

Annual Report of ACS Group

2008



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Cover photo: *Andasol I Thermal Solar Energy Plant in Aldeire (Granada, Spain).*

Corporate Governance Report of ACS Group

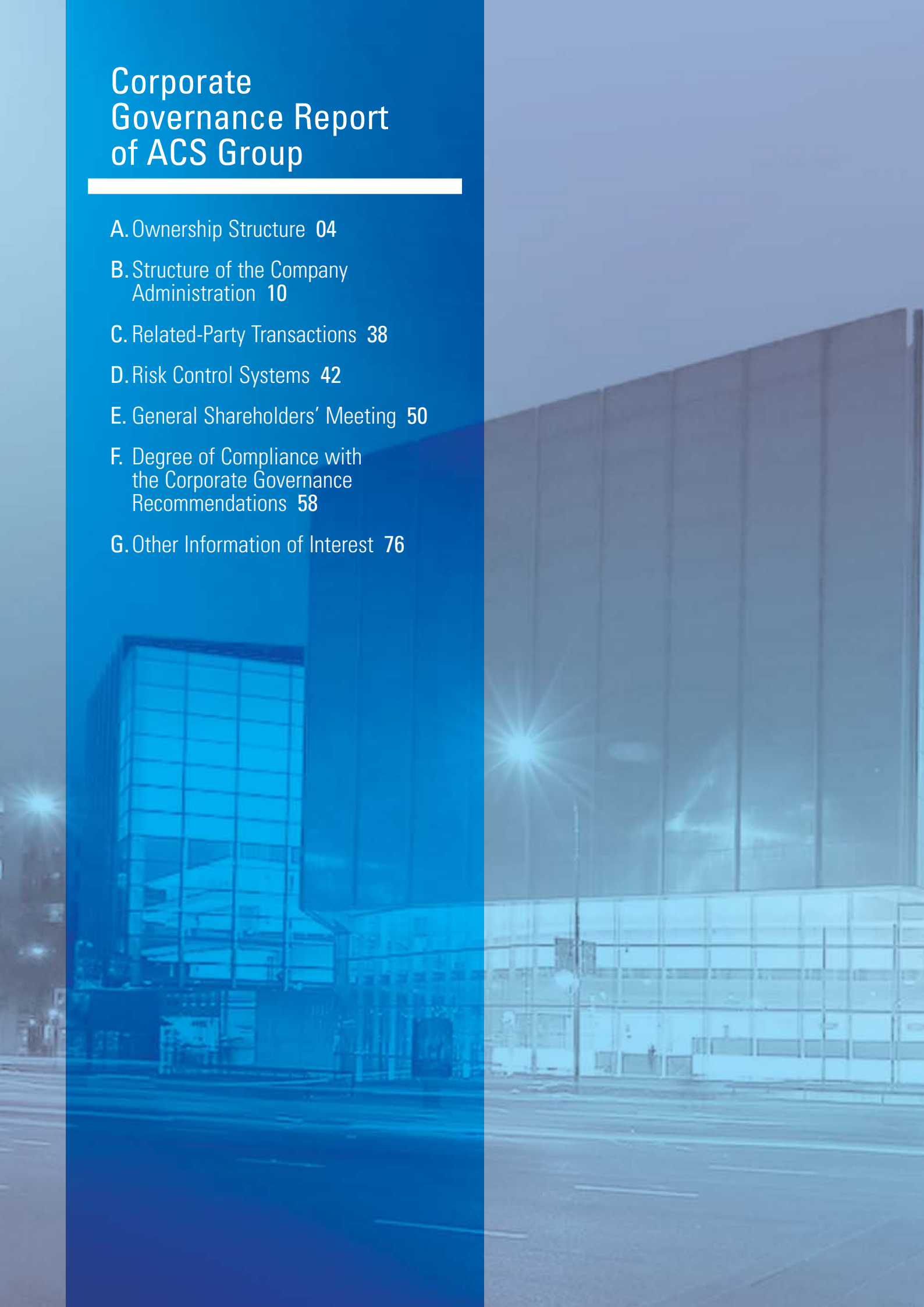


2008



Corporate Governance Report of ACS Group

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A. Ownership Structure

A.1 Complete the following table on the company's share capital:

| Date of last amendment | Share capital (€) | Number of shares | Number of voting rights |
|------------------------|-------------------|------------------|-------------------------|
| 09/7/2008 | 167,695,213.50 | 335,390,427 | 335,390,427 |

Indicate whether there are different classes of shares with different rights associated thereto:

| | Yes | No |
|--|-----|----|
| | | X |

| Class | Number of shares | Par value | Unitary number of voting rights | Different rights |
|-------|------------------|-----------|---------------------------------|------------------|
| | | | | |

A.2 Detail the direct or indirect holders of significant shareholdings of the company at the close of the financial year, excluding the board members:

| Name or corporate name of the indirect shareholder | Number of voting rights | Number of indirect voting rights (*) | % of total voting rights |
|--|-------------------------|--------------------------------------|--------------------------|
| Corporación Financiera Alba, S.A. | 0 | 78,084,267 | 23.282 |
| Inversiones Vesán, S.A. | 38,815,575 | 0 | 11.573 |
| Mr. Alberto Alcocer Torra | 5,000 | 21,799,070 | 6.501 |
| Mr. Alberto Cortina Alcocer | 4,728 | 21,799,071 | 6.501 |
| Balear Inversiones Financieras, S.L. | 0 | 17,643,657 | 5.261 |
| Southeastern Asset Management, Inc | 0 | 16,875,535 | 5.032 |
| Banco Bilbao Vizcaya Argentaria, S.A. | 9,408,469 | 0 | 2.805 |

| Name or corporate name of the indirect shareholder | Held through: Name or corporate name of the direct shareholder | Number of voting rights | % of total voting rights |
|--|--|-------------------------|--------------------------|
| Corporación Financiera Alba, S.A. | Alba Participaciones, S.A. | 78,084,267 | 23.282 |
| Mr. Alberto Alcocer Torra | Catser, S.L. | 506,500 | 0.151 |
| Mr. Alberto Alcocer Torra | Comercio y Finanzas, S.A. | 515,907 | 0.154 |
| Mr. Alberto Alcocer Torra | Corporación Financiera Alcor, S.A. | 466,440 | 0.139 |
| Mr. Alberto Alcocer Torra | Imvernelin Patrimonio, S.L. | 19,794,316 | 5.902 |
| Mr. Alberto Alcocer Torra | Percacer, S.A. | 515,907 | 0.154 |
| Mr. Alberto Cortina Alcocer | Catser, S.L. | 506,500 | 0.151 |
| Mr. Alberto Cortina Alcocer | Comercio y Finanzas, S.A. | 515,907 | 0.154 |
| Mr. Alberto Cortina Alcocer | Corporación Financiera Alcor, S.A. | 466,440 | 0.139 |
| Mr. Alberto Cortina Alcocer | Imvernelin Patrimonio, S.L. | 19,794,317 | 5.902 |
| Mr. Alberto Cortina Alcocer | Percacer, S.A. | 515,907 | 0.154 |
| Balear Inversiones Financieras, S.L. | Iberostar Hoteles y Apartamentos, S.L. | 17,643,657 | 5.261 |

Indicate the most significant changes in the shareholding structure occurring during the financial year:

| Name or corporate name of the shareholder | Transaction date | Description of the transaction |
|---|------------------|--------------------------------|
| Southeastern Asset Management, Inc. | 26/03/2008 | Exceeded 3% of share capital |
| Southeastern Asset Management, Inc. | 21/08/2008 | Exceeded 5% of share capital |

A.3 Complete the following table on the members of the Board of Directors of the Company that hold rights over shares in the company:

| Name or corporate name of the board member | Number of voting rights | Number of Indirect voting rights (*) | % of total voting rights |
|--|-------------------------|--------------------------------------|--------------------------|
| Mr. Florentino Pérez Rodríguez | 0 | 38,815,575 | 11.573 |
| Mr. Antonio García Ferrer | 52,000 | 0 | 0.016 |
| Mr. Pablo Vallbona Vadell | 56,560 | 0 | 0.017 |
| Mr. Agustín Batuecas Torrego | 833,088 | 1,482,853 | 0.691 |
| Mr. Francisco Servando Verdú Pons | 1,000 | 0 | 0.000 |
| Mr. Javier Echenique Landiribar | 24,432 | 0 | 0.007 |
| Mr. Javier Monzón de Cáceres | 4,200 | 0 | 0.001 |
| Mr. José Álvaro Cuervo García | 0 | 42,000 | 0.013 |
| Mr. José María Aguirre González | 421,500 | 0 | 0.126 |
| Mr. José María Loizaga Viguri | 128,313 | 225,000 | 0.105 |
| Mr. Joan-David Grimà i Terré | 0 | 0 | 0.000 |
| Mr. Juan March de la Lastra | 35,750 | 0 | 0.011 |
| Mr. Julio Sacristán Fidalgo | 1,356 | 0 | 0.000 |
| Mr. Manuel Delgado Solís | 0 | 0 | 0.000 |
| Mr. Miguel Fluxá Rosselló | 0 | 17,741,012 | 5.290 |
| Mr. Miquel Roca i Junyent | 12 | 0 | 0.000 |
| Mr. Pedro José López Jiménez | 0 | 2,170,000 | 0.647 |
| Mr. Santos Martínez-Conde Gutiérrez- Barquín | 8,208 | 0 | 0.002 |
| Mr. José Luis del Valle Pérez | 121,000 | 0 | 0.036 |

| Name or corporate name of the direct shareholder | Held through: Name or corporate name of the direct shareholder | Number of voting rights | % of total voting rights |
|--|--|-------------------------|--------------------------|
| Mr. Florentino Pérez Rodríguez | Inversiones Vesán, S.A. | 38,815,575 | 11.573 |
| Mr. Miguel Fluxá Rosselló | Iberostar Hoteles y Apartamentos, S.L. | 17,643,657 | 5.261 |
| Mr. Pedro José López Jiménez | Fidwei Inversiones, S.L. | 1,420,000 | 0.423 |
| Mr. Agustín Batuecas Torrego | Inversiones Batuecas Torrego, S.L. | 1,382,853 | 0.412 |
| Mr. Pedro José López Jiménez | Lynx Capital, S.A. | 750,000 | 0.224 |
| Mr. José María Loizaga Viguri | Inversiones Europeas, S.L. | 225,000 | 0.067 |
| Mr. Agustín Batuecas Torrego | Inversiones Ceda, S.L. | 100,000 | 0.030 |
| Mr. Miguel Fluxá Rosselló | Gloya Trust, B.V. | 97,355 | 0.029 |
| Mr. José Álvaro Cuervo García | Sociedad de Estudios y Estrategia Empresarial, S.A. | 42,000 | 0.013 |

| | |
|--|---------------|
| Total % of voting rights in power of the Board of Directors | 18.535 |
|--|---------------|

Complete the following table on the members of the Board of Directors of the company that hold rights over shares in the Company:

| Name or corporate name of the Board Member | Number of option rights held directly | Number of option rights held indirectly | Equivalent number of shares | % of total voting rights |
|--|---------------------------------------|---|-----------------------------|--------------------------|
| Mr. Florentino Pérez Rodríguez | 3,110,000 | 1 | 3,110,000 | 0.927 |
| Mr. Antonio García Ferrer | 710,000 | 1 | 710,000 | 0.212 |
| Mr. Agustín Batuecas Torrego | 178,000 | 1 | 178,000 | 0.053 |
| Mr. José Luis del Valle Pérez | 650,000 | 1 | 650,000 | 0.194 |

A.4 Indicate, if applicable, any relationships of a family, commercial, contractual or corporate nature existing between holders of significant shareholdings, to the extent that they are known by the company, excluding those of little significance or deriving from the ordinary course of business or trade:

| Name or corporate name related | Type of relationship | Brief description |
|--------------------------------|----------------------|-------------------|
| | | |

A. Ownership Structure

A.5 Indicate the relationships of a commercial, contractual or corporate nature existing between holders of significant shareholdings and the Company, unless they are of little significance or derive from the ordinary course of business or trade:

| Name or corporate name related | Type of relationship | Brief description |
|--------------------------------|----------------------|--|
| Inversiones Vesán, S.A. | Contractual | Rosan Inversiones, S.L. with C.I.F. B-78962099, company wholly owned by Mr. Florentino Pérez Rodríguez, formalised agreement for execution of works with the company Dragados, S.A. on 27/04/05, for the construction of a building in Madrid. The works certified by Dragados, S.A. in 2008 amounted to 15,746,918.43 € |

A.6 Indicate whether any shareholders' agreements affecting the company have been executed between shareholders pursuant to Article 112 of the Stock Exchange Law. If so, briefly describe the agreements and list the shareholders who entered into the agreement:

| | Yes | No |
|--|-----|----|
| | | X |

| Parties involved in the agreement | % of share capital affected | Brief description of agreement |
|-----------------------------------|-----------------------------|--------------------------------|
|-----------------------------------|-----------------------------|--------------------------------|

Indicate whether the company is aware of any concerted actions between its shareholders. If so, briefly describe them:

| | Yes | No |
|--|-----|----|
| | | X |

| Parties involved in side agreement | % of share capital affected | Brief description of side agreement |
|------------------------------------|-----------------------------|-------------------------------------|
|------------------------------------|-----------------------------|-------------------------------------|

If there has been any modification or termination of said pacts or agreements or concerted actions during the financial year, indicate them expressly.

A.7 Indicate if there is any individual or legal entity that exercises or could exercise control over the company under the terms of Article 4 of the Stock Exchange Law. If so, identify them:

| | Yes | No |
|--|-----|----|
| | | X |

Name or corporate name

Comments

A.8 Complete the following tables on the company's treasury stock:

At the close of the financial year:

| Number of direct shares | Number of indirect shares (*) | Total % of share capital |
|-------------------------|-------------------------------|--------------------------|
| 16,746,453 | 0 | 4.993 |

(*) Held through:

| | |
|-------|---|
| Total | 0 |
|-------|---|

In accordance with the provisions set forth in Royal Decree 1362/2007, detail any significant changes during the financial year:

| Notification Date | Total number of direct shares acquired | Total number of indirect shares acquired | Total % of share capital |
|-------------------|--|--|--------------------------|
| 04/03/2008 | 4,555,357 | 0 | 1.293 |
| 23/05/2008 | 4,447,855 | 0 | 1.264 |
| 22/08/2008 | 3,424,585 | 0 | 1.023 |
| 06/10/2008 | 3,965,936 | 0 | 1.182 |
| 28/10/2008 | 5,732,114 | 0 | 1.709 |
| 01/12/2008 | 3,778,787 | 0 | 1.127 |

| | |
|--|-----|
| Gain / (Loss) on treasury shares disposed of in the year (in thousands of euros) | 334 |
|--|-----|

A. Ownership Structure

A.9 Detail the conditions and term of mandate of the General Shareholders' Meeting to the Board of Directors for engaging in acquisitions or transfers of treasury shares.

The following resolution was adopted at the Extraordinary General Shareholders' Meeting held on 3 December 2008:

Render the previous authorisation granted by means of a resolution adopted by the Company's General Shareholders' Meeting held on 26 May 2008 null and void, and under the conditions and requirements set forth in Article 75 of the Spanish Corporations Law, authorize both the Company's Board of Directors as well as those of subsidiary companies to acquire shares in the Company for valuable consideration, the par value of which does not exceed 5% of the issued share capital. Such authorization shall be granted for a period of 18 months from the date of the aforementioned meeting. The minimum and maximum price shall be, respectively, the par value of the shares and a price not exceeding the price at which they are traded at the stock market on the day of the purchase, or the price authorised by the competent body of the Stock Exchange or by the Spanish Stock Market Commission."

A.10 Indicate the legal and statutory restrictions on the exercise of voting rights, as well as the statutory restrictions on the acquisition or sale of holdings in the share capital: Indicate whether there are legal restrictions on the exercise of voting rights:

| | Yes | No |
|---|-----|----|
| | | X |
| Maximum percentage of voting rights that may be exercised by a shareholder under this legal restriction | | 0 |

Indicate whether there are statutory restrictions on the exercise of voting rights:

| | Yes | No |
|---|-----|----|
| | | X |
| Maximum percentage of voting rights that may be exercised by a shareholder under this statutory restriction | | 0 |

Description of the legal and statutory restrictions on the exercise of voting rights

Indicate whether there are any legal restrictions on the acquisition or sale of holdings in the share capital:

| | Yes | No |
|--|-----|----|
| | | X |

Description of the legal restrictions on the acquisition or sale of holdings in the share capital

A.11 Indicate whether or not the General Shareholders' Meeting has resolved to adopt anti-takeover measures in accordance with the provisions of Law 6/2007.

| | Yes | No |
|--|-----|----|
| | | X |

If so, explain the measures adopted and the terms in which the restrictions will be deemed to be inefficient:

B. Structure of the Company Administration

B.1 Board of Directors

B.1.1 Outline the maximum and minimum number of Board Members provided for in the Company By-laws:

| | |
|---------------------------------|----|
| Maximum number of Board Members | 21 |
| Minimum number of Board Members | 11 |

B.1.2 Complete the following table with the Board Members:

| Name or corporate name of the Board Member | Representative | Position | Date first appointment | Date last appointment | Election procedure |
|---|----------------|--------------------------------|------------------------|-----------------------|--------------------|
| Mr. Florentino Pérez Rodríguez | - | Chairman and CEO | 28/06/1989 | 03/12/2008 | General Meeting |
| Mr. Antonio García Ferrer | - | Executive Vice Chairman | 14/10/2003 | 03/12/2008 | General Meeting |
| Mr. Pablo Vallbona Vadell | - | Vice Chairman | 05/09/1997 | 03/12/2008 | General Meeting |
| Mr. Agustín Batuecas Torrego | - | Board Member | 29/06/1999 | 03/12/2008 | General Meeting |
| Mr. Francisco Servando Verdú Pons | - | Board Member | 19/05/2006 | 19/05/2006 | General Meeting |
| Mr. Javier Echenique Landiribar | - | Board Member | 20/05/2004 | 20/05/2004 | General Meeting |
| Mr. Javier Monzón de Cáceres | - | Board Member | 20/05/2004 | 20/05/2004 | General Meeting |
| Mr. José Álvaro Cuervo García | - | Board Member | 05/09/1997 | 03/12/2008 | General Meeting |
| Mr. José María Aguirre González | - | Board Member | 29/06/1995 | 19/05/2006 | General Meeting |
| Mr. José María Loizaga Viguri | - | Board Member | 28/06/1989 | 03/12/2008 | General Meeting |
| Mr. Joan-David Grimà i Terré | - | Board Member | 14/10/2003 | 03/12/2008 | General Meeting |
| Mr. Juan March de la Lastra | - | Board Member | 30/07/2008 | 03/12/2008 | General Meeting |
| Mr. Julio Sacristán Fidalgo | - | Board Member | 24/06/1998 | 03/12/2008 | General Meeting |
| Mr. Manuel Delgado Solís | - | Board Member | 20/05/2004 | 20/05/2004 | General Meeting |
| Mr. Miguel Fluxá Rosselló | - | Board Member | 26/05/2008 | 26/05/2008 | General Meeting |
| Mr. Miquel Roca i Junyent | - | Board Member | 14/10/2003 | 03/12/2008 | General Meeting |
| Mr. Pedro José López Jiménez | - | Board Member | 28/06/1989 | 03/12/2008 | General Meeting |
| Mr. Santos Martínez-Conde Gutiérrez-Barquín | - | Board Member | 19/06/2002 | 03/12/2008 | General Meeting |
| Mr. José Luis del Valle Pérez | - | Secretary General Board Member | 28/06/1989 | 03/12/2005 | General Meeting |

| | |
|-------------------------------|----|
| Total number of Board Members | 19 |
|-------------------------------|----|

Indicate the resignations from the Board of Directors that occurred during the period:

| Name or corporate name of the Board Member | Position | Date of resignation |
|--|-------------|---------------------|
| Mr. Isidro Fernández Barreiro | Proprietary | 30/07/2008 |

B.1.3 Complete the following tables on the Board Members and their positions:

Executive Directors

| Name or corporate name of the Board member | Committee which proposed the appointment | Position in the Company's organizational chart |
|--|--|--|
| Mr. Florentino Pérez Rodríguez | None | Chairman and CEO |
| Mr. Antonio García Ferrer | None | Executive Vice Chairman |
| Mr. Agustín Batuecas Torrego | None | Board Member |
| Mr. José Luis del Valle Pérez | None | Board Member Secretary |

| | |
|-------------------------------------|--------|
| Total number of executive directors | 4 |
| Total % of the Board | 21.053 |

Proprietary & External directors

| Name or corporate name of the Board member | Committee which proposed the appointment | Name or corporate name of significant shareholder represented or that proposed his appointment |
|---|--|--|
| Mr. Pablo Vallbona Vadell | Appointment and Remuneration Committee | Corporación Financiera Alba, S.A. |
| Mr. Francisco Servando Verdú Pons | None | Corporación Financiera Alba, S.A. |
| Mr. Javier Echenique Landiribar | None | Corporación Financiera Alcor, S.A. |
| Mr. Javier Monzón de Cáceres | None | Corporación Financiera Alcor, S.A. |
| Mr. Juan March de la Lastra | Appointment and Remuneration Committee | Corporación Financiera Alba, S.A. |
| Mr. Julio Sacristán Fidalgo | Appointment and Remuneration Committee | Inversiones Vesán, S.A. |
| Mr. Manuel Delgado Solís | None | Corporación Financiera Alcor, S.A. |
| Mr. Miguel Fluxá Rosselló | Appointment and Remuneration Committee | Balear Inversiones Financieras, S.L. |
| Mr. Santos Martínez-Conde Gutiérrez-Barquín | Appointment and Remuneration Committee | Corporación Financiera Alba, S.A. |

| | |
|---------------------------------------|--------|
| Total number of proprietary directors | 9 |
| Total % of Board | 47.368 |

Independent non executive directors

| Name or corporate name of the Board Member | Profile |
|--|------------|
| Mr. José Álvaro Cuervo García | Professor |
| Mr. José María Aguirre González | Enterprise |
| Mr. José María Loizaga Viguri | Enterprise |
| Mr. Joan-David Grimà i Terré | Enterprise |
| Mr. Miquel Roca i Junyent | Lawyer |

| | |
|---|--------|
| Total number of independent non-executive directors | 5 |
| Total % of Board | 26.316 |

Other non executive directors

| Name or corporate name of the Board Member | Committee which proposed the appointment |
|--|--|
| Mr. Pedro José López Jiménez | Appointment and Remuneration Committee |

| | |
|-------------------------------|-------|
| Total number of Board Members | 1 |
| Total % of Board | 5.263 |

