

08
FCC
annual report

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annual report

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Letter from the **Chairman** and **Managing Director**

Ladies and gentlemen:

Fiscal year 2008 was not an easy year for FCC, taking place, as it did, in an economic environment cramped by the severe international financial crisis. The crisis had special connotations for Spain, where it severed an upward trend in the country's economic growth that had started in 1996.

Although the **gross domestic product** for the year as a whole grew by 1.2%, the figure's decline as the year progressed made for a shocking plunge; while in the first quarter it rose by 2.7%, in the last quarter it fell by 0.7%.

The downturn in the Spanish construction sector was even sharper, dropping from a 6% year-on-year increase in 2007 to a 5.1% reduction in 2008.

In this context, without indulging in self-complacency, we feel quite satisfied with the income statement and balance sheet that we have to present to you for the 2008 fiscal year. Although nobody could have ever predicted the magnitude of the crisis that is now upon us, all through 2008, and in previous fiscal years as well, we took the right decisions to be able to deal with times like now in the best possible situation for the company to continue making progress.

The **turnover** amounted to 14,016 million euro, up 4.4% over the fiscal year before. This increase was due especially to our strong **international development** in our basic activities (environmental services and infrastructure). Business abroad accounted for 41.5% of the total. In one year we rose from 4,746 million euro to 5,815 million euro, a 22.5% increase. In the last five years our international activity has grown ninefold.

The **backlog**, a key figure in a company such as ours, came to 32,706 million euro at the end of the last year, having grown 8.2% in one year.

The **gross operating profit (Ebitda)** came to 1,740 million euro. That was 9.8% less than the year before. The **ordinary net profit**, after subtracting the portion attributable to minority shareholders and taxes, was 337 million euro, having dropped 27% since 2007.

“The turnover amounted to 14,016
million euro, up 4.4%
over the fiscal year before”

“Business abroad accounted for
41.5% of the total”

“The Board of Directors will be proposing
to the shareholders a complementary
dividend of 0.785 euro”

“**FCC** has gained a place for itself amongst
the world’s most advanced companies in
terms of sustainability and corporate
responsibility”

Our balance sheet remains very strong. The non-recourse **net financial debt** hit 5,327 million euro, which is 3.68 times the Ebitda, and total net financial debt came to 6,900.6 million euro, 11.3% less than in last fiscal year.

The Board of Directors will be proposing to the shareholders a complementary **dividend** of 0.785 euro per share. That plus the interim dividend of the same amount paid out in January last makes a total dividend of 1.57 euro, which means the dividend payout is 59%, similar to that of previous fiscal years.

In 2008 the Board took a substantial decision for FCC's accounts: to change the method for consolidating all the companies where FCC holds an interest in joint businesses from proportional consolidation to equity consolidation. As a result, Realia, Global Vía Infraestructuras, Proactiva and other companies are now consolidated by the equity method. We feel this form of consolidation helps give a better picture of the Group's wealth and financial situation.

In 2008 the Second Corporate Social Responsibility Master Plan was approved. The Master Plan establishes commitments and enables the company to harmonise its responses to the challenges posed by sustainable development. Efforts were also made to involve the entire organisation in the creation and subsequent deployment of a code of ethics to reinforce the company's culture of integrity.

Our corporate responsibility management and results were recognised in 2008 in the form of our inclusion in the selective Dow Jones Sustainability, World and Stoxx responsible investment indices. That means FCC has gained a place for itself amongst the world's most advanced companies in terms of sustainability and corporate responsibility.

The Board of Directors would like to thank all the company's shareholders for their support and the employees on the Group's workforce for their cooperation and dedication, which encourage us to keep working in hopes of enabling the FCC Group to maintain its leadership position and become more and more solid and effective every day.

Baldomero Falcones Jaquotot
Chairman and Managing Director

GOVERNING BODIES

Board of Directors

Baldomero Falcones Jaquotot

Chairman

Managing Director

Executive Director

B-1998, S.L.

Representative:

Esther Koplowitz Romero de Juseu

First vice chairman

Director, representing a major shareholder

Dominum Desga, S.A.

Representative:

Esther Alcocer Koplowitz

Second vice chairman

Director, representing a major shareholder

Dominum Dirección y Gestión, S.A.

Representative:

Carmen Alcocer Koplowitz

Director, representing a major shareholder

EAC Inversiones Corporativas, S.L.

Representative:

Alicia Alcocer Koplowitz

Director, representing a major shareholder

Fernando Falcó y Fernández de Córdova

Director, representing a major shareholder

Marcelino Oreja Aguirre

Director, representing a major shareholder

Rafael Montes Sánchez

Director, representing a major shareholder

Miguel Blesa de la Parra

Director, representing a major shareholder

Gonzalo Anes y Álvarez de Castrillón

Independent Director

Juan Castells Masana

Director, representing a major shareholder

Felipe Bernabé García Pérez

Secretary General

Executive Director

Vice-Secretary of the Board of Directors

Robert Peugeot

Director, representing a major shareholder

Cartera Deva, S.A.

Representative:

José Aguinaga Cárdenas

Director, representing a major shareholder

Larranza XXI, S.L.

Representative:

Lourdes Martínez Zabala

Director, representing a major shareholder

Max Mazin Brodovka

Independent Director

César Ortega Gómez

Independent Director

Nicolás Redondo Terreros

Independent Director

Antonio Pérez Colmenero

Executive Director

Francisco Vicent Chuliá

Secretary (non-member)

Strategy Committee

Chairman

Members

Esther Koplowitz Romero de Juseu,

Esther Alcocer Koplowitz,

Fernando Falcó y Fernández de Córdova

Lourdes Martínez Zabala,

Robert Peugeot

José Aguinaga Cárdenas,

on behalf of B 1998, S.L

on behalf of Dominum Desga, S.A.

on behalf of Larranza XXI, S.L.

on behalf of Cartera Deva, S.A.

Executive Committee

Chairman	Baldomero Falcones Jaquotot
Members	Fernando Falcó y Fernández de Córdova Esther Alcocer Koplowitz, on behalf of Dominum Desga, S.A. Alicia Alcocer Koplowitz, on behalf of EAC Inversiones Corporativas, S.L. Juan Castells Masana José Aguinaga Cárdenas, on behalf of Cartera Deva, S.A.
Secretary (NON-MEMBER)	Francisco Vicent Chuliá
Vice secretary (NON-MEMBER)	Felipe B. García Pérez

Appointments and Remunerations Committee

Chairman	Esther Alcocer Koplowitz, on behalf of Dominum Desga, S.A.
Members	Fernando Falcó y Fernández de Córdova Alicia Alcocer Koplowitz, on behalf of EAC Inversiones Corporativas, S.L. Carmen Alcocer Koplowitz, on behalf of Dominum Dirección y Gestión, S.A. Rafael Montes Sánchez Antonio Pérez Colmenero José Aguinaga Cárdenas, on behalf of Cartera Deva, S.A. Robert Peugeot Gonzalo Anes y Álvarez de Castrillón Max Mazin Brodovka
Secretary (NON-MEMBER)	José María Verdú Ramos

Audit and Control Committee

Chairman	Fernando Falcó y Fernández de Córdova
Members	Esther Alcocer Koplowitz, on behalf of Dominum Desga, S.A. Alicia Alcocer Koplowitz, on behalf of EAC Inversiones Corporativas, S.L. Gonzalo Anes y Álvarez de Castrillón Juan Castells Masana
Secretary (NON-MEMBER)	José María Verdú Ramos

Steering Committee

Chairman	Baldomero Falcones Jaquotot
Members	Esther Alcocer Koplowitz Alicia Alcocer Koplowitz Fernando Falcó y Fernández de Córdova Felipe B. García Pérez (Secretary) José Luis de la Torre Sánchez Dieter Kiefer José Mayor Oreja Víctor Pastor Fernández Antonio Gómez Ciria Gèrard Ries José María Verdú Ramos Eduardo González Gómez Francisco Martín Monteagudo

A sustainable company

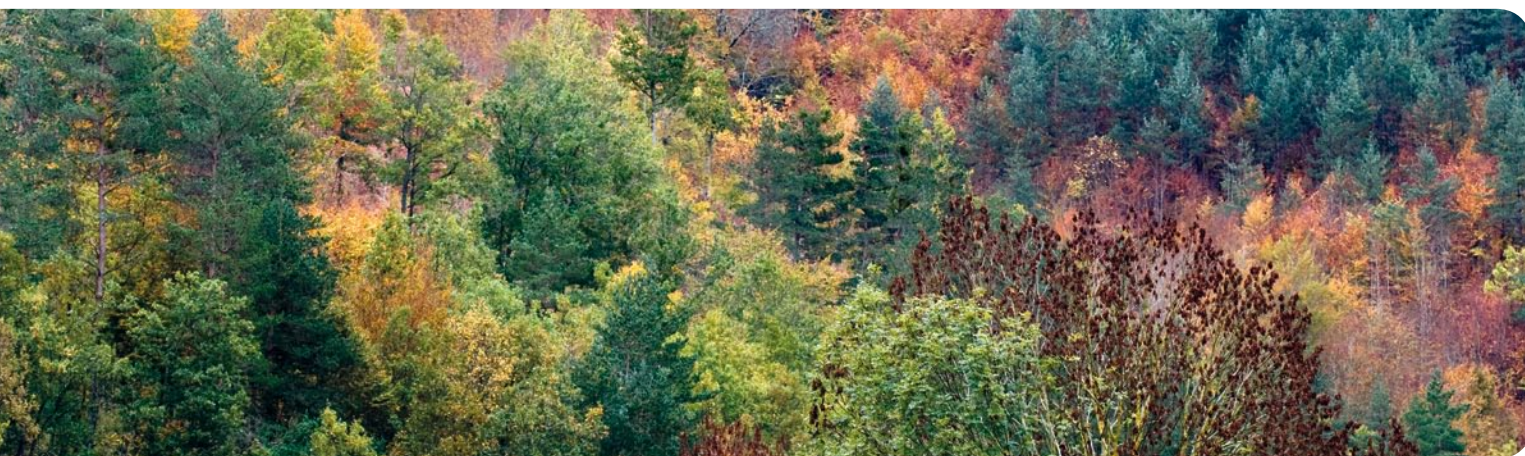
strategy

Plan 10

The 2008-2010 Strategic Plan unveiled in May 2008 sets up **three main objectives**:

- > **Consolidation of current businesses**, which includes maintaining our market shares and fully integrating the international businesses we have acquired.
- > **Use of opportunities** for growth in services and concessions, especially in Europe, the USA and emerging countries, and entry in the renewable energy business.
- > **Increase of the organisation's efficiency** through organisational and process re-engineering, talent management and cost optimisation





One year after the approval of Plan 10, the growing deterioration of the world economy has proved the wisdom behind the plan. Plan 10's objectives are still in full force, and hard work has been done in the last few months to get the plan introduced in all realms of the company.

In all the strategic sectors where FCC is present, despite the present difficulties, market share has been successfully maintained and in many cases increased, as testified by the high levels of contracting and the backlog, which hit a record figure for yet another year. At the same time an extraordinary effort has been made to integrate the assets acquired in previous fiscal years and make them even more profitable by finding the right synergies.

In a fiscal year made very complicated by the collapse of the world financial system, FCC prudently seized the opportunities for growth that it was offered, especially in the areas of waste management, infrastructure concessions and renewable energy sources. The acquisitions it made now form a basic platform for growth in line with the strategic objectives that FCC has set for itself.

Thanks to the creation of the efficiency area and the process re-engineering area, plus the renegotiation of contracts and the introduction of rules for saving on indirect costs and overhead, the goals set in these realms were met and surpassed.

In the Human Resources Area, a multi-year goal-sharing plan was started up, a plan to facilitate share purchasing by employees was supported and a share option plan was introduced for executives, whose salaries have been frozen for fiscal year 2009. All these measures are aimed at the same target: to provide incentive for bringing home greater profits for the company.

The foundations have been laid for consolidating FCC's model for managing corporate responsibility. Plan 10 includes amongst its strategic objectives sustainable development of the communities where FCC does business, a clear token of the company's dedication to its socially responsible commitments. Furthermore Plan 10 places special emphasis on the management of people and on the fight against climate change, a task that requires us to minimise our own impact and to seize market opportunities through the creation of FCC Energía y Sostenibilidad.

A sustainable company

relevant events

and other reports sent to the **CNMV**

01/02/08

Esther Koplowitz buys Ibersuizas' interest in B-1998

Today Esther Koplowitz bought Ibersuizas Holdings' interest in B-1998, which owns 52.438% of FCC and is therefore its leading shareholder. This agreement was reached on 24 December 2007.

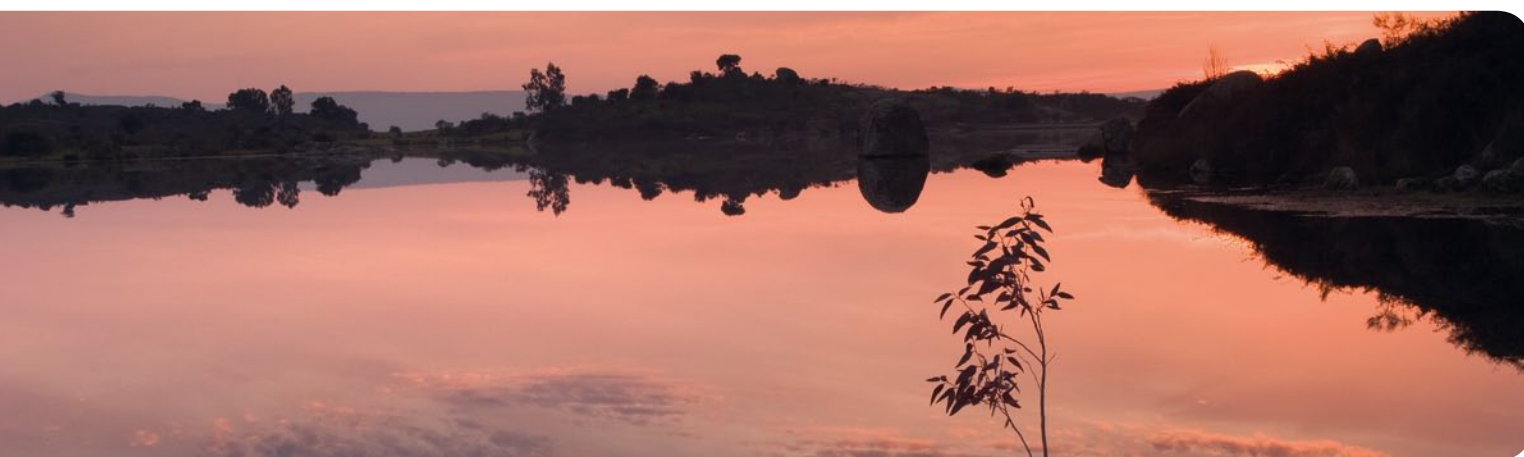
28/02/08

Preview of FY2007 results

28/03/08

Annual Corporate Governance Report





08/05/08

FCC signs a 1,225-million euro syndicated loan with 11 institutions.

Today FCC signed a syndicated loan with 11 financial institutions. The 1,225-million-euro loan is to be repaid in three years, with a possible two-year extension.

The transaction took place within the FCC Group's general framework for financing. The funds obtained will be applied to the FCC Group's corporate needs and will enable the Group to keep a significant volume of funds available for future development with a longer-term debt profile.

14/05/08

Announcement of Shareholders' Meeting and resolutions.

10/06/08

Changes on the Board of Directors.

In its meeting of today, 10 June, the FCC Board of Directors accepted the resignations of Luis Manuel Portillo Muñoz and Mariano Miguel Velasco (nominee directors, Inmobiliaria Colonial, S.A.), effective as of 3 June, and co-opted Manuel Fernando Menéndez López and

José María Sagardoy Llonis to replace the outgoing directors, also as nominee directors on behalf of Inmobiliaria Colonial.

19/06/08

Resolutions of the Annual Shareholders' Meeting.

The resolutions made by the General Meeting of Shareholders held in Barcelona on 18 June 2008 are reported.

19/06/08

Changes in the makeup of the Board of Directors.

In its meeting of 18 June 2008 the Annual General Meeting of Shareholders made, inter alia, the following resolutions:

> To re-elect **Baldomero Falcones Jaquotot** to the Board.

> To appoint **Nicolás Redondo Terreros** to the Board as an independent director.

> To ratify the standing of **Gonzalo Anes Álvarez de Castrillón** as an independent director.

> To appoint **José María Sagardoy Llonis** to the Board as a nominee director.

> To appoint Manuel **Fernando Menéndez López** to the Board as a nominee director.

After the Shareholders' Meeting, on the same date (18 June 2008), the Board of Directors made, inter alia, the following resolutions:

1. To accept the resignation of **Rafael Montes Sánchez** from the chairmanship of the Board of Directors, but not from his seat as a director.

2. To appoint **Baldomero Falcones Jaquotot** executive chairman and managing director.

3. To re-elect **Baldomero Falcones Jaquotot** as a member of the Executive Committee.

19/06/08

2.5% share capital reduction.

The Annual General Meeting of Shareholders held on 18 June 2008 resolved to reduce the company's share capital by 3,264,187 euro by redeeming 3,264,187 shares of treasury stock. The Shareholders consequently amended article 50 of the Company By-laws, which refers to the size of the share capital, and empowered the Board of

Directors to execute the resolution.

The Board of Directors, in its meeting held immediately after the General Meeting of Shareholders, resolved to execute the capital reduction.

21/08/09

FCC invests in the renewable energy sector.

FCC has reached an agreement with the Australian group Babcock & Brown Wind Partners (BBW) to buy 100% of BBW's Spanish wind farm portfolio, which BBW owns through the company Olivento Slu, for 190 million euro, assuming a gross debt of 590 million euro. These assets will be incorporated into FCC Energía, S.A., the FCC Group's new business unit.

This is the FCC Group's first strategic operation in energy. It will be the core around which the Group's energy activities will develop. It also meets one of the objectives of Plan 10, which was presented by the Group's Chairman and Managing Director, Baldomero Falcones, on 21 May last.

02/09/08

FCC and Caja Madrid buy Acciona's interest in five infrastructure concessions.

FCC Construcción and Corporación Financiera de Caja Madrid concluded an agreement today for the acquisition of the Acciona Group's shares in Concesiones de Madrid (M-45), Ruta de los Pantanos, Transportes Ferroviarios de Madrid (Tren de Arganda), Tranvía de Parla and Túnel de Envalira.

The total price arranged is 101.3 million euro. The acquisition hinges on whether the necessary administrative authorisations can be secured.

04/09/08

FCC acquires two solar photovoltaic farms in Córdoba.

FCC has bought two solar photovoltaic farms in Espejo, Córdoba, having an installed power capacity of 20 megawatts, from Sky Global Solar. The investment comes to 140 million euro. The farms are going to be connected to the mains in the current month of September, so they will qualify for the current rate of 0.435 euro/kW/hour.

This is the second investment in renewable energy that FCC has made in less than a month. The first was the purchase of 14 wind farms having an installed power capacity of 420 megawatts from the Australian group Babcock & Brown Wind Partners (BBW).

02/10/08

Appointment of Board of Directors officers.

The Board of Directors of FCC, in its meeting held on 30 September 2008, at the proposal of its Chairman, did unanimously make, inter alia, the following resolutions:

> To appoint **Esther Koplowitz Romero de Juseu** (B1998, S.L.) first vice chairman of the Board.

> To appoint **Esther Alcocer Koplowitz** (Dominum Desga, S.A.) second vice chairman of the Board.

03/10/08

Appointment of FCC Board committee members.

> **Esther Alcocer Koplowitz** (Dominum Desga, S.A.), member of the Audit and Control Committee.

> **Alicia Alcocer Koplowitz** (EAC Inversiones Corporativas, S.L.), member of the Appointments and Remunerations Committee.

> **Carmen Alcocer Koplowitz** (Dominum Dirección y Gestión, S.A.), member of the Appointments and Remunerations Committee.

15/12/08

BBW and FCC set contract performance date.

To follow up our Relevant Event No. 96944 of 21 August 2008 reporting on the contract signed by FCC and the Australian group Babcock & Brown Wind Partners (BBW) for the purchase of 100% of BBW's Spanish wind farm portfolio through the company Olivento, Slu, it is now reported that the two groups have agreed to 8 January 2009 as the date of performance of the contract in question.

Other reports

14/01/08

FCC wins its first job in the USA.

The FDOT (Florida Department of Transportation) awarded FCC the contract to widen highway I-95 in Miami. The winning bid is worth 121.5 million dollars.

This is the first job FCC has won in the USA. The project consists in widening the current I-95 by one lane in each direction, so that there are two HOV (high-occupancy vehicle) lanes separate from the rest. The section in question is 11 miles long and runs from road NW-32 to road SR-826 (Golden Glades).

21/01/08

FCC starts up Andalucía's first recycling plant for electrical and electronic waste.

In Aznalcóllar, Sevilla, FCC has started up Andalucía's first recycling plant for electrical and electronic waste. The project required an investment of 9.2 million euro.

The facility occupies an area of 25,000 m² and has three separate treatment lines: the white line, where appliances such as refrigerators, air conditioners, freezers and washing machines are recycled; the brown line, where useful fractions are recovered from consumer electronics (television sets, CD players, monitors, VCRs, photocopiers, etc.); and the fluorescent tube and electric discharge lamp line.

14/03/08

FCC to clean Zaragoza until 2020.

FCC has won the Zaragoza City Council's 12-year contract for management of the city's street-cleaning services and urban waste collection and transport. The contract is worth a total of 736 million euro, not counting cost-of-living revisions.

In its commitment to sustainable development, FCC has sought for real solutions usable by a city in constant change and evolution, such as Zaragoza, where FCC has been working uninterruptedly since 1940.

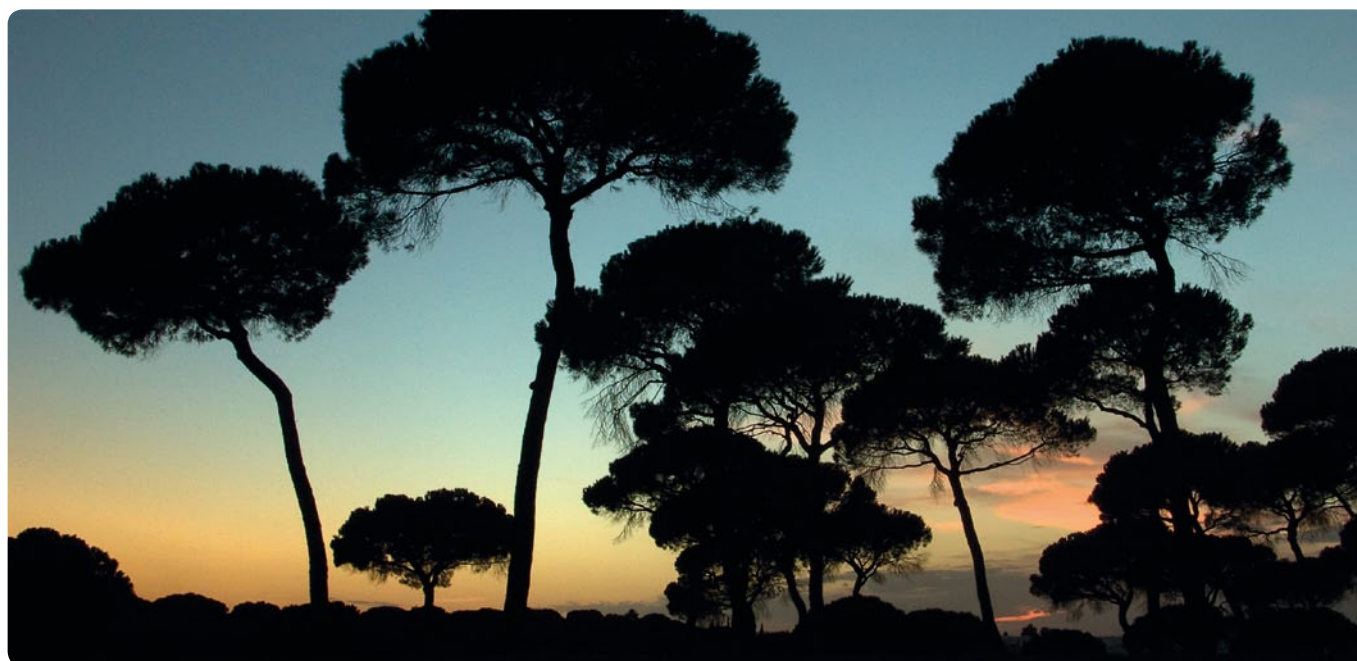
21/05/08

FCC's 2008-2010 Strategic Plan.

FCC anticipates growing by 30% in three years to a turnover of more than 18,000 million euro in 2010, under the 2008-2010 Strategic Plan presented today by Managing Director and Vice Chairman Baldomero Falcones. The plan calls for half of the income to come from business abroad.

The company's value to shareholders will be increased by more than 50%, while maintaining the current indebtedness ratio.

To meet its objectives, the company controlled by Esther Koplowitz, chairman of the Strategy Committee, plans to invest around 4,100 million euro.



FCC in figures

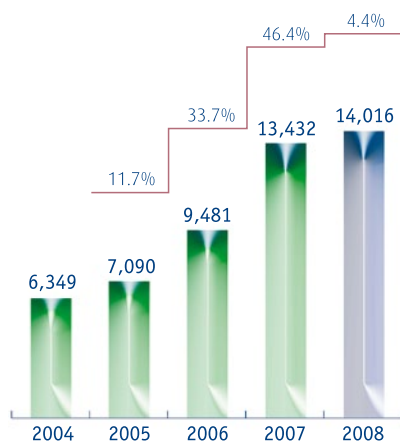
	2007	2006	2005	2004
Capital social	3.417	2.608	2.447	2.232
Ganancias acumuladas	2.613	2.232	2.031	1.956
Resultados del ejercicio	131	131	131	131
Dividendo a cubrir	2.077	1.780	1.626	1.535
Reservas	535	421	363	311
Reservas y otras reservas	(130)	(100)	(89)	(78)

FCC's financial statements for 2008 (and 2007, for purposes of comparison) include the change in the consolidation criteria applied to jointly managed companies. Both years' books now show jointly managed companies consolidated under the equity method, because it is felt to give a better picture of the Group's real situation.

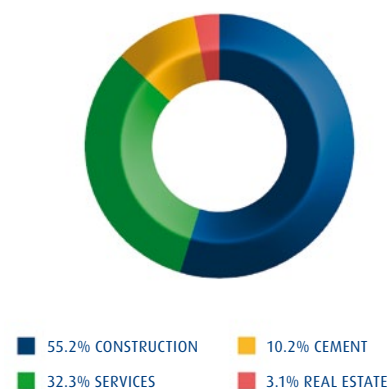
At the close of 2008 FCC took Realia into joint management. This means Realia contributes to the overall profit/loss of the fiscal year on a fully consolidated basis and is listed on the closing balance sheet as an investment by the equity method.

Turnover

Million euro

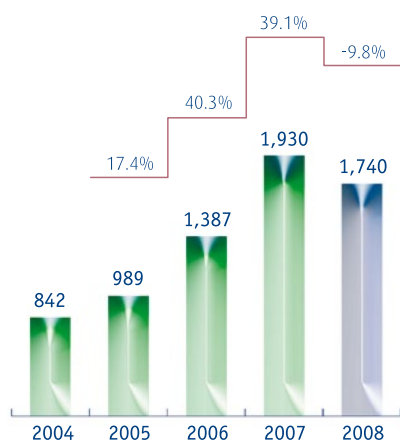


Breakdown by activity



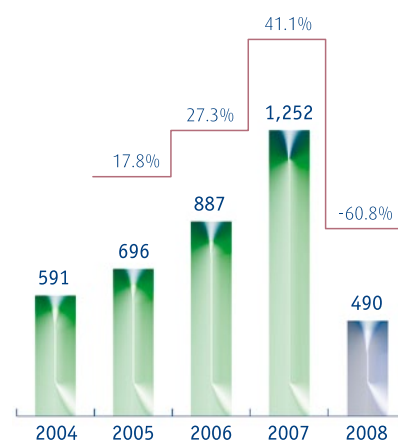
Gross operating profit (Ebitda)

Million euro



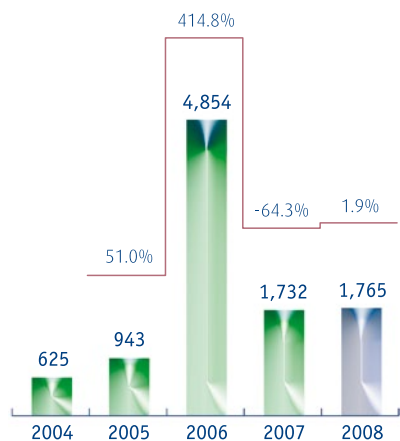
Pre-tax profits

Million euro



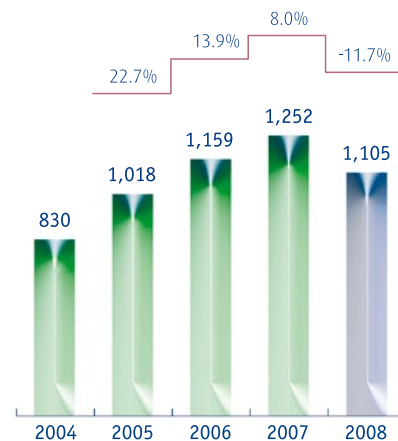
Investments

Million euro



Operating cash flow

Million euro

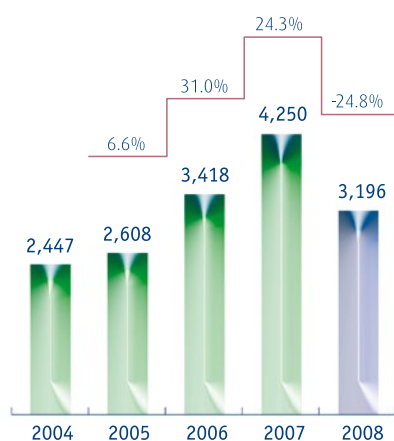


FCC in figures

consolidated figures

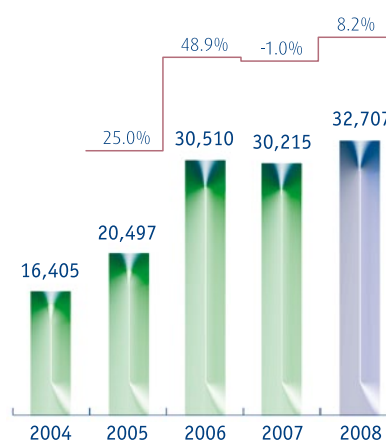
Net wealth

Million euro



Construction work and services backlog

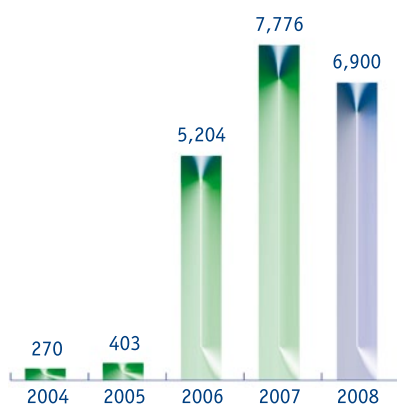
Million euro



Net financial indebtedness and leverage

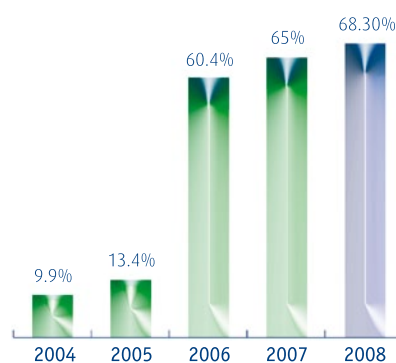
Million euro

Net financial indebtedness



Leverage %

(Net debt/equity+net debt)



Evolution of shares

Coming after the onset of the subprime crisis in the second half of 2007, fiscal year 2008 was branded by uncertainty about how the world economy would evolve. This uncertainty hit banking institutions especially hard.

The Ibex35 experienced the worst year of its history. Its 39.4% decline resembled the declines of its European counterparts (Paris -43%, London -32% and Frankfurt -40%). The index for the construction sector, which includes FCC and other companies of the same type, plummeted 47.6%. Of the companies within this index FCC displayed the second-best behaviour of the year, despite falling by 54.6% and closing at 23.3 euro per share.

Stock market capitalisation

FCC ended the year with a capitalisation of 2,970 million euro, 55.7% lower than the 6,711 million euro registered in fiscal year 2007. The variation between fiscal year 2007 and this fiscal year included the 2.5% reduction of the company's share capital that took place on 19 June 2008.

Trading

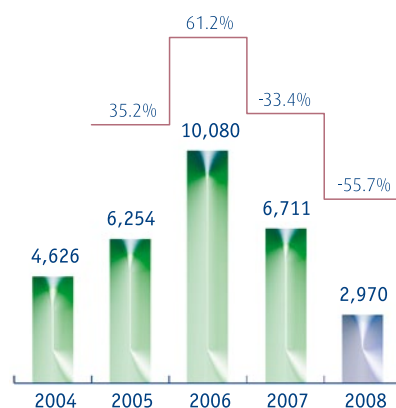
The total share volume traded this fiscal year was over 174 million shares, with a daily average of 684,728 shares, up 1% from 2007. In the year as a whole, the total share capital of FCC rotated 1.3 times. The daily average cash value traded was over 26 million euro, down 42% from the preceding fiscal year, due entirely to the lower share quotation.

Dividends

If the proposal that will be submitted to the 2009 General Meeting of Shareholders is approved, the amount that will be distributed to shareholders in the form of dividends paid on fiscal 2008 will be 1.57 euro (gross) per share, distributed in two payments: the interim dividend of 0.785 euro (gross) per share paid on 9 January 2009 and the complementary dividend of 0.785 euro (gross) per share.

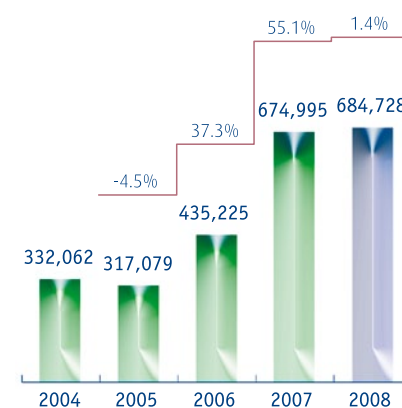
The total is 26.3% less than the dividend paid on the profits of 2007 and it makes for a pay-out of 59.2% of the consolidated ordinary net profit, higher than the 50% target pay-out.

Stock market capitalisation
Million euro



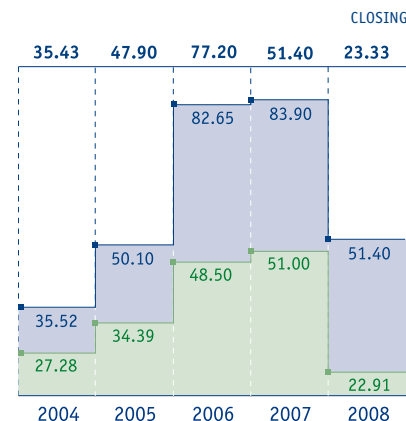
Trading volume

Average number of shares daily



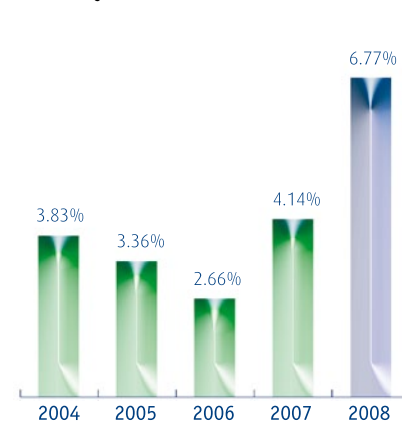
Share quotation: high, low and closing price

In euro



Dividend returns per share

Calculated with the quotation at the close of the fiscal year



Treasury stock

As a consequence of the resolution made in the Annual General Meeting of Shareholders held on 18 June 2008, the company's share capital was reduced by a total of 3,264,187 euro through the redemption (drawing upon voluntary reserves) of 3,264,187 shares of treasury stock having a par value of one euro per share. This reduction is equivalent to 2.5% of the capital of FCC, S.A. Accordingly, the wording of article 5 of the By-laws was amended to state the share capital as 127,303,296 euro, represented by 127,303,296 shares having a par value of one euro per share.

As of 31 December 2008 the treasury stock numbered 2,557,080 shares, equivalent to 2.01% of the company's share capital, half of what it was at the close of 2007. The investment in treasury stock was 68.9 million euro.

Shareholders

FCC issues shares under the book entry system. Those shares are listed on the four Spanish stock exchanges (Madrid, Barcelona, Valencia and Bilbao). According to the information on file in Spanish National Securities Market Commission records, on the closing date of the fiscal year the main shareholders in the company were the following:

PRINCIPAL SHAREHOLDERS / SHARES		
B 1998, S.L.	59,871,785	47.031%
AZATE, S.L. (*)	8,653,815	6.798%
INMOBILIARIA COLONIAL, S.A.	11,024,608	8.660%
COMMERZBANK AG	4,327,033	3.399%

OPTIONS		
CREDIT AGRICOLE. S.A.	4,323,586	3.396%
THE ROYAL BANK OF SCOTLAND PLC	4,323,586	3.396%

* Wholly owned subsidiary of B 1998, S.L.

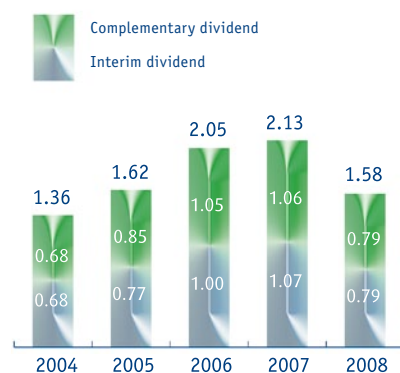
As of 31 December 2008, Credit Agricole and The Royal Bank of Scotland held options to purchase 3.396% apiece of the shares Inmobiliaria Colonial owned in Fomento de Construcciones y Contratas, S.A. After the close of the fiscal year, Credit Agricole (3.5%), The Royal Bank of Scotland (3.4%) and Eurohypo (3.4%) exercised their options and Inmobiliaria Colonial ceased to be a shareholder in FCC.

FCC's free float is 34.1% of the share capital and is composed of Spanish minority shareholders (10.9%), Spanish institutional investors (13.4%) and foreign institutional investors (9.8%).

The composition of the free float is as follows:

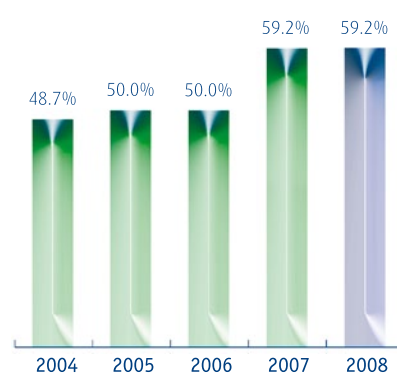
Dividend per share

In euro



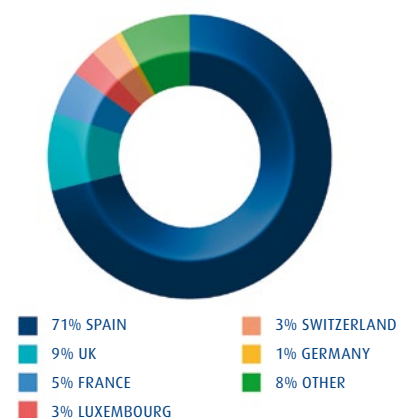
% Pay-out

(Dividend w/o controlling company's ordinary net profit)



Free float distribution by country

As of 20 May 2008



Evolution of the main financial indicators

Fomento de Construcciones y Contratas, S.A., and dependent companies (Consolidated Group)
as of 31 December 2008 (in thousands of euro)

ASSETS		31-12-2008	31-12-2007
NON-CURRENT ASSETS		11,831,837	13,582,328
Intangible assets		3,300,189	3,263,438
Tangible fixed assets		6,109,483	6,120,890
Real estate investments		263,919	2,335,502
Investments listed using the equity method of accounting		1,109,140	887,142
Non-current long-term assets		457,827	501,335
Deferred tax assets		552,842	416,045
Other non-current assets		38,437	57,976
CURRENT ASSETS		8,760,411	9,594,495
Non-current assets maintained for sale		7,367	30,539
Inventories		1,575,256	2,685,863
Trade and other accounts receivable		5,499,162	5,189,257
Other current long-term investments		215,236	160,289
Other current assets		54,729	30,602
Cash and other equivalent liquid assets		1,408,661	1,497,945
TOTAL ASSETS		20,592,248	23,176,823
LIABILITIES		31-12-2008	31-12-2007
NET WEALTH		3,196,154	4,250,499
Wealth attributed to the parent company		2,546,907	2,686,162
Shareholders' equity	2,952,670		2,773,301
Change in value adjustments	(405,763)		(87,139)
Minority interests		649,247	1,564,337
NON-CURRENT LIABILITIES		8,760,475	9,480,361
Subsidies		65,928	61,768
Non-current provisions		821,429	871,107
Non-current financial liabilities		6,872,318	7,483,471
Deferred tax liability		1,000,004	1,062,282
Other non-current liabilities		796	1,733
CURRENT LIABILITIES		8,635,619	9,445,963
Current provisions		91,918	82,371
Current financial liabilities		2,224,890	2,639,936
Trade and other accounts payable		6,302,732	6,641,763
Other current liabilities		16,079	81,893
TOTAL LIABILITIES		20,592,248	23,176,823

INCOME STATEMENT (thousands of euro)		31-12-2008	31-12-2007
Net sales		14,016,295	13,423,189
Own expenses capitalised		85,370	87,829
Other operating revenues		375,119	101,713
Variation in finished goods and work-in-process inventories		(61,412)	(5,603)
Supplies		(6,987,241)	(6,223,143)
Personnel expenses		(3,260,766)	(2,965,737)
Other operating expenses		(2,426,540)	(2,488,332)
Asset depreciation		(723,984)	(684,107)
Non-financial fixed-asset subsidies and other subsidies posted		7,013	3,827
Deterioration and income/loss on fixed-asset disposals		(80,012)	6,382
Other income or losses		2,666	3,204
OPERATING INCOME		946,508	1,259,222
Financial revenues		109,061	107,568
Financial expenses		(593,657)	(497,028)
Reasonable value variations in financial instruments		(15,573)	12,844
Translation differences		1,182	(14,470)
Deterioration and income/loss on financial instrument disposals		30,167	321,210
FINANCIAL RESULT		(468,820)	(69,876)
Result of companies valued by the equity method		12,641	62,957
PRE-TAX INCOME FROM ONGOING OPERATIONS		490,329	1,252,303
Income tax		(94,294)	(332,211)
FISCAL YEAR INCOME FROM ONGOING OPERATIONS		396,035	920,092
CONSOLIDATED INCOME OF THE FISCAL YEAR		396,035	920,092
Income attributed to the parent company		337,184	737,851
Income attributed to minority interests		58,851	182,241
PROFIT PER SHARE			
Basic		€2.71	€5.76
Diluted		€2.71	€5.76

services

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> Transport	40
> Industrial vehicle sales	41





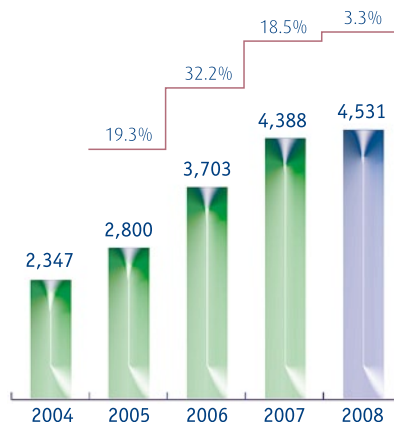
Ever since 1911 the urban **service business** has been a cornerstone of FCC. It contributes 32.3% of the overall turnover and 39.1% of the gross operating profit (Ebitda).

FCC divides services into two major groups. There are environmental services, which include all the businesses related with city sanitation, such as garbage collection, street cleaning, urban waste treatment, garden maintenance and similar work, end-to-end water management and industrial waste recycling. Then there are the services

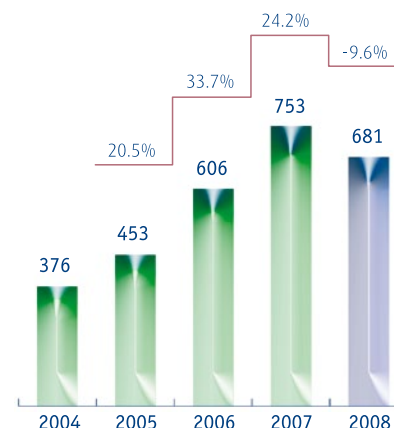
belonging to Versia: logistics, airport handling, urban furniture, parking facilities, conservation and systems, vehicle inspection, passenger transport and industrial vehicle sales.

The environmental services portfolio (urban sanitation, water management and industrial waste) came to 22,547.3 million euro at the end of the fiscal year, which was 5.7% more than the previous fiscal year.

Turnover
Million euro



Gross operating profit (Ebitda)
Million euro



City sanitation | Turnover: 2,498 million euro



Analysis of the sector

In the last fiscal year 538 contracts were awarded in tenders in the city sanitation field, for solid waste collection and treatment, street cleaning and sewer system maintenance. This is many more contracts than in 2007, when there were 188, and is in line with the forecasts made for this fiscal year, since municipal and regional elections were held in 2007. The joint annual allocation for the tenders came to 1,586 million euro, or 2.4 times more than in the previous fiscal year.

The activity registered in the building, commercial space and department store cleaning and maintenance subsectors and the park and garden maintenance and upkeep sector (where 1,700 million euro in contracts were won) was 3.4 times higher than the activity registered in the previous fiscal year (500 million euro). The number of tenders, 1,596, was also much higher than that of the previous fiscal year (306).

The forecasts for 2009 are similar to those for fiscal year 2008.



SOLID URBAN WASTE COLLECTION, EL CAMPELLO, ALICANTE.

FCC's activity

In 1911 FCC commenced cleaning Barcelona's sewers and four years later it began to collect the city's rubbish. It continues to provide these two services in Catalonia's capital as the winner of successive public tenders.

Of the 8,100 cities and towns in Spain, FCC provides these services in 3,597, whom it invoiced for 1,440 million euro in 2008, compared to the 1,350 million euro of the year before.

In addition, FCC does business in numerous countries of Europe, America and Africa. It has got a special hold on market share in the United Kingdom, where it is the urban waste treatment leader, thanks to its subsidiary WRG; in central Europe, where it does business through its Austrian subsidiary ASA; and in Latin America, where it provides services through Proactiva Medio Ambiente, a company owned in equal shares with Veolia Environmental.

Here are some of the contracts FCC won in 2008:

Barcelona. Rubbish collection management and street cleaning in the city's centre until the year 2017. This is the biggest contract the Barcelona city government has ever awarded. The new contract calls for the renovation of the waste collection and street-cleaning vehicle fleet and the replacement of all bins. The new bins will be lower in height and will be specially labelled for the blind, to make them accessible to all citizens.

Barnsley, Doncaster and Rotherham, United Kingdom. These are the three South Yorkshire cities where WRG will be managing 14 recycling centres over the next seven years. They will process 86,000 mt of urban waste yearly.

Calatayud, Zaragoza. Rubbish collection and street cleaning for the next 11 years.

Chester, United Kingdom. Management of solid urban waste, recyclable and green waste collection services

and recycling plant operation and maintenance for seven years. FCC has been rendering these services in Chester since 1995, and this is the third time it has renewed its contract under open bidding conditions. The English city of Chester has a population of 119,000 inhabitants, and FCC will be treating the more than 50,000 mt of waste their homes produce each year.

The collection vehicles will have a number of special features endowing them with a greater loading capacity and enhanced collection performance without losing manoeuvrability, at the minimum cost, minimum fuel consumption and a lower noise and pollution emissions level, as dictated by the concept of clean technologies.

Eastern Community of Madrid

Association. Design, financing, construction and 24 years' operation of an environmental complex for waste management, conceived to treat 233,000 mt of rubbish per year. To start with, the waste from over 300,000 people living in 20 municipal areas of eastern Madrid will be managed. The residual waste from the different facilities will be taken to the plasma-technology-based plant that turns waste into energy (treatment capacity: 15,000 mt/year), and the rest will go to a controlled landfill. The outcome of this process is a synthesis gas that is marketed to produce methanol or generate electricity.

Pamplona. Pneumatic urban waste collection system in the historic centre of Navarra's capital. Waste deposited at 54 collection points will be pushed through about five and a half kilometres of pipes to a pneumatic collection plant. Each container will have a counterweighted hinged mouth custom-decorated with a motif reminiscent of the historic centre of Pamplona. These containers will be used to separate organic waste, cartons and tins, paper and cardboard. All technical measures will be implemented to make these facilities easy for persons with physical and visual disabilities to use.

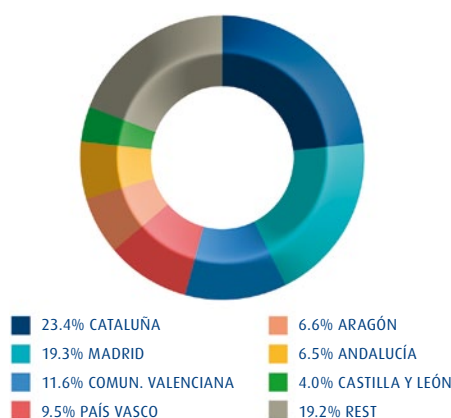
Pozuelo de Alarcón, Madrid.

Management of public services for solid urban waste collection and street cleaning, for a ten-year period. Motors running on ecological fuels (compressed natural gas, electricity and biodiesel) and equipped with the highest quality and safety technology will be skilfully combined to meet different needs.

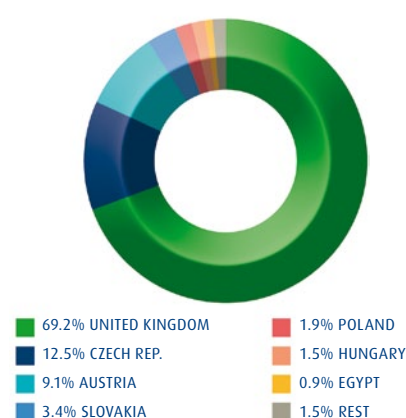
Zaragoza. Management of the city's street cleaning and urban waste collection and transport services for a 12-year period. During the contract's term FCC plans to make over 50 million euro in investments in vehicles, technology, environmental improvements and citizen awareness. FCC will be increasing both its human resources and its physical resources to stay on top of the needs of the city of Zaragoza, which has been relying on the company for services of this kind since 1940.

Geographical area

Contracts in Spain

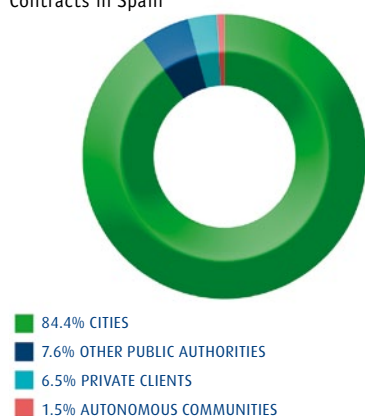


Contracts abroad



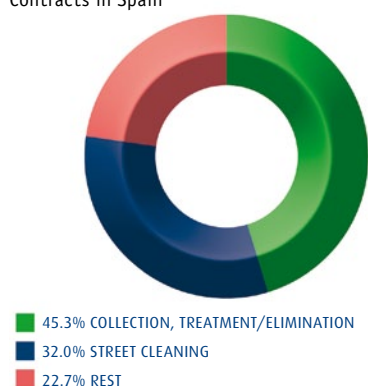
Breakdown by client type

Contracts in Spain



Breakdown by service type

Contracts in Spain



Technological innovation



SOLID URBAN WASTE COLLECTION, ZARAGOZA.

Emissions reduction and environmental improvements

Environmental issues are gaining importance in bids and designs for tenders, where environmental requirements are becoming more and more demanding. We are forced to develop new technologies to cut down the polluting emissions of machinery and non-mobile facilities, control effluents and reduce water consumption.

Emissions treatment is now applied to over 800 vehicles in FCC's fleet, thanks to the technology applied for using natural gas as a fuel at high-pressure natural gas filling plants and in all the vehicles demanded by tenders for street cleaning, garbage collection, gardening, fountains and even in the cleaning and maintenance of sewer pipes, a job that has called for the development of more than thirty different vehicles.

This technology largely solves the problems of exhaust gases and noise emissions. The available technology has in fact vaulted ahead of the legal requirements set on emissions by

the EU. FCC has also rolled out its "future" vehicles powered solely by electricity. This achievement places the company in a highly advanced position, technologically speaking, due to the sustainable possibilities inherent in using exclusively electricity-driven collection vehicles that perform on a par with diesel and natural gas vehicles. There are already 32 units of this sort in service.

The other wide-scope environmental issue is water consumption. City sanitation consumes up to two litres of water per inhabitant, because water is needed for sweeping and scrubbing streets, for mechanical sweeping, for washing out recipients, for washing vehicles and for maintenance and daily consumption in locker rooms and other facilities. Obviously the services FCC offers demand a lot of water, and it is vital to apply technologies to reduce water consumption or at all events to avoid consuming drinking water. However, for reasons of hygiene and health and safety requirements, the water we use must be nearly of drinking-water quality. Our response has been to design a water process and management system to cut FCC's net consumption of clean or drinking water to zero.

The treatment consists in water purification and treatment right at the purifying plant. A process is used to make water available in the necessary quantities and of a quality fit for use in services, in line with the yearly seasonality curve and the daily demand. Of course, the water used in the locker rooms at FCC's facilities has got to be fit for drinking, so after use locker room water is treated in the motor pools' own purifiers and immediately used to wash vehicles. With procedures like these, the overall drinking-water consumption balance has been brought down to zero.

Electrical vehicles

Because of the very substantial progress being made in electrical drive systems and electricity storage and control, the fleet in cities like Barcelona is already 40% electrical.

Two kinds of units have been developed, subjected to experimentation and rolled out for service. Both completely eliminate polluting gas and noise emissions while at work. One is a hybrid electrical vehicle for rubbish collection work, and the other is an entirely electrical vehicle for street-cleaning

work. They both have the features and performance to equal or surpass comparable conventionally driven machines.

The solution implemented thus far for rubbish collection is to use a hybrid machine. The unit is a ZEV (zero-emissions vehicle) during its collection regimen, when it is run exclusively on electricity, and it is a hybrid during its transport regimen, when it recharges its batteries using a conventional engine and generator.

The noise it makes does not stand out from the background noise of the city, even in night shifts, because the conventional engine is not run during collection. This means there are no polluting emissions whatsoever. This is the only vehicle that is configured so that collection service is always done in the electrical mode; has autonomy enough to do all the hauling scheduled for a seven-m³ compactor-collector unit,

recovering the energy consumed during collection when it shifts into the hybrid mode; and affords the same useful loading space as other collection units while boasting extremely small outer vehicle dimensions.

This vehicle has been equipped with a seven-m³ collection bin for gathering rubbish in the narrowest, most vehicle-unfriendly areas of the city. In addition, it can accelerate quickly, wasting no time in reaching high-enough speeds to travel on the motorway without falling below the lower limit set by traffic regulations.

For street-cleaning work, an auxiliary electrical drive vehicle has been developed that emits a great deal less pollution than its diesel equivalent, while maintaining the same properties as a diesel vehicle in terms of manoeuvrability and useful load.

This vehicle's contribution to pollution reduction comes from its power source

and drive system. The vehicle runs on electricity and draws the necessary energy from an electrical battery that has the unique feature of requiring no maintenance at all. Because the battery is maintenance-free, there are no gas emissions (acid fumes) from the battery's internal chemical reactions and no electrolyte spillage or other such emissions. So, "maintenance-free" means "air pollution-free".

For auxiliary cleaning work, the unit wears a closed, rocking fibreglass chassis of a new design, and for auxiliary collection work it is clad with a different chassis that is also closed, rocking and of new design, but of a lower capacity and incorporates a plastic container between the chassis and the cab that can be handled using a fold-down ramp.



STREET CLEANING, BARCELONA.



Technologies for water use in city services

As explained above, a great deal of water is used to render city services. To achieve a net drinking-water consumption balance equivalent to zero is a highly ambitious goal from the environmental standpoint. To reach it a process is needed that applies different technologies and is compatible with the very special conditions of water demand that each and every one of the services involved requires.

The water treatment and provision process must take into account a consumption rate of close to two litres per inhabitant per day. The process must also take place under very special conditions of water demand: Demand varies according to the time of day, sufficient water must be available 'round the clock and each city places

certain demands of its own on the service. Trucks holding up to 20,000 litres apiece have to be filled, and fast, so as not to compromise work hours with down time. Furthermore facilities need a very considerable volume of water for ancillary work such as washing machinery and containers.

The process consists in the continuous collection of the water FCC uses, separately from the conventional water purification process, with real-time analysis of the facility's input flow. The water is ultra-filtered, followed by chemical treatment for sulphur removal, deodorisation, disinfection and ultraviolet light, concluding with end chlorination and, some places, even reverse osmosis.

The entire process is automated. Systems continuously analyse flow, conductivity, turbidity, dissolved chlorine and organic matter (chemical oxygen demand, COD). The processed water is necessarily

regulated through storage, followed by transport and distribution.

This new technology and the water purification process used in locker rooms provide a solution for complete drinking-water savings. For a city like Zaragoza, it is as if people stopped consuming nearly 400,000 m³ of drinking water each year.

However, this is not enough to optimise water use. Measures must also be taken to lower consumption. To give just a slight idea of the amount of water our services require, sweeper and scrubber vehicles alone consume up to 13 m³ of water per day per vehicle. These units are built to hold different volumes, and they are fundamental tools for providing high-quality cleaning service, but their high yet necessary level of water consumption has made it necessary for us to equip them with not only drinking-water-saving technologies, but also mechanisms for optimising consumption



DRINKING-WATER TREATMENT PLANT, VALMOJADO, TOLEDO.



