclosure obligations applicable at that time; or
  - (c) more than fifteen days after the Maturity Date (or, as the case may be, the Relevant Date) or, if applicable, the relevant Interest Payment Date or (in either case) the date on which the payment hereof is duly provided for, whichever occurs later, except to the extent that the relevant holder would have been entitled to such additional amounts on presenting the same for payment on the expiry of such period of fifteen days.
4. The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 14 days notice to the holders (which notice shall be irrevocable), at the Redemption Amount specified in the Final Terms, together with (if this Note is an interest bearing Note) interest accrued to the date fixed for redemption, if:
  - (a) the Issuer has or will become obliged to pay additional amounts as provided or referred to in paragraph 3 as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Spain or any political subdivision thereof or any authority or agency thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the Issue Date as specified in the Final Terms; and
  - (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it;

*provided, however*, that no such notice of redemption shall be given earlier than 14 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Issuing and Paying Agent:

- (a) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and
- (b) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Upon the expiry of any such notice as is referred to in this paragraph, the Issuer shall be bound to redeem the Notes in accordance with this paragraph.

- 5. The Notes may be redeemed at the option of the Issuer in whole, but not in part, at the Redemption Amount specified in the Final Terms together with (if this Note is an interest bearing Note) accrued interest to the Early Redemption Date specified in the Final Terms at any time upon expiry of the notice period specified in the Final Terms if, prior to the date on which the relevant notice of redemption is given, purchases (and corresponding cancellations) and/or redemptions have been effected in respect of 85 per cent. or more in principal amount of the Notes originally issued.
- 6. The Issuer or any subsidiary of the Issuer may at any time purchase Notes in the open market or otherwise and at any price.
- 7. All Notes so purchased by the Issuer or otherwise than in the ordinary course of business of dealings in securities or as a nominee shall be cancelled and shall not be reissued or resold. All Notes so purchased by any subsidiary of the Issuer may be cancelled, held by such subsidiary or resold.
- 8. On each occasion on which:
  - (a) Definitive Notes: Notes in definitive form are delivered; or
  - (b) Cancellation: Notes represented by this Global Note are to be cancelled in accordance with paragraph 6,

the Issuer shall procure that:

- (a) if the Final Terms specify that the New Global Note form is not applicable, (i) the aggregate principal amount of such Notes; and (ii) the remaining principal amount of Notes represented by this Global Note (which shall be the previous principal amount hereof less the aggregate of the amounts referred to in (i) above) are entered in the Schedule hereto, whereupon the principal amount of Notes represented by this Global Note shall for all purposes be as most recently so entered; and
  - (b) if the Final Terms specify that the New Global Note form is applicable, details of the exchange or cancellation shall be entered pro rata in the records of the ICSDs and the Nominal Amount of the Notes entered in the records of the ICSDs and represented by the Global Note shall be reduced by the principal amount so exchanged or cancelled.
- 9. The payment obligations of the Issuer represented by this Global Note constitute and at all times shall constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and upon insolvency (*concurso*) of the Issuer (and unless they qualify as subordinated debts under article 92 of the Law 22/2003 (*Ley Concursal*) dated 9 July 2003 or equivalent legal provision which replaces it in the future, and subject to any applicable legal and statutory exceptions) rank pari passu and rateably without any preference among themselves and pari passu with all other unsecured and unsubordinated indebtedness, present and future, of the Issuer.
  - 10. If the Maturity Date (or, as the case may be, the Relevant Date or, if applicable, the relevant Interest Payment Date), is not a Payment Business Day (as defined herein) payment in respect hereof will not be made and credit or transfer instructions shall not be given until the next following Payment

Business Day and the bearer of this Global Note shall not be entitled to any interest or other sums in respect of such postponed payment.

As used in this Global Note:

**"Payment Business Day"** means any day other than a Saturday or Sunday which is either (i) if the Specified Currency set out in the Final Terms is any currency other than Euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the Specified Currency set out in the Final Terms (which, if the Specified Currency is Australian dollars, shall be Sydney) or (ii) if the Specified Currency set out in the Final Terms is Euro, a day which is a TARGET Business Day;

**"TARGET2"** means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007; and

**"TARGET Business Day"** means any day on which TARGET2 is open for the settlement of payments in euro.

11. This Global Note is negotiable and, accordingly, title hereto shall pass by delivery and the bearer shall be treated as being absolutely entitled to receive payment upon due presentation hereof (notwithstanding any notation of ownership or other writing thereon or notice of any previous loss or theft thereof).
12. This Global Note is issued in respect of an issue of Notes of the Issuer and is exchangeable in whole (but not in part only) for duly executed and authenticated bearer Notes in definitive form (whether before, on or, subject as provided below, after the Maturity Date):
  - (a) if Euroclear Bank SA/NV ("**Euroclear**") or Clearstream Banking, S.A. ("**Clearstream, Luxembourg**", together with Euroclear, the international central securities depositaries or "**ICSDs**") or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; or
  - (b) if default is made in the payment of any amount payable in respect of this Global Note.

Upon presentation and surrender of this Global Note during normal business hours to the Issuer at the offices of the Issuing and Paying Agent (or to any other person or at any other office outside the United States as may be designated in writing by the Issuer to the bearer), the Issuing and Paying Agent shall authenticate and deliver, in exchange for this Global Note, bearer definitive notes denominated in the Specified Currency set out in the Final Terms in an aggregate nominal amount equal to the Nominal Amount of this Global Note.

13. If, upon any such default and following such surrender, definitive Notes are not issued in full exchange for this Global Note before 5.00 p.m. (London time) on the thirtieth day after surrender, this Global Note (including the obligation hereunder to issue definitive notes) will become void and the bearer will have no further rights under this Global Note (but without prejudice to the rights which the bearer or any other person may have under a Deed of Covenant dated 20 March 2013, entered into by the Issuer).
14. If this is an interest bearing Global Note, then:
  - (a) notwithstanding the provisions of paragraph 1 above, if any payment of interest in respect of this Global Note falling due for payment prior to the Maturity Date remains unpaid on the fifteenth day after falling so due, the amount referred to in paragraph 1 shall be payable on such fifteenth day;
  - (b) upon each payment of interest (if any) prior to the Maturity Date in respect of this Global Note, the Issuer shall procure that:

- (i) if the Final Terms specify that the New Global Note form is not applicable, the Schedule hereto shall be duly completed by the Issuing and Paying Agent to reflect such payment; and
  - (ii) if the Final Terms specify that the New Global Note form is applicable, details of such payment shall be entered *pro rata* in the records of the ICSDs.
15. If this is a fixed rate interest bearing Global Note, interest shall be calculated on the Calculation Amount specified in the Final Terms as follows:
- (a) interest shall be payable on the Calculation Amount in respect of each successive Interest Period (as defined below) from the Issue Date to the Maturity Date (or, as the case may be, to the Relevant Date), in arrear on the relevant Interest Payment Date, on the basis of the Day Count Convention specified in the Final Terms or, if none is specified, on the basis of the actual number of days in such Interest Period and a year of 360 days or, if this Global Note is denominated in Sterling, 365 days at the Rate of Interest specified in the Final Terms with the resulting figure being rounded to the nearest amount of the Specified Currency which is available as legal tender in the country or countries (in the case of the Euro) of the Specified Currency (with halves being rounded upwards); and
  - (b) the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is an "**Interest Period**" for the purposes of this paragraph.

16. If this is a floating rate interest bearing Global Note, interest shall be calculated on the Calculation Amount specified in the Final Terms as follows:

- (a) in the case of a Global Note which specifies LIBOR as the Reference Rate in the Final Terms, the Rate of Interest will be the aggregate of LIBOR and the Margin specified in the Final Terms (if any) above or below LIBOR. Interest shall be payable on the Calculation Amount in respect of each successive Interest Period (as defined below) from the Issue Date to the Maturity Date (or, as the case may be, to the Relevant Date), in arrear on the relevant Interest Payment Date, on the basis of the Day Count Convention specified in the Final Terms or, if none is specified, on the basis of the actual number of days in such Interest Period and a year of 360 days or, if this Global Note is denominated in Sterling, 365 days.

As used in this Global Note (and unless otherwise specified in the Final Terms):

"**LIBOR**" shall be equal to the rate defined as "LIBOR-BBA" in respect of the above-mentioned Specified Currency (as defined in the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc., as amended, updated or replaced as at the date of this Global Note, (the "**ISDA Definitions**")) as at 11.00 a.m. (London time) or as near thereto as practicable on the second London Banking Day before the first day of the relevant Interest Period or, if this Global Note is denominated in Sterling, on the first day thereof (a "**LIBOR Interest Determination Date**"), as if the Reset Date (as defined in the ISDA Definitions) were the first day of such Interest Period and the Designated Maturity (as defined in the ISDA Definitions) were the number of months specified on the Final Terms in relation to the Reference Rate; and

"**London Banking Day**" shall mean a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London.

- (b) in the case of a Global Note which specifies EURIBOR as the Reference Rate in the Final Terms, the Rate of Interest will be the aggregate of EURIBOR and the Margin specified in the Final Terms (if any) above or below EURIBOR. Interest shall be payable on the Calculation Amount in respect of each successive Interest Period (as defined below) from the Issue Date to the Maturity Date (or, as the case may be, to the Relevant Date), in arrear on the relevant Interest Payment Date, on the basis of the Day Count Convention specified

in the Final Terms or, if none is specified, on the basis of the actual number of days in such Interest Period and a year of 360 days.