Indicate the reasons why they cannot be considered proprietary or independent and their relations, either to the company, its management or its shareholders:

| Name or corporate name of the Board Member | Company, executive or shareholder with whom there is a relation | Reasons |
|--|---|---|
| Mr. Pedro José López Jiménez | - | Mr. Pedro López Jiménez currently has an indirect ownership in the Company of 0.615%. However, he has been considered to be a proprietary Board Member ever since he was one of the Company's majority shareholders and owned 10% of the Company's shares. This ownership interest has progressively been diluted as a result mainly of the corresponding corporate mergers. Therefore, he was elected as an Independent Board Member by the Extraordinary General Shareholders' Meeting held on 3 December 2008. |

B. Structure of the Company Administration

Indicate any changes in the type of each board member during the period:

| Name or corporate name of the Board Member | Date of Change | Previous status | Current status |
|--|----------------|-----------------|-------------------------------|
| Mr. Pedro José López Jiménez | 03/12/2008 | Proprietary | Other Non Executive Directors |

B.1.4 If applicable, explain the reasons for appointing a proprietary director at the request of shareholders who have a holding of less than 5% of the share capital:

| Name or corporate name of the shareholder | Grounds |
|---|---------|
| | |

Indicate whether any formal requests by a shareholder to have a Board Member appointed were denied although the shareholder holds the same or a higher number of shares than another shareholder at whose request proprietary directors were appointed. In this case, explain the grounds for denying this request:

| | Yes | No |
|--|-----|----|
| | | X |

| Name or corporate name of the shareholder | Explanation |
|---|-------------|
| | |

B.1.5 Indicate whether any Board Member resigned from office before the end of his term, whether he gave reasons to the Board for doing so, and by what means, and in the case that these reasons were not given to the whole of the Board in writing, provide an explanation of at least the reasons he gave for resigning:

| | Yes | No |
|--|-----|----|
| | | X |

| Name | Reason for resigning |
|------|----------------------|
| | |

B.1.6 If applicable, indicate any powers delegated to the Board Members or Chief Executive Officers:

| Name or corporate name of the Board Member | Brief description |
|--|--|
| Mr. Florentino Pérez Rodríguez | All powers corresponding to the board except those that cannot be transferred. |

B.1.7 If applicable, identify the members of the Board that hold the positions of director or other executive positions at companies in the same group as the listed company:

| Name or corporate name of the Board Member | Corporate name of the Group Entity | Position |
|---|---|---------------------------|
| Mr. Florentino Pérez Rodríguez | ACS Servicios, Comunicaciones y Energía, S.L. | Chairman |
| Mr. Antonio García Ferrer | ACS Servicios y Concesiones, S.L. | Board Member |
| | ACS Servicios, Comunicaciones y Energía, S.L. | Board Member |
| | Dragados, S.A. | Board Member |
| | Unión Fenosa, S.A. | Board Member |
| Mr. Agustín Batuecas Torrego | Construirail, S.A. | Board Member |
| | Continental Rail, S.A. | Individual Representative |
| | Dragados Servicios Portuarios y Logísticos, S.L. | Vice Chairman |
| | Intercambiador de Transportes Plaza de Castilla, S.A. | Individual Representative |
| | Intercambiador de Transportes Príncipe Pío, S.A. | Individual Representative |
| Mr. Javier Echenique Landiribar | ACS Servicios, Comunicaciones y Energía, S.L. | Board Member |
| Mr. Javier Monzón de Cáceres | ACS Servicios y Concesiones, S.L. | Board Member |
| Mr. José María Aguirre González | ACS Servicios, Comunicaciones y Energía, S.L. | Vice Chairman |
| | Cobra Gestión de Infraestructuras, S.L. | Chairman |
| Mr. José María Loizaga Viguri | Unión Fenosa, S.A. | Board Member |
| Mr. Julio Sacristán Fidalgo | Unión Fenosa, S.A. | Board Member |
| Mr. Manuel Delgado Solís | Dragados, S.A. | Board Member |
| | Unión Fenosa, S.A. | Board Member |
| Mr. Pedro José López Jiménez | ACS Servicios y Concesiones, S.L. | Board Member |
| | Dragados, S.A. | Vice Chairman |
| | Unión Fenosa, S.A. | Chairman |
| Mr. Santos Martínez-Conde Gutiérrez-Barquín | Unión Fenosa, S.A. | Board Member |
| Mr. José Luis del Valle Pérez | ACS Servicios y Concesiones, S.L. | Board Member Secretary |
| | ACS Servicios, Comunicaciones y Energía, S.L. | Board Member Secretary |
| | Clece, S.A. | Board Member |
| | Cobra Gestión de Infraestructuras, S.L. | Board Member-Secretary |
| | Dragados Servicios Portuarios y Logísticos, S.L. | Board Member |
| | Dragados, S.A. | Board Member-Secretary |
| | Iberpistas, S.A.C.E. | Board Member |
| | Iridium, S.A. | Board Member |
| | Saba Aparcamientos, S.A. | Board Member |
| | Sociedad Española de Montajes Industriales, S.A. | Board Member-Secretary |
| | Unión Fenosa, S.A. | Board Member |
| | Urbaser, S.A. | Board Member |

B. Structure of the Company Administration

B.1.8 List, if applicable, the Board Members of the Company who are members of the Board of Directors of other companies that are listed on official stock exchanges in Spain and which do not form part of the Company's Group and of which the Company is aware:

| Name or corporate name of the Board Member | Listed Company | Position |
|--|---|---------------|
| Mr. Florentino Pérez Rodríguez | Abertis Infraestructuras, S.A. | Vice Chairman |
| Mr. Antonio García Ferrer | Abertis Infraestructuras, S.A. | Board Member |
| Mr. Pablo Vallbona Vadell | Abertis Infraestructuras, S.A. | Vice Chairman |
| | Corporación Financiera Alba, S.A. | Vice Chairman |
| Mr. Francisco Servando Verdú Pons | Corporación Financiera Alba, S.A. | Board Member |
| Mr. Javier Echenique Landiribar | Repsol YPF, S.A. | Board Member |
| | Grupo Empresarial Ence, S.A. | Board Member |
| | Uralita, S.A. | Board Member |
| Mr. Javier Monzón de Cáceres | Indra Sistemas, S.A. | Chairman |
| Mr. José Álvaro Cuervo García | Bolsas y Mercados Españoles. Sdad Holding de Mdos y Stmas Fin. S.A. | Board Member |
| Mr. José María Aguirre González | Acerinox, S.A. | Chairman |
| | Banco Guipuzcoano, S.A. | Chairman |
| Mr. José María Loizaga Viguri | Mecalux, S.A. | Board Member |
| | Cartera Industrial Rea, S.A. | Chairman |
| | Zardoya Otis, S.A. | Vice Chairman |
| Mr. Juan March de la Lastra | Acerinox, S.A. | Board Member |
| | Corporación Financiera Alba, S.A. | Board Member |
| Mr. Julio Sacristán Fidalgo | Autopistas Aumar, S.A.C.E | Board Member |
| Mr. Pedro José López Jiménez | Compañía Española de Petróleos, S.A. | Board Member |
| | Indra Sistemas, S.A. | Vice Chairman |
| Mr. Santos Martínez-Conde Gutiérrez- Barquín | Acerinox, S.A. | Board Member |
| | Corporación Financiera Alba, S.A. | CEO |

B.1.9 Indicate, and if applicable, explain whether the company has set rules regarding the number of Boards on which its Board Members may also be a member:

| | Yes | No |
|--|-----|----|
| | X | |

Explanation of the rules

Article 14 of the Rules of the Board of Directors provides that Board Members cannot, either directly or indirectly, hold positions in companies or firms that are competitors of the Company or of any of the Group companies or provide representation services on behalf of same.

B.1.10 In relation to recommendation number 8 of the Unified Code, mark the Company's general policies and strategies which shall be approved by the Board in full:

| | Yes | No |
|--|-----|----|
| Investment and financing policy. | X | |
| Definition of the structure of the corporate group | X | |
| Corporate governance policy | X | |
| Corporate social responsibility policy | X | |
| Strategic or business plan, as well as the annual management and budget objectives. | X | |
| Senior executive management evaluation and remuneration policies. | X | |
| Risk control and management policy, and the periodic monitoring of internal information and control systems. | X | |
| Policy on dividends and on treasury shares, and the limits to be applied | X | |

B.1.11 Complete the following tables showing the total remuneration of the Board Members accrued during the financial year:

a) In the Company covered under the present report:

| Nature of remuneration | Figures in thousand euros |
|--|---------------------------|
| Fixed remuneration | 2,957 |
| Variable remuneration | 3,483 |
| Expenses | 0 |
| Statutory dues | 2,081 |
| Stock options and/or other financial instruments | 1,283 |
| Other | 0 |
| Total | 9,804 |

| Other benefits | Figures in thousand euros |
|---|---------------------------|
| Advances | 0 |
| Loans | 0 |
| Pension funds and plans: contributions | 2,204 |
| Pension funds and plans: obligations assumed | 2,204 |
| Life insurance premiums | 12 |
| Guarantees arranged by the Company in favour of Board Members | 0 |

b) Received by Board Members of the Company for belonging to other Boards of Directors and/or senior management of companies of the Group:

| Nature of remuneration | Figures in thousand euros |
|--|---------------------------|
| Fixed remuneration | 438 |
| Variable remuneration | 0 |
| Expenses | 0 |
| Statutory dues | 2,576 |
| Stock options and/or other financial instruments | 0 |
| Other | 60 |
| Total | 3,074 |

| Other benefits | Figures in thousand euros |
|---|---------------------------|
| Advances | 0 |
| Loans | 0 |
| Pension funds and plans: contributions | 0 |
| Pension funds and plans: obligations assumed | 0 |
| Life insurance premiums | 0 |
| Guarantees arranged by the Company in favour of Board Members | 0 |

c) Total compensation per type of Board Member:

| Classes of Board Members | By company | By group |
|-------------------------------------|--------------|--------------|
| Executive Directors | 8,258 | 1,026 |
| Proprietary & External Directors | 886 | 753 |
| Independent Non Executive Directors | 550 | 166 |
| Other Non Executive Directors | 110 | 1,129 |
| Total | 9,804 | 3,074 |

d) In relation to profit attributed to the parent company:

| | |
|--|--------|
| Total Board Member remuneration (thousands of euros) | 12,878 |
| Total Board Member remuneration/ profit due to parent company (as %) | 0.7 |

B. Structure of the Company Administration

B.1.12 Identify the members of senior management that are not, in turn, executive directors, and indicate the total remuneration accrued in their favour during the financial year:

| Name or corporate name | Position |
|---|---|
| Mr. Gonzalo Gómez-Zamalloa Baraibar | CEO of Vias y Construcciones, S.A. |
| Mr. Antonio Alfonso Sánchez | Assistant to the Chairman of ACS Servicios y Concesiones, S.L. |
| Mr. Víctor Revuelta García | General Manager of Iridium Concesiones de Infraestructuras, S.A. |
| Mr. Alejandro Canga Bottegheiz | CEO of Geocisa y Soluciones de Edificación Integrales y Sostenibles, S.A. |
| Mr. Juan Mata Arbide | General Manager of Flota Proyectos Singulares, S.A. |
| Mr. Manuel Pérez Beato | Chairman of Vias y Construcciones, S.A. |
| Mr. Antonio Cortes Sánchez | Director of Control of Dragados, S.A. |
| Mr. Eugenio Llorente Gómez | CEO of ACS Servicios Comunicaciones y Energía, S. L. |
| Mr. Pablo García Arenal | General Plant Manager of Cobra Instalaciones y Servicios, S.A. |
| Mr. José Ignacio Legorburo Escobar | Director of Building of Vias y Construcciones, S.A. |
| Mr. José María Aguirre Fernández | Manager of Tecsa, Empresa Constructora, S.A. |
| Mr. Ricardo Martín de Bustamante Vega | Director of Civil Works of Dragados, S.A. |
| Mr. Maximiliano Navascués Redondo | Director of Contracts of Dragados, S.A. |
| Mr. Manuel Álvarez Muñoz | Director of Production of Vias y Construcciones, S.A. |
| Mr. Marcelino Fernández Verdes | Chairman and CEO of Dragados, S.A and head executive of the Constr, Env. Log. and Concessions |
| Mr. Manuel García Buey | Chairman and CEO of Iridium, Concesiones de Infraestructuras, S.A. |
| Mr. José Ontañón Carrera | General Manager of Waste Treatment of Urbaser, S.A. |
| Mr. Javier Polanco Gómez-Lavín | Chairman and CEO of Urbaser, S.A. and Chairman of Dragados SPL, S.L. |
| Mr. José Reis Costa | Chairman of CME |
| Mr. Víctor Luis Alberola Ruipérez | CEO of Dragados Servicios Portuarios Y Logísticos, S.L. |
| Mr. Juan Luis García-Gelabert Pérez | Director of Building of Dragados, S.A. |
| Mr. José Javier Román Hernando | General Manager of Clece, S.A. |
| Mr. Ángel Manuel García Altozano | Corporate General Manager of ACS Actividades de Construcción y Servicios, S.A. |
| Mr. José Romero de Ávila González-Albo | Secretary General of ACS Servicios Comunicaciones y Energía, S. L. |
| Mr. Daniel Vega Baladrón | CEO of Sociedad Española de Montajes Industriales, S.A. (SEMI) |
| Mr. Vicente Prados Tejada | General Manager of Control y Montajes Industriales, S.A |
| Mr. Manuel Andrés Martínez | General Manager of Urban Waste of Urbaser, S.A. |
| Mr. Pedro Sola Casado | General manager of Geotecnia y Cimientos, S.A. (Geocisa) |
| Mr. Javier San Millán Pérezagua | General Manager of Clece, S.A. |
| Mr. José Zornoza Soto | Finance Manager of ACS Actividades de Construcción y Servicios, S.A. |
| Mr. José Luis López Molinillo | General Manager of ACS Actividades de Construcción y Servicios, S.A. |
| Ms. Cristina Aldamiz-Echevarría González de Durana | Director of Investments and Management Control of ACS Actividades de Construcción y Servicios, S.A. |
| Mr. José Alfonso Nebreira García | General Manager of ACS Servicios Comunicaciones y Energía, S. L. |
| Mr. Cristóbal Valderas Alvarado | Chairman and CEO of Clece, S.A. |
| Mr. Juan Enrique Ruiz González | CEO of Sice Tecnologías y Sistemas |
| Mr. Alfonso Costa Cuadrench | Director of Technical Services of Dragados, S.A. |
| Mr. José María López Piñol | General Manager of Urbaser, S.A. |
| Mr. Pedro Ascorbe Trián | General Manager of Dragados Off-shore S.A. |
| Mr. Carlos Gerez Pascual | Director of Machinery of Dragados, S.A. |
| Mr. Luis Nogueira Miguelsanz | Secretary General of Dragados, S.A. |
| Mr. Francisco Fernández Lafuente | General Manager of Iridium, Concesiones de Infraestructuras, S.A. |
| Mr. Epifanio Lozano Pueyo | Administration Manager of ACS Servicios Comunicaciones y Energía, S. L. |
| Mr. Eloy Domínguez-Adame Bozzano | International Director of Dragados, S.A. |
| Mr. Juan José Sacristán Sacristán | Sole Director of Seis |
| Mr. Andrés Sanz Carro | Secretary General of Sociedad Española de Montajes Industriales, S.A. (SEMI) |
| Mr. Ignacio Segura Suriñach | General Manager of Dragados, S.A. |
| Mr. Juan Agustín Sánchez Bernal | Chairman of Etra e Imesapi, S.A., |
| Mr. Enrique Pérez Rodríguez | General manager of the Real Estate area |
| Mr. Octavio del Real Sánchez | Assistant General Manager of Dragados, S.A. |
| Mr. Fernando García Arribas | General Manager of Drace Medioambiente, S.A. |
| Total Board Member remuneration (thousand euros) | 26,802 |

B.1.13 Indicate on an aggregate basis if there are guarantee or protection clauses, in the case of dismissal or changes of control in favour of members of senior management, including the executive directors, of the company or its group. Indicate if these contracts have to be notified and/or approved by the bodies of the Company or its Group:

| | | | |
|--|--------------------|-----------------|----|
| Number of beneficiaries | | | 10 |
| | Board of Directors | General Meeting | |
| Body authorising the clauses | X | | |
| | Yes | No | |
| Is the General Meeting informed about the clauses? | | X | |

B.1.14 Indicate the process for establishing the remuneration of the members of the Board of Directors and the statutory clauses relevant in this respect.

Process for establishing the remuneration of the members of the Board of Directors and statutory clauses

The remuneration of the different Board Members for statutory dues was proposed by the Board at the proposal of the Remuneration Committee. Every year, the global amount is submitted for the approval by the Company's General Shareholders' Meeting within the agreement regarding the allocation of profits.

- This matter is ruled in the last three paragraphs of Article 34 of the Company By-laws, which establish the following: "In addition to the allowances and expenses agreed by the General Meeting, for statutory participation, the Board of Directors shall also be entitled to remuneration that does not exceed ten percent of the distributable net profit. This can only be allocated once the legal reserves and, if applicable, the statutory reserves have been made and the shareholders have been paid a dividend of at least four percent of the paid-up capital for each share.
- Express authorisation is hereby given to allow remuneration to all or any of the members of the Board of Directors, as well as executive staff of the company and the companies that belong to the same Group, which consists in the surrender of company shares or of stock option rights or through a reference to the value of said shares, in the manner, terms and conditions set by the General Shareholders' Meeting through the opportune agreement with the legally established requirements.
- The Board of Directors shall decide on the manner of distributing the remuneration due through the application of this Article, including the different amounts.
- In accordance with the provisions of Article 16 of the Rules of the Board of Directors, it shall be the Board that, after a report from the Appointment and Remuneration Committee, shall determine the distribution of the total corresponding amount, as well as the frequency, in accordance with legislation and By-laws in force. Furthermore in keeping with Article 24 of the Rules, the Appointment and Remuneration Committee has the duty to inform the Board of the following:
 1. The remuneration system of the Chairman of the Board of Directors and other senior executives of the Company.
 2. The distribution among the members of the Board of Directors of the overall remuneration agreed upon by the General Shareholders' Meeting, and if applicable, the establishment of supplementary remuneration and other supplementary payments corresponding to executive directors in relation to their functions.
 3. Remuneration of Board Members.
 4. Long-term plans that may be established in accordance with the value of the share, such as stock option plans.

Mark whether the Board in full shall take these decisions:

| | Yes | No |
|---|-----|----|
| At the request of the Vice-Chairman, the appointment and eventual stepping down of senior executives and related compensation clauses. | X | |
| The remuneration of the Board Members, and if applicable, extra remuneration for executive and other functions that the contracts should respect. | X | |

B. Structure of the Company Administration

B.1.15 Indicate whether the Board of Directors approves a detailed remuneration policy and specify the issues it deals with:

| | Yes | No |
|---|-----|----|
| | X | |
| | Yes | No |
| The amount of the fixed components, itemised where necessary, of Board and Board committee attendance fees, with an estimate of the fixed annual payment they give rise to. | X | |
| Variable pay items | X | |
| | Yes | No |
| Main characteristics of provision systems, and estimate of its equivalent annual cost. | X | |
| The conditions to be respected in the contracts of executive directors exercising senior management functions | X | |

B.1.16 Indicate whether the Board submits a consultative report on the Board Members' remuneration policy to the vote of the General Shareholders' Meeting, as a separate point on the Agenda. If appropriate, explain the parts of the report relating to the remuneration policy approved by the Board for future years, the most significant changes in remuneration policy with respect to the previous year and an overall summary of how the remuneration policy was applied in the year. Detail the role of the Remuneration Committee and the identity of any external advisors retained:

| | Yes | No |
|--|-----|----|
| | | X |

Matters dealt with by the report on remuneration policy

| |
|--|
| |
|--|

| Role of the Remuneration Committee | Yes | No |
|------------------------------------|-----|----|
| Were external advisors used? | | |
| Identity of the external advisors | | |

B.1.17 Indicate the identity of any Board Members that are, at the same time, Board Members or executives at companies who hold significant shareholdings in the listed company and/or entities in the Group:

| Name or corporate name of the Board Member | Corporate name of the significant shareholder | Position |
|---|---|--------------------|
| Mr. Florentino Pérez Rodríguez | Inversiones Vesán, S.A. | Director |
| Mr. Pablo Vallbona Vadell | Corporación Financiera Alba, S.A. | Vice Chairman |
| Mr. Francisco Servando Verdú Pons | Corporación Financiera Alba, S.A. | Board Member |
| Mr. Juan March de la Lastra | Corporación Financiera Alba, S.A. | Board Member |
| Mr. Miguel Fluxá Rosselló | Balear Inversiones Financieras, S.L. | Executive Chairman |
| Mr. Santos Martínez-Conde Gutiérrez-Barquín | Corporación Financiera Alba, S.A. | CEO |

Detail of any relevant relationships, other than those contemplated in the chart above, which could bind any board members with significant shareholders and/or their group companies:

| Name or corporate name of the related Board Member | Name or corporate name of the related significant shareholder | Description of Relationship |
|--|---|---|
| Mr. Pablo Vallbona Vadell | Corporación Financiera Alba, S.A. | Executive Vice Chairman of Banca March S.A., Main Shareholder of Corporación Financiera Alba, S.A. |
| Mr. Francisco Servando Verdú Pons | Corporación Financiera Alba, S.A. | Ceo of Banca March S.A., Main Shareholder of Corporación Financiera Alba, S.A. |
| Mr. Juan March de la Lastra | Corporación Financiera Alba, S.A. | Director of Banca March S.A., Main Shareholder of Corporación Financiera Alba S.A. |
| Mr. Julio Sacristán Fidalgo | Inversiones Vesán, S.A. | Brother in law of Mr. Florentino Pérez, Director of Inversiones Vesán, S.A. |
| Mr. Manuel Delgado Solís | Percacer, S.A. Imvemelin Patrimonio, S.L. | Lawyer Lawyer |
| Mr. Miguel Fluxá Rosselló | Balear Inversiones Financieras, S.L. | Executive Chairman of Iberostar Hoteles y Apartamentos, S.L., a Subsidiary of Balear Inversiones Financieras, S.L |

B.1.18 Indicate whether any amendments have been made to the Rules of the Board of Directors during the financial year:

| | Yes | No |
|--|-----|----|
| | X | |

Description of amendments

The Board of Directors of ACS, Actividades de Construcción y Servicios S.A. resolved to amend Article 23 at its meeting held on March 27, 2008. This resolution was recorded as a public document by means of the deed authorised by the Notary of Madrid Mr. Cruz Gonzalo López-Muller Gómez on 6 June 2008, under number 1228 of his notary protocol, registered at the Madrid Mercantile Register on 17 June 2008, in Volume 10.064, Sheet 200, Section 8, Page M-30221, Entry 823. Reported to the CNMV on 24 June 2008, Register Entry No. 2008 62649.