WASTEWATER TREATMENT PLANT, SUANCES, CANTABRIA.

during service. We have drastically modified units by installing high-pressure, low-flow pumps and automatic systems that optimise water use. The savings in comparison to previous units and services range from 30 to 80%, depending on the unit and the type of scrubbing operation in question. Water-spraying units have been adapted to the kinds of working conditions required by the combined scrubbing procedure and maximum performance optimisation for saving the water used. The result is that water-spraying vehicles have been rethought and redesigned to be different from the vehicles used hitherto and to use “regenerated” water always.

A new system of water optimisation has been incorporated in the units, which features adjustable scrubbers controlled through a programmable automaton. Water volume and pressure can be adjusted to match the vehicle’s speed, thus helping enormously to optimise scrubbing performance while slashing water consumption.

The new system is complemented by a newly installed second water pump that provides 40 bar of pressure at a flow rate of 1.5 m³/hour. That is enough for those areas of the city where not much volume is needed to carry waste away. The water savings are more than 90% in these cases.

Water management | Turnover: 845 million euro



Analysis of the sector

Water is still a differential factor in the degree of social and economic evolution found in the different regions of the world. Because of the scarceness of water and the need to build and manage new additions to water infrastructure, all the stakeholders involved have to make a big effort.

Water administrators continued working in this direction during 2008, a year when there were critical episodes of drought and other environmental imbalances in various parts of the world, including Spain. Coordinated work by the various levels of government and companies in the water management business made it possible by and large to palliate the consequences of the adverse environment.

Spain follows the spirit and the letter of the European Union's Framework Directive on Water. Implementing these directives and keeping up the last few years' pace of development while making that development sustainable over time is going to take a considerable effort in terms of investment in building new water infrastructure and renovating existing water infrastructure, as well as increasing the quality of services. These circumstances open a great vista of opportunities for Aqualia, which can furnish solutions in this new scenario. Aqualia can combine its technological and management capacity with clients' new financing needs by investing in mixed public/private projects.

Although the economic setting has deteriorated appreciably this fiscal year, Aqualia has not flagged in its commitment to the cities and towns

where it renders services, through the implementation of the various master plans for network and infrastructure improvement. Moreover it has fostered and cooperated actively in user awareness campaigns about best practices for water conservation and responsible water use. The prestigious publication Global Water Intelligence gave second prize in the Environmental Contribution category to the Aragón Environment Department's Special Plan for Sanitation and Purification, which was drawn up by Aqualia.

In line with the FCC Group's Strategic Plan, Aqualia is carrying on in its international development, consolidating its presence in the various countries where it is involved in end-to-end water service management, especially Italy, Portugal and the Czech Republic. Despite the difficulties stemming from doing business in markets with different characteristics and regulatory environments, the improvements Aqualia

has made in the management of the various services has helped strengthen the firm's image in those countries.

Activity in the FCC Group

In 2008 the turnover at Aqualia, the company that spearheads FCC's activity in end-to-end water management, was 845 million euro, 7.1% more than in the previous fiscal year. One hundred and twenty contracts were awarded or renewed in fiscal year 2008.

Aqualia Infraestructuras has consolidated its activity as a firm responsible for water treatment plant design and construction. Aqualia Infraestructuras México has been created because of the importance of the Mexican market and to provide coverage for projects begun in that country.



Breakdown by service type



69.8% WATER SUPPLY
8.9% PURIFICATION
21.3% OTHER

Breakdown by client type



68.9% CITIES
20.0% PRIVATE CLIENTS
10.3% OTHER PUBLIC AUTHORITIES
0.9% AUTONOMOUS COMMUNITIES

Geographical area



16.9% ANDALUCÍA
9.4% CASTILLA-LA MANCHA
8.4% CATALUÑA
7.6% CANARIAS
6.5% GALICIA
4.8% EXTREMADURA
4.5% MURCIA
4.4% VALENCIA
4.3% CASTILLA Y LEÓN
4.3% ASTURIAS
13.3% REST OF SPAIN
15.5% INTERNATIONAL



WASTEWATER TREATMENT PLANT, SAN PANTALEÓN, SANTANDER.

Most important contracts awarded in 2008

Water management

Comillas, Cantabria: Twenty-five-year contract to manage the end-to-end water service.

Elvas, Portugal: Thirty-year concession to supply drinking water and sewer services.

Gáldar, Las Palmas: Renovation of the drinking-water supply contract for 25 years.

Nerja, Málaga: Creation of a mixed company with the city as a partner, to manage municipal services encompassing the comprehensive water cycle.

Puebla de Montalbán, Toledo: Management of end-to-end water service for 25 years.

Purification

Arroyo Culebro, Madrid: Indirect management of the mid- to upper basin.

Municipal athletic centre management

Denia, Alicante: Contract to complete the municipal swimming pool and manage it for 25 years.

Villajoyosa, Alicante: Operation and maintenance of the municipal swimming pool and connected facilities for 20 years.

Water infrastructure concessions

Twenty-year concession for the operation, maintenance and upkeep of the purification plants in zone 11 of the Aragón Government's Special Purification Plan.

Industrial water

Lares, Portugal: Supply of filters for water from cooling pipes, demineralisation and effluent plant.

Mejillones, Chile: Vapour-compression desalination, demineralisation and treatment to produce drinking water at a power plant.

Tenerife: Europe's first facility for the sequential biological treatment of effluents from the Cepsa refinery.

Industrial waste | Turnover: 290 million euro



FCC Ámbito, S.A., specialises in full-service management of all kinds of industrial waste, including hazardous waste, non-hazardous waste, recyclable waste, innocuous waste, soil and environmental liabilities. Through FCC Ámbito, S.A., the FCC Group continued to have significant growth in its activity in 2008.

During 2008 the turnover experienced a 53% increase, thanks largely to international expansion, especially in the United States, and the opening of a new full-service waste management centre in Portugal. The number of facilities in operation is now 98, of which 40 lie outside Spain.

A total of 2,560,000 mt of waste were managed in Spain during 2008, which means the growth over the year before was 8%. In the USA Ámbito managed 60.3 million gallons of used oil that were recycled and returned to industry as an alternative fuel.

Early last fiscal year FCC acquired full ownership of Hydrocarbon Recovery Services and International Petroleum Corporation, two US companies basically in the business of collecting and treating oils and hydrocarbon waste. These companies are currently operating under the FCC Environmental name. The move put FCC in position as the main hydrocarbon waste manager for the central and east coast US and the number-two manager for the entire country. FCC Environmental employs more than 600 people and has ownership of facilities in 22 states.

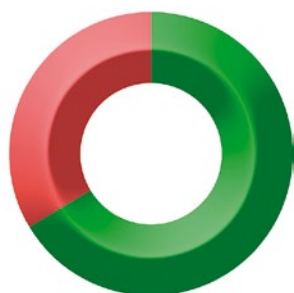
In July Ecodeal, a company in which FCC holds a majority interest, opened facilities in Portugal. Ecodeal owns a centre that provides full-service recycling, energy from waste and waste elimination. This centre, with 32 hectares of waste reception and treatment facilities, will furnish a local solution for

a great deal of the nearly 200,000 mt of industrial waste that Portugal used to export to Spain for proper treatment.

Another important event of the fiscal year was the award of the contract for the biggest environmental decontamination operation ever performed in Europe, to a joint venture featuring FCC Construcción. The job consists in extracting close to one million mt of sedimented waste from a depth of more than 20 metres in the bed of the Ebro River, at the reservoir in Flix, Tarragona, treating that waste and then decontaminating it. This operation began early in 2009 and is anticipated to take close to three years to complete.

Another major award was the contract for the full decontamination of the US aircraft carrier John Fitzgerald Kennedy, the biggest non-nuclear aircraft carrier in the world. More than 5,000 mt of oil, grease and hydrocarbons have been extracted and managed in a period of more than six months by FCC Environmental's foreign action teams at a Philadelphia military base.

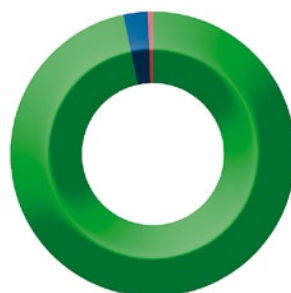
Geographical area



66.4% SPAIN
33.6% ABROAD

Breakdown by client type

Contracts in Spain



96.6% PRIVATE CLIENTS
2.9% OTHER PUBLIC AUTHORITIES
0.5% CITIES

Geographical area

Contracts in Spain



32.2% CATALUÑA
21.8% MADRID
20.8% NORTH
9.9% ARAGÓN
5.4% SOUTH
4.8% LEVANTE
5.1% OTHER

Versia



FCC Versia is responsible for the following activities:

- > Logistics
- > Airport handling
- > Urban furniture
- > Parking facilities
- > Conservation and systems
- > Vehicle inspections
- > Passenger transport
- > Sales of cleaning vehicles and specialty vehicles



BUS STOP, NEW YORK.

The difficult economic circumstances of 2008 affected some of the companies in the Versia cluster, especially those having to do with private consumption and air transport. Nevertheless, Versia did manage to hold its activity level steady at figures similar to those of the previous year. Its consolidated turnover was 897.4 million euro, 2.8% lower than the previous fiscal year, with the exception already mentioned that this fiscal year the subsidiaries where the FCC Group holds a 50% interest are consolidated by the equity method.

Of the total turnover, 31.4% (281.6 million euro) were generated abroad.

Vehicle inspection was the most dynamic area of activity. Its turnover grew by nearly 13%.



PARKING METER IN LOJA, GRANADA.

Logistics | Turnover: 323 million euro



FCC Logística renders services on the Iberian Peninsula through its business units specialising in specific logistics operations areas or geographical areas. It provides storage, order preparation, shipping and distribution services. It rounds out its offer with added-value services for the top companies in a number of sectors, such as the automotive, food, cleaning product, perfume, cosmetic, personal care, appliance, pharmaceutical, optical and telecommunications sectors. It has self-managed mass distribution, customs warehouse and goods-shipping platforms. It has become consolidated as one of the biggest firms in its sector in the peninsula.

FCC Logística is a member of LOGICA, the business organisation of logistics operators established in Spain, and it adheres to LOGICA's Good Practice Code. In 2008 it renewed its LOGICA Quality Seal, which guarantees compliance with the Good Practice Code, and it renewed its ISO 9001-2000 quality certification and 14001 environmental certification as well.

Over the past year a number of operations were launched and contracts renewed with FCC Logística, a token of the company's leadership in the various sectors where it is active. The clients who have signed on or renewed with FCC Logística are:

ALCAMPO	LABORATORIOS ALTER	RENAULT ESPAÑA ASTHON
BSH	MAHOU SAN MIGUEL	CARGO
CARREFOUR	MIELE	ROBERT BOSCH
COLGATE	OSBORNE	SMURFIT KAPPA
DECATHLON	PREFABRICADOS DELTA	VARTA AUTOBATERÍAS
INDESIT	PROMOÇÕES	VODAFONE
JOHNSON & JOHNSON	RED BULL	VOLKSWAGEN
KRAFT	REFRIGE (COCA COLA)	



VODAFONE WAREHOUSE FOR SPARE PARTS AND ACCESSORIES.

In 2008 the firm carried on with the process of enlarging, renewing and upgrading its infrastructure:

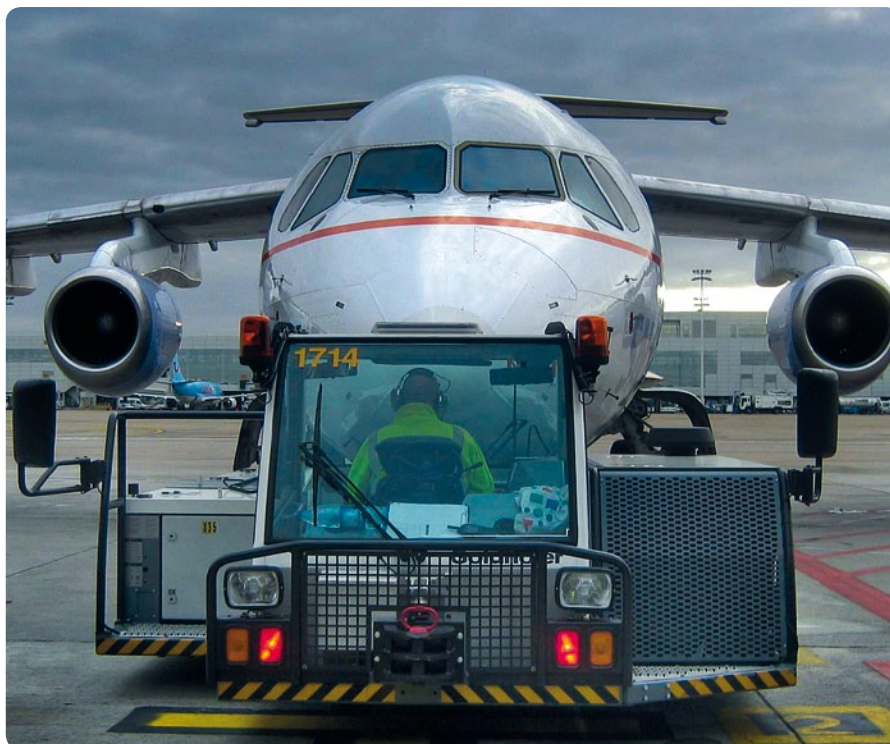
Alcampo Centre in Valdemoro, Madrid: Installation of a package classifier in the controlled-temperature operations area.

Azambuja Centre, Portugal: Construction of a cold room for Kraft products.

Alovera Centre, Guadalajara: Storage capacity increase.

Introduction of the Call Center management tool.

Airport handling | Turnover: 252.8 million euro



PUSHBACK, BRUSSELS AIRPORT.

Flightcare, S.L., is the FCC service company that provides ramp-, passenger- and cargo-handling services. It can be found at 15 airports in Spain, Belgium and Italy, where last fiscal year it served more than 250 companies, made more than 340,000 movements, attended to more than 36 million passengers and handled more than 280,000 mt of cargo.

In Spain Flightcare provides ramp- and passenger-handling services at the airports in Barcelona, Málaga, Alicante, Valencia, Fuerteventura, Jerez and Almería. It holds a steady share of around 38% of the free market at the bases where it operates. In addition, it offers cargo-handling services in Madrid, Barcelona, Valencia, Alicante and Bilbao, where in 2008 it managed 110,000 mt of cargo.

Belgium is one of the key pillars of Flightcare's business in Europe. Flightcare operates at the airports in Brussels, Ostend-Bruges, Liège and, since October 2008, in Charleroi, where it secured a ten-year license. In Brussels Flightcare holds a 65% market share. The company handled 170,000 mt of cargo during 2008, which represents more than 25% of Belgium's cargo market.

Flightcare is the leading independent handling agent in Rome. At Leonardo da Vinci Airport (Fiumicino), it holds over 46% of the free market, and it is the only independent operator at Giovanni Battista Pastine Airport (Ciampino).

During the fiscal year Flightcare upgraded and modernised its facilities at the Madrid-Barajas Airport Air Cargo Centre for greater capacity and enhanced process efficiency.



PASSENGER HANDLING.

Urban furniture | Turnover: 132.8 million euro



Cemusa makes urban furniture out of high-quality recycled and recyclable materials. It produces bus stop hoardings, informative columns, electronic panels and large panels, newsstands, public lavatories, time-and-temperature displays, bus and taxi stop marker posts, benches, rubbish bins, selective waste collection containers and automated bicycle-parking stations. Architects of worldwide prestige such as Nicholas Grimshaw, Richard Rogers, Oscar Niemeyer and Giorgetto Giugiaro have worked with the company to design furniture that helps make public spaces more beautiful and functional.

Recent achievements

Cemusa specialises in urban furniture design, manufacture, installation and maintenance and markets the advertising possibilities urban furniture offers. Right now, with close to 800 employees on its workforce, Cemusa is the number-one Spanish firm in its sector and one of the foremost outdoor advertising groups internationally speaking. The advertising structures it manages can be found in more than 160 cities of Europe and America and give an advertising coverage of over 80 million people. New York, Madrid, Barcelona, Boston, Lisbon, Rome, Milan, Brasilia and Rio de Janeiro all have contracts with Cemusa.

On the international level, the company was selected by New York's 34th Street Partnership, an association that works to revitalise the 34th Street district in the heart of Manhattan, to market information banners on the lampposts in midtown Manhattan, one of the city's most privileged areas and a tourist hot spot. This new format is a welcome addition to the company's catalogue of advertising structures and increases the number of spaces available to Cemusa's clients in the city of New York.

In the Spanish market, Cemusa sealed agreements to extend existing contracts in Barcelona and Madrid. Entitat Metropolitana del Transport, a transport authority covering eighteen cities and towns in the local Barcelona area, extended its arrangements with Cemusa for the installation and maintenance of bus stop hoardings for three years. Also, a five-year extension was signed for the contract to install and operate advertising panels at the Madrid Xanadú shopping centre.



ADVERTISING BANNER, NEW YORK.

During the last fiscal year a cooperation agreement was also reached with Empresa Municipal de Transportes de Madrid, the Madrid city transport authority, to facilitate access to buses at bus stops for visually impaired travellers. Information panels in Braille have been set up, and specially roughened areas of pavement have been installed to make it safer to approach buses. This project falls under Cemusa's corporate responsibility policy.



XANADU SHOPPING CENTRE, MADRID.

Parking facilities | Turnover: 74.4 million euro



FCC does an active business in **parking facilities**, which include:

- > Management, operation, control and maintenance of regulated on-street parking.
- > Construction, operation and management of underground parking garages.
- > Municipal vehicle-towing and impoundment services.
- > Development and implementation of computer applications to handle traffic violations (eys@net).

FCC manages 140,000 regulated on-street parking spaces and 12,300 underground parking spaces in the more than 80 cities where it provides services, including 23 cities where it furnishes towing services to remove improperly parked vehicles.

The most important contracts awarded last year were:

Regulated on-street parking

Almuñecar, Granada: An additional 654 parking spaces for a four-year period.

Calahorra, La Rioja: 383 parking spaces for a ten-year period.

Granollers, Barcelona: 1,090 parking spaces. One-year contract extension.

Motril, Granada: An additional 339 parking spaces for 15 years, extendable to 50 years.

Vic, Barcelona: 959 parking spaces. Extension of the contract for a 14-year period.

Construction and operation of underground parking garages

Madrid: Operation of 254 parking spaces in the ABC Serrano shopping centre for two years.

Mollet del Vallès, Barcelona: Construction and operation of 522 parking spaces for a 50-year period.

Vehicle towing and impoundment

Mataró, Barcelona: For a five-year period.

San Sebastián, Guipúzcoa: For a six-year period.

Conservation and systems | Turnover: 49.9 million euro



Conservación y Sistemas, S.A. is a technological firm specialising in the design, installation, operation and maintenance of traffic management and shadow toll projects in interurban road systems, safety facilities in road and railway tunnels and urban infrastructure maintenance and upkeep.

Its areas of action are:

- > City upkeep and other services: Pavements, sewer tunnels and systems, irrigation and water distribution.
- > Traffic management systems: Toll motorways and dual carriageways.
- > Tunnel safety and control systems: Road and railway tunnels.
- > Remote control and security systems: Buildings and special installations.

Conservación y Sistemas has got permanent offices in Spain (Madrid and Barcelona) and Portugal (Madeira).



REMODELLED STREET, CALLE MONTERA, MADRID.



BUS LANE DIVIDER BEING CLEANED, MADRID.

ITV Vehicle inspection | Turnover: 46.2 million euro



VEHICLE INSPECTION POINT, PROVINCE OF BUENOS AIRES, ARGENTINA.

FCC furnishes vehicle inspection services in Spain and Argentina.

In 2008 more than 2,430,000 inspections were performed at the 78 stations the FCC Group manages in these two countries. This figure represents a 9% increase over the previous year. Although the biggest growth was in Argentina (approximately 15%), the increase in Spain was a not-insignificant 6.5%.

Four new stations went into business in Spain in 2008, three in the Autonomous Community of Aragón and one in Comunidad Valenciana. In both regions FCC is the number-one vehicle inspection operator.

Two new stations were opened in Argentina as well, in the province of Buenos Aires.

Transport | Turnover: 20.5 million euro



FCC-Connex Corporación, S.L. a company owned in equal shares by FCC Versia's CGT Corporación General de Transportes, S.A., and by Veolia Transport, a subsidiary of Veolia Environnement, operates in the passenger transport sector. It runs buses (Corporación Jerezana de Transportes Urbanos, S.A., or Cojetusa), trams and trains (Detren Compañía General de Servicios Ferroviarios, S.L.).

Detren is one of the holders of the Barcelona tram concessions and it is the number-one operator in Barcelona's tram systems. After lines T3 and T5 were opened in 2007, the number of travellers in 2008 shot up to 21 million.

Cojetusa runs the urban passenger transport concession in Jerez de la Frontera, Cádiz. It has a fleet of 55 buses and in 2008 it carried more than seven million passengers.

Industrial vehicle sales | Turnover: 22.0 million euro



RAVO 560 STREET SWEEPER, ANDRATX, MALLORCA.

Sistemas y Vehículos de Alta Tecnología (SVAT) sells high-tech equipment and vehicles for city sanitation, coastal water and beach cleaning and industrial cleaning.



COMBINED VACUUM/SPRAYER UNIT.

In 2008 SVAT remained the leader in sales of compact city sweepers, which have evolved technologically enough to achieve sharp reductions in their air pollution emissions, noise emissions and fuel and water consumption.

Sales were bigger in the central area of the peninsula, where major city sanitation contracts were secured in cities such as Madrid, Alcalá de Henares, Toledo, Valladolid and Guadalajara, although our machines were also shipped out to non-peninsular regions such as Melilla, Balears and Canarias.

Machines featuring cleaning systems with water-recycling and tile-scrubbing capabilities, which first went on sale in 2006, are meeting with great success. They are highly valued in regional capitals where special requirements must be met, such as Barcelona, Madrid, Valladolid, Seville and Palma de Mallorca, and in 2008 they made up 20% of the units delivered.

The 68-craft fleet of floating-waste collection units worked hard over the summer along the coasts of Cataluña and Balears. They performed very satisfactorily and became firmly consolidated as one of the services that tourists in those areas appreciate the most. Both regions have pioneering programmes that are models for all of Europe.

Sales of units that combine vacuum features and high-pressure water-spraying capabilities for cleaning out sewer systems and industrial cleaning jobs maintained their rate of growth. The units delivered under the Zaragoza contract deserve special mention, for their quality as well as their quantity.

construction



REFURBISHED CITY HALL, LAS PALMAS DE GRAN CANARIA.

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PONTE DA GALA, PORTUGAL.

Analysis of the sector

Current situation

The Spanish economy is now in a period of serious adjustment, in an international scenario of wrenching financial crisis. The crisis has manifested itself in the real economy as a lack of competitiveness and plummeting figures in residential construction, which had been showing signs of fatigue since mid-2006.

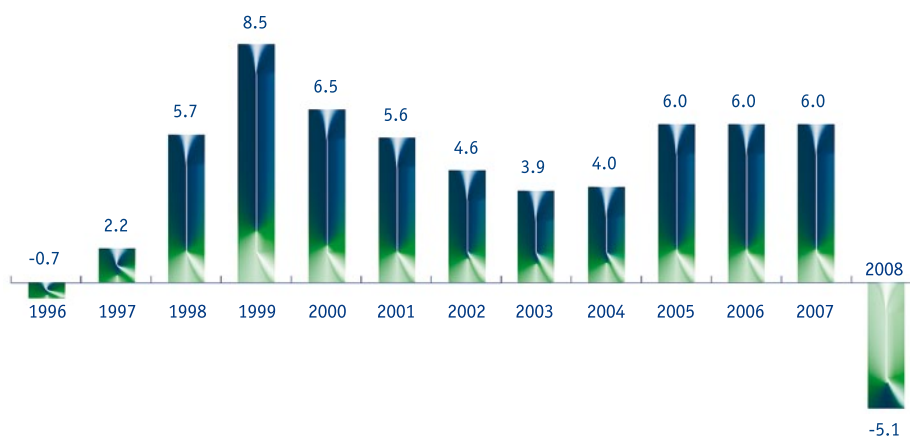
The financial crisis that set off the current situation and the bursting of the real estate bubble have had an impact on the construction sector. The chain reaction has travelled on to non-residential construction and, to a lesser degree, civil engineering.

After a fiscal year plagued by uncertainty, construction as a whole is facing a third consecutive year of production declines that are affecting the four traditional subsectors, residential, non-residential, refurbishment and civil works.

The construction sector wound up the fiscal year with a total production of 193,280 million euro and a downward variation of 5.1% in real terms, in comparison with 2007 (a 9.1% reduction in building and a 4.5% increase in civil works). This variation was 6.3 points less than the national economy lost in terms of gross domestic product, which was penalised by almost an entire point by the fall-off in construction. The investment in construction, which accounted for 18.6% of the GDP in 2007, ebbed to 16.6% in 2008.

Annual variation rates in construction activity.

In constant terms (Source: Seopan)





ASSUT D'OR BRIDGE, VALENCIA.

In civil works, which has provided the underlying energy of the construction sector, the financial crisis is having the effect of postponing the start of projects that have already been through the tender process and require the builder to provide financing until the time comes for final settlement with the government.

Because of the investment in infrastructure, the infrastructure subsector will keep its leading role, and it is not farfetched to think that in 2010 and 2011 infrastructure will resume growing at rates higher than those of the GDP. The activities called for in the PEIT (the Spanish government's strategic plan for infrastructure and transport) will furnish the foundations for growth in civil works.

Housing construction is feeling the lack of enough financing to reinvigorate sales and get new developments going. In addition the number of housing

units available on the market is less than expected, due to the inertia of developments in progress during 2008. Therefore, in a context of a high supply and a demand cowed by the weight of circumstances, the only thing that can be expected is a severe slump in production.

The non-residential market is hard beset by severe crisis conditions as well. It has followed the same patterns as the construction sector as a whole, and the outlook is also one of decline, although without quite the spectacular nosedive the residential market took in 2008.

Looking at the construction industry by subsectors, **residential building** in 2008 accounted for 32% of the entire construction industry. The number of homes finished came to 615,000, 4% fewer than in the previous fiscal year.

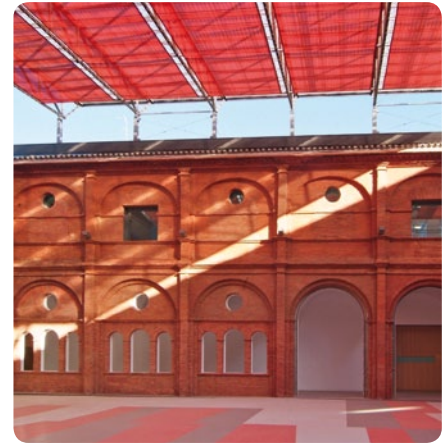
Non-residential building accounted for 16% of construction activity, with a reduction of 6% over the previous fiscal year. **Building refurbishment and maintenance**, which made up 24% of the total, declined by 4.5%. This subsector continues to display investment figures 13 points below the same figures for the EU, due, amongst other reasons, to the fact that families' financial difficulties have cut back the demand, and this effect has not yet been offset by public plans to foster refurbishing.

During 2008 263,000 residential construction permits were secured, 60% fewer than in fiscal year 2007. This volume places the demand at the same level as in 1995. Construction permits in non-residential building experienced a drop of 30%, while the estimate of the cost of work under enlargement and alterations permits has come down 3% in nominal terms.

Civil works accounted for 28% of the sector's total overall production, with an annual rate of increase over the previous fiscal year of 4.5%, just one point below the rate for 2007. The national government has made a telling effort to keep this subsector from collapsing.

Spain holds fourth place in the European Union construction market, with 13.5% of the total, after France, with 19.3%, Germany, with 18.3%, and the UK, with 13.8%.

On average government tenders for the 1995-2007 period grew by more than 15% per annum in current terms. Last fiscal year government tenders reached 40,588.46 million euro, with a growth rate of 0.6% in homogeneous terms with respect to 2007, with a central government participation of 43.7%. The tenders concentrated on roads and railways, social services, urban development, hydraulic works, etc. (The Ministry of Development alone



FIRE MUSEUM, ZARAGOZA.

was responsible for more than 36% of all tenders). Autonomous communities maintained their rate of investment, although local governments reduced theirs by nearly 8%.

The volume of tenders for concessions out of the total worth of government tenders in 2008 came to 4,993 million euro (12% of all tenders), which was 48% less than in 2007.

One highly revealing indicator of the deterioration of domestic construction activity is the apparent consumption of cement, which recorded a drop of 23.8%, its first decline in the last ten years.



GOLF-RESORT APARTMENTS, MIJAS, MALAGA.

The job market

The working population (11.9% of which is employed in the construction sector) experienced a decline of 10.9%, with an average of 2,404,200 jobs. That means close to 300,000 jobs no longer exist. Taking the fourth quarter of the year as the benchmark, employment has come down to 2,135,000 jobs and the number of jobs lost has risen to 560,000.

The average number of persons registered with social security in the construction sector in November 2008 was 1,996,400, 20% fewer than in the same month in 2007. That brought the figure down to the same level as in early 2004. The decline may be foreseen to be somewhat gentler in 2009 than in 2008, although employment in construction will continue to fall.

Forecasts

The forecasts for 2009 point to a trend consistent with recession, with a reduction of between 8 and 12% in the sector's overall production in constant terms.

Investment in infrastructure is a fundamental tool for injecting fresh vigour into the economy in sluggish periods, and, although the overall resources earmarked for infrastructure will grow in 2009 less than other expenditures (4.5%), the investment in infrastructure scheduled in successive national budgets is a consolidated investment aimed at giving priority to recovery.

The allocations of the Ministries of Development and the Environment call for an investment 3.4% higher than in 2008 in current terms, earmarked for the infrastructure policy.

The Ministry of Development, with a nominal investment growth rate of 5.8%, will be focusing on the creation and upkeep of new road, rail, port and airport infrastructure.

The Ministry of the Environment and its regional counterparts will have a 4.4% nominal reduction with respect to 2008, earmarked for water infrastructure and environmental activities within the framework of the AGUA programme.

Residential building will go down 21 to 26%, the same as investment in the sector. It is thought that the process of getting the housing sector back on track may be a long one, until the gap between supply and demand is adjusted. The gap is anticipated to continue widening until mid-2009 because of housing construction started in 2006 and 2007, when the sector was not yet expected to come to such a startling halt.

The forecasts for new permits and the start of work on new construction call for 250,000 and 350,000 new homes. The market would be able to assimilate the latter, larger figure under normal conditions. If these forecasts are accurate, in 2010 residential activity would begin to speed up, as the demand would be favoured by the lessened economic effort families would have to make due to the reduction in mortgage rates and the price of flats.

Non-residential building will go down between 8 and 12%, the same as investment in the sector.

Civil works will continue to keep construction activity going. The investment in infrastructure in the upcoming fiscal year is expected to reach 3% more than in 2008.



PUERTA DE EUROPA, MADRID.



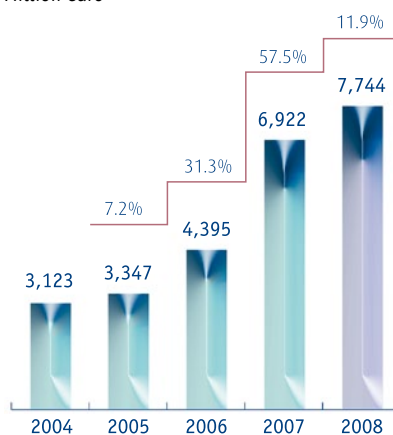
FCC's activity

FCC Construcción runs the Group's construction activity. In 2008 its turnover was 7,744 million euro, 11.9% more than in the preceding fiscal year. Of the total turnover, 49.5% was generated outside Spain. Construction continues to be the area that has the biggest quantitative impact on the Group's overall turnover, accounting for 55.2%.

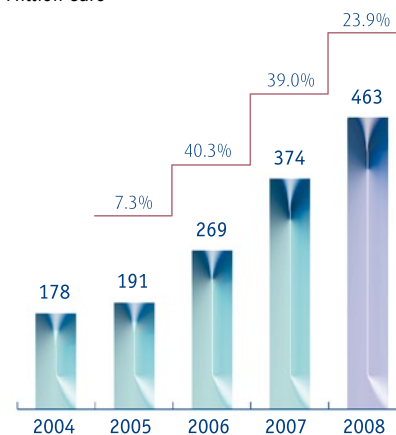
The gross operating income was 463.1 million euro, 23.9% more than the previous fiscal year and 26.6% of FCC's total gross operating income.

In 2008 FCC Construcción won contracts valued at 8,479.7 million euro with a backlog valued at 10,159.4 million euro. This is up 14.5% over 2007.

Turnover
Million euro



Gross operating profit (Ebitda)
Million euro



Breakdown by client type

International turnover



92% EUROPE
1% UNITED STATES
7% OTHER COUNTRIES

Backlog



77.8% CIVIL WORKS
16.4% NON-RESIDENTIAL BUILDING
5.8% RESIDENTIAL BUILDING

Motorways, dual carriageways and roads

I-95 Miami-Dade, Florida.

Highway I-95 was widened by one lane in each direction over a 17.7-kilometre-long stretch to provide two separate limited-access lanes in each direction. Communications and toll systems were also included. The limited-access lanes are for buses, ambulances, taxis and specially registered vehicles only.

Cantabrian Motorway (Motorway A-8). Section: Unquera to Pendueles, Asturias.

The section is 11.8 kilometres long and includes one 700-metre-long tunnel in one direction and one 500-metre long tunnel in the other. The longer tunnel holds three lanes of traffic. The job also included six viaducts a total of 1,200 metres long and a 410-metre-long cut-and-cover tunnel.

Bridge over the Ebro River between Deltrebe and Sant Jaume d'Enveja, Tarragona. This unique cable-stayed bridge has a span of 112 metres between pylons and lateral spans of 69 metres (total length: 250 metres). The deck is a combination structure. Above it has box-shaped metal segments with a central spine, assembled from abutments and pushed centreward until they came together and closed the gap. Below is a post-stressed reinforced deck slab 25 centimetres thick.

Motorway from Ávila Camacho to Thihuatlán. Puebla and Veracruz, Mexico. A 47.3-kilometre-long section

of road that involved over five million cubic metres of clearing work and embankments and 33 masonry constructions.

Dual Carriageway VA-30, East Outer Ring Road. Section: Duero Dual Carriageway (A-11) to Castilla Dual Carriageway (A-62), Valladolid, 13 kilometres long. It included the construction of 11 viaducts, four flyovers and seven undercrossings.

New southbound roadway through Despeñaperros. Section: Venta de Cárdenas to Santa Elena, Jaén and Ciudad Real. This is a nine-kilometre-long section of two-lane roadway. It called for six viaducts ranging from 156 to 579 metres in length and two tunnels, the longest of which was 1,623 metres long, over extremely rough terrain. FCC is currently engaged in building the northbound roadway.

N-340 bypass at Benicarló-Vinaroz, Castellón. This is a single roadway seven metres wide, with 2.50-metre-wide verges and one metre of berms. It is 18.25 kilometres long, nearly all on an embankment (2.4 million m³), with five junctions and 29 structures, which include viaducts over the Seco River and the Fervol River. Each viaduct has six spans.

Design and construction of the Constanza Bypass, Romania. This dual

carriageway follows a freshly designed route 22 kilometres long. It has five junctions, two 3.75-metre-wide lanes in each direction, a four-metre-wide central reserve, a three-metre-wide emergency lane and a 0.5-metre-wide berm.

Concession to operate the Auto-estrada Trasmontana, in Portugal.

This highway lies between the cities of Amarante, Vila Real and Bragança, in the region of Tras-os-Montes. The concession is good for 30 years. Global Vía has an interest in the company that holds the concession, FCC belongs to the joint venture building the road and Ramalho Rosa Cobetar and Matinsa are participating in the maintenance work. The highway is around 196 kilometres long and involves two kinds of work:

> **A4/IP4:** 140 kilometres of new construction.

> **IP4:** 56 kilometres of road to be improved and/or upgraded.

Arad-Timisoara Motorway, Romania.

The work will include the construction of 32.3 kilometres of motorway a total of 26 metres wide. There will be four 3.75-metre-wide lanes for regular traffic, two three-metre-wide safety lanes and a four-metre-wide central reserve in the middle. Thirty-one bridges and 13 cross-drainage structures will be built. A service area housing the operations, maintenance and police buildings is also included.



CANERO BRIDGE, ASTURIAS.

Airports



TENERIFE SOUTH AIRPORT.

Instrumentation, retrofitting and enlargement of fuel facilities to meet ATEX standards at San Javier Air Base, Murcia. This includes the construction of three fuel storage tanks having a capacity of 1,100 m³ apiece, the control building and a platform for filling tanker lorries.

Civil works at Getafe Air Base, Madrid. This job covered the enlargement of the aircraft parking apron by 65,000 m² and the development work for the access roads to the future terminal area.

Hydraulic works

Alcollarín Dam, Cáceres.

The winning solution is a vibrated-concrete gravity dam standing a maximum of 31 metres tall over its foundation. Its crown is some 630 metres long and holds a ten-metre-wide road.

Elimination of chemical pollution at Flix Reservoir, Tarragona, awarded to a joint venture between FCC Construcción and FCC Ámbito.

The work was partly construction and partly decontamination. A protected zone had to be created by installing a 1.6-kilometre-long double wall of sheet

piles to separate the work area from the Ebro River's bed and thus prevent shifting. The riverbank was protected by a pile wall to ensure its stability. Environmental dredging operations extracted the 800,000 mt of sludge at the bottom of the reservoir and the sludge was then treated in dedicated plants set up in the site area.

Replacement of the adduction pipes from Beas Reservoir to El Conquero drinking-water treatment plant, Huelva. This included 24 kilometres of reinforced-concrete and fibreglass-

reinforced polyester pipe plus 4.5 kilometres of channel repairs and a tunnel.

The "Autovía del Agua" water-piping system, section from Polanco Tank to Vispieres drinking-water treatment plant, Cantabria, which consisted in a 7.6-kilometre-long pipeline made of ductile cast-iron pipes with socket joints. The pipes were 800 mm in diameter and most were laid in open-air trenches. There are seven crossings where the pipes were jacked underneath roads.



IMPROVED USE OF THE SIERRA DE TRAMONTANA'S WATER RESOURCES, PALMA DE MALLORCA.

Marine construction

Extension of the east dock, dredging and improvement of access to the south basin of Castellón harbour. The contract-winning version of the solution called for 13 caissons to be built by the floating dock Mar del Teide with rectangular cells. Some 100,000 m³ of material had to be dredged out.

Remodelling of platform and outer basin of the east jetty in Málaga harbour. The platform of the current jetty will be enlarged to accommodate new city streets after dredging has been done and a protective breakwater has been put up.

A 50-metre-long, ten-metre-wide spur off the east jetty was built to protect the outer basin.

Phase one of the harbour development of the right-hand bank of the Avilés Ria.

Phase one is a 506-metre-long pier in a depth of 14 metres of water. The superstructure rests on 1.65-metre-diameter piles set in four parallel lines to form a six-by-nine-metre grid pattern. The pier yard is 54,000 m² in area, and about 800,000 m³ of dredging will be done in the course of the work.

Quay, seawall and new bulk liquid berthing line at Algeciras harbour, Cádiz. The quay is 585 metres long, made up of 13 reinforced-concrete caissons, with windows to dissipate wave energy. Because of the poor quality of the underlying terrain, the bank support has got to be strengthened with gravel columns 800 mm in diameter.



CASTELLÓN HARBOUR.

Rail infrastructure



Conversion to double track in the section from the Airport to north Jerez, Cádiz. The section is 6.8 kilometres long and traffic will continue to run while the conversion is in progress. The two tracks will run side by side for four kilometres and separately for the remainder. The project includes rail assembly, electrification, safety and communications facilities and a new electrical substation to provide drive power for the trains.

Bed for the new País Vasco railway network. Section from Ordizia to Itsasondo, Guipúzcoa. The biggest features of the job are a 2,814-metre-long tunnel and a 428-metre-long evacuation tunnel.

Adaptation for high-speed use. Subsection from Alhama to Totana, Murcia. The subsection is 6.5 kilometres long. It is presently a single track and is not electrified. It will be completely renovated and doubled, with a 60-kg rail and multi-purpose sleepers that make it possible to shift between Iberian gauge and international gauge.

Track assembly between Siete Aguas and Valencia and between Valencia and Almussafes. The Siete Aguas-Valencia section is 43 kilometres long

and has a double track. The Almussafes-Valencia section is 17.4 kilometres long and is also double-track. There is also a three-rail (two-gauge), 19.1-kilometre-long freight spur line.

Bed. High-Speed Atlantic Corridor. Section: A Vacariza to Rialño, La Coruña. The section is eight kilometres long and its main features include the construction of two tunnels (866 and 372 metres long) with a 90-m² cross-section using the Austrian method, plus five viaducts of lengths ranging between 345 and 915 metres.

Tunnel from Atocha to Chamartín, international gauge rail connection between Atocha and Chamartín stations, Madrid. The idea is to enable high-speed trains to run between the northern and southern peninsula through Madrid. The tunnel is 7.33 kilometres long and has a 10.4-metre inner diameter with two sets of slab tracks. Six kilometres of the tunnel will be bored by TBM.

Extension of Madrid Metro Line 2 to Barrio de las Rosas. This is a 4.5-kilometre underground section of rail with four stations, four ventilation shafts and one emergency exit. The tunnel will be bored by TBM to an

inner diameter of 8.43 metres and lined with 32-cm-thick segments, and the stations will be built in a shielded area. The project includes jet-grouting column treatment, slab tracks, auscultation, safety facilities, mechanical facilities, fire protection facilities, communications facilities and information facilities.

Thirty-two year concession (two years' construction and 30 years' operation) of section I of Barcelona Metro Line 9. The section covers 13 stations and the civil works contracts for some of those stations, architecture, facilities and finishing work.



MADRID METRO, LINE 9

Urban development and parking facilities



HACIENDA DEL SOL, MÁLAGA.

Urbanización Área Empresarial La Llorera, zone A, in Gijón, Asturias. This covers the development of 98 hectares of land for industrial use.

Development of Pla de Baix de Domeny in Girona and development work in **Sector Residencial El Torrenal (Phase 1), in Calldetenes, Barcelona,** for Servià Cantò.

Renovation of plaza Domingo Gascón in Teruel. The project consists in the demolition of the market and its reconstruction underground, forming a new square at ground level.

Development of Parque Empresarial A Laracha, La Coruña, and connections between the business park and outside. This includes sanitation and water supply systems, a 2,500-m³ regulator tank, power and lighting, telecommunications and urban furniture.

Residential



AGUASERENA, ALMERÍA.

The most significant contract awards were:

- > 114 apartments and development of the inner grounds at Residencial Aguamarina, in Moncófar, Castellón.
- > 100 homes in Plaza de Europa in Hospitalet de Llobregat, Barcelona.
- > 116 homes and garages in Montecarmelo, Madrid.
- > 100 homes in southern Móstoles, Madrid.
- > 175 homes in Polígono Aeropuerto, in Seville.
- > 451 homes in Ciudad del Campo, on Gran Canaria.



HATO VERDE, SEVILLA.

- > 102 homes in Cambre, La Coruña.
- > 107 homes in Bargas, Toledo.
- > 336 homes in the Ensanche Sur area of Alcorcón, Madrid, in three contracts.
- > Surface rights for the construction of 439 homes in Pinomontano, Sevilla.
- > 150 homes in Sagunto and another 86 in the La Torre sector of Valencia.
- > 144 homes on lots R2 and R5 in Polígono Residencial de Benquerencia in Toledo.
- > 181 homes in Torre-Sana in Tarrasa, Barcelona.
- > 146 homes and the Pueblo Mediterráneo shopping centre in Urbanización Las Colinas in Orihuela, Alicante.
- > 132 homes in Peri "La Madraza" in Granada.

Non-residential construction

Included under this heading is construction of administrative buildings, schools, health service buildings, cultural, athletic and commercial facilities, hotels and industrial buildings.

Administrative and office buildings

Torre Bami in Parque Empresarial Adequa in Madrid, a skyscraper with three basements and 26 floors above ground. This is a landmark office building in a business park where we have already built another building for the same client. The contract does not include installation work.

Galería office building in Barós Square, Budapest, Hungary. It has 32,000 m² of floor area.

Schools

Earthworks, foundations and structure, masonry and roof of the Conocimiento building (Building B), TecnoCampus Mataró headquarters, Mataró, Barcelona.

Health service centres

Civil works and finishing work on the new Hospital Comarcal de Sant Boi, Barcelona. The floor area is about 45,200 m². The building is compact, 120 by 75 metres, in eight levels. There are



BODEGAS PROTOS, PEÑAFIEL, VALLADOLID.

two underground levels for parking. The rooms are on the upper levels, and the examination rooms and operating rooms are on the floors between. The outer walls of the building feature ventilated natural stone, zinc sheathing, concrete panels and a curtain wall.

Health centre and high-resolution speciality centre in Córdoba. The building is laid out in the shape of four “combs”. There are two corridors bracketing the combs, one for the public and the other for health staff. There are three floors and four basements. There are also one- and two-story linear buildings on both sides of the health area, one for administration and the other for emergencies.

New Hospital Comarcal de Ronda, Ronda, Málaga. It will have a floor area of about 38,000 m². Its layout is in the shape of a comb, with four blocks joined along one side, plus another area for administration services.

Concession for the design, construction, financing and operation of the new hospital in Enniskillen, Northern Ireland, in County Fermanagh. It will take three years to build. The floor area of 60,000 m² will hold 315 beds in single rooms. The job includes another building for employee housing. The hospital will also have a power demand management centre, making it one of Europe’s most modern buildings in terms of energy efficiency, as it will need one-third less energy to operate than other, similar facilities. The contract also includes the design and construction of the new building, the rendering of certain non-health-related support services, power control, maintenance and management of the facilities’ life cycle.

Cultural, athletic and entertainment complexes

Tito Bustillo Cave Art Centre in Ribadesella, Asturias. The boxy building measures 136 by 16.7 by 8.4 metres and occupies a section of the bed of a former road. It mostly rests on micropile foundations.

Córdoba Contemporary Creation Centre. This is a landmark building designed by Fuensanta Nieto and Enrique Sobejano for galleries and an auditorium, in irregular hexagons of unpainted concrete. It has a floor area of about 12,300 m², with a public address system, a CCTV system and voice and data systems in addition to the usual facilities.

New technology innovation and expression centre in the former Boetticher industrial building in Madrid. The idea was to convert an old reinforced-concrete industrial building designed by Eduardo Torroja into a new technology expression centre with a



SOLAR PANELS, SAN JUAN DE AZNALFARACHE, SEVILLA.

floor area of some 18,000 m². It includes an auditorium, classrooms, coffee shop and parking facility, with wiring, heating and cooling, plumbing, public address, CCTV, security and solar photovoltaic and thermal energy systems.

Museum of Royal Collections (Phase 2, Structure), Madrid. The job is to build the white concrete structure with marble aggregate and cement of the same colour to house the royal collections.

Shopping centres, fairgrounds and conference facilities

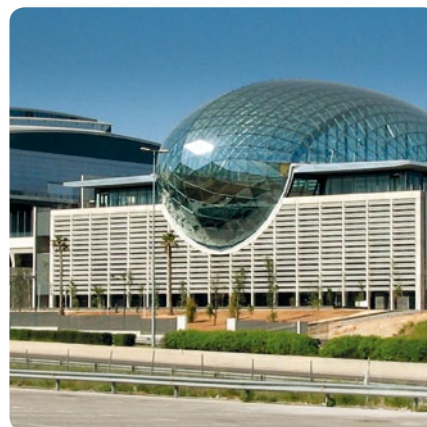
El Corte Inglés in Talavera de la Reina, Toledo. The project includes finishing work, equipment and furniture for the bus station located in the shopping centre building; demolition and construction of roundabouts at the **Hipercor store in Mijas, Málaga**; the concrete structure of the **El Corte Inglés shopping centre in Salamanca**; masonry work and sanitation at **Hipercor El Egido, Almería**; and enlargement

of the parking facilities at **Mercasevilla shopping centre**.

Structure for a retail, hotel and office complex in A Grela, La Coruña. This was phase 1 of the job, which covered foundations, structure, plumbing and the grounding system. The floor area is about 344,000 m², split into three basements and above-ground sections of three and four storeys.

Industrial construction

Alterations and enlargement of the bulk package admission and classification centre and post office, Barcelona, for Sociedad Estatal de Correos y Telégrafos. The job consists in refurbishing the existing inadequate industrial space, enlarging basements and unloading docks, various remodelling jobs and renovation of building systems. The area in question is 18,000 m². At the same time, current postal services must not be interrupted.



FERIA DE VALENCIA EXHIBIT HALL.



ACUARIO BUILDING, 2008 WORLD FAIR IN ZARAGOZA .

Electrical infrastructure development

Deneo Energía e Infraestructuras is the Group company in the business of electrical infrastructure projects in a number of fields (rail, airports, land development, roads) and activities (laying overhead and/or underground power cables, installation of transformer stations, power and light distribution in large facilities, installation of photovoltaic plants on roofs and solar farms, etc.).

Since it joined the FCC Group in late 2003, Deneo has undergone technical

upgrading, bringing in engineers with various levels of qualifications and other university graduates. They have made the company's management the feature that sets Deneo apart from the other firms in its sector.

This technical upgrading process has expanded the company's range of activity. Adapting its traditional skills in businesses such as railway catenaries, power line installation and transformer plant installation, Deneo has created new

lines of business in the power sector that offer higher added value, such as project development and comprehensive management, support for civil works in power resource management and technical/economic feasibility studies of sustainable power generation systems.

Electrical installations



Especialidades Eléctricas, S.A. (Espelsa), designs and installs electrical wiring; plans, designs and manufactures electric panels; and builds and maintains distribution networks and transformation substations and advanced command-control and simulation computer systems.



HIGH-VOLTAGE WORK.

In fiscal year 2008 its most important jobs were the design and installation of wiring at Hospital Son Dureta in Palma de Mallorca; the Plaza Nova shopping centre in Madrid; Madrid City Hall; stations on Barcelona Metro Line 9; the Telefónica building in Madrid; construction, operation and maintenance of the 20-mW Espejo photovoltaic farm in Córdoba; maintenance of the Air Navigation Control Centre in Seville;

maintenance of the Teatro Real in Madrid; maintenance of the Sogecable building in Madrid; maintenance of the National Library in Madrid; plus construction and maintenance of the distribution networks, substations and transformer stations of the power companies Endesa, Iberdrola and Unión Fenosa in Barcelona, Madrid and Castilla-La Mancha.



PHOTOVOLTAIC SOLAR FARM, ESPEJO, CÓRDOBA.

Heating and air conditioning



Internacional Tecair, S.A. is the subsidiary devoted to designing and installing equipment and systems for heating and cooling, mechanical equipment and systems, fire protection equipment and systems and system management equipment for all kinds of buildings.

During the last fiscal year it won the following contracts:

System installation

- > Parque Empresarial Omega. Alcobendas, Madrid.
- > New Hospital de Cáceres.
- > Castellón Airport.
- > New Hospital Son Dureta, Balears.

- > Vía Norte office complex, Metrovacesa, Madrid.
- > Vallsolana Garden office building, Sant Cugat, Barcelona.
- > Plaza Nueva shopping centre, Leganés, Madrid.
- > Palacio de Comunicaciones, Madrid.

Maintenance

- > Full maintenance of Sanofi-Aventis España's research and development building.
- > Central maintenance of steam production, Hospital Virgen del Puerto, Plasencia.
- > Energy audit, Ciudad Deportiva Valde las Fuentes athletic complex, Alcobendas, Madrid.

Conservation and infrastructure



The FCC Group operates in this sector through **Mantenimiento de Infraestructuras, S.A. (Matinsa)**, in the following areas:

Motorways and dual carriageways

Significant work during fiscal year 2008 included:

Maintenance of more than 1,100 kilometres of dual carriageways and 3,500 kilometres of conventional roads.

Renovation of the following road upkeep contracts:

- > H-0304 dual carriageway A-49 from Seville to Huelva
- > P-0103 Palencia to the provincial border with Santander
- > H-0202 Roads in northern Huelva
- > Extension of the Goierri sector in the province of Guipúzcoa

Maintenance of of hydraulic infrastructure

Operation and maintenance of SAIH, the Júcar River Hydrographic Confederation's automatic hydrographic information system. SAIH models the hydrographic behaviour of river basins to predict flooding and to provide the information needed to manage the water in each basin.

Maintenance and upkeep of the Alarcón, Amatorio, Bellús, Beniarrés, Contreras, Escalona, Forata, Gadalafest and Tous dams and reservoirs in the provinces of Alicante, Cuenca and Valencia.

New supplementary contract awarded to improve the Júcar SAIH.

Forestry work

Forest repopulation, silvicultural treatments and environmental restoration of river banks, landfills and beaches for the autonomous

communities of Madrid, Andalucía, Extremadura and Comunidad Valenciana, hydrographic confederations and the Directorate-General of Coasts.

Forest fire prevention and extinguishing. The fire protection services for the eastern part of the Community of Madrid include a total of 234 operators, eight heavy forest fire pumps, 15 lightweight pumps, two high-mobility vehicles (VAMTACS) and one biturbine helicopter, as well as eight forestry engineers. This service was renewed in 2009.

Extension of the fire-extinguishing service for Madrid's Casa de Campo park.

Upkeep of parks and gardens requiring special protection in Madrid, including the Templo de Debod, the Sabatini gardens, El Capricho park, Dehesa de la Villa park, Oeste park, Quinta de los Molinos and the Tres Cantos forest area.

Engineering

PROSER

Proyectos y Servicios, S.A. (Proser), studies and designs engineering plans. The contracts awarded during the fiscal year included the following:

Dual carriageways and roads

Construction plans for alteration activities and start-up under the contract for the upkeep and operation concession on dual carriageways A-3 and A-31. Section: Provincial border between Madrid and Cuenca to provincial border between Cuenca and Albacete.

Informative study and layout design of the structuring system to be improved in Zaragoza Sector 2. The work includes the comprehensive improvement of six sections of roads having a total length of 103 kilometres and the resurfacing of nine sections of road having a total length of 212 kilometres.

Design to build the new M-404 dual carriageway between the towns of Griñón and Ciempozuelos, part of the South Network Plan put into motion by the Community of Madrid.

Informative study on general improvement. New road C-35 from kilometre marker 28+000 to kilometre marker 40+800. Section: Parets del

Vallès to La Roca del Vallès, Barcelona. Study of a 12.8-kilometre section of dual carriageway for a design speed of 80 km/hour.

Layout and construction design.

Northeast dual carriageway A-2 from Barcelona to the French border. Section: Pont de Molins to Agullana. The section designed is about 8.6 kilometres long and improves on the A-2, a major corridor, by twinning the current section.

Conventional and urban railways

Informative study of the High-Performance Cantabrian Corridor. Section: Bilbao to Santander. The study is to find the best alternative for the lie of a new high-speed railway line between Santander and Bilbao. The section at issue is 95 kilometres long.

Bed construction design. High-Speed North-Northwest Corridor. Section: Palencia to León. Subsection: Becerril de Campos to Valle del Retortillo. The job is to define a dual-track, international-gauge bed for design speeds of 300 to 350 km/hour. The subsection is 12.8 kilometres long and has got a 130-metre-long open-air covered walkway over the current Palencia-León railway line and a 250-metre-long viaduct over the Retortillo River.

Design of a variation on railway line

1 in the Finca Adoc section, Alicante. This job consists in building a double-track variation on Alicante Tram Line 1. The variation is 1,830 metres long, and 1,470 metres of that length run through a tunnel underneath the Serra Grossa massif.



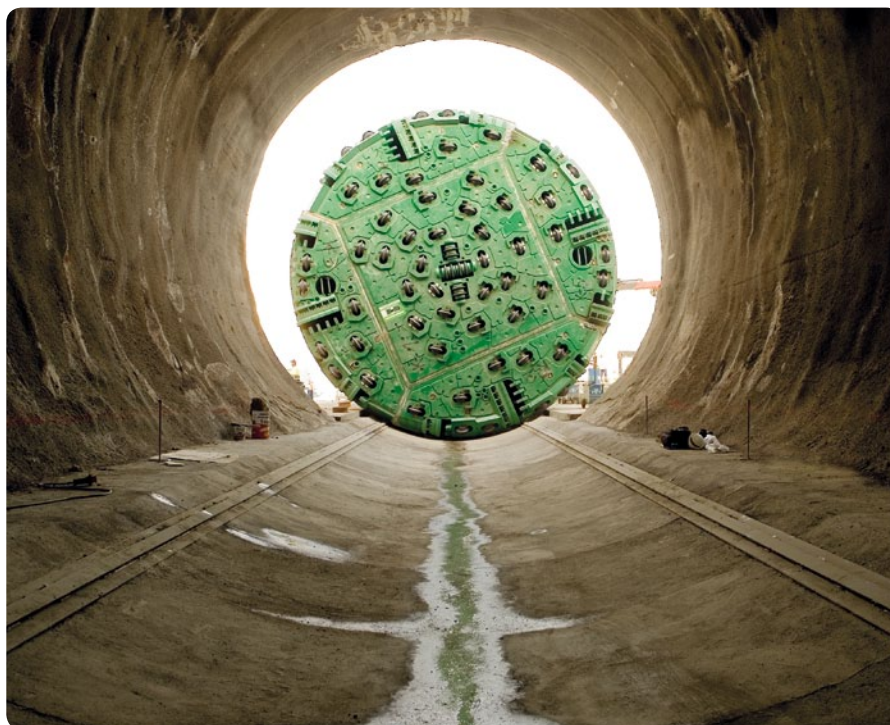
AMOREBIETA FOOTBRIDGE, VIZCAYA.