As used in this Global Note (and unless otherwise specified in the Final Terms), "**EURIBOR**" shall be equal to EUR-EURIBOR-Reuters (as defined in the ISDA Definitions) as at 11.00 a.m. (Brussels time) or as near thereto as practicable on the second TARGET Business Day before the first day of the relevant Interest Period (a "**EURIBOR Interest Determination Date**"), as if the Reset Date (as defined in the ISDA Definitions) were the first day of such Interest Period and the Designated Maturity (as defined in the ISDA Definitions) were the number of months specified in the Final Terms in relation to the Reference Rate;

- (c) in the case of a Global Note which specifies EONIA as the Reference Rate in the Final Terms, the Rate of Interest will be the aggregate of EONIA and the Margin specified in the Final Terms (if any), determined on each TARGET Business Day during the relevant Interest Period as specified below. Interest shall be payable on the Calculation Amount in respect of each successive Interest Period (as defined below) from the Issue Date to the Maturity Date (or, as the case may be, to the Relevant Date), in arrear on the relevant Interest Payment Date, on the basis of the Day Count Convention specified in the Final Terms or, if none is specified, on the basis of the actual number of days in such Interest Period and a year of 360 days;

As used in this Global Note (unless otherwise specified in the Final Terms) "**EONIA**", for each day in an Interest Period beginning on, and including, the first day of such Interest Period and ending on, but excluding, the last day of such Interest Period, shall be equal to the overnight rate as calculated by the European Central Bank and appearing on the Reuters Screen EONIA Page in respect of that day at 11.00 a.m. (Brussels time) on the TARGET Business Day immediately following such day (each an "**EONIA Interest Determination Date**"), as if the Reset Date (as defined in the ISDA Definitions) was the first day of such Interest Period and the Designated Maturity (as defined in the ISDA Definitions) was the number of months specified in the Final Terms in relation to the Reference Rate;

- (d) the Calculation Agent specified in the Final Terms will, as soon as practicable after (i) 11.00 a.m. (London time) on each LIBOR Interest Determination Date or (ii) 11.00 a.m. (Brussels time) on each EURIBOR Interest Determination Date or (iii) 11.00 a.m. (Brussels time) on each EONIA Interest Determination Date (as the case may be), determine the Rate of Interest and calculate the amount of interest payable (the "**Amount of Interest**") in the case of (i) and (ii) above, for the relevant Interest Period or in the case of (iii) above, the relevant day. "**Rate of Interest**" means (A) if the Reference Rate is LIBOR, the rate which is determined in accordance with the provisions of paragraph 16(a) above, (B) if the Reference Rate is EURIBOR, the rate which is determined in accordance with the provisions of paragraph 16(b), and (C) if the Reference Rate is EONIA, the rate which is determined in accordance with the provisions of paragraph 16(c). The Amount of Interest shall be calculated by applying the Rate of Interest to the Calculation Amount (as specified in the Final Terms), multiplying such product by the Day Count Convention specified in the Final Terms or, if none is specified, by the actual number of days in the Interest Period concerned divided by 360 or, if this Global Note is denominated in Sterling, by 365 and rounding the resulting figure to the nearest amount of the above-mentioned Specified Currency which is available as legal tender in the country or countries (in the case of the Euro) of the Specified Currency (with halves being rounded upwards). The determination of the Rate of Interest and the Amount of Interest by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties;
- (e) a certificate of the Calculation Agent as to the Rate of Interest payable hereon for any Interest Period shall be conclusive and binding as between the Issuer and the bearer hereof;
- (f) the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an "Interest Period" for the purposes of this paragraph; and

- (g) the Issuer will procure that a notice specifying the Rate of Interest payable in respect of each Interest Period be published as soon as practicable after the determination of the Rate of Interest. Such notice will be delivered to the clearing system(s) in which this Global Note is held at the relevant time or, if this Global Note has been exchanged for bearer definitive Notes pursuant to paragraph 11, will be published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*).
17. Instructions for payment must be received at the office of the Issuing and Paying Agent referred to above together with this Global Note as follows:
- (a) if this Global Note is denominated in Australian dollars, New Zealand dollars, Hong Kong dollars or Japanese Yen, at least two Business Days prior to the relevant payment date;
- (b) if this Global Note is denominated in United States dollars, Canadian dollars or Sterling on or prior to the relevant payment date; and
- (c) in all other cases, at least one Business Day prior to the relevant payment date. As used in this paragraph, "**Business Day**" means:
- (i) a day other than a Saturday or Sunday on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London;
- (ii) in the case of payments in Euro, a TARGET Business Day; and
- (iii) in all other cases, a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre in the country of the Specified Currency set out in the Final Terms.
18. Upon any payment being made in respect of the Notes represented by this Global Note, the Issuer shall procure that:
- (a) *CGN*: if the Final Terms specify that the New Global Note form is not applicable, details of such payment shall be entered in the Schedule hereto and, in the case of any payment of principal, the principal amount of the Notes represented by this Global Note shall be reduced by the principal amount so paid; and
- (a) *NGN*: if the Final Terms specify that the New Global Note form is applicable, details of such payment shall be entered *pro rata* in the records of the ICSDs and, in the case of any payment of principal, the principal amount of the Notes entered in the records of ICSDs and represented by this Global Note shall be reduced by the principal amount so paid.
19. This Global Note shall not be validly issued unless manually authenticated by The Bank of New York Mellon, London Branch as Issuing and Paying Agent.
20. If the Final Terms specify that the New Global Note form is applicable, this Global Note shall not be valid for any purpose until it has been effectuated for and on behalf of the entity appointed as common safekeeper by the ICSDs.
21. This Global Note and all non-contractual obligations arising out of or in connection with this Global Note are governed by, and construed in accordance with, English law.
- (a) *English courts*: The courts of England have exclusive jurisdiction to settle any dispute arising from or connected with this Global Note (including a dispute relating to the existence, validity or termination of this Global Note or any non-contractual obligation arising out of or in connection with this Global Note) or the consequences of its nullity (a "**Dispute**").

- (b) *Appropriate forum:* The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.
  - (c) *Rights of the bearer to take proceedings outside England:* Clause 21(a) (*English courts*) is for the benefit of the bearer only. As a result, nothing in this Clause 21 prevents the bearer from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, the bearer may take concurrent Proceedings in any number of jurisdictions.
  - (d) *Process agent:* The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Law Debenture Corporate Services Limited at Fifth Floor, 100 Wood Street, London EC2V 7EX or, if different, its registered office for the time being or at any address of the Issuer in Great Britain at which process may be served on it. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer, the Issuer shall, on the written demand of the bearer addressed to the Issuer and delivered to the Issuer or to the offices of the Issuing and Paying Agent, appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, the bearer shall be entitled to appoint such a person by written notice addressed to the Issuer and delivered to the Issuer or to the offices of the Issuing and Paying Agent. Nothing in this paragraph shall affect the right of the bearer to serve process in any other manner permitted by law. This Clause applies to Proceedings in England and to Proceedings elsewhere.
22. If this Global Note has been admitted to listing on the Official List of the Irish Stock Exchange plc trading as Euronext Dublin and to trading on the regulated market of the Irish Stock Exchange plc trading as Euronext Dublin (and/or has been admitted to listing, trading and/or quotation on any other listing authority, stock exchange and/or quotation system), all notices required to be published concerning this Global Note shall be published in accordance with the requirements of the Irish Stock Exchange plc trading as Euronext Dublin (and/or of the relevant listing authority, stock exchange and/or quotation system). So long as the Notes are represented by this Global Note, and this Global Note has been deposited with a depositary or common depositary for the ICSDs or any other relevant clearing system or a Common Safekeeper (which expression has the meaning given in the Issuing and Paying Agency Agreement), the Issuer may, in lieu of such publication and if so permitted by the rules of the Irish Stock Exchange plc trading as Euronext Dublin (and/or of the relevant listing authority, stock exchange and/or quotation system), deliver the relevant notice to the clearing system(s) in which this Global Note is held.
23. Claims for payment of principal and interest in respect of this Global Note shall become prescribed and void unless made, in the case of principal, within ten years after the Maturity Date (or, as the case may be, the Relevant Date) or, in the case of interest, five years after the relevant Interest Payment Date.
24. No person shall have any right to enforce any provision of this Global Note under the Contracts (Rights of Third Parties) Act 1999.

**AUTHENTICATED by THE BANK OF  
NEW YORK MELLON, LONDON  
BRANCH**

without recourse, warranty or liability and for  
authentication purposes only

By:

.....  
(*Authorised Signatory*)

**SIGNED AND DELIVERED AS A DEED**  
for and on behalf of  
**ACS, ACTIVIDADES DE  
CONSTRUCCIÓN Y SERVICIOS, S.A.**

By its lawfully appointed attorney:

.....

**EFFECTUATED** for and on behalf of

.....  
as common safekeeper without  
recourse, warranty or liability

By:

.....  
[*manual signature*] (*duly authorised*)

**SCHEDULE<sup>1</sup>**

**PAYMENTS OF INTEREST, DELIVERY OF DEFINITIVE NOTES AND CANCELLATION OF NOTES**

<u>Date of payment, delivery or cancellation</u>	<u>Amount of interest then paid</u>	<u>Amount of principal then paid</u>	<u>Aggregate principal amount of Definitive Notes then delivered</u>	<u>Aggregate principal amount of Notes then cancelled</u>	<u>New principal amount of this Global Note</u>	<u>Authorised Signature</u>
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<sup>1</sup> The Schedule should only be completed where the Final Terms specify that the New Global Note form is not applicable

**FINAL TERMS**

*[Completed Final Terms to be attached]*

## PART II

### FORM OF MULTICURRENCY DEFINITIVE NOTE

THE SECURITIES COVERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS. TERMS USED ABOVE HAVE THE MEANINGS GIVEN TO THEM BY REGULATIONS UNDER THE SECURITIES ACT.

**ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A.**  
*(Incorporated with limited liability in the Kingdom of Spain)*

**€750,000,000**

### EURO-COMMERCIAL PAPER PROGRAMME

Nominal Amount of this Note:

1. For value received, ACS, Actividades de Construcción y Servicios, S.A. (the "**Issuer**") promises to pay to the bearer of this Note on the Maturity Date set out in the Final Terms, or on such earlier date as the same may become payable in accordance with paragraph 3 below (the "**Relevant Date**"), the above-mentioned Nominal Amount or, as the case may be, the Redemption Amount set out in the Final Terms, at the rate and at the times (if any) specified herein and in the Final Terms. Terms defined in the Final Terms attached hereto but not otherwise defined in this Note shall have the same meaning in this Note.

All such payments shall be made in accordance with an amended and restated issuing and paying agency agreement (the "**Issuing and Paying Agency Agreement**") dated 19 April 2017 (as amended and restated or supplemented from time to time) between the Issuer, The Bank of New York Mellon, London Branch as issue agent and as principal paying agent (the "**Issuing and Paying Agent**", together with their successors in such capacity and any other paying agents appointed by the Issuer on the terms of the Issuing and Paying Agency Agreement, the "**Paying Agents**"), a copy of which is available for inspection at the offices of the Issuing and Paying Agent at One Canada Square, London E14 5AL, United Kingdom, and subject to and in accordance with the terms and conditions set forth below. All such payments shall be made upon presentation and surrender of this Note at the office of the Issuing and Paying Agent referred to above by transfer to an account denominated in the Specified Currency set out in the Final Terms maintained by the bearer in the principal financial centre in the country of that currency or, if this Note is denominated in Euro, by Euro cheque drawn on, or by transfer to a Euro account (or any other account to which Euro may be credited or transferred) maintained by the payee with, a bank in the principal financial centre of any member state of the European Union. The Issuer undertakes that, so long as the Notes are listed, traded and/or quoted on any listing authority, stock exchange and/or quotation system, there will at all times be a paying agent with a specified office in such place as may be required by the rules and regulations of the relevant listing authority, stock exchange and/or quotation system.

2. All payments in respect of this Note by or on behalf of the Issuer shall be made without set-off, counterclaim, fees, liabilities or similar deductions, and free and clear of, and without deduction or withholding for or on account of, taxes, levies, duties, assessments or charges of any nature now or hereafter imposed, levied, collected, withheld or assessed in any jurisdiction through, in or from which such payments are made or any political subdivision or taxing authority of or in any of the foregoing ("**Taxes**"). If the Issuer or any agent thereof is required by law or regulation to make any deduction or withholding for or on account of Taxes, the Issuer shall, to the extent permitted by applicable law or regulation, pay such additional amounts as shall be necessary in order that the net amounts received by the bearer of this Note after such deduction or withholding shall equal the amount which would have been receivable hereunder in the absence of such deduction or withholding, except that no such additional amounts shall be payable where this Note is presented for payment:

- (a) by or on behalf of a holder which is liable to such Taxes by reason of having some connection with the jurisdiction imposing the Taxes other than the mere holding of this Note; or
- (b) to, or to a third party on behalf of, a holder who could have been able to avoid such deduction or withholding by presenting a certificate of tax residence and/or such other document evidencing its tax residence required by the competent tax authorities or in relation to whom the Issuer does not receive any relevant information about the Notes (including due to any failure by the Issuing and Paying Agent to provide the information required by Royal Decree 1065/2007) as may be required in order to comply with Spanish tax disclosure obligations applicable at that time; or
- (c) more than fifteen days after the Maturity Date (or, as the case may be, the Relevant Date) or, if applicable, the relevant Interest Payment Date or (in either case) the date on which the payment hereof is duly provided for, whichever occurs later, except to the extent that the relevant holder would have been entitled to such additional amounts on presenting the same for payment on the expiry of such period of fifteen days.

3. This Note may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 14 days' notice to the holders (which notice shall be irrevocable), at the Redemption Amount specified in the Final Terms, together with (if this Note is an interest bearing Note) interest accrued to the date fixed for redemption, if:

- (a) the Issuer has or will become obliged to pay additional amounts as provided or referred to in paragraph 2 as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Spain or any political subdivision thereof or any authority or agency thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the Issue Date specified in the Final Terms; and
- (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

**provided**, however, that no such notice of redemption shall be given earlier than 14 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Issuing and Paying Agent:

- (a) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and
- (b) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Upon the expiry of any such notice as is referred to in this paragraph, the Issuer shall be bound to redeem the Notes in accordance with this paragraph.

- 4. The Notes may be redeemed at the option of the Issuer in whole, but not in part, at the Redemption Amount specified in the Final Terms together with (if this Note is an interest bearing Note) accrued interest to the Early Redemption Date specified in the Final Terms at any time upon expiry of the notice period specified in the Final Terms if, prior to the date on which the relevant notice of redemption is given, purchases (and corresponding cancellations) and/or redemptions have been effected in respect of 85 per cent. or more in principal amount of the Notes originally issued.
- 5. The Issuer or any subsidiary of the Issuer may at any time purchase Notes in the open market or otherwise and at any price.

6. All Notes so purchased by the Issuer otherwise than in the ordinary course of business of dealings in securities or as a nominee shall be cancelled and shall not be reissued or resold. All Notes so purchased by any subsidiary of the Issuer may be cancelled, held by such subsidiary or resold.
7. The payment obligations of the Issuer represented by this Note constitute and at all times shall constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and upon insolvency (*concurso*) of the Issuer (and unless they qualify as subordinated debts under article 92 of the Law 22/2003 (*Ley Concursal*) dated 9 July 2003 or equivalent legal provision which replaces it in the future, and subject to any applicable legal and statutory exceptions) rank *pari passu* and rateably without any preference among other Notes of the same Series (as specified in the Final Terms) and *pari passu* with all other unsecured and unsubordinated indebtedness, present and future, of the Issuer.
8. If the Maturity Date (or, as the case may be, the Relevant Date) or, if applicable, the relevant Interest Payment Date, is not a Payment Business Day (as defined herein) payment in respect hereof will not be made and credit or transfer instructions shall not be given until the next following Payment Business Day and the bearer of this Note shall not be entitled to any interest or other sums in respect of such postponed payment.

As used herein, "**Payment Business Day**", shall mean any day, other than a Saturday or a Sunday, which is both (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the relevant place of presentation, and (b) either (i) if the Specified Currency set out in the Final Terms is any currency other than Euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in both London and the principal financial centre of the country of the Specified Currency set out in the Final Terms (which, if the Specified Currency is Australian dollars, shall be Sydney) or (ii) if the Specified Currency set out in the Final Terms is Euro, a day which is a TARGET Business Day;

"**TARGET2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007; and

"**TARGET Business Day**" means any day on which TARGET2 is open for the settlement of payments in euro.

9. This Note is negotiable and, accordingly, title hereto shall pass by delivery and the bearer shall be treated as being absolutely entitled to receive payment upon due presentation hereof (notwithstanding any notation of ownership or other writing thereon or notice of any previous loss or theft thereof).
10. [If this is an interest bearing Note, then:
  - (a) notwithstanding the provisions of paragraph 1 above, if any payment of interest in respect of this Note falling due for payment prior to the Maturity Date remains unpaid on the fifteenth day after falling so due, the amount referred to in paragraph 1 shall be payable on such fifteenth day; and
  - (b) upon each payment of interest (if any) prior to the Maturity Date in respect of this Note, the Schedule hereto shall be duly completed by the Issuing and Paying Agent to reflect such payment.
11. If this is a fixed rate interest bearing Note, interest shall be calculated on the Calculation Amount specified in the Final Terms as follows:
  - (a) interest shall be payable on the Calculation Amount in respect of each successive Interest Period (as defined below) from the Issue Date to the Maturity Date (or, as the case may be, to the Relevant Date), in arrear on the relevant Interest Payment Date, on the basis of the Day Count Convention specified in the Final Terms or, if none is specified, on the basis of the actual number of days in such Interest Period and a year of 360 days at the Rate of Interest specified in the Final Terms with the resulting figure being rounded to the

nearest amount of the Specified Currency which is available as legal tender in the country or countries (in the case of the Euro) of the Specified Currency (with halves being rounded upwards); and

- (b) the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is an "**Interest Period**" for the purposes of this paragraph.

12. If this is a floating rate interest bearing Note, interest shall be calculated on the Calculation Amount specified in the Final Terms as follows:

- (a) in the case of a Note which specifies LIBOR as the Reference Rate in the Final Terms, the Rate of Interest will be the aggregate of LIBOR and the Margin specified in the Final Terms (if any) above or below LIBOR. Interest shall be payable on the Calculation Amount in respect of each successive Interest Period (as defined below) from the Issue Date to the Maturity Date (or, as the case may be, to the Relevant Date), in arrear on the relevant Interest Payment Date, on the basis of the Day Count Convention specified in the Final Terms or, if none is specified, on the basis of the actual number of days in such Interest Period and a year of 360 days, unless otherwise specified in the Final Terms.