Article 23. The Audit Committee

In accordance with the provisions set forth in Article 20 b of the Company By-laws, there shall be an Audit Committee that shall comprise a minimum of three and a maximum of five members who shall be appointed and discharged, from among its members, by the Board of Directors. This appointment cannot fall to anyone who currently occupies this post, or who has carried out tasks of an executive or work nature in the company during the three immediately preceding years. The appointment of the Chairman, also to be made by the Board of Directors, must fall on one of the non-executive directors of the Company. Nevertheless, he may be re-elected after one year has elapsed since the end of his or her term of office. The Secretary to the Board of Directors shall attend the Committee's meetings shall act as its Secretary, with entitlement to participate but not to vote, and shall write up the minutes of the meeting, which shall be forwarded to all members of the Board of Directors following their approval.

It shall only be deemed to be constituted when the majority of its members are present and shall adopt its agreements by majority vote of those attending. In the event of a tie, the Chairman shall have the casting vote. It shall meet whenever the Chairman convenes a meeting and at least twice a year, coinciding with the initial and final stages of the auditing of the Company's financial statements and the consolidated accounts of the Group of Companies and always prior to the issue of the audit reports. The Company's Auditor may attend these meetings, whenever especially convened, for the purpose of explaining the most significant aspects of the audit performed.

B. Structure of the Company Administration

The Audit Committee shall be responsible for the following functions:

- a) Inform the General Shareholders Meeting on issues of its competence raised by shareholders.
- b) Propose the appointment of the external auditors referred to in Section 204 of the Revised Text of the Corporations Law to the Board of Directors of the Company for submittal to the General Shareholders' Meeting.
- c) Likewise, in general, all dealings with the external auditors in order to receive information on those issues that could jeopardize their independence as well as any others related to the process of implementation of accounts auditing and any other communications set forth in legislation governing accounts auditing and the technical rules of accounting.
- 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 internal control systems of the company.
- g) Periodically review the risk control and management systems, assuring that they appropriately define the different types of risks (operating, technological and 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 provide information on the estimates made by the Company management and those that are integrated into its Group of Companies on possible tax and legal contingencies of a significant nature.
- i) Be aware of the results of inspections carried out by official authorities.
- 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 which may be especially entrusted to it by the Board of Directors.

The provisions set forth in these rules regarding the operation of the Board of Directors shall be applied to the Audit Committee as necessary and with the natural adaptations.

B.1.19 Indicate the procedures for appointment, re-election, evaluation and removal of Board Members. Detail the competent bodies, the steps to follow and the criteria to use in each of the procedures.

The issue is regulated in the Rules of the Board of Directors, in the following Articles, the literal content of which is the following:

Article 3. Composition and appointments

Within the limits laid down by Article 13 of the Company Bylaws in effect and notwithstanding the powers of proposal which, under the legislation in force, may correspond to the shareholders, it shall fall to the Board of Directors shall be responsible for proposing to the General Shareholders' Meeting both the number of Board Members and the persons, natural or legal, to be appointed. The appointment proposal must specify the proposed Members' condition of executive, representing substantial shareholders, independent or external.

Furthermore, in the event that vacancies were to arise, the Board of Directors may provisionally fill them from among the shareholders until the next General Shareholders' Meeting where the definitive choice would be made.

Article 4. Duties (...) In particular, the Board of Directors shall be responsible for:

Accept the resignation of the Board Members.

Appoint, revoke and accept the resignation of the Chairman, Vice Chairman and Secretary of the Board.

Appoint, revoke and accept the resignation of the Board Members that are to form part of the Committees and Commissions set forth in these Rules.

Article 11. Period of appointment of the Directors

The Board Members shall perform their functions during the term for which they were appointed, that is, six years. They may be re-elected one or more times for terms of equal or less time.

In the event of a vacancy for any reason, the Board of Directors may provisionally fill it from among the shareholders until the next General Shareholders' Meeting, where a definitive election shall take place.

The appointment of Board Members shall expire when, once the corresponding has elapsed, the next General Shareholders' Meeting is held or the term legally established for the General Meeting to take place elapses, in which resolution must be approved regarding the approval of the annual accounts for the preceding year.

Article 17. The Chairman

The Board shall elect a Chairman from among its members. The Chairman, in addition to the duties that correspond to him by virtue of current legislation, the Company By-laws and these Rules, shall undertake duties that befit the status of the top executive post of the company, within the guidelines laid down by the General Shareholders' Meeting, the Board of Directors and the Executive Committee.

The Chairman shall have the widest possible powers for the purpose of carrying out his duties and, unless lawfully prohibited, may totally or partially replace same in favour of other members of the Board and executive personnel of the Company and, in general, to whomever he deems fit and proper.

Article 18. The Vice Chairman

The Board may likewise elect one or two Vice Chairman from among its Directors: The Vice Chairman shall deputise for the Chairman in those instances of delegation, absence or illness and, in general, shall exercise all those duties that fall to the Chairman, the Executive Committee and the Board of Directors.

The replacement of the Chairman by the Vice Chairman shall be carried out in accordance with the order of their appointment or, in the absence of this, through the order of their seniority and, finally, in order of age from eldest to youngest.

B. Structure of the Company Administration

Article 19. The Chief Executive Officer

The Board may appoint a Chief Executive Officer (CEO) and award him the powers required unless these are prohibited from being delegated through the Law or through the Company By-laws.

Article 20. The Secretary

Following the issuance of a report by the Appointment and Remuneration Committee, the Board of Directors shall appoint a Secretary, who may be a non-member, and who must be a practising lawyer. Apart from the functions laid down by the legislation in force, the Company Bylaws and these Rules, the Secretary to the Board of Directors is responsible for ensuring that actions arising from the company bodies it forms part of comply with the requirements of the law, issuing warnings in this respect and registering them in the Minutes.

Article 24. The Appointment and Remuneration Committee

Likewise, the Board of Directors shall set up an Appointment and Remuneration Committee to be made up of a Chairman and a minimum of two Members who shall be freely elected and moved, from among its members, by the Board of Directors, and who shall perform their functions during the term of four years for which they were elected. The Secretary to the Board of Directors shall attend the Committee's meetings shall act as its Secretary, with entitlement to participate but not to vote, and shall write up the minutes of the meeting, which shall be forwarded to all members of the Board of Directors following their approval.

It shall only be deemed to be validly constituted when the majority of its members are present and shall adopt its resolutions through a majority of those attending. In the event of a tie, the Chairman shall have the casting vote. It shall meet whenever the Chairman convenes a meeting and at least twice a year.

The Appointment and Remuneration Committee is responsible for reporting to the Board of Directors on:

1. The remuneration system of the Chairman of the Board of Directors and other senior executives of the Company.
2. The distribution among the members of the Board of Directors of the overall remuneration agreed upon by the General Shareholders' Meeting, and if applicable, the establishment of supplementary remuneration and other supplementary payments corresponding to executive directors in relation to their functions.
3. Remuneration of the Board Members.
4. Long-term plans that may be established in accordance with the value of the share, such as stock option plans.
5. Propose Board Member and Secretary to the Board of Director appointments.
6. Propose appointment of Senior Executives, especially those who will form part of the Group's Management Committee, and the basic conditions of their contracts.
7. Issues relating to gender diversity on the Board of Directors.

The provisions set forth in these rules regarding the operation of the Board of Directors shall be applied to the Appointment and Remuneration Committee as necessary and with the natural adaptations.

B. Structure of the Company Administration

B.1.20 Indicate the events in which Board Members are obliged to resign.

This is not expressly considered.

B.1.21 State whether the function of the Chief Executive Officer of the company rests with the Chairman of the Board. If this is the case, indicate the measures that have been taken to limit the risks of accumulation of powers in a single person:

| | Yes | No |
|--|-----|----|
| | X | |

Measures to limit risks

The chairman of the Board, Mr. Florentino Pérez Rodríguez, is also CEO, and has delegated all the powers of the Board, except those that cannot be transferred. His duty is not only delimited by this scope of powers that cannot be transferred, but also by the duties that he carries out as chairman of the Executive Committee. There is no other specific risk limitation of the accumulation of these duties.

Indicate if any rules have been stipulated empowering any of the independent Board Members to request the calling of Board meetings or the inclusion of new items on the agenda, to coordinate and voice the concern of external Board Members and to direct an evaluation by the Board of Directors.

| | Yes | No |
|--|-----|----|
| | | X |

Explanation of the rules

B.1.22 Are higher majorities required, different from the legal majority, in any type of decision?

| | Yes | No |
|--|-----|----|
| | | X |

Indicate how resolutions are adopted by the Board of Directors, identifying at least, the minimum quorum of attendance and the type of majority to adopt resolutions:

Adoption of resolutions

| Description of resolutions | Quorum | Type of Majority |
|----------------------------|--------|------------------|
| | | |

B.1.23 State whether there are specific requisites, different from those related to board members, to be nominated Chairman.

| | Yes | No |
|--|-----|----|
| | | X |

Description of requisites

| |
|--|
| |
|--|

B.1.24 Indicate if the Chairman has a casting vote:

| | Yes | No |
|--|-----|----|
| | | X |

Matters where the casting vote exists

| |
|--|
| |
|--|

B.1.25 Indicate if the Company By-laws or the Rules of the Board of Directors establish any limit on the age of Board Members:

| | Yes | No |
|--|-----|----|
| | | X |

| Age limit of Chairman | Age limit of Chief Executive Officer | Age limit of Board Member |
|-----------------------|--------------------------------------|---------------------------|
| 0 | 0 | 0 |

B.1.26 Indicate if the Company By-laws or the Rules of the Board of Directors establish a limited mandate for independent Board Members:

| | Yes | No |
|--|-----|----|
| | | X |

B. Structure of the Company Administration

Maximum number of mandate years

B.1.27 In the event that there are few or no women Board Members, explain the reasons and initiatives adopted to correct this situation.

Explanation of reasons and initiatives

The women within the ACS Group have a progressively greater weight both in terms of number and positions held. In 2008 women accounted for 36.2% of the group's total staff and 26% of its management and professionals with higher degrees. Women are also increasingly more present on the Boards of Directors of our main divisions and of companies in which ACS has an ownership interest and in the technical, financial, human resource, legal advisory and other management teams.

Equal opportunity and non-discrimination, basic principles of ACS included in the Company's Code of Conduct, are determining factors when promoting the professional and personal development of all ACS employees, and the company assures equal opportunities through its policies. The effectiveness of this equal opportunities policy is guaranteed since it is accompanied by measures aimed at breaking down the traditional barriers on the entrance of females in a sector which is traditionally male, and measures to reconcile professional and personal life.

Specifically, indicate whether the Appointment and Remuneration Committee has established procedures to assure that recruitment processes are not implicitly biased in a manner which hinders the selection of women Board Members, and that candidates filling the required profile are deliberately sought:

| | Yes | No |
|--|-----|----|
| | | X |

Point out the main procedures

B.1.28 Indicate if there are formal processes for the delegation of votes in the Board of Directors. If so, explain them briefly.

Without prejudice to the obligation to attend, the Directors that cannot attend a meeting in person may be represented and cast a vote through another Director. This delegation must be made in writing to the Chairman and must in the form of a letter, telegram, telex or fax or any other written means that acknowledges receipt by the addressee.

B.1.29 Indicate the number of meetings that the Board of Directors has held during the year. In addition, indicate the number of time the Board has meet without the presence of the Chairman, if applicable:

| | |
|---|---|
| Number of Board meetings | 5 |
| Number of board meetings without the presence of the chairman | 0 |

Indicate the number of meetings held during the year by the different Board committees:

| | |
|--|----|
| Number of meetings of the Executive Committee or representative | 10 |
| Number of meetings of the Audit Committee | 6 |
| Number of meetings of the Appointment and Remuneration Committee | 4 |
| Number of meetings of the Appointment Committee | 0 |
| Number of meetings of the Remuneration Committee | 0 |

B.1.30 Indicate the number of meetings that the Board of Directors has held during the year without all Members present. In this calculation, Board Members who have granted proxies without specific instructions shall be considered to be absent:

| | |
|--|-------|
| Number of Board Member absences in the year | 3 |
| % of absences in comparison to the total number of votes in the year | 5.260 |

B.1.31 Indicate whether the individual and consolidated financial statements submitted to the Board of Directors for their approval are previously certified:

| | Yes | No |
|--|-----|----|
| | X | |

Identify, if applicable, the person/people that has/have certified the company's individual and consolidated financial statements, for their preparation by the board:

| Name | Position |
|----------------------------------|---------------------------|
| Mr. Ángel Manuel García Altozano | Corporate General Manager |

B.1.32 Explain the mechanisms established by the Board of Directors, if any, to prevent the individual and consolidated financial statements which it prepares from being presented at the General Shareholders' Meeting with a qualified auditor's report.

In this respect, routine meetings are held between the accounts auditor and the Audit Committee to analyse with sufficient notice any differences between the accounting criteria of the Company and its Group and the auditor's interpretation of the accounts. The foregoing is in accordance with Article 20 bis of the Company By-laws. It is considered that the 2008 auditors' reports on ACS Actividades de Construcción y Servicios, S.A. and the ACS Group will be favourable, as they were in 2006 and 2007.

B.1.33 Is the Secretary of the Board of Directors a Board Member?:

| | Yes | No |
|--|-----|----|
| | X | |

B.1.34 Explain the procedures relating to the appointment and stepping down of the Board Secretary, indicating whether the Secretary's appointment and dismissal were reported by the Appointment Committee and approved by the Board in full.

Procedure for appointment and dismissal

Following the issuance of a report by the Appointment and Remuneration Committee, the Board of Directors shall appoint a Secretary, who may be a non-member, and who must be a practising lawyer. Apart from the functions laid down by the legislation in force, the Company Bylaws and these Rules, the Secretary to the Board of Directors is responsible for ensuring that actions arising from the company bodies it forms part of comply with the requirements of the law, issuing warnings in this respect and registering them in the Minutes. The appointment of the Secretary was not reported to the Appointment and Remuneration Committee since he was appointed years prior to the formation of this Committee.

| | |
|--|-----|
| Does the Appointment Committee report the appointment? | Yes |
| Does the Appointment Committee report the dismissal? | No |
| Does the Board in full approve the appointment? | Yes |
| Does the Board in full approve the dismissal? | Yes |

B. Structure of the Company Administration

Is the Secretary of the Board specifically responsible for ensuring that good governance recommendations are complied with?

| | Yes | No |
|--|-----|----|
| | | X |

Comments

B.1.35 Indicate the mechanisms established by the company, if any, to preserve the independence of the auditor, of the financial analysts, of the investment banks and the rating agencies.

With regard to the auditor, Article 23 of the Rules of the Board of Directors expressly sets forth that in addition to the appointment proposal, the Audit Committee shall be responsible for dealing with the external auditors in order to receive information on those matters that could jeopardise their independence and any others related to the process of implementation of the accounts auditing as well as those other communications provided for in accounts auditing legislation and technical standards of auditing. Elsewhere, both Article 20 bis of the Company By-laws as well as Article 23 of the Rules of the Board of Directors set forth that the appointment of the members of the Audit Committee cannot fall to anybody that is currently performing this task or who had carried out tasks of an executive or work nature in the Company during the three immediately preceding years. Moreover, the appointment of the Chairman must fall to a non-executive board member of the Company who cannot remain in this post for a period greater than four years. He can, however, be re-elected once a period of one year has elapsed from his stepping down.

Among the mechanisms employed to preserve the independence of the financial analysts and investment banks, the principles of maximum transparency and non-discrimination are of note, where the Company bases its relationship with these entities on such principles. The Corporate General Management coordinates the relationship with said entities, establishing communication channels with both institutional investors and with individuals in order to guarantee fair and objective treatment. In addition and in relation to this matter, for the purposes of the General Shareholders' Meeting, a special service for shareholders has been started, especially directed at minority shareholders. The Corporate General Management also handles the mandates of the investment banks. The principles of transparency and non-discrimination are shown in a personalised fashion, and always in accordance with the Spanish Stock Market Commission (CNMV) regulations, through the communication of information relative to quarterly and other specific information (as a rule, no relevant information is published in the 15 days prior to the publication of the results), by email, on the web page (info@grupoacs.com), presented in person or transmitted through mobile phone and internet. All information for analysts, investors and individuals is included on the corporate website (www.grupoacs.com). There are no rating agencies for the Company.

B.1.36 Indicate whether the Company changed its external auditor in the year. If so, identify the incoming and outgoing auditor:

| | Yes | No |
|--|-----|----|
| | | X |

Outgoing Auditor

Incoming Auditor

In the event that there were disagreements with the outgoing auditor, explain the contents thereof:

| | Yes | No |
|--|-----|----|
| | | X |

Explanation of disagreements

B.1.37 Indicate if the auditing firm undertook other work for the Company and/or its Group other than the audit and in this case indicate the amount paid in fees for said work and the percentage that it represents of the total fees invoiced to the Company and/or Group.

| | Yes | No |
|--|-----|----|
| | X | |

| | Company | Group | Total |
|---|---------|--------|--------|
| Amount from work other than the audit (thousand euros) | 13 | 723 | 736 |
| Amount from work other than audit / Total amount invoiced by auditing firm (in %) | 8.230 | 21.960 | 21.330 |

B.1.38 Indicate whether the Auditors' report on the financial statements for the previous year had any reservations or qualifications. If so, indicate the reasons given by the Chairman of the Audit Committee to explain the contents and scope of these reservations or qualifications.

| | Yes | No |
|--|-----|----|
| | | X |

Explanation of reasons

B.1.39 Indicate the number of uninterrupted years that the current auditing firm has carried out the audit of the financial statements of the Company and/or its Group. Also indicate the percentage that the number of years audited by the current auditing firm represents of the total number of years which the financial statements have been audited:

| | Company | Group |
|-------------------------------|---------|-------|
| Number of uninterrupted years | 19 | 19 |

| | Company | Group |
|---|---------|-------|
| Number of years audited by current auditing firm / Number of years that the Company has been audited (in %) | 100.0 | 100.0 |

B. Structure of the Company Administration

B.1.40 Indicate the shareholdings of members of the Company's Board of Directors in entities that have the same, analogous or complementary kinds of activities to the business purpose of both the Company and its Group, which have been notified to the Company. Also indicate the positions or duties that they perform in these companies:

| Name or corporate name of the Board Member | Name of the object Company | % of Ownership | Position or functions |
|---|--|----------------|--|
| Mr. Florentino Pérez Rodríguez | Abertis Infraestructuras, S.A. | 0.000 | Vice Chairman |
| Mr. Antonio García Ferrer | Abertis Infraestructuras, S.A. | 0.000 | Board Member |
| Mr. Pablo Vallbona Vadell | Iberpistas, S.A.C.E. | 0.000 | Chairman |
| | Abertis Infraestructuras, S.A. | 0.001 | Vice Chairman |
| Mr. Javier Echenique Landiribar | Abertis Infraestructuras, S.A. | 0.002 | Board Member |
| Mr. Javier Monzón de Cáceres | Banco Inversis Net, S.A. | 0.000 | Individual representing Board Member Indra Sistemas S.A. |
| | Indra Sistemas, S.A. | 0.047 | Chairman |
| | YPF, S.A. | 0.000 | Board Member |
| | Lagardere SCA | 0.000 | Member of the Supervision Board |
| Mr. Julio Sacristán Fidalgo | Autopistas Aumar S.A.C.E. | 0 | Board Member |
| Mr. Manuel Delgado Solís | Cintra Concesiones de Infraestructuras de Transporte, S.A. | 0.000 | - |
| Mr. Pedro José López Jiménez | Grupo Terratest | 45.000 | Chairman (through Fapindus, S.L.) |
| Mr. Santos Martínez-Conde Gutiérrez-Barquín | Enagas, S.A. | 0.002 | - |
| | Indra Sistemas, S.A. | 0.001 | - |
| | Grupo Ferrovial, S.A. | 0.001 | - |
| | Abertis Infraestructuras, S.A. | 0.001 | - |
| | Iberdrola Renovables, S.A. | 0.000 | - |
| | Repsol YPF, S.A. | 0.001 | - |
| | Iberdrola, S.A. | 0.001 | - |
| | Sociedad General de Aguas de Barcelona, S.A. | 0.002 | - |
| | Gas Natural S.D.G., S.A. | 0.001 | - |
| | Abengoa, S.A. | 0.002 | - |
| | Telefónica, S.A. | 0.001 | - |
| | Endesa, S.A. | 0.000 | - |
| | Fomento de Construcciones y Contratas, S.A. | 0.004 | - |
| Técnicas Reunidas, S.A. | 0.002 | - | |
| Mr. José Luis Del Valle Pérez | Inversiones Montecarmelo, S.A. | 23.490 | - |
| | Continental Tires España, S.L. | 0.000 | Chairman |
| | FSC Servicios de Franquicia, S.A. | 0.000 | Chairman |
| | Continental Industrias del Caucho, S.A. | 0.000 | Chairman |
| | Sagital, S.A. | 5.100 | - |
| | Del Valle Inversiones S.A. | 33.330 | Director acting severally |

B.1.41 Indicate and detail, if applicable, if there is any procedure for the board members to obtain external advice:

| | Yes | No |
|--|-----|----|
| | | X |

Detail of procedure

B.1.42 Indicate and if applicable provide details of any procedure for Board Members to obtain the information required to prepare for the meetings of the management bodies with sufficient time:

| | Yes | No |
|--|-----|----|
| | X | |

Detail of procedure

Article 15 of the Rules expressly considers the right of the Board Members to request and obtain the information and advice required to carry out their functions. The information that they consider necessary is to be requested through the Chairman or the Secretary of the Board.

B.1.43 Indicate and if applicable detail whether the Company has set rules requiring Board Members to report, and if necessary, resign in cases where they may harm the Company's credit and reputation:

| | Yes | No |
|--|-----|----|
| | X | |

Explanation of the rules

Article 15 of the Rules expressly considers the right of the Board Members to request and obtain the information and advice required to carry out their functions. The information that they consider necessary is to be requested through the Chairman or the Secretary of the Board.

Article 13 expressly states that in regard to the duty of loyalty, Board Members shall avoid conflicts of interest among themselves, or their most immediate relatives and the Company. Should any conflict of interest exist and be unavoidable, this must be notified to the Board of Directors and recorded in the Minutes of the first Board meeting that takes place. Shares, stock or derivative options that refer to the value of the share of which they are holders, either directly or indirectly, must also be notified to the Company as soon as possible, and under all circumstances within the five days that follow. This applies both to the Board Members as well as their most immediate relatives.

The Board Members must also notify the Company of any significant changes in their professional capacity and, specifically, those changes that affect their designation as a board member. They shall likewise inform the Company of any legal or administrative procedure that could have a negative affect on the reputation of the Company.

The Board Members shall abstain from intervening in the deliberations and of taking part in the voting on those matters in which they have a particular interest. This shall also be expressly recorded in the Minutes.