Design to build the Costa del Sol railway corridor. Section: San Pedro de Alcántara to Estepona. This consists in building a section of double electrified tracks to accommodate a design speed of 220 km/hour. The section is approximately 17.75 kilometres long and runs practically entirely through tunnels.

Hydraulic works

Design to build the Segarra-Garrigues system irrigation distribution network. Sector 4-1. Distribution/Transformation Network floors C1 and C2. The work consists in 55,878 metres of irrigation pipe for floor C1 and 40,074 metres of pipe for floor C-2. The area to be irrigated is 4,990 hectares. The diameters of the 95,952 metres of pipe range between 1,200 mm and 75 mm, and the pipe is made of high-density polyethylene and fibreglass-reinforced polyethylene.

Design to consolidate and improve irrigation of the left bank of the Segre River. Towns of Alas, Cerc, Seo de Urgell and Ribera del Urgellet. An area of approximately 1,000 hectares.



TUNNEL BORER IN THE SIETE AGUAS-BUÑOL TUNNEL, VALENCIA.

Technical assistance for architectural supervision teams

Architectural supervision and technical assistance on sanitation work on the right bank of the Pudío River in Coria del Río. System of sewage mains and wastewater treatment plant. The job consists in building two mains, one with a diameter of 2,000 mm and the other, 1,200 mm. These mains run to

the pumping station arrival site. The discharge is run through a pipe with a diameter of 2,500 mm.

Technical assistance for the architectural supervision team in infrastructure and land development for Málaga Metro Line 1. Section: Doctor Domínguez to the Depots. The section is 3,055 metres long. The section features slab tracks embedded in the pavement.



KLAGENFURT STADIUM, AUSTRIA.

Corporate image



In the FCC Group, **Megaplas, S.A.**, is the company that provides corporate image services at the European level through its two production and management centres in Madrid and Turin.

Megaplas's strong commitment to electronics has been rewarded by a contract with Disa, the owner of the Shell oil company's network in Spain, to replace the manual price displays on their service station posts with electronic displays.

In the automobile sector, as a consequence of Megaplas's long, close relationship with the Fiat Group, the FCC Group has been chosen as the European supplier for the development and implementation of the new image for Case New Holland, a world leader in construction and farm machinery, thus

cementing our partnership with the Fiat Group even more firmly. In addition Megaplas has been approved by Fiat as a supplier of the new red Fiat logo and the new Lancia logo, which are now being introduced in new dealerships and will make a change-over programme necessary in Europe.

In the hospitality sector, Megaplas has expanded the range of services it used to provide for McDonald's España with a contract to supply and install a novel architectural component of the restaurant chain's corporate image, the new folded canopy. Moreover McDonald's still relies on Megaplas as the exclusive supplier of the rest of its image components in Spain.

Oil and gas pipelines



Auxiliar de Pipelines, S.A., has spent over twenty years working in the construction and industrial assembly of pipelines, particularly under API (American Petroleum Institute) specifications, for the top energy operators in the Spanish market. It does turnkey projects for all kinds of fluids, from primary transport systems, oil pipelines and gas pipelines to distribution systems for heating, hot water and cooling. In 2008 the company got into sealines (underwater oil and gas pipelines) and consolidated its large-site heating/cooling business.

Main contract awards:

La Loteta Reservoir alternative (9.5 kilometres of polyethylene-coated API 5L X-60 steel pipe, Ø 26". Design pressure 80 bar).

The district heating and cooling system for the synchrotron in Cerdanyola del Valles. Pre-insulated steel pipes that form closed water circulation circuits, various diameters, from 800 mm to 400 mm.

Installation, pipe shipment and landing for the Denia-Ibiza-Palma de Mallorca underwater gas pipeline. Length 269.6 kilometres, Ø 20", API 5L X-70 pipe, sheathed externally with concentric concrete. Design pressure 220 bar.

Assembly of the overland section to connect the underwater gas pipeline from Algeria (Medgaz) to the Almería reception station. Length 516 metres, Ø 24", API 5L X-70 pipe. Design pressure 220 bar.

Alterations to the heating and cooling system for Madrid-2 La Vaguada shopping centre. Replacement and revamping of the entire old system with preinsulated pipes (steel and flexible polyethylene) in different diameters ranging from 450 mm to 20 mm, over a total of 15,000 metres of pipes. Metering modules were installed in all shops as well.

Precast components



For **Prefabricados Delta** 2008 was a record year. Production and turnover were greater in 2008 than in the previous two years, which had hit the highest business figures Prefabricados Delta had seen in its already lengthy career.

The goals the company had set for itself were achieved thanks to the continuation of work under the National Irrigation Plan (in which Prefabricados Delta has been strongly represented as the supplier for a great number of government and private jobs) and the high-speed railway to the Levante area of the Mediterranean coast.

Water pipe supplies

The company supplied 164 kilometres of water pipes. Seventy-seven kilometres were post-stressed concrete pipes with metal sleeves and elastic joints, and 87 kilometres were FRP (fibreglass-reinforced polyester).

The post-stressed concrete pipes with metal sleeves came very close to matching the production figures of 1986, which was historically the second-best

year ever for manufacturing and supplies of this type of pipe.

The most significant works contracts included the following:

Pipeline from Valmojado water purification plant to El Viso de San Juan, Toledo, for Aguas de Castilla-La Mancha. More than 18 kilometres of metal-sleeved post-stressed concrete with flexible joints, 1,200 mm in diameter, for maximum design pressures of 5 to 17.5 atmospheres.

Pipeline for the construction project to modernise and consolidate irrigation facilities in the Balazota-La Herrera, Albacete, Irrigation Association, phases 1 and 2. Almost 26 kilometres of pipes supplied, practically 14 of these being metal-sleeved post-stressed concrete in diameters of 1,000 and 1,200 mm, and 12 kilometres being fibreglass-reinforced polyester in rated diameters of 700 and 800 mm.

Railway sleeper supplies

In 2008 193,000 sleepers were supplied, primarily for the new high-speed access to the Levante region for the Xàtiva-Almusafes and Cuenca-Motilla del Palancar (phase I) sections.



Infrastructure concessions

The most important event in fiscal year 2008 under the heading of concessions was the development of the Group's new model of operations in the infrastructure concessions field. The new model calls for the Group to work through four companies:

- > **FCC Construcción**
(Concessions Division)
- > **The Alpine Group** (79.27%)
- > **Global Vía Infraestructuras**
(50% FCC)
- > **Cedinsa** (27.2%)

Global Vía Infraestructuras is a company belonging in equal shares to FCC and Caja Madrid. It has now completed the introduction process and will be the platform for large-scale infrastructure projects in the years to come.

The new company's introduction was embodied in two lines: consolidation of the process of bringing companies into

the Globalvia perimeter, and award of new concession contracts and purchases or takeovers of concession-holding companies, according to the Globalvia Strategic Plan.

To foster this new company's development and growth, most of the concessions FCC holds are being integrated into Global Vía Infraestructuras.

Nevertheless, FCC is holding onto its interest in the following concession-holders:

Cedinsa Eix Llobregat (34%)

Holder of the concession for the construction and shadow toll operation of the road between Berga and Puig-Reig, Barcelona, as well as the upkeep and maintenance of the San Fruitós de Bages-Puig-Reig section, all of which are part of the C-16 (Llobregat Artery). Two thousand and eight was the first full year

of operation, and the average daily traffic on these sections was 21,282 vehicles.

Cedinsa d'Aro (27.2%)

In December 2005 Cedinsa won the contract for another shadow toll concession, for 33 years, for the 27.7 kilometres of the Maçanet-Platja d'Aro dual carriageway, which comprises the design, construction and operation of the section of the C-35 between Vidreres and Alou and the operation of the Maçanet-Vidreres section of the C-35, the Alou-Santa Cristina d'Aro section of the C-65 and the Santa Cristina d'Aro-Platja d'Aro section of the C-31. Work was finished in 2008 and the road went into operation on 1 January 2009.

Cedinsa Ter (27.2%)

In 2006 FCC Construcción was awarded the concession for the 48.6-kilometre Vic-Ripoll shadow toll dual carriageway, 25.2 kilometres of which are new route, running between Centelles and Ripio. The term of the concession is 33 years including three years for construction and 30 years for operation. The road was under construction in 2008.

Cedinsa Eix Transversal (27.2%)

In June 2007 the company was awarded a 33-year shadow toll concession for a 150-kilometre stretch of the Eje Transversal dual carriageway, a 712-million-euro investment. The contract calls for the design, construction and operation of the Cervera-Caldes de Malavella section of the C-25. Most of the work involves twinning the C-25. In 2008 expropriation proceedings were instituted so that construction can be got underway in 2009.

Urbicsa (29%)

Company awarded a public works concession contract for the construction, maintenance and operation of the buildings and facilities of the City of Justice project in Barcelona and L'Hospitalet de Llobregat. The project



WORLD TRADE CENTER, BARCELONA.

comprises buildings reserved for the use of the Catalan regional government (159,878 m²), other ancillary uses, offices and commercial premises (26,628 m²) and a 45,628-m² car park for 1,750 vehicles.

Autovía Conquense (100%)

In 2007 the Ministry of Development awarded FCC Construcción a 19-year public works concession to keep up and operate the portion of the A-3 and A-31 that runs through the province of Cuenca.

Tema Concesionaria, S.A. (100%)

FCC Construcción was awarded the concession to refurbish and operate the new head offices of Radio Televisión de Mallorca for 40 years.

World Trade Center Barcelona, S.A. (16.52%)

This company holds the 50-year concession to manage the World Trade Center buildings at the port of Barcelona, comprising an area of 36,000 m² of offices and commercial premises, 6,000 m² of conference space and meeting rooms and a 280-bed hotel. It currently has an occupancy rate of over 95%.

Parc Tecnologic World Trade Center Cornellà, S.A. (12.5%)

This company is building a complex consisting of seven office buildings, a shopping area and a 27-storey apartment hotel. Work has been completed on the first phase, which included three buildings having a floor area of 37,500 m², an underground garage for 500 vehicles and a 10,000-m² garden.

The following public works concession contracts were awarded to FCC in 2008:



LLOBREGAT ARTERY C-16, BARCELONA TO PUIG-CERDÀ.

New Acute Hospital for the Southwest

In September 2008 a preferred bidder letter was signed between Sperrin Lakeland Health and Social Care Trust (Health Administration) and the winning consortium (in which FCC holds a 39% interest) for the construction, maintenance and operation (non-health services) of the New Acute Hospital for the Southwest, in Eniskillen, Northern Ireland, for a 33-year period. The new hospital will have 315 beds.

Línea 9 del Metropolitano de Barcelona (49%)

In late 2008 IFERCAT (Infraestructuras Ferroviarias de Catalunya) awarded the contract for the construction, maintenance and upkeep of 13 stations and their ventilation shafts on section I of line 9 of the Barcelona Metro for 32 years. The total investment comes to 1,000 million euro, of which sum 876 million euro are for construction.

Global Vía Infraestructuras

The main relevant events were the contract for the Trasmontana Motorway in Portugal, the purchase of Autopistas de Itata y Aconcagua in Chile and the purchase from Acciona, S.A., of a controlling interest in Tranvía de Parla, Túnel de Envalira, Ruta de los Pantanos and Transportes Ferroviarios de Madrid (TFM). Lastly we should add the consolidation of transfers of companies including Marina Port Vell, Concesiones Aeroportuarias, Concesiones de Madrid, Nautic Tarragona, Oligsa, Portsur Castellón, Hospital de Sureste, Scutvias Autostradas Beira Interior and Madrid 407.

Here is a list of the concessions Global Vía Infraestructuras is already managing.



AUTOVÍA DEL CAMINO DUAL CARRIAGEWAY, NAVARRA.

Concessions awarded during fiscal year 2008:

Autopista del Itata (100%)

The Itata Motorway. Global Vía Infraestructuras holds the contract to build and operate for 13 years this Chilean toll motorway between Concepción and Chillán, a total of 98 kilometres. It is operational and in 2008 saw an average daily traffic of 5,278 vehicles.

Autopista del Aconcagua (100%)

The Aconcagua Motorway. The company holds the contract to build and operate for 15 years the Route 5 toll motorway between Santiago and Los Vilos, Chile, a total of 218 kilometres. It is operational and in 2008 saw an average daily traffic of 10,538 vehicles.

Autopista Trasmontana (50%)

The Trasmontana Motorway, in Portugal. The company holds the contract to build and operate for 30 years the mixed toll motorway between Vilareal and Bragança, a total of 194 kilometres. Currently in the design and construction phase.

Concessions brought within the consolidation perimeter of Global Vía as of 31 December 2008:

Autopista Central Gallega Española, S.A. (61.39%)

This company holds the contract for the construction and 75 years' operation of the toll motorway between Santiago de Compostela and Alto de Santo Domingo, a total of 56.8 kilometres. In 2008 it saw an average daily traffic of 5,683 vehicles.

Compañía Concesionaria del Túnel de Sóller, S.A. (56.53%)

Two-way toll tunnel through the Sierra de Alfabía, part of the corridor from Palma de Mallorca to Sóller. In 2008 it saw an average daily traffic of 8,212 vehicles.

Terminal Polivalente de Castellón, S.A. (45%)

The company that won the contract to build and operate a 9.5-hectare container- and general goods-handling terminal in Castellón Harbour. In operation since 2006.

Autopista de la Costa Cálida (35.75%)

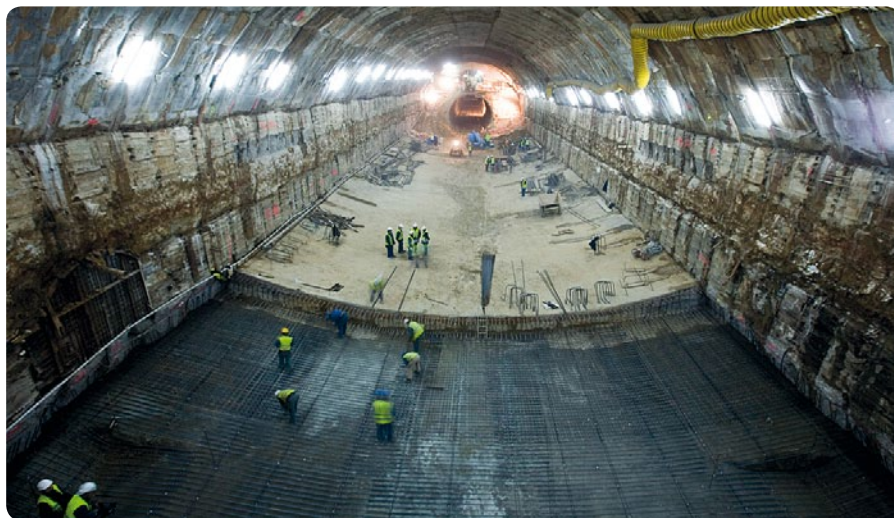
The company that won the 36-year government concession for the construction, operation and upkeep of the 98-kilometre-long toll motorway from Cartagena to Vera and the 16-kilometre-long stretch of the Cartagena toll-free dual carriageway for internal bypass traffic. In 2008 it went into operation and it sees an average daily traffic of 2,553 vehicles.

Metro Barajas Sociedad Concesionaria, S.A. (100%)

FCC Construcción won the contract for the concession to build and operate the new 2.5-kilometre-long underground line between the old Barajas terminals and the new T-4 terminal. In 2008 it had an average of 246,015 passengers per month.

Madrid 404, Sociedad Concesionaria, S.A. (100%)

The company that won the concession to design, build, keep up and operate the 27 kilometres of dual carriageway M-404 between roads M-407 and M-506, as a shadow toll operation. Concession awarded in December 2007. The road is scheduled to be opened to traffic in 2011.



SOL LOCAL TRAIN STATION, MADRID.

Marina Port Vell, S.A. (60.49%)

Government concession from the Barcelona Port Authority with mooring capacity for 413 large ships and 4,800 m² of commercial premises. The marina was fully occupied this fiscal year.

Concesiones

Aeroportuarias, S.A. (45%)

The company that won a 50-year contract to build and operate Castellón Airport. The future airport will be situated between Benlloch and Villanueva de Alcolea at an exceptionally well-chosen site that lies within less than 50 kilometres of anywhere in the province. At the end of 2007, approximately 67% of the work had been completed and the entire job was expected to be concluded by mid-2009, with the airport becoming operational in the second half of the year.

Nàutic Tarragona, S.A. (25%)

The company that won the concession to build and for 30 years to operate this marina in Tarragona. The marina has the mooring capacity for 417 large ships, 95% of which had been either rented or sold in 2007, plus 8,000 m² of retail space, which has all been sold.

Oligsa (20%)

The company that won the concession to build and for 30 years to operate a 168,000-m² bulk goods terminal in the port of Gijón. In 2008 it moved 2.8 million mt of goods.

Portsur Castellón, S.A. (30%)

The company that won the concession to build and for 35 years to operate the solid bulk goods terminal in the southern enlargement of Castellón Harbour, with 300 linear metres of wharf and 60,000 m² of attached yard. The award was made in September 2005 and in 2008 the terminal went into operation.

Hospital del Sureste, S.A. (66.66%)

The company that won the concession for the construction and comprehensive management of the new hospital at Arganda del Rey, Madrid, for 30 years. The hospital has been operational since 2007.

Scutvias, Autoestradas da Beira Interior, S.A. (8.33%)

Shadow toll motorway located in the Beira Interior area of Portugal. The road is divided into eight sections together measuring a total of 198 kilometres. In 2008 it saw an average daily traffic of 10,527 vehicles.

Madrid 407, Sociedad Concesionaria, S.A. (50%)

This company holds the concession for the design, construction, upkeep and operation of the 11.6 kilometres of the M-407 dual carriageway between the M-404 and the M-506 as a shadow toll operation. The concession was awarded in August 2005 and has been in operation since 2007. In 2008 it saw an average daily traffic of 27,932 vehicles.

Concesiones de Madrid, S.A. (100%)

Government concession for the stretch of the M-45 dual carriageway ringing Madrid from the O'Donnell artery to the N-II, a total of 14.1 kilometres, for a period of 25 years under a shadow toll arrangement. During fiscal year 2008 it saw an average daily traffic of 82,048 vehicles.

Túnel d'Envalira, S.A. (80%)

The company that won the concession to build and for 50 years to operate the three-kilometre-long toll tunnel that links the Grau Roig winter resort to El Pas de la Casa and holds traffic between Andorra and France on the Barcelona-Toulouse artery. During fiscal year 2008 the tunnel was used by an average of 1,485 vehicles daily.

Tranvía de Parla, S.A. (75%)

The company that won the 40-year contract for the construction, supply of rolling stock, operation and maintenance of the 8.5 kilometres of double tram track in Parla, Madrid. This concession was awarded in 2005 and became operational in July 2007. The tram was used by an average of 4,458,040 passengers per year in 2008.

Transportes Ferroviarios de Madrid, S.A. (49.37%)

Holder of the 32-year concession of the extension of Line 9 of the Madrid Metro between Vicálvaro and Arganda, comprising a total stretch of

20 kilometres and three stations in between. During 2008 it was used by 6,760,000 passengers.

Ruta de los Pantanos, S.A. (66.66%)

This concession is for the construction, management and upkeep for a 25-year period of the twinned 21.8-kilometre section of roadway on the M-511 and the M-501 between the M-40 and the M-522, in the Community of Madrid. In 2008 it saw an average daily traffic of 36,100 vehicles.

The following concessions are anticipated to be transferred to Global Vía at some point in 2009:

M-50 Concessions Ltd (45%)

The company that holds a concession for the construction and 35 years' operation of Dublin's M-50 ring road, the city's primary bypass. The project consists in building 24 kilometres of motorway and operating and maintaining that stretch along with an additional 19.3 kilometres. The work is under way while at the same time maintenance work is being done on the motorway's full ring.

Nuevo Necaxa-Tehuacán (50%)

Auneti, S.A. de C.V., is the company that won the concession to build and operate for 30 years 85 kilometres of motorway starting in Nueva Necaxa and ending in Tehuacán in the states of Puebla and Veracruz in Mexico. Construction is in progress.

Autovía del Camino, S.A. (40%)

The company that won the contract to build and operate the dual carriageway from Pamplona to Logroño using the shadow toll system. This stretch is divided into five completion phases comprising a total of 70.25 kilometres. It has been operational since 2004. In 2008 it saw an average daily traffic of 11,807 vehicles.

Port Torredembarra, S.A. (24.08%)

The company that holds the concession to build and operate for 30 years the Torredembarra Marina. It has 820 moorings, more than 95% of which were occupied in 2008, while the entire 4,000 m² of its retail space was rented.

Tramvia Metropolità, S.A. (19.03%)

The company that won the contract to build and operate for 25 years the transport infrastructure between southern Barcelona and the towns in the Baix Llobregat district. It has been in service since 2005. In 2008 it was used by 15,659,554 travellers.

Tramvia Metropolità del Besòs, S.A. (19.03%)

This company was awarded a 27-year contract to build, operate and maintain the tram that links the Estación del Norte and the Villa Olímpica in Barcelona with Sant Adrià del Besòs and Badalona. It is 15 kilometres long. During 2008 it was used by 7,496,273 travellers.

Metro de Málaga (24.50%)

Company that holds the 35-year concession to design, build, supply rolling stock and operate Lines 1 and 2 of the Málaga Metro, covering a total length of 16.5 kilometres, 11.7 kilometres of which is underground. Nineteen stations will be built along the route. During 2008 it was in the construction stage.

Ibisan Sociedad Concesionaria, S.A. (50%)

In September 2005 this consortium led by FCC Construcción was awarded the 25-year concession for the design, construction, upkeep and operation of the 14 kilometres of twinned road from Ibiza to San Antonio. During 2008 the job was in the pre-operational stage.

Marina de Laredo, S.A. (42.5%)

Government concession for the construction and operation of 540 moorings, 497 m² of retail space, a car park and a dry storage yard at the port at Laredo, Cantabria, awarded in July 2005 for a 40-year period. It is currently under construction.

S.C.L. Terminal Aéreo de Santiago, S.A. (14.78%)

Concession for the operation of Arturo Merino Benítez International Airport in Santiago de Chile for 21.5 years. During 2008 the terminal was used by 9,017,718 passengers.

Autopistas del Valle, S.A. (48%)

In June 2004 this company was awarded the concession for the construction and shadow toll operation of the San José-San Ramón motorway in Costa Rica for 25 years. The motorway is 60 kilometres long. It is estimated that the motorway will be opened sometime in 2010.

Autopista San José-Caldera (48%)

The company that won the contract to build and operate for 25 years the San José-Caldera motorway in Costa Rica under a shadow toll arrangement. The road comprises three sections, a total of 76.8 kilometres, connecting the country's capital with one of Costa Rica's main Pacific ports. Construction is in progress.

Concesionaria Túnel de Coatzacoalcas, S.A. de C.V. (70%)

The company that won the contract to build and for 30 years to operate the underwater tunnel in Coatzacoalcas, in the state of Veracruz, Mexico, under a shadow toll arrangement. This is a 2,200-metre tunnel, 1,200 metres of which are underwater, built using six segments of prestressed concrete precast in a drydock. Construction began in 2007 and the tunnel is expected to be operational in late 2010.

Hospital de Son Dureta (32%)

The company that won the contract to build and operate the new Hospital Universitario de Son Dureta in Palma de Mallorca. The new hospital has got 987 beds and the concession is for 30 years. Construction is currently in progress.

N6 Galway-Ballinasloe (45%)

The company that won the contract to build and operate the N6 Galway-Ballinasloe motorway along the strategic east-west corridor from Galway to Dublin, complying with the requirements of the National Development Plan. It consists of a 56-kilometre-long toll motorway between Galway and Ballinasloe, a seven-kilometre junction to the Loughrea bypass (single lane) and approximately 32 kilometres of access roads. The concession is for 30 years and the motorway is scheduled to open in 2010. Construction is currently underway.

Accesos de Madrid, Cesa (20%)

This is the company that won a contract to operate the R3 and R5 toll motorways. The R3 is a 33.9-kilometre toll motorway between the M-40 and Arganda del Rey that runs parallel to the toll-free alternative A-3 road. The R5 is a 28.3-kilometre toll motorway between

the M-45 and Navalcarnero that runs parallel to the A-5. Both have been in operation since 2004 and the concession is for 50 years. The average daily traffic in 2008 was 13,885 vehicles.

R-2 Autopista del Henares (10%)

Henarsa is the company that won the contract to build and operate the R2 toll motorway, a 62-kilometre stretch of road that runs between the M-40 and Guadalajara. There are two sections. The inner section, which runs from the M-40 to the M-50, is an alternative route for avoiding traffic jams on the A-1 in San Sebastián de los Reyes and Alcobendas. The outer section is an alternative route to the heavy traffic on the A-2 between Guadalajara and the M-50. The term of the concession is 24 years. The average daily traffic during the last fiscal year was 10,601 vehicles.

Alicante ring road (25%)

Ciralsa is the holder of the concession to build and operate the 28.5-kilometre Alicante ring road. The concession is for 36 years. The ring road has been in operation since December 2007, with an average daily traffic of 9,862 vehicles.

Sanchinarro light metro (42.5%)

In 2006 Metro Ligerio de Madrid, S.A., was awarded the contract to operate and maintain the 5.4-kilometre-long Pinar de Chamartín-Sanchinarro-Las Tablas light metro line that connects Lines 1 and 4 of the Madrid Metro system. This line has been operational since May 2007. The concession is for 30 years. In 2008 4,148,395 travellers rode on the light metro.

Austrian subsidiary Alpine holds an interest in the following concessions:

Design, financing, construction and 30 years' operation of the first section of the A5 motorway in Austria.

This is the country's first motorway concession, a 51-kilometre section of road. It includes the construction of the first part of the A5 from Vienna toward the Czech Republic between the towns of Eibesbrunn and Schrick and the prolongation of the north-eastern ring around Vienna, which will connect to the S1 and S2 fast lanes. It is currently under construction. Phase 1 is scheduled to enter operation in November 2009 and Phase 2 in March 2010.

The following table summarises all the infrastructure concessions managed by GVI and FCC, including the contracts managed by Alpine as well:



COLONIA-JARDÍN STATION. METRO LINE 10, MADRID.

Concession	Company	Type	Investment (million €)	Term (years)
Galician Central Motorway	GVI	Toll road	303	75
Costa Cálida Motorway (Murcia)	GVI	Toll road	649	36
San José-San Ramón Motorway (Costa Rica)	GVI	Toll road	213	25
San José-Caldera Motorway (Costa Rica)	GVI	Toll road	264	25
N6 Galway-Ballinasloe (Ireland)	GVI	Toll road	340	30
R3 and R5 accesses to Madrid	GVI	Toll road	1,003	50
R-2 Henares Motorway	GVI	Toll road	563	24
Alicante ring road	GVI	Toll road	445	36
A-5 (Austria)	Alpine	Toll road	875	30
Envalira Tunnel (Andorra)	GVI	Toll tunnel	54	50
Sóller Tunnel	GVI	Toll tunnel	51	33.5
Autovía del Camino Dual Carriageway (Navarra)	GVI	Shadow toll road	356	30
M-45 (Madrid)	GVI	Shadow toll road	214	34
M-407 (Madrid)	GVI	Shadow toll road	74	30
M-404 (Madrid)	GVI	Shadow toll road	162	30
Ibiza-San Antonio road twinning	GVI	Shadow toll road	101	25
Autoestradas da Beira Interior (Portugal)	GVI	Shadow toll road	933	30
Ruta de los Pantanos	GVI	Shadow toll road	107	25
Coatzacoalcos Tunnel (Mexico)	GVI	Toll tunnel	185	30
N. Necaxa-Tehuacán (Mexico)	GVI	Toll road	493	30
M-50 Dublin (Ireland)	GVI	Pay-as-you-use toll road	419	35
Itata Motorway (Chile)	GVI	Toll road	198	15
Aconcagua Motorway (Chile)	GVI	Toll road	457	13
Trasmontana Motorway (Portugal)	GVI	Shadow and real toll road	706	30
Cedinsa Eix Llobregat	FCC	Shadow toll road	174	33
Cedinsa d'Aro	FCC	Shadow toll road	54	33



Concession	Company	Type	Investment (million €)	Term (years)
Cedinsa Vic-Ripoll	FCC	Shadow toll road	221	32
Cedinsa Eix Transversal	FCC	Shadow toll road	712	33
Cuenca Dual Carriageway	FCC	Shadow toll road	120	19
Parla Tram	GVI	Rail infrastructure	104	40
Baix Llobregat Tram	GVI	Rail infrastructure	249	25
El Besòs Tram	GVI	Rail infrastructure	225	27
Madrid Metro Line 9	GVI	Rail infrastructure	124	32
Barajas Metro	GVI	Rail infrastructure	47	20
Málaga Metro	GVI	Rail infrastructure	504	35
Sanchinarro light metro (Madrid)	GVI	Rail infrastructure	293	30
Barcelona Metro Line 9	FCC	Rail infrastructure	1,000	32
Laredo Marina (Cantabria)	GVI	Marina	70	40
Port Vell Marina (Barcelona)	GVI	Marina	15	30
Nàutic de Tarragona	GVI	Marina	12	30
Port Torredembarra	GVI	Marina	15	30
Portsur Castellón	GVI	Marina	30	35
Castellón Multi-purpose Terminal	GVI	Logistics port	35	30
Gijón Harbour Bulk Goods Terminal	GVI	Logistics port	17	30
Santiago Air Terminal (Chile)	GVI	Airport	249	21.5
Castellón Airport	GVI	Airport	127	50
Hospital del Sureste (Madrid)	GVI	Hospital	71	30
Hospital de Son Dureta (Mallorca)	GVI	Hospital	243	31.5
Enniskillen Hospital (Northern Ireland)	FCC	Hospital	372	33
World Trade Center Barcelona	FCC	Service building	134	50
City of Justice, Barcelona	FCC	Service building	263	35
Tema Concesionaria (Mallorca)	FCC	Service building	33	40



Technological development



L'ASSUT DE L'OR BRIDGE, VALENCIA.

FCC Construcción upholds its policy of technological development. It upholds ongoing innovation in its work. It actively participates in landmark construction projects and designs such projects itself. It conducts R&D&i projects to improve the company's processes and systems. And it increases and improves the machinery and auxiliary resources available to it.

Fully committed to sustainability in construction, FCC belongs to several international technical committees, such as CEN/TC 350 on the Sustainability of Construction Works and ISO/TC 59/SC 17 on Building Construction/Sustainability in Building Construction, as well as Spanish committees such as AEN/CTN 198/SC on Sustainability in Infrastructure, which is chaired by FCC Construcción.

Here are a few examples of special designs and construction and how the company is increasing and improving its resources.

Bridges and special structures

During the fiscal year FCC Construcción beefed up its bridge-building resources with new moveable formwork able to place segments weighing 65 metric tonnes apiece in progressive cantilever systems for spans of up to 75 metres. It will be used to build the Concha de Arredo viaduct on dual carriageway A8 (the Cantabrian Dual Carriageway). This formwork can be easily modified to act as upper formwork in building in-situ concrete bridges with spans of up to 60 metres and a weight of 30 metric tonnes per metre.

The company began construction on the ten viaducts on the Despeñaperros relief road of dual carriageway A4. These viaducts measure a total of 3,640 metres in length, with precast segments weighing 50 metric tonnes apiece. The span-by-span system is being used, where previous experience indicates that an output of two spans a week can be expected to be reached.

During the fiscal year FCC Construcción finished high-tech bridges such as:

L'Assut de l'Or Bridge

Serrería Bridge, dubbed Pont de L'Assut de L'Or since the day it was opened, is a cable-stayed bridge with a free span of 160 metres. It is located in the City of Arts and Sciences of Valencia.

The bridge is transversally symmetrical, with a straight ground plan and a slightly curved elevation. Its total width varies from 39.2 to 35.5 metres. It accommodates six automobile lanes and two bus or tram lanes.

The pylon springs from one end of the bridge. It is 125 metres high from ground level and it has a curved directrix approximately following the antifunicular load polygon.

There are 29 cables arranged along the bridge's axis to hold it up, and the pylon's guy wire contains four components made of metal pipes and 85-strand cables.

Almozara Park Footbridge

(the Volunteer's Footbridge)

This footbridge crosses the Ebro River in Zaragoza. It is a cable-stayed footbridge with a curved ground plan and a span of 235 metres.

The pylon is set on the outer side of the curve, at a distance of four-tenths of the total length of the footbridge, and it leans toward the outside of the same curve. The deck is held up by a fan-shaped array of cables that run from the pylon. The pylon is counterstayed by two cables anchored to the foundations.

The deck is a closed metal box whose cross section is shaped like a segment of a circle. It is 4.5 metres wide and 1.0 metres thick. The box is embedded torsionally in the abutments, where its longitudinal movement is also dealt with. Its resistant section is made entirely of metal.

The cables holding up the bridge and those holding up the pylon are closed. The staying cables were put in place and tensioned by BBR PTE.

Powder Magazine/Weapons Factory Footbridge

This footbridge, located in Toledo, replaced the footbridge over the Tagus River that used to join the weapons factory with the powder magazines but was washed out by a flood.

The new footbridge is a hanging structure with a span of 105 metres. Its useful width is six metres, but its total width is nine metres, which the same as the transverse separation of the hanger/catenary/pylon/retaining cable assemblage.

The deck has a combined cross section. There is a U-shaped central metal box two metres wide and 0.8 metres thick.

The concrete slab is 200 millimetres tall by six metres wide. In the box are embedded 3.5-metre-long I-beams set crosswise every three metres. The deck is embedded torsionally in the abutments.

The hangers (2x32 units) are open, spiral cables. They are 16 millimetres in diameter and are anchored to the ends of the cross beams. The catenaries are closed cables 84 millimetres in diameter. They are anchored to the pylons with fork-shaped anchoring fixtures.

The pylons, which have a constant cross section and are made of metal, are embedded in the foundations and retained by two pairs of steel tubes 219 millimetres in diameter, anchored to the concrete mooring points.

Marine construction

Various improvements have been made to the company's marine construction machinery. One big improvement was to increase the height of the towers on the Mar del Teide dock so that the depth of the caissons that can be made there could be increased from 22.00 to 24.70 metres.

An R&D&i project was conducted to develop floating pontoons made of concrete reinforced with metal fibres instead of structural steel.

Underground construction

FCC Construcción continues to amass an ever-greater pool of special tunnel-building machinery. At the end of the fiscal year it or joint ventures in which it was participating owned nine tunnel-boring machines whose boring diameters ranged from 9.38 to 15.01 metres. These included EPB, dual (rock + EPB), single rock shield and double rock shield TBMs. An additional four TBMs are being built for FCC to work at the following sites:

UIC-gauge connecting tunnel between Atocha Station and Chamartín Station, in Madrid.

Boring diameter: 11.50 metres. Machine type: EPB.

Terrassa-Rambla Can Roca Tunnel. Two TBMs with a boring diameter of 6.85 metres. Machine type: EPB.

Girona Tunnels (for AVE high-speed trains). Boring diameter: 12.16 metres. Machine type: EPB.

One achievement of the fiscal year was the construction of the second La Cabrera Tunnel on the Siete Aguas-Buñol section of the high-speed line to the Levante area of Spain's coast. The double-shield TBM bored the six kilometres between the completed sections using conventional methods from 8 May to 25 September, beating the world record set in the first tunnel. The first tunnel's record was 83 metres built in one day, and the second tunnel pushed past that to 92.8 metres.

Special buildings

The following are some of the more outstanding special building projects FCC Construcción finished.

Wall of the Museum of Royal Collections

Before the museum could be built, a retaining pile wall had to be built near Almudena Cathedral and the Royal Palace in Madrid, so that the necessary excavation work could be done 36 metres below the level of the cathedral courtyard.

The wall was anchored with up to seven levels of anchors of different capacities ranging up to a maximum of 180 metric tonnes.

Because the terrain is argillaceous soil formed in Madrid's Tertiary period, these

anchors' capacity may be regarded as the highest performance current technology can provide.

Exhaustive auscultation was done during anchoring, using inclinometers, anchor load cells, pile integrity checks, topographical checks, etc.

The anchors were by Alpine subsidiary Grund Pfahl und Sonderbau (GPS).

Magic Box

The Magic Box high-performance tennis centre is located in the San Fermín district of Madrid, on the banks of the Manzanares River. It is called the Magic Box because its main building has a nearly square 170-by-160-metre ground plan, and inside it hides three stadiums able to seat 12,000, 3,500 and 2,500 spectators. These stadium's main feature is that they have removable roofs that can be shifted and turned so that three games can be played at the same time under outdoor or indoor conditions.

The main stadium is Manuel Santana Stadium. It has a 105-by-73-metre metal roof. The roof trusses measure four metres along the edge and are made of S460 and S355 steel. To them a triangulate structure is connected. There are two hydraulic jacks weighing 60 metric tonnes apiece and each able to move 1,000 metric tonnes, one installed on each side of the stadium. They open and close a set of 17-metre-long, A-shaped legs. The roof can be revolved 12° and shifted 56 metres along two rail beams set at a height of 20 metres.

The other two stadiums, the larger of which is Arantxa Sánchez Vicario Stadium, have 62-by-43-metre roofs made with roof trusses four metres long along the edge. These roofs can revolve 25° and shift 43 metres, leaving both courts completely open to the sky.

RCD Español Stadium roof

The roof has four main beams in a lattice pattern, two 195.6-metre-

long longitudinal beams and two 155.5-metre-long cross beams. They rest on eight concrete pillars two metres in diameter located outside the stadium.

The edges of these trusses measure nine metres in the central area and narrow to 3.9 metres at the place where they rest on the pillars. The chords are four tubes 610 millimetres in diameter. They are set one metre apart in the upper chord, and in the lower chord they are set six metres apart in the central area, narrowing to 3.5 metres apart where they meet the pillars. The diagonals are tubes 298 millimetres in diameter set approximately seven metres apart.

Along the outside edge of the roof there are band joists, also in a lattice pattern, which help support the roof's side-wavers. They rest on the ends of the main trusses and on articulated metal pillars.



MAGIC BOX (LA CAJA MÁGICA), MADRID.

R&D&I projects



PROJECT ARFRISOL, BIOCLIMATIC OFFICES WITH SOLAR COOLING SYSTEMS.

Some of the most notable projects conducted in fiscal year 2008 are mentioned below.

Projects undertaken in preceding fiscal years were continued, such as the Tunconstruc Project to optimise underground construction; ManuBuild, on the industrialisation of construction; Arfrisol, on developing bioclimatic architecture and solar energy; Hatcons, to study different aspects of underground construction, such as high-efficiency concrete and the interaction between machines, linings and soil; Integral Bridges, for the design of integral bridges without joints; Cleam, focusing on efficient, environmentally friendly construction; Safe Port, to develop a system capable of linking the natural environment with the occupational risks inherent in marine construction; and the Submerged Tunnels project, focusing on

submerged tunnels in seismic areas. Under Project Arfrisol a bioclimatic building was built for the Barredo Foundation in Asturias, and under Project Safe Port a system was developed to improve safety in the construction of Laredo Marina.

A number of new projects were started up in 2008. The foremost were Project Olin, to study, test and find a basis for expanding the range of soils to be used in embankments and the formation of E3 graded surfaces using soil treated with lime only; Urban Tunnels, whose objective is to develop an integrated model for the design and study of tunnels in urban areas; Pontoon, to develop the system of fibre-reinforced concrete pontoons mentioned above; and Project Continuous Wall, to develop slipformed continuous parts made of concrete reinforced with structural fibres.

This fiscal year was the fourth year when the Fomento Award for Innovation went to the project entitled, "Automation of the railway sleeper-manufacturing process" by Prefabricados Delta, a subsidiary of FCC Construcción. This project consists in the automation of tensioning and detensioning in the manufacturing of sleepers, establishment of a dimension-measuring and automatic weighing system and the introduction of a computerised traceability system. The project has achieved major technical and economic improvements.

cement

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Firm commitment to sustainability

Cementos Portland Valderrivas has made a firm commitment to sustainability. That means improving its environmental management, boosting its energy efficiency and gradually phasing out fossil fuels at its factories, to be replaced by alternative fuels that produce lower atmospheric emissions of CO₂.



Analysis of the sector

In 2008 the Cementos Portland Valderrivas Group was hit by the financial and real estate crisis. The negative consequences for the Group's business were felt in Spain as well as the USA and the UK. The impact was lighter in Tunisia, Argentina and Uruguay, where the Group also has cement factories.

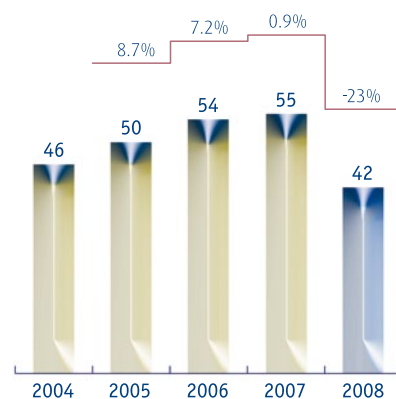
According to statistics provided by the National Association of Cement Manufacturers, apparent consumption of cement in Spain reached the figure of 42.7 million mt in 2008. That is 23.8% less than the year before and implies a radical change in preceding years' trend in consumption.

Total imports of cement and clinker fell by 6.2 million mt, for a total of 7.7 million mt. Total exports amounted to 2.2 million mt in 2008, as compared to 1.1 million in 2007.

In the USA, where the South Carolina, Maine and Pennsylvania factories are located, according to provisional data from the Department of the Interior, cement consumption declined in 2008 to 98.6 million mt, 18.1 million less than the year before.

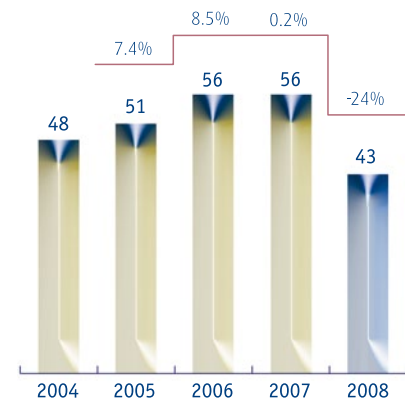
Cement production in Spain

Million mt



Cement consumption in Spain

Million mt



Cementos Portland Valderrivas



CEMENTOS
PORTLAND
VALDERRIBAS

Between direct and indirect holdings, FCC owns 67.361% of the capital in **Cementos Portland Valderrivas**. The remainder is free float.

Cementos Portland Valderrivas in turn holds 65.49% of the capital in Uniland, after exercising a number of call options in the course of the fiscal year, with an investment of 135.7 million euro.

Cementos Portland Valderrivas currently controls 15 cement factories, 159 prepared concrete plants, 56 aggregate quarries, 19 dry mortar plants, 13 maritime terminals and nine terrestrial terminals. These facilities are located in Spain, the United States, Canada, Tunisia, Argentina, Uruguay and the United Kingdom. It also has a trading business in Holland.

a considerable decline in cement consumption in Spain and the US alike. Total sales for Spain and the US fell from 18,168,128 mt in 2007 to 15,449,994 mt in 2008.

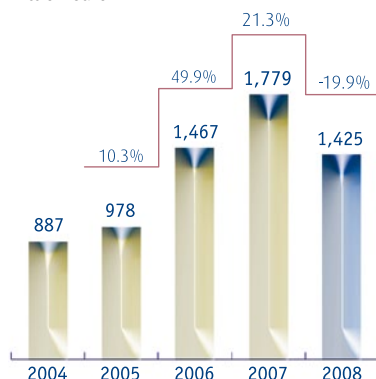
The 2,718,134-mt drop in fiscal year 2008 from the level of the preceding year was less than anticipated, thanks to the Group's effort to export surplus production and thus at least partially to palliate the decline in sales in the countries where we do business. Thus, 977,939 mt of sales in 2008 were exports. That is 6.3% of the total, while in 2007 3.72% of total sales were made outside these two core markets.

Cement

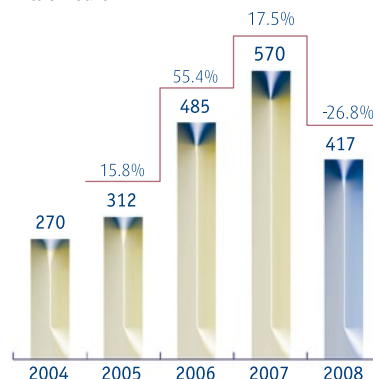
Cement and clinker sales in 2008 were affected by the downturn in the international and domestic economy and in the residential sector, which entailed

In 2008 Spain contributed 729,503 mt, 7.3% of the 10,030,781 mt sold by the country. The rest of the exports were made primarily from Tunisia, with 130,896 mt of the total of 1,875,218 mt sold.

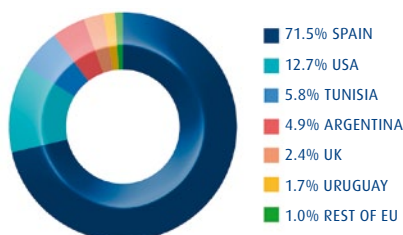
Turnover
Million euro



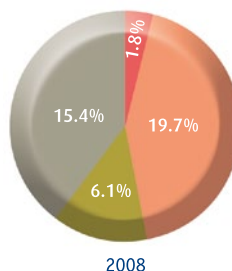
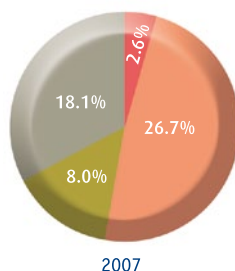
Gross operating profit (Ebitda)
Million euro



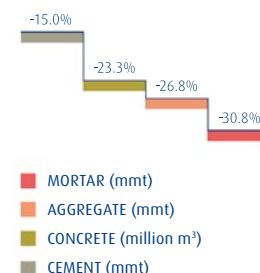
Breakdown of turnover by countries



Sales in physical units



Variation %





FACTORY AT ENFIDHA, TUNISIA.

By companies, **Cementos Portland Valderrivas** accounted for 35% of total sales, with 5,413,811 mt, 20.1% less than the year before. Uniland contributed 39.6%, or 6,124,027 mt, which meant sales declined 9.4% from the year before.

Giant Cement Holding sold 1,870,132 mt, a 17% reduction over the figure of the year before, and furnished 12.1% of the total tonnage. Cementos Alfa and Cementos Lemona experienced negative variations over 2007, of 14.6% and 17.1% respectively. Their respective sales were 909,040 mt and 784,828 mt, furnishing 5.9% and 5.1% of the total sold.

Dragon Alfa sold 211,537 mt and other companies accounted for 136,619 mt. Their respective negative year-on-year variation rates were 5.4% (Dragon Alfa) and 2.6% (other companies), and altogether they contributed 2.3% of the total tonnage sold.

Concrete

At the close of 2008 Cementos Portland Valderrivas had 134 prepared concrete plants in Spain, ten in the USA, six in Argentina, five in Tunisia and four in Uruguay, for a total of 159 industrial facilities.

In 2008 the total sales of prepared concrete by the Cementos Portland Valderrivas Group came to 6,120,323 m³, as opposed to 7,976,861 m³, which means sales declined 23.3% over the previous year.

The Spanish concrete division works in the communities of Andalucía, Aragón, Cantabria, Castilla-La Mancha, Castilla y León, Cataluña, Extremadura, La Rioja, Madrid, Navarra and País Vasco. The fleet that supplies the product comprises over 1,000 concrete lorries in constant operation. During 2008 prepared concrete of many different qualities was supplied at a vast variety of sites in Spain. The most important sites were these:

> Twinning of road C35 from Vidreres to Llagostera, in Girona.

- > High-speed line from Constanti to Perafort and third lane on the AP7, in Tarragona.
- > Dual carriageway SE-40, section I, section II, in Sevilla.
- > Enlargement of the Palacio de Congresos exhibit hall in Málaga.
- > South Dual Carriageway / Despeñaperros, in Jaén.
- > Railway lines from Móstoles to Navalcarnero and from Torre Bami to Las Tablas, in Madrid.
- > Southern Metropolitan Bypass and Metro line from Santurce to Cabieces, in Bilbao.
- > Ring road, section from Villatoro to Quinta de Dueña, and Modubar Wind Farm, in Burgos.
- > Celada 1 Wind Farm, in Palencia.
- > Work on the V-30, in Valladolid.
- > Hospital de Reinos, in Cantabria.
- > Navarra Canal.

Aggregate

The Group produces aggregate at 50 quarries in Spain, two in the USA and Argentina, one in Tunisia and another in Uruguay.

In 2008 the Aggregate division sold 19,700,385 mt of aggregate, as compared to 26,906,817 mt in 2007. That means a reduction of 7,206,432 mt and a year-on-year negative variation of 26.8%.

Declines in aggregate sales affected all countries except the United States, where 19.8% more was sold than in the previous year.

The aggregate division in Spain operates in the same autonomous communities as does the concrete business.

During 2008 the different products were supplied to a great number of sites, the foremost of which were:

- > Enlargement of the military harbour at Rota, Cádiz.
- > Bilbao Metro.

- > Ronda Nuevo Torneo office building in Seville.
- > Third runway at El Prat Airport, Barcelona.
- > Remodelling of a section of the M-30 and Torre Repsol in Madrid.
- > Enlargement of Málaga Airport.

Dry mortar

Portland Valderrivas has got 19 production facilities, all in Spain. Dry mortar was the business that grew the most in 2007, with a 54.3% increase in sales over the year before to the historical record of 2,589,431 mt. In 2008, with the shrinking demand, the Group sold 1,792,339 mt, with a negative year-on-year variation of 30.8%.

There were two different scenarios in the mortar business in 2008. Up until June production, which went in lockstep with sales, displayed levels similar to those of 2007. Then there was a very sharp drop starting in September.

During 2008 dry mortar was supplied to different sites, the most important of which were these:

- > New headquarters for Caja Vital in Segovia.
- > Epsilon Euskadi's headquarters in the Technological Centre in Álava.
- > The Super-Sur Bypass in Bilbao.
- > An auditorium in Burgos.
- > The Twentieth Century Bridge and the Hotel Hiberus for Expo Zaragoza.
- > El Corte Inglés in Valencia.
- > Hospital de Son Dureta in Palma de Mallorca.
- > Metro Line 9 and the City of Justice in Barcelona.
- > The Las Arenas entertainment centre and the Porta Fira building in Hospitalet, both in Barcelona as well.



GIANT CEMENT FACTORY, USA.



CEMENTOS VILLAVERDE PLANT, MADRID.



GRAVEL PLANT, PERALTA, NAVARRA.

Transport

Cementos Portland Valderrivas, through Atracemsa and Natrasa, the companies that form the Raw Materials and Cement Transport Division, were also hit by the sector's crisis. In 2008 they moved 2,008,025 mt and 598,954 mt, respectively, which makes for a total transported volume of 2,606,979 mt, down 23% (or 777,548 mt) from the year before.

Results

Portland Valderrivas' 2008 results and their comparison with the 2007 results reflect the new method of equity instead of proportional consolidation.

In fiscal year 2008 the turnover was 1,425.1 million euro, down 19.9% from the turnover earned in 2007. The gross

operating income (Ebitda) was 417.3 million euro, which is 26.8% less than in 2007. In terms of operating margin, that figure represents 29.3% of the turnover, as opposed to 32.1% in the preceding fiscal year. The increase in costs was due to the increase in fuel prices. The larger variation is due to the reduction in business volume. The effect of exchange rates was practically neutral.

The net result attributable to the controlling company was 101.8 million euro, 49.60% less than in 2007. In fiscal year 2008 financial expenses were reduced by 7.7% over 2007, and the average rate of taxation on corporate income was optimised. Also, as a consequence of the exercise of options to purchase shares in Corporación Uniland during the course of 2008, as discussed above, the interests of minority shareholders were reduced by Cementos Portland Valderrivas's increase in its holdings in Corporación Uniland.

Investments

Total intangible and tangible asset investments plus financial investments totalled 315.3 million euro in 2008, as opposed to 322.1 million in 2007, a decrease of 2.6%. The policy of optimising industrial investments is being upheld, in view of the fact that the cement business is capital-intensive and requires continuing investment in order to toe the line drawn by increasingly demanding environmental legislation.

In 2008 financial investments came to 153.6 million euro, 88.3% of which was for the purchase of shares in Corporación Uniland.

Tangible fixed-asset investments in 2008 reached 161.7 million euro and were 12.5% lower than in 2007.



CEMENT FACTORY IN VALLCARCA, BARCELONA.



Industrial development

FCC's Strategic Plan supports the use of alternative energy sources. Support this year appeared in the form of approval to foster the use of waste to produce energy in cement factories. This move promotes the sustainability of natural resources, because cement production is very intensive in its consumption of both heat energy and electricity.

Accordingly, biomass consumption has been encouraged further in production plants. The results are satisfactory. For example, the Vallcarca, Barcelona, cement factory achieved an energy substitution of 4.64% in 2008. The alternative fuels obtained from biomass were sludge from urban purification

plants (whose use as fuel is permitted under the integrated environmental authorisation), detritus from pruning and the residual fraction. Tests were conducted with this fuel mix, with satisfactory results.

It has also been planned to introduce this type of fuel for the rest of the factories in the next few years.

Work continues on the incorporation of decarbonised materials into the process, to reduce greenhouse gas emissions. The use of these by-products has steadily been becoming consolidated in the different production centres, to favour energy recovery and to minimise CO₂ emissions at the same time. This year a central power-purchasing office

was opened for the country's biggest electricity consumers, one of which is Cementos Portland Valderrivas. The office's job is to create a favourable position in the new market scenario and to favour improvement in the way the Spanish electricity system manages energy.

Information systems

Project SIVA, the Cementos Portland Valderrivas Group's information system, is scheduled to start at the close of fiscal 2008. SIVA is a corporate tool that integrates all the ratios and indicators management uses at all the Group's companies, regardless of the information procedures they currently employ for daily operations. This new system will considerably simplify and speed up the process of obtaining the Group's monthly figures, and it will enable fast, effective monitoring of the development of the key indicators of the different businesses.

Stock market analysis

Shares in Cementos Portland Valderrivas, S.A., are included in the Index of Commodities, Industry and Construction on the Madrid and Bilbao stock markets, and therefore they have followed a very similar trend during 2008.

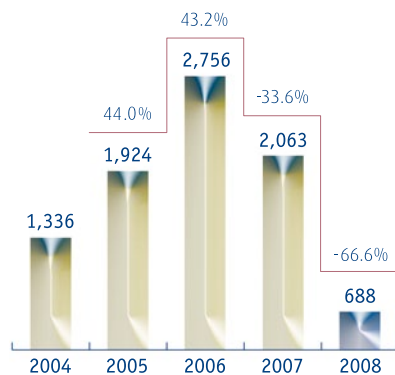
On 2 January 2008 the shares were quoted at 72.50 euros. That was the year's high, as it was the year's high for the Madrid Stock Market's Index, which closed in that same session at 1,624.84, while the record for the Commodities Index was set on 19 May at 2,243.82.

The company's shares were traded on all 254 sessions of the continuous market, with a total movement of 5,376,144 shares, which accounted for 19.3% of the volume in circulation.

On 12 December 2008 the trading price hit its annual low of 23.20 euro. It closed on the thirtieth of that same month, the last session of the year, at 24.70 euro, which made for a stock market capitalisation of 687,594,105 euro.

Stock market capitalisation as of 31 December

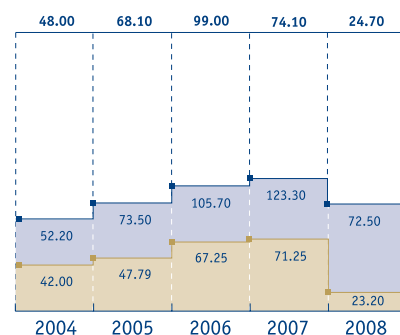
Million euro



High, low and closing price of shares

In euro

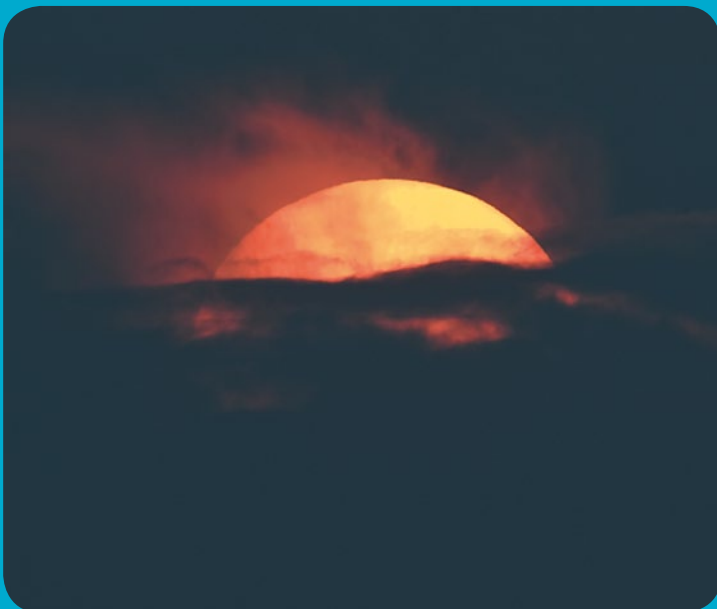
CLOSING



EL ALTO CEMENT FACTORY, MADRID.

A sustainable company

energy





Analysis of the sector

Energy production and consumption, the foundation of economic development, have been experiencing something like 4% annual increases in recent years. In Spain this increase has been made by relying significantly on renewable energy sources.

Spain is considered a model country in the development of renewable energy sources and it has succeeded at establishing a powerful domestic industry.

Thus, in 2008 wind energy accounted for 10% of the country's total energy production.

Solar photovoltaic energy also experienced quite a considerable increase. By late 2008 there were some 3,000 mW of solar power capacity installed.