As used in this Note:

"**LIBOR**" shall be equal to the rate defined as "LIBOR-BBA" in respect of the above-mentioned Specified Currency (as defined in the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc., as amended, updated or replaced as at the date of this Note, (the "**ISDA Definitions**")) as at 11.00 a.m. (London time) or as near thereto as practicable on the second London Banking Day before the first day of the relevant Interest Period or, if this Note is denominated in Sterling, on the first day thereof (a "**LIBOR Interest Determination Date**"), as if the Reset Date (as defined in the ISDA Definitions) were the first day of such Interest Period and the Designated Maturity (as defined in the ISDA Definitions) were the number of months specified in the Final Terms in relation to the Reference Rate; and

"**London Banking Day**" shall mean a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London;

- (b) in the case of a Note which specifies EURIBOR as the Reference Rate in the Final Terms, the Rate of Interest will be the aggregate of EURIBOR and the Margin specified in the Final Terms (if any) above or below EURIBOR. Interest shall be payable on the Calculation Amount in respect of each successive Interest Period (as defined below) from the Issue Date to the Maturity Date (or, as the case may be, to the Relevant Date), in arrear on the relevant Interest Payment Date, on the basis of the Day Count Convention specified in the Final Terms or, if none is specified, on the basis of the actual number of days in such Interest Period and a year of 360 days.

As used in this Note (and unless otherwise specified in the Final Terms), "**EURIBOR**" shall be equal to EUR-EURIBOR-Reuters (as defined in the ISDA Definitions) as at 11.00 a.m. (Brussels time) or as near thereto as practicable on the second TARGET Business Day before the first day of the relevant Interest Period (a "**EURIBOR Interest Determination Date**"), as if the Reset Date (as defined in the ISDA Definitions) were the first day of such Interest Period and the Designated Maturity (as defined in the ISDA Definitions) were the number of months specified in the Final Terms in relation to the Reference Rate;

- (c) in the case of a Note which specifies EONIA as the Reference Rate in the Final Terms, the Rate of Interest will be the aggregate of EONIA and the Margin specified in the Final Terms (if any), determined on each TARGET Business Day during the Relevant Interest Period as specified below. Interest shall be payable on the Calculation Amount in respect of each successive Interest Period (as defined below) from the Issue Date to the Maturity

Date (or, as the case may be, to the Relevant Date), in arrear on the relevant Interest Payment Date, on the basis of the Day Count Convention specified in the Final Terms or, if none is specified, on the basis of actual number of days in such Interest Period and a year of 360 days.

As used in this Note (unless otherwise specified in the Final Terms) "**EONIA**", for each day in an Interest Period beginning on, and including, the first day of such Interest Period and ending on, but excluding, the last day of such Interest Period, shall be equal to the overnight rate as calculated by the European Central Bank and appearing on the Reuters Screen EONIA Page in respect of that day at 11.00 a.m. (Brussels time) on the TARGET Business Day immediately following such day (each an "**EONIA Interest Determination Date**"), as if the Reset Date (as defined in the ISDA Definitions) was the first day of such Interest Period and the Designated Maturity (as defined in the ISDA Definitions) was the number of months specified in the Final Terms in relation to the Reference Rate;

- (d) the Calculation Agent specified in the Final Terms will, as soon as practicable after (i) 11.00 a.m. (London time) on each LIBOR Interest Determination Date or (ii) 11.00 a.m. (Brussels time) on each EURIBOR Interest Determination Date or (iii) 11.00 a.m. (Brussels time) on each EONIA Interest Determination Date (as the case may be), determine the Rate of Interest and calculate the amount of interest payable (the "**Amount of Interest**") in the case of (i) and (ii) above, for the relevant Interest Period or, in the case of (iii) above, the relevant day. "**Rate of Interest**" means (A) if the Reference Rate is LIBOR, the rate which is determined in accordance with the provisions of paragraph 12(a) above, (B) if the Reference Rate is EURIBOR, the rate which is determined in accordance with the provisions of paragraph 12(b), and (C) if the Reference Rate is EONIA, the rate which is determined in accordance with the provisions of paragraph 12(c). The Amount of Interest shall be calculated by applying the Rate of Interest to the Calculation Amount (as specified in the Final Terms), multiplying such product by the Day Count Convention specified in the Final Terms or, if none is specified, by the actual number of days in the Interest Period concerned divided by 360 and rounding the resulting figure to the nearest amount of the above-mentioned Specified Currency which is available as legal tender in the country or countries (in the case of the Euro) of the Specified Currency (with halves being rounded upwards). The determination of the Rate of Interest and the Amount of Interest by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties;
  - (e) a certificate of the Calculation Agent as to the Rate of Interest payable hereon for any Interest Period shall be conclusive and binding as between the Issuer and the bearer hereof;
  - (f) the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an "**Interest Period**" for the purposes of this paragraph; and
  - (g) the Issuer will procure that a notice specifying the Rate of Interest payable in respect of each Interest Period be published as soon as practicable after the determination of the Rate of Interest. Such notice will be delivered to the bearer of this Note or, if that is not practicable, will be published in a leading English language daily newspaper published in London (which is expected to be the Financial Times).
13. Instructions for payment must be received at the office of the Issuing and Paying Agent referred to above together with this Note as follows:
- (a) if this Note is denominated in Australian dollars, New Zealand dollars, Hong Kong dollars or Japanese Yen, at least two Business Days prior to the relevant payment date;
  - (b) if this Note is denominated in United States dollars, Canadian dollars or Euro, on or prior to the relevant payment date; and
  - (c) in all other cases, at least one Business Day prior to the relevant payment date. As used in this paragraph, "**Business Day**" means:

- (i) a day other than a Saturday or Sunday on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London;
  - (ii) in the case of payments in Euro, a TARGET Business Day; and
  - (iii) in all other cases, a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre in the country of the Specified Currency set out in the Final Terms.]<sup>2</sup>
14. This Note shall not be validly issued unless manually authenticated by The Bank of New York Mellon, London Branch as Issuing and Paying Agent.
15. This Note and all non-contractual obligations arising out of or in connection with this Note are governed by, and construed in accordance with, English law.
- (a) *English courts:* The courts of England have exclusive jurisdiction to settle any dispute arising from or connected with this Note (including a dispute relating to the existence, validity or termination of this Note or any non-contractual obligation arising out of or in connection with this Note) or the consequences of its nullity (a "Dispute").
  - (b) *Appropriate forum:* The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.
  - (c) *Rights of the bearer to take proceedings outside England:* Clause 15(a) (*English courts*) is for the benefit of the bearer only. As a result, nothing in this clause 15 prevents the bearer from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, the bearer may take concurrent Proceedings in any number of jurisdictions.
  - (d) *Process agent:* The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Law Debenture Corporate Services Limited at Fifth Floor, 100 Wood Street, London EC2V 7EX or, if different, its registered office for the time being or at any address of the Issuer in Great Britain at which process may be served on it. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer, the Issuer shall, on the written demand of the bearer addressed to the Issuer and delivered to the Issuer or to the offices of the Issuing and Paying Agent, appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, the bearer shall be entitled to appoint such a person by written notice addressed to the Issuer and delivered to the Issuer or to the offices of the Issuing and Paying Agent. Nothing in this paragraph shall affect the right of the bearer to serve process in any other manner permitted by law. This Clause applies to Proceedings in England and to Proceedings elsewhere.
16. If this Note has been admitted to listing on the Official List of the Irish Stock Exchange plc trading as Euronext Dublin and to trading on the regulated market of the Irish Stock Exchange plc trading as Euronext Dublin (and/or has been admitted to listing, trading and/or quotation on any other listing authority, stock exchange and/or quotation system), all notices required to be published concerning this Note shall be published in accordance with the requirements of the Irish Stock Exchange plc trading as Euronext Dublin (and/or of the relevant listing authority, stock exchange and/or quotation system).
17. Claims for payment of principal and interest in respect of this Note shall become prescribed and void unless made, in the case of principal, within ten years after the Maturity Date (or, as the case

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<sup>2</sup> If this Note is denominated in Sterling, delete paragraphs 9 through 12 inclusive and replace with interest provisions to be included on the reverse of the Note as indicated below.

may be, the Relevant Date) or, in the case of interest, five years after the relevant Interest Payment Date.

18. No person shall have any right to enforce any provision of this Note under the Contracts (Rights of Third Parties) Act 1999.

**AUTHENTICATED by THE BANK OF  
NEW YORK MELLON, LONDON  
BRANCH**

without recourse, warranty or liability and for  
authentication purposes only

By:

.....

*(Authorised Signatory)*

**SIGNED AND DELIVERED AS A DEED**

for and on behalf of

**ACS, ACTIVIDADES DE  
CONSTRUCCIÓN Y SERVICIOS, S.A.**

By its lawfully appointed attorney:

.....

[On the Reverse]

- (A) [If this is an interest bearing Note, then:
- (a) notwithstanding the provisions of paragraph 1 above, if any payment of interest in respect of this Note falling due for payment prior to the Maturity Date remains unpaid on the fifteenth day after falling so due, the amount referred to in paragraph 1 shall be payable on such fifteenth day; and
  - (b) upon each payment of interest (if any) prior to the Maturity Date in respect of this Note, the Schedule hereto shall be duly completed by the Issuing and Paying Agent to reflect such payment.
- (B) If this is a fixed rate interest bearing Note, interest shall be calculated on the Calculation Amount specified in the Final Terms as follows:
- (a) interest shall be payable on the Calculation Amount in respect of each successive Interest Period (as defined below) from the Issue Date to the Maturity Date (or, as the case may be, to the Relevant Date), in arrear on the relevant Interest Payment Date, on the basis of the actual number of days in such Interest Period and a year of 365 days at the Rate of Interest specified in the Final Terms with the resulting figure being rounded to the nearest penny (with halves being rounded upwards); and
  - (b) the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is an "**Interest Period**" for the purposes of this paragraph (B).
- (C) If this is a floating rate interest bearing Note, interest shall be calculated on the Calculation Amount specified in the Final Terms as follows:
- (a) the Rate of Interest will be the aggregate of LIBOR and the Margin specified in the Final Terms (if any) above or below LIBOR. Interest shall be payable on the Calculation Amount in respect of each successive Interest Period (as defined below) from the Issue Date to the Maturity Date (or, as the case may be, to the Relevant Date), in arrear on the relevant Interest Payment Date, on the basis of the actual number of days in such Interest Period and a year of 365 days.