B.1.44 Indicate whether any member of the Board of Directors has informed the Company that legal action has been taken or that a lawsuit has been filed against him for any of the crimes set forth in Article 124 of the Spanish Corporations' Law:

| | Yes | No |
|--|-----|----|
| | | X |

| Name | Criminal charge | Comments |
|------|-----------------|----------|
| | | |

Indicate whether the Board of Directors has analysed the case. If this response is affirmative, explain the reasons for the decision taken as to whether or not this Board Member should continue to hold office.

| | Yes | No |
|--|-----|----|
| | | X |

| Decision taken | Detailed explanation |
|----------------|----------------------|
| | |

B. Structure of the Company Administration

B.2 Committees of the Board of Directors

B.2.1 Detail of all the Committees of the Board of Directors and its members:

Executive Committee

| Name | Position | Type |
|---|---------------|----------------|
| Mr. Florentino Pérez Rodríguez | Chairman | Executive |
| Mr. José María Loizaga Viguri | Vice Chairman | Independent |
| Mr. Antonio García Ferrer | Member | Executive |
| Mr. Javier Echenique Landiribar | Member | Proprietary |
| Mr. Pablo Vallbona Vadell | Member | Proprietary |
| Mr. Pedro José López Jiménez | Member | Other external |
| Mr. Santos Martínez-Conde Gutiérrez-Barquín | Member | Proprietary |

Audit Committee

| Name | Position | Type |
|---|----------|-------------|
| Mr. José Álvaro Cuervo García | Chairman | Independent |
| Mr. Julio Sacristán Fidalgo | Member | Proprietary |
| Mr. Manuel Delgado Solís | Member | Proprietary |
| Mr. Santos Martínez-Conde Gutiérrez-Barquín | Member | Proprietary |

Appointment and Remuneration Committee

| Name | Position | Type |
|---------------------------------|----------|-------------|
| Mr. Pablo Vallbona Vadell | Chairman | Proprietary |
| Mr. Javier Echenique Landiribar | Member | Proprietary |
| Mr. José María Aguirre González | Member | Independent |
| Mr. José María Loizaga Viguri | Member | Independent |

B.2.2 Mark whether the Audit Committee has the following duties:

| | Yes | No |
|---|-----|----|
| Monitor the preparation and the integrity of the financial information prepared on the company and, where appropriate, the group, checking for compliance with legal provisions and the correct application of accounting principles | X | |
| Review internal control and risk management systems on a regular basis, so main risks are properly identified, managed and disclosed | X | |
| Oversee the independence and effectiveness of the internal audit function; propose the selection, appointment, reappointment and removal of the head of internal audit; propose the resources to be assigned to the internal audit function; receive regular report backs on its activities; and verify that senior management are acting on the conclusions and recommendations of its reports | X | |
| Establish and supervise a mechanism whereby staff can report any irregularities, and particularly financial and accounting irregularities they detect in the course of their work anonymously or confidentially. | | X |
| Make recommendations to the Board for the selection, appointment, reappointment and removal of the external auditor, and the terms and conditions of his engagement | X | |
| Receive regular information from the external auditor on the progress and findings of the audit plan, and check that senior management are acting on its recommendation | X | |
| Oversee the independence of the external auditor | X | |
| In the case of groups, the group auditor shall be encouraged to assume responsibility for the audits of all the group companies. | X | |

B.2.3 Provide a description of the organization and operating rules, as well as the responsibilities attributed to each of the Board committees.

| Committee Name | Brief description |
|--|---|
| Remuneration and Appointment Committee | <p>Likewise, the Board of Directors shall set up an Appointment and Remuneration Committee to be made up of a Chairman and a minimum of two Members who shall be freely elected and moved, from among its members, by the Board of Directors, and who shall perform their functions during the term of four years for which they were elected. The Secretary to the Board of Directors shall attend the Committee's meetings, shall act as its Secretary, with entitlement to participate but not to vote, and shall write up the minutes of the meeting, which shall be forwarded to all members of the Board of Directors following their approval.</p> <p>It shall only be deemed to be validly constituted when the majority of its members are present and shall adopt its resolutions through a majority of those attending. In the event of a tie, the Chairman shall have the casting vote. It shall meet whenever the Chairman convenes a meeting and at least twice a year. The Appointment and Remuneration Committee is responsible for reporting to the Board of Directors on:</p> <ol style="list-style-type: none"> 1. The remuneration system of the Chairman of the Board of Directors and other senior executives of the Company. 2. The distribution among the members of the Board of Directors of the overall remuneration agreed upon by the General Shareholders' Meeting, and if applicable, the establishment of supplementary remuneration and other supplementary payments corresponding to executive directors in relation to their functions. 3. Remuneration of the Board Members. 4. Long-term plans that may be established in accordance with the value of the share, such as stock option plans. 5. Propose Board Member and Secretary to the Board of Director appointments. 6. Propose appointment of Senior Executives, especially those who will form part of the Group's Management Committee, and the basic conditions of their contracts. 7. Issues relating to gender diversity on the Board of Directors. <p>The provisions set forth in these rules regarding the operation of the Board of Directors shall be applied to the Appointment and Remuneration Committee as necessary and with the natural adaptations.</p> |
| Executive Committee | <p>The Executive Committee shall be comprised of the Chairman of the Board, who shall be its Chairman; of one or two Vice Chairmen, if these positions have been designated; of the Board Members designated by the Board of Directors; and of the Secretary of the Board, with voice but without vote, who shall act as Secretary.</p> <p>The Executive Committee shall meet as often as it is convened by the Chairman, either of his own initiative or when at least two members so request. The Committee is understood to be validly constituted when the majority of its elements are either present or represented and, save any other provision set forth in current legislation, in the Company By-laws or in these Rules, shall adopt its resolutions through a majority of attendees, either present or represented.</p> <p>Through delegation of the Board of Directors, this Committee shall hold all the powers that correspond to this body, except those that cannot be transferred by law or through a provision in the Company By-laws. That notwithstanding, the Board of Directors may discuss the knowledge and decision of any issue that falls under its terms of reference, and the Executive Committee may submit any matter to the decision of the Board of Directors when, although the matter could be dealt with by the Committee, this body believes it is necessary for the Board to take the appropriate decision.</p> <p>The provisions set forth in these rules regarding the operation of the Board of Directors shall be applied as necessary and with the natural adaptations.</p> |
| Audit Committee | <p>In accordance with the provisions set forth in Article 20 (bis) of the Company By-laws, there shall exist an Audit Committee to be made up of three and a maximum of five members who shall be appointed and discharged, from among its members, by the Board of Directors. This appointment cannot fall to anyone who currently occupies this post, or who has carried out tasks of an executive or work nature in the company during the three immediately preceding years. The appointment of the Chairman, also to be made by the Board of Directors, must fall on one of the non-executive directors of the Company. Nevertheless, he may be re-elected after one year has elapsed since the end of his or her term of office. The Secretary to the Board of Directors shall attend the Committee's meetings, shall act as its Secretary, with entitlement to participate but not to vote, and shall write up the minutes of the meeting, which shall be forwarded to all members of the Board of Directors following their approval.</p> <p>It shall only be deemed to be constituted when the majority of its members are present and shall adopt its agreements by majority vote of those attending. In the event of a tie, the Chairman shall have the casting vote. It shall meet whenever the Chairman convenes a meeting and at least twice a year, coinciding with the initial and final stages of the auditing of the Company's financial statements and the consolidated accounts of the Group of Companies and always prior to the issue of the audit reports. The Company's Auditor may attend these meetings, whenever especially convened, for the purpose of explaining the most significant aspects of the audit performed.</p> <p>The Audit Committee shall be responsible for the following functions:</p> <ol style="list-style-type: none"> a) Inform the General Shareholders Meeting on issues of its competence raised by shareholders. b) Propose the appointment of the external auditors referred to in Section 204 of the Revised Text of the Corporations Law to the Board of Directors of the Company for submittal to the General Shareholders' Meeting. c) Review and approve any significant changes to accounting policies of the Company and the subsidiaries in the Group of companies, as well as the Group itself. Likewise, in general, all dealings with the external auditors in order to receive information on those issues that could jeopardize their independence as well as any others related to the process of implementation of accounts auditing and any other communications set forth in legislation governing accounts auditing and the technical rules of accounting. 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 and 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 provide information on the estimates made by the Company management and those forming part of its Group of Companies on possible tax and legal contingencies of a significant nature. i) Be aware of the results of inspections carried out by official authorities. 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 which may be especially entrusted to it by the Board of Directors. <p>The provisions set forth in these rules regarding the operation of the Board of Directors shall be applied to the Audit Committee as necessary and with the natural adaptations.</p> |

B. Structure of the Company Administration

B.2.4 Indicate the powers of advice, consultation and, if applicable, delegations held by each of the committees.

| Committee Name | Brief description |
|--|---|
| Remuneration and Appointment Committee | <p>The Appointment and Remuneration Committee is responsible for reporting to the Board of Directors on:</p> <ol style="list-style-type: none">1. The remuneration system of the Chairman of the Board of Directors and other senior executives of the Company.2. The distribution among the members of the Board of Directors of the overall remuneration agreed upon by the General Shareholders' Meeting, and if applicable, the establishment of supplementary remuneration and other supplementary payments corresponding to executive directors in relation to their functions.3. Remuneration of the Board Members.4. Long-term plans that may be established in accordance with the value of the share, such as stock option plans.5. Proposed Board Member and Secretary to the Board of Director appointments.6. Proposed appointment of Senior Executives, especially those who will form part of the Group's Management Committee, and the basic conditions of their contracts.7. Issues relating to gender diversity on the Board of Directors. |
| Executive Committee | <p>Through delegation of the Board of Directors, this Committee shall hold all the powers that correspond to this body, except those that cannot be transferred by law or through a provision in the Company By-laws. That notwithstanding, the Board of Directors may discuss the knowledge and decision of any issue that falls under its terms of reference, and the Executive Committee may submit any matter to the decision of the Board of Directors when, although the matter could be dealt with by the Committee, this body believes it is necessary for the Board to take the appropriate decision.</p> |
| Audit Committee | <p>The Audit Committee shall be responsible for the following functions:</p> <ol style="list-style-type: none">a) Inform the General Shareholders Meeting on issues of its competence raised by shareholders.b) Propose the appointment of the external auditors referred to in Section 204 of the Revised Text of the Corporations Law to the Board of Directors of the Company for submittal to the General Shareholders' Meeting.c) Revise and approve any significant changes to accounting policies of the Company and the subsidiaries in the Corporate Group, as well as the Corporate Group itself. Likewise, in general, all dealings with the external auditors in order to receive information on those issues that could jeopardize their independence as well as any others related to the process of implementation of accounts auditing and any other communications set forth in legislation governing accounts auditing and the technical rules of accounting.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 and 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 provide information on the estimates made by the Company management and those forming part of its Group of Companies on possible tax and legal contingencies of a significant nature.i) Be aware of the results of inspections carried out by official authorities.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 which may be especially entrusted to it by the Board of Directors. |

B.2.5 Indicate, if applicable, if there are regulations of the Board Committees, where they can be consulted, and amendments made during the year. In addition, indicate on a voluntary basis if any annual report has been prepared on the activities of each committee.

Remuneration and Appointment Committee

The Board Committees are regulated in Articles 19, 20 and 20 bis of the Bylaws and Article 21 to 24 of the Rules of the Board of Directors. Both documents are available on the Company's webpage www.grupoacs.com. At its meeting on December 13, 2007, in order to adapt the Rules of the Board of Directors to the provisions of the Unified Code of Good Corporate Governance, known as the Conthe Code, which was approved by the Board of the Spanish Stock Market Commission on 22 May 2006, and was first applicable in 2007, the Board of Directors resolved to approve new Rules of the Board of Directors in which the following amendments were made to the Articles regulating the Board of Director's Committees:

Article 24. The Appointment and Remuneration Committee

Likewise, the Board of Directors shall set up an Appointment and Remuneration Committee to be made up of a Chairman and a minimum of two Members who shall be freely elected and moved, from among its members, by the Board of Directors, and who shall perform their functions during the term of four years for which they were elected. The Secretary to the Board of Directors shall attend the Committee's meetings, shall act as its Secretary, with entitlement to participate but not to vote, and shall write up the minutes of the meeting, which shall be forwarded to all members of the Board of Directors following their approval.

It shall only be deemed to be validly constituted when the majority of its members are present and shall adopt its resolutions through a majority of those attending. In the event of a tie, the Chairman shall have the casting vote. It shall meet whenever the Chairman convenes a meeting and at least twice a year.

The Appointment and Remuneration Committee is responsible for reporting to the Board of Directors on:

1. The remuneration system of the Chairman of the Board of Directors and other senior executives of the Company.
2. The distribution among the members of the Board of Directors of the overall remuneration agreed upon by the General Shareholders' Meeting, and if applicable, the establishment of supplementary remuneration and other supplementary payments corresponding to executive directors in relation to their functions.
3. Remuneration of the Board Members.
4. Long-term plans that may be established in accordance with the value of the share, such as stock option plans.
5. Proposed Board Member and Secretary to the Board of Director appointments.
6. Proposed appointment of Senior Executives, especially those who will form part of the Group's Management Committee, and the basic conditions of their contracts.
7. Issues relating to gender diversity on the Board of Directors.

The provisions set forth in these rules regarding the operation of the Board of Directors shall be applied to the Appointment and Remuneration Committee as necessary and with the natural adaptations.

Only the Audit Committee issues an annual report on its activities, in accordance with law. This report is presented to the General Shareholders meeting.

Executive Committee

The Board Committees are regulated in Articles 19, 20 and 20 bis of the Bylaws and Article 21 to 24 of the Rules of the Board of Directors. Both documents are available on the corporate website, www.grupoacs.com.

At its meeting on December 13, 2007, in order to adapt the Rules of the Board of Directors to the provisions of the Unified Code of Good Corporate Governance, known as the Conthe Code, which was approved by the Board of the Spanish Stock Market Commission on 22 May 2006, and was first applicable in 2007, the Board of Directors resolved to approve new Rules of the Board of Directors, which was then amended by the Board of Directors on March 27, 2008 to include the appropriate changes:

Article 21. The Committees

For greater efficiency in the exercise of its duties and without prejudice to the statutory powers that correspond to the Board for the creation of the Committees that it deems necessary, an Executive Committee shall be formed, with delegated powers from the Board, an Audit Committee and an Appointment and Remuneration Committee, with the functions that are set forth in these Rules within the framework of current legislation and the Company By-laws.

B. Structure of the Company Administration

Article 22. The Executive Committee

The Executive Committee shall be comprised of the Chairman of the Board, who shall be its Chairman; of one or two Vice Chairmen, if these positions have been designated; of the Board Members designated by the Board of Directors; and of the Secretary of the Board, with voice but without vote, who shall act as Secretary.

The Executive Committee shall meet as often as it is convened by the Chairman, either of his own initiative or when at least two members so request. The Committee is understood to be validly constituted when the majority of its elements are either present or represented and, save any other provision set forth in current legislation, in the Company By-laws or in these Rules, shall adopt its resolutions through a majority of attendees, either present or represented.

Through delegation of the Board of Directors, this Committee shall hold all the powers that correspond to this body, except those that cannot be transferred by law or through a provision in the Company By-laws. That notwithstanding, the Board of Directors may discuss the knowledge and decision of any issue that falls under its terms of reference, and the Executive Committee may submit any matter to the decision of the Board of Directors when, although the matter could be dealt with by the Committee, this body believes it is necessary for the Board to take the appropriate decision.

The provisions set forth in these rules regarding the operation of the Board of Directors shall be applied as necessary and with the natural adaptations.

Only the Audit Committee issues an annual report on its activities, in accordance with law. This report is presented to the General Shareholders meeting.

Audit Committee

The Board Committees are regulated in Articles 19, 20 and 20 bis of the Bylaws and Article 21 to 24 of the Rules of the Board of Directors. Both documents are available on the corporate website www.grupoacs.com. At its meeting on December 13, 2007, in order to adapt the Rules of the Board of Directors to the provisions of the Unified Code of Good Corporate Governance, known as the Conthe Code, which was approved by the Board of the Spanish Stock Market Commission on 22 May 2006, and was first applicable in 2007, the Board of Directors resolved to approve new Rules of the Board of Directors in which the following amendments were made to the Articles regulating the Board of Director's Committees:

Article 23. The Audit Committee

In accordance with the provisions set forth in Article 20 (bis) of the Company By-laws, there shall exist an Audit Committee to be made up of three and a maximum of five members who shall be appointed and discharged, from among its members, by the Board of Directors. This appointment cannot fall to anyone who currently occupies this post, or who has carried out tasks of an executive or work nature in the company during the three immediately preceding years. The appointment of the Chairman, also to be made by the Board of Directors, must fall on one of the non-executive directors of the Company. Nevertheless, he may be re-elected after one year has elapsed since the end of his or her term of office. The Secretary to the Board of Directors shall attend the Committee's meetings, shall act as its Secretary, with entitlement to participate but not to vote, and shall write up the minutes of the meeting, which shall be forwarded to all members of the Board of Directors following their approval.

It shall only be deemed to be constituted when the majority of its members are present and shall adopt its agreements by majority vote of those attending. In the event of a tie, the Chairman shall have the casting vote. It shall meet whenever the Chairman convenes a meeting and at least twice a year, coinciding with the initial and final stages of the auditing of the Company's financial statements and the consolidated accounts of the Group of Companies and always prior to the issue of the audit reports. The Company's Auditor may attend these meetings, whenever especially convened, for the purpose of explaining the most significant aspects of the audit performed.

The Audit Committee shall be responsible for the following functions:

- a) Inform the General Shareholders Meeting on issues of its competence raised by shareholders.
- b) Propose the appointment of the external auditors referred to in Section 204 of the Revised Text of the Corporations Law to the Board of Directors of the Company for submittal to the General Shareholders' Meeting.
- c) Revise and approve any significant changes to accounting policies of the Company and the subsidiaries in the Corporate Group, as well as the Corporate Group itself. Likewise, in general, all dealings with the external auditors in order to receive information on those issues that could jeopardize their independence as well as any others related to the process of implementation of accounts auditing and any other communications set forth in legislation governing accounts auditing and the technical rules of accounting.
- 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 provide information on the estimates made by the Company management and those forming part of its Group of Companies on possible tax and legal contingencies of a significant nature.
- i) Be aware of the results of inspections carried out by official authorities.
- 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 which may be especially entrusted to it by the Board of Directors.

The provisions set forth in these rules regarding the operation of the Board of Directors shall be applied to the Audit Committee as necessary and with the natural adaptations.

B.2.6 Indicate if the members of the executive committee reflect the shareholding in the Board of the different Board Members based on their status:

| | Yes | No |
|--|-----|----|
| | | X |

If no, please explain the composition of its executive committee

The Executive Committee comprises an independent Board Member, two executive Board Members and four proprietary Board Members as well as a Secretary with voice but without vote.

C. Related-Party Transactions

C.1 Mark whether, following a favourable report from the Audit Committee or any other committee assigned this task, the Board in full is responsible for approving the Company's transactions with Board Members, significant shareholders or shareholders represented on the Board, or individuals related thereto.

| | Yes | No |
|--|-----|----|
| | X | |

C.2 Detail the relevant operations that involved a transfer of resources or obligations between the Company or entities of the Group and significant shareholders of the Company:

C.3 Detail the relevant operations that involved a transfer of resources or obligations between the company and entities of its group and the directors or executives of the company:

| Name or corporate name of the significant shareholder | Name or corporate name of the Company or its Group Entity | Nature of relationship | Description of the operation | Amount (Thousands of euros) |
|---|---|------------------------|------------------------------|-----------------------------|
| | | | | |

C.4 Detail the relevant operations made by the company with other companies belonging to the same group, provided that they are not eliminated in the process of preparing the consolidated financial statements and do not form part of the normal business of the company in terms of its business purpose and conditions:

C.5 Indicate whether the members of the Board of Directors have had any conflicts of interest in the year, pursuant to the provision of Spanish Corporations Law 127 ter.

| | Yes | No |
|--|-----|----|
| | | X |

| Name or corporate name of the Board Member | Description of the conflict of interest |
|--|---|
| | |

C.6 Mechanisms established to detect and regulate possible conflicts of interest between the company and/or the group, and its Board Members, Executives or significant shareholders.

- There are several standards included in the Rules of the Board of Directors. Article 13⁹ specifically regulates conflicts of interest. With regard to the duty of loyalty, this Article stipulates that the board members shall avoid conflicts of interest between themselves, or their most immediate relatives and the Company. Should any conflict of interest exist and be unavoidable, this must be notified to the Board of Directors and recorded in the Minutes of the first board meeting that takes place. Shares, stock or derivative options that refer to the value of the share of which they are holders, either directly or indirectly, must also be notified to the Company as soon as possible, and under all circumstances within the five days that follow. This applies both to the Board Members as well as their most immediate relatives.

The Board Members must also notify the Company of any significant changes in their professional capacity and, specifically, those changes that affect their designation as a board member. They shall likewise inform the Company of any legal or administrative procedure that could have a negative affect on the reputation of the Company.

The Board Members shall abstain from intervening in the deliberations and of taking part in the voting on those matters in which they have a particular interest. This shall also be expressly recorded in the Minutes.

Likewise, on regulating the non-competition and the use of information, Article 14^o sets forth that the Board Members cannot, either directly or indirectly, hold positions in companies or firms that are competitors of the Company or of any of the Group companies or provide representation services on behalf of same.

The Board Members cannot use restricted information that they have become aware of through the exercise of their position as a Board Member for any private purpose. More specifically, unless expressly authorised by the Board of Directors, the Board Members cannot benefit from commercial transactions that they have become aware of in their capacity as a Board Member.

Unless it is a duly authorised payment in kind, Board Members cannot make use of Company assets or use these assets to obtain a patrimonial advantage without paying the adequate consideration.

2. Likewise, there are Rules of Conduct in the Stock Markets that include a set of rules designed to detect and regulate any possible conflicts of interest between the Company and / or its Group, its Board Members, Directors or significant shareholders.

At its meeting of July 17, 2003, the Executive Committee of ACS, Actividades de Construcción y Servicios, S.A., by virtue of the powers vested in it by the Board of Directors, approved the Rules of Conduct in the Stock Markets, informing the Spanish Stock Market Commission (CNMV) of this on July 31, 2003 At its meeting on July 1, 2004 Board of Directors unanimously resolved to approve a number of amendments to the Rules of Conduct in the Stock Exchange which was notified to the CNMV on July 2, 2004.

In general, the Rules apply to the Members of the Board of Directors, members of the Group Management Committee as well as, in general, those representatives and personnel of the Company that carry out activities that could fundamentally influence the Company's share listing. It also applies to Company representatives, personnel and external consultants who, for specific purposes, have privileged or reserved information regarding Company stock.