Government plans call for growth that will double these figures in the next few years.

Activity at FCC

In its strategic plan (PLAN 10), FCC posed diversification toward the energy sector as one of its main objectives. FCC is especially interested in the areas of cogeneration, energy efficiency, renewable energies and energy from waste. To handle these activities, on 4 September 2008 FCC Energía, S.A., was created to head up the future Energy and Sustainability area. The company's initial capital is four million euro.

To get this new business off to a good start, in September 2008 full ownership of two solar photovoltaic farms in the province of Córdoba was purchased. These farms have an installed power capacity of 20 mW. They were both connected to the power mains in September last, so they have qualified for payment at the maximum rate. On 31 December 2008 these assets were transferred to FCC Energía, S.A. The investment cost 144 million euro.

During the fiscal year it was resolved to buy from the Australian group Babcock & Brown Wind Partners the fourteen wind farms it owned in the communities of Andalucía, Galicia, Aragón, Castilla y León and Castilla-La Mancha. They have an annual turnover of 100 million euro. Their total production capacity is 420.7 mW, with an additional development capacity of 45 mW that is estimated to be brought into operation before 2012. The acquisition took place on 8 January 2009.

These assets' power output covers the electrical needs of some 200,000 persons and saves 700,000 million tonnes of CO₂.

In addition to these wind power assets, a half interest has been purchased in Im Future, a wind farm operation and maintenance company that boasts a team of 60 professionals with great experience in the wind power sector. Wind farm operation and maintenance is an increasingly important business, as Spain is home to 16,000 mW of wind power facilities. Work is also going on to develop the capacity to repair critical components such as blades and gearboxes. At present continuous monitoring is being conducted at the facilities the Group has acquired.

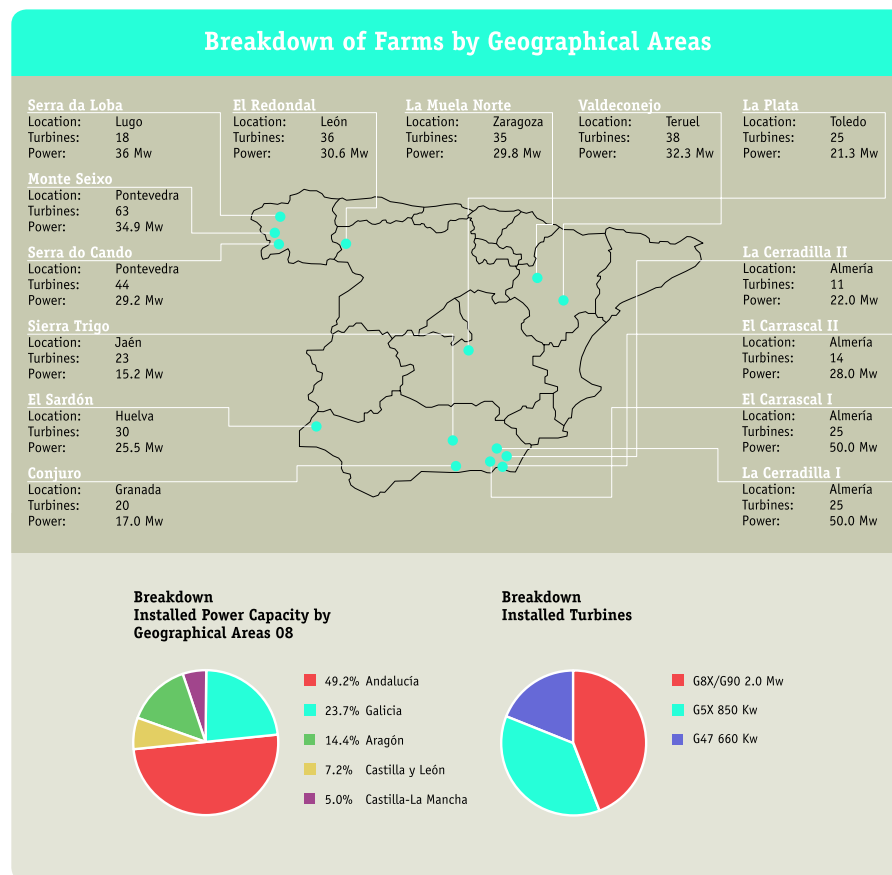
The cost of the transaction came to a total of some 800 million euro.

In the course of 2009 the investments already made in power-producing assets will be consolidated, and investments will be undertaken in new assets in concordance with the term of FCC's strategic plan, Plan 10.

RENEWABLE ENERGY ASSETS						
Location		Capacity (mW)	Percentage of total	Investment (M€)	Status	FCC's share
Zabalgardi	Spain	29	5%	49	Operational	30%
Allington	United Kingdom	35	6%	178	Operational	100%
Eastcroft	United Kingdom	27	5%	-	Operational	100%
Zisterdorf	Austria	13	2%	78	Development	100%
Total waste		104	18%	305		
14 farms	Spain	422	71%	760	Operational	100%
2 farms	Spain	45	8%	45	Development	100%
Total wind		467	79%	805		
2 farms	Spain	20	3%	144	Operational	100%
Total photovoltaic		20	3%	144		
TOTAL		591	100%	1254		



In the new investments, priority will go to asset promotion projects over any opportunities that may arise to acquire assets already in operation. Asset promotion will make it possible to consolidate and increase FCC's position in the renewable energy sector and, with the companies in the Group, to develop the necessary technological capacities for the construction, operation and maintenance of facilities. The geographical areas given top investment priority will be Spain, eastern EU member countries and the USA. The common denominator of all these geographical areas is that they all offer the legal certainty necessary to commit medium-term investments and their respective governments have stated their political willingness to boost the development and promotion of renewable energy sources.



In the production technology area, the trend will be to draw on all existing technologies that are mature enough to ensure asset profitability. Therefore the top-priority technologies will be wind, solar photovoltaic and solar thermal.

Furthermore, under its Social Responsibility and Sustainability Plan, FCC is developing and implementing systems to improve the efficiency of its own energy consumption by incorporating new technologies, improving purchasing and provisioning processes and using alternative fuels in certain production processes. These steps will make for major cost savings and will moreover generate new business opportunities through the implementation of new-won processes at our clients' facilities. FCC has decided to create an energy service company to handle activities in efficiency

and energy savings, under Spain's anticipated new Act on Energy Saving and Efficiency and Renewable Energy Sources.

In the field of energy from waste, active work is being done to analyse the opportunities with the goal of getting the most out of FCC's waste management capacity by minimising the final volume of waste left over. At the same time, this will produce renewable, autochthonous, competitive, greenhouse-gas-free electricity.

A sustainable company

real estate

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LE GUYNEMER BUILDING, PARIS.



HATO VERDE, SEVILLA.



FCC controls 30.023% of **Realia**, and since 31 December 2008 it has been consolidating its Realia accounts by the equity method. Before that date it had been using the full consolidation method.

Realia was created in 2000 after the merger of the property and real estate development assets of FCC and Caja Madrid. Since its creation the company's purpose has been to develop, manage and operate all manner of real estate, including office buildings, shopping centres, housing and land management.

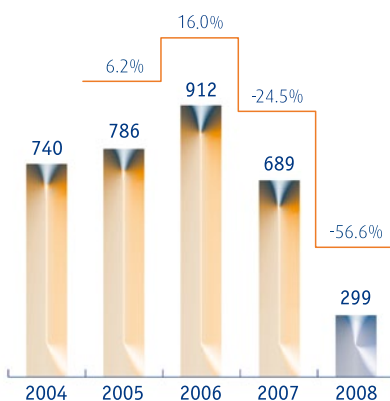
Property

Realia is currently managing 723,069 m² of property assets. Of this figure, 498,581 m² are in operation and 224,488 m² are in development.

Of the buildings in operation, Realia has got 63 office buildings, eight shopping centres and four buildings put to other uses (industry, hospitality and residential). They are all located at strategic points of the major business districts of Spain and Paris. Leading amongst them are Torre Realia and the Los Cubos building, fine examples of Madrid architecture, and Diagonal 640 in Barcelona.

Residential construction started in Spain

Thousands of housing units



SOURCE: SPANISH MINISTRY OF DEVELOPMENT

Offices in Spain

Realia has currently got two Spanish office projects under development that will eventually furnish 41,159 m² for lease. The larger and more advanced of the two is Torre Realia BCN, a turnkey project whose developer is Torres Porta Fira, a company in which FCC holds 40%.

These projects will be added to the Group's assets currently in operation, a pool of real estate characterised by the high quality of its buildings, which are located primarily in prime zones of Madrid and Barcelona. The office property portfolio in Spain currently holds 32 buildings in operation, fundamentally in Madrid. Madrid is Spain's number-one office market, with more than 11 million m².

SIIC de Paris

In May 2006 Realia took control of SIIC de Paris, a company listed on the Paris stock market. At the close of the fiscal year Realia held an 82.97% interest in SIIC de Paris. However, the medium-term objective is to dilute the holding to under 60% in order to comply with new French regulations on French real estate investment companies (SIICs).

The real estate in Paris is fundamentally office buildings located in zones CBD and BD, the zones investors find most attractive. Additionally, three office buildings are in the refurbishing/development process and will eventually contribute an additional 17,756 m² of above-ground area to lease.

SIIC de Paris owns a number of significant buildings, including 85-89 Quai André Citroën, 61-63 rue des Belles Feuilles and 142 Boulevard Haussmann.

Shopping centres

Realia has carved out a place for itself as one of the most active developers and operators of shopping centres. It owns eight operational shopping and entertainment centres at excellent locations with a good mix of operators including the leading fashion, home, food service and entertainment names.

Amongst the projects in development are the Plaza Nueva shopping centre in Leganés, a three-phase job that will bring Realia 98,684 m² of gross area for lease. According to estimates, the first



RUE TILSIT, PARIS.



PLACE VENDOME, PARIS.





CENTRO DE NEGOCIOS EISENHOWER, MADRID.



LA NORIA MURCIA OUTLET SHOPPING CENTRE.



RESIDENCIAL HACIENDA DEL SOL, MÁLAGA.

phase will be inaugurated in the first half of 2009.

In recent years the shopping-centre sector has registered the entry of numerous investors, domestic and foreign alike, particularly investment funds and real estate companies.

The newly started centres included La Noria Murcia Outlet Shopping, which Realia opened in June 2008 with a gross area of 13,807 m² to lease out. In 2007 Realia opened Ferial Plaza in Guadalajara.

Residential

Realia is one of the best-positioned companies to deal with the current situation because of its financial solidity. In addition, more than 80% of the housing in its product portfolio

is primary residences located in high-growth regions, and all of the housing in its portfolio is situated near urban nuclei. The company's objective is to focus its commercial management on reducing residential stock, and its rule of thumb is to adjust to the market, albeit reasonably.

It is maintaining its parallel business in land management so as to miss out on no possibilities of solid growth in future. At present Realia has about three million square metres of land available for building in its portfolio.

While Spain's housing stock is under constrained management, new housing developments are still going strong abroad, in Poland. In the capital, Warsaw, Realia has started the Pulavska 228 development, which is a set of high-rises.

Results

Despite the crisis and its effects on the residential sector in Spain, Realia closed fiscal year 2008 with a healthy balance sheet, a solid operating result and growing recurring income from leases.

During 2008 Realia reduced its turnover by 42% to 468.7 million euro. The restriction of credit and loss of confidence of consumers and employers meant that few land sales transactions were closed and the residential promotion business lost steam.

Although total income did go down, income from leases of property assets were strengthened by 14% to 177 million euro. The improvement of this income confirms the high quality and exceptional location of the portfolio, particularly special office buildings in Spain and

Paris and shopping centres in Spain. Altogether these assets maintained an occupation of 97%, with a considerable improvement in margins.

The strength of this income buffered the drop in development and land and enabled Realia to keep its Ebitda on the positive side of the line: 211.7 million euro at the close of 2008.

However, because of the reduction in the valuation of Realia's assets at market prices conducted by CB Richard Ellis on 31 December 2008 to 5,145 million euro and the subsequent need to make a 126.1-million-euro provision, the net

result shown is a negative 45.8 million. The effects of this result are in book terms only, as no outflow of actual cash is involved. The result/Ebit holds steadily to the positive side, at 51.5 million.

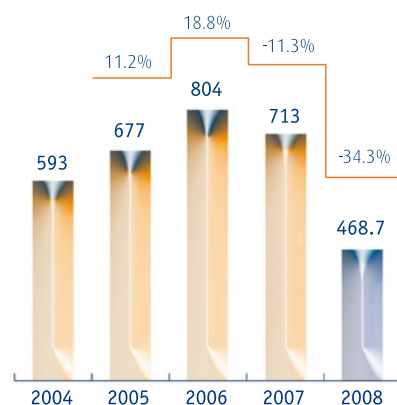
Furthermore, the reduction in the book value of assets does not influence all items on the balance sheet, only some of the assets incorporated in recent years, because Realia applies the most prudent of accounting principles and lists real estate at its historical value or purchase price. For this reason it still has 1,268 million euro in net latent capital gains.

These assets are backed up by a solid financial structure. Realia holds a ten-year, 1,632-million-euro syndicated loan signed in 2007 to finance its property business and several of the projects it has under way. On 6 June of that same year the company went public, with its shares at a price of 6.5 euro apiece. The closing quotation for fiscal year 2008 was 1.55 euro per share.

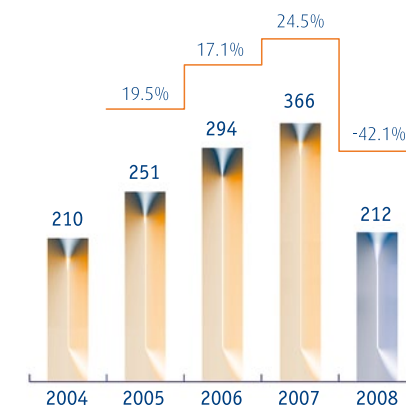


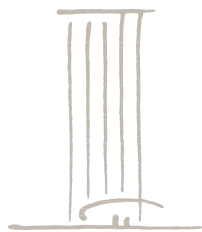
RESIDENCIAL AGUASERENA. ALMERÍA

Total revenue
Million euro



Gross operating profit (Ebitda)
Million euro





Torre Picasso

Torre Picasso is wholly owned by FCC. With its area of 121,000 m² of offices, it is one of Madrid's most striking buildings. It stands in the city's most exclusive business area, surrounded by large shopping centres, gardens and the finest selection of public transport.

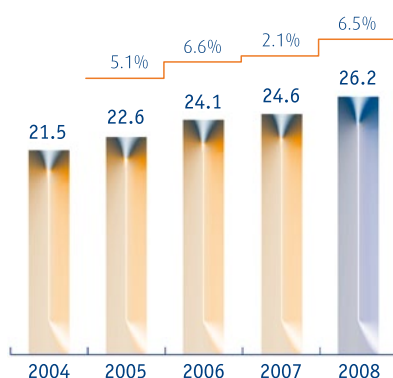
Occupation in 2008 was 100% with an average price of €28.59/m²/month.

Torre Picasso is still in the process of renovating its facilities and is also introducing new services for its clients.

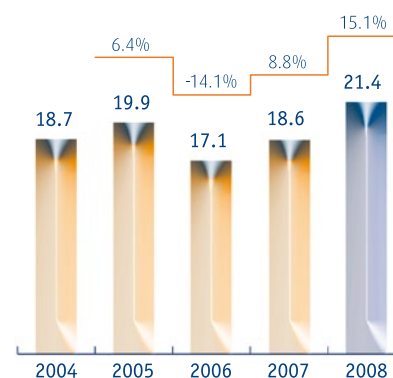


TORRE PICASSO, MADRID.

Turnover Million euro



Gross operating profit (Ebitda) Million euro



Financial statements

Consolidated group

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Consolidated balance sheet

Fomento de Construcciones y Contratas, S.A. and subsidiaries (consolidated group)

ASSETS	31/12/08	31/12/07
NON-CURRENT ASSETS	11,831,837	13,582,328
Intangible assets (Note 5)	3,300,189	3,263,438
Concessions (Note 7)	359,149	356,752
Goodwill	2,556,385	2,551,272
Other intangible assets	384,655	355,414
Property, plant and equipment (Note 6)	6,109,483	6,120,890
Land and buildings	1,664,162	1,641,506
Plant and other items of property, plant and equipment	4,445,321	4,479,384
Investment property (Note 6)	263,919	2,335,502
Investments accounted for using the equity method (Note 8)	1,109,140	887,142
Non-current financial assets (Note 10)	457,827	501,335
Deferred tax assets (Note 18)	552,842	416,045
Other non-current assets	38,437	57,976
CURRENT ASSETS	8,760,411	9,594,495
Non-current assets held for sale (Note 14)	7,367	30,539
Inventories (Note 11)	1,575,256	2,685,863
Trade and other receivables	5,499,162	5,189,257
Trade receivables for sales and services (Note 12)	4,975,888	4,728,618
Other receivables (Note 12)	472,269	454,699
Current tax assets (Note 18)	51,005	5,940
Other current financial assets (Note 10)	215,236	160,289
Other current assets	54,729	30,602
Cash and cash equivalents (Note 13)	1,408,661	1,497,945
TOTAL ASSETS	20,592,248	23,176,823

The accompanying Notes 1 to 28 and Appendixes I to V are an integral part of the consolidated financial statements and, together with the latter, make up the statutory consolidated financial statements for 2008

at 31 December 2008 (thousands of euros)

EQUITY AND LIABILITIES		31/12/08	31/12/07
EQUITY (NOTE 15)		3,196,154	4,250,499
Equity attributable to the Parent		2,546,907	2,686,162
Shareholders' equity	2,952,670	2,773,301	
Share capital	127,303	130,567	
Retained earnings and other reserves	2,707,042	2,368,869	
Treasury shares	(118,926)	(325,332)	
Profit for the year attributable to the Parent	337,184	737,851	
Interim dividend	(99,933)	(138,654)	
Valuation adjustments	(405,763)	(87,139)	
Minority interests		649,247	1,564,337
NON-CURRENT LIABILITIES		8,760,475	9,480,361
Grants		65,928	61,768
Non-current provisions (Note 17)		821,429	871,107
Non-current financial liabilities (Note 16)		6,872,318	7,483,471
Debt instruments and other marketable securities	142,929	138,869	
Bank borrowings	6,037,627	6,790,457	
Other financial liabilities	691,762	554,145	
Deferred tax liabilities (Note 18)		1,000,004	1,062,282
Other non-current liabilities		796	1,733
CURRENT LIABILITIES		8,635,619	9,445,963
Current provisions (Note 17)		91,918	82,371
Current financial liabilities (Note 16)		2,224,890	2,639,936
Debt instruments and other marketable securities	745	477	
Bank borrowings	1,901,426	2,235,674	
Other financial liabilities	322,719	403,785	
Trade and other payables		6,302,732	6,641,763
Payable to suppliers	4,121,962	4,242,554	
Other payables	2,149,382	2,267,639	
Current tax liabilities (Note 18)	31,388	131,570	
Other current liabilities		16,079	81,893
TOTAL EQUITY AND LIABILITIES		20,592,248	23,176,823

The accompanying Notes 1 to 28 and Appendixes I to V are an integral part of the consolidated financial statements and, together with the latter, make up the statutory consolidated financial statements for 2008.

Consolidated income statement

Fomento de Construcciones y Contratas, S.A. and subsidiaries (consolidated group)
at 31 December 2008 (thousands of euros)

	31/12/08	31/12/07
Revenue (Notes 21 and 22)	14,016,295	13,423,189
In-house work on assets	85,370	87,829
Other operating income (Notes 21 and 22)	375,119	101,713
Changes in inventories of finished goods and work in progress	(61,412)	(5,603)
Procurements (Note 21)	(6,987,241)	(6,223,143)
Staff costs (Note 21)	(3,260,766)	(2,965,737)
Other operating expenses	(2,426,540)	(2,488,332)
Depreciation and amortisation charge (Notes 5 and 6)	(723,984)	(684,107)
Allocation to profit or loss of grants related to non-financial non-current assets and other grants	7,013	3,827
Impairment and gains or losses on disposals of non-current assets	(80,012)	6,382
Other gains or losses	2,666	3,204
PROFIT FROM OPERATIONS	946,508	1,259,222
Finance income (Note 21)	109,061	107,568
Finance costs (Note 21)	(593,657)	(497,028)
Change in fair value of financial instruments (Note 21)	(15,573)	12,844
Exchange differences	1,182	(14,470)
Impairment and gains or losses on disposals of financial instruments (Note 21)	30,167	321,210
FINANCIAL LOSS	(468,820)	(69,876)
Results of companies accounted for using the equity method (Note 8)	12,641	62,957
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	490,329	1,252,303
Income tax (Note 16)	(94,294)	(332,211)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	396,035	920,092
CONSOLIDATED PROFIT FOR THE YEAR	396,035	920,092
Profit attributable to the Parent	337,184	737,851
Profit attributable to minority interests	58,851	182,241
EARNINGS PER SHARE (Note 15)		
Basic	€2.71	€5.76
Diluted	€2.71	€5.76

The accompanying Notes 1 to 28 and Appendixes I to V are an integral part of the consolidated financial statements and, together with the latter, make up the statutory consolidated financial statements for 2008.

Consolidated statement of changes in equity

A) Consolidated statement of recognised income and expense

Fomento de Construcciones y Contratas, S.A. and subsidiaries (consolidated group)

at 31 December 2008 (thousands of euros)

	31/12/08	31/12/07
CONSOLIDATED PROFIT FOR THE YEAR	396,035	920,092
Income and expenses recognised directly in equity	(353,476)	(97,387)
Arising from revaluation of financial instruments	1,758	(26,701)
Arising from cash flow hedges	(212,500)	(7,006)
Translation differences	(184,085)	(117,009)
Companies accounted for using the equity method	(60,595)	12,890
Tax effect	101,946	40,439
Transfer to profit or loss	(11,554)	(1,386)
Arising from cash flow hedges	(16,127)	(1,885)
Companies accounted for using the equity method	(44)	-
Tax effect	4,617	499
TOTAL RECOGNISED INCOME/(EXPENSE)	31,005	821,319
Attributable to the Parent	28,197	658,255
Attributable to minority interests	2,808	163,064

Consolidated statement of changes in equity

B) Consolidated statement of changes in total equity

	SHARE CAPITAL (Note 15)	SHARE PREMIUM AND RESERVES (Note 15)	INTERIM DIVIDEND (Note 15)
EQUITY AT 31 DECEMBER 2006	130,567	2,094,007	(130,191)
Total income and expenses for the year			
Transactions with shareholders or owners			
Capital increases/(reductions)			
Distribution of dividends		268,619	(8,463)
Treasury share transactions (net)			
Increases/(Decreases) due to business combinations			
Other transactions with shareholders or owners			
Other changes in equity		6,243	
EQUITY AT 31 DECEMBER 2007	130,567	2,368,869	(138,654)
Total income and expenses for the year			
Transactions with shareholders or owners			
Capital increases/(reductions)	(3,264)		
Distribution of dividends		469,472	38,721
Treasury share transactions (net)		(206,289)	
Increases/(Decreases) due to business combinations			
Other transactions with shareholders or owners			
Other changes in equity		74,990	
EQUITY AT 31 DECEMBER 2008	127,303	2,707,042	(99,933)

The accompanying Notes 1 to 28 and Appendixes I to V are an integral part of the consolidated financial statements and, together with the latter, make up the statutory consolidated financial statements for 2008. In particular, Note 15 "Equity" explains this statement.

Fomento de Construcciones y Contratas, S.A. and subsidiaries (consolidated group)
at 31 December 2008 (thousands of euros)

TREASURY SHARES (Note 15)	PROFIT FOR THE YEAR ATTRIBUTABLE TO THE PARENT (Note 15)	VALUATION ADJUSTMENTS (Note 15)	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT	MINORITY INTERESTS (Note 15)	EQUITY
(9,263)	535,511	(7,543)	2,613,088	747,298	3,360,386
	737,851	(79,596)	658,255	163,064	821,319
				237	237
	(535,511)		(275,355)	(118,195)	(393,550)
(316,069)			(316,069)		(316,069)
				751,395	751,395
			6,243	20,538	26,781
(325,332)	737,851	(87,139)	2,686,162	1,564,337	4,250,499
	337,184	(308,987)	28,197	2,808	31,005
			(3,264)	113	(3,151)
	(737,851)		(229,658)	(117,986)	(347,644)
206,406			117		117
				(704,479)	(704,479)
				(59,775)	(59,775)
		(9,637)	65,353	(35,771)	29,582
(118,926)	337,184	(405,763)	2,546,907	649,247	3,196,154

Consolidated cash flow statement

Fomento de Construcciones y Contratas, S.A. and subsidiaries (consolidated group)
at 31 December 2008 (thousands of euros)

	31/12/08	31/12/07
Profit before tax from continuing operations	490,329	1,252,302
Adjustments for	1,359,057	706,925
Depreciation and amortisation charge	723,984	684,107
Other adjustments to profit (net)	635,073	22,818
Changes in working capital	(459,374)	(370,384)
Other working capital flows	(284,673)	(336,750)
Dividends received	24,407	30,489
Income tax recovered/(paid)	(268,816)	(367,432)
Other collections/(payments) in operating activities	(40,264)	193
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES	1,105,339	1,252,093
Payments due to investments	(1,765,817)	(1,848,350)
Group companies, associates and business units	(578,039)	(410,994)
Property, plant and equipment, intangible assets and investment property	(1,092,301)	(1,337,297)
Other financial assets	(95,477)	(100,059)
Proceeds from disposals	284,121	698,481
Group companies, associates and business units	59,900	587,437
Property, plant and equipment, intangible assets and investment property	170,852	86,594
Other financial assets	53,369	24,450
Other cash flows from investing activities	(153,154)	177,661
Interest received	48,092	46,557
Other collections/(payments) in investing activities	(201,246)	131,104
TOTAL CASH FLOWS FROM INVESTING ACTIVITIES	(1,634,850)	(972,208)
Collections of shareholders' contributions	230	(315,877)
Issues/(repayments)	113	192
(Acquisition)/disposal of treasury shares	117	(316,069)
Proceeds and (payments) relating to financial liability instruments	1,384,807	1,091,925
Issues	2,843,692	2,548,219
Repayments and redemptions	(1,458,885)	(1,456,294)
Dividends and returns on equity instruments paid	(368,960)	(383,413)
Other cash flows from financing activities	(561,654)	(568,296)
Interest paid	(520,614)	(403,980)
Other collections/(payments) in financing activities	(41,040)	(164,316)
TOTAL CASH FLOWS FROM FINANCING ACTIVITIES	454,423	(175,661)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(14,196)	(2,177)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(89,284)	102,047
Cash and cash equivalents at beginning of year	1,497,945	1,395,898
Cash and cash equivalents at end of year	1,408,661	1,497,945

The accompanying Notes 1 to 28 and Appendixes I to V are an integral part of the consolidated financial statements and, together with the latter, make up the statutory consolidated financial statements for 2008.

Notes to the consolidated financial statements

Fomento de Construcciones y Contratas, S.A. and subsidiaries (consolidated group)
at 31 December 2008

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01. The FCC Group

The FCC Group is made up of the Parent, Fomento de Construcciones y Contratas, S.A., and a number of Spanish and foreign investees which carry on various business activities that are grouped together in the following areas:

- **Services:** this area comprises the units specialising in **environmental services**, i.e. services related to urban cleaning, industrial waste treatment and the integral water cycle, and includes **Versia**, which provides various services such as logistics, street furniture, vehicle roadworthiness tests, vehicle parking, aircraft and passenger ground handling, street maintenance and traffic systems, etc.
- **Construction:** this area specialises in infrastructure construction projects, building construction and related activities, such as motorways, freeways and other roads, tunnels, bridges, hydraulic construction works, ports, airports, residential property developments, housing units, non-residential building construction, lighting, industrial air conditioning and heating systems, environmental restoration, etc.
- **Cement:** this area engages in the operation of quarries and mineral deposits, the manufacture of cement, lime, plaster and related pre-manufactured products and the production of concrete.
- **Energy:** this area began operating at the end of 2008 and focuses on cogeneration, energy efficiency, renewable energies and the application of new technologies to take advantage of the energy produced by waste.

The FCC Group is also highly active in the real estate business through the operation of the Torre Picasso building (wholly owned by the Parent) and its minority shareholding in Realia Business, which engages mainly in housing development and office rental both in Spain and abroad. The Group also operates infrastructure concessions (motorways, tunnels, marinas, railways, tramways and buildings for a variety of uses) mainly through its ownership interest in the Global Vía Infraestructuras Group.

Foreign operations, which represent approximately 42% of the FCC Group's revenue (35% in 2007), are carried on mainly in the European, US and Latin American markets.

02. Basis of presentation of the consolidated financial statements, basis of consolidation and accounting policies

a) Basis of presentation

The accompanying financial statements and the notes thereto, which compose these statutory consolidated financial statements, were prepared in accordance with the International Financial Reporting Standards (IFRSs) adopted by the European Union at year-end, in conformity with (EC) Regulation no. 1606/2002 of the European Parliament and of the Council, of 19 July 2002, and with all the related implementing provisions and interpretations.

The consolidated financial statements for 2008 were prepared from the accounting records of Fomento de Construcciones y Contratas, S.A. and of its investees. These records, determined in accordance with the local regulations referred to in the following paragraph, were adapted to IFRSs by each of the companies included in the scope of consolidation using the established operating procedures and systems that enable the consolidation process to be performed and supported in accordance with IFRS requirements.

With respect to local regulations, it should be noted that the companies resident in Spain are governed by Spanish accounting legislation which, as regards the accounting regulations applicable to individual companies, is based on Royal Decree 1514/2007 approving the new Spanish National Chart of Accounts and on the industry charts of accounts implementing the former Chart of Accounts, to the extent that they do not infringe current legislation.

The income tax expense is determined, pursuant to current Spanish tax legislation, on the basis of the profit calculated in accordance with Spanish accounting regulations, adjusted using certain accounting policies applicable for the sole purpose of obtaining the taxable profit for income tax purposes. Under authorisation 18/89, the FCC Group files consolidated income tax returns with all the other Group companies that meet the requirements established by tax legislation. The consolidated financial statements of this Tax Group are prepared in accordance with current tax legislation.

The 2008 IFRS consolidated financial statements of the FCC Group were formally prepared by the Board of Directors of Fomento de Construcciones y Contratas, S.A. and will be submitted for approval by the shareholders at the Annual General Meeting. However, no changes are expected to be made to the consolidated financial statements as a result of compliance with this requirement.

In order to uniformly present the various items composing these consolidated financial statements, accounting standardisation criteria were applied to the individual financial statements of the companies included in the scope of consolidation. In general, in 2007 and 2008 the reporting date of the financial statements of the companies included in the scope of consolidation was the same as that of the Parent, i.e. 31 December.

In 2008, within the scope of the alternatives permitted by IAS 31 in respect of the consolidation of joint ventures, the Group changed the method for the jointly controlled entities from proportionate consolidation (used until 2007) to that of accounting for these entities using the equity method. Consequently, in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, the 2007 financial statements presented for comparison purposes in the accompanying consolidated financial statements were restated and, therefore, they differ from those included in the 2007 statutory consolidated financial statements approved by the shareholders at the Annual General Meeting. The Group also restated all the comparative information contained in the accompanying consolidated financial statements. The consolidation method used by the FCC Group for jointly operated contracts, such as unincorporated joint ventures (UTES), was the same as in previous years, i.e. proportionate consolidation.

In 2008 the FCC Group presented a consolidated statement of recognised income and expense for the first time as a result of the early application of the amendments to IAS 1. Pursuant to IAS 1, the Group prepared, for comparison purposes, the consolidated statement of recognised income and expense for 2007. This statement was not prepared for the 2007 consolidated financial statements approved by the shareholders at the Annual General Meeting.

The consolidated financial statements are expressed in thousands of euros.

b) Basis of consolidation

Subsidiaries

The subsidiaries listed in Appendix I, whose financial and operating policies are controlled by Fomento de Construcciones y Contratas, S.A., either directly or through other companies controlled by it, were fully consolidated.

The interest of minority shareholders in the equity and profit or loss of the consolidated companies is presented under "Minority Interests" on the liability side of the accompanying consolidated balance sheet and in the accompanying consolidated income statement, respectively.

Goodwill is determined as indicated in Note 5 below.

Joint ventures

The Group participates in joint ventures through investments in companies controlled jointly by one or more FCC Construcción Group companies with other non-Group companies (see Note 8) and interests in unincorporated joint ventures (Spanish UTES), joint property entities and economic interest groupings (see Note 9).

Through the application of the option provided for in IAS 31, the Group chose to account for the investments in jointly controlled entities using the equity method.

Jointly operated contracts, such as unincorporated joint ventures mainly in the construction and services areas, and joint property entities are included in proportion to the Group's ownership interest in the assets, liabilities, income and expenses arising from the transactions performed by these entities, and reciprocal asset and liability balances and income and expenses not realised with third parties are eliminated.

Appendix II lists the companies which were accounted for using the equity method and Appendix V lists the businesses operated jointly through contractual arrangements with non-Group third parties, such as unincorporated joint ventures, joint property entities and other entities of similar legal characteristics.

Associates

The companies listed in Appendix III, over which Fomento de Construcciones y Contratas, S.A. does not exercise control but does have significant influence, are included under "Investments Accounted for Using the Equity Method" in the accompanying consolidated balance sheet. The share in the after-tax profit or loss for the year of these companies is recognised under "Results of Companies Accounted for Using the Equity Method" in the accompanying consolidated income statement.

Transactions between Group companies

Profits or losses on transactions between consolidated companies are eliminated on consolidation and deferred until they are realised with third parties outside the Group.

Intra-Group results on Group work on non-current assets, which is recognised at production cost, are eliminated on consolidation, except in the case of the construction of assets for concession operators, as described in Note 7 below and in Note 21, "Revenue and Expenses", where reference is made to the recognition of results on the basis of the stage of completion in the construction activity.

Receivables and payables relating to jointly operated contracts and to subsidiaries and intra-Group income and expenses were eliminated from the consolidated financial statements.

Changes in the scope of consolidation

Appendix IV shows the changes in 2008 in the fully consolidated companies and the companies accounted for using the equity method. The results of these companies are included in the consolidated income statement from the effective date of acquisition to year-end or from the beginning of the year to the effective date of disposal, as appropriate.

The effects of the inclusion of companies in the scope of consolidation or of their removal therefrom are shown in the related notes to the consolidated financial statements under "Changes in the Scope of Consolidation". In addition, Note 3 to these consolidated financial statements ("Changes in the Scope of Consolidation") sets forth the most significant inclusions therein.

c) Accounting policies

The accounting policies applied in the FCC Group's consolidated financial statements are described in the respective notes to these consolidated financial statements; however, there are certain common accounting policies applicable to several headings in these consolidated financial statements which are described below:

Estimates made

In the Group's consolidated financial statements for 2008 and 2007, estimates were occasionally made in order to quantify certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the following:

- Distribution of the cost of the business combinations (see Note 3)
- The impairment losses on certain assets (see Notes 5 and 6)
- The useful life of the intangible assets and property, plant and equipment (see Notes 5 and 6)
- The measurement of goodwill (see Note 5)
- The amount of certain provisions (see Note 17)
- The assumptions used in the actuarial calculation of the post-employment benefit liabilities and obligations (see Notes 17 and 19).
- The fair value of the derivatives (see Note 24).

Although these estimates were made on the basis of the best information available at the date of preparation of these consolidated financial statements on the events analysed, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively, recognising the effects of the change in estimates in the related future financial statements.

The FCC Group's consolidated financial statements were prepared so that they present fairly the Group's consolidated equity and financial position at 31 December 2008 and 2007 and the results of its operations, the changes in the consolidated equity and the consolidated cash flows in the years then ended.

Impairment testing of property, plant and equipment and intangible assets

Intangible assets with finite useful lives and property, plant and equipment items are tested for impairment when there is any indication that the assets might have become impaired, in order to adjust their net carrying amount to their value in use (if this is lower).

Goodwill and intangible assets with indefinite useful lives must be tested for impairment at least once a year in order to recognise possible impairment losses.

Impairment losses recognised in prior years on assets other than goodwill may be reversed if the estimates used in the impairment tests show a recovery in the value of these assets. The carrying amount of the assets whose recoverable amount increases must in no case exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years.

The recognition or reversal of impairment losses on assets are allocated to income under "Impairment and Gains or Losses on Disposals of Non-Current Assets".

To determine the recoverable amount of the assets tested for impairment, an estimate was made of the present value of the net cash flows arising from the cash-generating units (CGUs) to which the assets belong, except for cash inflows and outflows from financing activities and income tax payments, and the cash inflows and outflows arising from scheduled future improvements or enhancements of the assets of these cash-generating units. To discount the cash flows, a pre-tax discount rate was applied that reflects current market assessments of the time value of money and the risks specific to each cash-generating unit.

The estimated cash flows were obtained from projections prepared by management of each CGU including growth rates based on the various approved business plans (which are reviewed periodically), where growth for the years after those covered by the business plans was considered to be zero.

Flows from CGUs located abroad were calculated in the functional currency of these cash-generating units and were discounted using discount rates that take into consideration the risk premiums relating to these currencies. The present value of the net flows thus obtained was translated to euros at the year-end exchange rate applicable to the currency concerned.

Translation differences

The financial statements of foreign operations expressed in currencies other than the euro were generally translated to euros at the year-end exchange rates, except for:

- Share capital and reserves, which were translated at historical exchange rates.
- The income statement items of foreign operations, which were translated at the average exchange rates for the period.

Translation differences arising at the consolidated foreign companies through application of the year-end exchange rate method are included, net of taxes, in equity in the accompanying consolidated balance sheet, as shown in the accompanying consolidated statement of changes in equity.

Exchange differences

Balances receivable and payable in foreign currencies are translated to euros at the exchange rates prevailing at the date of the consolidated balance sheet, and the differences that arise are taken to income.

The differences resulting from fluctuations in exchange rates between the date on which the collection or payment was made and the date on which the transactions took place or their value was discounted are allocated to profit or loss.

Also, the exchange differences arising in relation to the financing of investments in foreign companies (in which the investment and the financing are denominated in the same currency) are recognised directly in equity as translation differences that offset the effect of the difference arising from the translation to euros of the foreign investee.

d) Standards and interpretations issued but not yet in force

Standards and interpretations applicable in 2008

IFRIC 11 IFRS 2 - Group and Treasury Share Transactions and the amendments to IAS 39/IFRS 7, Reclassification of Financial Assets, became effective for the first time in 2008. The adoption of these new interpretations and amendments was taken into due consideration in the Group's consolidated financial statements.

Standards and interpretations issued but not yet in force

At 31 December 2008, the most significant standards and interpretations that had been published by the International Accounting Standards Board (IASB) but had not yet come into force, either because their effective date is subsequent to the date of the consolidated financial statements or because they had not yet been adopted by the European Union, were as follows:

		Obligatory Application in the Years Beginning on or After
Standards and Amendments to Standards:		
IFRS 8	Operating Segments	1 January 2009
Revision of IAS 23	Borrowing Costs	1 January 2009
Revision of IAS 1	Presentation of Financial Statements	1 January 2009
Revision of IFRS 3 (1)	Business Combinations	1 July 2009
Amendment to IAS 27 (1)	Consolidated and Separate Financial Statements	1 July 2009
Amendment to IFRS 2	Vesting Conditions and Cancellations	1 January 2009
Amendment to IAS 32 and IAS 1 (4)	Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
Amendment to IFRS 1 and IAS 27 (4)	Cost of an Investment in a Subsidiary in the Separate Financial Statements of a Parent	1 January 2009
Amendment to IAS 39 (1)	Eligible Hedged Items	1 July 2009
Interpretations		
IFRIC 12 (1)	Service Concession Arrangements	(3)
IFRIC 13	Customer Loyalty Programmes	1 January 2009 (2)
IFRIC 14	IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2009 (2)
IFRIC 15 (1)	Agreements for the Construction of Real Estate	1 January 2009
IFRIC 16 (1)	Hedges of a Net Investment in a Foreign Operation	1 October 2008
IFRIC 17 (1)	Distributions of Non-Cash Assets to Owners	1 July 2009

1. Standards and interpretations not yet adopted by the European Union at 31 December 2008.

2. Date of obligatory application as approved in the Official Journal of the European Union.

3. This interpretation is awaiting endorsement. As announced by the EU's Accounting Regulatory Committee (ARC), it will foreseeably be approved for use in the EU with a new effective date which would defer obligatory application until 2010 (in theory the IASB had initially established 1 January 2008 as the effective date.)

4. Endorsed on 21 and 23 January, respectively.

The directors have assessed the potential impact of applying these standards in the future and estimate that their entry into force will not have a material impact on the consolidated financial statements

03. Changes in the scope of consolidation

The most noteworthy changes in the scope of consolidation in 2007 and 2008 were as follows:

Accounting for the Realia Business Group using the equity method

In 2007 the FCC Group obtained control of the Realia Business Group, which was therefore fully consolidated. Control of the Realia Business Group was obtained through the execution of certain agreements with Caja Madrid, the other reference shareholder of Realia Business, S.A. which, like the FCC Group, held an ownership interest of 49.17% prior to the flotation of the company.

These agreements are included in the Shareholder Agreement executed on 8 May 2007 which established, inter alia, the following:

- Formation of the holding company RB Business Holding, S.L., owned 50% each by Fomento de Construcciones y Contratas, S.A. and Caja Madrid.
- Contribution by the FCC Group and Caja Madrid of shares representing 25.50% of the share capital of Realia to RB Business Holding, S.L., as a result of which the latter held an ownership interest of 51% in Realia Business, S.A.
- Appointment by the FCC Group of most of the directors and management of RB Business Holding, S.L. and Realia Business, S.A., without prejudice to the protection rights held by Caja Madrid and the mechanism for the resolution of deadlocks provided for in the aforementioned agreement. The protection rights are evidenced by the fact that certain matters require a supermajority in order to be validly approved.

On 6 June 2007, the public offering of Realía Business, S.A. was launched and its shares were admitted to listing on the Madrid, Barcelona, Valencia and Bilbao stock exchanges and included in the Spanish Stock Market Interconnection System. The shareholder agreements which modified the balance of the shareholder structure that had existed since the incorporation of Realía in 2000 were thus fully implemented.

In the aforementioned public offering, the FCC Group companies Fomento de Construcciones y Contratas, S.A., Corporación Financiera Hispánica, S.A. and Grucyca, S.A. disposed of shares representing 21.52% of the capital of Realía Business, S.A., giving rise to gains before tax for the Group of EUR 258.5 million, as described in Note 21 ("Revenue and Expenses").

At the end of this process, Fomento de Construcciones y Contratas, S.A. and the subsidiaries Corporación Financiera Hispánica, S.A. and Grucyca, S.A. owned a combined direct and indirect holding of 27.7% in Realía Business, S.A.

Consequently, the Realía Business Group was fully consolidated in the 2007 consolidated financial statements from 6 June, the date on which the FCC Group obtained control of this group by virtue of the aforementioned shareholder agreements, which were conditional upon the admission to listing of the Realía Business, S.A. shares.

Although this transaction implied the obtainment of control of the Realía Business Group, it remained outside the scope of IFRS 3 Business Combinations, since control was obtained exclusively through a contract, i.e. the aforementioned Shareholder Agreement. The transaction reference date for the purposes of asset valuation was 1 January 2000, the date on which the only exchange transaction took place, i.e. when the reference shareholders incorporated Realía Business, S.A. and contributed the aforementioned assets.

The detail of the assets and liabilities included in the FCC Group on full consolidation of the Realía Business Group at 6 June 2007, the effective date of implementation of the Shareholder Agreement, is as follows:

ASSETS	
Non-current assets	2,115,620
Investment property	1,888,605
Other property, plant and equipment	41,528
Intangible assets	1,006
Investments in associates	106,209
Non-current financial assets	70,363
Other non-current assets	7,909
Current assets	1,546,861
Inventories	1,361,561
Trade and other receivables	78,286
Other current financial assets	15,576
Cash and cash equivalents	91,438
Non-current assets classified as available for sale	15,734
TOTAL ASSETS	3,678,215
EQUITY AND LIABILITIES	
Equity	705,607
Minority interests	705,607
Non-current liabilities	728,615
Bank borrowings and other non-current financial liabilities	655,397
Non-current provisions	26,124
Other non-current liabilities	47,094
Current liabilities	2,042,552
Bank borrowings and other current financial liabilities	1,359,894
Trade payables and other current liabilities	677,054
Current provisions	5,604
TOTAL EQUITY AND LIABILITIES	3,476,774
ASSETS - LIABILITIES	201,441
Carrying amount of the FCC Group's investment in the Realía Group	201,441

The 2007 consolidated financial statements reflected the Realia Group's activities on the basis of the consolidation method used in each of the periods referred to above, i.e. from January to May profit after tax was accounted for using the equity method, whereas from June to December it was fully consolidated, and the various changes or flows for this seven-month period were included in the income statement and the cash flow statement.

In 2008, in view of the crisis, the financial management of the Realia Business Group took on additional importance as the main weapon to combat the significant drop in demand, excess supply and the international financial crisis, which had a highly adverse impact on the real estate market. In this context, priority was given to the financial management of the business over the shareholder agreement which gave the FCC Group control of the Realia Business Group and, therefore, a novation of the shareholder agreement was signed on 8 May 2007 and came into force on 31 December 2008, giving rise, inter alia, to the following amendments:

- The dissolution and liquidation of Realia Business Holding, S.L. whereby each of the parties is the direct owner of 50% of the shares of Business Holding, S.L., in addition to the ownership interests held by them in Realia Business, S.A.
- The shareholder agreement and the related novation shall be terminated after the dissolution of Realia Business Holding, S.L.

In addition to the novation agreement, on 29 December 2008 Fomento de Construcciones y Contratas, S.A., through the wholly-owned subsidiary Afiges, S.A., signed a securities loan with a bank for 2.3% of the share capital of Realia Business, S.A., equivalent to 6,400,000 shares. The maturity may be determined by either of the parties or is otherwise established at 364 days and the associated value of the loan, secured by the shares, is EUR 10.6 million (EUR 1.8 per share). Under the loan agreement, Fomento de Construcciones y Contratas, S.A. also undertakes to pay the bank any cash distributed by Realia Business, S.A., and Fomento de Construcciones y Contratas, S.A. retains the voting rights and ownership of the shares.

In accordance with the foregoing, the Realia Business Group is accounted for in the accompanying consolidated financial statements using the equity method and the income and expenses for 2008 are fully consolidated.

The detail, by main heading, of the fully consolidated income and expenses in 2008 is as follows:

Revenue	402,298
Operating expenses	233,966
Profit from operations	50,794
Loss before tax	(40,501)
Loss after tax	(28,610)

Change in the consolidation method used for jointly controlled entities

On 13 September 2007, the International Accounting Standards Board (IASB) published Exposure Draft (ED) 9, which proposes to replace IAS 31 Interests in Joint Ventures with a new standard. The deadline for comments ended in 2008 and the new standard is expected to be approved by the IASB in 2009. The expected amendments include the elimination of the proportionate consolidation method as an alternative for jointly controlled entities.

In compliance with the alternatives offered by IAS 31, in 2008 the FCC Group opted to account for jointly controlled entities using the equity method rather than proportionate consolidation, the method it used until 2007. The equity method is a method of accounting, whereby an ownership interest is initially recorded at cost and adjusted thereafter for the post-acquisition changes in the venturer's share of net assets of the entity. The profit or loss for the year of the venturer includes the venturer's share of the profit or loss of the jointly controlled entity.

Also, the FCC Group considers that accounting for jointly controlled entities using the equity method contributes to a fairer presentation of the Group's equity and financial position since the main jointly controlled entities are managed by the FCC Group in a different manner from the subsidiaries, whose assets, liabilities, income and expenses are included in the consolidated financial statements and in whose day-to-day management the Group plays an active role. By contrast, the jointly controlled entities are managed in a similar way to associates, i.e. mainly through the Group's participation in the respective Boards of Directors and without direct influence in the day-to-day management and, therefore, the exclusion of their assets, liabilities, income and expenses provides a fairer presentation of the FCC Group.

As a result of this change in the consolidation method used for the jointly controlled entities, the Group restated the financial statements at 31 December 2007, which did not have any impact on the net profit for the year or on the equity attributable to the Parent.

The detail of the amounts that were restated as a result of the change in the consolidation method and which were proportionately consolidated in the information included in the approved financial statements for 2007 is as follows:

	2007 Restated	2007	Difference
Revenue	13,423,189	13,880,633	(457,444)
Profit from operations	1,259,222	1,299,378	(40,156)
Profit before tax	1,252,302	1,269,617	(17,315)
Current assets	9,594,495	9,858,876	(264,381)
Non-current assets	13,582,328	13,823,772	(241,444)
Current liabilities	9,445,963	9,677,470	(231,507)
Non-current liabilities	9,480,361	9,744,869	(264,508)

Most significant acquisitions

Accounting principles and policies

The acquired companies were included in the accompanying consolidated financial statements pursuant to IFRS 3 Business Combinations, the salient details of which are as follows:

- a) The date of inclusion of the acquiree in the consolidated balance sheet is the date on which effective control of this company is obtained, which normally coincides with the acquisition date.
- b) On acquisition, the financial statements of the acquiree and its subsidiaries at the acquisition date are included in the Group.
- c) The assets and liabilities of the acquirees are recognised in the consolidated balance sheet at their fair value and the related allocations are made in this connection, including the deferred taxes arising therefrom. However, in accordance with IFRSs, the allocations may be reviewed within the 12 months following the acquisition date, should it be necessary to consider new data.
- d) The positive difference between the acquisition cost and the percentage share of the equity of the subsidiary, adjusted as a result of the recognition at fair value of the assets and liabilities net of taxes, is recognised as goodwill.
- e) If control is obtained in a business combination by means of more than one transaction (e.g. through successive purchases), the goodwill arising from each transaction is treated separately and the reserves relating to the adjustment to fair value of previously held interests, at the date on which control is obtained, are recognised in equity.

Following is a detail of the acquisitions in 2008 and 2007, indicating the following data for each acquiree: name, date on which control was obtained, percentage of ownership, cost of the investment, financial statements included with respect to the business combination, allocation at fair value and goodwill.

2008

Financial Statements Included - Business Combinations	Hydrocarbon Recovery Service	International Petroleum Corp. of Delaware	SKY Sierresita Cortijo I	SKY Sierresita Cortijo II	
Date of acquisition	March	March	September	September	
% of ownership (nominal)	100%	100%	100%	100%	
ASSETS					
Non-current assets	103,953	9,715	69,375	69,375	
Property, plant and equipment	27,245	2,926	54,875	54,867	
Intangible assets	76,708	6,789	14,500	14,508	
Current assets	13,366	2,704	8,795	8,793	
Inventories	3,212	553	-	-	
Trade and other receivables	9,304	1,428	8,780	8,781	
Other current financial assets	845	723	-	-	
Cash and cash equivalents	5	-	15	12	
TOTAL ASSETS	117,319	12,419	78,170	78,168	
EQUITY AND LIABILITIES					
Equity	110,527	11,979	78,004	78,002	
Non-current liabilities	1,826	-	-	-	
Bank borrowings and other non-current financial liabilities	1,826	-	-	-	
Current liabilities	4,966	440	166	166	
Bank borrowings and other current financial liabilities	707	-	-	-	
Trade payables and other current liabilities	4,259	440	166	166	
TOTAL EQUITY AND LIABILITIES	117,319	12,419	78,170	78,168	
Allocations at Fair Value					
ASSETS					
Property, plant and equipment	6,280	-	-	-	
Intangible assets	5,441	-	13,897	13,910	
TOTAL ALLOCATIONS TO ASSETS	11,721	-	13,897	13,910	
TOTAL NET ALLOCATIONS	11,721	-	13,897	13,910	
Goodwill	Hydrocarbon Recovery Service	International Petroleum Corp. of Delaware	SKY Sierresita Cortijo I	SKY Sierresita Cortijo II	Corporación Uniland Group
Cost of acquisition	110,527	11,979	78,004	78,002	135,635
Equity attributable to the Parent	(64,389)	(8,509)	(64,107)	(64,092)	(60,564)
Goodwill of the acquiree	13,408	1,743	-	-	-
DIFFERENCE ON ACQUISITION	59,546	5,213	13,897	13,910	75,071
Total net allocations	(11,721)	-	(13,897)	(13,910)	-
Allocation to goodwill on consolidation	47,825	5,213	-	-	75,071

Noteworthy with respect to the table above was the exercise of put options representing 6.29% of the capital of Corporación Uniland, S.A. under the agreement to purchase this company entered into by the Cementos Portland Valderrivas Group in 2006, which included an additional put option for the seller on 22.50% of the capital, exercisable over a five-year term. At 2008 year-end, options representing 8.18% of the capital had yet to be exercised.

As part of the Group's business plan, FCC Energía was incorporated with a share capital of EUR 4 million. This company is the head of the Group's energy area in which Sky Sierresita Cortijo I and Sky Sierresita Cortijo II were included.

With respect to the requirements of IFRS 3, had the business combinations been performed at the beginning of 2008, their effect on the Group's revenue and consolidated profit would not have been significant.

Also in 2008, within the framework of the agreements with Caja Madrid, 14 concession operators owned by the Group with a consolidated value of EUR 65,593 thousand were contributed to Global Vía Infraestructuras, S.A., the entity jointly controlled with Caja Madrid, giving rise to a gain for the year of EUR 14,699 thousand (see Note 22).

2007

Financial Statements Included - Business Combinations	Gonzalo Mateo Group	Gen Air Handling, S.L.U. (*)	Nasozena, S.L.
Date of acquisition	August	April	July
% of ownership (nominal)	100 %	100 %	75 %
ASSETS			
Non-current assets	25,542	6,649	55,215
Property, plant and equipment	1,788	217	55,215
Intangible assets	23,609	6,425	-
Non-current financial assets	145	3	-
Other non-current assets	-	4	-
Current assets	7,606	1,979	6,998
Inventories	1,493	-	5,835
Trade and other receivables	3,942	1,434	1,069
Other current financial assets	1,551	-	-
Cash and cash equivalents	620	545	94
Total assets	33,148	8,628	62,213
EQUITY AND LIABILITIES			
Equity	24,954	7,050	42,139
Non-current liabilities	4,774	47	5,546
Bank borrowings and other non-current financial liabilities	295	46	-
Other non-current liabilities	4,479	1	5,546
Current liabilities	3,420	1,531	14,528
Bank borrowings and other current financial liabilities	154	-	13,367
Trade payables and other current liabilities	3,266	1,531	1,161
TOTAL EQUITY AND LIABILITIES	33,148	8,628	62,213

These financial statements include the allocations at fair value and goodwill shown in the tables below:

Allocations at Fair Value	Gonzalo Mateo Group	Gen Air Handling, S.L.U. (*)	Nasozena, S.L.
ASSETS			
Property, plant and equipment	-	-	21,552
Intangible assets	14,714	3,298	-
Inventories	-	-	2,480
TOTAL ALLOCATIONS TO ASSETS	14,714	3,298	24,032
EQUITY AND LIABILITIES			
Other non-current liabilities (deferred taxes)	4,414	-	5,546
TOTAL ALLOCATIONS TO LIABILITIES	4,414	-	5,546
TOTAL NET ALLOCATIONS	10,300	3,298	18,486

(*) Absorbed by Flightcare, S.L. on 1 October 2007.

Goodwill	Gonzalo Mateo Group	Gen Air Handling, S.L.U. (*)	Nasozena, S.L.	Corporación Uniland Group
Cost of acquisition	24,954	7,050	31,609	126,690
Equity attributable to the Parent	(5,761)	(636)	(17,776)	(54,868)
DIFFERENCE ON ACQUISITION	19,193	6,414	13,833	71,822
Total net allocations	(10,300)	(3,298)	(18,486)	-
Allocation attributable to minority interests	-	-	4,653	-
Allocation to goodwill on consolidation	8,893	3,116	-	71,822

(*) Absorbed by Flightcare, S.L. on 1 October 2007.

With respect to the requirements of IFRS 3, had the business combinations been performed at the beginning of 2007, their effect on the Group's revenue and consolidated profit would not have been significant.

04. Distribution of profit

In 2008 the FCC Group paid dividends totalling EUR 368,960 thousand (2007: EUR 383,413 thousand), as shown in the accompanying cash flow statement, the detail being as follows:

	2008	2007
Shareholders of Fomento de Construcciones y Contratas, S.A.	265,054	265,071
Minority shareholders of the Cementos Portland Valderrivas Group	69,980	60,106
Minority shareholders of the Realía Business Group	31,995	55,254
Other minority shareholders of the other companies	1,931	2,982
	368,960	383,413

At the Annual General Meeting of Fomento de Construcciones y Contratas, S.A. held on 18 June 2008, the shareholders approved the distribution of the profit for 2007 through a total dividend of EUR 2.13 gross per share, equal to a total payment of EUR 274,232 thousand to the Parent's shareholders. The shareholders of Fomento de Construcciones y Contratas, S.A. received this amount through the payment of an interim dividend in January 2008 amounting to EUR 138,654 thousand (2007: EUR 130,137 thousand), equal to 106.5% gross of the par value of the shares, i.e. EUR 1.065 per share (2007: EUR 1 per share), and the payment of a final dividend in July 2008 amounting to EUR 135,578 thousand (2007: EUR 136,702 thousand), equal to 106.5% gross of the par value of the shares, i.e. EUR 1.065 per share (2007: EUR 1.05 per share).

On 18 December 2008, it was resolved to distribute to the shareholders of Fomento de Construcciones y Contratas, S.A. an interim dividend out of the profit for the year equal to 78.5% gross of the par value of the shares, i.e. EUR 0.785 per share. The total amount of this dividend, EUR 99,933 thousand, was paid on or after 9 January 2009 on outstanding shares carrying dividend rights.