As used in this Note, "**LIBOR**" shall be equal to the rate defined as "**LIBOR-BBA**" in respect of Sterling (as defined in the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc., as amended, updated or replaced as at the date of this Note (the "**ISDA Definitions**")) as at 11.00 a.m. (London time) or as near thereto as practicable on the first day of the relevant Interest Period (the "**LIBOR Interest Determination Date**"), as if the Reset Date (as defined in the ISDA Definitions) were the first day of such Interest Period and the Designated Maturity (as defined in the ISDA Definitions) were the number of months specified in the Final Terms in relation to the Reference Rate;
  - (b) the Calculation Agent specified in the Final Terms will, as soon as practicable after 11.00 a.m. (London time) on the LIBOR Interest Determination Date, determine the Rate of Interest and calculate the amount of interest payable (the "**Amount of Interest**") for the relevant Interest Period. "**Rate of Interest**" means the rate which is determined in accordance with the provisions of sub-paragraph (a) above. The Amount of Interest shall be calculated by applying the Rate of Interest to the Calculation Amount (as specified in the Final Terms), multiplying such product by the actual number of days in the Interest Period concerned divided by 365 and rounding the resulting figure to the nearest penny. The determination of the Rate of Interest and the Amount of Interest by the Calculation Agent named above shall (in the absence of manifest error) be final and binding upon all parties;

- (c) a certificate of the Calculation Agent as to the Rate of Interest payable hereon for any Interest Period shall be conclusive and binding as between the Issuer and the bearer hereof;
- (d) the period beginning on and including the above-mentioned Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an "**Interest Period**" for the purposes of this paragraph (C);
- (e) the Issuer will procure that a notice specifying the Rate of Interest payable in respect of each Interest Period be published as soon as practicable after the determination of the Rate of Interest. Such notice will be delivered to the bearer of this Note or, if that is not practicable, will be published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*.)]

**SCHEDULE**

**PAYMENTS OF INTEREST**

The following payments of interest in respect of this Note have been made:

<u>Date made</u>	<u>Payment From</u>	<u>Payment To</u>	<u>Amount Paid</u>	<u>Notation on behalf of Issuing and Paying Agent</u>
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**FINAL TERMS**

*[Completed Final Terms to be attached]*

## FORM OF FINAL TERMS

Set out below is the form of Final Terms which will be completed in respect of each issue of Notes issued under the Programme and will be attached to the relevant Global or Definitive Notes on issue.

### **MiFID II product governance / Professional investors and eligible counterparties only target market**

– Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.

**ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A.**

*(Incorporated with limited liability in the Kingdom of Spain)*

**€750,000,000**

**EURO-COMMERCIAL PAPER PROGRAMME**

**ISSUE OF [AGGREGATE PRINCIPAL AMOUNT OF NOTES] [TITLE OF NOTES]**

### **PART A**

#### **CONTRACTUAL TERMS**

This document constitutes the Final Terms (as referred to in the Information Memorandum dated 19 April 2018 (as amended, updated or supplemented from time to time, the "**Information Memorandum**") in relation to the Programme) in relation to the issue of Notes referred to above (the "Notes"). Terms defined in the Information Memorandum, unless indicated to the contrary, have the same meanings where used in these Final Terms. Reference is made to the Information Memorandum for a description of the Issuer, the Programme and certain other matters. These Final Terms are supplemental to and must be read in conjunction with the full terms and conditions of the Notes. These Final Terms are also a summary of the terms and conditions of the Notes for the purpose of listing.

Full information on the Issuer and the offer of the Notes described herein is only available on the basis of the combination of these Final Terms and the Information Memorandum [as so supplemented]. The Information Memorandum [and the supplemental Information Memorandum dated [•]] [is][are] available for viewing during normal business hours at the registered office of the Issuer at Avenida Pfo XII, 102, 28036 Madrid, Spain, and at the offices of the Issuing and Paying Agent at The Bank of New York Mellon, London Branch, One Canada Square, London E14 5AL, United Kingdom.

The particulars to be specified in relation to the issue of the Notes are as follows:

*[Include whichever of the following apply or specify as "Not applicable" (N/A). Note that the numbering should remain as set out below, even if "Not applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.]*

- |                        |  |
|------------------------|--|
| 1. Issuer:             | ACS, Actividades de Construcción y Servicios, S.A. |
| 2. Type of Note:       | Euro commercial paper                              |
| 3. Series No:          | [•]  |
| 4. Dealer(s):          | [•]  |
| 5. Specified Currency: | [•]  |
| 6. Nominal Amount:     | [•]  |

7. Issue Date: [•]
8. Maturity Date: [•] [May not be less than 1 day nor more than 364 days after the Issue Date]
9. Issue Price: [•]
10. Denomination: [•]
11. Calculation Amount: [•]<sup>3</sup>
12. Redemption Amount(s): [Redemption at par][[•] per Note of [•] Denomination][Nominal amount specified on the face of each Note in definitive form][*other*]  
Early Redemption Amount (Tax) at [par][•]
13. Early Redemption Date [•]
14. Redemption Notice Period [Not less than 30 days and not more than 60 days prior to the Early Redemption Date/*other*]
15. Delivery: [Free of/against] payment

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

16. Fixed Rate Note Provisions [Applicable/Not applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Rate[(s)] of Interest: [•] per cent. per annum payable [annually/semi annually/quarterly/monthly/*other* (specify)] in arrear]
- (b) Interest Payment Date(s): [•] in each year [adjusted in accordance with [specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"]/not adjusted]
- (c) Day Count Convention (if different from that specified in the terms and conditions of the Notes): [Not applicable/*other*]  
[The above-mentioned Day Count Convention shall have the meaning given to it in the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc., as amended, updated or replaced at the Issue Date.]<sup>4</sup>
- (d) Other terms relating to the method of calculating interest for Fixed Rate Notes (if different from those specified in the terms and conditions of the Notes): [Not applicable/give details]
- Floating Rate Note Provisions [Applicable/Not applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*

<sup>3</sup> If more than one Denomination, the Calculation Amount will be the amount of the smallest Denomination.

<sup>4</sup> Delete text in square brackets unless a Day Count Convention which is different from that specified in the terms and conditions of the Notes is used.

17. (a) Interest Payment Dates: [•]
- (b) Calculation Agent (party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Issuing and Paying Agent)): [[Name] shall be the Calculation Agent]
- (c) Reference Rate: [•] months [LIBOR/EURIBOR/EONIA]
- (d) Margin(s): [+/-][•] per cent. per annum
- (e) Day Count Convention (if different from that specified in the terms and conditions of the Notes): [Not applicable/other]  
 [The above-mentioned Day Count Convention shall have the meaning given to it in the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc., as amended, updated or replaced at the Issue Date.]<sup>5</sup>
- (f) Any other terms relating to the method of calculating interest on floating rate Notes, if different from those set out in the terms and conditions of the Notes: [•]
- (g) [Reference Banks:: [•]]

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

18. Listing and admission to trading: [Dublin (the Irish Stock Exchange plc trading as Euronext Dublin). Application [has been made/is expected to be made] by the Issuer (or on its behalf) for the Notes to be admitted to trading on the regulated market of the Irish Stock Exchange plc trading as Euronext Dublin with effect from [•].][other]
19. Ratings [Not Applicable/ The Notes to be issued [have been/are expected to be] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]]:
- [Standard & Poor's: [•]]
- [Moody's: [•]]
- [Fitch: [•]]
- [[Other]: [•]]
- [Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]*
- (The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

<sup>5</sup> Delete text in square brackets unless a Day Count Convention which is different from that specified in the terms and conditions of the Notes is used.

***[Option 1 - CRA established in the EEA and registered under the CRA Regulation***

[Insert legal name of particular credit rating agency entity providing rating] is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

***Option 2 - CRA established in the EEA, not registered under the CRA Regulation but has applied for registration***

[Insert legal name of particular credit rating agency entity providing rating] is established in the EEA and has applied for registration under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**"), although notification of the corresponding registration decision has not yet been provided by the [relevant competent authority]/[European Securities and Markets Authority] .

***Option 3 -CRA established in the EEA, not registered under the CRA Regulation and not applied for registration***

[Insert legal name of particular credit rating agency entity providing rating] is established in the EEA and is neither registered nor has it applied for registration under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

***Option 4 - CRA not established in the EEA but relevant rating is endorsed by a CRA which is established and registered under the CRA Regulation***

[Insert legal name of particular credit rating agency entity providing rating] is not established in the EEA but the rating it has given to the Notes is endorsed by [insert legal name of credit rating agency], which is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

***Option 5 - CRA is not established in the EEA and relevant rating is not endorsed under the CRA Regulation but CRA is certified under the CRA Regulation***

[Insert legal name of particular credit rating agency entity providing rating] is not established in the EEA but is certified under Regulation (EU)

No 1060/2009, as amended (the "**CRA Regulation**").