The Monitoring Unit provided for in the Rules shall have an updated list of the Board Members, representatives and personnel of the Company as well as external consultants bound by the same regulations. This list shall be made available to all supervising authorities of the stock markets. Both the inclusion on this list as well as exclusion from same shall be communicated in writing by the Chairman of the Monitoring Unit to all those affected.

The Regulations are applied with regard to shares, stock options and similar contracts that grant the right to subscribe to or acquire Company shares, convertible or non-convertible securities, bonds, promissory notes, junior debt and, in general, any kind of financial instrument issued by the Company or, if applicable, by Group entities. The Regulations shall also apply to cases of conflicts of interest pursuant to Article 7 of same.

All persons to whom the Regulations apply must abstain from carrying out, or preparing to carry out, any kind of acts that falsify the free formation of prices on the stock market. Moreover, they must abstain from using all manner of privileged information, whether for personal gain or on behalf of third parties, which they have gained through the exercise of their functions at the Company or on behalf of the Company.

All members of the board of directors, representatives and personnel of the Company that possess privileged information regarding the negotiable securities and financial instruments issued by the Company or Group entities, are bound to safeguard same. This is without prejudice to their duty to communicate this information and to collaborate with the legal and administrative authorities in the terms legally set forth.

C. Related-Party Transactions

During the study or negotiation stages of any kind of legal or financial operation that could have an appreciable influence on the listing of the securities to which the Regulations refer, the Company personnel that are in charge of these operations shall be obliged:

- a) Inform only those people about the transaction, whether inside or outside the organisation, whose involvement is indispensable.
- b) Maintain, for each transaction, a register of the names of the people referred to in paragraph a), stating the date on which each had access to the information.
- c) Clearly inform the persons listed on the register of the nature of the information, their duty to keep it confidential and the prohibition from using it.
- d) Establish security measures for maintaining, filing, accessing, copying and distributing the information.
- e) Monitor the performance of the negotiable securities or financial instruments related to the transaction in process as well as the information made public in any specialised and ordinary media that could affect the process.
- f) In the event of unusual corporate volumes or prices, and if there are reasonable grounds to believe that these changes are the result of premature, partial or distorted reporting of the transaction, the individuals responsible for the transaction shall immediately inform the Secretary of the Board of Directors, who shall then report a relevant occurrence, providing clear and precise information on the status of the transaction underway or containing advanced notice of the information to be made public.

Persons subject to the Regulations who carry out any kind of operation on negotiable securities or financial instruments issued by the Company must observe the following duties:

- a) Provide the Company, via the Chairman of the Monitoring Unit, with written information on any kind of purchase or sale or acquisition of option rights operation, carried out on their own behalf and which is related to the securities that constitute the target scope of these Regulations. Also considered on the same level as operations carried out on their own behalf are those carried out by the spouse, unless this only affects their private or exclusive wealth in accordance with the financial marriage rules, by children under legal age or disabled under paternal powers of the obligee or by companies that are directly or indirectly controlled, or by intervening persons. Those operations that have not involved intervention by the person that is subject to these Regulations because they were ordered by the entities that the affected person has entrusted their securities portfolio management to on a stable basis are excluded from this information obligation. In this case it shall be sufficient to inform the Chairman of the Monitoring Unit of the existence of the portfolio management contract and the name of the managing agent.
- b) At the request of the Chairman of the Monitoring Unit, to provide full details of the operations carried out on their own behalf that are related to the securities that constitute the objective sphere of application of these Regulations.
- c) Communicate in writing to the Chairman of the Monitoring Unit, at the time of acquiring the status of Board Member, representative or staff member of the Company that is subject to these regulations, the list of the securities of the Company or the Group entities of which they are the holder, directly or indirectly via controlled companies or through intervening persons or entities or persons and entities that act jointly, as well as those that are owned by their children under the legal age or disabled under paternal powers of the obligee or those carried out by the spouse, unless this only affects their private or exclusive wealth in accordance with the financial marriage rules. In addition, written notification of the existence of the portfolio management contract and the name of the managing agent must be given.

d) Submit to the Monitoring Unit, via its Chairman, any doubts regarding the application of these Rules, abstaining from any action until a response to the query has been received.

Without prejudice to the foregoing, when the operations on securities or financial instruments issued by the Company are carried out by Board Members, these must also be notified to the Stock Exchanges where the shares are listed and the Stock Market Committee, in the legally determined manner.

The Secretary of the Monitoring Unit shall maintain the communications, notifications and anything else related to the Regulations duly filed and organised. Moreover, the Secretary shall maintain said file confidential and may, at any time, request confirmation from persons that are bound by the Regulations of balances of securities and financial instruments that derive from the file.

The Monitoring Unit, through its Chairman, is responsible for formulating and maintaining an updated list of all persons subject to these Rules. The Monitoring Unit shall comprise the Secretary of the Board of Directors, who shall chair, the Corporate Director General and the Director of Administration, who shall act as Secretary.

Breach of the rules of conduct contained herein with regard to the provisions set forth in the Stock Market regulations may give rise to the corresponding administrative sanctions and other consequences that derive from applicable legislation. This shall be considered to be a work misdemeanour in so far as it affects Company staff.

C.7 Is more than one Group company listed in Spain?

| | Yes | No |
|--|-----|----|
| | X | |

Identify the subsidiaries listed in Spain:

Listed subsidiaries

Unión Fenosa, S.A.

Indicate whether they have publicly defined the exact respective activity areas and possible business relations between them, as well as the listed subsidiary's relation with the other Group companies:

| | Yes | No |
|--|-----|----|
| | | X |

Define the possible business relations between the parent and the listed subsidiary, and between the subsidiary and other group companies

Identify the mechanisms to be used to resolve a conflict of interest between the listed subsidiary and other Group companies:

Mechanisms for resolving possible conflicts of interest

D. Risk Control Systems

D.1 General description of the risk policies of the Company and/or its Group, detailing and evaluating the risks covered by the system, along with the justification of the appropriateness of these systems for the profile of each type of risk.

The ACS Group's risk control system is based on a range of strategic and operational actions designed to mitigate risks and fulfil the objectives established by the Board of Directors.

The diversity and complexity of the sectors in which the Group carries out its activities implies a variety of risks; the Corporate Unit is responsible for defining basic guidelines in order to homogenize performance criteria in each of the divisions to guarantee an adequate level of internal control. The companies and divisions of the Group are responsible for developing the required and appropriate internal regulation to govern the implementation of any necessary internal controls, which, in turn, shall guarantee optimum performance of such internal control in accordance with the special circumstances of their activities.

In order to respond to the need for global and homogeneous risk management, the Corporate Unit has established a risk management model which includes the identification, evaluation, classification, valuation, processing and follow-up of risks at the Group and operational business line levels. Once these risks have been identified, a risk map is prepared.

In light of the above, risks have been identified as follows:

- Operating risks, stemming from the different businesses that the Group develops and which vary depending on the area of activity, but which can be summarised in risks relative to entering into contracts, planning and control of the execution of the various works and projects, quality-related risks, environmental risks, and risks related to international activities.
- Non-operating risks, which also vary depending on the different businesses that the Group develops, such as risks relating to image, human resources, legal or regulatory matters, tax, financial matters and insurance coverage.

As indicated previously, the Group's risk control systems are based on a series of strategic and operational actions aimed at complying with risk policies by each area of Group activity. The actions are organised according to a decentralised model that allows each business unit to carry out its risk control and evaluation policies in accordance with certain basic principles. These principles are the following:

- Definition of the maximum risk limits that may be assumed by each business in accordance with the characteristics and expected return of the same, and which are implemented at the time contracts are entered into.
- Establishment of procedures to identify, approve, analyse, control and report the different risks for each business area.
- Coordination and communication to ensure that the risk policies of each business area are consistent with the Group's overall risk strategy.

The systems provide the necessary information to supervise and evaluate the risk exposure of each business area and develop the corresponding management information required for decisions with the monitoring of the appropriate indicators.

The control systems implemented in each business area may be classified into the following categories:

Management systems for the entering into contracts and bidding processes for works and projects

Aimed at evaluating the profitability of projects from a technical and economic point of view, with sufficient guarantees to ensure client solvency.

Management systems for the planning and execution of works and projects

The Group and the various activity areas have several economic and production control systems designed to give reliable knowledge of the economic forecasts and deadlines for projects, from planning phase through execution of the projects, and information on the actual status at all times.

These systems are part of a comprehensive economic and budgetary control system for each business area, and are adapted to the characteristics of their activities in order to provide the necessary information to the persons responsible for each area so that they may control the risks deriving from any possible deviation and make the appropriate decisions to optimise the management process. All information is kept in economic information systems which allow the consolidated parameters to be easily monitored and controlled in a dynamic and strict manner. By giving Group Management detailed knowledge of the economic situation and potential and assumed risks, the system has become an essential element in the decision-making process.

Quality management systems

These are the means used to ensure the products manufactured and the services provided are in accordance with the requirements specified in the contract, as well as legal and statutory requirements, for the purpose of ensuring client satisfaction. The systems, which meet the requirements of the ISO 9001 standard, are based on preliminary identification of the relevant processes from the quality management point of view in which the activities developed in different area are organised, in order to plan them and track them accordingly. The periodic review of the systems by the management and the setting of targets allows for ongoing improvements to be made to same.

Environmental management systems

The implementation of these systems in the different business areas of the Group allows them to undertake their activities while guaranteeing maximum respect for the environment.

D. Risk Control Systems

The systems, regulated by international standard ISO 14001, are based on the identification and evaluation of environmental aspects on which the business can have an impact, planning the necessary steps in order to eliminate or minimise risks by establishing adequate control measures in accordance with current legal requirements and the environmental code of conduct corresponding to each business unit. The basic criteria are as follows:

- a) Incorporation of the most advanced technologies in environmental issues, such as:
- Conservation of energy and of raw materials.
 - Using recyclable and biodegradable materials.
 - Minimising waste production and a respectful treatment with the environment.
 - Promoting the reforestation and landscaping of construction sites.
- b) Development of specific actions for activities that so require, depending on the effect of the impact.
- c) To provide clients with continuous information regarding environmental risks and possible preventive measures.

Human resources management systems

These systems are designed to establish compensation remuneration and objectives (especially for management personnel), hiring, training, evaluation of performance, motivation, control and follow-up of collective labour agreements and policies on expatriates.

Under this heading, the prevention of labour risks is noteworthy. The ACS Group has developed a labour risk prevention policy that fully complies with current legislation. The policy is based on specific management systems for each business area. The criteria taken into consideration in this policy follow the basic principles of training, participation, individual responsibility and control of safety conditions. The systems are adapted to the specific characteristics of each business area. Occupational risk prevention plans based on the identification of risks are designed and implemented in order to eliminate them, evaluating potential risks to minimise these and take the necessary protective measures.

Financial risk control systems

The following are financial risks associated with Group activities:

- Risk of liquidity.
- Risks arising from changes in foreign exchange currency rates.
- Risks arising from changes in interest rates.
- Credit risk.

The liquidity risk is managed by maintaining sufficient amounts available to negotiate the substitution of transactions coming due for different, new transactions under the best terms and to meet short-term cash needs.

In loan transactions, periodically a follow-up is performed on the concentration risk by financial entity to avoid an excessive concentration and be able to rely on a number of entities to manage risk situations in case the need should arise.

In this area, the Group's objectives in relation to capital management are to maintain an optimal financial-equity structure in order to reduce the cost of capital, while safeguarding the company's ability to continue operating with an adequately stable debt-to-equity ratio.

In the case of risk arising from changes in foreign exchange currency rates, the Group finances its investments, when possible, in the same currency as the cash flows from said investments. This is not possible in the shallow markets associated with investments fundamentally in Latin America.

In relation to the risk arising from changes in interest rates, the impact that this could have on the Group results is evaluated. In this way, to avoid that such risk may give rise to elevated volatilities, the need to reduce said volatility is considered in such a way that the financing expense has a reduced percentage of variation.

In the scope of financial transactions, credit risk arises from the incapacity of clients and debtors to fulfil the obligations established under contract. Client analysis is performed in specific cases and by analysing payment capacity through the knowledge existing in the Group on transactions with such client, from the moment at which negotiations with the client are to begin.

In the case of foreign transactions, this analysis is performed in a thorough manner. In countries in which there is elevated risk, transactions are only performed if the party paying the job or service is an international entity of acknowledged prestige and solvency, or is sufficiently insured.

Exposure to equity security risk arises in investments performed in listed companies. Therefore, the market price of the securities of these companies are monitored and impairment tests are performed to verify their appropriateness. In this connection, the performance of investments by means of equity swaps is aimed at hedging possible changes in the disbursements to be made to obtain strategic holdings. Although the uncertainty of the effects of the disbursements to be made and of the obtainment of strategic holdings is eliminated, since the IFRS does not consider these to be hedges, they are subject to positive and negative fluctuations in the event of increases and decreases in value.

The monitoring of financial risks is performed through methodological application in accordance with IFRS and the preparation of a series of reports that allow for the monitoring and control of said risks for decision-making.

Other systems

For legal or tax risks, the appropriate departments in each Company, business area or at the corporate level are relied upon, along with external support of renowned prestige in the area necessary to mitigate regulatory risks, litigation, etc. Additionally, the signing of contracts is supervised by the legal counsel of each company and, depending on its relevance, by the legal counsel of the various business areas or of the Group

The Group has a strategy for covering accidental risks which could affect Group assets and activities that involves the underwriting of insurance policies for any coverable risks. These policies are reviewed periodically to adapt them to the current and specific status of the risk covered. These policies are reviewed periodically to adapt them to the current and specific status of the risk covered.

D. Risk Control Systems

D.2 Indicate if any of the different types of risk (operating, technological, financial, legal, reputational, tax-related, etc.) affecting the Company and or group, arose during the year.

| | Yes | No |
|--|-----|----|
| | X | |

If so, indicate the circumstances leading to the risk and whether the control systems established operated correctly.

As described in section D.1, the system comprises risks which may prevent the ACS Group from achieving its objectives, as well as the control systems implemented aimed at minimising the impact of these risks in the Group.

| Risk arising in the year | Related circumstances | Operation of the control systems |
|--|-----------------------|--|
| Those intrinsic to the Group companies' activities. Related circumstances | - | The control systems implemented have operated correctly. |

D.3 Indicate whether there is a committee or other government body responsible for setting up and supervising these control mechanisms.

| | Yes | No |
|--|-----|----|
| | X | |

If so, describe their duties.

| Name of Commission or Body | Description of duties |
|----------------------------|--|
| Audit Committee | The Board of Directors delegates the supervision of compliance with the established procedures to the Audit Committee, with the latter also responsible for the generic monitoring of compliance with the risk levels relevant to each activity. |
| Management Committee | The Management Committee determines the Group's global risk policy and, if appropriate, sets up the management mechanisms that ensure that the risks are kept within the approved levels. |

D.4 Identification and description of the processes of compliance with the different regulations that affect the Company and / or its Group.

Throughout this report, direct or indirect reference has been made to the processes for complying with the various regulations to which the Company is subject, such as those included in the following sections:

A.9, On the conditions and the deadline/s for the authorisation/s required from the board of directors for the purchase or transfer of treasury stock described in section A.8.

A.10, On the legal and statutory restrictions on exercising voting rights, as well as the legal restrictions on the purchase or transfer of investments in the share capital.

B.1.14, On the process for establishing the remuneration of the members of the Board of Directors and the statutory clauses relevant in this respect.

B.1.19, On appointment, re-election, evaluation and movement of the board members and competent bodies, as well as the steps to be followed and the criteria to be used in each one of the procedures.

B.1.32, On the mechanisms established by the Board of Directors to prevent opinions which are qualified in the audit report on the individual and consolidated financial statements they have prepared when submitted to the General Shareholders' Meeting.

B.1.35, On the mechanisms established by the company to conserve the independence of the auditor, financial analysts, investment banks and rating agencies.

B.2.3, On the organization and operating rules, as well as the responsibilities attributed to each of the Board committees.

B.2.4, On the authority to advice and consult, and if appropriate on the powers held by each of the committees.

C.6, On the mechanisms established to detect and regulate possible conflicts of interest between the company and/or the group, board members, executives or significant shareholders

E.1, On the quorum for the constitution of the General Shareholders' Meeting established in the Company By-laws. Describe how it differs from the minimum levels established in the Corporations Law.

E.2, On the regime for the adoption of resolutions.

E.3, On the rights of shareholders with respect to Shareholders' meetings that are different from those established in the Corporations Law.

E.4, On the measures adopted to encourage the shareholders' participation at General Shareholders' Meetings.

Notwithstanding the above, together with the information relating to risk control systems described earlier in this section, reference should be made to the following issues:

1. Technological Innovation and Environmental Protection

ACS Actividades de Construcción y Servicios S.A. considers that sustainable growth, its vocation to care for and respect the environment and the meeting of the expectations that society places on a company like ACS must all have a decisive influence on its strategy and on each of its actions.

This commitment is identified in each of the activities in which the Group is present, in each of the investments that it promotes and in the decisions that it takes in order to satisfy its customers and shareholders, to boost profitable growth, quality and technological development, while also attending to growing demands for respect of the environment by implementing measures to prevent or minimize the environmental impact of the Group's infrastructure development and service activities.

D. Risk Control Systems

1.1. Research and development activities

On an individual basis, the Company does not engage in research and development. However, the ACS Group is committed to a policy of ongoing improvement of its processes and of applied technology in all activities. For this purpose, the ACS Group has its own research program aimed at developing new technological know-how applicable to the design of processes, systems, new materials, etc. in each activity that it manages.

1.2. Environmental protection

As in the previous case, on an individual basis, the Company does not carry on any environmental activity. However, the ACS Group's main activity, namely the development and maintenance of infrastructures, involves environmental impacts including the use of materials deriving from natural resources, the use of energy (both during construction as well as during the life of the various infrastructures), the generation of waste, as well as both visual effects and effects on the landscape.

In line with its vocation to protect the environment, which has prevailed since its creation, the ACS Group promotes two main action areas: an environmental policy, the main objective of which is to minimise the environmental impact of its activity, and for an additional year, an Environmental Management System, which controls the specific actions of each Group Company to protect the environment.

2. Information and transparency

Shareholders' right to information is detailed in several parts of the regulations of the shareholders' meeting. Hence, in order for the Shareholders' Meeting to properly serve the function for which it was designed, the Board of Directors of the Group makes available to all shareholders, prior to each Shareholders' Meeting, all information which is legally required to be provided to them, in addition to information that is not legally required to be provided but that reasonably should be made available given the interests of the company and of the shareholders and their desire to develop criteria. Accordingly, the Board of Directors shall process any requests made by shareholders either before or during the General Meeting with maximum diligence, providing that the information is not detrimental to Company interests.

In line with the firm commitment of ACS Group to transparently, fairly and symmetrically report the information needed to evaluate the performance of the Group, more efficient and flexible channels of reporting have been established in order for said information to reach shareholders, potential investors and the general public in a consistent, immediate and fluent manner.

3. Financial information

The ACS Group has taken the necessary measures to ensure that the information provided in the quarterly, half-yearly and annual reports is made available to shareholders in a clear, rigorous and timely manner. To this end, the Audit Committee reviews this information before it is made public, to verify that it has been drawn up in accordance with the same professional principles, criteria and practices as the accounts, and that it is just as reliable.

The individual and consolidated financial statements are presented to the Board of Directors by the Chairman and the Secretary of the Board following the preparation of same by the Corporate General Management on which the Financial Management of the company depends.

The section on "Listed Company Obligations" of the Rules of the Board of Directors establishes that the Board of Directors shall adopt or promote any measures deemed necessary or advisable to ensure the transparency of Company's operations on the financial markets and the exercise of any duties inherent in its status as a listed company.

In this regard, the relevant occurrences reported to the Spanish Stock Market Commission (CNMV) shall be disclosed to the fewest people possible, who will be duly identified, until they are made public.

4. Website

The Group has progressively updated the contents of the corporate website (<http://www.grupoacs.com>) throughout 2008, with special emphasis on this section of the Annual Report, on the sections dedicated to Organisation, Shareholder and Investor Information, Corporate Governance and Corporate Responsibility, through which complete and updated information may be accessed on a daily basis on the following subjects:

Organisation

- Structure
- Management Bodies
- Board of Directors (Composition, Rules of the Board of Directors and shareholding of the Board of Directors)
- Delegated Committees
- Executive Committee
- Audit Committee (where the Audit Committee Reports may be accessed)
- Appointment and Remuneration Committee
- Management Committee
- Management Team

Shareholder and Investor Information

- Shares
- Stock Market Information
- Share capital
- Dividends
- Analyst coverage
- Historical financial information (Annual and quarterly)
- Annual report (which includes access to, among other sections, the Economic and Financial Report for each fiscal year since 2002)
- Quarterly results (since 2003)
- Relevant facts Spanish Stock Market Commission (CNMV) (with a direct link to the CNMV web page)
- The General Shareholders' Meeting (where the calls to meetings, speeches, presentations and resolutions adopted in all General Meetings held since 2002 may be accessed, as well as the call to the General Shareholders' Meeting foreseen for May 2007, along with the corresponding documents and information)
- Investor's Agenda
- Corporate presentations (since 2003)

Corporate Governance

- Company By-laws
- General Shareholders' Meeting Regulations
- Annual Corporate Governance Report (since 2003) Board of Directors
- Members
- Delegated Committees
- Rules of the Board of Directors
- Shareholders' agreements
- The Code of Conduct in the Stock Market

Corporate Responsibility

- Strategy
- Corporate Responsibility Report Creation of Value
- Information Transparency
- R+D+I
- Environmental
- Commitment to individuals Ethics and professionalism

E. General Shareholders' Meeting

E.1 Indicate, and if applicable describe the differences between the minimum required under the Spanish Corporations Law and the quorum required for holding the General Shareholders' Meeting.

| | Yes | No |
|------------------------------------|--|--|
| | | X |
| | % quorum differing from the one provided by CL 102 for general cases | % quorum differing from the one provided by CL 103 for the special cases included under art. 103 |
| Quorum required on the first call | 0 | 0 |
| Quorum required on the second call | 0 | 0 |

E.2 Indicate whether there is difference between the Board's system for adapting resolutions and the system provided under Spanish Corporations Law, and if so, explain this difference:

| | Yes | No |
|--|-----|----|
| | | X |

Describe how it differs from the system envisaged in the Corporations Law.

| | Reinforced majority other than that provided by Art. 103.2 of the CA for cases of 103.1 | Other cases of reinforced majority |
|--|---|------------------------------------|
| % required by the entity for the adoption of resolutions | | |

Describe differences

E.3 Detail the rights of shareholders with respect to Shareholders' meetings that are different from those established in the Corporations Law.

There are no rights different from those provided by the Corporations Law, except that in order to be able to attend General Shareholders' Meetings, it is necessary to hold 100 shares either alone, or together with other shareholders.

E.4 Indicate, if applicable, the measures adopted to encourage the participation of shareholders in the General Meetings.