In addition, to complete the dividend out of the 2008 profit of EUR 337,184 thousand attributable to the Parent of the FCC Group, Fomento de Construcciones y Contratas S.A., this Company will propose for the approval of the shareholders at the Annual General Meeting the distribution of a final dividend of EUR 0.785 per share which, together with the interim dividend, gives a total dividend of EUR 1.57 per share.

05. Intangible assets

The detail of the intangible assets and of the related accumulated amortisation at 31 December 2008 and 2007 is as follows:

	Cost	Accumulated Amortisation	Impairment	Carrying Amount
2008				
Concessions (Note 7)	519,523	(159,037)	(1,337)	359,149
Goodwill	2,594,389	-	(38,004)	2,556,385
Other intangible assets	595,649	(210,956)	(38)	384,655
	3,709,561	(369,993)	(39,379)	3,300,189
2007				
Concessions (Note 7)	495,132	(137,043)	(1,337)	356,752
Goodwill	2,576,510	-	(25,238)	2,551,272
Other intangible assets	512,277	(156,770)	(93)	355,414
	3,583,919	(293,813)	(26,668)	3,263,438

Intangible assets are measured at acquisition cost less any accumulated amortisation and any accumulated impairment losses.

None of the intangible assets recognised were generated internally and, except for goodwill, all have a finite useful life. The intangible assets are amortised over their useful lives, i.e. the period over which it is estimated they will generate income, on the basis of the pattern of use in the case of concessions and on a straight-line basis in the case of other intangible assets.

The amortisation charge for 2008 and 2007 is included under "Depreciation and Amortisation Charge" in the accompanying consolidated income statement.

At 31 December 2008 and 2007, there were no noteworthy intangible assets title to which was restricted.

Concessions and other intangible assets

The changes in these headings in the consolidated balance sheet in 2008 and 2007 were as follows:

	Concessions	Other Intangible Assets	Accumulated Amortisation	Impairment
BALANCE AT 31/12/06	484,636	487,162	(229,576)	(1,373)
Additions or charge for the year	19,001	12,492	(73,387)	(28)
Disposals or reductions	(705)	(4,198)	2,947	20
Changes in the scope of consolidation, translation differences and other changes	(2,021)	11,457	8,383	(69)
Transfers	(5,779)	5,364	(2,180)	20
BALANCE AT 31/12/07	495,132	512,277	(293,813)	(1,430)
Additions or charge for the year	14,982	19,587	(77,894)	21
Disposals or reductions	(485)	(4,822)	1,880	-
Changes in the scope of consolidation, translation differences and other changes	9,887	66,047	2,055	34
Transfers	7	2,560	(2,221)	-
BALANCE AT 31/12/08	519,523	595,649	(369,993)	(1,375)

“Concessions” includes most notably the amounts paid to obtain the concessions held by the Group to carry on its business activities: water supply services, operation of landfills, etc. (see Note 7).

In 2008 the most significant changes related to new water service concessions.

“Changes in the Scope of Consolidation, Translation Differences and Other Changes” relates mainly to the amounts included relating to the business combinations in the year, specifically the allocation of the value of the licences associated with the PV businesses acquired (Sierresita Sky I and Sierresita Sky II), amounting to EUR 27,807 thousand, and those relating to the Hydrocarbon Group, totalling EUR 5,441 thousand (see Note 3).

Concessions are amortised on the basis of the pattern of consumption over the concession term, which ranges on average from 25 to 50 years.

“Other Intangible Assets” includes the investments relating to operating contracts and licences, mainly in the Environmental Services, Versia and Cement areas, and customer lists, future income from backlogs and contracts acquired through business combinations, which are amortised systematically over the period in which they are expected to contribute revenue to the Group.

Goodwill

Goodwill is calculated as the difference between the acquisition cost of the Parent’s direct or indirect investment in a subsidiary and its proportional share of the equity of the subsidiary based on the percentage of ownership at the acquisition date, after adjustment, solely for consolidation purposes, for the recognition at fair value of the subsidiary’s property plant and equipment and intangible assets that qualify for recognition as assets and whose market value differs significantly from their carrying amount. This process may be carried out or modified during a period of one year from the purchase date.

Goodwill is not amortised; however, as indicated in Note 2-c), it is tested for impairment at least at each balance sheet date in order to recognise it at the lower of fair value, estimated on the basis of expected cash flows, and acquisition cost, calculated as described in the foregoing paragraph, less any accumulated impairment losses.

The changes in goodwill in the accompanying consolidated balance sheet in 2008 and 2007 were as follows:

BALANCE AT 31/12/06		2,467,902
Additions:		
Corporación Uniland	71,822	
Realia Business, S.A.	11,602	
Gonzalo Mateo Group	8,893	
Cementos Portland Valderrivas, S.A.	6,700	
Flightcare, S.L. (Gen Air Handling S.L.U.)	3,116	
Elcen Obras Servicios y Proyectos, S.A.	2,700	
Other	4,288	109,121
Allocation to assets:		
Waste Recycling Group	35,924	
Alpine Bau Group	28,582	
Flightcare Italia, SpA	(7,896)	56,610
Translation differences:		
Waste Recycling Group	(76,544)	
Other	(3,168)	(79,712)
Impairment losses		(2,649)
BALANCE AT 31/12/07		2,551,272
Additions:		
Corporación Uniland Group	75,071	
A.S.A. Group	8,450	
M&S Group	6,748	
Cementos Portland Valderrivas, S.A.	3,663	
Gestión de Aguas del Norte, S.A.	1,252	
Hydrocarbon Recovery Services, Inc.	47,825	
International Petroleum Corp. of Delaware	5,213	
Other	3,340	151,562
Changes in the scope of consolidation, translation differences and other changes:		
Waste Recycling Group	(192,118)	
Aqualia Gestión Integral del Agua, S.A.	80,410	
Realia Business Group	(11,602)	
Gonzalo Mateo, S.L.	(5,000)	
Other	701	(127,609)
Impairment losses:		
Flightcare Italia, SpA	(14,963)	
Cementos Lemona Group	(3,006)	
Other	(871)	(18,840)
BALANCE AT 31/12/08		2,556,385

A description of the main additions in 2007 and 2008, relating to the Corporación Uniland Group and the Hydrocarbon Recovery Service Group, is included in Note 3 ("Changes in the Scope of Consolidation") to these consolidated financial statements.

"Changes in the Scope of Consolidation, Translation Differences and Other Changes" includes most notably the effect of the loss of control of the Realia Business Group, the inclusion of which using the equity method reduced goodwill by EUR 11,602 thousand, and the effect of the depreciation of sterling against the euro, which gave rise to a reduction of EUR 192,118 thousand in the goodwill associated with the UK WRG Group, the original balance of which was EUR 875,173 thousand.

The breakdown of goodwill in the accompanying consolidated balance sheet at 31 December 2008 and 2007 is as follows:

	2008	2007
Corporación Uniland Group	825,857	750,786
Waste Recycling Group	644,906	835,104
Alpine Bau Group	262,103	261,368
Cementos Portland Valderrivas, S.A.	226,269	222,606
A.S.A. Abfall Service Group	138,036	129,586
Aqualia Gestión Integral del Agua, S.A.	80,410	-
Cementos Lemona Group	70,729	73,735
FCC Logística Group	58,956	58,956
Hydrocarbon Recovery Services	47,825	-
Ekonor Group	43,140	43,140
Giant Cement Holding, Inc.	25,639	24,273
Flightcare Italia, SpA	21,220	36,183
Marepa Group	16,432	16,432
Jaime Franquesa, S.A.	12,193	13,064
Tratamientos y Recuperaciones Industriales, S.A.	9,860	9,860
Gestiones Especializadas e Instalaciones, S.A.	7,410	7,410
M&S Group	6,748	-
Flightcare Belgium, Naamloze Vennootschap	6,064	6,064
Deneo Energía e Infraestructuras, S.A.	5,531	5,531
International Petroleum Corp. of Delaware	5,213	-
Canteras de Aláiz, S.A.	4,332	4,332
Elcen Obras Servicios y Proyectos, S.A.	4,287	4,287
Gonzalo Mateo Group	3,859	8,859
Papeles Hernández e Hijos Group	3,815	3,815
Cementos Alfa, S.A.	3,712	3,712
Áridos y Premezclados, S.A., Sole-Shareholder Company	3,704	3,704
Flightcare, S.L.	3,116	3,116
Realia Business, S.A.	-	11,602
Other	15,019	13,747
	2,556,385	2,551,272

06. Property, plant and equipment and investment property

Accounting principles and policies

- a) Property, plant and equipment are stated at cost, except in the case of certain subsidiaries operating in the cement business, which revalued their property, plant and equipment pursuant to various laws predating the implementation of IFRSs, including Royal Decree-Law 7/1996 and several provincial laws. The effect of these revaluations on the consolidated income statement is not material. Also, the cost of property, plant and equipment includes the estimated present value of the cost of dismantling or retiring the related items.

Property, plant and equipment contributed by the companies acquired, as detailed in Note 3 to these consolidated financial statements, are recognised at the fair value thereof at the acquisition date.

- b) Investment property is measured at the lower of acquisition cost and market value.
- c) Group work on non-current assets is measured at production cost, except for the work performed for concession operators, which is measured at selling price since the related intra-Group results are not eliminated (see Note 7).
- d) Upkeep and maintenance expenses not leading to a lengthening of the useful life or to an increase in the production capacity of the related assets are recognised as expenses in the year in which they are incurred.
- e) When the construction and start-up of non-current assets require a substantial period of time, the borrowing costs accrued over that period are capitalised.

The borrowing costs capitalised in 2008 amounted to EUR 9,729 thousand (2007: EUR 7,690 thousand) and accumulated capitalised borrowing costs amounted to EUR 45,564 thousand (2007: EUR 39,351 thousand).

- f) Finance charges in respect of finance leases are allocated to consolidated profit or loss for the year using the effective interest method over the lease payment schedule.
- g) Property, plant and equipment are depreciated by the straight-line method at annual rates based on the following years of estimated useful life:

Natural resources and buildings	25-50
Investment property	75-100
Plant, machinery and transport equipment	5-15
Furniture and tools	7-12
Computer hardware	4
Other items of property, plant and equipment	5-10

Property, plant and equipment assigned exclusively to a non-concession contract are depreciated on a straight-line basis over the shorter of the years of useful life indicated above or the contract term. Property, plant and equipment assigned to concessions as defined in IFRIC 12 are depreciated on the basis of their pattern of use (see Note 7).

- The residual value, useful life and depreciation method applied to the Group's assets are reviewed periodically to ensure that the depreciation method used reflects the pattern in which the economic benefits arising from operating the assets are received.
- At least at every balance sheet date, the companies determine whether there is any indication that an item or group of items of property, plant and equipment is impaired so that, as indicated in Note 2-c), an impairment loss can be recognised or reversed in order to adjust the carrying amount of the assets to their value in use. Under no circumstances may the reversals exceed the impairment losses previously recognised.
- The companies consider that the periodic maintenance plans for their facilities, the cost of which is recognised as an expense in the year in which it is incurred, are sufficient to ensure delivery of the assets that have to be returned to the concession provider in good working order on expiry of the concession contracts and that, therefore, no significant expenses will arise as a result of their return.

Details of the consolidated balance sheet headings

The detail of the carrying amount of property, plant and equipment at 31 December 2008 and 2007 is as follows:

	Cost	Accumulated Depreciation	Impairment	Carrying Amount
2008				
Land and buildings	2,258,386	(562,786)	(31,438)	1,664,162
Land and natural resources	879,135	(73,642)	(30,439)	775,054
Buildings for own use	1,379,251	(489,144)	(999)	889,108
Plant and other items of property, plant and equipment	8,562,288	(4,084,736)	(32,231)	4,445,321
Plant	4,554,672	(2,083,418)	(15,164)	2,456,090
Machinery and transport equipment	2,509,809	(1,419,839)	(16,793)	1,073,177
Property, plant and equipment in the course of construction	554,355	-	-	554,355
Other property, plant and equipment	943,452	(581,479)	(274)	361,699
	10,820,674	(4,647,522)	(63,669)	6,109,483
2007				
Land and buildings	2,192,842	(520,789)	(30,547)	1,641,506
Land and natural resources	870,177	(61,708)	(29,554)	778,915
Buildings for own use	1,322,665	(459,081)	(993)	862,591
Plant and other items of property, plant and equipment	8,285,881	(3,776,498)	(29,999)	4,479,384
Plant	4,661,746	(1,992,370)	(991)	2,668,385
Machinery and transport equipment	2,319,674	(1,261,347)	(28,363)	1,029,964
Property, plant and equipment in the course of construction	438,593	-	-	438,593
Other property, plant and equipment	865,868	(522,781)	(645)	342,442
	10,478,723	(4,297,287)	(60,546)	6,120,890

The changes in 2008 and 2007 in property, plant and equipment accounts were as follows:

	Land and natural resources	Buildings for own use	Land and buildings	Plant	Machinery and transport equipment	Property, plant and equipment in the course of construction	Other property, plant and equipment	Plant and other items of property, plant and equipment	Accumulated depreciation	Impairment
BALANCE AT 31/12/06	868,220	1,495,651	2,363,871	4,408,417	2,132,443	460,479	790,383	7,791,722	(3,949,975)	(70,467)
Additions or charge for the year	18,079	31,007	49,086	132,298	272,683	342,627	103,493	851,101	(580,591)	1,792
Disposals or reductions	(1,992)	(13,510)	(15,502)	(17,402)	(116,541)	(5,334)	(38,595)	(177,872)	155,180	3,592
Changes in the scope of consolidation, translation differences and other changes	(12,098)	(194,369)	(206,467)	(201,459)	14,501	693	11,024	(175,241)	75,600	3,673
Transfers	(2,032)	3,886	1,854	339,892	16,588	(359,872)	(437)	(3,829)	2,499	864
BALANCE AT 31/12/07	870,177	1,322,665	2,192,842	4,661,746	2,319,674	438,593	865,868	8,285,881	(4,297,287)	(60,546)
Additions or charge for the year	4,846	26,632	31,478	98,418	239,490	403,036	100,834	841,778	(590,350)	(14,503)
Disposals or reductions	(891)	(9,050)	(9,941)	(31,818)	(102,643)	(26,664)	(48,867)	(209,992)	118,581	644
Changes in the scope of consolidation, translation differences and other changes	3,414	(22,156)	(18,742)	(421,879)	26,054	36,100	12,734	(346,991)	188,538	10,736
Transfers	1,589	61,160	62,749	248,205	27,234	(296,710)	12,883	(8,388)	(67,004)	-
BALANCE AT 31/12/08	879,135	1,379,251	2,258,386	4,554,672	2,509,809	554,355	943,452	8,562,288	(4,647,522)	(63,669)

The most significant change in “Property, Plant and Equipment” in 2008 was the effect of the fall in the sterling exchange rate against the euro (the Group’s functional currency) on the net assets contributed by the UK WRG Group, totalling EUR 417,427 thousand, for which a balancing entry was recognised under “Equity – Valuation Adjustments” (see Note 15-d).

The most noteworthy additions include the EUR 99,080 thousand recognised under “Property, Plant and Equipment in the Course of Construction” relating to the modernisation of the cement plant in Keystone (USA). The total final budget for the work, which is expected to be completed in 2009, is EUR 190 million.

The period depreciation charge for 2008 and 2007 is included under “Depreciation and Amortisation Charge” in the accompanying consolidated income statement. This account includes EUR 590,350 thousand relating to the depreciation of property, plant and equipment (2007: EUR 580,951 thousand).

“Disposals or Reductions” includes asset disposals and inventory reductions relating to assets which, in general, have been depreciated substantially in full since they have reached the end of their useful lives.

“Changes in the Scope of Consolidation, Translation Differences and Other Changes” includes the items of property, plant and equipment included in consolidation as detailed in Note 3 to these consolidated financial statements (“Changes in the Scope of Consolidation”).

The Group companies take out the insurance policies they consider necessary to cover the possible risks to which their property, plant and equipment are subject. At 2008 year-end, the Parent considered that these risks were adequately covered.

Fully depreciated property, plant and equipment which, being in good working order, are used in production amounted to EUR 1,837 million at 31 December 2008 (31 December 2007: EUR 1,747 million).

Of the total property, plant and equipment in the accompanying consolidated balance sheet, EUR 4,805 million (2007: EUR 6,400 million) were located abroad, with accumulated depreciation of EUR 1,582 million (2007: EUR 1,838 million).

Investment property

“Investment Property” in the accompanying consolidated balance sheet reflects the net values of the land, buildings and other structures held either to earn rentals or, as the case may be, for capital appreciation.

The breakdown of “Investment Property” at 31 December 2008 and 2007 is as follows:

December 2008	Cost	Accumulated Depreciation	Impairment	Carrying Amount
Investment property	319,285	(55,366)	-	263,919

December 2007	Cost	Accumulated Depreciation	Impairment	Carrying Amount
Investment property	2,624,399	(282,524)	(6,373)	2,335,502

The detail of the changes in “Investment Property” in 2008 is as follows:

	Realia Business Group	Torre Picasso	Alpine Group	Total
BALANCE AT 31/12/06		67,727	-	67,727
Additions	182,619	175,296	-	357,915
Disposals	(23,398)	-	-	(23,398)
Depreciation charge and allowances	(16,522)	(2,404)	(84)	(19,010)
Changes in the scope of consolidation	1,943,820	1,656	22,767	1,968,243
Transfers	(15,975)	-	-	(15,975)
BALANCE AT 31/12/07	2,070,544	242,275	22,683	2,335,502
Additions	178,460	1,929	17	180,406
Disposals	(56,452)	-	(525)	(56,977)
Depreciation charge and allowances	(78,570)	(3,538)	(210)	(82,318)
Changes in the scope of consolidation	(2,192,152)	-	8	(2,192,144)
Transfers	78,170	-	1,280	79,450
BALANCE AT 31/12/08	--	240,666	23,253	263,919

Realia Business Group

The main change in 2008 is included under “Changes in the Scope of Consolidation” and relates to the effect of the change in the consolidation method used for the Realia Business Group. In 2007 the FCC Group controlled Realia Business, but now has significant influence over it, as a result of which the property assets that were fully consolidated in 2007 have been deducted.

2007

The most noteworthy additions in 2007 were the investments in various properties including the acquisition of a building in Paris for EUR 118,720 thousand and the effect of the inclusion of Nasozena, S.L., totalling EUR 55,215 thousand.

The fair value of the property assets contributed by the Realia Business Group in 2007 amounted to EUR 3,259,116 thousand. Fair value was determined by reference to market data furnished by independent external services and, therefore, at year-end the fair value reflected the market conditions of the investment property items at that date.

The only encumbrances on the Realia Business Group’s property assets related to mortgage loans taken out on properties and amounted to EUR 45,617 thousand in 2007.

The minimum lease payments payable by the Realia Business Group’s lessees under current leases, excluding common expenses, CPI-linked increases and future rent reviews, amount to EUR 650,232 thousand (2007: EUR 605,342 thousand), which fall due as follows:

	2008	2007
Within one year	152,006	134,060
Between one and five years	370,325	349,556
After five years	127,901	121,726
	650,232	605,342

Torre Picasso

The Torre Picasso building leases office space, commercial premises and parking spaces. In 2008 the FCC Group continued to hold the 100% ownership interest in the building which it acquired in 2007. The Parent estimates that the fair value of Torre Picasso, which at 2007 year-end amounted to EUR 860,000 thousand, based on the further 20% ownership interest acquired in 2007, had not changed by more than 10% at 2008 year-end since, based on the long-term agreements with tenants, the Parent considers that the value in use of the building had not decreased significantly.

Torre Picasso's income and profit were as follows:

	2008	2007
Rental income	26,173	21,759
Transfer of costs to tenants	6,948	7,389
Profit net of taxes	11,160	10,960

The minimum future lease payments receivable by the lessors under current leases amount to EUR 87,032 thousand (31 December 2007: EUR 118,217 thousand), which fall due as follows:

	2008	2007
Within one year	26,196	27,439
Between one and five years	59,434	88,021
After five years	1,402	2,757
	87,032	118,217

Restrictions on title to assets

Of the total property, plant and equipment in the consolidated balance sheet at 31 December 2008, there are restrictions on title to assets amounting to EUR 2,048,254 thousand (31 December 2007: EUR 1,727,058 thousand), the detail being as follows:

	Cost	Accumulated Depreciation	Carrying Amount
2008			
Buildings, plant and equipment	2,931,645	(1,298,109)	1,633,536
Other items of property, plant and equipment	594,454	(179,736)	414,718
	3,526,099	(1,477,845)	2,048,254
2007			
Buildings, plant and equipment	2,764,042	(1,365,651)	1,398,391
Other items of property, plant and equipment	493,699	(165,032)	328,667
	3,257,741	(1,530,683)	1,727,058

The Group's assets subject to restrictions on title relate to non-current assets held under finance leases or other financing arrangements, as indicated in Note 16, which discloses the various financing methods used, and to revertible assets assigned to the operation of concessions and other contracts.

The increase in assets subject to restrictions on title with respect to 2007 was due mainly to the increase in the Group's activity in the water concessions area.

Non-current asset purchase commitments

In the course of their business activities, the Group companies had formalised property, plant and equipment purchase commitments amounting to EUR 91,041 thousand at 31 December 2008 (31 December 2007: EUR 274,593 thousand), the detail being as follows:

	2008	2007
Investment property	-	121,497
Buildings for own use	200	6,095
Plant	86,551	124,389
Machinery and transport equipment	2,725	22,411
Other items of property, plant and equipment	1,565	201
	91,041	274,593

In addition, the property, plant and equipment investment commitments that will be fulfilled in future years in accordance with the contractual terms and conditions of the concessions operated by the Group companies are disclosed in Note 7.

Finance leases

The detail of the finance leases at the end of 2008 and 2007 and of the related cash flows is as follows:

	MOVABLE PROPERTY	REAL ESTATE	TOTAL
2008			
Carrying amount	291,090	18,829	309,919
Accumulated depreciation	99,060	3,634	102,694
Original cost of the assets	390,150	22,463	412,613
Finance costs	35,468	7,085	42,553
Capitalised original cost of the assets	425,618	29,548	455,166
Lease payments paid in the year	(147,847)	(5,745)	(153,592)
Lease payments paid in prior years	(127,379)	(984)	(128,363)
Lease payments outstanding, including purchase option	150,392	22,819	173,211
Unaccrued finance charges	(11,330)	(4,661)	(15,991)
Present value of lease payments outstanding, including purchase option	139,062	18,158	157,220
Contract term (years)	2 to 5	10	
Value of purchase options	7,651	11,071	18,722

	MOVABLE PROPERTY	REAL ESTATE	TOTAL
2007			
Carrying amount	236,807	7,500	244,307
Accumulated depreciation	80,625	1,448	82,073
Original cost of the assets	317,432	8,948	326,380
Finance costs	22,834	2,584	25,418
Capitalised original cost of the assets	340,266	11,532	351,798
Lease payments paid in the year	(115,282)	(512)	(115,794)
Lease payments paid in prior years	(95,089)	(1,159)	(96,248)
Lease payments outstanding, including purchase option	129,895	9,861	139,756
Unaccrued finance charges	(6,570)	(2,074)	(8,644)
Present value of lease payments outstanding, including purchase option	123,325	7,787	131,112
Contract term (years)	2 to 5	10	
Value of purchase options	4,343	4,215	8,558

The increase in assets held under finance leases in 2008 arose mainly from the investments required for the execution of service contracts.

On expiry of the leases, the Group companies exercise the purchase option and the lease arrangements do not impose any restrictions concerning exercise of this option. Also, the lease agreements do not contain any renewal, review or escalation clauses.

The detail, by maturity, of the reconciliation of the total amount of the lease payments to their present value at the balance-sheet dates (31 December 2008 and 2007) is as follows:

	Within One Year	Between One and Five Years	After Five Years	Total
2008				
Lease payments outstanding, including purchase option	72,463	77,699	23,049	173,211
Unaccrued finance charges	(3,967)	(9,442)	(2,582)	(15,991)
Present value of lease payments outstanding, including purchase option	68,496	68,257	20,467	157,220
2007				
Lease payments outstanding, including purchase option	87,435	42,513	9,808	139,756
Unaccrued finance charges	(2,410)	(5,075)	(1,159)	(8,644)
Present value of lease payments outstanding, including purchase option	85,025	37,438	8,649	131,112

The finance leases arranged by the Group companies do not include lease payments the amount of which must be determined on the basis of future economic events or indices and, accordingly, in 2008 no expense was incurred in connection with contingent rent.

07. Investments in concessions

The investments in concession businesses result in the existence of various assets which are included under several headings in the consolidated balance sheet and, accordingly, they are discussed in other Notes. This Note presents an overview of all the Group's investments in these businesses.

These investments include the concession right, recognised as an intangible asset (see Note 5), investments made in the property, plant and equipment (see Note 6) required to operate the service provided under the concession and investments in concessions accounted for using the equity method (see Note 8).

The concession contracts consist of agreements between the concession grantor (generally a public agency) and FCC Group companies to provide public services such as water distribution, wastewater filtering and treatment, the management of landfills, motorways and tunnels, etc., through the operation of the property, plant and equipment items required to provide the service.

The concession right generally means that the concession operator has an exclusive right to provide the service under the concession for a given period of time, after which the assets assigned to the concession required to provide the service are returned to the concession grantor. Also, concession contracts usually provide for the obligation to purchase or construct these non-current assets, fully or in part, and to maintain them.

Revenue from performing the service may be received directly from the users or, sometimes, through the concession grantor itself. The prices for providing the service are regulated by the concession grantor.

Accounting principles and policies

In 2006 the International Accounting Standards Board (IASB) issued a definitive interpretation on the accounting treatment for concessions which will be applicable once it has been adopted by the European Union, a process that was ongoing at the balance sheet date (see Note 2-d). In both 2008 and 2007 the FCC Group applied the most relevant aspects of the accounting principles and policies contained in this interpretation, which are indicated below, except with respect to the classification of assets as intangible assets or non-current financial assets.

- a) When a substantial period of time is required for the construction and start-up of the non-current assets assigned to the concession, the related borrowing costs accrued during that period are capitalised.

- b) When the assets come into service, the accrued borrowing costs are allocated to the income statement.
- c) The depreciation and amortisation of the assets assigned to concessions are calculated on the basis of the pattern of consumption, taken to be the changes in and best estimates of the production units of each activity. The most important concession business in quantitative terms is the water supply and treatment activity, whose assets are depreciated or amortised on the basis of the cubic metres of water consumed. The assets of the transport infrastructure business, of lesser importance for the Group, are depreciated or amortised on the basis of the number of vehicles, the pattern used to determine the consumption of the infrastructure.
- d) When the concession assets are constructed by Group companies, the results arising from the construction work are recognised by reference to the stage of completion, in accordance with the accounting policies described in Note 21, "Revenue and Expenses".

Detail of concessions

The following table sets forth the total investments made by the Group companies in concessions, which are included under "Property, Plant and Equipment", "Intangible Assets" and "Investments in Associates" (including loans granted to associates) in the accompanying consolidated balance sheets at 31 December 2008 and 2007.

	Concession	Property, Plant and Equipment	Concession Operator Joint Ventures and Associates	Total Investment
2008				
Water services	497,066	519,744	78,663	1,095,473
Motorways and tunnels	-	-	388,569	388,569
Other	22,457	79,827	42,802	145,086
TOTAL	519,523	599,571	510,034	1,629,128
Depreciation and amortisation	(159,037)	(187,904)	-	(346,941)
Impairment	(1,337)	(200)	-	(1,537)
	359,149	411,467	510,034	1,280,650
2007				
Water services	479,710	492,834	12,276	984,820
Motorways and tunnels	-	-	278,593	278,593
Other	15,422	116,452	100,060	231,934
TOTAL	495,132	609,286	390,929	1,495,347
Depreciation and amortisation	(137,043)	(193,664)	-	(330,707)
Impairment	(1,337)	-	-	(1,337)
	356,752	415,622	390,929	1,163,303

Under the concession contracts and during the term thereof, the concession operators in which the Group holds ownership interests are obliged to purchase or construct property, plant and equipment items assigned to the concessions amounting to EUR 254,437 thousand (2007: EUR 177,281 thousand).

The concession operators are also obliged to hold restricted cash reserves, known as reserve accounts, included under "Other Non-Current Financial Assets" (see Note 10).

08. Investments accounted for using the equity method

This heading includes the value of the investments in companies accounted for using the equity method, which comprises both the equity interest and the non-current loans granted to these companies, and the jointly controlled entities that, as indicated in Note 3, were accounted for using the equity method.

The investment is initially recognised at acquisition cost and is subsequently revalued to take into account the share of the results of these companies not distributed in the form of dividends. Also, the value of the investment is adjusted to reflect the proportion of the changes in these companies' equity that were not recognised in their profit or loss.

	Acquisitions and Disbursements	Profit (Loss) for the Year	Dividends Paid	Changes in Fair Value of Financial Instruments Recognised in Reserves
BALANCE AT 31/12/06	-	-	-	-
Desarrollo Urbanístico Sevilla Este, S.L.	-	(1,655)	-	-
Alpine Group investees	-	-	-	-
Autovía Necaxa-Tehuacán, S.A. de C.V.	17,063	-	-	-
Layetana Front Marítim, S.L.	6,250	31	-	-
Cedinsa Eix del Llobregat, S.A.	3,797	11	-	2,232
Urbs Index et Causidicus, S.A.	2,820	(262)	-	3,374
Cedinsa Concesionaria, S.A.	5,095	(65)	-	-
Concesionaria Hospital Son Dureta, S.A.	3,972	(93)	-	-
Suministros Aguas de Queretaro, S.A.	2,650	36	-	-
Concesiones Aeroportuarias, S.A.	2,340	(40)	-	-
Metro Málaga	1,355	15	-	-
Nova Bocana Barcelona	1,289	(3)	-	15
Port Sur Castellón, S.A.	1,307	(6)	-	(11)
Nova Bocana Business, S.A.	1,021	-	-	-
Madrid 407 Sociedad Concesionaria, S.A.	-	(169)	-	1,131
Tranvía de Parla, S.A.	1,054	(335)	-	11
A.S.A. Group investees	-	1,732	(1,515)	-
Tranvía Metropolità, S.A.	-	1,042	(1,143)	432
Realia Business Group	-	31,386	(6,045)	-
Autopista de la Costa Cálida C.E.A., S.A.	4,648	(3,839)	-	242
Autovía del Camino, S.A.	-	(1,013)	-	3,904
Terminal Polivalente de Castellón, S.A.	1,350	(422)	-	-
Concesiones de Madrid, S.A.	-	1,371	(1,398)	-
Globalvía Group	31,250	(11,713)	-	-
Proactiva Group	-	3,595	-	-
Zabalgarbi, S.A.	-	2,784	-	-
Mercia Waste Management, Ltd.	-	2,913	-	-
FCC Connex Group	-	6,728	(5,500)	-
Uniland Group investees	-	14,177	-	-
Ace Edifer	-	2,010	-	-
Other	4,030	14,741	(15,172)	(190)
Total 2007	91,291	62,957	(30,773)	11,140
BALANCE AT 31/12/07				
Cedinsa Group	5,226	(141)	-	(561)
Nova Bocana Barcelona, S.A.	3,160	-	-	(1,026)
Desarrollo Urbanístico Sevilla Este, S.L.	-	-	-	-
Urbs Index et Causidicus, S.A.	-	(286)	-	(8,787)
M50 (Concession) Limited	-	-	-	(5,203)
Cedinsa Eix del Llobregat, S.A.	-	(1,498)	-	(3,992)
Autovía Nexaca-Tehuacán	-	439	-	(2,611)
Concesionaria Hospital Son Dureta, S.A.	4,436	-	-	(5,071)
Realia Business Group	-	-	-	-
Globalvía Group	-	(20,167)	-	(6,778)
Uniland Group investees	715	10,240	(1,745)	-
Proactiva Group	-	2,988	(1,726)	-
Zabalgarbi, S.A.	1,565	2,770	-	-
Madrid concessions	-	-	-	-
Other	11,423	18,296	(14,894)	(10,371)
Total 2008	26,525	12,641	(18,365)	(44,400)
BALANCE AT 31/12/08	26,525	12,641	(18,365)	(44,400)

These changes include most notably translation differences and the adjustments to reserves arising from changes in the fair value of the cash flow hedges arranged by the associates.

In the years ended 31 December 2008 and 2007, there were no impairment losses, since the market value was equal to or higher than the values obtained by applying the method described in the preceding paragraph.

The detail, by company, of "Investments Accounted for Using the Equity Method" is disclosed in the Appendixes to these consolidated financial statements.

The changes in 2008 and 2007 were as follows:

Sales	Changes in Consolidation Method and Transfers	Translation Differences and Other Changes	Value of the Investment	Loans Granted	Total
-	-	-	807,259	56,264	863,523
-	106,108	-	104,453	-	104,453
-	13,225	-	13,225	17,964	31,189
-	-	(1,488)	15,575	-	15,575
-	-	-	6,281	-	6,281
-	-	-	6,040	-	6,040
-	-	-	5,932	-	5,932
-	-	-	5,030	-	5,030
-	-	-	3,879	-	3,879
-	-	(116)	2,570	-	2,570
-	-	-	2,300	-	2,300
-	-	-	1,370	-	1,370
-	-	-	1,301	-	1,301
-	-	-	1,290	-	1,290
-	-	-	1,021	-	1,021
-	-	-	962	-	962
-	-	-	730	-	730
-	-	275	492	-	492
-	-	-	331	-	331
-	(321,797)	-	(296,456)	(516)	(296,972)
-	-	(15,848)	(14,797)	-	(14,797)
-	-	(2,920)	(29)	(1,695)	(1,724)
-	-	(1,141)	(213)	-	(213)
-	-	-	(27)	-	(27)
-	-	98,515	118,052	-	118,052
-	-	(2,143)	1,452	-	1,452
-	-	-	2,784	-	2,784
-	-	(371)	2,542	-	2,542
-	-	-	1,228	-	1,228
-	-	-	14,177	-	14,177
-	-	-	2,010	-	2,010
(130)	(5,012)	2,956	1,223	3,138	4,361
(130)	(207,476)	77,719	4,728	18,891	23,619
			811,987	75,155	887,142
-	-	-	4,524	259	4,783
-	-	-	2,134	-	2,134
-	(104,550)	-	(104,550)	-	(104,550)
-	-	-	(9,073)	-	(9,073)
-	-	(683)	(5,886)	-	(5,886)
-	-	-	(5,490)	-	(5,490)
-	-	(2,000)	(4,172)	-	(4,172)
-	-	-	(635)	-	(635)
-	168,894	-	168,894	-	168,894
-	186,815	-	159,870	-	159,870
-	(1,818)	(1,142)	6,250	-	6,250
-	-	(1,188)	74	-	74
-	-	-	4,335	-	4,335
-	(15,358)	-	(15,358)	-	(15,358)
(135)	(6,299)	4,616	2,636	18,186	20,822
(135)	227,684	(397)	203,553	18,445	221,998
(135)	227,684	(397)	1,015,540	93,600	1,109,140

The most significant changes in 2008 and 2007 relate mainly to the change in the consolidation method used for the Realia Business Group, from full consolidation in 2007 to the equity method in 2008, as a result of control being acquired in 2007 and subsequently lost, as indicated in Note 3.

The detail of the assets, liabilities, revenue and profit or loss for 2008 and 2007 of the associates and joint ventures, in proportion to the ownership interests held therein, based on the information included in the respective financial statements, is as follows:

	2008	2007
Non-current assets	4,086,134	1,723,191
Current assets	1,587,377	731,668
Non-current liabilities	2,861,870	1,307,198
Current liabilities	1,575,015	561,841
Income statement		
Revenue	988,406	556,722
Profit from operations	106,321	63,735
Profit/(loss) before tax	(1,356)	42,096
Profit/(loss) attributable to the Parent	(328)	26,466

The associates engage mainly in the operation of concessions such as water services, motorways, tunnels and passenger transport. These companies are generally near the commencement of the concession term, as evidenced by the proportion of their debt with respect to their equity.

“Investments Accounted for Using the Equity Method” also includes the real estate business held by the Group through its ownership interest in the Realia Business Group, which contributes mainly investment property, housing developments and the related debt.

09. Jointly managed contracts

The Group companies undertake certain of their business activities through contracts that the FCC Group operates jointly with other non-Group companies, mainly by means of unincorporated joint ventures. These jointly managed contracts were proportionately consolidated, as indicated in Note 2 above.

Following are the main aggregates of the jointly operated contracts included in the various headings in the accompanying consolidated balance sheet and consolidated income statement, in proportion to the percentage of ownership held therein, at 31 December 2008 and 2007:

Unincorporated joint ventures and joint property entities	
2008	
Revenue	1,708,526
Gross profit from operations	99,891
Net profit from operations	77,168
Non-current assets	142,796
Current assets	1,433,582
Non-current liabilities	23,097
Current liabilities	1,238,601
2007	
Revenue	1,646,522
Gross profit from operations	134,633
Net profit from operations	105,967
Non-current assets	128,065
Current assets	1,556,447
Non-current liabilities	16,159
Current liabilities	1,261,502

At 2008 year-end, the property, plant and equipment purchase commitments made directly by the joint ventures amounted to EUR 1,007 thousand (2007: EUR 11,167 thousand), calculated on the basis of the percentage interest held by the Group companies.

The contracts managed through unincorporated joint ventures, joint property entities, silent participation agreements, economic interest groupings and other entities of a similar legal nature require the venturers to share joint and several liability for the business activity carried on.

Guarantees amounting to EUR 863,960 thousand (2007: EUR 888,689 thousand) were provided, mostly to government agencies and private customers, for contracts managed jointly with non-Group third parties, as security for the performance of construction projects and urban cleaning contracts.

10. Non-current financial assets and other current financial assets

financial assets are initially recognised at fair value, which generally coincides with their acquisition cost, adjusted by the transaction costs directly attributable thereto, except in the case of held-for-trading financial assets, whose transactions costs are charged to profit or loss for the year.

All acquisitions and sales of assets are recognised at the date of the transaction.

The financial assets held by the Group companies are classified as follows:

- **Held-for-trading financial assets** are assets acquired with the intention of generating a profit from short-term fluctuations in their prices. These assets, which are expected to mature within 12 months, are included under "Other Current Financial Assets" in the accompanying consolidated balance sheet.

Held-for-trading financial assets which are expected to be realised or to mature within no more than three months and whose realisation is not expected to give rise to significant costs are included under "Cash and Cash Equivalents" in the accompanying consolidated balance sheet.

- **Held-to-maturity investments** are financial assets with fixed or determinable payments and fixed maturity. Those maturing within no more than 12 months are classified as current assets and those maturing within more than 12 months as non-current assets.
- **Loans** maturing within no more than 12 months are classified as current loans and those maturing within more than 12 months as non-current loans.
- **Available-for-sale financial assets** are securities acquired that are not held for trading purposes and are not classified as held-to-maturity investments. They are classified as non-current in the accompanying consolidated balance sheet since it is intended to hold them at long term.

The held-for-trading and available-for-sale financial assets were measured at their fair value at the balance sheet date. The fair value of a financial instrument is taken to be the amount for which it could be bought or sold by two knowledgeable, willing and experienced parties in an arm's length transaction, i.e. fair value is the estimated market value.

In the case of held-for-trading financial assets, the gains or losses arising from changes in fair value are recognised in profit or loss for the year. In the case of available-for-sale financial assets, the gains or losses arising from changes in fair value are recognised in equity until the asset is disposed of, at which time the cumulative gains previously recognised in equity are recognised in profit or loss for the year, or it is determined that it has become impaired, at which time, once the cumulative gains previously recognised in equity have been written off, the loss is recognised in the consolidated income statement.

Held-to-maturity investments, credit, loans and receivables originated by the Group are measured at the lower of amortised cost, i.e. the initial cost minus principal repayments plus the uncollected interest accrued on the basis of the effective interest rate, and market value. The effective interest rate is the rate that exactly matches the initial cost of the investment to all its estimated cash flows of all kinds through its residual life. Where appropriate, if there are signs that these financial assets have become impaired, the necessary valuation adjustments are made.

The most significant items under “Non-Current Financial Assets” and “Other Current Financial Assets” in the accompanying consolidated balance sheet are as follows:

a) Non-current financial assets

The breakdown of the non-current financial assets at 31 December 2008 and 2007 is as follows:

	2008	2007
Available-for-sale financial assets	75,343	76,458
Non-current loans	186,473	202,199
Held-to-maturity investments	15,786	20,291
Other financial assets	180,225	202,387
	457,827	501,335

a.1) Available-for-sale financial assets

Breakdown of the balance at 31 December 2008 and 2007:

	Effective Percentage of Ownership	Fair Value
2008		
Ownership interests of 5% or more:		
Eumex Group	50.00	13,499
World Trade Center Barcelona, S.A.	16.52	11,422
Vertederos de Residuos, S.A.	16.03	7,050
SCL Terminal Aéreo de Santiago, S.A.	14.77	4,088
Transportes Ferroviarios de Madrid, S.A.	24.38	-
WTC Almeda Park, S.A.	12.50	1,078
Build2Edifica, S.A.	15.45	901
Artscapital Investment, S.A.	10.83	-
Shopnet Brokers, S.A.	15.54	-
Other	-	3,070
Ownership interests of less than 5%:		
Xfera Móviles, S.A.	3.44	13,799
Alpine Bau Group investees	-	17,409
Other	-	3,027
		75,343
2007		
Ownership interests of 5% or more:		
Eumex Group	50.00	13,499
World Trade Center Barcelona, S.A.	16.52	11,422
Vertederos de Residuos, S.A.	16.03	5,767
Scutvias-Autoestradas Da Beira Interior, S.A.	13.33	4,098
SCL Terminal Aéreo de Santiago, S.A.	14.77	4,088
Transportes Ferroviarios de Madrid, S.A.	12.19	3,786
WTC Almeda Park, S.A.	12.50	1,828
Build2Edifica, S.A.	15.45	901
Artscapital Investment, S.A.	10.83	-
Shopnet Brokers, S.A.	15.54	-
Other	-	2,936
Ownership interests of less than 5%:		
Xfera Móviles, S.A.	3.44	8,638
Alpine Bau Group investees	-	15,644
Other	-	3,851
		76,458

The Group estimates the fair value of the investment in Xfera Móviles, S.A. at EUR 13,799 thousand, which means that EUR 20,373 thousand of the investment have been fully impaired, as well as EUR 3,641 thousand of the total EUR 17,440 thousand of participating loans granted.

At 31 December 2008, the Company had also provided guarantees for Xfera Móviles, S.A. totalling EUR 8,014 thousand. Fomento de Construcciones y Contratas, S.A. has a put option on the portfolio of Xfera Móviles, S.A. that is symmetrical to the call option held by Sonera Holding B.V. These rights can only be exercised on the maturity date in 2011, provided that certain terms and conditions are met, including most notably that Xfera Móviles, S.A. generates profit over two consecutive years prior to the aforementioned maturity date.

Additionally, the 50% ownership interest in the share capital of the Eumex Group is recognised as an available-for-sale financial asset since the circumstances that gave rise to the loss of significant influence over this group in 2006 have not changed.

The changes in the available-for-sale financial assets in 2008 and 2007 were as follows:

	Cost	Impairment	Disposals and Reductions	Changes in Scope of Consolidation, Translation Differences and Other Changes	Carrying Amount	Changes in Fair Value	Fair Value
BALANCE AT 31/12/06	-	-	-	-	67,933	15,528	83,461
Balance at 31/12/06							
Xfera Móviles, S.A.	23,770	-	-	-	23,770	(25,914)	(2,144)
Vertederos de Residuos, S.A.	-	-	-	-	-	1,413	1,413
CGEA Colombia, S.A.	-	-	(700)	-	(700)	-	(700)
Financial investments - Alpine Bau Group	2,620	-	-	(7,890)	(5,270)	-	(5,270)
Other	832	194	(319)	(1,120)	(413)	111	(302)
Total 2007	27,222	194	(1,019)	(9,010)	17,387	(24,390)	(7,003)
BALANCE AT 31/12/07	-	-	-	-	85,320	(8,862)	76,458
Xfera Móviles, S.A.	5,161	-	-	-	5,161	-	5,161
Vertederos de Residuos, S.A.	-	-	-	-	-	1,283	1,283
CGEA Colombia, S.A.	-	-	-	-	-	-	-
Financial investments - Alpine Bau Group	1,686	-	-	79	1,765	-	1,765
Scutvias-Autoestradas Da Beira Interior, S.A.	-	-	(4,098)	-	(4,098)	-	(4,098)
WTC Almeda Park, S.A.	-	-	(750)	-	(750)	-	(750)
Transportes Ferroviarios de Madrid, S.A.	-	-	-	(3,786)	(3,786)	-	(3,786)
Other	647	-	(92)	(1,510)	(955)	265	(690)
Total 2008	7,494	-	(4,940)	(5,217)	(2,663)	1,548	(1,115)
BALANCE AT 31/12/08	-	-	-	-	82,657	(7,314)	75,343

a.2) Non-current loans

The non-current loans granted by Group companies to third parties mature as follows:

	2010	2011	2012	2013	2014 and Subsequent Years	Total
Non-trade loans	20,222	8,940	10,387	11,158	107,245	157,952
Deposits and guarantees	2,894	297	247	1,207	23,876	28,521
	23,116	9,237	10,634	12,365	131,121	186,473

The non-trade loans include mainly the amounts granted to government agencies for the financing of infrastructures and refinancing of debt in the water service and urban cleaning businesses.

The deposits and guarantees relate mainly to those required legally or contractually in the course of the Group companies' activities, such as deposits for electricity connections, construction completion bonds, property lease guarantee deposits, etc.

In 2008 there were no events that raised doubts concerning the recovery of these loans.

a.3) Other financial assets

This heading includes the put option on 8.18% of the shares of Corporación Uniland, S.A. (2007: 14.47%) whose shareholders are entitled to exercise the option over a maximum period of five years (2006-2011). This transaction, which forms part of the agreement for the acquisition of this company in 2006, enabled the Cementos Portland Valderrivas Group to raise its ownership interest in the Corporación Uniland Group to 65.36% (in 2007 it held 59.07%), as indicated in Note 3 ("Changes in the Scope of Consolidation") to these consolidated financial statements. In this connection, in accordance with IFRSs, after taking into account the options exercised in 2008, representing 6.29% of the shares, the FCC Group recognised a financial asset of EUR 100,977 thousand (2007: EUR 177,841 thousand) for the difference between the cost of exercising the option predetermined in the aforementioned agreement, amounting to EUR 171,070 thousand (2007: EUR 312,393 thousand) and the value of the minority interests of this holding, amounting to EUR 70,093 thousand (2007: EUR 134,552 thousand). In short, this financial asset represents the goodwill that will be paid if this acquisition is performed.

FCC Construcción, S.A. has granted a minority shareholder of Alpine Holding GmbH a put option exercisable in 2009 on 52% of its ownership interest and in 2011 on the portion not previously exercised and on the remainder of its total ownership interest (20.73%). The exercise price is based on the performance of EBITDA, profit before tax and net financial debt in the financial statements for 2008, if the option is exercised in 2009, or in those for 2010 if it is exercised in 2011.

The aforementioned minority shareholder has simultaneously granted FCC Construcción, S.A. a call option on its total ownership interest in Alpine Holding GmbH, exercisable at any time until 31 December 2012. In order to measure this option, whose value is tied to various profitability indicators (EBITDA), the Group used the best information available and the projected budgets and performance of the business and interest or discount rates, as a result of which the value of the option at 2008 year-end amounted to EUR 71,225 thousand (see Note 16).

This heading also includes EUR 7,409 thousand in respect of the measurement of the call option and cash flow swap arranged by the Parent in 2008 within the framework of the share option plan agreed with executives and executive directors (see Note 17).

b) Other current financial assets

The breakdown of the balance at 31 December 2008 and 2007 is as follows:

	2008	2007
Held-for-trading financial assets	1,032	24,374
Equity investment funds	115	23,700
Fixed-income investment funds	-	587
Corporate promissory notes and other	917	87
Held-to-maturity investments	17,528	18,753
Promissory notes	781	9,209
Government debt securities	11,070	3,962
Fixed-income investment funds	5,677	5,582
Other loans	171,553	96,746
Loans to non-Group third parties	46,258	47,741
Loans to associates	58,267	48,241
Deposits at banks	67,028	764
Deposits and guarantees given	25,123	20,416
	215,236	160,289

This heading in the accompanying consolidated balance sheet includes current financial investments which, maturing at more than three months in order to cater for certain specific cash situations, are classified as held-for-trading financial assets, held-to-maturity investments assets or other loans based on the initial nature of the investments.

These assets are unrestricted as to their use, except for "Deposits and Guarantees Given", which relate to amounts paid to secure certain contracts which will be recovered once the contracts expire.

The average rate of return obtained in this connection is the market return according to the term of each investment.

11. Inventories

Inventories are stated at average acquisition or production cost and the necessary valuation adjustments are made to reduce the carrying amount to net realisable value, if this is lower.

Assets received in payment of loans are measured at the lowest of the following three values: the amount at which the loan relating to the asset was recognised, production cost or net realisable value.

The breakdown of the inventories at 31 December 2008 and 2007 is as follows:

	2008	2007
Property assets	831,878	2,031,294
Realia Business	-	1,312,825
Construction	825,343	712,037
Other activities	6,535	6,432
Raw materials and other procurements	606,524	567,177
Construction	357,793	337,807
Cement	175,533	160,290
Versia	41,113	40,625
Environmental services	31,289	27,506
Other activities	796	949
Finished goods	55,765	53,545
Advances	81,089	33,847
	1,575,256	2,685,863

The main real estate products in the Construction area relate to land in Tres Cantos (Madrid) for EUR 480,008 thousand, plots in Sant Joan Despí (Barcelona) totalling EUR 55,351 thousand, properties in Badalona (Barcelona) amounting to EUR 43,970 thousand and properties in Vitoria and Ensanche de Vallecas (Madrid) totalling EUR 28,851 thousand and EUR 25,206 thousand, respectively.

At 31 December 2008, impairment losses on inventories totalled EUR 9,709 thousand (2007: EUR 22,661 thousand, of which EUR 9,263 thousand related to the Realia Business Group).

The detail of the cost of the Realia Business Group's property assets in 2007 is as follows:

Land and buildable plots of land	734,205
Construction work in progress	413,970
Completed buildings	126,083
Advances to suppliers	47,831
	1,322,089

In particular, the following are considered to be inventories:

- Land and other properties held for sale.
- Developments and construction work in progress at the production, construction or development phase and held for sale in the ordinary course of business. These include the costs incurred in property developments (or in parts of a development) construction of which was unfinished at year-end, most notably those relating to building plots, urban development and construction and other direct and indirect costs associated therewith, excluding finance and sales costs.

The main reduction in 2008 relates to the loss of control over the Realia Business Group and the change in the consolidation method to the equity method, which entailed the exclusion of net property assets totalling EUR 1,313 thousand that were included in 2007.

At 2008 year-end there were no material property asset sale or purchase commitments.

At 31 December 2008, there were no material differences between the carrying amount of the assets recognised and their fair value.

The raw materials and other procurements include the installations required to execute construction work that have not yet been included in the construction projects, storable construction materials and items, materials for the assembly of street furniture, replacement parts, fuel and other materials required to carry on the business activities.

12. Trade and other receivables

a) Trade receivables for sales and services

This heading in the accompanying consolidated balance sheet includes the present value of the uncollected revenue, valued as indicated in Note 21 ("Revenue and Expenses"), contributed by the Group's various lines of business and forming the basis of the profit from operations.

The detail of the balance of accounts receivable from non-Group debtors at 31 December 2008 and 2007 is as follows:

	2008	2007
Progress billings receivable and trade receivables for sales	3,718,404	3,630,004
Amounts to be billed for work performed	941,885	895,163
Retentions	128,708	70,098
Production billed to associates not yet collected	186,891	133,353
Trade receivables for sales and services	4,975,888	4,728,618
Advances received on orders	(1,416,773)	(1,546,098)
TOTAL NET BALANCE OF TRADE RECEIVABLES FOR SALES AND SERVICES	3,559,115	3,182,520

The foregoing total is the net balance of trade receivables after considering the adjustments for the risk of doubtful debts amounting to EUR 170,053 thousand (31 December 2008: EUR 163,204 thousand) and after deducting the balance of "Trade Payables - Advances Received on Orders" on the liability side of the accompanying consolidated balance sheet. This item also includes the collected and uncollected prebillings and the advances received for land.

"Progress Billings Receivable and Trade Receivables for Sales" reflects the amount of the completed project and services progress billings receivable at the consolidated balance sheet date.

The difference between the amount of the production recognised from inception of each project and contract in progress, measured as explained in Note 21 ("Revenue and Expenses") and the amount billed up to the date of the consolidated financial statements is included under "Amounts to Be Billed for Work Performed".

The Group companies assign trade receivables to banks, without the possibility of recourse against them in the event of non-payment. The balance of accounts receivable was reduced by EUR 358,940 thousand in this connection at 31 December 2008 (31 December 2007: EUR 241,575 thousand). These transactions bear interest at normal market rates. The Group companies continue to manage collection of these receivables. Also, future collection rights arising from construction project contracts awarded under the lump-sum payment method were sold for EUR 250,885 thousand (31 December 2007: EUR 107,112 thousand). This amount was deducted from the balance of "Amounts to Be Billed for Work Performed".

Through the sale and assignment of these collection rights, substantially all the risks and rewards associated with the receivables, as well as control over the receivables, were transferred, since no repurchase agreements have been entered into between the Group companies and the banks that have acquired the assets, and the banks may freely dispose of the acquired assets without the Group companies being able to limit this right in any manner. Consequently, the balances receivable relating to the receivables assigned or sold under the aforementioned conditions were derecognised.

b) Other receivables

The breakdown of "Other Receivables" at 31 December 2008 and 2007 is as follows:

	2008	2007
VAT refundable (Note 18)	187,900	166,648
Other tax receivables (Note 18)	49,211	56,274
Other receivables	228,409	229,437
Advances and loans to employees	6,749	2,340
TOTAL OTHER RECEIVABLES	472,269	454,699

13. Cash and cash equivalents

The main aim of cash management at the FCC Group is to optimise the cash position by controlling liquidity and endeavouring, through the efficient management of funds, to keep the balance of the Group's bank accounts as low as possible, and, in the event of cash shortfalls, to use financing lines in the most efficient manner for the Group's interests.

The cash of the subsidiaries directly or indirectly wholly-owned by Fomento de Construcciones y Contratas, S.A. is managed on a centralised basis. The liquidity positions of these investees flow towards the head of the Group, which ultimately transfers these positions to Asesoría Financiera y de Gestión, S.A., the Group company wholly owned by Fomento de Construcciones y Contratas, S.A. responsible for achieving a return on any cash surpluses by making investments on the best possible terms, bearing in mind liquidity and safety limits at all times.

In accordance with IAS 7 Cash Flow Statements, the cash and cash equivalent position includes only items maturing in less than three months that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Consequently, these financial assets relate basically to very short-term, highly liquid investments with a high turnover whose immediate realisation would not give rise to significant costs.

The detail, by item, of "Cash and Cash Equivalents" is as follows:

	2008	2007
Cash	921,342	1,080,371
Financial deposits maturing within less than three months	207,196	36,064
Held-for-trading fixed-income securities	3,392	6,563
Held-to-maturity fixed-income securities	266,083	227,473
Credit facilities	171	70,001
Other financial assets maturing within less than three months	10,477	77,473
	1,408,661	1,497,945

The breakdown, by currency, of the cash and cash equivalent position in 2008 and 2007, including current financial assets (see Note 10), is as follows:

	2008	2007
Cash and cash equivalents	1,408,661	1,497,945
Other current financial assets	215,236	160,289
TOTAL	1,623,897	1,658,234

	2008	2007
Euro	1,304,589	1,330,550
US dollar	38,824	23,998
Pound sterling	93,938	162,345
Czech koruna	23,844	28,590
Latin American currencies	28,996	47,799
European currencies (excluding euro, sterling and koruna)	116,180	60,720
Other	17,526	4,232
TOTAL	1,623,897	1,658,234

14. Non-current assets held for sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. The sale should be expected to be completed within one year from the date of classification.

At 2007 year-end, the available-for-sale assets included in the accompanying financial statements were contributed by the Realia Business Group and related to four buildings located in Paris. These assets had no related liabilities.

At 31 December 2008, the Group had financial assets available for sale amounting to EUR 7,367 thousand related to projected divestments in the cement area, specifically in connection with the activities of Prefabricados Lemona.

15. Equity

The accompanying consolidated statements of changes in equity for the years ended 31 December 2008 and 2007 show the changes in equity attributable to the shareholders of the Parent and to the minority interests in those years.

I. Equity attributable to shareholders of the Parent

a) Share capital

The share capital of Fomento de Construcciones y Contratas, S.A. consists of 127,303,296 ordinary bearer shares of EUR 1 par value each.

All the shares carry the same rights and have been fully subscribed and paid.

The shares of Fomento de Construcciones y Contratas, S.A. are included in the selective Ibex 35 index and are publicly listed on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges and are traded through the Spanish stock market interconnection system.

The only investment of 10% or more owned directly or indirectly (through subsidiaries) by other companies, according to the information provided pursuant to current legislation, is that held by B-1998, S.L., which has a direct and indirect ownership interest of 53.829% in the share capital.

The aforementioned company, B-1998, S.L., in which Esther Koplowitz Romero de Juseu, Simante, S.L., Larranza XXI, S.L. and Eurocis, S.A. have direct or indirect ownership interests of 83.927%, 5.726%, 5.339% and 5.008%, respectively, has certain commitments to its shareholders which are recorded and published by the Spanish National Securities Market Commission (CNMV) and in the FCC Group's Corporate Governance Report.