***Option 6 - CRA neither established in the EEA nor certified under the CRA Regulation and relevant rating is not endorsed under the CRA Regulation***

[Insert legal name of particular credit rating agency entity providing rating] is not established in the EEA and is not certified under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation.]"

- |     |   |  |
|-----|---|--|
| 20. | Clearing System(s):   | Euroclear, Clearstream, Luxembourg                 |
| 21. | Issuing and Paying Agent:   | The Bank of New York Mellon, London Branch         |
| 22. | Listing Agents:   | [The Bank of New York Mellon SA/NV, Dublin Branch] |
| 23. | ISIN:   | [•]  |
| 24. | Common code:  | [•]  |
| 25. | [FISN:  | [•]  |
| 26. | [CFI:   | [•]  |
| 27. | Any clearing system(s) other than Euroclear Bank, SA/NV, Clearstream Banking, S.A. and the relevant identification number(s): | [Not applicable/give name(s) and number(s)]        |
| 28. | New Global Note:  | [Yes][No]  |
| 29. | Intended to be held in a manner which would allow Eurosystem eligibility:   | [Yes.][No.][Not applicable.]                       |

[Note that the designation "Yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.][include this text if "yes" selected in which case the Notes must be issued in NGN form]

[Whilst the designation is specified as "No" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does

not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]] [*Include this text if "No" selected in which case the Notes must be issued in CGN form*]]

#### **LISTING AND ADMISSION TO TRADING APPLICATION**

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the €750,000,000 Euro-Commercial Paper Programme of ACS, Actividades de Construcción y Servicios, S.A.

#### **RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in these Final Terms.

**SIGNED** on behalf of  
**ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A.**

By: .....  
(*duly authorised*)

Dated:

## PART B

### OTHER INFORMATION

1. **INTEREST OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]**

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

["Save as discussed in "*Subscription and Sale*", so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."]

2. **ESTIMATED TOTAL EXPENSES RELATED TO THE ADMISSION TO TRADING**

Estimated total expenses: [ ]

3. [Fixed Rate Notes only – **YIELD**

Indication of yield: [ ]

4. [Floating Rate Notes only – **HISTORIC INTEREST RATES**

Details of historic [LIBOR/EURIBOR/EONIA/other] rates can be obtained from [Reuters].

5. [Floating Rate Notes Only – **BENCHMARK REGULATION**

[Reference Rate] is provided by [administrator]. As of the date of these Final Terms, [administrator] does [not] appear on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 (*Register of administrators and benchmarks*) of Regulation (EU) 2016/1011.]

6. **JAPANESE OFFEREES**

*In the case where the Japanese offerees are limited to Qualified Institutional Investors only (Please note however, the Issuer must appoint its attorney in Japan):*

[The Notes have not been and will not be registered in Japan pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "FIEA") in reliance upon the exemption from the registration requirements since the offering constitutes the private placement to qualified institutional investors only as provided for in "i" of Article 2, Paragraph 3 or 4, Item 2 of the FIEA.

A transferor of the Notes shall not transfer or resell them except where a transferee is a qualified institutional investor under Article 10 of the Cabinet Office Ordinance concerning Definitions provided in Article 2 of the Financial Instruments and Exchange Act of Japan (the Ministry of Finance Ordinance No. 14 of 1993, as amended).]

*In the case where the Japanese offerees are fewer than 50:*

[The Notes have not been and will not be registered in Japan pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "FIEA") in reliance upon the exemption from the registration requirements since the offering constitutes the small number private placement as provided for in "ha" of Article 2, Paragraph 3 or 4, Item 2 of the FIEA.

A transferor of the Notes shall not transfer or resell the [Bonds/Notes/Units] except where the transferor transfers or resells all the Notes en bloc to one transferee.]

*The second paragraph can be replaced with the following if the numbers of the notes to be sold in Japan is fewer than 50:*

[The Note is not permitted to be divided into any unit less than the minimum denomination.]

## TAXATION

*The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of the Notes, and does not purport to deal with the tax consequences applicable to all categories of investors, some of whom (such as dealers in securities) may be subject to special rules. Prospective investors who are in any doubt as to their position should consult with their own professional advisers.*

### **The proposed financial transactions tax ("FTT")**

On 14 February 2013, the European Commission published a proposal (the "**Commission's proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (each other than Estonia, a "**participating Member State**"). However, Estonia has ceased to participate.

The Commission's proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's proposal, FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which, remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

### **Taxation in the Kingdom of Spain**

*The following is a general description of certain Spanish tax considerations. The information provided below does not purport to be a complete summary of tax law and practice applicable in the Kingdom of Spain as at the date of this Information Memorandum and is subject to any changes in law and the interpretation and application thereof, which could be made with retroactive effect.*

#### **Introduction**

This information has been prepared in accordance with the following Spanish tax legislation in force at the date of this Information Memorandum:

- (a) of general application, the First Additional Provision of Law 10/2014, of 26 June and Royal Decree 1065/2007, of 27 July;
- (b) for individuals with tax residency in Spain who are personal income tax ("**Personal Income Tax**") tax payers, Law 35/2006, of 28 November on Personal Income Tax and on the partial amendment of the Corporate Income Tax Law, Non Residents Income Tax Law and Wealth Tax Law as amended by Law 26/2014, of 27 November and Royal Decree-law 9/2015, of 15 July (the "**Personal Income Tax Law**"), and Royal Decree 439/2007, of 30 March 2007 promulgating the Personal Income Tax Regulations as amended by Royal Decree 633/2015, of 10 July, along with Law 19/1991, of 6 June on Wealth Tax and Law 29/1987, of 18 December on Inheritance and Gift Tax;
- (c) for legal entities resident for tax purposes in Spain which are corporate income tax ("Corporate Income Tax") taxpayers, Law 27/2014, of 27 November, of the Corporate Income Tax Law applicable on the tax periods starting as of 1 January 2015 and Royal Decree 634/2015, of 10 July promulgating the Corporate Income Tax Regulations (the "**Corporate Income Tax Regulations**"); and

- (d) for individuals and legal entities who are not resident for tax purposes in Spain and are non-resident income tax ("**Non-Resident Income Tax**") taxpayers, Royal Legislative Decree 5/2004, of 5 March promulgating the Consolidated Text of the Non-Resident Income Tax Law as amended by Law 26/2014, of 27 November, and Royal Decree 1776/2004, of 30 July promulgating the Non-Resident Income Tax Regulations as amended by Royal Decree 633/2015, of 10 July ("**Non-Resident Income Tax Law**"), along with Law 19/1991, of 6 June on Wealth Tax and Law 29/1987, of 18 December on Inheritance and Gift Tax.

Whatever the nature and residence of the holder of a beneficial interest in the Notes (each, a "**Beneficial Owner**"), the acquisition and transfer of the Notes will be exempt from indirect taxes in Spain, for example exempt from transfer tax and stamp duty, in accordance with the consolidated text of such tax promulgated by Royal Legislative Decree 1/1993, of 24 September, and exempt from value added tax, in accordance with Law 37/1992, of 28 December regulating such tax.

## 1. **Individuals with Tax Residency in Spain**

### 1.1 ***Individual Income Tax (Impuesto sobre la Renta de las Personas Físicas)***

Both interest periodically received and income deriving from the transfer, redemption or repayment of the Notes would constitute a return on investment obtained from the transfer of own capital to third parties in accordance with the provisions of Section 25.2 of the Personal Income Tax Law, and should be included in each investor's taxable savings and taxed at the tax rate applicable from time to time, currently at the rate of 19 per cent. for taxable income up to €6,000, 21 per cent. for taxable income between €6,000 to €50,000 and 23 per cent. for taxable income in excess of €50,000.

As a general rule, both types of income are subject to a withholding tax on account at the rate of 19 per cent. According to Section 44.5 of Royal Decree 1065/2007, of 27 July, the Issuer will make interest payments to individual holders who are resident for tax purposes in Spain without withholding **provided that** the relevant information about the Notes is submitted. However, withholding tax at the applicable rate of 19 per cent. may have to be deducted by other entities (such as depositaries, institutions or financial entities) provided that such entities are resident for tax purposes in Spain or have a permanent establishment in Spanish territory.

In any event, individual holders may credit the withholding against their Personal Income Tax liability for the relevant fiscal year.

### **Wealth Tax (Impuesto sobre el Patrimonio)**

In accordance with Article 4 of Royal Decree-Law 3/2016, of 2 December, a full exemption (*bonificación del 100%*) on Net Wealth Tax would apply in 2018 unless such exemption is revoked.

If it were revoked, individuals with tax residency in Spain will be subject to Wealth Tax to the extent that their net worth exceeds €700,000 (subject to any exceptions provided under relevant legislation in an autonomous region (*Comunidad Autónoma*)). Therefore, they should take into account the value of the Notes which they hold as at 31 December in each year, the applicable rates ranging between 0.2 per cent. and 2.5 per cent.

### 1.2 ***Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones)***

Individuals with tax residency in Spain who acquire ownership or other rights over any Notes by inheritance, gift or legacy will be subject to inheritance and gift tax in accordance with the applicable Spanish regional or federal rules. As at the date of this Information Memorandum, the applicable tax rates currently range between 7.65 per cent. and 34 per cent. Relevant factors applied (such as previous net wealth or family relationship among transferor and transferee) determine the final effective tax rate that range, as of the date of this Information Memorandum, between 0 per cent. and 81.6 per cent.