Implementation of measures that make the vote delegation mechanism more transparent and to accentuate communication of the Company with its shareholders.

To provide detailed justification of the voting proposals that are offered in the application, with regard to the adoption of resolutions that involve a certain delegation importance, and reveal the existence of any conflict of interest, whenever appropriate.

The creation of channels or instruments of flexible communication. In addition to the standard information that the Company provides in the form of annual, six-monthly or quarterly reports, to promote meetings with market analysts, in order that these experiences reach the investors. The purpose of these measures is to maintain permanent communication channels with the

shareholder that are complementary to the right to question at the general Meeting provided for under current legislation. This will allow shareholders to obtain the information they require at any time. In addition, Article 26 of the Company By-laws expressly includes the possibility of shareholders casting their vote from outside the General Meeting. Since the Ordinary Shareholders' Meeting held in May 19, 2005, this method of voting was disseminated and the necessary rules and procedures for the remote voting via internet or fax are detailed at the corporate website of the Company.

E.5 Indicate if the position of Chairman of the Shareholders' Meeting coincides with the Chairman of the Board of Directors. Detail, in this event, the measures adopted to guarantee the independence of the Shareholders' Meeting and that it functions correctly:

| | Yes | No |
|--|-----|----|
| | X | |

Detail of measures

E.6 Indicate, if applicable, the amendments made to the regulations of the Shareholders' Meeting during the year.

The Board of Directors of ACS, Actividades de Construcción y Servicios S.A. resolved to amend Articles 3,4,11 and 16 at its meeting held on May 26, 2008. This resolution was recorded as a public document by means of the deed authorised by the Notary of Madrid Mr. Cruz Gonzalo López-Muller Gómez on 6 June 2008, under number 1227 of his notary protocol, registered at the Madrid Mercantile Register on 17 June 2008, in Volume 10.064, Sheet 201, Section 8, Page M-30221, Entry 824. Reported to the CNMV on 24 June 2008, Register Entry No. 2008 62648.

Article 3. Ordinary General Meeting.

1. The Ordinary General Meeting, previously called for this purpose, shall necessarily meet within the first six months of each financial year, to review corporate management, to approve, where appropriate, the accounts for the previous year, and to adopt a resolution regarding the distribution of profit for the previous year, in accordance with the approved balance sheet.
2. Once the required provisions to the legal reserve and any other reserves established in law have been made and the amount relating to the payment of a minimum dividend of one percent for non-voting shares, where appropriate, has been allocated, in accordance with Article 6 of the Company By-laws, the remaining profit for the year may be allocated to voluntary reserves and any other item permitted in law. Any remaining amount shall be allocated to the payment of dividends to ordinary shareholders in proportion to the capital paid up for each share, and to payment of the statutory remuneration of the Board laid down in the following paragraph, in compliance with legal requirements.
3. In addition to the allowances and expenses agreed by the General Shareholders' Meeting for statutory participation, the Board of Directors shall also be entitled to remuneration not exceeding ten percent of the distributable net profit. This can only be allocated once the legal reserves and, if applicable, the statutory reserves have been made and the shareholders have been paid a dividend of at least four percent of the paid-up capital for each share.
4. Express authorisation is hereby given to allow remuneration to all or any of the members of the Board of Directors, as well as executive staff of the company and the companies that belong to the same Group, which consists in the surrender of company shares or of stock option rights or through a reference to the value of said shares, in the manner, terms and conditions set by the General Shareholders' Meeting through the opportune agreement with the legally established requirements.

E. General Shareholders' Meeting

5. The Board of Directors shall decide on the manner in which the remuneration payable under this Article, the amounts of which may differ, shall be distributed among its members.
6. In the event that the General Shareholders' Meeting resolves that dividends are to be paid, the Directors shall specify the place, term and method of payment. The Board of Directors may resolve to pay interim dividends under the conditions provided in law.
7. Dividends not claimed within a five-year period as from the payable date shall be allocated to the Company's profit.
8. A separate vote shall be taken on each agenda item. Additionally, a separate vote shall be taken on the appointments or ratifications of Board members, which shall be voted on individually, and on proposed amendments to the Company Bylaws, which shall be voted on Article by Article or by substantially independent groups of Articles.

Article 4. Extraordinary General Meeting.

Any General Meetings not foreseen in the previous Articles shall be considered to be Extraordinary General Meetings.

A separate vote shall be taken on each agenda item. Additionally, a separate vote shall be taken on the appointments or ratifications of Board members, which shall be voted on individually, and on proposed amendments to the Company Bylaws, which shall be voted on Article by Article or by substantially independent groups of Articles.

Article 11. Means of Information.

1. The Company shall have a web page with at least the following contents:
 - a) Company Bylaws
 - b) The Shareholders' General Meeting By-laws
 - c) Rules of the Board of Directors, and if appropriate, Rules of the Committees of the Board of Directors.
 - d) Annual report and internal rules of conduct.
 - e) Corporate governance report.
 - f) Documents relating to the Ordinary and Extraordinary General Shareholders' Meetings called, with information regarding the agenda, the proposed resolutions submitted by the Board of Directors, and any other relevant information which may be required by the shareholders to cast a vote, all within the period set forth under the law in force.
 - g) Information relating to the progress of the General Shareholders' Meetings held, and particularly, to the composition of the General Shareholders' Meeting at the time of its constitution, the resolutions adopted and the number of votes cast in favour or against each of the proposed resolutions included on the agenda, all within the period set forth under the law in force.
 - h) The channels of communication between the Company and the shareholders, and specifically the explanations required for the shareholders' to exercise their right to information, which shall indicate the mail and e-mail addresses to be used by the shareholders for these purposes.

- i) The means and procedures for conferring representation by proxy at the General Shareholders' meeting, in accordance with the stipulations provided under the law in force.
- j) The means and procedures for remote voting, in accordance with the rules relating to this system, including, where applicable, the forms for verifying attendance and voting by telematic means at the General Shareholders' Meetings.
- k) Relevant facts, in accordance with the provisions of the law in force.
- l) The composition of the Board of Directors, and in relation to each Board Member: his professional profile; the other Board of Directors of which he is a member: whether he is an executive and proprietary director, and the shareholder which he represents; or whether he is independent or external director; the date on which he was appointed, and if applicable, re-elected; and the company shares or share options to which he holds title.

2. It is the directors' responsibility to keep all information on the Company's web page up to date and to coordinate its content with the information included in the documents deposited and registered in the corresponding public registers.

Article 16. Remote voting and proxy votes.

1. Votes on proposed resolutions regarding items included on the agenda of any type of General Shareholders' Meeting may be cast by proxy or by the shareholder by means of postal correspondence, electronic mail or any other means of communications, provided that the identity of the person delegating or casting his vote is duly assured. The means and procedures for remote voting, in accordance with the rules relating to this system, including, where applicable, the forms for verifying attendance and voting by telematic means are included on the Company's web page.
2. Shareholders who vote remotely shall be counted as present for the purposes of convening the General Shareholders' Meeting.
3. If proxy voting cards, with or without specific instructions and on which the name of the proxy is left blank, are received at corporate headquarters on the days prior to the General Meeting, it will be understood that the shareholder empowers the Chairman of the Board of Directors to appoint a Board Member as proxy from among those who have requested such duty.
4. In the event that several shareholders have appointed the same financial intermediary as proxy, and when requested by this representative, he shall be allowed to divide his vote for the purpose of abiding by the instructions received from each of the shareholders represented.

E.7 Indicate attendance figures for the Shareholders' Meetings held in the year that the present annual report refers to:

Attendance information

| Date of the General Meeting | % attending In person | % by proxy | % remote voting | | Total % |
|-----------------------------|-----------------------|------------|-----------------|-------|---------|
| | | | Electronic | Other | |
| 26/5/2008 | 6.197 | 68.034 | 0.000 | 0.000 | 74.231 |
| 3/12/2008 | 0.652 | 72.940 | 0.000 | 0.000 | 73.592 |

E. General Shareholders' Meeting

E.8 Indicate briefly the resolutions adopted in the Shareholders' Meetings held during the year that the present annual report refers to and voting percentage by which each resolution was adopted.

Ordinary General Meeting. May 26, 2008

The proposals of the Board regarding item 1 on the Agenda, read by the Secretary under letters a) and b) (approval of the individual and consolidated financial statements, approval of the proposal for the distribution of profits), were approved by a majority: the proposal read under letter a) with 261,921,320 votes in favour (representing 99.9907% of the shares present or represented), 6,346 abstentions (representing 0.0024% of the shares present or represented) and 18,045 against (representing 0.0069% of the shares present or represented); the proposal read under letter b) with 261,939,176 votes in favour (representing 99.9975% of the shares present or represented), 6,346 abstentions (representing 0.0024% of the shares present or represented) and 189 votes against (representing 0.0001% of the shares present or represented).

The proposals of the Board regarding item 2 on the agenda, read by the Secretary under letters c), d) and e) (acknowledgement of the Annual Corporate Governance Report, the Corporate Responsibility Report, and the Special Report on Article 116 bis of the Spanish Securities Market Law, all for 2007), were approved by majority with 261,940,665 votes in favour (representing 99.9981% of the shares present or represented), 4,857 abstentions (representing 0.0019% of the shares present or represented) and 189 votes against (representing 0.0001% of the shares present or represented).

The proposal of the Board regarding item 3 on the Agenda, read by the Secretary under letter f) (approval of the management of the Board of Directors), was then approved by a majority with 261,913,608 votes in favour (representing 99.9877% of the shares present or represented), 14,058 abstentions (representing 0.0054% of the shares present or represented) and 18,045 votes against (representing 0.0069% of the shares present or represented).

The proposal of the Board regarding item 4 on the Agenda, read by the Secretary under letter g) (increase the number of the Company's Board Members to nineteen and appoint Mr. Miguel Fluxá Rosselló, was approved by a majority with 252,226,561 votes in favour (representing 96.2896% of the shares present or represented), 1,610 abstentions (representing 0.0006% of the shares present or represented) and 9,717,540 votes against (representing 3.7098% of the shares present or represented).

The proposal of the Board regarding item 5 on the agenda, read by the Secretary under letter h) (amendment of Articles 3, 4, 11 and 16 of the Regulations of the Shareholders' Meetings were separately taken to a vote and approved by majority with 261,934,914 votes in favour (representing 99.9959% of the shares present and represented), 10,608 abstentions (representing 0.0040% of the shares present and represented) and 189 votes against (representing 0.0001% of the shares present or represented).

The proposal of the Board regarding item 6 on the Agenda, read by the Secretary under letter i) (acknowledge the amendments to the Rules of the Board of Directors) was taken to a vote and was approved by a majority with 261,944,742 votes in favour (representing 99.9996% of the shares present or represented), 780 abstentions (representing 0.0003% of the shares present or represented) and 189 votes against (representing 0.0001% of the shares present or represented).

The proposal of the Board regarding item 7 on the Agenda, read by the Secretary under letter j) (authorisation to acquire shares in the company in the company for consideration), was then taken to a vote and was approved by a majority with 261,862,409 votes in favour (representing 99.9682% of the shares present or represented), 1,436 abstentions (representing 0.0005% of the shares present or represented) and 81,866 votes against (representing 0.0313% of the shares present or represented).

The proposal of the Board regarding item 8 on the Agenda, read by the Secretary under letter k) (appointment of auditor), was then taken to a vote and was approved by a majority with 261,516,970 votes in favour (representing 99.8363% of the shares present or represented), 780 abstentions (representing 0.0003% of the shares present or represented) and 427,961 votes against (representing 0.1634% of the shares present or represented).

The proposal of the Board regarding item 9 on the Agenda, read by the Secretary under letter I) (redemption of the Company's treasury shares and the subsequent reduction in share capital and amendment of Article 6 of the Company Bylaws), was then taken to a vote and was approved by a majority with 261,942,846 votes in favour (representing 99.9989% of the shares present or represented), 780 abstentions (representing 0.0003% of the shares present or represented) and 2,085 votes against (representing 0.0008% of the shares present or represented).

The proposal of the Board regarding item 10 on the Agenda, read by the Secretary under letter II) (empowerment to formalise and execute the resolutions adopted at the meeting), was then taken to a vote and was approved by a majority with 261,944,901 votes in favour (representing 99.9997% of the shares present or represented), 810 abstentions (representing 0.0003% of the shares present or represented) and no votes against.

It was recorded in the minutes that Mr. Miguel Fluxá Rosselló, who had just been appointed as a Director by the General Meeting of Shareholders and was present at the meeting, accepted his appointment, and declared that he was not subject to any legal incompatibilities, and particularly those referred to in Law 5/2006, of April 10, and in the Autonomous Community of Madrid, Law 14/1995, on April 21.

The Secretary then read an extract of the Minutes, which he had prepared as the Meeting took place, and then read the proposal of the Board for the approval of said Minutes. This proposal was approved by a majority vote with 261,944,931 votes in favour (representing 99.9997% of the shares present or represented), 780 abstentions (representing 0.0003% of the shares present or represented) and no votes against.

Extraordinary General Meeting. 3 December 2008

The proposal of the Board regarding item 2 on the agenda, read by the Secretary under letter a) (redemption of the Company's treasury shares and the subsequent reduction in share capital and amendment of Article 6 of the Company Bylaws), was then taken to a vote and was approved by a majority with 246,792,840 votes in favour (representing 99.9866% of the shares present or represented), 31,405 abstentions (representing 0.0127% of the shares presented and represented) and 1,557 votes against (representing 0.0006% of the shares present or represented).

The proposal of the Board regarding item 3 on the agenda, read by the Secretary under letter b) (authorisation to acquire shares in the company for consideration), was then taken to a vote and was approved by majority: with 245,879,915 votes in favour (representing 99.6168% of the shares present or represented), 298,126 abstentions (representing 0.1208% of the shares presented and represented) and 647,761 votes against (representing 0.2624% of the shares present or represented).

The proposals of the Board regarding item 4 on the agenda, read by the Secretary under letters c), d) and e) (appointment and ratification of Board Member), were each voted on separately and were approved:

- The proposal relating to the re-election of the Board Member Mr. Agustín Batuecas Torrego, was approved by majority: with 242,457,589 votes in favour (representing 98.2302% of the shares present or represented), 30,100 abstentions (representing 0.0122% of the shares presented and represented) and 4,338,113 votes against (representing 1.7576% of the shares present or represented).
- The proposal relating to the re-election of the Board Member Mr. Álvaro Cuervo García, was approved by majority: with 242,959,268 votes in favour (representing 98.4335% of the shares present or represented), 30,100 abstentions (representing 0.0122% of the shares presented and represented) and 3,836,434 votes against (representing 1.5543% of the shares present or represented).
- The proposal relating to the re-election of the Board Member Mr. José María Loizaga Viguri, was approved by majority: with 242,312,695 votes in favour (representing 98.1715% of the shares present or represented), 30,100 abstentions (representing 0.0122% of the shares presented and represented) and 4,483,007 votes against (representing 1.8163% of the shares present or represented).

E. General Shareholders' Meeting

- The proposal relating to the re-election of the Board Member Mr. Pedro López Jiménez, was approved by majority: with 242,168,880 votes in favour (representing 98.1133% of the shares present or represented), 30,100 abstentions (representing 0.0122% of the shares presented and represented) and 4,626,822 votes against (representing 1.8745% of the shares present or represented).
- The proposal relating to the re-election of the Board Member Mr. Santos Martínez-Conde Gutiérrez-Barquín, was approved by majority: with 242,168,880 votes in favour (representing 98.1133% of the shares present or represented), 30,100 abstentions (representing 0.0122% of the shares presented and represented) and 4,626,822 votes against (representing 1.8745% of the shares present or represented).
- The proposal relating to the re-election of the Board Member Mr. Florentino Pérez Rodríguez, was approved by majority: with 242,570,061 votes in favour (representing 98.2758% of the shares present or represented), 60,389 abstentions (representing 0.0245% of the shares presented and represented) and 4,195,352 votes against (representing 1.6997% of the shares present or represented).
- The proposal relating to the re-election of the Board Member Mr. Julio Sacristán Fidalgo, was approved by majority: with 242,167,880 votes in favour (representing 98.1129% of the shares present or represented), 30,100 abstentions (representing 0.0122% of the shares presented and represented) and 4,627,822 votes against (representing 1.8749% of the shares present or represented).
- The proposal relating to the re-election of the Board Member Mr. Pablo Vallbona Vadell, was approved by majority: with 242,559,639 votes in favour (representing 98.2716% of the shares present or represented), 30,100 abstentions (representing 0.0122% of the shares presented and represented) and 4,236,063 votes against (representing 1.7162% of the shares present or represented).
- The proposal relating to the re-election of the Board Member Mr. José Luis del Valle Pérez, was approved by majority: with 242,457,389 votes in favour (representing 98.2302% of the shares present or represented), 30,300 abstentions (representing 0.0123% of the shares presented and represented) and 4,338,113 votes against (representing 1.7576% of the shares present or represented).
- The proposal relating to the re-election of the Board Member Mr. Antonio García Ferrer, was approved by majority: with 242,457,589 votes in favour (representing 98.2302% of the shares present or represented), 30,100 abstentions (representing 0.0122% of the shares presented and represented) and 4,338,113 votes against (representing 1.7576% of the shares present or represented).
- The proposal relating to the re-election of the Board Member Mr. Joan-David Grimà i Terré, was approved by majority: with 243,065,258 votes in favour (representing 98.4764% of the shares present or represented), 30,100 abstentions (representing 0.0122% of the shares presented and represented) and 3,730,444 votes against (representing 1.5114% of the shares present or represented).
- The proposal relating to the re-election of the Board Member Mr. Miguel Roca i Junyent, was approved by majority: with 243,229,007 votes in favour (representing 98.5428% of the shares present or represented), 30,100 abstentions (representing 0.0122% of the shares presented and represented) and 3,566,695 votes against (representing 1.4450% of the shares present or represented).
- The proposal relating to the ratification, and election, if appropriate of Mr. Juan March de la Lastra as Board Member was approved by majority: with 242,277,377 votes in favour (representing 98.1572% of the shares present or represented), 43,745 abstentions (representing 0.0177% of the shares presented and represented) and 4,504,680 votes against (representing 1.8250% of the shares present or represented).

It was recorded in the minutes that since all the Board Members who had just been elected by the General Meeting of Shareholders were present at the meeting, they accepted their appointments, and declared that they were not subject to any legal incompatibilities, and particularly those referred to in Law 5/2006, of April 10, and in the Autonomous Community of Madrid, Law 14/1995, on April 21.

The proposal of the Board regarding item 4 on the Agenda, read by the Secretary under letter f) (delegation of powers of attorney for the formalisation and execution of the resolutions adopted in this General Shareholders' Meeting) was then taken to a vote and was approved by majority with 246,805,027 votes in favour (representing 99.9916% of the shares present or represented), 1,513 abstentions (representing 0.0006% of the shares presented and represented) and 19,262 votes against (representing 0.0078 % of the shares present or represented).

The Secretary then read an extract of the Minutes, which he had prepared as the Meeting took place, and read the proposal of the Board for the approval of the said Minutes. This proposal was approved by a majority vote: with 246,810,157 votes in favour (representing 99.9937% of the shares present or represented), 1,583 abstentions (representing 0.0006% of the shares presented and represented) and 14,062 votes against (representing 0.0057% of the shares present or represented).

E.9 Indicate whether there is a statutory restriction requiring that a minimum number of shares be held to be able to attend the General Shareholders' Meeting.

| | Yes | No |
|---|-----|-----|
| | X | |
| Number of shares required to attend the General Shareholders' Meeting | | 100 |

E.10 Outline and justify the policies followed by the Company regarding voting by proxy in the General Meeting.

The company does not pursue any policy with regard to the vote delegation at the General Meeting.

E.11 Indicate if the company is aware of the policy of institutional investors regarding whether they participate or not in company decisions:

| | Yes | No |
|---------------------|-----|----|
| | | X |
| Describe the policy | | |

E.12 Indicate the Internet address and procedure to access to the information on corporate governance at the company's website.

The address is <http://www.grupoacs.com>

Access is very simple: once at the web page, a page appears with several tabs on the edge, one of which is "CORPORATE GOVERNANCE"; if you click on this tab, the following sub-sections appear: "Company By-laws", "Shareholders' General Meeting By-laws", "Annual Corporate Governance Report", "Board of Directors", "Shareholders' Agreements" and "Rules of Conduct of the Securities Market"; Each sub-section contains pertinent information. If you click on "Annual Corporate Governance Report" and following a brief introduction, there is a specific instruction to click on it and download the annual reports for 2003-2007 as PDFs.

Degree of Compliance with the

F. Corporate Governance Recommendations

Indicate the Company's degree of compliance with the recommendations of the Unified Code of good governance. In the event that any recommendations are not complied with, explain the recommendations, rules, practices or criteria that the Company follows.

1. The bylaws of listed companies may not limit the number of votes held by a single shareholder, or impose other restrictions on the company's takeover via the market acquisition of its shares.

See sections: A.9, B.1.22, B.1.23 and E.1, E.2.

| | Complies | Explain |
|--|----------|---------|
| | X | |

2. In the event that a parent and subsidiary company are separately listed, they must publish an exact definition of:

- a) The respective activity areas and any business dealings between them, as well as the listed subsidiary's dealings with the other Group companies;
- b) The mechanisms in place to resolve possible conflicts of interest.

See sections: C.4 and C.7.

| | Complies | Partially complies | Explain | Not applicable |
|--|----------|--------------------|---------|----------------|
| | | | X | |

It is to our understanding that possible conflicts of interest between the parent (regardless of whether or not it is listed) and the listed subsidiary cannot be prevented by giving up the management powers corresponding to the parent under law (including the exercise of the proportional representation right). More appropriate would be the application of abstention rules when taking decisions involving a possible conflict of interest and information under the law in force.

Furthermore, this Recommendation might hinder the correct operation of takeover bids (since, on many occasions if it were followed it would prevent effective control over the company from being taken, and could be considered to be an authentic anti-takeover measure).

3. Even if not expressly required under company law, transactions involving a structural change in the company, and particularly the following, are subject to the approval of the General Shareholders' meeting:

- a) The transformation of listed companies into holding companies through the process of subsidiarisation, i.e. reallocating to subsidiaries core activities that were previously carried out by the originating firm, even though the latter retains full control of the former;
- b) The acquisition or disposal of key operating assets that would effectively alter the company's corporate purpose;
- c) Operations that effectively add up to the company's liquidation.

| | Complies | Partially complies | Explain |
|--|----------|--------------------|---------|
| | | | X |

Ordinary and extraordinary company management powers correspond to the management body and only transactions with a legal reserve in the General Shareholders Meeting fall out of the management body's competence.