Esther Koplowitz Romero de Juseu also directly owns 123,313 FCC shares and indirectly holds 39,172 FCC shares through Dominum Desga, S.L. (4,132 shares) and Ejecución y Organización de Recursos, S.L. (35,040 shares), companies wholly owned by Esther Koplowitz Romero de Juseu.

At the Annual General Meeting of 18 June 2008, the shareholders of Fomento de Construcciones y Contratas, S.A. resolved to reduce the Parent's capital through the retirement of 3,264,187 treasury shares. The impact on the share capital was equivalent to the par value of the shares, i.e. EUR 3,264 thousand.

At the Annual General Meeting held on 21 June 2005, the shareholders of Fomento de Construcciones y Contratas, S.A. resolved to authorise the Board of Directors to increase share capital over five years, including through the issuance of shares carrying no voting rights, in conformity with Article 153.1 b) of the Spanish Companies Law. Under this authorisation, these increases may not exceed an aggregate amount of EUR 63,651 thousand, i.e. one-half of the Parent's share capital.

b) Retained earnings and other reserves

The breakdown of "Retained Earnings and Other Reserves" in the accompanying consolidated balance sheet at 31 December 2008 and 2007 is as follows:

	2008	2007
Reserves of the Parent	886,950	757,818
Consolidation reserves	1,820,092	1,611,051
	2,707,042	2,368,869

b.1) Reserves of the Parent

This heading relates to the reserves recognised by Fomento de Construcciones y Contratas S.A., the Parent of the Group, arising mainly from retained earnings and, where appropriate, from compliance with the applicable legislation.

The detail at 31 December 2008 and 2007 is as follows:

	2008	2007
Share premium	242,133	242,133
Legal reserve	26,113	26,113
Reserve for treasury shares	-	8,156
Reserve for retired capital	6,034	2,770
Voluntary reserves	612,670	478,646
	886,950	757,818

Share premium

The Consolidated Spanish Companies Law expressly permits the use of the share premium account balance to increase capital and does not establish any specific restrictions as to its use for other purposes.

Legal reserve

Under the Consolidated Spanish Companies Law, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserve cannot be distributed to shareholders except in the event of liquidation.

The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount.

Except as mentioned above, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

At 31 December 2008, the Parent's legal reserve had reached the stipulated level.

Reserve for retired capital

This reserve includes the par value of the treasury shares retired in 2002 and 2008 with a charge to unrestricted reserves, in accordance with Article 167.3 of the Companies Law. The reserve for retired shares is restricted, unless the same requirements as those stipulated for capital reductions are met.

Voluntary reserves

There are no limitations or restrictions as to the use of these reserves, which are recognised on a voluntary basis using the Parent's profit following the distribution of dividends and the appropriations to the legal or other restricted reserves in accordance with current legislation.

b.2) Consolidation reserves

“Consolidation Reserves” in the accompanying consolidated balance sheet includes the reserves at fully consolidated companies and at companies accounted for using the equity method generated from the date on which the companies were acquired. The detail of the amounts included under “Consolidation Reserves” for each of the most significant companies at 31 December 2008 and 2007, including, where appropriate, their subsidiaries, is as follows:

	2008	2007
Cementos Portland Valderrivas Group	518,362	440,851
Afigesa Group	261,744	290,688
FCC Construcción Group	294,073	202,806
Corporación Financiera Hispánica, S.A.	160,020	100,221
Aqualia Gestión Integral del Agua, S.A.	137,758	34,166
FCC Medio Ambiente, S.A.	84,932	65,828
FCC Versia, S.A.	43,440	73,822
Alfonso Benítez, S.A.	33,217	30,367
Flightcare, S.L.	25,654	25,203
Fedemés, S.L.	13,727	13,045
Other and consolidation adjustments	247,165	334,054
	1,820,092	1,611,051

The share corresponding to the Parent of the reserve arising from the revaluation made at certain subsidiaries belonging to the cement line of business pursuant to Royal Decree-Law 7/1996 (as indicated in Note 6) amounted to EUR 24,024 thousand at 31 December 2008 (31 December 2007: EUR 23,335 thousand).

c) Treasury shares

“Treasury Shares” includes the shares of the Parent owned by it or by other Group companies, at the net amount resulting from the purchases and sales made.

On 18 June 2008, the shareholders at the Annual General Meeting of Fomento de Construcciones y Contratas, S.A. resolved to authorise the Board of Directors to derivatively acquire treasury shares and to authorise the subsidiaries to acquire shares of the Parent, all within the limits and in accordance with the requirements of Article 75 et seq. of the Spanish Companies Law.

The changes in treasury shares in 2008 and 2007 were as follows:

BALANCE AT 31 DECEMBER 2006	(9,263)
Acquisitions	(316,069)
BALANCE AT 31 DECEMBER 2007	(325,332)
Acquisitions	(69,084)
Sales related to coverage of the share option plan (Note 17)	102,043
Sales	7,655
Retired in the capital reduction	165,792
BALANCE AT 31 DECEMBER 2008	(118,926)

The detail of treasury shares at 31 December 2008 and 2007 is as follows:

	2008		2007	
	Number of Shares	Carrying Amount	Number of Shares	Carrying Amount
Fomento de Construcciones y Contratas, S.A.	-	-	375,986	(8,156)
Compañía Auxiliar de Agencia y Mediación, S.A.	-	-	316,098	(1,107)
Asesoría Financiera y de Gestión, S.A.	2,682,260	(118,926)	5,046,871	(316,069)
TOTAL	2,682,260	(118,926)	5,738,955	(325,332)

At 31 December 2008, the shares of the Parent owned by it or by its subsidiaries represented 2.1% of the share capital (31 December 2007: 4.40%).

d) Valuation adjustments

The breakdown of "Valuation Adjustments" at 31 December 2008 and 2007 is as follows:

	2008	2007
Changes in fair value of financial instruments	(180,964)	(6,348)
Translation differences	(224,799)	(80,791)
	(405,763)	(87,139)

d.1) Changes in the fair value of financial instruments:

This heading includes the changes, net of taxes, in the fair value of available-for-sale financial assets (see Note 10) and of cash flow hedging derivatives (see Note 24).

The detail of the adjustments due to changes in the fair value of financial instruments at 31 December 2008 and 2007 is as follows:

	2008	2007
Available-for-sale financial assets	(2,897)	(5,641)
World Trade Center Barcelona, S.A.	3,363	3,363
Vertederos de Residuos, S.A.	5,943	4,660
SCL Terminal Aéreo de Santiago, S.A.	1,165	1,165
Xfera Móviles, S.A.	(14,900)	(16,460)
Other	1,532	1,631
Financial derivatives	(178,067)	(707)
Global Vía Group	(34,384)	(4,059)
Cementos Portland Valderrivas Group	(30,403)	8,909
Fomento de Construcciones y Contratas, S.A.	(29,129)	-
Azincourt Investment, S.L.	(24,952)	-
Urbs Iudex et Causidicus, S.A.	(15,330)	(6,544)
Portland, S.L.	(12,897)	-
WRG Group	(11,669)	-
Other	(19,303)	987
	(180,964)	(6,348)

d.2) Translation differences

The detail of the amounts included under this heading for each of the most significant companies at 31 December 2008 and 2007 is as follows:

	2008		2007	
USA				
Giant Cement Holding, Inc.	(16,088)		(21,462)	
Cemusa Group	(4,306)		(8,383)	
Other	<u>148</u>	(20,246)		(29,845)
Latin America				
Globalvía Group	(15,099)			
Corporación M&S Internacional C.A., S.A.	(3,666)		(1,322)	
Proactiva Group	(2,426)		(2,278)	
Cemusa Group	1,384		2,187	
Other	<u>(882)</u>	(20,689)	<u>(3,658)</u>	(5,071)
Egypt				
Egypt Environmental Services, S.A.E.	864		826	
Giza Environmental Services, S.A.E.	<u>890</u>	1,754	<u>1,701</u>	2,527
European Union				
Waste Recycling Group	(172,825)		(46,036)	
Dragon Alfa Cement Limited	(2,979)		(905)	
Other	<u>(4,820)</u>	(180,624)	<u>3,134</u>	(43,807)
Other				
Corporación Uniland Group	(4,716)		(4,985)	
Other	<u>(278)</u>	(4,994)	<u>390</u>	(4,595)
		(224,799)		(80,791)

In 2008 the depreciation of the pound sterling and of the main Latin American currencies gave rise to exchange losses.

Net investment abroad in currencies other than the euro represented approximately 40.7% of the FCC Group's equity (2007: 28.5%).

The detail, by geographical market, of this net investment, after translation to euros as described in Note 2-c), is as follows:

	2008	2007
United Kingdom	778,205	819,536
USA	338,207	260,745
Latin America	160,539	103,630
Other	23,013	27,348
	1,299,964	1,211,259

e) Earnings per share

Earnings per share are calculated by dividing the profit for the year attributable to the Parent by the weighted average number of ordinary shares outstanding during the year.

At the Group, the basic earnings per share and the diluted earnings per share are the same, since there are no options, warrants or equivalent or any other type of instrument convertible into ordinary shares or contracts that might have a dilutive effect on earnings per share.

The detail of the Group's basic and diluted earnings per share for 2008 and 2007 is as follows:

	2008	2007
Earnings per share		
Basic	EUR 2.71	EUR 5.76
Diluted	EUR 2.71	EUR 5.76

f) Interim dividend

On 17 December 2008, it was resolved to distribute to the shareholders of Fomento de Construcciones y Contratas, S.A. an interim dividend out of profit for 2008 equal to 78.5% gross of the par value of the shares, i.e. EUR 0.785 per share. The total amount of this dividend, EUR 99,933 thousand, was paid on or after 9 January 2009 on outstanding shares carrying dividend rights.

II. Minority interests

"Minority Interests" in the accompanying consolidated balance sheet reflects the proportional part of the equity and the profit or loss for the year after tax of the companies in which the Group's minority shareholders have ownership interests.

The detail of the balances of the minority interests relating to the main companies at 31 December 2008 and 2007 is as follows:

	Equity		Profit or Loss	Total
	Share Capital	Reserves		
2008				
Cementos Portland Valderrivas Group	12,493	528,049	63,832	604,374
Alpine Bau Group	23	5,895	8,409	14,327
Other	11,482	16,875	2,189	30,546
	23,998	550,819	74,430	649,247
2007				
Realia Business Group	150,000	568,858	69,381	788,239
Cementos Portland Valderrivas Group	13,638	550,288	109,276	673,202
Alpine Bau Group	23	68,575	(1,255)	67,343
Other	18,554	12,160	4,839	35,553
	182,215	1,199,881	182,241	1,564,337

The main changes in "Minority Interests" presented in the accompanying consolidated statement of changes in equity are due to the exclusions from the scope of consolidation, detailed in Note 3 ("Changes in the Scope of Consolidation") to these consolidated financial statements, such as the Realia Business Group in 2008.

The share of the minority interests of Cementos Portland Valderrivas, S.A. in the reserve relating to the asset revaluation made by the cement companies pursuant to Royal Decree-Law 7/1996, as indicated in Note 6, amounted to EUR 10,257 thousand at 31 December 2008 (31 December 2007: EUR 10,946 thousand).

FCC Construcción, S.A. has granted a minority shareholder of Alpine Holding GmbH a put option exercisable in 2009 on 52% of its ownership interest and in 2011 on the portion not previously exercised and on the remainder of its total ownership interest (20.73%). The exercise price is based on the performance of EBITDA and profit before tax in the financial statements for 2008, if the option is exercised in 2009, or in those for 2010 if it is exercised in 2011. The exercise price for the minority shareholder's total ownership interest was estimated by the Group at EUR 131,000 thousand based on the best estimates of the aforementioned indicators and on the probably exercise date of the option, depending on the value of the indicators applicable at the time of exercise. The aforementioned minority shareholder has simultaneously granted FCC Construcción, S.A. a call option on its total ownership interest in Alpine Holding GmbH, exercisable at any time until 31 December 2012. The exercise price is based on the same parameters as those described above. As a result of these obligations, the Group reduced the consolidated value of the 20.73% of the Alpine Group included in minority interests, presenting the theoretical amount to be disbursed if the option is exercised as a financial liability and the difference between the two amounts as a non-current financial asset, since if the option were exercised this would correspond to an addition to the acquisition value of the ownership interest (see Note 16).

16. Non-current and current financial liabilities

The FCC Group's general policy is to provide all the Group companies with the financing that is best suited to the normal conduct of their business activities. In this connection, the Group companies are furnished with the credit facilities required to cater for their budgetary plans, which are monitored on a monthly basis. Also, risk is generally spread over various banks and the Group companies currently have credit facilities with more than 150 financial institutions.

Should the financial transaction so require, the Group arranges interest-rate hedging transactions on the basis of the type and structure of each transaction (see Note 24).

In certain types of financing, particularly structured non-recourse borrowings, the arrangement of some kind of interest-rate hedge is obligatory and the Group assesses the best hedging instrument based on the project's cash flow and the term of the debt.

Bank borrowings and other current and non-current financial liabilities maturing within no more than 12 months from the balance sheet date are classified as current liabilities and those maturing within more than 12 months as non-current liabilities.

These liabilities are measured at the fair value of the consideration received, i.e. at the amount of principal drawn down, plus the related unmatured accrued interest, which is taken to income on the basis of the amount of principal outstanding.

a) Non-current and current bank borrowings

The detail at 31 December 2008 and 2007 is as follows:

	Non-Current	Current	Total
2008			
Credit facilities and loans	4,586,777	1,513,654	6,100,431
Project financing loans with recourse	1,450,850	387,772	1,838,622
	6,037,627	1,901,426	7,939,053
	Non-Current	Current	Total
2007			
Credit facilities and loans	3,819,503	1,871,270	5,690,773
Project financing loans with recourse	2,970,954	364,404	3,335,358
	6,790,457	2,235,674	9,026,131

The main features of the most significant credit facilities and loans held by the Group are as follows:

- Syndicated credit facility totalling EUR 1,225 million arranged by the Parent on 8 May 2008. The facility is divided into two tranches: a long-term loan of EUR 735,000 thousand and a long-term credit facility amounting to EUR 490,000 thousand. The term of the loan is three years (extendable for a further two years), the same period as that projected for the "2008-2010 Strategic Plan". The loan has a single maturity, 8 May 2011, and bears interest at Euribor plus a spread established on the basis of the FCC Group's debt ratio as per the financial statements for each year. At 31 December 2008, the loan had been drawn down in full.
- On 10 July 2008, the Parent and Dédalo Patrimonial S.L. (wholly owned by Fomento de Construcciones y Contratas, S.A.) arranged a long-term credit facility for USD 186,900 thousand with three banks, maturing on 10 October 2013. The purpose of this loan was to finance the acquisition of Hydrocarbon Recovery Services Inc. and International Petroleum Corp.

The agreement consists of three tranches:

- a) A long-term loan of USD 40,000 thousand granted to the Parent.
- b) A long-term credit facility of USD 58,900 thousand granted to Dédalo Patrimonial S.L.
- c) A long-term loan of USD 88,000 thousand granted to Dédalo Patrimonial S.L.

The established price comprises the reference rate (Libor) plus a spread based on the variation in the consolidated net debt/consolidated EBITDA ratio. At 31 December 2008, the facility had been drawn down in full.

On 22 May 2008, a long-term syndicated credit facility for EUR 94,000 thousand was arranged with three banks, maturing in 2026. The purpose of this transaction is to finance the project for the construction, maintenance and operation of the A3 (Pk 70-177) and A31 (Pk 0-30) freeways. At 31 December 2008, the credit facility had been drawn down in full.

- On 31 July 2008, the Alpine Group arranged a syndicated credit facility of EUR 124,500 thousand with five banks, maturing on 31 July 2011 and renewable yearly from the third year for a maximum period of five years. The purpose of this transaction is to finance the expansion of the Alpine Group. Five banks participated in the credit facility and three in the provision of guarantees. The spread of the syndicated facility will be based on the net debt/EBITDA ratio. At 31 December 2008, the credit facility had been drawn down in full.
- On 25 November 2008, Fomento Internacional FOCSA (wholly owned by the Parent) arranged a long-term syndicated credit facility for EUR 500,000 thousand maturing in 2025. Another 12 companies participated in the transaction, the purpose of which is to finance the acquisition of the business in Spain of Babcock & Brown Wind Partners. The interest rate is Euribor plus a spread calculated on the basis of the variation in the net financial debt/EBITDA ratio. The loan was drawn down on 8 January 2009 (see Note 27).

The agreement consists of two tranches:

- a) A senior debt tranche of EUR 455,000 thousand.
- b) A subordinated debt tranche of EUR 45,000 thousand already held by the acquiree.

- On 23 December 2008, Sky Sierresita Cortijo Viejo 1 and Sky Sierresita Cortijo Viejo 2 (wholly owned by the FCC Group) arranged a long-term syndicated loan for a combined amount of EUR 117,000 thousand, maturing in 2026. Another four companies participated in the transaction, the purpose of which is to finance the acquisition of two PV farms with a total of 20 MW in Espejo (Córdoba). The interest rate is Euribor plus a spread calculated on the basis of the variation in the net financial debt/EBITDA ratio.
- On 29 December 2008, Cementos Portland Valderrivas arranged a long-term syndicated loan of EUR 90,000 thousand with another three companies, which matures in full in July 2012. The purpose of the transaction is to finance the purchase of the outstanding put options of Corporación Uniland. The interest rate is Euribor plus a spread calculated on the basis of the variation in the net financial debt/EBITDA ratio. At 31 December 2008, this loan had not been drawn down.
- Syndicated loan arranged on 25 January 2007. This loan replaced the bridge loan of EUR 1,030,000 thousand arranged in 2006 as part of the structured recourse financing for the acquisition of the UK company Waste Recycling Group Ltd and its corporate group. The loan is structured in two tranches: the first for an initial amount of EUR 819,700 thousand and the second for GBP 200,000 thousand. Both tranches mature in December 2013, with half-yearly settlements of 4.615% of the total initial amount of the loan and a final maturity of 40.005%. The interest rate applicable to the tranche denominated in euros is Euribor plus a spread based on the variation in the net financial debt/EBITDA ratio, which initially stands at 0.375%. The spread established for the euro tranche is also applicable to the tranche denominated in pounds sterling. Various financial derivatives associated with the syndicated loan have been arranged. Three banks participated in this loan. At 31 December 2008, the loan had been drawn down in full.
- Long-term syndicated financing facility of EUR 800,000 thousand arranged by the Parent with three banks in 2007 and maturing on 19 July 2012 with the possibility of an extension until 2014. At 31 December 2008, the facility had been drawn down in full.

The agreement consists of two tranches:

- a) A long-term loan of EUR 280,000 thousand with a partial repayment of 50% one year prior to maturity.
- b) A long-term credit facility amounting to EUR 520,000 thousand.

The established price comprises the reference rate (Euribor) plus a spread based on the variation in the consolidated net debt/consolidated EBITDA ratio, which initially stands at 0.325%.

Following is a detail of the amounts associated with projects financed through "Limited Recourse Project Financing Loans":

	2008	2007
Realia Business Group	-	1,406,765
Waste Recycling Group	761,852	1,003,108
Cementos Portland Valderrivas Group	658,930	615,430
Other	417,840	310,055
	1,838,622	3,335,358

The main changes in the Group's borrowings relate to the reduction in the amounts contributed by the Realia Business Group which was fully consolidated in 2007 and contributed EUR 1,930 million. The net borrowings of the Realia Group at 31 December 2008 amounted to EUR 2,349 million.

The detail of the bank borrowings, by currency and amounts drawn down at 31 December 2008 and 2007, is as follows:

	Euro	US Dollar	Pound Sterling	Czech Koruna	Brazilian Real	Other	Total
2008							
Credit facilities and loans	5,254,877	323,202	219,525	199,073	20,944	82,810	6,100,431
Project financing loans with recourse	1,068,299	-	761,852	-	-	8,471	1,838,622
	6,323,176	323,202	981,377	199,073	20,944	91,281	7,939,053
2007							
Credit facilities and loans	3,830,673	135,151	283,593	21,000	26,690	1,393,666	5,690,773
Project financing loans with recourse	2,319,264	-	1,003,108	-	-	12,986	3,335,358
	6,149,937	135,151	1,286,701	21,000	26,690	1,406,652	9,026,131

The credit facilities and loans denominated in US dollars are being used mainly to finance the assets of the Cementos Portland Group, M&S Concesiones S.A. and the Versia Group in the United States; those arranged in pounds sterling relate to the financing of the assets of the WRG Group (Waste Recycling Group Ltd) in the United Kingdom; and those arranged in Czech koruna are being used to finance the operations of SmVaK (Severomoravské Vodovody a Kanalizace Ostrava, A.S.) and the assets of the Alpine Bau Group in the Czech Republic.

The credit facilities and loans denominated in Brazilian reals and other currencies are being used to finance the assets of Cemusa in Brazil, the positions of the Alpine Bau Group and A.S.A. in currencies other than the euro in Eastern Europe and the operations of the Uniland Group in Tunisia.

With regard to the Group's financing, it should be noted that certain ratios must be met concerning coverage of financial expenses and levels of net debt in relation to EBITDA. The ratios established were being met at year-end.

b) Non-current and current debt instruments and other marketable securities

The most significant items recognised under these headings include those contributed by the Cementos Portland Valderrivas Group (through the US company Giant Cement Holding, Inc.) relating to an issue of non-convertible bonds amounting to USD 96 million (approximately EUR 68,849 thousand), repayable in a single maturity in 2013 and bearing interest tied to Libor. The Group has arranged an interest rate hedging contract on this debt for a notional amount of USD 96 million and an interest rate of 6.093%.

Also, Severomoravské Vodovody a Kanalizace Ostrava, A.S. (SmVaK) issued non-convertible debentures amounting to CSK 2,000 million (EUR 74,080 thousand). These debentures, which were traded on the Prague Stock Exchange, mature in 2015 and bear nominal interest of 5%. As security for this issue, the Czech company is obliged not to grant additional pledges on its assets to third parties, not to sell assets above a certain cumulative value, and not to become indebted in excess of a certain amount. Furthermore, this company is obliged to maintain a certain debt coverage ratio, for which purpose an interest rate hedge transaction was arranged amounting to CSK 500 million (EUR 18,700 thousand), maturing in 2015.

c) Other non-current financial liabilities

	2008	2007
Non-current		
Obligations under finance leases	88,724	46,087
Borrowings - non-Group third parties	378,898	390,762
Liabilities relating to financial derivatives	181,678	42,103
Guarantees and deposits received	27,674	47,798
Other	14,788	27,395
	691,762	554,145

“Non Current Financial Liabilities – Other Financial Liabilities” in the balance sheet includes, on the one hand, EUR 171,070 thousand relating to the put option on 8.18% of the shares of Corporación Uniland, S.A., whose shareholders are entitled to exercise the option over a maximum period of five years (2006-2011), as discussed in Note 10-a.3 to these consolidated financial statements and, on the other hand, mainly the debts earmarked for the acquisition of non-current assets amounting to EUR 52,660 thousand (31 December 2007: EUR 102,421 thousand) which, as the case may be, bear interest at market rates.

It also includes EUR 131,000 thousand relating to the put option on 20.73% of the Alpine Group, as indicated in Note 15, and EUR 27,368 thousand relating to the fair value of the put option on FCC treasury shares associated with the share option plan for executives and executive directors indicated in Note 17.

d) Other current financial liabilities

	2008	2007
Current		
Obligations under finance leases	68,496	85,025
Interim dividend payable	113,096	134,167
Payable to non-current asset suppliers and notes payable	76,129	123,457
Payable to associates	21,633	29,483
Liabilities relating to financial derivatives	3,300	2
Guarantees and deposits received	13,150	16,287
Other	26,915	15,364
	322,719	403,785

“Current Financial Liabilities – Other Financial Liabilities” includes various debt items, including most notably that relating to the payment of the 2008 interim dividend, of which EUR 99,933 thousand correspond to the Parent.

e) Repayment schedule

The repayment schedule for the bank borrowings, debt instruments and other marketable securities and other non-current financial liabilities is as follows:

	2010	2011	2012	2013	2014 and Subsequent Years	Total
2008						
Debt instruments and other marketable securities	-	-	-	68,849	74,080	142,929
Non-current bank borrowings	543,321	2,152,790	1,339,391	1,614,077	388,048	6,037,627
Other financial liabilities	74,125	192,936	31,867	89,199	303,635	691,762
	617,446	2,345,726	1,371,258	1,772,125	765,763	6,872,318

17. Non-current and current provisions

The Group companies recognise provisions on the liability side of the accompanying consolidated balance sheet for present obligations arising from past events which the companies consider will probably require an outflow of resources embodying economic benefits to settle them on maturity.

These provisions are recognised when the related obligation arises and the amount recognised is the best estimate at the date of the accompanying financial statements of the present value of the future expenditure required to settle the obligation. The change in the year relating to the discount to present value is recognised as finance costs in the consolidated income statement.

A significant portion of the environmental provisions is recognised by increasing the value of the assets relating to the environmental protection obligations acquired. Profit or loss is affected when the asset concerned is depreciated on the basis of the rates indicated in Note 6 (“Property, Plant and Equipment”).

Provisions are classified as current or non-current in the accompanying consolidated balance sheet on the basis of the estimated maturity date of the obligation covered by them, and non-current provisions are considered to be those whose estimated maturity date exceeds the average cycle of the activity giving rise to the provision.

The method applied to and the specific features of the Group's obligations relating to share-based payments at 31 December 2008 are detailed in this Note.

The detail of the provisions at 31 December 2008 and 2007 is as follows:

	2008	2007
Non-current	821,429	871,107
Long-term employee benefit obligations	97,321	84,654
Dismantlement, removal and restoration of non-current assets	178,496	191,721
Environmental actions	137,427	153,660
Litigation	173,741	167,619
Contractual and legal guarantees and obligations	68,040	73,658
Other provisions	166,404	199,795
Current	91,918	82,371
Construction contract settlement and project losses	81,818	74,827
Termination benefits to site personnel	10,100	7,544

The changes in "Provisions" in 2008 and 2007 were as follows:

	Non-Current Provisions	Current Provisions
BALANCE AT 31/12/06	949,565	49,053
Environmental expenses for the removal or dismantlement of assets	13,747	-
Provisions recognised/(reversed)	26,740	7,667
Amounts used	(40,002)	-
Changes in the scope of consolidation, translation differences and other changes	(78,943)	25,651
BALANCE AT 31/12/07	871,107	82,371
Environmental expenses for the removal or dismantlement of assets	41,220	-
Provisions recognised/(reversed)	9,535	14,923
Amounts used	(60,854)	(39)
Changes in the scope of consolidation, translation differences and other changes	(39,579)	(5,337)
BALANCE AT 31/12/08	821,429	91,918

The provisions recognised in 2008 include EUR 14,848 thousand (2007: EUR 15,810 thousand) relating to the adjustment for provision discounting.

"Environmental Expenses for the Removal or Dismantlement of Assets", in accordance with IAS 16 Property, Plant and Equipment, includes the balancing item for the increased asset value relating to the discounted present value of the expenses that will be incurred when operation of the asset ceases.

"Changes in the Scope of Consolidation, Translation Differences and Other Changes" includes the effect of the depreciation of the pound sterling against the euro on the dismantlement provisions contributed by the services business of the UK group WRG.

The timing of the expected outflows of economic benefits at 31 December 2008 arising from the obligations covered by non-current provisions is as follows:

	Within Five Years	After Five Years	Total
Long-term employee benefit obligations	14,144	83,177	97,321
Dismantlement, removal and restoration of non-current assets	103,343	75,153	178,496
Environmental actions	43,053	94,374	137,427
Litigation	54,112	119,629	173,741
Contractual and legal guarantees and obligations	63,619	4,421	68,040
Other provisions	70,670	95,734	166,404
	348,941	472,488	821,429

Long-term employee benefit obligations

“Non-Current Provisions” in the accompanying consolidated balance sheet includes the provisions covering the Group companies’ obligations in respect of pensions and similar obligations such as medical and life insurance, as indicated in Note 19.

Provisions for litigation

Provisions for litigation cover the contingencies of the FCC Group companies acting as defendants in certain proceedings in relation to the liability inherent to the business activities carried on by them. The lawsuits, although numerous, represent scanty material amounts when considered individually and none of them are particularly noteworthy.

Environmental provisions

The FCC Group’s environmental policy goes beyond strict compliance with current legislation in the area of environmental improvement and protection to include the establishment of preventative planning and the analysis and minimisation of the environmental impact of the activities carried on by the Group.

FCC Group management considers that the Group companies’ contingencies relating to environmental protection and improvement at 31 December 2008 would not have a significant impact on the accompanying consolidated financial statements, which include provisions to cover any probable environmental risks that might arise.

Note 23 to these consolidated financial statements (“Information on the Environment”) supplements the information set forth with respect to environmental provisions.

Contractual and legal guarantees and obligations

This heading includes the provisions to cover the expenses arising from contractual and legal obligations of a non-environmental nature.

Provisions for other contingencies and charges

This heading includes the items not classified in the foregoing accounts, comprising most notably the provisions to cover risks arising from international business.

Provisions for construction contract settlements and project losses

These provisions are recognised for losses budgeted on construction projects in accordance with the measurement bases set forth in Note 21, and for the expenses arising from such projects from the date of their completion to the date of their definitive settlement, which are determined systematically as a percentage of the value of production over the term of the project based on experience in the construction business.

Provisions for termination benefits to site personnel

The Group companies recognise provisions for the termination of permanent site personnel in accordance with the Consolidated Workers' Statute for contracts of this type. The impact of these provisions on the consolidated income statement is not material.

Share-based payments.

Based on the nature thereof, the Group recognises the goods and services received as an asset or an expense on obtainment, and also recognises the corresponding increase in equity if the transaction is settled with equity instruments or the corresponding liability if the transaction is settled with an amount based on the value of equity instruments.

The Group's transactions are settled in cash and, therefore, the goods and services and the corresponding liability are measured at the fair value of the liability at the date on which it qualifies for recognition. The fair value of the liability is remeasured at each reporting date and at the date of settlement. Any change in the value recognised is taken to profit or loss for the year until the liability is settled. This treatment is accounted for as a change in estimates and the effect must be recognised prospectively. The fair value is determined using an appropriate option pricing model.

On 29 July 2008, the Parent's Board of Directors resolved to establish a remuneration system linked to the value of the Company's shares for executives and Board members that discharge executive functions. The key features of this system are as follows:

- Commencement date: 1 October 2008.
- Exercise period: from 1 October 2011 to 1 October 2013.
- Number of shares: 1,800,000 shares, of which 700,000 correspond to executive directors and senior executives (12 persons) and the remaining 1,100,000 to other executives (43 persons).
- Participants must use, for the acquisition of FCC shares, an amount at least equal to the difference between the average price of the Fomento de Construcciones y Contratas, S.A. share, net of fees, expenses and taxes, on the day that the option is exercised and the exercise price of the option.
- The option exercise price is EUR 34.22 per share.

Exercise of the options is conditional upon the participants continuing to provide services to the Company or to any Group company at the exercise date and on their having done so continuously throughout the term of the plan or since they became participants. Entitlement to exercise the options shall not be forfeited in the following situations:

- Death or certified incapacity of the participant.
- Retirement of the participant, at least one year after 1 October 2008, provided that the participant is at least 65 years of age on retirement.
- Termination of the employment relationship due to dismissal for objective reasons, for reasons attributable to the Parent or by mutual agreement.
- Termination of the employment relationship due to a dismissal considered by the courts to be improper.

With respect to the share-based employee remuneration plan, the Parent recognises the services received as staff costs as accrued, and also recognises the corresponding liability for the remuneration outstanding since the plan is settled only in cash.

The liability was measured at 2008 year-end on the basis of the fair value thereof at the date on which it qualified for recognition. At 31 December 2008, EUR 733 thousand (see Note 21-c) were recognised in respect of obligations to employees participating in the share option plan on the basis of the period accrued and the total initial value of the plan, which amounted to EUR 5,171 thousand.

In order to hedge the risk of an increase in the Company's share price within the framework of the share option plan, in 2008 the Parent arranged an equity swap with BBVA. On 8 December 2008, the swap was replaced at the same bank by a call option, a put option and an interest rate/dividend swap with the same exercise price of EUR 34.22 and the same nominal amount of 1.8 million shares and maturing in October 2013. In both options the Company receives the dividend on the shares and pays interest at 1-month Euribor plus a spread of 0.90%. Finance costs of EUR 16,596 thousand (see Note 21-c) were recognised under "Change in Fair Value of Financial Instruments" relating to the settlement of the equity swap for the fair value thereof at the time of cancellation.

The Company measures and calculates the effectiveness of the call option separately from the other components (put option and interest rate/dividend swap). The call option is considered to be a cash flow hedge of the share option plan and, since it is effective, the changes in value are recognised in equity at each reporting date until the hedged item affects profit or loss. At 31 December 2008, the cumulative amount recognised in equity as a result of the change in value of the call option since designation was EUR

3,011 thousand. In 2008 no amounts were transferred from equity to profit or loss. The value of the call option was determined by using a binomial model based on the following assumptions:

- Volatility: in the absence of market data for the period under consideration, the historical volatility at the measurement date was calculated taking into account Bloomberg's data for 400 market days. The volatility used was 35.89%.
- Risk-free interest rate: this was estimated on the basis of the monetary curve (deposits) for the short term and the interest-rate swap curve for longer terms;
- Dividends: a dividend of EUR 1.2 was considered for 2009 and of EUR 1.25 for years until 2015.
- The spot price of the Company's share used as a reference for the measurement was EUR 31.90 per share.

The put option and the cash flow swap were not designated as hedges and, therefore, the changes in value are recognised directly in profit or loss for the year. Since the exercise of the written put option is conditional upon by the exercise of the call option, it is measured on a cashless-for-cash basis, on the premise that the sum of the three instruments could be measured as the difference between the exercise price of the options and the spot price at the measurement date. Consequently, the value of the put option subject to the exercise of the call option is estimated on the basis of the measurement of the hypothetical equity swap made up by the three instruments.

Classification	Type of Derivative	Amount Arranged	Maturity	Ineffective Portion Recognised in Profit or Loss	Fair Value	
					Assets	Liabilities
Speculative	Put option	61,596	30/09/13	-	-	27,368
Speculative	Swap	61,596	30/09/13	-	4,398	
TOTAL					4,398	27,368

18. Tax matters

This Note describes the headings in the accompanying consolidated balance sheet and consolidated income statement relating to the tax obligations of each of the Group companies, such as deferred tax assets and liabilities, tax receivables and payables and the income tax expense.

Under authorisation 18/89, the FCC Group files consolidated income tax returns with all the other Group companies that meet the requirements established by tax legislation.

Fomento de Construcciones y Contratas, S.A., the subsidiaries composing the FCC Group and the joint ventures have all the years not yet statute-barred open for review by the tax authorities for the taxes applicable to them. The criteria that the tax authorities might adopt in relation to the years open for review could give rise to contingent tax liabilities which cannot be objectively quantified. In relation to the years which have been reviewed, in certain cases the criteria applied by the tax authorities gave rise to tax assessments, which are currently being appealed against by the related Group companies. However, the Parent's directors consider that the resulting liabilities, relating both to the years open for review and to the assessments issued, will not significantly affect the Group's equity.

a) Deferred tax assets and liabilities

The temporary differences between the accounting profit and the taxable profit for income tax purposes, together with the differences between the carrying amounts of assets and liabilities recognised in the consolidated balance sheet and their tax bases give rise to deferred taxes which are recognised as non-current assets and liabilities. These amounts are measured at the tax rates that are expected to apply in the years in which they will foreseeably be reversed.

The Fomento de Construcciones y Contratas Group has capitalised the deferred tax assets arising from temporary differences and tax loss carryforwards, except for those with respect to which there are reasonable doubts as to their future recovery.

The deferred tax assets arise mainly as a result of the differences between the depreciation and amortisation charges and impairment losses that will become deductible from the income tax base in future years. In general, each year the Group companies take the tax credits provided for under tax legislation and, therefore, the deferred tax assets do not include any material tax credit carryforwards.

The tax losses of the subsidiaries were generally offset by deducting from the income tax the investment valuation allowances recognised by the Group companies owning the holding, or by deducting these losses from the consolidated tax base in the case of subsidiaries that file consolidated tax returns. However, certain companies recognised deferred tax assets relating to tax losses amounting to EUR 31,654 thousand, since they considered that there are no doubts as to their recoverability (31 December 2007: EUR 30,072 thousand).

Deferred tax liabilities arose mainly as a result of:

- The differences between the tax base and the carrying amount resulting from the recognition of assets at fair value in connection with the corporate acquisitions in the FCC Group's various business segments, as indicated in Note 3. In general, these liabilities do not represent future cash outflows since they reverse at the same rate as that of the depreciation taken on the revalued assets.
- The depreciation for tax purposes of leased assets and of certain items of property, plant and equipment qualifying for accelerated depreciation for tax purposes, including most notably EUR 9,795 thousand (31 December 2007: EUR 9,973 thousand) relating to 30% of the depreciation taken early on the Torre Picasso building, which qualifies for the tax benefits provided for in Royal Decree-Law 2/1985.
- The profit of joint ventures that will be included in the income tax base for the following year.
- The tax deductibility of the goodwill arising on the acquisition of non-resident companies (up to a limit of one-twentieth of the total) since, in accordance with IFRS 3 Business Combinations, goodwill is not amortisable for accounting purposes.

In 2008 "Retained Earnings and Other Reserves" includes an increase of EUR 108,682 thousand (increase of EUR 38,502 thousand at 31 December 2007) arising from the tax effect of translation differences and the adjustment of the fair value of financial instruments, with a balancing entry in the related deferred taxes.

Additionally, Note 18-c) below ("Income Tax Expense") shows the changes in the other deferred taxes which include the tax deductible portion of the goodwill that arose on the acquisition of foreign companies and which reduced the income tax payable in 2008 by EUR 17,136 thousand (31 December 2007: EUR 21,369 thousand).

Following is a detail of the expected reversal dates of the deferred tax assets and liabilities:

	2009	2010	2011	2012	2013 and Subsequent Years	Total
Assets	69,316	12,637	17,336	5,956	447,597	552,842
Liabilities	71,894	34,825	30,222	25,483	837,580	1,000,004

b) Tax receivables and payables

The detail at 31 December 2008 and 2007 of the current assets and liabilities included under "Tax Receivables" and "Tax Payables", respectively, is as follows:

Current assets

	2008	2007
VAT refundable (Note 12)	187,900	166,648
Current tax	51,005	5,940
Remaining taxes and other (Note 12)	49,211	56,274
	288,116	228,862

Current liabilities

	2008	2007
VAT payable (*)	279,152	239,810
Current tax	31,388	131,570
Remaining taxes and other (*)	277,016	266,762
	587,556	638,142

(*) Included under "Other Payables".

c) Income tax expense

The expense for income tax included in the accompanying consolidated income statement is calculated on the basis of consolidated profit before tax, increased or decreased, as appropriate, by the permanent differences between taxable profit and accounting profit. The corresponding tax rate based on the legislation applicable to each company is applied to this adjusted accounting profit. The tax relief and tax credits earned in the year are deducted and the positive or negative differences between the estimated tax charge calculated for the prior year's accounting close and the subsequent tax settlement at the payment date are added to or deducted from the resulting tax charge.

The income tax expense incurred in 2008 amounts to EUR 94,294 thousand (2007: EUR 332,211 thousand), as shown in the accompanying consolidated income statement. Following is the reconciliation of the expense to the tax charge payable:

	2008			2007		
CONSOLIDATED ACCOUNTING PROFIT FOR THE YEAR BEFORE TAX			490,329			1,252,302
	Increase	Decrease		Increase	Decrease	
Consolidation adjustments and eliminations	-	(15,038)	(15,038)	-	(52,103)	(52,103)
Permanent differences	32,682	(41,719)	(9,037)	43,365	(67,831)	(24,466)
ADJUSTED CONSOLIDATED ACCOUNTING PROFIT			466,254			1,175,733
Temporary differences						
- Arising in the year	207,046	(390,373)	(183,327)	163,293	(409,588)	(246,295)
- Arising in prior years	342,033	(189,649)	152,384	338,481	(136,349)	202,132
CONSOLIDATED TAXABLE PROFIT			435,311			1,131,570
				2008		2007
Adjusted consolidated accounting profit				466,254		1,175,733
Income tax charge				138,318		371,395
Tax credits and tax relief				(15,338)		(60,209)
Adjustments due to change in tax rate				(25,285)		11,665
Other adjustments				(3,401)		9,360
INCOME TAX EXPENSE				94,294		332,211

19. Pension plans and similar obligations

In general, the Spanish Group companies have not established any pension plans to supplement the Social Security pension benefits. However, pursuant to the Consolidated Pension Fund and Plan Law, in the specific cases in which similar obligations exist, the companies externalise their pension and other similar obligations to employees.

In addition, following authorisation by the Executive Committee, in the past an insurance policy was arranged and the premium paid to cover the payment of benefits relating to death, permanent occupational disability, retirement bonuses and pensions and other situations for, among other employees, certain executive directors and executives. In particular, the contingencies giving rise to benefits are those which entail the extinguishment of the employment relationship for any of the following reasons:

- a) Unilateral decision of the Company.
- b) Dissolution or disappearance of the Parent for whatever cause, including merger or spin-off.
- c) Death or permanent disability.
- d) Other causes of physical or legal incapacity.
- e) Substantial change in professional terms and conditions.
- f) Resignation of the executive on reaching 60 years of age, at the request of the executive and with the consent of the Company.
- g) Resignation of the executive on reaching 65 years of age, by unilateral decision of the executive.

The accompanying consolidated income statement includes premium payments in relation to this insurance policy amounting to EUR 571 thousand (2007: EUR 970 thousand) and income from rebates on the premiums paid amounting to EUR 3,972 thousand (2007: EUR 4,108 thousand). At 31 December 2008, following payment of the aforementioned net amounts, the fair value of the premiums contributed covered all the actuarial obligations assumed.

The liability side of the accompanying consolidated balance sheet for 2008 includes the present value, totalling EUR 3,132 thousand (2007: EUR 3,180 thousand), of the amounts payable in relation to the Spanish Group companies' post-employment benefit obligations to former executives. Also, remuneration amounting to EUR 221 thousand in both 2008 and 2007 was paid with a charge to this provision.

Certain of the Group's foreign subsidiaries have undertaken to supplement the retirement benefits and other similar obligations accruing to their employees. The accrued obligations and any assets assigned thereto were measured by independent actuaries using generally accepted actuarial methods and techniques. Where appropriate, the obligations were recognised in the accompanying consolidated balance sheet under "Non-Current Provisions - Pensions and Similar Obligations", as established by IFRSs (see Note 17).

The benefits referred to in the preceding paragraph are as follows:

- The cement company Giant Cement Holding Inc., resident in the USA, is obliged to supplement its employees' retirement pension benefits. The valuation of the plan assets and the accrued obligations was performed by independent actuaries. The projected unit credit method was used for this purpose, with an average actuarial discount rate of 6.75% (2007: 6.2%). At 31 December 2008, the fair value of the plan assets amounted to USD 49,456 thousand (2007: USD 61,945 thousand), and the actuarial value of the accrued obligations amounted to USD 57,612 thousand (2007: USD 60,824 thousand).

Also, Giant Cement Holding, Inc. has undertaken to continue to provide healthcare and life insurance for certain employees after termination of their employment.

The accrued obligations payable are included in the accompanying consolidated balance sheet under "Non-Current Provisions".

At 31 December 2008, the actuarial deficit for pension and healthcare insurance obligations to employees amounted to USD 16,708 thousand (2007: USD 13,284 thousand) (approximately EUR 12,005 thousand), net of taxes, which are not provided for in the consolidated financial statements of the Group since, as permitted under IAS 19 Employee Benefits, the Group opted to defer recognition of actuarial gains and losses, which are being systematically recognised in the income statement over the remaining years of the employees' working life in the case of pension benefit obligations, and over the remaining life expectancy of the employees in the case of healthcare insurance obligations.
- The accompanying consolidated balance sheet at 31 December 2008 includes the employee benefit obligations of the Waste Recycling Group companies, resident in the UK. These obligations are represented by certain assets assigned to the plans funding the benefits, the fair value of which amounted to EUR 22,235 thousand (31 December 2007: EUR 38,488 thousand), and the actuarial value of the accrued obligations amounted to EUR 23,998 thousand (31 December 2007:

EUR 39,224 thousand). The net difference, representing a liability of EUR 1,763 thousand (31 December 2007: EUR 736 thousand), was recognised under "Provisions for Pensions and Similar Obligations" in the accompanying consolidated balance sheet. "(Charge to)/Reversal of Operating Allowances" in the accompanying consolidated income statement includes a cost of EUR 381 thousand (31 December 2007: EUR 1,252 thousand) relating to the net difference between the service cost and the return on the plan assets. The average actuarial rate applied was 5.6%.

- At 31 December 2008, the Alpine Bau Group companies contributed EUR 44,311 thousand (31 December 2007: EUR 46,173 thousand) relating to the actuarial value of their accrued pension and termination benefit obligations. The amount of these obligations is recognised under "Provisions for Pensions and Similar Obligations" in the accompanying consolidated balance sheet. A cost of EUR 4,688 thousand is included in the accompanying consolidated income statement in respect of the aforementioned items.
- Lastly, Flightcare Italia, SpA also contributed EUR 11,748 thousand (31 December 2007: EUR 14,209 thousand) to "Provisions for Pensions and Similar Obligations" in the accompanying consolidated balance sheet at 31 December 2008. This amount relates to the actuarial value of the accrued obligations, to which no assets have been assigned. "(Charge to)/Reversal of Operating Allowances" in the accompanying consolidated income statement includes a cost of EUR 461 thousand (31 December 2007: EUR 2,054 thousand) relating to the net difference between the service cost and the discounted present value. The average actuarial rate applied was 4.14%.

The detail of the changes in the year in the obligations and assets associated with the pension plan is as follows:

2008

Actual evolution of the present value of the obligation

	Giant	Waste Recycling Group	Alpine	Flightcare
BALANCE OF OBLIGATIONS AT BEGINNING OF YEAR	70,383	27,399	54,245	14,209
Current service cost	1,260	387	7,895	-
Interest cost	4,433	1,534	2,114	461
Contributions by participants	-	185	-	262
Actuarial gains/losses	(3,187)	(4,948)	(4,582)	(174)
Changes due to exchange rate	3,951	-	890	-
Benefits paid in 2008	(4,753)	(718)	(4,299)	(2,477)
Past service cost	-	159	-	-
Curtailments	-	-	-	(533)
BALANCE OF OBLIGATIONS AT END OF YEAR	72,295	23,998	56,263	11,748

Actual evolution of the fair value of the plan assets

	Giant	Waste Recycling Group	Alpine	Flightcare
Balance of plan assets at beginning of year	42,079	26,884	8,072	-
Expected return on assets	(5,358)	1,792	404	-
Actuarial gains/losses	-	(7,038)	(175)	-
Changes due to exchange rate	1,968	-	726	-
Contributions by the employer	1,598	1,131	4,234	-
Contributions by participants	-	185	-	-
Benefits paid	(4,753)	718	(1,309)	-
BALANCE OF PLAN ASSETS AT END OF YEAR	35,534	23,672	11,952	-

Reconciliation of the actual evolution of the obligation less the plan assets to the balance effectively recognised in the balance sheet

	Giant	Waste Recycling Group	Alpine	Flightcare
NET BALANCE OF OBLIGATIONS LESS PLAN ASSETS AT END OF YEAR	36,761	326	44,311	11,748
Actuarial gains/losses not recognised in the balance sheet (within the 10% limit)	-	-	-	692
Actuarial gains/losses not recognised in the balance sheet to be recognised in subsequent years	(19,412)	-	-	-
NET BALANCE (LIABILITIES-ASSETS) RECOGNISED AT END OF YEAR	17,349	326	44,311	12,440

2007

Actual evolution of the present value of the obligation

	Giant	Waste Recycling Group	Alpine	Flightcare
Balance of obligations at beginning of year	73,972	22,265	43,076	17,463
Current service cost	1,146	378	5,624	76
Interest cost	4,180	1,106	2,139	618
Contributions by participants	-	150	-	-
Actuarial gains/losses	2,674	(1,118)	420	(518)
Changes due to exchange rate	(8,100)	-	-	-
Benefits paid in 2007	(4,440)	(867)	(4,600)	(2,070)
Past service cost	-	(818)	-	-
Business combinations	-	-	7,586	-
Curtailments	439	-	-	(1,540)
Settlements	512	-	-	-
Balance of obligations at end of year	70,383	21,096	54,245	14,029

Actual evolution of the fair value of the plan assets

	Giant	Waste Recycling Group	Alpine	Flightcare
BALANCE OF PLAN ASSETS AT BEGINNING OF YEAR	45,758	19,899	1,413	-
Expected return on assets	4,253	1,295	205	-
Actuarial gains/losses	-	(563)	-	-
Changes due to exchange rate	(4,904)	-	-	-
Contributions by the employer	1,412	785	1,075	-
Contributions by participants	-	150	-	-
Benefits paid	(4,440)	(867)	(761)	-
Business combinations	-	-	6,140	-
BALANCE OF PLAN ASSETS AT END OF YEAR	42,079	20,699	8,072	-

Reconciliation of the actual evolution of the obligation less the plan assets to the balance effectively recognised in the balance sheet

	Giant	Waste Recycling Group	Alpine	Flightcare
NET BALANCE OF OBLIGATIONS LESS PLAN ASSETS AT END OF YEAR	28,304	(396)	46,173	14,029
Actuarial gains/losses not recognised in the balance sheet to be recognised in subsequent years	(14,704)	-	-	-
NET BALANCE (LIABILITIES-ASSETS) RECOGNISED AT END OF YEAR	13,600	(396)	46,173	14,029

20. Guarantee commitments to third parties and other contingent liabilities

At 31 December 2008, the Group had provided EUR 5,366,351 thousand (31 December 2007: EUR 4,749,437 thousand) of guarantees to third parties, mostly consisting of completion bonds provided to government agencies and private-sector customers as security for the performance of construction projects and urban cleaning contracts.

Fomento de Construcciones y Contratas, S.A. and the Group's subsidiaries are acting as defendants in certain lawsuits in relation to the liability inherent to the various business activities carried on by the Group in the performance of the contracts awarded, for which the related provisions have been recognised (see Note 17). The lawsuits, although numerous, represent scanty material amounts when considered individually and none of them are particularly noteworthy. Accordingly, on the basis of past experience and the existing provisions, the resulting liabilities would not have a significant effect on the Group's equity.

In relation to the Group companies' interests in businesses managed jointly through unincorporated joint ventures, joint property entities, silent participation agreements, economic interest groupings and other entities of a similar legal nature, the venturers share joint and several liability with respect to the activity carried on (see Note 9).

There are non-cancellable future payment obligations amounting to EUR 395,344 thousand (2007: EUR 324,131 thousand) in relation to operating leases on buildings and structures. These obligations, entered into mainly by the logistics companies, are recognised in the income statement on an accrual basis.

21. Revenue and expenses

In construction activities, the Group recognises results by reference to the stage of completion, determined by measuring the construction work performed in the year and the construction costs, which are recognised on an accrual basis. It recognises the revenue corresponding to the selling price of the completed construction work covered by a principal contract entered into with the owners, or by amendments thereto approved by the owners, or the revenue with respect to which there is reasonable certainty regarding its recovery, since construction project revenue and costs are susceptible to substantial variations during the performance period which cannot be readily foreseen or objectively quantified. Budgeted losses are recognised as an expense in the income statement for the year.

In the real estate business, the Group companies recognise the revenue and expenses relating to property development sales when the properties are handed over and title thereto has been transferred. Revenue from the sale of land and buildable plots is recognised when the risks and rewards are transferred to the purchaser, which normally coincides with the date of execution of the related public deeds and the transfer of ownership. Rental income is recognised on an accrual basis.

The revenue and expenses of the other activities are recognised on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises. The performance and operating costs include the interest accrued at market rates during the customary payment period in the construction and services industries.

a) Operating income

The companies classify operating income under "Revenue", except for that arising from Group work on non-current assets and grants related to income, which is recognised as "Other Operating Income" in the accompanying consolidated income statement. Also,

the real estate business contributes to "Other Operating Income" the expenses chargeable to tenants and income from the sale of property assets.

Note 22 ("Segment Reporting") shows the contribution of the business lines to consolidated revenue.

The detail of "Other Operating Income" in 2008 and 2007 is as follows:

	2008	2007
Income from sundry services	212,524	8,583
Compensation received from insurance companies	13,806	41,687
Chargeable expenses of the real estate business	28,397	25,739
Grants related to income	6,911	6,911
Other income	28,699	325
Excessive provisions	59,440	-
Income from the sale of property assets	25,344	18,468
Selling price of investment propert.	81,537	42,595
Cost of sale.	(56,193)	(24,127)
	375,121	101,713

b) Procurements

The detail of the balance of "Procurements" at 31 December 2008 and 2007 is as follows:

	2008	2007
Work performed by subcontractors and other companies	4,183,987	3,798,108
Purchases and procurements	2,724,380	2,420,848
Other external expenses	78,874	4,187
	6,987,241	6,223,143

c) Staff costs

The detail of "Staff Costs" in 2008 and 2007 is as follows:

	2008	2007
Wages and salaries	2,556,951	2,312,487
Social security costs	634,935	593,890
Other staff costs	68,880	59,360
	3,260,766	2,965,737

The average number of employees at the Group, by professional category, in 2008 and 2007 was as follows:

	2008	2007
Managers and university graduates	4,357	3,902
Other qualified line personnel	7,154	6,631
Clerical and similar staff	11,054	10,298
Other salaried employees	71,298	69,259
	93,863	90,090

The average number of employees at the Group, by gender and professional category, in 2008 and 2007 was as follows:

	2008		2007	
	Men	Women	Men	Women
Managers and university graduates	3,348	1,009	3,005	897
Other qualified line personnel	5,759	1,395	5,305	1,326
Clerical and similar staff	5,720	5,334	5,252	5,046
Other salaried employees	59,029	12,269	57,678	11,581
	73,856	20,007	71,240	18,850

"Staff Costs" includes EUR 733 thousand relating to the Share Option Plan (see Note 17).

d) Finance income and costs

Both finance income and finance costs, as the case may be, are calculated using the effective interest method and are recognised in the accompanying consolidated income statement on an accrual basis.

The detail of the finance income in 2008 and 2007, based on the assets giving rise thereto, is as follows:

	2008	2007
Held-for-trading financial assets	49	1,920
Available-for-sale financial assets	4,546	5,130
Held-to-maturity investments	5,380	6,724
Non-current and current loans	43,003	37,556
"Lump-sum payment" construction projects	5,769	3,606
Cash and cash equivalents	50,314	52,632
	109,061	107,568

The detail of the finance costs in 2008 and 2007 is as follows:

	2008	2007
Credit facilities and loans	424,367	298,307
Limited recourse project financing loans	100,587	118,080
Amounts payable under finance leases	5,650	5,283
Other payables to third parties	18,967	34,731
Assignment of accounts receivable and "lump-sum payment" construction projects	27,648	26,167
Other finance costs	16,438	14,461
	593,657	497,029

e) Gains (or losses) on changes in fair value of financial instruments

The detail of the balance of "Change in Fair Value of Financial Instruments" is as follows:

	2008	2007
Held-for-trading financial assets	52	200
Available-for-sale financial assets	3,980	-
Held-to-maturity investments	(3)	(51)
Derivatives (Note 17)	(19,602)	12,695
	(15,573)	12,844

The most noteworthy transaction was the settlement of the equity swap associated with the Share Option Plan for the fair value of the swap at the time of cancellation, i.e. EUR 16,596 thousand (see Note 17).

f) Impairment and gains or losses on disposals of financial instruments

In 2007 the gains or losses on sales of non-current assets and of investments in consolidated companies were included, provided that such sales did not result in discontinued operations or involve non-current assets held for sale. The sales of investments included most notably the Public Offering of 21.52% of the share capital of Realia Business, S.A.

	2008	2007
Public offering of Realia Business Group	-	258,524
Gains on contributions to Global Vía Infraestructuras, S.A.	14,699	29,295
Sale of Reparalia, S.A.	-	23,213
Sale of Corporación Española de Transporte, S.A.	-	11,017
Sale of investments in SIIC Paris	15,647	-
Current held-for-trading liabilities	3,114	542
Other	(635)	(1,860)
Impairment	(2,658)	479
	30,167	321,210

In 2007 Realia Patrimonio, holder of the shares of SIIC de Paris transferred by the parent of the Realia Group in the contribution by spin-off of a line of business, sold its entire 15.02% ownership interest in SIIC de Paris through the sale of 293,242 shares. The sale was performed through the transfer of three blocks of shares in October and December amounting to 5.00%, 5.02% and 5.00%, respectively, of the share capital of SIIC de Paris. The total amount of the sale was EUR 105,144 thousand. In accordance with IAS 32, the gains on the sales in October and December were not accounted for as income but were recognised under "Other Non-Current Liabilities" in the consolidated balance sheet since the buyers held put options on the ownership interests acquired. The options were subject to compliance with the conditions established in the shareholders agreement whereby the parties agreed to maintain the ownership interests of the buyers at 5%, together with the related rights, in the event of a capital increase, with or without pre-emption rights, up to a maximum of EUR 200 million in the case of capital increases performed during the term of the agreement. On expiration of the agreements on 31 December 2008, the net retained gains amounting to EUR 13,766 thousand were taken to income and recognised under "Impairment and Gains or Losses on Disposals of Financial Instruments" for 2008.

In 2008, 14 concessions were contributed to Global Vía Infraestructura, S.A. (see Note 3), giving rise to gains for the Group of EUR 14,699 thousand, including most notably Concesiones de Madrid, S.A. (gain of EUR 11,671 thousand) and Túnel de Envalira, S.A. (gain of EUR 2,326 thousand).