## 2. **LEGAL ENTITIES WITH TAX RESIDENCY IN SPAIN**

### 2.1 ***Corporate Income Tax (Impuesto sobre Sociedades)***

Payments of income deriving from the transfer, redemption or repayment of the Notes constitute a return on investments for tax purposes obtained from the transfer to third parties of own capital and would have to be included in profit and taxable income of legal entities with tax residency in Spain for Corporate Income Tax purposes in accordance with the rules for Corporate Income Tax and subject to the general rate of 25 per cent. for the tax period beginning as from 1 January 2016.

In accordance with Section 44.5 of Royal Decree 1065/2007, of 27 July, there is no obligation to withhold on income payable to Spanish CIT taxpayers (which for the sake of clarity, include Spanish tax resident investment funds and Spanish tax resident pension funds). Consequently, the Issuer will not withhold on interest payments to Spanish CIT taxpayers **provided that** the relevant information about the Notes is submitted. However, payments of interest under the Notes may be subject to withholding tax at the applicable rate of 19 per cent. if the Notes do not comply with exemption requirements specified in the Reply to the Consultation of the Directorate General for Taxation (*Dirección General de Tributos*) dated 27 July 2004 and require a withholding to be made.

2.2 ***Wealth Tax (Impuesto sobre el Patrimonio)***

Spanish resident legal entities are not subject to Wealth Tax.

2.3 ***Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones)***

Legal entities tax resident in Spain which acquire ownership or other rights over the Notes by inheritance, gift or legacy are not subject to inheritance and gift tax and must include the market value of the Notes in their taxable income for Spanish Corporate Income Tax purposes.

3. **INDIVIDUALS AND LEGAL ENTITIES WITH NO TAX RESIDENCY IN SPAIN**

3.1 ***Non-Resident Income Tax (Impuesto sobre la Renta de No Residentes)***

(a) *Non-Spanish resident investors acting through a permanent establishment in Spain*

Ownership of the Notes by investors who are not resident for tax purposes in Spain will not in itself create the existence of a permanent establishment in Spain.

If the Notes form part of the assets of a permanent establishment in Spain of a person or legal entity who is not resident in Spain for tax purposes, the tax rules applicable to income deriving from such Notes are the same as those for Spanish Corporate Income Tax taxpayers.

(b) *Non-Spanish resident investors not acting through a permanent establishment in Spain*

Payments of income deriving from the transfer, redemption or repayment of the Notes obtained by individuals or entities who have no tax residency in Spain, and which are Non-Resident Income Tax taxpayers with no permanent establishment in Spain, are exempt from such Non-Resident Income Tax on the same terms laid down for income from public debt.

3.2 ***Wealth Tax (Impuesto sobre el Patrimonio)***

In accordance with Article 4 of the Royal Decree 3/2016, of 2 December, a full exemption (bonificación del 100%) on Net Wealth Tax would apply in 2018 unless such exemption is revoked. If it were revoked, non-Spanish resident individuals whose properties and rights located in Spain, or that can be exercised within the Spanish territory exceed €700,000 would be subject to Wealth Tax, the applicable rates ranging between 0.2 per cent. and 2.5 per cent.

Individuals resident in a country with which Spain has entered into a double tax treaty in relation to the Wealth Tax would generally not be subject to such tax.

Non-Spanish tax resident individuals who are resident in an EU or European Economic Area Member State may apply the rules approved by the autonomous region where the assets and rights with more value are situated. As such, prospective investors should consult their tax advisers.

Non-Spanish resident legal entities are not subject to Wealth Tax.

3.3 ***Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones)***

Individuals not tax resident in Spain who acquire ownership or other rights over the Notes by inheritance, gift or legacy, and who reside in a country with which Spain has entered into a double tax treaty in relation to inheritance and gift tax will be subject to the relevant double tax treaty.

If the provisions of the foregoing paragraph do not apply, such individuals will be subject to inheritance and gift tax in accordance with the Spanish legislation applicable in the relevant autonomous region (*Comunidad Autónoma*).

Generally, non-Spanish tax resident individuals are subject to the Spanish Inheritance and Gift Tax according to the rules set forth in the Spanish State level law. However, if the deceased or the donee are resident in an EU or European Economic Area Member State, the applicable rules will be those corresponding to the relevant Spanish autonomous regions. As such, prospective investors should consult their tax advisers.

Non-Spanish resident legal entities which acquire ownership or other rights over the Notes by inheritance, gift or legacy are not subject to inheritance and gift tax. They will be subject to Non-Resident Income Tax. If the legal entity is resident in a country with which Spain has entered into a double tax treaty, the provisions of such treaty will apply. In general, double-tax treaties provide for the taxation of this type of income in the country of residence of the beneficiary.

4. **INFORMATION ABOUT THE NOTES IN CONNECTION WITH PAYMENTS**

The Issuer is currently required by Spanish law to report on certain information relating to the Notes. In accordance with Section 44 of Royal Decree 1065/2007, for that purpose, certain information with respect to the Notes must be submitted to the Issuer at the time of each payment.

Such information would be the following:

- (a) Identification of the Notes in respect of which the relevant payment is made;
- (b) Date on which relevant redemption is made;
- (c) the total amount of the relevant redemption; and
- (d) the amount of the relevant payment and to each entity that manages a clearing and settlement system for securities situated outside Spain.

In particular, the Issuing and Paying Agent must certify the information above about the Notes by means of a certificate the form of which is attached as Annex I of this Information Memorandum.

In light of the above, the Issuer and the Issuing and Paying Agent have arranged certain procedures to facilitate the collection of information concerning the Notes. If, despite these procedures, the relevant information is not received by the Issuer, the Issuer may be required to withhold at the applicable rate of 19 per cent. from any payment in respect of the relevant Notes as to which the required information has not been provided.

The procedures for providing documentation referred to in this section are set out in detail in the issuing and paying agency agreement dated 19 April 2017 (the "**Issue and Paying Agency Agreement**") which may be inspected during normal business hours at the specified office of the Issuing and Paying Agent. In particular, if the Issuing and Paying Agent does not act as common depositary, the procedures described in this section will be modified in the manner described in the Issue and Paying Agency Agreement.

*Set out below is Annex I. Sections in English have been translated from the original Spanish and such translations constitute direct and accurate translations of the Spanish language text. In the event of any discrepancy between the Spanish language version of the certificate contained in Annex I and the corresponding English translation, the Spanish tax authorities will give effect to the Spanish language version of the relevant certificate only.*

*Any foreign language text included in this Information Memorandum is for convenience purposes only and does not form part of this Information Memorandum*

## ANNEX I

### **Anexo al Reglamento General de las actuaciones y los procedimientos de gestión e inspección tributaria y de desarrollo de las normas comunes de los procedimientos de aplicación de los tributos, aprobado por Real Decreto 1065/2007**

#### **Modelo de declaración a que se refieren los apartados 3, 4 y 5 del artículo 44 del Reglamento General de las actuaciones y los procedimientos de gestión e inspección tributaria y de desarrollo de las normas comunes de los procedimientos de aplicación de los tributos**

Annex to Royal Decree 1065/2007, of 27 July, approving the General Regulations of the tax inspection and management procedures and developing the common rules of the procedures to apply taxes

Declaration form referred to in paragraphs 3, 4 and 5 of Article 44 of the General Regulations of the tax inspection and management procedures and developing the common rules of the procedures to apply taxes

**Don (nombre), con número de identificación fiscal ( )<sup>(1)</sup>, en nombre y representación de (entidad declarante), con número de identificación fiscal ( )<sup>(1)</sup> y domicilio en ( ) en calidad de (marcar la letra que proceda):**

Mr. (name), with tax identification number ( )<sup>(1)</sup>, in the name and on behalf of (entity), with tax identification number ( )<sup>(1)</sup> and address in ( ) as (function – mark as applicable):

**(a) Entidad Gestora del Mercado de Deuda Pública en Anotaciones.**

(a) Management Entity of the Public Debt Market in book entry form.

**(b) Entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero.**

(b) Entity that manages the clearing and settlement system of securities resident in a foreign country.

**(c) Otras entidades que mantienen valores por cuenta de terceros en entidades de compensación y liquidación de valores domiciliadas en territorio español.**

(c) Other entities that hold securities on behalf of third parties within clearing and settlement systems domiciled in the Spanish territory.

**(d) Agente de pagos designado por el emisor.**

Issuing and Paying Agent appointed by the issuer.