Under Spanish law, the Shareholder Meeting's interference in matters within the scope of the Board's competence is only acceptable at limited liability companies based on its flexible legal system, and the closed nature of such companies. As opposed to these companies, the attribution of certain exclusive and excluding powers to the directors of listed companies is founded on the need to establish a clear division of functions in open companies. However, independence in the taking of decisions involves the assumption of responsibility by directors, who are only to act in the benefit of social interests.

The system provided in the aforementioned Recommendation may be understood to be unnecessary, especially after the amendment of the Spanish Securities Market Law by Law 26/2003, of July 17 which has obligated the Group to approve a Shareholders' General Meeting Bylaw requiring each company to establish more specific rules regarding the competencies and operations of this body.

4. That the proposed resolutions to be adopted at the General Shareholders' Meeting including the information referred to in recommendation 28, be made public on the date on which the call of the meeting is published.

| | Complies | Explain |
|--|----------|---------|
| | X | |

5. Separate votes are to be taken at the General Meeting on materially separate items, so shareholders can express their preferences in each case. This rule particularly applies to the following:

- a) Appointment or ratification of directors, with separate voting on each candidate;
- b) Changes to the bylaws, with votes taken on all Articles or groups of Articles that are materially different.

See section: E.8.

| | Complies | Partially complies | Explain |
|--|----------|--------------------|---------|
| | X | | |

6. Companies shall allow split votes, so that financial intermediaries who are shareholders of record but acting on behalf of different clients can issue their votes according to instructions.

See section: E.4.

| | Complies | Explain |
|--|----------|---------|
| | | X |

The recognition of the right to vote through intermediaries and depositaries seems to be a recommendation aimed at the collective investment institution management companies and pension fund and plan managers, rather than to listed companies in general.

7. The Board of Directors shall perform its duties with unity of purpose and independence, according all shareholders the same treatment. It shall be guided at all times by the company's best interest, to be understood as maximizing the company's value over time.

It shall ensure that the company abides by the laws and regulations in its relations with stakeholders; fulfils its obligations and contracts in good faith; respects the customs and good practices of the sectors and territories where it does business; and upholds any additional social responsibility principles it has subscribed to voluntarily.

F. Degree of Compliance with the Corporate Governance Recommendations

| Complies | Partially complies | Explain |
|----------|--------------------|---------|
| X | | |

8. The core components of the Board's mission shall be to approve the company's strategy, authorise the organisational resources to carry it forward, and ensure that management meets the objectives set while pursuing the company's interests and corporate purpose. As such, the Board in full shall approve:

- a) The company's general policies and strategies, and specifically:
- i) The strategic or business plan, management targets and annual budgets.
 - ii) Investment and financing policy.
 - iii) Definition of the structure of the corporate group.
 - iv) Corporate governance policy.
 - v) Corporate social responsibility policy.
 - vi) Senior management remuneration and performance evaluation policy.
 - vii) Risk control and management policy, and the periodic monitoring of internal information and control systems.
 - viii) Policy on dividends and on treasury shares, and the limits to apply.

See sections: B.1.10, B.1.13, B.1.14 and D.3.

- b) The following decisions:
- i) On the proposal of the company's chief executive, the appointment and removal of senior executives and their termination clauses.

See section: B.1.14.

- ii) The remuneration of the Board Members and in the case of executive directors, additional consideration for their management duties and other conditions that should be respected under their contracts.

See section: B.1.14.

- iii) The financial information to be periodically disclosed by the Company given that it is listed on the stock exchange.
 - iv) Investments or operations of all kinds which, in view of their amounts or their special characteristics, are of a strategic nature, unless their approval corresponds to the Board of Directors;
 - v) The incorporation or acquisition of special purpose vehicles or entities resident in countries or territories defined as tax havens, as well as any analogous transactions or operations whose complexity may impair the Group's transparency.
- c) Transactions conducted by the Company with directors, significant shareholders, shareholders with Board representation or other persons related thereto ("related-party transactions").

It is understood, however, that said authorisation from the Board shall not be necessary in those linked operations in which the follow three conditions are simultaneously fulfilled:

1. They are governed by standard contracts applied on an across-the-board basis to a large number of clients;
2. They are performed at the general prices or rates set by the supplier of the good or service at issue: and
3. The transaction amount does not exceed 1% of the company's annual revenues.

It is recommended that Related-party transactions only be approved by the Board on the basis of a favourable report from the Audit Committee, or other committee to which this task was assigned. Directors related to the transaction may neither exercise nor delegate their votes, and shall be absent from the meeting room while the Board deliberates and votes.

It is recommended that the powers attributed to the Board not be allowed to be delegated, with the exception of those mentioned in b) and c), which can be delegated to the Executive Committee in urgent cases, subject to subsequent ratification by the full Board.

See sections: C.1 and C.6.

| | Complies | Partially complies | Explain |
|--|----------|--------------------|---------|
| | X | | |

9. In the interests of the effectiveness and participatory nature of its functioning, the Board of Directors should comprise between five and fifteen members.

See section: B.1.1.

| | Complies | Explain |
|--|----------|---------|
| | | X |

There are currently 19 Board members, which is a number comprised within the 11 to 21 member limit provided in Article 13 of the Bylaws, and is accordance with the Spanish Corporations Law. To date, this was considered to be most appropriate number in consideration of the needs and characteristics of the company with respect to capital structure, capitalisation and management structure.

10. A broad majority of the Board shall be external proprietary and independent directors and the number of executive directors should be the minimum necessary, taking into account the complexity of the group of companies as well as each executive shareholders' holding in the share capital of the company.

See sections: A.2, A.3, B.1.3 and B.1.14.

| | Complies | Partially complies | Explain |
|--|----------|--------------------|---------|
| | X | | |

11. Where an external director cannot be considered either proprietary or independent, the company shall explain this circumstance and disclose his ties to the company, management or shareholders.

See section: B.1.3.

| | Complies | Explain | Not applicable |
|--|----------|---------|----------------|
| | X | | |

F. Degree of Compliance with the Corporate Governance Recommendations

12. Among external directors, the relation between proprietary members and independents should reflect the proportion between the capital represented on the Board and the remainder of the company's capital.

This criterion of strict proportionality may be relaxed, so the weight of proprietary directors is greater than would strictly correspond to the total percentage of capital they represent, in the following cases:

1. In large cap companies where few or no equity stakes attain the legal threshold or significant shareholdings, despite the considerable sums actually invested.
2. In companies with a plurality of shareholders represented on the Board but not otherwise related.

See sections: B.1.3, A.2 and A.3.

| | Complies | Explain |
|--|----------|---------|
| | | X |

It is to our understanding that the distribution of the different types of Shareholders (executive, proprietary and independent) is appropriate based on the characteristics of the company, i.e. a large cap company with four significant shareholders holding different ownership percentages ranging from 5% to 23%.

13. The number of independent directors shall represent at least a third of all Board Members.

See section: B.1.3.

| | Complies | Explain |
|--|----------|---------|
| | | X |

There are 5 independent directors, one less than one third of the Board of Directors.

In this connection see the explanations provided in sections 9 and 12 above.

14. The nature of each director must be explained to the General Shareholders' Meeting, which shall make or ratify his or her appointment. Such determination shall subsequently be reviewed in each year's Annual Corporate Governance Report following verification by the Appointment Committee. This report shall also explain the reasons for having appointed a proprietary director at the proposal of shareholders holding less than 5% of the share capital, as well as the reasons for any rejection of a formal request for a Board place from shareholders whose ownership interest is equal to or greater than that of others at whose request proprietary directors were appointed.

See sections: B.1.3 and B.1.4.

| | Complies | Partially complies | Explain |
|--|----------|--------------------|---------|
| | X | | |

15. When women Board Members are few or non existent, the Board should state the reasons for this situation and the initiatives taken to correct it. In particular, in the event of new vacancies, the Appointment Committee should take steps to ensure that:

a) Recruitment processes are not implicitly biased in a manner which hinders the selection of women Board Members;

b) The company makes a conscious effort to include women with the target profile among potential candidates.

See sections: B.1.2, B.1.27 and B.2.3.

| Complies | Partially complies | Explain | Not applicable |
|----------|--------------------|---------|----------------|
| | | X | |

The women within the ACS Group have a progressively greater weight both in terms of number and positions held. In 2008 women accounted for 36.2% of the group's total staff and 26% of its management and professionals with higher degrees. Women are also increasingly more present on the Boards of Directors of our main divisions and of companies in which ACS has an ownership interest and in the technical, financial, human resource, legal advisory and other management teams.

Equal opportunity and non-discrimination, basic principles of ACS included in the Company's Code of Conduct, are determining factors when promoting the professional and personal development of all ACS employees, and the company assures equal opportunities through its policies. The effectiveness of this equal opportunities policy is guaranteed since it is accompanied by measures aimed at breaking down the traditional barriers on the entrance of females in a sector which is traditionally male, and measures to reconcile professional and personal life.

16. The chairman shall be responsible for the proper operation of the Board of Directors. He or she will ensure that Board Members are supplied with sufficient information in advance of board meetings, and will work to ensure a good level of debate. He or she will organise and coordinate regular evaluations of the Board and, when different from the chairman of the Board, the company's chief or top executive.

See section: B.1.42.

| Complies | Partially complies | Explain |
|----------|--------------------|---------|
| X | | |

17. When chairman and chief executive are one and the same, one of the company's independent directors shall be empowered to request the calling of Board meetings or the inclusion of new business on the agenda, in order to coordinate and voice the concerns of external directors and will take charge of the chairman's evaluation.

See section: B.1.21.

| Complies | Partially complies | Explain | Not applicable |
|----------|--------------------|---------|----------------|
| | | X | |

The Chairman of the Board, Mr. Florentino Pérez Rodríguez, is also CEO, and has delegated all the powers of the Board, except those that cannot be transferred. His duty is not only delimited by this scope of powers that cannot be transferred, but also by the duties that he carries out as chairman of the Executive Committee. There is no other specific risk limitation of the accumulation of these duties.

Our Rules do not include any provision in this respect and it is to our understanding that this matter should be included within the scope of the Board's powers to determine its own organisation.

F. Degree of Compliance with the Corporate Governance Recommendations

18. The Secretary of the Board of Directors shall take steps to assure that the Board’s actions:

- a) Adhere to the spirit and letter of laws and their implementing regulations, including those issued by regulatory agencies;
- b) Comply with the company Bylaws, General Shareholders’ Meeting Bylaws, Rules of the Board of Directors and any other related rules;
- c) Take into account the good governance recommendations of this Unified Code accepted by the company.

To safeguard the independence, impartiality and professionalism of the Secretary, his or her appointment and removal must be proposed by the Appointment Committee and approved by a full Board meeting. This appointment and removal procedure must be detailed in the Rules of the Board of Directors.

See section: B.1.34.

| Complies | Partially complies | Explain |
|----------|--------------------|---------|
| | X | |

The Secretary is not specifically responsible for ensuring that good governance recommendations are complied with. However, pursuant to Article 20 of the Rules of the Board of Directors, he is responsible for ensuring that actions arising from the company bodies he forms part of comply with the requirements of the law, issuing warnings in this respect and recording them in the minutes.

The Audit Committee is specifically responsible for supervising compliance with internal conduct codes and rules of good governance (Art. 23.e) of the Rules of the Board of Directors.

19. The Board of Directors shall meet as often as required to properly carry out its duties, following the timetable of dates and issues agreed at the beginning of the year, Board Members may propose that business not initially foreseen be included on the agenda of these meetings.

See section: B.1.29.

| Complies | Partially complies | Explain |
|----------|--------------------|---------|
| X | | |

20. Board Member absences will be kept to the bare minimum and quantified in the Annual Corporate Governance Report. In the event that Board Members’ votes must be delegated, proxies shall be provided with proper instructions.

See sections: B.1.28 and B.1.30.

| Complies | Partially complies | Explain |
|----------|--------------------|---------|
| X | | |

21. When Board Members or the Secretary express concerns about some proposal or, in the case of Board Members, about the company’s performance, and such concerns are not resolved at the meeting, the member expressing them will request that they be recorded in the minute book.

| Complies | Partially complies | Explain | Not applicable |
|----------|--------------------|---------|----------------|
| | | | X |

22. The full Board shall evaluate the following points on a yearly basis:

- a) The quality and efficiency of the Board's stewardship;
- b) Based on the report issued by the Appointment Committee, how well the chairman and chief executive officer have carried out their duties;
- c) The performance of the Board's Committees, on the basis of the reports furnished thereby.

See section: B.1.19.

| | Complies | Partially complies | Explain |
|--|----------|--------------------|---------|
| | | | X |

As indicated in our response to recommendation 17, it is to our understanding that this matter should be included within the scope of the Board's powers to determine its own organisation, since there is no provision under law in this regard.

23. All Board Members shall be entitled to receive any additional information they require on matters within the Board's competence. Unless the Bylaws or Rules of the Board of Directors indicate otherwise, such requests should be addressed to the chairman or Secretary.

See section: B.1.42.

| | Complies | Partially complies | Explain |
|--|----------|--------------------|---------|
| | | X | |

24. All Board Members shall be entitled to call on the company for the advice they need to carry out their duties. The company shall establish suitable channels for the exercise of this right, extending in special circumstances to external assistance at the company's expense.

See section: B.1.41.

| | Complies | Partially complies | Explain |
|--|----------|--------------------|---------|
| | | | X |

It is to our understanding that it is not necessary to explicitly provide that the Board members may seek external assistance at the company's expense to aid them in carrying out their duties, since the Company has a group of experts in each area who are able to aid the Board Members in carrying out these duties.

25. Companies shall organise induction courses for new Board Members to supply them rapidly with the information they need on the company and its corporate governance rules. Board Members shall also be offered refresher courses when circumstances so advise.

| | Complies | Partially complies | Explain |
|--|----------|--------------------|---------|
| | | X | |

It is to our understanding that the information made available to the Board Members is appropriate in terms of quality and quantity for the correct exercise of their duties. Additionally, the Board Members have access to the rules regarding the Company's corporate operations at all times, since they are furnished to them on each occasion required and they may consult them at any time on the company's website.

F. Degree of Compliance with the Corporate Governance Recommendations

26. The companies shall require their Board Members to devote sufficient time and effort to perform their duties effectively. As such:
- a) Board Members shall apprise the Appointment Committee of their other professional obligations which might detract from the necessary dedication;
 - b) The companies shall set rules regarding the number of Board positions their Board Members may hold.

See sections: B.1.8, B.1.9 and B.1.17.

| | Complies | Partially complies | Explain |
|--|----------|--------------------|---------|
| | | X | |

For these purposes, Articles 13 and 14 of the Rules of the Board of Directors stipulate that the Board Members must also notify the Company of any significant changes in their professional capacity and, specifically, those changes that affect their designation as a Board Member. Board Members cannot, either directly or indirectly, hold positions in companies or firms that are competitors of the Company or of any of the Group companies or provide representation services on behalf of same.

It is to our understanding that a limitation by the company on the number of Boards on which their Board members may hold positions is excessive, since it their responsibility to devote sufficient time to carry out the duties relating to each of the positions to which they have been appointed diligently and loyally. Furthermore, in view of the different levels of dedication required to hold a position on certain Boards as compared to others, laying down a general rule is not the most appropriate solution, given that the only ones in the position to assess whether forming part of several Boards hinders the diligent fulfilment of their obligations is the Board Member in question, or those assessing the performance of the Board.

27. The proposal for the appointment or renewal of Board Members which the Board submits to the General Shareholder’s Meeting, as well as provisional appointments through cooptation, shall be approved by the Board:
- a) At the proposal of the Appointment Committee, in the case of independent directors.
 - b) Subject to a report from the Appointment Committee in the case of all other Board Members.

See section: B.1.2.

| | Complies | Partially complies | Explain |
|--|----------|--------------------|---------|
| | | X | |

The Appointment and Remuneration Committee is responsible, inter alia, for informing the Board of Directors of the proposed appointment of all Board Members, regardless of the type thereof, as well as the proposed appointment of the Secretary of the Board. It does appear to be appropriate to establish two different procedures for the proposed appointment or re-election of Board Members, based on the type thereof.

28. Companies shall post the following information regarding the Board Members on their websites, and keep them permanently updated:
- a) Professional experience and background;
 - b) Other Boards of Directors of which they are a member, regardless of whether or not the related companies are listed on the stock exchange;
 - c) Indication of the Board Member’s classification as executive, proprietary or independent, as the case may be. In the case of proprietary directors, the shareholder they represent or to whom they are affiliated shall be stated.
 - d) The date of their first and subsequent appointments as a company Board Member; and;
 - e) Shares held in the company and any options on the same.

| Complies | Partially complies | Explain |
|----------|--------------------|---------|
| X | | |

29. Independent directors may not hold this office for over an uninterrupted period of 12 years.

See section: B.1.2.

| Complies | Explain |
|----------|---------|
| | X |

It is to our understanding that holding office for over a period of 12 years does not compromise the Board Member's independence in any manner, and since there is no limit (legal, statutory or regulatory) regarding age or permanence on the Board, it is not appropriate to specifically lay down a rule for independent directors.

30. Proprietary directors shall resign when the shareholders they represent dispose of the shares owned in their entirety. The corresponding number of proprietary directors shall also resign, when the shareholders they represent reduce their ownership interest to a level requiring a reduction in the number of proprietary directors.

See sections: A.2, A.3 and B.1.2.

| Complies | Partially complies | Explain |
|----------|--------------------|---------|
| | | X |

It is to our understanding that a specific provision is not required in this regard.

31. The Board of Directors may not propose the removal of independent directors before the expiry of the statutory term for which they were appointed, as mandated by the bylaws, except where just cause is found by the Board based on a report of the Appointment Committee. In particular, just cause will be presumed when a Board Member is in breach of the duties inherent to his position or comes under one of the disqualifying grounds enumerated in section 5 of chapter III on the definitions of this Code.

The removal of independent directors may also be proposed when a takeover bid, merger or similar corporate operation causes changes in the capital structure of the company, in order to meet the proportionality criterion set out in Recommendation 12.

See sections: B.1.2, B.1.5 and B.1.26.

| Complies | Explain |
|----------|---------|
| | X |

It is to our understanding that the fact that the Board may not propose the removal of an independent director to the General Shareholders' Meeting except in the aforementioned case of just cause might be in conflict with the General Shareholders' Meeting power to revoke Board Members *ad nutum* (without cause).

32. The companies shall lay down rules requiring Board Members to inform the Board, and if necessary, resign, in cases where the company's name and reputation is harmed. In particular, Board Members shall be required to inform the Board immediately of any criminal charges brought against them and the progress of any subsequent trial.

F. Degree of Compliance with the Corporate Governance Recommendations

If a Board Member is indicted or brought to trial for any of the crimes stated in Article 124 of the Spanish Corporations law, the Board will examine and, in view of the particular circumstances, determine whether or not the Board Member shall continue in his position. The Board shall provide a reasonable explanation of all determinations made in the Annual Corporate Governance Report.

See sections: B.1.43 and B.1.44.

| Complies | Partially complies | Explain |
|----------|--------------------|---------|
| | X | |

For these purposes, Article 13 of the Rules of the Board of Directors stipulate that the Board Members must also notify the Company of any significant changes in their professional capacity and, specifically, those changes that affect their designation as a Board Member. They shall likewise inform the Company of any legal or administrative procedure that could have a negative affect on the reputation of the Company.

The Board Members shall abstain from intervening in the deliberations and of taking part in the voting on those matters in which they have a particular interest. This shall also be expressly recorded in the Minutes.

Since it is impossible to fully categorize all circumstances which might lead to the loss of confidence or harm the company's reputation, we do not consider it appropriate to specify one case, such as the case included in this recommendation. Consequently, we believe that the generic provision included in the aforementioned Rule of the Board of Directors is more appropriate.

Additionally, it is to our understanding that treatment should be uniform and, in accordance with the law applicable to this case or any other circumstance worthy of reproach, the Board should be responsible for studying, and if deemed appropriate, proposing the removal of the Board Member in question to the General Shareholders' Meeting, following which the General Shareholders' Meeting may determine whether or not to remove the Board Member.

- 33. All Board Members should express clear opposition when they feel a proposal submitted for the Board's approval might harm the corporate interest. In particular, independent directors, and other Board Members not subject to a potential conflict of inter should strenuously challenge any decision that might unjustifiably harm the interests of shareholders lacking board representation.

When the Board makes material or reiterated decisions about which a Board Member has expressed serious reservations, then he or she must draw the pertinent conclusions. Board Members resigning for such causes should set out their reasons in the letter referred to in the next Recommendation.

The term of this Recommendation will also apply to the Board Secretary in the discharge of his or her duties.

| Complies | Partially complies | Explain | Not applicable |
|----------|--------------------|---------|----------------|
| | | | X |

- 34. Board Members who resign or otherwise step down before their term expires, shall explain their reasons for doing so in a letter sent to all the Board Members. Notwithstanding whether it is reported as a relevant fact, the removal of any director and the motives for the same must be explained in the Annual Corporate Governance Report.

See section: B.1.5.

| Complies | Partially complies | Explain | Not applicable |
|----------|--------------------|---------|----------------|
| | | | X |

35. The company's remuneration policy, as approved by its Board of Directors, will specify at least the following points:

- a) The amount of the fixed components, itemised where necessary, of Board and Board committee attendance fees, with an estimate of the fixed annual payment they give rise to.
- b) Variable remuneration items, including specifically:
 - i) The types of Board Members they apply to, with an explanation of the relative weight of variable to fixed remuneration items.
 - ii) Performance evaluation criteria used to calculate entitlement to the award of shares or stock options or any variable remuneration;
 - iii) The main parameters and justification for any system of annual bonuses or other, non cash benefits; and
 - iv) an estimate of the total variable pay resulting from the proposed remuneration plan based on the extent to which the applicable benchmarks are complied with.
- c) Main characteristics of pension systems (for example, supplementary pensions, life insurance and similar arrangements), and an estimate of the equivalent amount or cost.
- d) The conditions to apply to the contracts of executive directors exercising senior management functions, including:
 - i) Term;
 - ii) Notice periods; and
 - iii) Any other clauses covering hiring bonuses, as well as indemnities or 'golden parachutes' in the event of early termination of the contractual relation between company and executive director.

See section: B.1.15.

| | Complies | Partially complies | Explain |
|--|----------|--------------------|---------|
| | X | | |

36. Remuneration comprising the delivery of shares in the company or other companies in the group, stock options or other share-based incentives, or incentive payments linked to the company's performance or membership of pension schemes shall be confined to executive directors.

The delivery of shares is excluded from this limitation, when such delivery is contingent on Board Members retaining the shares till the end of their term.