22. Segment reporting

a) Business segments

The business segments presented coincide with the business areas, as described in Note 1. The segment information shown in the following tables was prepared in accordance with the management criteria established internally by Group management, which coincide with the accounting policies adopted to prepare and present the Group's consolidated financial statements.

In 2007 the real estate business line, represented by the Realia Business Group, was added to the FCC Group to which it contributed business from June 2007, as indicated in Note 3 ("Changes in the Scope of Consolidation"). The income and expenses contributed by the Realia Business Group in 2008 relate to the period until 30 December, when control was lost.

The "Other Businesses" column includes the financial activity arising from the Group's centralised cash management, the operation of the Torre Picasso building, the companies that do not belong to any of the aforementioned Group activities and, exceptionally for 2007, the investment in the Realia Business Group accounted for using the equity method from January to May 2007.

Income statement by segment

In particular, the information shown in the following tables includes the following items as the segment result for 2008 and 2007:

- All operating income and expenses of the subsidiaries and joint ventures relating to the business carried on by the segment.
- Interest income and expenses arising from segment assets and liabilities, dividends and gains and losses on sales of the financial assets of the segment.
- Impairment losses on property, plant and equipment and intangible assets and other gains and losses (see Note 21), which are included under "Other Profit (Loss)".

- The income tax expense relating to the transactions performed by each segment.
- The “Other Businesses” column includes, in addition to the aforementioned items, the eliminations due to financial or other transactions between Group segments.
- The contribution of each area to the equity attributable to the shareholders of Fomento de Construcciones y Contratas, S.A. is shown under “Contribution to FCC Group Profit”.

	Total	Services		Construction	Cement	Real Estate	Other Businesses
		Environment	Versia				
2008							
Revenue from non-Group customers	14,016,295	3,633,267	897,416	7,744,049	1,425,060	402,298	(85,795)
Gross profit from operations	1,740,825	605,976	74,760	463,080	417,312	131,050	48,647
Percentage of revenue	12.42%	16.68%	8.33%	5.98%	29.28%	32.58%	-56.70%
Depreciation and amortisation charge	(723,984)	(319,439)	(57,525)	(133,856)	(172,629)	(34,049)	(6,486)
Other profit (loss) from operations	(70,333)	12,081	(23,304)	(3,775)	(9,080)	(46,251)	(4)
Profit (loss) from operations	946,508	298,618	(6,069)	325,449	235,603	50,750	42,157
Percentage of revenue	6.75%	8.22%	-0.68%	4.20%	16.53%	12.62%	-49.14%
Finance income and costs	(484,596)	(232,217)	(9,550)	(51,087)	(72,202)	(106,444)	(13,096)
Other financial profit (loss)	15,776	2,818	(1,764)	18,509	(873)	18,620	(21,534)
Results of companies accounted for using the equity method	12,641	20,738	958	5,691	12,621	(3,454)	(23,913)
Profit before tax from continuing operations	490,329	89,957	(16,425)	298,562	175,149	(40,528)	(16,386)
Income tax	(94,294)	19,895	4,494	(87,036)	(41,034)	11,935	(2,548)
Consolidated profit for the year	396,035	109,852	(11,931)	211,526	134,115	(28,593)	(18,934)
Minority interests	(58,851)	(3,084)	42	(7,557)	(32,351)	4,643	(20,544)
Profit (loss) attributable to the Parent	337,184	106,768	(11,889)	203,969	101,764	(23,950)	(39,478)
Contribution to FCC Group profit	337,184	106,768	(11,889)	203,969	70,284	(13,014)	(18,934)

	Total	Services		Construction	Cement	Real Estate	Other Businesses
		Environment	Versia				
2007							
Revenue from non-Group customers	13,423,189	3,464,701	923,202	6,922,172	1,790,802	472,368	(150,056)
Gross profit from operations	1,929,916	660,773	91,881	373,827	581,708	201,147	20,580
Percentage of revenue	14.38%	19.07%	9.95%	5.40%	32.48%	42.58%	-13.71%
Depreciation and amortisation charge	(684,107)	(319,564)	(54,162)	(112,835)	(176,891)	(17,142)	(3,513)
Other profit (loss) from operations	13,413	773	2,853	1,316	7,511	(115)	1,075
Profit from operations	1,259,222	341,982	40,572	262,308	412,328	183,890	18,142
Percentage of revenue	9.38%	9.87%	4.39%	3.79%	23.02%	38.93%	-12.09%
Finance income and costs	(389,461)	(210,082)	(15,199)	(28,738)	(89,766)	(58,714)	13,038
Other financial profit (loss)	319,584	(2,494)	(1,517)	45,242	(723)	6,045	273,031
Results of companies accounted for using the equity method	62,957	17,333	8,778	(11,930)	19,013	(1,660)	31,423
Profit before tax from continuing operations	1,252,302	146,739	32,634	266,882	340,852	129,561	335,634
Income tax	(332,211)	(31,320)	(9,089)	(94,383)	(94,875)	(38,776)	(63,768)
Consolidated profit for the year	920,091	115,419	23,545	172,499	245,977	90,785	271,866
Minority interests	(182,240)	(4,413)	(213)	1,041	(44,172)	(51,310)	(83,173)
Profit attributable to the Parent	737,851	111,006	23,332	173,540	201,805	39,475	188,693
Contribution to FCC Group profit	737,851	111,006	23,332	173,540	136,763	21,405	271,805

With regard to “Other Businesses” in the table above, the following items are particularly worthy of note in 2008 and 2007:

Revenue from non-Group customers

	2008	2007
Torre Picasso	26,173	21,759
Elimination of inter-segment transactions	(122,726)	(180,609)
Other	10,758	8,794
	(85,795)	(150,056)

Contribution to FCC Group profit (Net of tax)

	2008	2007
Results of Realía Business Group accounted for using the equity method from January to May (Note 3)	-	31,385
Results of the Global Vía Group accounted for using the equity method	(37,438)	-
Torre Picasso (Note 6)	11,160	10,960
Public offering of 21.52% ownership interest in Realía Business, S.A.	-	211,772
Financial management and Other	7,344	17,688
	(18,934)	(271,805)

Balance sheet by segment

	Total Group	Services		Construction	Cement	Other Businesses (*)
		Environment	Versia			
2008						
Assets						
Non-current assets	11,831,837	5,091,272	661,704	1,588,558	3,342,333	1,147,970
Intangible assets	3,300,189	1,543,128	195,667	356,446	1,107,433	97,515
Property, plant and equipment	6,109,483	3,021,684	355,543	734,897	1,859,848	137,511
Investment property	263,919	-	-	23,253	-	240,666
Investments accounted for using the equity method	1,109,140	166,974	25,473	162,240	170,270	584,183
Non-current financial assets	457,827	167,190	21,730	134,910	113,834	20,163
Deferred tax assets	552,842	192,296	24,854	176,812	90,948	67,932
Other non-current assets	38,437	-	38,437	-	-	-
Current assets	8,760,411	1,940,501	357,360	5,620,098	832,235	10,217
Current assets held for sale	7,367	-	-	-	7,367	-
Inventories	1,575,256	49,571	44,609	1,260,675	219,606	795
Trade and other receivables	5,499,162	1,467,117	263,198	3,470,905	305,533	(7,591)
Other current financial assets	215,236	183,457	26,016	55,845	13,438	(63,520)
Other current assets	54,729	18,546	2,222	29,501	3,938	522
Cash and cash equivalents	1,408,661	221,810	21,315	803,172	282,353	80,011
TOTAL ASSETS	20,592,248	7,031,773	1,019,064	7,208,656	4,174,568	1,158,187
Equity and liabilities						
Equity	3,196,154	495,428	140,757	660,066	1,368,528	531,375
Non-current liabilities	8,760,475	2,218,050	266,389	730,358	2,340,415	3,205,263
Grants	65,928	16,887	405	-	4,083	44,553
Non-current provisions	821,429	390,016	55,469	176,593	49,449	149,902
Other non-current financial liabilities	6,872,318	1,284,572	181,110	468,681	1,985,286	2,952,669
Deferred tax liabilities	1,000,004	525,779	29,405	85,084	301,597	58,139
Other non-current liabilities	796	796	-	-	-	-
Current liabilities	8,635,619	4,318,295	611,918	5,818,232	465,625	(2,578,451)
Current provisions	91,918	4,550	552	86,816	-	-
Current financial liabilities	2,224,890	1,119,153	242,653	1,228,518	279,109	(644,543)
Trade and other payables	6,302,732	1,041,577	216,992	5,064,951	184,592	(205,380)
Other current liabilities	16,079	1,632	7	9,968	1,924	2,548
Intra-Group transactions	-	2,151,383	151,714	(572,021)	-	(1,731,076)
TOTAL EQUITY AND LIABILITIES	20,592,248	7,031,773	1,019,064	7,208,656	4,174,568	1,158,187

(*) The "Other Businesses" column includes the Realia Business Group accounted for using the equity method for an associated value of EUR 168,894 thousand (Note 3).

	Total Group	Services		Construction	Cement	Other Businesses
		Environment	Versia			
2007						
Assets						
Non-current assets	13,582,328	5,120,207	705,810	1,756,644	3,348,078	366,064
Intangible assets	3,263,438	1,565,675	223,302	369,418	1,040,227	52,204
Property, plant and equipment	6,120,890	3,192,864	353,304	672,696	1,868,250	(10,720)
Investment property	2,335,502	-	-	22,683	-	242,274
Investments accounted for using the equity method	887,142	144,102	25,919	435,363	164,816	12,392
Non-current financial assets	501,335	150,958	21,529	73,301	213,834	(65)
Deferred tax assets	416,045	66,608	23,780	183,183	60,951	69,979
Other non-current assets	57,976	-	57,976	-	-	-
Current assets	9,594,495	1,630,001	423,844	5,094,924	859,203	(40,059)
Non-current assets held for sale	30,539	-	-	-	-	-
Inventories	2,685,863	39,929	41,867	1,087,497	202,796	888
Trade and other receivables	5,189,257	1,242,746	292,762	3,257,543	421,744	(102,673)
Other current financial assets	160,289	78,934	9,784	41,871	11,477	(20,680)
Other current assets	30,602	12,526	4,262	8,485	5,026	8
Cash and cash equivalents	1,497,945	255,866	75,169	699,528	218,160	82,398
TOTAL ASSETS	23,176,823	6,750,208	1,129,654	6,851,568	4,207,281	326,005
Equity and liabilities						
Equity	4,250,499	584,855	167,620	619,350	1,460,124	427,987
Non-current liabilities	9,480,361	2,670,103	349,027	488,920	2,312,238	1,644,287
Grants	61,768	18,916	416	37,231	5,205	-
Non-current provisions	871,107	429,553	57,283	144,007	52,960	160,993
Other non-current financial liabilities	7,483,471	1,716,685	255,377	202,410	1,947,436	1,424,554
Deferred tax liabilities	1,062,282	504,949	35,951	104,383	306,340	58,739
Other non-current liabilities	1,733	-	-	889	297	1
Current liabilities	9,445,963	3,495,250	613,007	5,743,298	434,919	(1,746,269)
Current provisions	82,371	3,747	751	72,982	-	(662)
Current financial liabilities	2,639,936	593,458	211,375	827,960	129,885	578,010
Trade and other payables	6,641,763	1,008,858	238,632	4,779,058	303,024	(272,393)
Other current liabilities	81,893	125	16	63,298	2,010	71
Intra-Group transactions	-	1,889,062	162,233	-	-	(2,051,295)
TOTAL EQUITY AND LIABILITIES	23,176,823	6,750,208	1,129,654	6,851,568	4,207,281	326,005

Cash flows by segment

	Total Group	Services		Construction	Cement	Real Estate	Other Businesses
		Environment	Versia				
2008							
From operating activities	1,105,339	360,339	83,482	178,352	359,661	(42,653)	166,158
From investing activities	(1,634,850)	(623,598)	(42,883)	(191,005)	(295,704)	(105,415)	(376,245)
From financing activities	454,423	235,439	(91,355)	116,681	1,352	121,428	70,878
Total net cash flows for the year	(75,088)	(27,820)	(50,756)	104,028	65,309	(26,640)	(139,209)
2007							
From operating activities	1,252,093	578,174	172,364	(30,382)	454,548	167,647	(90,258)
From investing activities	(972,208)	(546,222)	(144,594)	(135,390)	(308,808)	(43,553)	206,359
From financing activities	(175,661)	21,939	8,379	270,372	(133,598)	42,641	(385,394)
Total net cash flows for the year	104,224	53,891	36,149	104,600	12,142	166,735	(269,293)

b) Activities and investments by geographical market

Approximately 42% of the Group's business is conducted abroad (2007: 35%).

The breakdown, by market, of the revenue earned abroad by the Group companies in 2008 and 2007 is as follows:

	Total	Services		Construction	Cement	Real Estate	Other Businesses
		Environment	Versia				
2008							
European Union	4,615,298	1,150,540	205,079	3,131,593	58,012	69,586	488
USA	358,010	98,891	29,415	36,197	193,507	-	-
Latin America	137,170	1,621	19,015	116,534	-	-	-
Other	704,092	39,384	28,038	548,282	88,388	-	-
	5,814,570	1,290,436	281,547	3,832,606	339,907	69,586	488
2007							
European Union	3,716,938	1,115,924	233,440	2,280,482	53,981	33,111	-
USA	272,146	-	29,072	-	243,074	-	-
Latin America	152,303	1,101	15,193	136,009	-	-	-
Other	604,389	85,547	398	440,052	78,392	-	-
	4,745,776	1,202,572	278,103	2,856,543	375,447	33,111	-

The detail, by geographical area, of the Group's assets and liabilities and the cost of the investments made in property, plant and equipment and intangible assets in 2008 and 2007 is as follows:

	Total Group	Spain	United Kingdom	Other European Union Countries	USA	Latin America	Other
2008							
ASSETS							
Non-current assets	11,831,837	6,767,272	2,271,165	1,804,321	772,953	193,945	22,181
Intangible assets	3,300,189	1,930,431	647,286	578,673	131,341	12,458	-
Property, plant and equipment	6,109,483	2,886,644	1,455,499	1,112,956	549,369	96,168	8,847
Investment property	263,919	240,666	-	23,253	-	-	-
Investments accounted for using the equity method	1,109,140	986,873	8,407	33,714	-	71,564	8,582
Non-current financial assets	457,827	401,649	14	37,363	7,479	11,321	1
Deferred tax assets	552,842	321,009	159,959	18,362	46,327	2,434	4,751
Other non-current assets	38,437	-	-	-	38,437	-	-
Current assets	8,760,411	6,298,951	139,744	2,018,348	131,511	167,795	4,062
Non-current assets held for sale	7,367	7,367	-	-	-	-	-
Inventories	1,575,256	1,317,615	1,098	154,195	62,800	38,581	967
Trade and other receivables	5,499,162	3,780,014	93,798	1,485,900	45,457	91,444	2,549
Other current financial assets	215,236	190,290	6,313	15,350	1,489	1,785	9
Other current assets	54,729	18,460	3,125	28,967	1,333	2,799	45
Cash and cash equivalents	1,408,661	985,205	35,410	333,936	20,432	33,186	492
TOTAL ASSETS	20,592,248	13,066,223	2,410,909	3,822,669	904,464	361,740	26,243
EQUITY AND LIABILITIES							
Non-current liabilities	8,760,475	6,135,346	1,252,919	818,447	469,113	82,529	2,121
Grants	65,928	19,816	-	1,559	-	44,553	-
Non-current provisions	821,429	409,876	211,373	174,379	25,578	-	223
Other non-current financial liabilities	6,872,318	5,131,360	788,690	539,350	382,347	30,571	-
Deferred tax liabilities	1,000,004	573,498	252,856	103,159	61,188	7,405	1,898
Other non-current liabilities	796	796	-	-	-	-	-
Current liabilities	8,635,619	6,126,349	379,785	1,912,560	97,144	118,672	1,109
Current provisions	91,918	49,707	32	40,455	190	1,534	-
Current financial liabilities	2,224,890	1,425,877	221,524	496,959	44,230	36,780	20
Trade and other payables	6,302,732	4,645,242	158,229	1,365,148	52,666	80,358	1,089
Other current liabilities	16,079	5,523	-	10,498	58	-	-
Assets less liabilities	3,196,154	804,528	778,205	1,091,662	338,207	160,539	23,013
TOTAL EQUITY AND LIABILITIES	20,592,248	13,066,223	2,410,909	3,822,669	904,464	361,740	26,243
INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS	1,092,301	583,480	87,027	274,576	123,249	23,191	778

	Total Group	Spain	United Kingdom	Other European Union Countries	USA	Latin America	Other
2007							
ASSETS							
Non-current assets	13,582,328	7,096,107	2,766,614	3,008,222	553,496	130,431	27,458
Intangible assets	3,263,438	1,773,867	835,528	606,088	40,306	7,649	-
Property, plant and equipment	6,120,890	2,776,962	1,875,235	996,633	411,170	51,396	9,494
Investment property	2,335,502	1,033,082	-	1,302,420	-	-	-
Investments accounted for using the equity method	887,142	756,692	9,396	41,684	-	66,328	13,042
Non-current financial assets	501,335	438,947	16	48,670	9,395	4,305	2
Deferred tax assets	416,045	315,429	46,439	12,727	35,777	753	4,920
Other non-current assets	57,976	1,128	-	-	56,848	-	-
Current assets	9,594,495	7,281,501	201,953	1,852,153	97,333	157,902	3,653
Non-current assets held for sale	30,539	-	-	30,539	-	-	-
Inventories	2,685,863	2,435,415	1,115	181,422	53,683	13,486	742
Trade and other receivables	5,189,257	3,643,322	103,332	1,305,960	33,235	100,660	2,748
Other current financial assets	160,289	119,456	6,312	32,717	788	1,000	16
Other current assets	30,602	11,040	3,342	13,115	2,799	257	49
Cash and cash equivalents	1,497,945	1,072,268	87,852	288,400	6,828	42,499	98
TOTAL ASSETS	23,176,823	14,377,608	2,968,567	4,860,375	650,829	288,333	31,111
EQUITY AND LIABILITIES							
Non-current liabilities	9,480,361	5,885,605	1,843,679	1,351,796	325,686	70,845	2,750
Grants	61,768	22,810	-	1,727	-	37,231	-
Non-current provisions	871,107	409,772	267,444	126,961	64,299	1,275	1,356
Other non-current financial liabilities	7,483,471	4,961,993	1,216,368	1,079,106	200,111	25,893	-
Deferred tax liabilities	1,062,282	490,483	359,867	144,002	60,979	5,557	1,394
Other non-current liabilities	1,733	547	-	-	297	889	-
Current liabilities	9,445,963	7,195,324	305,352	1,766,018	64,398	113,858	1,013
Current provisions	82,371	45,293	-	35,391	-	1,687	-
Current financial liabilities	2,639,936	1,929,688	86,357	527,973	23,761	72,100	57
Trade and other payables	6,641,763	5,200,916	218,995	1,140,188	40,637	40,071	956
Other current liabilities	81,893	19,427	-	62,466	-	-	-
Assets less liabilities	4,250,499	1,296,679	819,536	1,742,561	260,745	103,630	27,348
TOTAL EQUITY AND LIABILITIES	23,176,823	14,377,608	2,968,567	4,860,375	650,829	288,333	31,111
INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS	1,337,297	772,963	119,340	330,267	138,797	(24,437)	367

c) Headcount

The average number of employees in 2008 and 2007, by business area, was as follows:

	2008	2007
Services	49,034	47,064
Construction	28,254	25,851
Cement	4,244	4,485
Real estate	227	239
Versia	11,712	12,067
Other businesses	392	384
	93,863	90,090

23. Information on the environment

The FCC Group's environmental policy goes beyond strict compliance with current legislation in the area of environmental improvement and protection to include the establishment of preventive planning and an environmental analysis of the Group's various activities in order to minimise their impact on the environment. The implementation of quality management and environmental management systems and follow-up audits are illustrative of the measures taken by the FCC Group in this area. With regard to environmental risk management, the Group has implemented environmental management systems certified under ISO 14001 standards in the various business areas, which focus on:

- a) Compliance with the applicable regulations and achievement of environmental objectives that go beyond external requirements.
- b) Decrease in environmental impact through adequate planning.
- c) Ongoing analysis of risks and possible improvements.

The basic risk prevention tool is the environmental plan which must be prepared by each operating unit and which consists of:

- a) Identification of environmental issues and of applicable legislation.
- b) Impact evaluation criteria.
- c) Measures to be adopted.
- d) A system for measuring the objectives achieved.

The non-current assets used in environmental conservation activities are classified under "Property, Plant and Equipment" and are depreciated over their useful lives. Also, the companies recognise the expenses and provisions arising from their environmental commitments in accordance with current accounting legislation.

By their very nature, the activities of the Environmental Services business line are geared towards environmental protection and conservation, not only through the production activity itself (waste collection, operation and control of landfills, sewer cleaning, treatment and elimination of industrial waste, wastewater treatment, etc.), but also as a result of performing these activities using production techniques and systems designed to reduce environmental impact, on occasions surpassing the requirements stipulated in the regulations governing this area.

The performance of production activities in the Environmental Services area requires the use of specialised structures, plant and machinery that are efficient in terms of environmental protection and conservation. At 31 December 2008, the acquisition cost of the non-current assets assigned to production in the Services area, net of depreciation and amortisation, totalled EUR 4,564,812 thousand (31 December 2007: EUR 4,758,539 thousand). The environmental provisions, mainly for landfill sealing and shutdown expenses, totalled EUR 292,429 thousand (31 December 2007: EUR 323,342 thousand).

The Group's cement companies have non-current assets designed to filter atmospheric gas emissions, honour their commitments relating to the environmental restoration of depleted quarries and apply technologies that contribute to environmentally-efficient process management.

At year-end the Cementos Portland Valderrivas Group had non-current assets relating to environmental conservation and protection amounting to EUR 133,873 thousand (net of depreciation and amortisation) (2007: EUR 135,936 thousand).

The Group recognises its CO₂ emission rights as non-amortisable intangible assets. The rights received for no consideration under the related national allocation plans are measured at the market price prevailing when they are received, and an item of deferred income is recognised for the same amount.

On 27 November 2007, the National Allocation Plan (NAP) approved in Spain for 2008-2012 was published in the Official State Gazette. The Cementos Portland Valderrivas Group received for no consideration emission rights equivalent to 7,729 thousand tonnes per annum relating to Cementos Portland Valderrivas, S.A., Cementos Alfa, S.A., Lemona Industrial, S.A. and Uniland Cementera, S.A.

The cost relating to greenhouse gas emissions, which amounted to EUR 98,472 thousand (2007: EUR 51,514 thousand), was recognised with a charge to "Other Operating Expenses" in the consolidated income statement for 2008. At the same time, EUR 98,472 thousand were recognised against the same heading in respect of the application of the grant for rights received for no consideration.

On 17 June 2008, the aforementioned companies reached an agreement with various banks to swap, during the period 2008-2012, a total of 410 thousand tonnes per year of emission rights received under the National Allocation Plan (known as EUAs) for rights acquired due to investments in projects in developing countries (known as CERs). The banks guaranteed a premium per tonne exchanged. The Group recognised the proportional part of the premium guaranteed for 2008, EUR 4,189 thousand, under "Other Operating Income" in the consolidated income statement for the year ended 31 December 2008. However, on 16 October 2008 the agreement with one of banks was terminated, giving rise to compensation of EUR 6,631 thousand.

In 2008 the Cement Group also sold 982 thousand tonnes of emission rights at market price to various entities, giving rise to gains of EUR 16,341 thousand which were recognised under "Other Operating Income" in the consolidated income statement for 2008.

In November 2008 the Cementos Portland Valderrivas Group executed various spot forward contracts for greenhouse gas emission rights, which involved selling 3,000 thousand rights to a bank for a total price of EUR 60,805 thousand and undertaking to repurchase the rights in 2010 and 2012 for a pre-established higher price. This agreement was considered to be a financing transaction.

The Construction division adopts environmental practices which make it possible to respect the environment in the performance of construction projects, and minimises its environmental impact through the following measures: reduction of atmospheric dust emissions; noise and vibration control; control of water discharges, with special emphasis on the treatment of effluents generated by construction projects; maximum reduction of waste generation; safeguarding of the biological diversity of animals and plants; protection of urban surroundings due to the occupation, pollution or loss of land, and the development of specific training programs for line personnel involved in the environmental decision-making process. It has also implemented an "Environmental Behaviour Code" which establishes the environmental conservation and protection requirements for subcontractors and suppliers.

For further information on the matters discussed in this Note, please refer to the Group's Corporate Social Responsibility report, which is published annually on FCC's website, www.fcc.es, among other channels.

24. Financial risk management policies

The concept of financial risk refers to the changes in the financial facilities and instruments arranged by the Group as a result of political, market and other factors and the repercussion thereof on the financial statements.

The FCC Group's risk management philosophy is consistent with its business strategy and seeks to achieve maximum efficiency and solvency at all times. To this end, strict financial risk management and control criteria have been established, consisting of identifying, measuring, analysing and controlling the risks incurred in the Group's operations, and the risk policy has been integrated into the Group organisation in the appropriate manner.

In line with this risk policy, the FCC Group arranges hedges initially to hedge the underlying transaction and not for speculative purposes.

In view of the Group's activities and the transactions through which it carries on its business, it is currently exposed to the following financial risks:

Capital risk management

The Group manages its capital to ensure that the Group companies will be able to continue to operate as profitable businesses while maximising the return for shareholders through an optimum debt-to-equity balance.

The strategy of the Group as a whole continues to focus on geographical diversification with the acquisition of assets in Western Europe.

The Group's capital structure includes debt (comprising the loans and credit facilities detailed in Note 16), cash and cash equivalents (see Note 13) and equity, which includes capital, reserves and retained earnings, as described in Note 15.

The Financial Area, which is responsible for financial risk management, periodically reviews the Group's capital structure and the solvency and liquidity ratios within the framework of the Group's financing policy.

The cost of capital and the associated risks of each investment project are analysed by the Operational Areas and the Finance Division and are subsequently approved or rejected by the corresponding committee or by the Board of Directors. Other functional areas of the Group may also provide reports if so required.

One of the objectives of this investment analysis is to maintain the net debt/EBITDA ratio at a reasonable level and within the range negotiated with banks.

Company management, responsible for the management of financial risks, periodically reviews the capital structure, as well as the debt-equity ratio and compliance with the financing covenants.

Interest rate risk

The fluctuations and volatility of the money markets give rise to interest rate changes that entail variations in the finance charges related to the Group's debt. In order to ensure a position that is in the FCC Group's best interest, an interest-rate risk management policy is actively implemented.

Given the nature of the Group's activities, closely linked to inflation, its financial policy consists of ensuring that both its current financial assets, which to a large extent provide natural hedging for its current financial liabilities, and the Group's debt are partially tied to floating interest rates.

Even so, the FCC Group performed interest rate hedging transactions in 2008, ending the year with various hedging instruments of varying maturities on 43% of the Group's total net debt, including project financing hedges.

Complying with the policy of classifying original instruments as hedges, the FCC Group has arranged interest rate hedges, mainly swaps (IRSs) in which the Group companies pay a fixed rate and receive a floating rate.

Foreign currency risk

A noteworthy consequence of the FCC Group's positioning in international markets is the exposure resulting from net positions in foreign currencies against the euro or in one foreign currency against another when the investment and financing of an activity cannot be made in the same currency.

The FCC Group's general policy is to mitigate, as far as possible, the adverse effect on its financial statements of exposure to foreign currencies, with regard to both transactional and purely equity-related changes. The FCC Group therefore manages the effect that foreign currency risk can have on the balance sheet and the income statement.

The Group actively manages its foreign currency risk by arranging financial transactions in the same currency as that in which the related asset is denominated, i.e. efforts are made, at all times, to obtain in local currency the financing required for the local activity of the company in the country of origin of the investment, with a view to creating a natural hedge or a matching of the cash flows to the financing. However, there are occasions when, due to the weakness of the currency of the country of origin of the investment, this is not possible because long-term financing cannot be obtained in that currency. In this case, financing will be obtained either in the currency of the consolidated group or in the most closely correlated foreign currency.

Foreign currency risk is expressed as the portion of the Group's equity denominated in currencies other than the euro, as indicated in Note 15-b.6, "Equity", the most noteworthy currency being the pound sterling.

Solvency risk

At 31 December 2008, the FCC Group's net financial debt amounted to EUR 6,901 thousand, as shown in the following table:

	2008	2007
Bank borrowings	8,096	9,157
Debt instruments and other marketable securities	144	139
Other interest-bearing financial debt	285	138
Current financial assets	(215)	(160)
Cash and cash equivalents	(1,409)	(1,498)
NET FINANCIAL DEBT	6,901	7,776
NET LIMITED RECOURSE DEBT	(1,573)	(2,846)
NET RECOURSE DEBT	5,328	4,930

The most relevant ratio for the purposes of measuring solvency and debt repayment capacity is net debt/EBITDA. The Group's ratios are reasonable and fulfil the conditions negotiated with banks.

Liquidity risk

The FCC Group is present in various markets in order to facilitate the obtainment of financing and to mitigate liquidity risk.

Despite the adverse situation that affected the financial markets throughout the year and particularly from the last quarter of 2008 onwards, the FCC Group has remained extremely well positioned and has anticipated any potential adversity by paying close attention to the evolution of the factors that may help to resolve liquidity difficulties in the future and to the various sources of financing and their characteristics.

The detail of the credit lines granted at consolidated level at 31 December 2008, taking into account only current and non-current bank borrowings and excluding the items accounted for as non-recourse borrowings, amounts payable under finance leases and accrued interest payable, is as follows:

	Amount Granted	Undrawn Balance	Balance Drawn Down
Consolidated	8,258,665	2,200,002	6,058,663

Concentration risk

This risk arises from the concentration of financing transactions with common features such as:

- Sources of financing: the FCC Group obtains financing from over 160 Spanish and international banks.
- Markets/geographical area (Spanish, foreign): the FCC Group operates in a wide variety of Spanish and international markets and 77% of the Group's debt is concentrated in euros and 23% in various currencies in several international markets.
- Products: the FCC Group arranges a broad spectrum of financial products, including loans, credit facilities, debt instruments, syndicated transactions and discounting facilities.
- Currency: the FCC Group finances its operations in a wide variety of currencies. Although there is a significant concentration of investments in euros, US dollars and pounds sterling, investments tend to be financed in the local currency provided this is possible in the country of origin.

Risk-hedging financial derivatives

A financial derivative is a financial instrument or other contract whose value varies in response to changes in certain variables, such as an interest rate, financial instrument price, foreign exchange rate, credit rating or credit index or any other variable, which may be of a non-financial nature.

Apart from giving rise to gains or losses, financial derivatives may, under certain conditions, fully or partially offset foreign currency or interest rate risks or risks associated with balances and transactions.

Hedging relationships are of three types:

- Fair value hedge (FV).
- Cash flow hedge (CF).
- Hedge of a net investment in a foreign operation (FO).

Taking into account the introduction of IAS 39 Financial Instruments: Recognition and Measurement, in order to be considered a hedge, a financial derivative must meet the following requirements:

- Formal designation and documentation, at inception of the hedge, of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge.
- Documentation identifying the hedged item, the hedging instrument and the nature of the risk being hedged.
- Prospective (analytical) evidence of the effectiveness of the hedge.
- Objective and verifiable ex-post measurements.

At 31 December 2008, the FCC Group had arranged interest rate hedging transactions totalling EUR 4,422,159 thousand (31 December 2007: EUR 4,507,024 thousand), mainly in the form of IRSs in which the Group companies pay fixed interest rates and receive floating interest rates. The detail of the cash flow hedges and the fair value thereof is as follows:

	Type of Derivative	Type of Hedge	% Hedged	Notional Amount at 31/12/07	Notional Amount at 31/12/08	Value at 31/12/07	Value at 31/12/08	Maturity
FULLY CONSOLIDATED COMPANIES								
Fomento de Construcciones y Contratas, S.A.	IRS	CF	100%	246,845	171,218	(3,909)	(13,927)	30/12/13
	IRS	CF	2%	19,077	17,231	149	(715)	30/12/13
	IRS	CF	20%	159,770	144,310	88	(6,942)	30/12/13
	IRS	CF	31%	243,232	219,695	(674)	(11,230)	30/12/13
	IRS	CF	17%	135,924	122,771	163	(5,833)	30/12/13
	BASIS SWAP	CF	100%	-	100,000	-	(584)	30/06/09
	BASIS SWAP	CF	100%	-	100,000	-	(540)	30/06/09
	BASIS SWAP	CF	100%	-	4,007	-	(22)	30/06/09
	BASIS SWAP	CF	100%	-	100,000	-	(776)	30/06/09
	BASIS SWAP	CF	100%	-	200,000	-	(1,044)	30/06/09
Azincourt Investment, S.L.	IRS	CF	15%	130,370	97,656	(2,627)	(9,192)	31/12/13
	IRS	CF	15%	130,370	97,656	(2,627)	(9,192)	31/12/13
	IRS	CF	15%	130,370	97,656	(2,627)	(9,192)	31/12/13
	IRS	CF	15%	114,420	88,348	(2,306)	(8,068)	31/12/13
Aqualia Gestión Integral del Agua, S.A.	IRS	CF	23%	41,475	-	322	-	06/11/08
	IRS	CF	23%	41,475	-	326	-	06/11/08
Waste Recycling Group	IRS	CF	82%	28,111	32,087	189	(451)	30/09/09
	IRS	CF	16%	8,424	6,505	51	-	30/09/09
	IRS	CF	82%	44,298	34,204	(219)	(3,892)	30/09/29
	IRS	CF	37%	68,010	51,014	(555)	(6,870)	31/03/27
	IRS	CF	16%	29,147	21,863	(238)	(2,944)	31/03/27
	IRS	CF	27%	48,578	36,438	(396)	(4,907)	31/03/27
	IRS	CF	100%	6,461	21,683	(213)	-	31/03/10
	IRS	CF	100%	-	-	(1,365)	(5,115)	30/09/32
	IRS	CF	100%	4,329	3,410	(14)	(10)	10/02/09

	Type of Derivative	Type of Hedge	% Hedged	Notional Amount at 31/12/07	Notional Amount at 31/12/08	Value at 31/12/07	Value at 31/12/08	Maturity
Concesionaria Túnel de Coatzaalcos, S.A.	IRS	CF	100%	9,740	19,014	(207)	(945)	10/06/14
SmVak	IRS	FV	14%	18,852	18,700	(823)	700	16/11/15
Ecodeal-Gestao Integral de Residuos Industriais, S.A.	IRS	CF	80%	-	13,600	-	542	15/12/17
Autovia Conquense, S.A.	IRS	CF	67%	-	7,667	-	(3,473)	30/06/24
	IRS	CF	33%	-	3,833	-	(1,736)	28/06/24
Depurplan 11, S.A.	IRS	CF	65%	-	9,099	-	(759)	01/12/25
Cementos Portland Valderrivas, S.A.	IRS	CF	100%	150,000	150,000	2,055	(2,663)	22/02/11
	IRS	CF	100%	498,108	482,182	9,653	(5,445)	15/07/11
	BASIS SWAP	CF	100%	-	-	-	(13,162)	26/01/14
	BASIS SWAP	CF	100%	-	-	-	(2,955)	26/01/14
	BASIS SWAP	CF	100%	-	-	-	(11,043)	26/01/14
Portland, S.L.	IRS	CF	12%	96,629	93,200	2,006	(2,111)	15/07/12
	IRS	CF	7%	52,031	50,185	1,037	(1,172)	15/07/12
	IRS	CF	12%	96,629	93,200	2,006	(2,111)	15/07/12
	IRS	CF	7%	52,031	50,185	1,037	(1,172)	15/07/12
	IRS	CF	12%	96,629	93,200	2,006	(2,111)	15/07/12
	IRS	CF	7%	52,031	50,185	1,037	(1,172)	15/07/12
	IRS	CF	6%	48,315	46,600	1,003	(1,055)	15/07/12
	IRS	CF	3%	26,016	25,092	518	(586)	15/07/12
	IRS	CF	6%	48,315	46,600	1,003	(1,055)	15/07/12
	IRS	CF	3%	26,016	25,092	518	(586)	15/07/12
Giant Cement Holding, Inc.	IRS	CF	67%	20,379	-	66	-	01/08/08
	IRS	CF	100%	65,093	67,150	(2,856)	(8,705)	22/05/13
	IRS	CF	26%	40,758	42,046	(1,668)	(4,061)	27/10/14
	IRS	CF	26%	40,758	42,046	(1,668)	(4,061)	27/10/14
Cementos Leona	IRS	CF	50%	7,200	5,600	(37)	(170)	01/06/12
	IRS	CF	50%	7,425	5,775	(60)	(199)	14/06/12
	IRS	CF	50%	3,563	2,813	(21)	(83)	20/07/12
Uniland Cementera, S.A.	COLLAR	CF	69%	9,015	3,005	-	-	22/07/09
Realia Patrimonio	IRS	CF	3%	22,683	-	(422)	-	30/06/14
	IRS	CF	3%	22,683	-	(407)	-	30/06/14
	IRS	CF	6%	45,365	-	(485)	-	30/06/14
	IRS	CF	6%	45,365	-	(990)	-	30/06/14
	IRS	CF	6%	45,365	-	(990)	-	30/06/14
	IRS	CF	6%	45,365	-	(815)	-	30/06/14
	IRS	CF	3%	22,683	-	(495)	-	30/06/14
	IRS	CF	3%	22,683	-	(422)	-	30/06/14
	IRS	CF	6%	45,365	-	(485)	-	30/06/14
	IRS	CF	6%	45,365	-	(990)	-	30/06/14
	IRS	CF	6%	45,365	-	(990)	-	30/06/14
	IRS	CF	6%	45,365	-	(815)	-	30/06/14
	IRS	CF	3%	22,683	-	(495)	-	30/06/14
	IRS	CF	3%	22,683	-	(422)	-	30/06/14
	IRS	CF	3%	22,683	-	(422)	-	30/06/14
	IRS	CF	3%	22,683	-	(407)	-	30/06/14
SIIC Paris	IRS	CF	5%	27,250	-	(491)	-	30/06/14
	IRS	CF	5%	27,250	-	(418)	-	30/06/14
	IRS	CF	10%	54,500	-	(983)	-	30/06/14
	IRS	CF	10%	54,500	-	(478)	-	30/06/14
	IRS	CF	10%	54,500	-	(478)	-	30/06/14

	Type of Derivative	Type of Hedge	% Hedged	Notional Amount at 31/12/07	Notional Amount at 31/12/08	Value at 31/12/07	Value at 31/12/08	Maturity
SIIC Paris	IRS	CF	5%	27,250	-	(491)	-	30/06/14
	IRS	CF	5%	27,250	-	(418)	-	30/06/14
ALPINE BAU GmbH	Currency forward	CF	100%	-	11,274	-	(1,823)	02/11/10
	Currency forward	CF	100%	-	11,218	-	(2,073)	01/11/10
	Currency forward	CF	100%	-	11,901	-	(2,740)	02/11/10
	Currency forward	CF	100%	-	11,849	-	(2,382)	02/11/10
	COLLAR	CF	100%	-	5,000	-	(1,335)	20/10/09
	Currency forward	CF	100%	-	27,201	-	(2,673)	15/09/10
TOTAL FULLY CONSOLIDATED COMPANIES				3,967,603	3,292,264	(14,669)	(185,821)	

ASSOCIATES (ACCOUNTED FOR USING THE EQUITY METHOD)

Tramvia Metropolitana, S.A.	IRS	CF	56%	9,808	9,451	(1,039)	(1,680)	31/10/23
	IRS	CF	24%	4,204	4,050	(445)	(720)	31/10/23
Tramvia Metropolitana del Besós, S.A.	IRS	CF	64%	11,854	11,446	(559)	(1,399)	30/06/23
	IRS	CF	16%	2,964	2,861	(140)	(350)	30/06/23
Aguas y Servicios de la Costa Tropical de Granada, A.I.E.	IRS	CF	59%	2,137	-	11	-	04/11/08
Ruta de los Pantanos, S.A.	IRS	CF	42%	1,909	1,860	(245)	(826)	02/01/18
Autovía del Camino, S.A.	INFLATION SWAP	CF	18%	4,096	6,533	(1,628)	8,560	15/12/27
	IRS	CF	100%	56,000	55,762	(2,674)	(9,147)	15/12/27
	IRS	CF	62%	34,721	34,365	(1,641)	(4,937)	15/12/24
	IRS	CF	42%	2,278	2,278	144	(797)	16/12/30
Terminal Polivalente de Castellón, S.A.	IRS	CF	70%	4,170	6,742	70	48	28/07/09
Cedinsa Eix del Llobregat, S.A.	IRS	CF	70%	52,729	52,335	4,423	(1,280)	01/05/33
Urbs Iudex et Causidicus, S.A.	IRS	CF	100%	69,206	80,044	(13,753)	(26,306)	30/12/33
Autopista de la Costa Cálida, S.A.	IRS	CF	25%	20,109	40,219	909	(827)	15/12/12
	IRS	CF	25%	20,109	40,219	909	(827)	15/12/12
Hospital del Sureste, S.A.	IRS	CF	52%	10,654	10,299	858	(184)	31/12/32
	IRS	CF	84%	5,005	5,003	105	(217)	31/12/32
Túnel d'Envalira, S.A.	COLLAR	CF	61%	7,211	7,191	127	103	20/07/22
Madrid 407, S.A.	IRS	CF	70%	23,184	23,184	362	(2,663)	10/07/33
Cedinsa d'Aro, S.A.	CAP	CF	100%	1,360	4,080	4	16	03/01/33
	IRS	CF	100%	8,449	8,449	228	(714)	04/01/10
Ibisan, S.A.	IRS	CF	70%	29,257	29,257	1,784	(1,001)	30/12/27
N6 (Concession) Limited	IRS	CF	25%	3,828	11,335	92	(508)	30/06/13
	IRS	CF	27%	178	4,101	106	(569)	30/06/34
	IRS	CF	27%	741	741	13	(45)	30/06/34
	IRS	CF	25%	3,290	3,445	11	(35)	04/01/10
	IRS	CF	19%	2,468	2,585	12	(25)	04/01/10
	IRS	CF	19%	2,872	8,504	92	(368)	28/06/13
	IRS	CF	20%	133	3,077	105	(401)	30/06/34
	IRS	CF	20%	556	556	12	(31)	30/06/34
	IRS	CF	25%	3,216	3,368	1	(14)	04/01/10
	IRS	CF	25%	3,829	11,340	122	(491)	28/06/13
	IRS	CF	27%	178	4,103	141	(534)	30/06/34

	Type of Derivative	Type of Hedge	% Hedged	Notional Amount at 31/12/07	Notional Amount at 31/12/08	Value at 31/12/07	Value at 31/12/08	Maturity
N6 (Concession) Limited	IRS	CF	27%	756	756	16	(41)	30/06/34
	IRS	CF	25%	3,291	3,447	16	(33)	04/01/10
	IRS	CF	25%	3,829	11,340	122	(491)	28/06/13
	IRS	CF	27%	178	4,103	140	(534)	30/06/34
	IRS	CF	27%	742	742	16	(42)	30/06/34
Tranvía de Parla, S.A.	IRS	CF	70%	22,838	24,713	19	(1,895)	30/12/22
Portsur Castellón, S.A.	IRS	CF	100%	8,933	8,933	(16)	(824)	31/10/31
Nova Bocana Barcelona, S.A.	IRS	CF	17%	2,099	3,660	7	(481)	30/06/25
	IRS	CF	33%	4,199	7,320	14	(963)	30/06/25
M50 (Concession) Limited	IRS	CF	23%	1,392	6,376	(208)	(2,161)	28/03/40
	IRS	CF	23%	1,392	6,376	(240)	(2,284)	28/03/40
	IRS	CF	23%	1,392	6,376	(240)	(2,287)	28/03/40
	IRS	CF	23%	1,392	6,376	(240)	(2,284)	28/03/40
	IRS	CF	25%	2,665	2,798	(12)	(93)	27/10/10
	IRS	CF	25%	2,665	2,798	(12)	(93)	27/10/10
	IRS	CF	25%	2,665	2,798	(12)	(93)	27/10/10
	IRS	CF	25%	2,665	2,798	(12)	(93)	27/10/10
Autopista Central Galega, S.A.	IRS	CF	44%	42,188	25,895	182	(1,194)	31/07/13
	IRS	CF	26%	25,313	15,537	109	(716)	31/07/13
Concesionaria Hospital Son Dureta, S.A.	IRS	CF	90%	-	6,341	-	(3,663)	25/07/29
	IRS	CF	90%	-	6,341	-	(3,581)	25/07/29
Autopistas del Sol, S.A.	IRS	CF	71%	-	72,729	-	(14,472)	30/11/23
Suministro de Agua de Queretaro, S.A. de C.V.	CAP	CF	100%	-	18,570	-	30	20/01/11
Autovía Necaxa - Tihuatlan, S.A. de C.V.	IRS	CF	34%	-	15,862	-	(1,243)	06/12/27
	IRS	CF	33%	-	15,396	-	(1,206)	06/12/27
	IRS	CF	33%	-	15,396	-	(1,206)	06/12/27
Betearte, S.A.U.	IRS	CF	33%	-	1,923	-	(165)	06/02/18
Concesiones de Madrid, S.A.	IRS	CF	46%	-	35,305	-	(1,319)	06/12/27
Transportes Ferroviarios de Madrid, S.A.	IRS	CF	100%	-	14,684	-	-	16/03/09
Scutvias-Autoestradas Da Beira Interior, S.A.	IRS	CF	72%	-	8,669	-	(1,169)	04/10/18
	IRS	CF	28%	-	3,334	-	(450)	04/10/18
Concesiones Aeroportuarias S.A.	IRS	CF	100%	-	5,518	-	(294)	30/09/19
Atlántica de Graneles y Moliendas, S.A.	IRS	CF	25%	1,531	1,094	50	6	02/06/11
	IRS	CF	25%	1,531	1,094	50	6	02/06/11
	IRS	CF	25%	1,531	1,094	50	6	02/06/11
	IRS	CF	25%	1,531	1,094	50	6	02/06/11
Realia Patrimonio, S.L.U.	IRS	CF	3%	-	7,369	-	(581)	30/06/14
	IRS	CF	3%	-	7,369	-	(577)	30/06/14
	IRS	CF	6%	-	14,738	-	(1,069)	30/06/14
	IRS	CF	6%	-	14,738	-	(1,200)	30/06/14
	IRS	CF	6%	-	14,738	-	(1,200)	30/06/14
	IRS	CF	6%	-	14,738	-	(1,154)	30/06/14
	IRS	CF	3%	-	7,369	-	(600)	30/06/14

	Type of Derivative	Type of Hedge	% Hedged	Notional Amount at 31/12/07	Notional Amount at 31/12/08	Value at 31/12/07	Value at 31/12/08	Maturity
Realia Patrimonio, S.L.U.	IRS	CF	3%	-	7,369	-	(581)	30/06/14
	IRS	CF	6%	-	14,738	-	(1,069)	30/06/14
	IRS	CF	6%	-	14,738	-	(1,200)	30/06/14
	IRS	CF	6%	-	14,738	-	(1,200)	30/06/14
	IRS	CF	6%	-	14,738	-	(1,154)	30/06/14
	IRS	CF	3%	-	7,369	-	(600)	30/06/14
	IRS	CF	3%	-	7,369	-	(581)	30/06/14
	IRS	CF	3%	-	7,369	-	(581)	30/06/14
	IRS	CF	3%	-	7,369	-	(577)	30/06/14
Société d'Investissements Immobiliers Cotée de Paris	IRS	CF	5%	-	7,731	-	(588)	30/06/14
	IRS	CF	5%	-	7,731	-	(569)	30/06/14
	IRS	CF	10%	-	15,462	-	(1,175)	30/06/14
	IRS	CF	10%	-	15,462	-	(1,048)	30/06/14
	IRS	CF	10%	-	15,462	-	(1,048)	30/06/14
	IRS	CF	10%	-	15,462	-	(1,175)	30/06/14
	IRS	CF	5%	-	7,731	-	(588)	30/06/14
	IRS	CF	5%	-	7,731	-	(569)	30/06/14
Hermanos Revilla, S.A.	IRS	FO	50%	-	3,898	-	(75)	14/01/12
TOTAL EQUITY METHOD				539,421	1,129,895	(11,634)	(114,244)	

The changes in the fair value of cash flow hedges are taken, net of the tax effect, to reserves (see Note 15-b.5) and are recognised in profit or loss for the year to the extent that the hedged item affects profit or loss.

The financial derivatives were measured by experts on the subject using generally accepted methods and techniques. These experts were independent from the Group and the entities financing it.

The IRSs were measured by discounting all the flows envisaged in each contract on the basis of its characteristics, such as the notional amount and the collection and payment schedule. This measurement was made using the zero-coupon rate curve determined by employing a bootstrapping process for the deposits and swaps traded at any given time. This zero-coupon rate curve was used to obtain the discount factors for the measurements, which were made assuming the absence of arbitrage opportunity (AAO). When there were caps and floors or combinations thereof, on occasions conditional upon special conditions being met, the interest rates used were the same as those used for the swaps, although in order to introduce the component of randomness in the exercise of the options, the generally accepted Black model was used.

In the case of a cash flow hedging derivative tied to inflation, the method used is very similar to that applied to interest rate swaps. The projected inflation is estimated on the basis of the inflation included implicitly in the ex-tobacco European inflation-indexed swaps quoted on the market and is aligned with Spanish inflation by means of a convergence adjustment.

The detail, by maturity, of the notional amount of the hedging transactions arranged at 31 December 2008 is as follows:

	Notional Maturity				
	2009	2010	2011	2012	2013 and Subsequent Years
Fully consolidated companies	797,079	281,987	641,842	613,750	957,606
Associates (accounted for using the equity method)	34,229	42,652	54,714	171,629	826,671
	831,308	324,639	696,556	785,379	1,784,277

Effectiveness tests on derivatives

Effectiveness tests are adapted to the type of hedge and the nature of the instruments used.

In cash flow hedges, it is firstly verified that the critical terms of the hedging instrument and the hedged item – amounts, maturities, repayments, reference indexes, review dates, etc. – are all the same.

In the case of IRSs, in which the FCC Group receives a floating rate equal to that of the hedged borrowings and pays a fixed rate, since the objective is to reduce the variability of the borrowing costs, the effectiveness test estimates the variance of these annualised costs both in the original hedged borrowings and in the portfolio that combines these borrowings with the hedging instrument. A hedge is considered to be fully effective when it achieves a reduction of at least 80% in the original variance of flows, i.e. when the instrument used reduces the variability of the flows by 80% or more. If this is not the case, the derivative is classified as speculative and its changes in value are recognised in profit or loss.

For cash flow hedges in which the derivative hedging instrument is not an IRS but an option (such as an interest rate cap), the reduction in the variance of costs is estimated only if the hedge is “activated”, i.e. if the reference rates fall outside the unhedged variability range. The methodology applied once the hedge has been activated is the same as that used to test the effectiveness of IRSs.

The effectiveness test of fair value hedges -arranged using IRSs- is based on the comparison of the changes in the fair value of the hedged position and of the hedging instrument. The assessment of the effectiveness of this type of hedge is performed by isolating the effects of the credit risk of the liability and the change in value of the variable leg of the IRS, which does not affect the ultimate objective of the hedge but may give rise to apparent ineffectiveness due to the interest accrued at each date.

Derivatives that do not qualify for hedge accounting

Although certain hedging instruments are recognised as speculative, this is only for accounting purposes since for financial and management purposes all the hedges arranged by the FCC Group have, at inception, an underlying financial transaction and the sole purpose of hedging such transaction.

Derivatives do not qualify for hedge accounting if the hedge fails the effectiveness test, which requires the changes in the fair value or in the cash flows of the hedged item directly attributable to the hedged risk to be offset by changes in the fair value or in the cash flows of the hedging instrument. When this does not occur, the changes in value of the instruments classified as speculative are recognised in profit or loss together with the transaction.

This heading therefore includes the financial derivatives arranged by the Company to serve as hedges but which do not qualify for hedge accounting under IAS 39 Financial Instruments: Recognition and Measurement because they do not pass the effectiveness tests prescribed by this standard. The changes in the fair value of these derivatives are recognised under “Change in Fair Value of Financial Instruments” or “Results of Companies Accounted for Using the Equity Method”, as appropriate. The transactions that did not qualify for hedge accounting at 31 December 2008, originated mainly at companies not controlled by the Group and which are accounted for using the equity method, are as follows:

	Type of Derivative	Type of Hedge	Notional Amount at 31/12/07	Notional Amount at 31/12/08	Value at 31/12/07	Value at 31/12/08	Maturity
FULLY CONSOLIDATED COMPANIES							
Aqualia Gestión Integral del Agua, S.A.	COLLAR	SP	9,677	-	-	-	02/01/08
Recuperaciones Madrileñas del Papel S.A.	IRS	SP	291	122	1	(1)	30/09/09
Zisteldorf (ASA Group)	COLLAR	SP	8,667	40,667	(1,549)	(3,280)	28/03/24
Lemona Industrial, S.A., Sole-Shareholder Company	IRS	SP	525	225	7	1	27/07/09
Tecami Ofitas, SA.	IRS	SP	770	330	10	1	27/07/09
Wilanow Realia sp. z.o.o.	Cross-currency swap	SP	4,200	-	(241)	-	06/03/09
	Cross-currency swap	SP	13,000	-	(862)	-	14/12/09
TOTAL FULLY CONSOLIDATED COMPANIES			37,130	41,344	(2,634)	(3,279)	

	Type of Derivative	Type of Hedge	Notional Amount at 31/12/07	Notional Amount at 31/12/08	Value at 31/12/07	Value at 31/12/08	Maturity
ASSOCIATES (ACCOUNTED FOR USING THE EQUITY METHOD)							
Concesiones de Madrid, S.A.	IRS	SP	33,621	-	(595)	-	27/08/08
Zabalgarbi, S.A.	BARRIER SWAP	SP	3,750	4,500	(43)	(46)	26/01/10
	BARRIER SWAP	SP	2,500	3,000	(33)	(61)	26/01/10
	BARRIER SWAP	SP	2,500	3,000	(1)	-	26/01/09
	BARRIER SWAP	SP	3,750	4,500	(112)	(416)	27/01/14
	BARRIER SWAP	SP	2,500	3,000	-	(22)	26/01/10
	BARRIER SWAP	SP	2,500	3,000	1	(15)	26/01/14
	BARRIER SWAP	SP	2,500	3,000	(11)	(209)	26/01/14
Ruta de los Pantanos, S.A.	IRS	SP	8,100	7,849	(217)	(165)	01/09/09
Wilanow Realia sp. z.o.o.	Cross-currency swap	SP	-	1,192	-	98	06/03/09
	Cross-currency swap	SP	-	3,688	-	285	14/12/09
TOTAL ASSOCIATES			61,721	36,729	(1,011)	(551)	

Following is a detail, by maturity, of the notional amount hedged by derivatives that do not qualify for hedge accounting:

	Notional Maturity				2013 and Subsequent Years
	2009	2010	2011	2012	
Fully consolidated companies	677	3,556	3,556	3,556	29,999
Associates (accounted for using the equity method)	15,729	13,500	-	-	7,500
	16,406	17,056	3,556	3,556	37,499

Share Option Plan (see Note 17)

Type of Derivative	Classification	Amount Arranged	Maturity	Ineffective Portion Recognised in Profit or Loss	Fair Value	
					Assets	Liabilities
CALL	Hedge	61,596	30/09/13	-	3,011	
PUT	Speculative	61,596	30/09/13	-		27,368
Swap	Speculative	61,596	30/09/13	-	4,398	
					7,409	27,368

Sensitivity test on derivatives and net debt

In order to be able to analyse the effect that a possible fluctuation in interest rates might have on the Group's accounts, a simulation was performed which assumed a 100-basis point increase and decrease in the interest rates at 31 December 2008.

Following are the results obtained for the derivatives outstanding at year-end, distinguishing between Group companies and joint ventures and associates, together with the impact on equity and on the income statement on the basis of the related percentage of ownership.

	Fully Consolidated Companies		Companies Accounted for Using the Equity Method	
	-100 Basis Points	+100 Basis Points	-100 Basis Points	+100 Basis Points
Impact on equity (hedging derivatives)	(74,189)	60,510	(73,038)	67,779
Impact on the income statement (derivatives not qualifying for hedge accounting)	(1)	1	(417)	312

It should also be noted that a 100-basis point increase and decrease in the interest rates on the net debt, after excluding any hedged debt, would give rise to a cost of EUR 47,600 thousand or income of EUR 47,600 thousand, respectively, in profit before tax in the FCC Group's income statement.

Risk measurement

Through the tool for measuring and controlling financial risk, the FCC Group quantifies the risk of its debt portfolio, risk being defined as the losses that the Group could suffer due to fluctuations in the interest and exchange rates to which it is exposed.

Using a stochastic methodology based on Monte Carlo simulation techniques, a series of probability distributions are established for the debt portfolio and the representative parameters are calculated (maximum, minimum and expectations) in order to obtain an overview of the possible future behaviour of corporate variables such as finance costs and value of debt.

The Monte Carlo simulation offers a beneficial degree of randomness with respect to the precision of the results, since the same probability of occurrence is allocated at the outset to different potential behaviours of the risk factors to which the Group is exposed: parallel shifts in interest rate curves, changes in the slope of interest rate curves, etc. By establishing a functional relationship between the debt variables that are being quantified and the behaviour of interest and exchange rates, the FCC Group analyses the distribution of the possible values of these variables in the future and determines which value of the debt variable is most often repeated over a particular time frame.

Consequently, by measuring the risk to which its financing is exposed, the FCC Group is able to take decisions and manage its debt portfolio with the support of a series of probabilistic and purely stochastic measures which, on the basis of the possible future behaviour of interest and exchange rates, determine the basic level of finance costs from the standpoint of debt management.