**Formula la siguiente declaración, de acuerdo con lo que consta en sus propios registros:**

Makes the following statement, according to its own records:

**1. En relación con los apartados 3 y 4 del artículo 44:**

1. In relation to paragraphs 3 and 4 of Article 44:

**1.1 Identificación de los valores .....**

1.1 Identification of the securities .....

**1.2 Fecha de pago de los rendimientos (o de reembolso si son valores emitidos al descuento o segregados)**

1.2 Income payment date (or refund if the securities are issued at discount or are segregated)

**1.3 Importe total de los rendimientos (o importe total a reembolsar, en todo caso, si son valores emitidos al descuento o segregados) .....**

- 1.3 Total amount of income (or total amount to be refunded, in any case, if the securities are issued at discount or are segregated)
- 1.4 Importe de los rendimientos correspondiente a contribuyentes del Impuesto sobre la Renta de las Personas Físicas, excepto cupones segregados y principales segregados en cuyo reembolso intervenga una Entidad Gestora .....**
- 1.4 Amount of income corresponding to Personal Income Tax taxpayers, except segregated coupons and segregated principals for which reimbursement an intermediary entity is involved .....
- 1.5 Importe de los rendimientos que conforme al apartado 2 del artículo 44 debe abonarse por su importe íntegro (o importe total a reembolsar si son valores emitidos al descuento o segregados).**
- 1.5 Amount of income which according to paragraph 2 of Article 44 must be paid gross (or total amount to be refunded if the securities are issued at discount or are segregated).
- 2. En relación con el apartado 5 del artículo 44.**
2. In relation to paragraph 5 of Article 44.
- 2.1 Identificación de los valores .....**
- 2.1 Identification of the securities.....
- 2.2 Fecha de pago de los rendimientos (o de reembolso si son valores emitidos al descuento o segregados) .....**
- 2.2 Income payment date (or refund if the securities are issued at discount or are segregated) .....
- 2.3 Importe total de los rendimientos (o importe total a reembolsar si son valores emitidos al descuento o segregados .....**
- 2.3 Total amount of income (or total amount to be refunded if the securities are issued at discount or are segregated)
- 2.4 Importe correspondiente a la entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero A.**
- 2.4 Amount corresponding to the entity that manages the clearing and settlement system of securities resident in a foreign country A.
- 2.5 Importe correspondiente a la entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero B.**
- 2.5 Amount corresponding to the entity that manages the clearing and settlement system of securities resident in a foreign country B.
- 2.6 Importe correspondiente a la entidad que el sistema de compensación y liquidación de valores con sede en el extranjero C.**
- 2.6 Amount corresponding to the entity that manages the clearing and settlement system of securities resident in a foreign country C.

**Lo que declaro en.....a ... de.....de ...**

I declare the above in ..... on the ... of ..... of ...

- (1) **En caso de personas, físicas o jurídicas, no residentes sin establecimiento permanente se hará constar el número o código de identificación que corresponda de conformidad con su país de residencia**

- (1) In case of non-residents (individuals or corporations) without permanent establishment in Spain it shall be included the number or identification code which corresponds according to their country of residence.

## SUBSCRIPTION AND SALE

### 1. General

The Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it will observe all applicable laws and regulations in any jurisdiction in which it may offer, sell, or deliver Notes and it will not directly or indirectly offer, sell, resell, re-offer or deliver Notes or distribute the Information Memorandum, circular, advertisement or other offering material in any country or jurisdiction except under circumstances that will result, to the best of its knowledge and belief, in compliance with all applicable laws and regulations.

### 2. United States of America

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons. The Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and sold, and will not offer and sell, Notes (i) as part of their distribution at any time and (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant tranche as determined and certified by the relevant Dealer, within the United States or to, or for the account or benefit of, U.S. persons. Accordingly, the Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that neither it, nor its affiliates nor any person acting on its or their behalf has engaged or will engage in any directed selling efforts with respect to the Notes, and that it and they have complied and will comply with the offering restrictions requirement of Regulation S. Each Dealer has also agreed, and each further Dealer appointed under the Programme will be required to agree, that, at or prior to confirmation of sale of Notes, it will have sent to each distributor, dealer or person receiving a selling commission, fee or other remuneration that purchases Notes from it a confirmation or notice to substantially the following effect:

"The Securities covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Securities as determined and certified by the relevant Dealer, in the case of a non-syndicated issue, or the Lead Manager, in the case of a syndicated issue, and except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S."

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Terms used in this section have the meanings given to them by Regulation S.

### 3. The United Kingdom

The Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree to the Issuer, that:

(a)

- (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
- (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") by the Issuer;

- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

4. **Japan**

The Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that the Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) and, accordingly, each Dealer has undertaken that it will not offer or sell any Notes directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person except under circumstances which will result in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For the purposes of this paragraph, "**Japanese Person**" shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

5. **Kingdom of Spain**

Each of the Dealers and the Issuer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes may only be offered, sold or distributed in Spain to qualified investors (*inversores cualificados*) as this term is defined in Royal Decree 1310/2005 of 4 November (*Real Decreto 1310/2005, de 4 de noviembre*), and in compliance with the provisions of the Restated Text of the Spanish Securities Market Law approved by Legislative Royal Decree 4/2015 (*Real Decreto Legislativo 4/2015, de 23 de octubre, por el que se aprueba el texto refundido de la Ley del Mercado de Valores*), as amended, and further developing legislation. Neither the Notes nor this Information Memorandum have been registered with the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*) and therefore this Information Memorandum is not intended for any public offer of the Notes in Spain.

6. **Republic of France**

Each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Prospectus, the relevant Final Terms or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (a) persons providing investment services relating to portfolio management for the account of third parties (*personnes fournissant le service de gestion de portefeuille pour compte de tiers*), and/or (b) qualified investors (*investisseurs qualifiés*), other than individuals, acting for their own account, as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*.

7. **Ireland**

The Dealer has represented, warranted and agreed that (and each further Dealer will be required to represent, warrant and agree that) it will not offer, sell, place or underwrite the Notes, or do anything in Ireland in respect of the Notes, otherwise than in conformity with the provisions of:

- (a) the European Communities (Markets in Financial Instruments) Regulations 2007 (No.s 1 to 3) (as amended) (the "**MiFID Regulations**"), including, without limitation, Parts 6, 7, and 12 thereof or any codes of conduct issued in connection therewith, and the provisions of the Investor Compensation Act 1998 (as amended);

- (b) the Irish Companies Act 2014 (as amended) and all other statutes and statutory instruments or parts thereof which are to be read as one with or construed or read together as one with the Irish Companies Act 2014 (as amended);
- (c) the Irish Central Bank Acts 1942 to 2015 and any codes of conduct rules made under Section 117(1) of the Irish Central Bank Act 1989 (as amended) or any regulations made pursuant to Part 8 of the Central Bank (Supervision and Enforcement Act) 2013 (as amended);
- (d) the Prospectus (Directive 2003/71/EC) Regulations 2005 (as amended) (the "**Prospectus Regulations**") and any rules issued under Section 1363 of the Irish Companies Act 2014 by the Central Bank of Ireland (the "**Central Bank**");
- (e) the provisions of the European Union Market Abuse Regulations 2016, Regulation (EU) No. 596/2014 of the European Parliament and of the council of 16 April 2014 on market abuse and any rules issued under Section 1370 of the Irish Companies Act 2014 by the Central Bank and will assist the Issuer in complying with its obligations thereunder; and
- (f) (for Notes offered or sold with a maturity of less than 12 months) in full compliance with Central Bank Notice BSD C 01/02.

## GENERAL INFORMATION

### 1. **Clearing of the Notes**

The Notes have been accepted for clearance through Clearstream, Luxembourg and Euroclear. The appropriate Common Code, International Securities Identification Number (ISIN), Financial Instrument Short Name (FISN) and Classification of Financial Instruments (CFI) code (as applicable) in relation to each issue of Notes and any other clearing system as shall have accepted the relevant Notes for clearance will be specified in the Final Terms relating thereto.

### 2. **Admission to Listing and Trading**

It is expected that Notes issued under the Programme may be admitted to the Official List and to trading on the regulated market of the Irish Stock Exchange plc trading as Euronext Dublin on or after 19 April 2018. The admission of the Notes to trading on the regulated market of the Irish Stock Exchange plc trading as Euronext Dublin will be expressed as a percentage of their principal amount. Any Notes intended to be admitted to the Official List and admitted to trading on the regulated market of the Irish Stock Exchange plc trading as Euronext Dublin will be so admitted to listing and trading upon submission to the Irish Stock Exchange plc trading as Euronext Dublin of the relevant Final Terms and any other information required by the Irish Stock Exchange plc trading as Euronext Dublin, subject in each case to the issue of the relevant Notes.

However, Notes may be issued pursuant to the Programme which will be admitted to listing, trading and or quotation by such other listing authority, stock exchange and/or quotation system as the Issuer and the relevant Dealer(s) may agree. No Notes may be issued pursuant to the Programme on an unlisted basis.

### 3. **Material Adverse Change**

There has been no material adverse change in the prospects or financial or trading position of the Issuer and no significant change in the financial or trading position of the Issuer or the Group since 31 December 2017, save as disclosed in "*Recent Developments*" above.

### 4. **Legal and Arbitration Proceedings**

There are no pending or threatened governmental, legal or arbitration proceedings against or affecting the Issuer and the Group which may have, or have had during the 12 months prior to the date hereof, individually or in the aggregate, a significant effect on the financial position of the Issuer and the Group and, to the best knowledge of the Issuer and the Group, no such actions, suits or proceedings are threatened or contemplated.

### 5. **Material Contracts**

There are no material contracts which could result in any member of the Group being under an obligation that is material to the Issuer's ability to meet its obligations to holders of Notes.

### 6. **Legal Entity Identifier**

The Legal Entity Identifier of the Issuer is 95980020140005558665.

### 7. **Documents on Display**

Physical copies and, where appropriate, English translations of the following documents may be inspected during normal business hours at the office of the Issuing and Paying Agent for the life of this Information Memorandum:

- (a) the audited consolidated financial statements listed in the section "*Documents Incorporated by Reference*" above;
- (b) this Information Memorandum, together with any supplements thereto;
- (c) the Issuing and Paying Agency Agreement relating to the Notes;

- (d) the Dealer Agreement;
- (e) the Deed of Covenant; and
- (f) the Issuer-ICSDs Agreement (which is entered into between the Issuer and Euroclear and/or Clearstream, Luxembourg with respect to the settlement in Euroclear and/or Clearstream, Luxembourg of Notes in New Global Note form).

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