See sections: A.3 and B.1.3.

| | Complies | Explain |
|--|----------|---------|
| | X | |

37. Board Member remuneration shall sufficiently compensate them for the commitment, qualifications and responsibility that the position entails, but should not be so high as to jeopardise their independence.

| | Complies | Explain |
|--|----------|---------|
| | X | |

38. In the case of remuneration linked to company earnings, deductions should be computed for any qualifications stated in the independent auditor's report.

| | Complies | Explain | Not applicable |
|--|----------|---------|----------------|
| | | | X |

F. Degree of Compliance with the Corporate Governance Recommendations

39. In the case of variable pay, remuneration policies should include technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, atypical or exceptional transactions or circumstances of this kind.

| Complies | Explain | Not applicable |
|----------|---------|----------------|
| X | | |

40. The Board shall submit a consultative report on the Board Members' remuneration policy to the vote of the General Shareholders' Meeting, as a separate item on the Agenda. The said report shall be provided to shareholders separately or in any form deemed appropriate by the company.

The report will focus on the remuneration policy the Board has approved for the current year, with reference, as the case may be, to the policy planned for future years. It will address all the questions referred to in Recommendation 35, except points potentially involving the disclosure of commercially sensitive information. It will also identify and explain the most significant changes in remuneration policy with respect to the previous year referred to the General Shareholders' Meeting. It shall also provide a general summary of how remuneration policy was implemented in the prior year.

The role of the Remuneration Committee in designing the policy and, if external advisors have been retained, their identity shall also be reported.

See section: B.1.16.

| Complies | Partially complies | Explain |
|----------|--------------------|---------|
| | | X |

As previously stated (B.1.14) The Board submits the attendance fees payable to the Board Members to the approval of the Shareholders' Meeting, at the time the distribution of profits is proposed. Additionally in the Annual Corporate Governance report (B.1.12) detailed information is included on the different type of pay received by the Board Members each year. A detail of the options granted to each Executive director and to the Group's other senior managers is also made available to the general public by means of the corresponding relevant fact. Therefore it is considered unnecessary to draft a specific report on the remuneration policy or of the Appointment and Remuneration's role in its design.

41. This report shall include a detail of the payments made in the period to individual directors, including:
- a) A breakdown of the remuneration obtained by each company director, to include where appropriate:
 - i) Participation and attendance fees and other fixed Board Member payments;
 - ii) Additional compensation for acting as chairman or member of a Board committee;
 - iii) Any payments made under profit-sharing or bonus schemes, and the reason for their accrual;
 - iv) Contributions on the director's behalf to defined-contribution pension plans; or any increase in the director's vested rights in the case of contributions to defined-benefit schemes;
 - v) Any indemnities agreed or paid on the termination of their functions;
 - vi) Any compensation they receive as Board Members of other companies in the group;;
 - vii) The remuneration executive directors receive in respect of their senior management positions;
 - viii) Any kind of compensation other than those listed above, of whatever nature and provenance within the group, especially when it may be considered a related-party transaction or when its omission would detract from a true and fair view of the total remuneration received by the Board Member.

- b) An individual breakdown of deliveries to directors of shares, stock options or other share-based incentives, itemised by:
- i) Number of shares or options awarded in the year, and the terms set for their execution;
 - ii) Number of options exercised in the year, specifying the number of shares involved and the exercise price;
 - iii) Number of options outstanding at the annual close, specifying their price, date and other exercise conditions;
 - iv) Any change in the year in the exercise terms of previously awarded options.
- c) Information on the relation in the year between the remuneration obtained by executive directors and the company's profits or some other measure of enterprise results.

| Complies | Partially complies | Explain |
|----------|--------------------|---------|
| | | X |

As indicate in our response to the previous recommendation, it is to our understanding that the information furnished by the company, particularly in the Annual Corporate Governance reports and relevant facts relation to stock options, contained sufficient individualized or collective information, as the case may be in this connection in accordance with the law in force.

42. When the company has a Delegate or Executive Committee (hereafter, "Executive Committee"), the breakdown of its Board Members by category should roughly mirror that of the Board itself.

See sections: B.2.1 and B.2.6.

| Complies | Partially complies | Explain | Not applicable |
|----------|--------------------|---------|----------------|
| | X | | |

The Executive Committee is formed by 2 executive directors, 3 external proprietary directors and one external independent director. The non-member Secretary of the Executive Committee, is the Secretary General of the Board of Directors. The breakdown of ownership interest by type of Board Member on the Board of Directors as compared to the Executive Committee, is as follows:

| | Board of Directors | Executive Committee |
|--------------------------------|--------------------|---------------------|
| Executive Directors | 21.05% | 28.6% |
| External Proprietary Directors | 47.368% | 42.857% |
| External Independent Directors | 26.3% | 14.3% |
| Other External Directors | 5.263% | 14.3% |

It is to our understanding that a broad proprietary representation on the Board and Executive Committee, is in most cases, the best manner in which to represent the Company's interest, and it cannot be generally assumed that its is best to have a Board formed by a broad majority of independents. A Board of Directors made up of many independents is not necessary more representative than a Board with a broad proprietary representation. The same applies to the exact proportionality between the Board of Directors and Executive Committee.

Of importance is the establishment of majority support between the Board and the General Shareholders' Meeting, which is recognised by the market and shareholders. On this basis, correction mechanisms can be put in place which allow for the presence of non-proprietary directors whose function is precisely to assure that the interests of the proprietary majority are not confused with those of the Company. It is not the case that certain members represent the majority and other the minority, but rather that neither one group nor the other should lose sight of the fact that they should represent the global interests of the company.

F. Degree of Compliance with the Corporate Governance Recommendations

43. The Board shall be kept fully informed of the business transacted and decisions made by the Executive Committee. All Board members will receive a copy of the Committee's minutes.

| Complies | Explain | Not applicable |
|----------|---------|----------------|
| X | | |

44. In addition to the Audit Committee, which is mandatory under the Securities Market Law, the Board of Directors shall form a Committee, or two separate committees, of Appointment and Remuneration.

The rules governing the make-up and operation of the Audit Committee and the Committee or committees of Appointment and Remuneration will be set forth in the Rules of the Board of Directors, and shall include at least the following:

- a) The Board of Directors shall appoint the members of these committees with regard to the knowledge, skills and experience of its Board Members and the duties each committee; shall discuss their proposals and reports; and at the first meeting of the Board following their meetings, the committee members shall report on and take responsibility for the work performed.
- b) These committees shall be composed exclusively of external directors and shall have a minimum of three members. This is without prejudice to executive directors or senior managers attending meetings, for informational purposes, at the committees' invitation.
- c) Their chairmen shall be independent directors.
- d) They may engage external advisors, when they feel this is necessary for the discharge of their duties.
- e) Meeting proceedings shall be recorded in minutes, a copy of which is to be sent to all Board members.

See sections: B.2.1 and B.2.3.

| Complies | Partially complies | Explain |
|----------|--------------------|---------|
| | X | |

The Company complies with the different sections of this Recommendation, except for: c) given that the chairman of the Appointment and Remuneration Committee is not an external independent director, but rather a proprietary director; and e) since the Board of Directors is not furnished with copies of the minutes of the Committee meetings.

45. The task of supervising compliance with internal codes of conduct and corporate governance rules will be assigned to the Audit Committee, the Appointment Committee or, as the case may be, separate Compliance or Corporate Governance committees.

| Complies | Explain |
|----------|---------|
| X | |

46. All members of the Audit Committee, particularly its chairman, will be appointed with regard to their knowledge and experience in accounting, auditing or risk management matters.

| Complies | Explain |
|----------|---------|
| X | |

47. Listed companies will have an internal audit function, under the supervision of the Audit Committee, to ensure the proper operation of internal information and control systems.

| | Complies | Partially complies | Explain |
|--|----------|--------------------|---------|
| | X | | |

48. The head of internal audit shall present an annual work programme to the Audit Committee, report to it directly on any incidents arising during its implementation, and submit an activities report at the end of each year.

| | Complies | Partially complies | Explain |
|--|----------|--------------------|---------|
| | X | | |

49. Control and risk management policy shall specify at least:

- a) The different types of risk (operational, technological, financial, legal, reputational...) the company is exposed to, with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks;
- b) The determination of the risk level the company sees as acceptable;
- c) The measures provided to mitigate the impact of the risks identified, in the event that they were to materialise;
- d) The internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks.

See sections: D.

| | Complies | Partially complies | Explain |
|--|----------|--------------------|---------|
| | X | | |

50. The Audit Committee's role will be as follows:

1. In relation to internal control and reporting systems:

- a) Monitor the preparation and the integrity of the financial information prepared on the company and, where appropriate, the group, checking for compliance with legal provisions and the correct application of accounting principles.
- b) Review internal control and risk management systems on a regular basis, so main risks are properly identified, managed and disclosed.
- c) Oversee the independence and effectiveness of the internal audit function; propose the selection, appointment, reappointment and removal of the head of internal audit; propose the resources to be assigned to the internal audit function; receive regular report backs on its activities; and verify that senior management are acting on the conclusions and recommendations of its reports.
- d) Establish and supervise a mechanism whereby staff can report any irregularities, and particularly financial and accounting irregularities they detect in the course of their work anonymously or confidentially.

2. In relation to the external auditor:

- a) Make recommendations to the Board for the selection, appointment, reappointment and removal of the external auditor, and the terms and conditions of his engagement.
- b) Receive regular information from the external auditor on the progress and findings of the audit plan, and check that senior management are acting on its recommendation.
- c) Oversee the independence of the external auditor, to which end:
 - i) The company will notify any change of auditor to the Spanish Stock Market Commission in the form of a relevant fact, stating the reasons for its decision.
 - ii) The Committee will ensure that the company and the auditor adhere to current regulations on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, other requirements designed to safeguard auditors' independence;
 - iii) The Committee will investigate the issues giving rise to the resignation of any external auditor.

F. Degree of Compliance with the Corporate Governance Recommendations

d) In the case of groups, the group auditor shall be encouraged to assume responsibility for the audits of all the group companies.

See sections: B.1.35, B.2.2, B.2.3 and D.3.

| Complies | Partially complies | Explain |
|----------|--------------------|---------|
| | X | |

The Company complies with all sections of this recommendation except for section d) since there is no specific provision in this respect, although this does not imply that the company does not materially comply with the contents of the recommendation.

51. The Audit Committee may meet with any company employee or manager, even ordering their appearance without the presence of any senior manager.

| Complies | Explain |
|----------|---------|
| | X |

Refer to the explanation included under Recommendation 50.

52. The Audit Committee will report on the following points from Recommendation 8 before any decisions are taken by the Board:

- a) The financial information to be periodically disclosed by the Company given that it is listed on the stock exchange. The Committee shall ensure that intermediate statements are drawn up under the same accounting principles as the annual statements and, to this end, may ask the external auditor to conduct a limited review.
- b) The incorporation or acquisition of special purpose vehicles or entities resident in countries or territories defined as tax havens, as well as any analogous transactions or operations whose complexity may impair the Group's transparency.
- c) Related-party transactions, unless this responsibility has been another supervision and control Committee.

See sections: B.2.2 and B.2.3.

| Complies | Partially complies | Explain |
|----------|--------------------|---------|
| | X | |

The Rules of the Board of Directors does not expressly stipulate that the Audit Committee must report to the Board before it takes decisions on the items included in b).

53. The Board of Directors shall present the financial statements to the General Shareholders' Meeting without reservations or qualifications in the audit report. Should such reservations or qualifications exist, both the Committee chairman and the auditors will give a clear account to shareholders of their scope and content.

See section: B.1.38.

| Complies | Partially complies | Explain |
|----------|--------------------|---------|
| X | | |

54. The majority of the members of the Appointment Committee or of the Appointment and Remuneration Committee, in the case that there is only one, of independent directors.

See section: B.2.1.

| Complies | Explain | Not applicable |
|----------|---------|----------------|
| | X | |

Refer to the explanation provided in response to Recommendation 42.

55. The Appointment Committee shall have the following functions in addition to those stated in earlier Recommendations:

- a) Evaluate the skills, knowledge and experience of the Board, define the roles and abilities required of the candidates to fill each vacancy, and decide the time and dedication necessary for them to properly perform their duties.
- b) Examine or organise, in appropriate form, the succession of the chairman and chief executive officer, making the pertinent recommendations to the Board so the handover proceeds in a planned and orderly manner.
- c) Report on the senior management appointments and removals which the chief executive officer proposes to the Board.
- d) Report to the Board on the gender diversity issues discussed in Recommendation 14 of this Code.

See section: B.2.3.

| Complies | Partially complies | Explain | Not applicable |
|----------|--------------------|---------|----------------|
| | X | | |

The Appointment and Remuneration Committee has not been formally assigned with the duties listed in a), b) and d).

56. The Remuneration Committee will consult with the chairman or chief executive officer, especially on issues involving executive directors and senior executives.

Any Board Member may request that the Appointment Committee take into consideration potential candidates considered to be appropriate to fill Board Member vacancies.

| Complies | Partially complies | Explain | Not applicable |
|----------|--------------------|---------|----------------|
| | | X | |

The chairman is the one who consults the Appointment and Remuneration Committee regarding matters relating to executive directors and the appointment of the company's senior executive. It is not expressly provided that any Board Member may propose candidates to the Committee to fill Board Member vacancies.

57. The Remuneration Committee shall have the following functions in addition to those stated in earlier Recommendations:

- a) Make proposals to the Board of Directors regarding:
 - i) The remuneration policy for Board Members and senior executives;
 - ii) The individual remuneration of Board Members and other contract conditions;
 - iii) The basic conditions of the contracts of senior executives.
- b) Oversee compliance with the remuneration policy set by the company.

See sections: B.1.14 and B.2.3.

| Complies | Partially complies | Explain | Not applicable |
|----------|--------------------|---------|----------------|
| X | | | |

58. The Remuneration Committee will consult with the chairman or chief executive officer, especially on issues involving executive directors and senior executives.

| Complies | Explain | Not applicable |
|----------|---------|----------------|
| | X | |

See the response provided under Recommendation 56.

G. Other Information of Interest

If it is considered that there is some principle or matter that is relevant with respect to the practices of corporate governance applied by the Company that has not been covered by the present report, include it below and explain its content.

A.1. At its meeting held on 3 December 2008, the Extraordinary General Shareholders' Meeting resolved to redeem 16,746,453 shares, representing 4.993% of the share capital constituting the Company's treasury shares at the date of the meeting, with a charge to the share capital for the par value of the redeemed shares, and with a charge to voluntary reserves up to the amount paid for the acquisition. Following this redemption, the share capital amounted to EUR 159,321,987 represented by 318,643,974 shares. The aforementioned resolutions were recorded in a public document n January 7, 2009, before the Madrid Notary Mr. Cruz Gonzalo López-Muller Gómez, under number 2 of his protocol, and registered in the Madrid Mercantile Register on January 8, 2009, in volume 10064, sheet 205, page M 30221, entry no. 329. The Madrid, Barcelona, Bilbao and Valencia Stock Exchange Governing Companies delisted the 16,746,453 redeemed shares, effective on January 13, 2009.

B.1.2. Don Juan March de La Lastra, was appointed as a Board Member through cooptation on July 30, 2008. The Extraordinary General Shareholders' Meeting held on 3 December 2008 ratified his appointment and elected Mr. Juan March de La Lastra as a member of the Company's Board of Directors for at term of six years following the date of this meeting.

B.1.7. Iberpistas S.A.C.E y SABA Aparcamientos, S.A. are not fully consolidated by the ACS Group.

B.1.11. The obligations assumed in relation to pension plans are the same as the amounts contributed in this connection, since these obligations have been externalised and transferred to an insurance company. Accordingly, the Group has not assumed any outstanding obligation other than the contribution of the annual premium.

B.1.30. The percentage of absent votes in the Board are not calculated by the number of meetings at which all the Board Members were not present with respect to the total number held, but rather by the number of votes (five) with respect to the total theoretical number (5 meeting by 19 Board Members).

C.2. In relation to this section, the relevant operations that involved a transfer of resources or obligations between the Company or entities of the Group and significant shareholders of the Company are detailed:

| Description of the transaction | Cu./Pr. | Amount (thousands of euros) | Related party |
|--|----------|--------------------------------|-------------------------|
| Financing agreements: current loans | Current | 25,446 | Banca March, S.A. |
| Financing agreements: others (specify) | Current | 172,323 | Banca March, S.A. |
| Guarantees | Current | 71,642 | Banca March, S.A. |
| Reception of services | Current | 15,859 | Rosán Inversiones, S.L. |
| Reception of services | Previous | 9,974 | Rosán Inversiones, S.L. |
| Reception of services | Current | 5,332 | Grupo Iberostar |

The other financing agreements with Banca March, S.A. mainly correspond to certified suppliers payment credit lines.

All these commercial transactions were carried out on an arm's-length basis in the ordinary course of business, and related to ordinary Group company transactions.

C.3. With respect to this section, the only transactions performed between the Company's management and directors relate to the remuneration already disclosed in the different sections of the Annual Corporate Governance Report, and specifically in B.1.11 and B.1.12. Noteworthy is the 10% increase in the number of senior managers which is the main reason for the year-on-year increase in remunerations.

In any case, it is noteworthy that in 2008 the ACS Group had commercial relationships with companies in which some of its directors hold management functions. These commercial transactions were carried out in the normal course of business, under market conditions, and are habitual operations of Group companies.

The transactions performed in 2008 are as follows:

| Description of the transaction | Cu./Pr. | Amount (thousands of euros) | ST/ LT | Related party |
|--|---------|--------------------------------|-----------|---|
| Loans | Current | 1,084,918 | ST | Banco Santander Central Hispano |
| Financing agreements: loans | Current | 399,760 | LT | Banco Santander Central Hispano |
| Financing agreements: other (specify) | Current | 520,425 | ST | Banco Santander Central Hispano |
| Financing agreements: other (specify) | Current | 260 | LT | Banco Santander Central Hispano |
| Finance lease agreements | Current | 364 | ST | Banco Santander Central Hispano |
| Finance lease agreements | Current | 1,220 | LT | Banco Santander Central Hispano |
| Guarantees | Current | 1,431,337 | ST | Banco Santander Central Hispano |
| Guarantees | Current | 25,030 | LT | Banco Santander Central Hispano |
| Financing agreements: loans | Current | 415,775 | ST | Banesto |
| Financing agreements: loans | Current | 308,173 | LT | Banesto |
| Financing agreements: other (specify) | Current | 266,188 | ST | Banesto |
| Financing agreements: other (specify) | Current | 1,258 | LT | Banesto |
| Finance lease agreements | Current | 517 | ST | Banesto |
| Finance lease agreements | Current | 259 | LT | Banesto |
| Guarantees | Current | 361,697 | ST | Banesto |
| Guarantees | Current | 12,588 | LT | Banesto |
| Operating lease agreements | Current | 605 | ST | Fidalsar, S.L. |
| Provision of services | Current | 49 | ST | Fidalsar, S.L. |
| Dividends and other benefits paid | Current | 2,778 | ST | Fidwei Inversiones, S.L. |
| Dividends and other benefits paid | Current | 1,313 | ST | Lynx Capital, S.A. |
| Dividends and other benefits paid | Current | 193 | ST | Fazyx Inversiones Inmobiliarias, S.A. |
| Provision of services | Current | 17,056 | ST | Grupo Terratest |
| Management or cooperation agreements | Current | 305 | ST | Grupo Terratest |
| Sale of goods (unfinished or finished) | Current | 2,183 | ST | Indra |
| Provision of services | Current | 79,945 | ST | Indra |
| Reception of services | Current | 6,718 | ST | Indra |
| Operating lease agreements | Current | 1,484 | ST | Indra |
| Provision of services | Current | 3,372 | ST | Zardoya Otis, S.A. |
| Reception of services | Current | 15,863 | ST | Zardoya Otis, S.A. |
| Financing agreements: loans | Current | 642 | ST | Santander Banco Río |
| Financing agreements: loans | Current | 559 | LT | Santander Banco Río |
| Financing agreements: loans | Current | 2,123 | ST | Santander México |
| Financing agreements: loans | Current | 2,123 | LT | Santander México |
| Finance lease agreements | Current | 41 | ST | Santander Totta |
| Finance lease agreements | Current | 311 | LT | Santander Totta |
| Guarantees | Current | 11 | ST | Santander Totta |
| Other (specify) | Current | 54,772 | ST | March - Unipsa, Correduría de Seguros, S.A. |
| Sale of goods (unfinished or finished) | Current | 84 | ST | Geblassa |

The transactions performed with Banco Santander Central Hispano and its Group companies are indicated due to their relationship with the Director Joan-David Grimá Terré. The transactions performed with Grupo Terratest, Fidalsar, S.L., Fidwei Inversiones, S.L., Fazyx Inversiones Inmobiliarias, S.A. and Lynx Capital, S.A. are indicated due to their relationship with the director Pedro José López Jiménez. The transactions performed with Indra Sistemas, S.A. are indicated because Mr. Javier Monzón de Cáceres is the chairman of this Company. The transactions performed with the Zardoya Group are indicated due to their relationship with the Board Member Mr. Jose María Loizaga.

G. Other Information of Interest

The other financing agreements with Banco Santander Central Hispano and Banesto mainly correspond to reverse factoring for suppliers.

Transactions were performed with Unipsa, Correduría de Seguros, S.A. (a company related to Banca March, S.A.) amounting to EUR 54,722 thousand relating to "intermediate premiums" and not to consideration for insurance Brokerage services. All these commercial transactions were carried out on an arm's length basis in the ordinary course of business and relate to the normal operations of the Group companies.

This section may include any information, clarification or detail related to the above sections of the report, so far as it is relevant and not repetitive.

Specifically, indicate whether the Company is subject to legislation other than Spanish legislation in matters of corporate governance and, if applicable, include information that the Company is required to supply and which is different to that required in this report.

Binding definition of independent director:

Indicate whether any of the independent directors has or has had any relation to the company, its significant shareholders or managers, which having been sufficiently significant or important, would have caused this Board Member to lose his consideration as an independent in accordance with the definition set forth in section 5 of the Unified Code of Good Governance:

| | Yes | No |
|--|-----|----|
| | X | |

| Name | Type of relationship | Explanation |
|---------------------------------|--|--|
| Mr. José María Loizaga Víguri | Member of the Board of Directors of Zardoya Otis, S.A. | Zardoya Otis, S.A. is a normal supplier to the construction companies of the ACS Group |
| Mr. José María Aguirre González | Chairman of Banco Guipuzcoano, S.A. | Banco Santander S.A. is one of the Group's and different Group companies' normal financial service providers. |
| Mr. Joan-David Grimà i Terré | General Manager of Banco Santander S.A. | Banco Santander S.A. is one of the Group's and different Group companies' normal financial service providers. |
| Mr. Miquel Roca i Junyent | Lawyer | Mr. Roca has served as a lawyer in relation to certain matters which are individually of significance, but not when taken into consideration as a whole. |

Date and signature:

This Annual Corporate Governance Report was approved by the Board of Directors of the company at its session held on 26/03/2009

Indicate if any Board Members voted against or abstained with regard to the approval of this Report.

| | Yes | No |
|--|-----|----|
| | | X |









Project Director and Editor
ACS Group

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IMAGIA *officina*

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ACS Group Archives