25. Information on related party transactions

a) Transactions with significant shareholders of the Parent

The detail of the significant transactions involving a transfer of resources or obligations between Group companies and significant shareholders is as follows:

Shareholder	Group Company	Type of Transaction	Type of Relationship	Amount
B1998, S.L.	FCC Medio Ambiente, S.A.	Contractual	Cleaning services	7.6

b) Transactions with the Company's directors and senior executives

The detail of the bylaw-stipulated emoluments earned by the directors of Fomento de Construcciones y Contratas, S.A. in 2008 and 2007 and payable to them by the Company or by any of the Group companies, joint ventures or associates is as follows:

	2008	2007
Bylaw-stipulated directors' emoluments	3,041	3,388
Attendance fees	-	6
	3,041	3,394

The detail of the fixed and variable remuneration earned by the executive directors of Fomento de Construcciones y Contratas, S.A. in 2008 and 2007 and payable to them by the Company or by any of the Group companies, joint ventures or associates is as follows:

	2008	2007
Fixed remuneration	4,189	2,645
Variable remuneration	289	565
	4,478	3,210

The senior executives listed below, who are not members of the Board of Directors, earned total remuneration of EUR 5,859 thousand in 2008 (2007: EUR 5,663 thousand).

2008	
José Luis de la Torre Sánchez	Chairman of FCC Servicios
Antonio Gómez Ciria	General Internal Audit Manager
José Ignacio Martínez-Ynzenga Cánovas del Castillo	Chairman of Cementos Portland Valderrivas
Dieter Kiefer	Chairman of Cementos Portland Valderrivas
José Mayor Oreja	Chairman of FCC Construcción, S.A.
Victor Pastor Fernández	General Finance Manager
José Luis Vasco Hernando	General Administration Manager
Gerard Ries	Assistant General Manager of Strategy and International Corporate Development
Eduardo González Gómez	General Energy Manager
José Ramón Ruiz Carrero	Deputy General Manager of Cost Optimisation
2007	
Ignacio Bayón Marín	Chairman of Realía Business, S.A.
José Luis de la Torre Sánchez	Chairman of FCC Servicios
Antonio Gómez Ciria	General Internal Audit Manager
José Ignacio Martínez-Ynzenga Cánovas del Castillo	Chairman of Cementos Portland Valderrivas
José Mayor Oreja	Chairman of FCC Construcción, S.A.
Victor Pastor Fernández	General Finance Manager
José Luis Vasco Hernando	General Administration Manager
Gerard Ries	Assistant General Manager of Strategy and International Corporate Development
José Eugenio Trueba Gutiérrez	General Administration and Finance Manager

The payments made by the Group in relation to the insurance policy taken out for, among others, certain executive directors and executives of the Company or the Group are disclosed in Note 19. The beneficiaries received EUR 5,952 thousand from the insurance company in 2008 (2007: 7,341 thousand).

Except as indicated in Note 19, no other remuneration, advances, loans or guarantees were granted to the Board members.

Set forth below are the required disclosures in relation to the ownership interests held by the directors of Fomento de Construcciones y Contratas, S.A. in the share capital of non-FCC Group companies; the activities (if any) performed by them, as independent professionals or as employees, that are identical, similar or complementary to the activity that constitutes the company object of the FCC Group; and the transactions (if any) conducted by them or by persons acting on their behalf, with the Company or with any company in the same Group that are not part of the Company's normal business activities or are not conducted on an arm's length basis:

- The director Miguel Blesa de la Parra declared that he had engaged in activities, as an independent professional or as an employee, that are similar or complementary to the activities that constitute the company object of FCC, in his capacity as:
- Chairman of the Board of Directors of Corporación Financiera Caja de Madrid, S.A., which holds direct or indirect ownership interests in Realía Business, S.A., a company in which FCC, S.A. has a direct or indirect shareholding. Caja Madrid holds 20% of RB Business Holdings, Corporación Financiera Caja de Madrid, S.A. owns 30% and Fomento de Construcciones y Contratas, S.A. the remaining 50%. RB Business Holdings holds a 51% direct ownership interest in Realía Business, S.A.
- The other directors of Fomento de Construcciones y Contratas, S.A. have declared that they do not engage in any activity, as independent professionals or as employees, that is identical, similar or complementary to the activity that constitutes the Company's object.

- The other Board members of the Company do not hold any ownership interests in the share capital of any companies engaging in an activity that is identical, similar or complementary to the activity that constitutes the company object of Fomento de Construcciones y Contratas, S.A.
- In 2008 the other directors of Fomento de Construcciones y Contratas, S.A., or persons acting on their behalf, did not perform, with the Company or with any company in the same Group, any transactions that were not part of the Company's normal business activities or were not conducted on an arm's length basis.

The detail of the directors who hold positions at companies in which Fomento de Construcciones y Contratas, S.A. holds a direct or indirect ownership interest is as follows:

Name or Company Name of Director	Group Company Name	Position
Cartera Deva, S.A.	Cementos Portland Valderrivas, S.A.	Director
EAC Inversiones Corporativas, S.L.	Cementos Portland Valderrivas, S.A.	Director
EAC Inversiones Corporativas, S.L.	FCC Construcción, S.A.	Director
EAC Inversiones Corporativas, S.L.	Global Vía Infraestructuras, S.A.	Director
Fernando Falcó Fernández de Córdova	FCC Construcción, S.A.	Director
Fernando Falcó Fernández de Córdova	Cementos Portland Valderrivas, S.A.	Director
Fernando Falcó Fernández de Córdova	Giant Cement Holding, Inc.	Director
Fernando Falcó Fernández de Córdova	Waste Recycling Group Limited	Director
Rafael Montes Sánchez	FCC Construcción, S.A.	Director
Rafael Montes Sánchez	Cementos Portland Valderrivas, S.A.	Director
Juan Castells Masana	Waste Recycling Group Limited	Director
Robert Peugeot	FCC Construcción, S.A.	Director
Robert Peugeot	Alpine Holding GmbH	Supervisory Board
Robert Peugeot	Waste Recycling Group Limited	Director
Balduino Falcones Jaquotot	FCC Energía, S.A.	Chairman
Felipe B. García Pérez	FCC Energía, S.A.	Secretary

These directors hold positions or discharge functions and/or hold ownership interests of less than 0.01% in all cases in other FCC Group companies in which Fomento de Construcciones y Contratas, S.A. directly or indirectly holds a majority of the voting power.

Following is a detail of the significant transactions giving rise to a transfer of resources or obligations between Group companies and their executives or directors:

Name or Company Name of the Directors or Executives	Name or Company Name of the Group Company or Entity	Type of Transaction	Type of Relationship	Amount
Dominum Desga, S.A.	Servicios Especiales de Limpieza, S.A.	Contractual	Rendering of services	9.5

c) Transactions between Group companies or entities

Numerous transactions take place between the Group companies as part of the Group's normal business activities which, if they are significant, are eliminated in the preparation of the consolidated financial statements. In relation to construction projects performed by fully consolidated infrastructure concession operators, it should be noted that the revenue from completed work is not eliminated in consolidation since, under these contracts, the construction work is deemed to be performed for third parties because it is being executed for the concession owner, i.e. the grantor public authority. In this connection, revenue of EUR 57,971 thousand (2007: EUR 39,958 thousand) was recognised in the accompanying 2008 consolidated financial statements.

The revenue recognised in the accompanying consolidated income statement includes EUR 256,837 thousand (2007: EUR 370,669 thousand) relating to Group company billings to associates.

The Group's consolidated financial statements also include purchases from associates amounting to EUR 13,967 thousand (2007: EUR 16,526 thousand).

d) Mechanisms established to detect, determine and resolve possible conflicts of interests between the Parent and/or its Group and its directors, executives or significant shareholders.

The FCC Group has established precise mechanisms to detect, determine and resolve possible conflicts of interests between the Group companies and their directors, executives and significant shareholders, as indicated in Article 25 of the Board's Regulations.

26. Fees paid to auditors

The 2008 and 2007 fees for financial audit services and for other professional services provided to the various Group companies and joint ventures composing the FCC Group by the principal auditor and by other auditors participating in the audit of the various Group companies, and by entities related to them, both in Spain and abroad, are shown in the following table:

		2008	2007
Fees for financial audit services		6,781	8,243
Principal auditor	4,023		3,624
Other auditors	2,758		4,619
Fees for other services		5,489	3,919
Principal auditor	572		296
Other auditors	4,917		3,623
		12,270	12,162

27. Events after the balance sheet date

On 8 January 2009, the Company executed the agreement reached on 22 August 2008 with Babcock & Brown Wind Partners for the purchase of the entire wind farm portfolio held by the latter in Spain through the Olivento Group. The portfolio comprises 14 wind farms in Andalucía, Galicia, Aragón, Castilla y León and Castilla - La Mancha with a total production capacity of 420.7 MW and an additional capacity of 45 MW currently under development, which is expected to enter into service before 2012.

Other Olivento Group assets that were acquired include a 50% ownership interest in IM FUTURE, a company with a team of 50 highly experienced professionals in the field of wind farms.

The transaction amounted to EUR 780 million, of which EUR 190 million were paid in cash and the remaining EUR 590 million will be assumed as debt. The renewable energy subsidiary of the Australian company Babcock & Brown transferred 14 wind farms grouped under the Olivento Group to FCC Energía whereby, on acquiring 420.7 MW, FCC's new division became Spain's sixth-largest wind-farm operator.

On 3 February 2009, the Parent's directors resolved to extend the Share Option Plan approved at the Board of Directors meeting held on 29 July 2008 by adding a further 1,500,000 options in order to bring to 3,300,000 the number of options on FCC shares granted to executive directors and executives.

The resolution adopted by the Board granted 1,500,000 options on the following terms:

- Each option entitles the holder to receive on the exercise date the difference in cash between the market price of the FCC share at that time and the exercise price ("cashless for cash").
- Term and effectiveness of the plan: the term of the plan is five years from 6 February 2009.
- Exercise price: the exercise price, determined following the same procedure as that used in the first stage of the plan, amounts to EUR 24.71.
- Exercise period and conditions: the participants may exercise the options on one single occasion in the fourth and fifth years.

28. Explanation added for translation to english

These consolidated financial statements are presented on the basis of IFRSs as adopted by the European Union. Certain accounting practices applied by the Group that conform with IFRSs may not conform with other generally accepted accounting principles.

APPENDIX I - Subsidiaries (fully consolidated)

Company	Registered Office	Percentage of Effective Ownership	Auditor
ENVIRONMENTAL SERVICES			
Abastecimientos y Saneamientos del Norte, S.A., Sole-Shareholder Company	Uruguay, 11. Vigo (Pontevedra)	100.00	
Abrantaqua-Serviço de Aguas Residuais Urbanas do Município de Abrantes, S.A.	Portugal	60.00	KPMG & Associados Sroc, S.A.
Acque di Caltanissetta, S.p.A.	Italy	88.78	KPMG S.p.A.
Adobs Orgànics.S.L.	Sant Benet, 21. Manresa (Barcelona)	60.00	
AEBA, Ambiente y Ecología de Buenos Aires, S.A.	Argentina	52.50	Estudio Torrent Auditores
Aguas Jaén, S.A.	Plaza de los Jardinillos, 6. Jaén	60.00	
Aguas Torrelavega, S.A.	La Viña, 4. Torrelavega (Cantabria)	51.00	
Aigües de l'Alt Empordà, S.A.	Lluís Companys, 43. Roses (Girona)	51.40	
Aigües de Vallirana, S.A.	Conca de Tremp, 14. Vallirana (Barcelona)	100.00	
Alfonso Benítez, S.A.	Federico Salmón, 13. Madrid	100.00	Deloitte, S.L.
Aqua Campiña, S.A.	Avda. Blas Infante, 6. Écija (Seville)	90.00	Audinfo, S.L.
Aquaervas - Aguas de Elvas, S.A.	Portugal	100.00	
Aqualia Gestión Integral del Agua, S.A.	Federico Salmón, 13. Madrid	100.00	KPMG Auditores, S.L.
Aqualia Infraestructuras Inzenyring s.r.o.	Czech Republic	100.00	
Aqualia Infraestructuras de México, S.A. de C.V.	Mexico	100.00	
Aqualia Infraestructuras, S.A.	Ulises, 18. Madrid	100.00	
Aquamaior-Aguas de Campo Maior, S.A.	Portugal	100.00	
Augas Municipais de Arteixo, S.A.	Plaza Alcalde Ramón Dopico. Arteixo (La Coruña)	51.00	
Azincourt Investment, S.L., Sole-Shareholder Company	Federico Salmón, 13. Madrid	100.00	
Baltecma, Gestión de Residuos Industriales, S.L.	Conradors, parcela 34 P.I. Marratxi. Marratxi (Balearic Islands)	70.00	
Castellana de Servicios, S.A.	Federico Salmón, 13. Madrid	100.00	
Chemipur Químicos, S.L., Sole-Shareholder Company	Pincel, 25. Seville	100.00	
Colaboración, Gestión y Asistencia, S.A.	Federico Salmón, 13. Madrid	100.00	
Compañía Catalana de Servicios, S.A.	Balmes, 36. Barcelona	100.00	
Compañía de Control de Residuos, S.L.	Peña Redonda, 27. P.I. Silvota. Llanera (Asturias)	64.00	
Compañía Onubense de Aguas, S.A.	Avda. Martín Alonso Pinzón, 8. Huelva	60.00	
Corporación Inmobiliaria Ibérica, S.A.	Ulises, 18. Madrid	100.00	
Cristales Molidos, S.L.	Partida San Gregorio. Cadrete (Zaragoza)	100.00	
Dédalo Patrimonial, S.L., Sole-Shareholder Company	Federico Salmón, 13. Madrid	100.00	
Depurplan 11, S.A.	Madre Rafols, 2. Zaragoza	100.00	
Depurtebo, S.A.	San Pedro, 57. Zuera (Zaragoza)	100.00	
Ecoactiva de Medio Ambiente, S.A.	Ctra. Puebla Albortón a Zaragoza Km. 25 Zaragoza	60.00	
Ecodeal-Gestao Integral de Residuos Industriais, S.A.	Portugal	55.00	
Ecogenesis Societé Anonime Rendering of Cleansing and Waste Management Services	Greece	51.00	
Ecoparque Mancomunidad del Este, S.A.	Federico Salmón, 13. Madrid	100.00	
Egypt Environmental Services, S.A.E.	Egypt	100.00	
Ekonor, S.A.	Larras de San Juan. Iruña de Oca (Álava)	100.00	
Empresa Comarcal de Serveis Mediambientals del Baix Penedès - ECOBP, S.L.	Plaza del Centre, 3. El Vendrell (Tarragona)	80.00	
Empresa Mixta de Conservación de la Estación Depuradora de Aguas Residuales de Butarque, S.A.	Princesa, 3. Madrid	70.00	
Empresa Municipal de Desarrollo Sostenible Ambiental de Úbeda, S.L.	Plaza Vázquez de Molina, s/n -Úbeda (Jaén)	90.00	Audinfo, S.L.
Entemanser, S.A.	Castillo, 13. Adeje (Santa Cruz de Tenerife)	97.00	Audinfo, S.L.
Enviropower Investments Limited	United Kingdom	100.00	
F.S. Colaboración y Asistencia, S.A.	Ulises, 18 Edificio H. Madrid	65.00	

Company	Registered Office	Percentage of Effective Ownership	Auditor
FCC Ámbito, S.A.	Federico Salmón, 13. Madrid	100.00	Price Waterhouse Coopers Auditores, S.L.
FCC Medio Ambiente, S.A.	Federico Salmón, 13. Madrid	100.00	Deloitte, S.L.
Focsa Services, U.K. Ltd.	United Kingdom	100.00	
Focsa Serviços de Saneamento Urbano de Portugal, S.A.	Portugal	100.00	
Gamasur Campo de Gibraltar, S.L.	Antigua Ctra. de Jimena de la Frontera, s/n. Los Barrios (Cádiz)	85.00	
GEMECAN, Gestora Medioambiental y de Residuos, S.L.	Josefina Mayor, 12. Telde (Las Palmas)	100.00	
Geneus Canarias, S.L.	Josefina Mayor, 12. Telde (Las Palmas)	51.00	
Gestió i Recuperació de Terrenys, S.A.	Rambla Catalunya, 2-4. Barcelona	80.00	Audinfor, S.L.
Gestión de Aguas del Norte, S.A.	Av. de Tirajana, 39. San Bartolomé de Tirajana (Las Palmas)	100.00	
Giza Environmental Services, S.A.E.	Egypt	100.00	
Gonzalo Mateo, S.L.	Partida San Gregorio. Cadrete (Zaragoza)	100.00	Price Waterhouse Coopers Auditores, S.L.
Graver Española, S.A., Sole-Shareholder Company	Epalza, 8. Bilbao (Vizcaya)	100.00	
A.S.A. Group	Austria		PWC Price Waterhouse Coopers GmbH
1. Polabská	Czech Republic	100.00	Rödl & Partner Audit s.r.
.A.S.A. Abfall Service AG	Austria	100.00	PWC Price Waterhouse Coopers
.A.S.A. Abfall Service Betriebs GmbH	Austria	100.00	
.A.S.A. Abfall Service Halbenrain GmbH	Austria	100.00	
.A.S.A. Abfall Service Industrieviertel Betriebs GmbH	Austria	100.00	
.A.S.A. Abfall Service Neunkirchen GmbH	Austria	100.00	
.A.S.A. Abfall Service Zistersdorf GmbH	Austria	100.00	PWC Price Waterhouse Coopers
.A.S.A. Abfall Sortieranlage Asten Betriebs GmbHNfg KG	Austria	100.00	
.A.S.A. AbfallService Halbenrain GmbH & Co Nfg KG	Austria	99.80	
.A.S.A. AbfallService Industrieviertel GmbH & Co Nfg KG	Austria	100.00	
.A.S.A. AbfallService Oberösterreich GmbH	Austria	100.00	
.A.S.A. AbfallService Wiener Neustadt GmbH	Austria	100.00	
.A.S.A. Areal spol. s.r.o	Czech Republic	100.00	Rödl & Partner Audit s.r.
.A.S.A. České Budějovice s.r.o	Czech Republic	75.00	Rödl & Partner Audit s.r.
.A.S.A. Dacice s.r.o	Czech Republic	60.00	Rödl & Partner Audit s.r.
.A.S.A. EKO Bih d.o.o	Bosnia Herzegovina	100.00	
.A.S.A. EKO d.o.o	Serbia	100.00	
.A.S.A. EKO Polska sp. z.o.o.	Poland	100.00	BDO
.A.S.A. EKO s.r.o.	Slovakia	100.00	PWC Price Waterhouse Coopers
.A.S.A. EKO Znojmo s.r.o	Austria	49.72	Rödl & Partner Audit s.r.
.A.S.A. Ekologické Služby spol. s.r.o.	Slovakia	100.00	
.A.S.A. Ekoloski Servis d.o.o.	Slovakia	100.00	
.A.S.A. Es d.o.o.	Serbia	100.00	
.A.S.A. Es Únanov s.r.o.	Czech Republic	66.41	Rödl & Partner Audit s.r.
.A.S.A. Finanzdienstleistungen GmbH	Austria	100.00	
.A.S.A. Hódmezővásárhely y Köztisztasági Kft	Hungary	61.83	
.A.S.A. Hp spol. s.r.o.	Czech Republic	100.00	Rödl & Partner Audit s.r.
.A.S.A. International Environmental Services GmbH	Austria	100.00	
.A.S.A. Kikinda d.o.o.	Serbia	80.00	PWC Price Waterhouse Coopers GmbH
.A.S.A. Kisalföld Szállító Környezetvédelmi És H Kft	Hungary	100.00	PWC Price Waterhouse Coopers
.A.S.A. Kosické Olsany s.r.o.	Slovakia	95.00	
.A.S.A. Liberec s.r.o.	Czech Republic	55.00	Rödl & Partner Audit s.r.
.A.S.A. Magyarország Környezetvédelem És H Kft	Hungary	100.00	PWC Price Waterhouse Coopers
.A.S.A. Marcelová s.r.o.	Slovakia	49.00	
.A.S.A. Odpady Litovel s.r.o.	Czech Republic	49.00	Rödl & Partner Audit s.r.
.A.S.A. Olsava spol. s.r.o.	Slovakia	100.00	
.A.S.A. Pol spol. s.r.o.	Czech Republic	100.00	Rödl & Partner Audit s.r.
.A.S.A. Posázaví s.r.o.	Czech Republic	100.00	Rödl & Partner Audit s.r.

Company	Registered Office	Percentage of Effective Ownership	Auditor
.A.S.A. Slovensko spol. s.r.o.	Slovakia	100.00	PWC Price Waterhouse Coopers
.A.S.A. Sluzby Zabovresky s.r.o.	Czech Republic	89.00	Rödl & Partner Audit s.r.
.A.S.A. spol. s.r.o.	Czech Republic	100.00	Rödl & Partner Audit s.r.
.A.S.A. Tarnobrzeg sp. z.o.o.	Poland	60.00	
.A.S.A. TRNAVA spol. s.r.o.	Slovakia	50.00	PWC Price Waterhouse Coopers
A S A Usluge Za Zastitu Okolisa d.o.o.	Croatia	100.00	
.A.S.A. V.O.D.S. Sanacie s.r.o.	Slovakia	51.00	Price Waterhouse Coopers PWC
.A.S.A. Vilnius UAB	Lithuania	100.00	Unaudited
.A.S.A. Vrbak d.o.o.	Serbia	51.02	PWC Price Waterhouse Coopers GmbH
.A.S.A. Zabnice spol. s.r.o.	Czech Republic	80.00	Rödl & Partner Audit s.r.
.A.S.A. Zohor spol. s.r.o.	Slovakia	85.00	PWC Price Waterhouse Coopers
Abfallwirtschaftszentrum Mostviertel GmbH	Austria	100.00	
Bec Odpady s.r.o.	Czech Republic	99.60	Rödl & Partner Audit s.r.
Eko Serwis sp. z.o.o.	Poland	100.00	BDO
Entsorga Entsorgungs GmbH Nfg KG	Austria	100.00	
EnviCon G s.r.o.	Czech Republic	99.60	Rödl & Partner Audit s.r.
Erd-Kom Érdi Kommunális Hulladékkezelő	Hungary	90.00	PWC Price Waterhouse Coopers
Esko - A S A s.r.o.	Czech Republic	100.00	Rödl & Partner Audit s.r.
Inerta Abfallbehandlungs GmbH	Austria	100.00	
Kreindl GmbH	Austria	100.00	
Matra-Kom Hulladékgazdálkodási Szolgáltató Kft	Hungary	100.00	
Miejska Przedsiębiorstwo Gospodarki Komunalnej sp. z.o.o. Zabrze	Poland	80.00	BDO
Obsed a.s.	Czech Republic	100.00	Rödl & Partner Audit s.r.
Pergo a.s.	Czech Republic	94.67	Rödl & Partner Audit s.r.
Przedsiębiorstwo Usług Komunalnych sp. z.o.o.	Poland	60.03	
Quail spol. s.r.o.	Czech Republic	100.00	Rödl & Partner Audit s.r.
Regios AS	Czech Republic	99.00	Rödl & Partner Audit s.r.
Remat Jihlava s.r.o.	Czech Republic	100.00	Rödl & Partner Audit s.r.
S C A S A Servicii Ecologice SRL	Romania	100.00	PWC Price Waterhouse Coopers
SC Valmax Impex SRL	Romania	60.00	PWC Price Waterhouse Coopers
Sárréti Közterület-Fenntartó Kft	Hungary	25.50	
Siewierskie Przedsiębiorstwo Gospodarki Komunalnej sp. z.o.o.	Poland	100.00	BDO
Skladka Uhy spol. s.r.o.	Czech Republic	100.00	Rödl & Partner Audit s.r.
Terobet AS	Czech Republic	100.00	Rödl & Partner Audit s.r.
Technické Služby - A S A s.r.o.	Slovakia	100.00	Rödl & Partner Audit s.r.
Textil Verwertung GmbH	Austria	100.00	
Tores - Technické, Obchodní a Rekreační Služby AS	Czech Republic	100.00	Rödl & Partner Audit s.r.
Waste City spol. s.r.o. -in liquidation-	Slovakia	100.00	
Waste Recycling Group:	United Kingdom		KPMG LLP.
3C Holdings Limited	United Kingdom	100.00	
3C Waste Limited	United Kingdom	100.00	
Advanced Natural Fuels Limited	United Kingdom	100.00	
Airdrie Hill Quarries Limited	United Kingdom	100.00	
Allington Waste Company Limited	United Kingdom	100.00	
Anti-Rubbish Limited	United Kingdom	100.00	
Anti-Waste (Restoration) Limited	United Kingdom	100.00	
Anti-Waste Limited	United Kingdom	100.00	
Arnold Waste Disposal Limited	United Kingdom	100.00	
Arpley Gas Limited	United Kingdom	100.00	
BDR Waste Disposal Limited	United Kingdom	100.00	
CLWR Management 2001 Limited	United Kingdom	100.00	
Darrington Quarries Limited	United Kingdom	100.00	
Derbyshire Waste Limited	United Kingdom	80.00	

Company	Registered Office	Percentage of Effective Ownership	Auditor
East Waste Limited	United Kingdom	100.00	
Econowaste Limited	United Kingdom	100.00	
Finstop Limited	United Kingdom	100.00	
Green Waste Services Limited	United Kingdom	100.00	
GWS (Holdings) Limited	United Kingdom	100.00	
Herrington Limited	United Kingdom	100.00	
Humberside Wastewise Waste Management Services Limited	United Kingdom	100.00	
Integrated Waste Management Limited	United Kingdom	100.00	
Kent Conservation & Management Limited	United Kingdom	90.00	
Kent Energy Limited	United Kingdom	100.00	
Kent Enviropower Limited	United Kingdom	100.00	
Landfill Management Limited	United Kingdom	100.00	
Lincwaste Limited	United Kingdom	100.00	
Meadshores Limited	United Kingdom	100.00	
Norfolk Waste Limited	United Kingdom	100.00	
Oxfordshire Waste Limited	United Kingdom	100.00	
Paper Product Developments Limited	United Kingdom	90.00	
Pennine Waste Management Limited	United Kingdom	100.00	KPMG LLP.
RE3 Holding Limited	United Kingdom	100.00	
RE3 Limited	United Kingdom	100.00	
Site&Field Equipment Limited	United Kingdom	100.00	
T Shooter Limited	United Kingdom	100.00	KPMG LLP.
Tawse Ellon (Haulage) Limited	United Kingdom	100.00	
Waste Recovery Limited	United Kingdom	100.00	KPMG LLP.
Waste Recycling Group (Central) Limited	United Kingdom	100.00	KPMG LLP.
Waste Recycling Group (Scotland) Limited	United Kingdom	100.00	KPMG LLP.
Waste Recycling Group (South West) Limited	United Kingdom	100.00	KPMG LLP.
Waste Recycling Group (Yorkshire) Limited	United Kingdom	100.00	KPMG LLP.
Waste Recycling Group Limited	United Kingdom	100.00	KPMG LLP.
Waste Recycling Limited	United Kingdom	100.00	KPMG LLP.
Wastenotts (Reclamation) Limited	United Kingdom	100.00	KPMG LLP.
Wastenotts Limited	United Kingdom	100.00	
Wastewise Limited	United Kingdom	100.00	
Wastewise Power Limited	United Kingdom	100.00	
Wastewise Trustees Limited	United Kingdom	100.00	
Welbeck Waste Management Limited	United Kingdom	100.00	KPMG LLP.
Winterton Power Limited	United Kingdom	100.00	KPMG LLP.
WRG (Management) Limited	United Kingdom	100.00	KPMG LLP.
WRG (Midlands) Limited	United Kingdom	100.00	KPMG LLP.
WRG (Northern) Limited	United Kingdom	100.00	KPMG LLP.
WRG Acquisitions 2 Limited	United Kingdom	100.00	
WRG Berkshire Limited	United Kingdom	100.00	
WRG Environmental Limited	United Kingdom	100.00	KPMG LLP.
WRG PFI Holdings Limited	United Kingdom	100.00	
WRG Properties Limited	United Kingdom	100.00	
WRG Waste Services Limited	United Kingdom	100.00	KPMG LLP.
WRG Wrexham PFI Holdings Limited	United Kingdom	65.00	
WRG Wrexham PFI Limited	United Kingdom	65.00	
Hidrotec Tecnología del Agua, S.L., Sole-Shareholder Company	Píncel, 25. Seville	100.00	
Hydrocarbon Recovery Services Inc.	USA	100.00	
Instugasa, S.L., Sole-Shareholder Company	La Presa , 14. Adeje (Santa Cruz de Tenerife)	100.00	MACG y Auditores Asociados, S.L.
Integraciones Ambientales de Cantabria, S.A.	Lealtad, 14. Santander (Cantabria)	90.00	
International Petroleum Corp. of Delaware	USA	100.00	

Company	Registered Office	Percentage of Effective Ownership	Auditor
International Services Inc., S.A., Sole-Shareholder Company	Arquitecto Gaudí, 4. Madrid	100.00	
Inversora Riutort, S.L.	Alfonso XIII. Sabadell (Barcelona)	90.00	
Jaime Franquesa, S.A.	P.I. Zona Franca Sector B calle D49. Barcelona	100.00	Audinfor, S.L.
Jaume Oro, S.L.	Avda. de Les Garrigues, 15. Bellpuig (Lleida)	100.00	
Limpieza e Higiene de Cartagena, S.A.	Luis Pasteur, 6. Cartagena (Murcia)	90.00	
Limpiezas Urbanas de Mallorca, S.A.	Ctra. San Margalida-Can Picafort. Santa Margalida (Balearic Islands)	100.00	
Manipulación y Recuperación MAREPA, S.A.	Av. San Martín de Valdeiglesias, 22. Alcorcón (Madrid)	100.00	
Mercia Waste Management, Ltd.	United Kingdom	50.00	
Municipal de Serveis, S.A.	Joan Torrà i Cabrosa, 7. Girona	80.00	
Nilo Medioambiente, S.L., Sole-Shareholder Company	Píncel, 25. Seville	100.00	
Onyx Gibraltar, Ltd.	United Kingdom	100.00	
Ovod spol. s.r.o.	Czech Republic	100.00	
Papeles Hernández e Hijos, S.A.	Guadalquivir, 16. Fuenlabrada (Madrid)	100.00	
Recuperació de Pedreres, S.L.	Paratge Vacamorta. Cruïlles (Girona)	80.00	
Saneariento y Servicios, S.A.	Ronda Vigilancia, s/n. Cádiz	100.00	
Serveis d'Escombreries i Neteja, S.A.	Coure, s/n. P.I. Riu Clar. Tarragona	100.00	
Servicios de Levante, S.A.	Ctra. de Valencia Km. 3. Castellón de la Plana (Castellón)	100.00	
Servicios Especiales de Limpieza, S.A.	Federico Salmón, 13. Madrid	100.00	
Severomoravské Vodovody a Kanalizace Ostrava A.S.	Czech Republic	98.67	
Sociedad Española de Aguas Filtradas, S.A.	Ulises, 18. Madrid	100.00	
Sociedad Ibérica del Agua, S.I.A., S.A., Sole-Shareholder Company	Federico Salmón, 13. Madrid	100.00	
Telford & Wrekin Services, Ltd.	United Kingdom	100.00	
Tratamiento Industrial de Aguas, S.A.	Federico Salmón, 13. Madrid	100.00	Audinfor, S.L.
Tratamiento y Reciclado Integral de Ocaña, S.A.	Federico Salmón, 13. Madrid	100.00	
Tratamientos y Recuperaciones Industriales, S.A.	Angli, 31. Barcelona	75.00	
Valorización y Tratamiento de Residuos, S.A.	Alameda de Mazarredo, 15-4º A. Bilbao (Vizcaya)	100.00	

VERSIA

Aparcamientos Concertados, S.A.	Arquitecto Gaudí, 4. Madrid	100.00	Deloitte, S.L.
Aragonesa de Servicios I.T.V., S.A.	Federico Salmón, 13. Madrid	100.00	C.T.A. Auditores, S.A.
Beta de Administración, S.A.	Federico Salmón, 13. Madrid	100.00	
C.G.T. Corporación General de Transportes, S.A.	Federico Salmón, 13. Madrid	100.00	
Camusa Corporación Americana de Mobiliario Urbano, S.A.	Argentina	100.00	
Casa Park Moulay Youssef, S.A.R.L.	Morocco	100.00	
Casa Park, S.A.	Morocco	97.90	
Cemusa Amazonia, S.A.	Brazil	100.00	Price Waterhouse Coopers Auditores, S.L.
Cemusa Boston, LLC.	USA	100.00	
Cemusa Brasilia, S.A.	Brazil	100.00	Price Waterhouse Coopers Auditores, S.L.
Cemusa, Corporación Europea de Mobiliario Urbano, S.A.	Francisco Sancha, 24. Madrid	100.00	Price Waterhouse Coopers Auditores, S.L.
Cemusa do Brasil Ltda.	Brazil	100.00	Price Waterhouse Coopers Auditores, S.L.
Cemusa Inc.	USA	100.00	Price Waterhouse Coopers Auditores, S.L.
Cemusa Italia, S.R.L.	Italy	100.00	
Cemusa Miami, Ltd.	USA	100.00	
Cemusa NY, LLC.	USA	100.00	
Cemusa Portugal, Companhia de Mobiliario Urbano e Publicidade, S.A.	Portugal	100.00	Price Waterhouse Coopers Auditores, S.L.

Company	Registered Office	Percentage of Effective Ownership	Auditor
Cemusa Rio, S.A.	Brazil	100.00	Price Waterhouse Coopers Auditores, S.L.
Cemusa Salvador, S.A.	Brazil	65.00	Price Waterhouse Coopers Auditores, S.L.
Cemusa San Antonio GP, LLC.	USA	100.00	
Cemusa San Antonio, Ltd.	USA	100.00	
Cemusa Texas, LLC.	USA	100.00	
Concesionaria Zona 5, S.A.	Argentina	100.00	Deloitte, S.L.
Conservación y Sistemas, S.A.	Federico Salmón, 13. Madrid	100.00	Deloitte, S.L.
Empresa Mixta de Tráfico de Gijón, S.A.	P.I. Promosa nave 27. El Plano. Tremañes (Gijón)	60.00	Deloitte, S.L.
Equipos y Procesos, S.A.	Conde de Peñalver, 45. Madrid	80.73	
Estacionamientos y Servicios, S.A.	Federico Salmón, 13. Madrid	100.00	Deloitte, S.L.
FCC International, B.V.	The Netherlands	100.00	
FCC Logística Portugal, S.A.	Portugal	99.99	Deloitte, S.L.
FCC Logística, S.A., Sole-Shareholder Company	Avda. Fuentemar, 19. Coslada (Madrid)	100.00	Deloitte, S.L.
FCC Versia, S.A.	Federico Salmón, 13. Madrid	100.00	Deloitte, S.L.
Flightcare Belgium, Naamloze Vennootschap	Belgium	100.00	Deloitte, S.L.
Flightcare Cyprus Limited	Cyprus	75.00	
Flightcare Italia, S.p.A.	Italy	100.00	Deloitte, S.L.
Flightcare, S.L.	Federico Salmón, 13. Madrid	100.00	Deloitte, S.L.
General de Servicios I.T.V., S.A.	Federico Salmón, 13. Madrid	100.00	Deloitte, S.L.
Geral I.S.V. Brasil Ltda.	Brazil	100.00	
I.T.V., S.A.	Argentina	100.00	
Industrial de Limpiezas y Servicios, S.A., Sole-Shareholder Company	Federico Salmón, 13. Madrid	100.00	
Santos Renting, S.L., Sole-Shareholder Company	Francisco Medina y Mendoza. Guadalajara	100.00	
Servicios de Publicidad Urbanos, S.A.	Atenas, nave 46 P.I. San Luis. Málaga	75.00	
Sistemas y Vehículos de Alta Tecnología, S.A.	Conde de Peñalver, 45. Madrid	100.00	
VTV Verificaciones Técnicas Vehiculares de Argentina, S.A.	Argentina	100.00	
Verauto La Plata, S.A.	Argentina	98.45	
Zona Verde-Promoção e Marketing Limitada	Portugal	100.00	

CONSTRUCTION

Alpetrol, S.A.	Camino Casa Sola, 1. Chiloeches (Guadalajara)	100.00	
Aremi Tecair, S.A.	Av. de les Corts Valencianes, 50. Valencia	100.00	Price Waterhouse Coopers Auditores, S.L.
Áridos de Melo, S.L.	Finca la Barca y el Ballestar, s/n. Barajas de Melo (Cuenca)	100.00	C.T.A. Auditores, S.A.
Autovía Conquense, S.A.	Pedro Texeira, 8. Madrid	100.00	Price Waterhouse Coopers Auditores, S.L.
Auxiliar de Pipelines, S.A.	Paseo del Club Deportivo, 1. Pozuelo de Alarcón (Madrid)	100.00	Price Waterhouse Coopers Auditores, S.L.
BBR Pretensados y Técnicas Especiales, S.L.	Retama, 5. Madrid	100.00	Auren Centro Auditores y Consultores, S.L.
Binattec Al Maghreb, S.A.	Morocco	100.00	
Conservial, S.L.	Manuel Lasala, 36. Zaragoza	100.00	
Construcción y Filiales Mexicanas, S.A. de C.V.	Mexico	100.00	
Constructora Durango-Mazatlan, S.A. de C.V.	Mexico	51.00	
Constructora Túnel de Coatzacoalcos, S.A. de C.V.	Mexico	55.60	
Contratas y Ventas, S.A.	Asturias, 41. Oviedo (Asturias)	100.00	Deloitte, S.L.
Corporación M&S Internacional C.A, S.A.	Costa Rica	100.00	
Deneo Energía e Infraestructuras, S.A. (1)	José Agustín Goytisolo, 33 Nave B1. Hospitalet de Llobregat (Barcelona)	100.00	
Desarrollo y Construcción DEYCO CRCA, S.A.	Costa Rica	100.00	
Dezvoltare Infrastructura, S.A.	Romania	51.03	

(1) Change of name. Formerly Montajes Gavisa, S.A.

Company	Registered Office	Percentage of Effective Ownership	Auditor
Dizara Inversión, S.L.	Avda. General Perón, 36. Madrid	100.00	
Elcen Obras Servicios y Proyectos, S.A.	Voluntarios Catalanes, 30. Madrid	100.00	Price Waterhouse Coopers Auditores, S.L.
Especialidades Eléctricas, S.A.	Acanto, 22. Madrid	100.00	Price Waterhouse Coopers Auditores, S.L.
Eurman, S.A.	Valentín Beato, 24-26. Madrid	100.00	
FCC Construcción, S.A.	Balmes, 36. Barcelona	100.00	Deloitte, S.L.
FCC Constructii Romania, S.A.	Romania	100.00	
FCC Construction Hungary Kft	Hungary	100.00	Deloitte, S.L.
FCC Construction I-95 LLC.	USA	100.00	
FCC Construction Inc.	USA	100.00	
FCC Construction International B.V.	The Netherlands	100.00	
Fomento de Construcciones y Contratas Construction Ireland Limited	Ireland	100.00	
Gavisa Portugal Montagens Eléctricas Lda.	Portugal	97.00	
Gestión Especializada en Instalaciones, S.A.	Valentín Beato, 24. Madrid	100.00	Price Waterhouse Coopers Auditores, S.L.
Alpine Group:			Deloitte and Touche, Gmb
3 G Netzwerk Errichtungs GmbH	Austria	84.11	
3 G Netzwerk Errichtungs GmbH & Co KG	Austria	84.11	
Acoton Projektmanagement & Bauträger GmbH	Austria	79.10	
Ad Grundbesitzverwaltung GmbH	Germany	80.54	
Ajs Acoton Projektmanagement & Bauträger GmbH Co KG	Austria	83.27	
Alpine Aleksandar d.o.o.	Macedonia	80.74	
Alpine Bau Deutschland AG	Germany	84.11	Deloitte & Touche
Alpine Bau GmbH	Austria	84.11	Deloitte & Touche/DKB
Alpine Bau GmbH A-1 sp. j	Poland	84.11	
Alpine Bau GmbH Schweiz	Switzerland	84.11	
Alpine Bau Services GmbH Schweiz	Switzerland	84.11	
Alpine Bau Trostberg GmbH	Germany	84.11	Deloitte & Touche
Alpine Bau Zagreb d.o.o.	Croatia	84.11	Deloitte & Touche
Alpine BH d.o.o. Travnik	Bosnia Herzegovina	58.88	
Alpine Building Services GmbH	Germany	84.11	Deloitte & Touche, Gmb
Alpine Bulgaria AG	Bulgaria	42.89	Deloitte & Touche
Alpine Construction Polska sp z.o.o.	Poland	84.11	AUDITING COMPANY ACCO Spolka z.o.o.
Alpine Consulting d.o.o. Gradbeni Inzeniring	Slovenia	84.11	RENOMA
Alpine d.o.o. Banja Luka	Bosnia Herzegovina	84.11	
Alpine d.o.o. Beograd	Serbia/Montenegro	84.11	
Alpine Dolomit AD	Serbia/Montenegro	69.57	KPMG
Alpine Energie Deutschland GmbH	Germany	84.11	Deloitte & Touche, GmbH
Alpine Energie Holding AG	Germany	84.11	Deloitte & Touche, GmbH
Alpine Energie Luxembourg SARL	Luxembourg	84.11	Dekoitte & Touche GmbH
Alpine Energie Österreich GmbH	Austria	84.11	Deloitte & Touche
Alpine Energie Schweiz AG	Switzerland	84.11	Price Waterhouse Coopers AG
Alpine Granit AD	Serbia	82.32	KPMG
Alpine Holding GmbH	Austria	84.11	Deloitte/Unitreu
Alpine Hungaria Bau GmbH	Hungary	84.11	Deloitte & Touche
Alpine Investment d.o.o.	Bosnia Herzegovina	42.89	Confida
Alpine Ips Ostrava Polska sp z.o.o.	Poland	84.11	
Alpine Liegenschaftsverwertung GmbH	Austria	84.11	
Alpine Mayreder Construction Co Ltd. AMCC	China	63.08	Tongdaoxing
Alpine Podgorica d.o.o.	Serbia/Montenegro	84.11	Deloitte & Touche GmbH
Alpine Project Finance and Consulting GmbH	Germany	84.11	
Alpine Pzpb d.o.o.	Serbia/Montenegro	84.11	KPMG
Alpine Rudnik Krecnjaka Lapisnica d.o.o.	Bosnia Herzegovina	42.89	Confida

Company	Registered Office	Percentage of Effective Ownership	Auditor
Alpine Skopje DOOEL	Macedonia	84.11	
Alpine Slask Budawa sp. z.o.o.	Poland	84.11	
Alpine Slovakia spol s.r.o.	Slovakia	84.11	Deloitte & Touche
Alpine Stavebni Spolecnost Cz s.r.o.	Czech Republic	84.11	Deloitte & Touche
AlpineTirana Sh.p.k.	Albania	84.11	Deloitte & Touche
Alpine Untertagebau GmbH	Germany	84.11	Deloitte & Touche GmbH
Alpine, S.A.	Romania	84.11	Deloitte & Touche
Alpine@Energie France S.A.R.L.	France	84.11	
Altec Umwelttechnik GmbH	Austria	84.11	
APT Alpine Project Technology GmbH	Austria	84.11	
Bautechnische Prüf und Versuchsanstalt GmbH	Austria	84.11	
Bewehrungszentrum Linz GmbH	Austria	84.11	
Bürozentrum U3 Projekt GmbH	Austria	84.11	
CPI Czech Property Invest AG	Austria	53.83	
Donau Investment SRL	Romania	42.05	
E Gottschall & Co GmbH	Germany	84.11	Deloitte & Touche GmbH
Ecoenergetika d.o.o.	Slovenia	84.11	Renoma
Emberger & Essl GmbH	Austria	75.70	Unitreu Wirtschaftsprüfungs-und Steuerberatungs GmbH
Emberger & Heuberger Bau GmbH	Austria	75.70	DKB
Erfurth Specialne Gradnje d.o.o.	Slovenia	84.11	
Erfurth Spezialbau GmbH	Austria	84.11	
Fels und Sprengtechnik GmbH	Austria	84.11	
Ferro Betonit Bau GmbH	Germany	84.11	Schulte Demeier Braun
Ferro-Betonit-Werke Immobilien GmbH	Austria	84.11	
Fritz & Co Bau GmbH	Austria	84.11	Unitreu Wirtschaftsprüfungs-und Steuerberatungs GmbH
Fröhlich Bau und Zimmereiunternehmen GmbH	Austria	84.11	
Garazna Hisa UKC d.o.o.	Slovenia	84.11	Renoma
Geotechnik Systems GmbH	Austria	84.11	
GmbH Alpine Mayreder	Russia	84.11	
Granitul, S.A.	Romania	35.27	SC Audit Consulting SRL
Gregorich GmbH	Austria	84.11	
Grund Pfahl und Sonderbau GmbH	Austria	84.11	Unitreu Wirtschaftsprüfungs-und Steuerberatungs GmbH
Grund und Sonderbau GmbH	Austria	84.11	Deloitte & Touche GmbH
Grund und Sonderbau GmbH ZNL Berlin	Austria	84.11	Deloitte & Touche GmbH
Hazet Bauunternehmung GmbH	Austria	84.11	Unitreu Wirtschaftsprüfungs-und Steuerberatungs GmbH
Hoch & Tief Bau Beteiligungs GmbH	Austria	85.06	
Ing Arnulf Haderer GmbH	Austria	84.11	
Intech Installationstechnik GmbH	Austria	68.13	
JSC Alpine Gaz AG	Russia	42.89	
Kai Center Errichtungs und Vermietungs GmbH	Austria	83.27	PKF Consult Wirtschaftsprüfungs GmbH
Kappa d.o.o.	Croatia	58.60	
Klöcher Bau GmbH	Austria	84.11	Unitreu Wirtschaftsprüfungs-und Steuerberatungs GmbH
Konrad Beyer & Co Spezialbau GmbH	Austria	84.11	Unitreu Wirtschaftsprüfungs-und Steuerberatungs GmbH
Mas Bau Projekt und Handels GmbH	Austria	84.11	
Mayreder Bau GmbH Budapest	Hungary	84.11	
Mayreder Bohemia Stavebni Spolecnost spol. s.r.o.	Czech Republic	84.11	IB Grant Thornton
Mayreder Hoch und Tiefbau GmbH	Austria	84.11	
Mayreder Praha Stavebni Spolec spol. s.r.o.	Czech Republic	84.11	IB Grant Thornton
MLA Lieferasphalt GmbH	Austria	84.11	

Company	Registered Office	Percentage of Effective Ownership	Auditor
Mortinger-Grohmann Tief Hoch und Strassenbau GmbH	Austria	84.11	Unitreu Wirtschaftsprüfungs-und Steuerberatungs GmbH
MWG Wohnbau GmbH	Austria	83.27	PKF Consult Wirtschaftsprüfungs GmbH
Netzbau Verwaltungs GmbH	Germany	84.11	Deloitte & Touche GmbH
Oekotechna Entsorgungs und Umwelttechnik GmbH	Austria	84.11	
Osijek Koteks d.d.	Croatia	58.60	Deloitte & Touche GmbH
Parkgarage Makatplatz GmbH	Austria	84.11	
Project Development GmbH	Austria	84.11	
RMG d.o.o. -in liquidation-	Bosnia Herzegovina	42.89	
Salzburger Lieferasphalt O.H.G.	Austria	50.47	
Schauer Eisenbahnbau GmbH	Austria	84.11	
Song Consulting GmbH	Austria	84.11	
Strazevica AD	Serbia/Montenegro	50.23	Deloitte & Touche GmbH
Stump Funderingstechnik B.V. -in liquidation-	The Netherlands	84.11	
Stump Hydrobudowa sp. z.o.o. Warschan	Poland	84.11	PKF
Stump Spezial Tiefbau GmbH	Czech Republic	84.11	Deloitte & Touche GmbH
Stump Spezial Tiefbau spol. s.r.o. Trag	Czech Republic	84.11	Deloitte & Touche
Thalia Errichtungs und Vermietungs GmbH	Austria	79.10	
Tiefbau Deutschlandsberg GmbH	Austria	50.47	
Tiefbau Deutschlandsberg GmbH & Co KG	Germany	50.47	
Too Alpine KAZ	Kazakhstan	50.47	
TOV Alpine Ukraine	Ukraine	84.11	
Universale Bau GmbH	Austria	84.11	Unitreu Wirtschaftsprüfungs-und Steuerberatungs GmbH
Uno-Center s.r.o. Konkurs	Czech Republic	53.83	
Vela Borovica Koncern d.o.o.	Croatia	84.11	
Walter Hamann Hoch Tief und Stahlbetonbau GmbH	Germany	84.11	
Weinfried Bauträger GmbH	Austria	84.11	
Ibérica de Servicios y Obras, S.A.	Federico Salmón, 13. Madrid	100.00	Price Waterhouse Coopers Auditores, S.L.
Ibervia Construcciones y Contratas, S.L.	Avda. General Perón, 36. Madrid	100.00	
Impulsa Infraestructura, S.A. de C.V.	Mexico	52.00	
Internacional Tecair, S.A.	Valentín Beato, 24-26. Madrid	100.00	
Mantenimiento de Infraestructuras, S.A.	Avda. General Perón, 36. Madrid	100.00	Price Waterhouse Coopers Auditores, S.L.
Megaplás Italia, S.p.A.	Italy	100.00	
Megaplás, S.A.	Hilanderas, 4-14. La Poveda. Arganda del Rey (Madrid)	100.00	Price Waterhouse Coopers Auditores, S.L.
Motre, S.L.	Enginyer Algarra, 65. Pals (Girona)	100.00	
Moviterra, S.A.	Enginyer Algarra, 65. Pals (Girona)	100.00	
Naturaleza, Urbanismo y Medio Ambiente, S.A.	Galena, 11. Entreplanta. Valladolid	100.00	
Nevasa Inversión, S.L.	Avda. General Perón, 36. Madrid	100.00	
Norseñal, S.L.	Juan Flórez, 64. La Coruña	100.00	
Participaciones Teide, S.A.	Avda. General Perón, 36. Madrid	100.00	
Pedreira Les Gavarres, S.L.	Enginyer Algarra, 65. Pals (Girona)	100.00	
Pinturas Jaque, S.L.	P.I. Oeste, Paraje Sangonera. El Palmar (Murcia)	100.00	
Prefabricados Delta, S.A.	Arquitecto Gaudí, 4. Madrid	100.00	Price Waterhouse Coopers Auditores, S.L.
Proyectos y Servicios, S.A.	Torregalindo, 1. Madrid	100.00	Price Waterhouse Coopers Auditores, S.L.
Ramallo Rosa Cobetar Sociedade de Construções, S.A.	Portugal	100.00	Deloitte & Asociados, SROC, S.A.
Señalizaciones de Vías Públicas, S.L.	Avda. de Barber, 2. Toledo	100.00	
Servià Cantó, S.A.	Enginyer Algarra, 65. Pals (Girona)	100.00	
Servicios Empresariales Durango-Mazatlan, S.A. de C.V.	Mexico	51.00	
Sinclair, S.A., Sole-Shareholder Company	Federico Salmón, 13. Madrid	100.00	

Company	Registered Office	Percentage of Effective Ownership	Auditor
Tema Concesionaria, S.A.	Porto Pi, 8. Palma de Mallorca (Balearic Islands)	100.00	Audinfor, S.L.
Tulsa Inversión, S.L.	Avda. General Perón, 36. Madrid	100.00	
Vialia Sociedad Gestora de Concesiones de Infraestructuras, S.L.	Avda. General Perón, 36. Madrid	100.00	
CEMENT			
A.I.E. Maquinaria para Hormigones	Maestro García Rivero, 7. Bilbao (Vizcaya)	38.94	
Agregats Uniland, SARL	France	45.88	
Áridos de Navarra, S.A.	Estella, 6. Pamplona (Navarra)	46.34	
Áridos Uniland, S.A., Sole-Shareholder Company	Torrenateres, 20 P.I. Sur. El Papiol (Barcelona)	45.88	Price Waterhouse Coopers Auditores, S.L.
Áridos y Canteras del Norte, S.A., Sole-Sahareholder Company. (2)	Barrio La Cadena, 10. Carranza (Vizcaya)	69.23	Deloitte, S.L.
Áridos y Premezclados, S.A., Sole-Shareholder Company	José Abascal, 59. Madrid	70.21	Deloitte, S.L.
Arriberri, S.L.	Alameda de Urquijo, 10. Bilbao (Vizcaya)	51.92	Deloitte, S.L.
Atracem, S.A., Sole-Shareholder Company	José Abascal, 59. Madrid	70.21	Deloitte, S.L.
Cántabra Industrial y Minera, S.A., Sole-Shareholder Company	Josefina de la Maza, 4 P.E. Piasca. Santander (Cantabria)	61.74	
Canteras de Aláiz, S.A.	Estella, 6. Pamplona (Navarra)	49.16	KPMG Auditores, S.L.
Canteras Villallano, S.L.	Poblado de Villallano. Villallano (Palencia)	61.74	
Carbocem, S.A.	Paseo de la Castellana, 45. Madrid	55.36	KPMG Auditores, S.L.
Cemensilos, S.A.	Josefina de la Maza, 4 P.E. Piasca. Santander (Cantabria)	61.74	Price Waterhouse Coopers Auditores, S.L.
Cementos Alfa, S.A.	Josefina de la Maza, 4 P.E. Piasca. Santander (Cantabria)	61.74	Price Waterhouse Coopers Auditores, S.L.
Cementos Lemona, S.A.	Alameda de Urquijo, 10. Bilbao (Vizcaya)	69.23	Deloitte, S.L.
Cementos Portland Valderrivas, S.A.	Estella, 6. Pamplona (Navarra)	70.21	Deloitte, S.L.
Cementos Villaverde, S.L., Sole-Shareholder Company	Almagro, 26. Madrid	70.21	
Cementtrade, S.A., Sole-Shareholder Company	Josefina de la Maza, 4 P.E. Piasca. Santander (Cantabria)	61.74	Price Waterhouse Coopers Auditores, S.L.
Coastal Cement Corporation	USA	70.07	
Compañía Auxiliar de Bombeo de Hormigón, S.A., Sole-Shareholder Company	José Abascal, 59. Madrid	70.21	
Corporación Uniland, S.A.	Córcega, 299. Barcelona	45.98	
Dragon Alfa Cement Limited	United Kingdom	61.74	
Dragon Energy Llc.	USA	70.07	
Dragon Products Company Inc.	USA	70.07	
Egur Birziklatu Bi Mila, S.L.	Alameda de Urquijo, 10. Bilbao (Vizcaya)	41.54	
Explotaciones San Antonio, S.L., Sole-Shareholder Company	Josefina de la Maza, 4 P.E. Piasca. Santander (Cantabria)	61.74	
Giant Cement Company	USA	70.07	
Giant Cement Holding, Inc.	USA	70.07	
Giant Cement NC Inc.	USA	70.07	
Giant Cement Virginia Inc.	USA	70.07	
Giant Resource Recovery Inc.	USA	70.07	
Giant Resource Recovery - Arvonía Inc.	USA	70.07	
Giant Resource Recovery - Attalla Inc.	USA	70.07	
Giant Resource Recovery - Harleyville Inc.	USA	70.07	
Giant Resource Recovery - Sumter Inc.	USA	70.07	
Gulfland Cement Llc.	USA	43.68	Postlethwaite & Netterville
Hormigones Arkaitza, S.A., Sole-Shareholder Company	Estella, 6. Pamplona (Navarra)	70.21	KPMG Auditores, S.L.
Hormigones de la Jacetania, S.A.	Llano de la Victoria. Jaca (Huesca)	43.88	KPMG Auditores, S.L.
Hormigones del Zadorra, S.A. Sole-Shareholder Company (3)	Estella, 6. Pamplona (Navarra)	69.82	KPMG Auditores, S.L.
Hormigones Premezclados del Norte, S.A.	Barrio La Cadena. Carranza (Vizcaya)	69.23	
Hormigones Reinoso, S.A., Sole-Shareholder Company	Josefina de la Maza, 4 P.E. Piasca. Santander (Cantabria)	61.74	

(2) Change of name. Formerly Canteras y Construcciones de Vizcaya, S.A.

(3) Change of name. Formerly Canteras del Pirineo Occidental, S.A.

Company	Registered Office	Percentage of Effective Ownership	Auditor
Hormigones Uniland, S.L., Sole-Shareholder Company	Ctra. Vilafranca del P. a Moja Km. 1. Olérdola (Barcelona)	45.88	Price Waterhouse Coopers Auditores, S.L.
Hormigones y Morteros Preparados, S.A., Sole-Shareholder Company	José Abascal, 59. Madrid	70.21	Deloitte, S.L.
Horminal, S.L., Sole-Shareholder Company	José Abascal, 59. Madrid	70.21	
Keystone Cement Company	USA	70.07	
Lemona Industrial, S.A., Sole-Shareholder Company	Alameda de Urquijo, 10. Bilbao (Vizcaya)	69.23	Deloitte, S.L.
Lurtarri, S.L.	Alameda de Urquijo, 10. Bilbao (Vizcaya)	49.15	
Morteros Bizkor, S.L.	Alameda de Urquijo, 10. Bilbao (Vizcaya)	37.27	
Morteros Valderivas, S.L., Sole-Shareholder Company	José Abascal, 59. Madrid	70.21	
Participaciones Estella 6, S.L., Sole-Shareholder Company	Estella, 6. Pamplona (Navarra)	70.21	
Portland, S.L. Sole-Shareholder Company	José Abascal, 59. Madrid	70.21	
Prebesec Mallorca, S.A.	Conradores, 48. Marratxi. Palma de Mallorca (Balearic Islands)	31.41	Price Waterhouse Coopers Auditores, S.L.
Prebesec, S.A., Sole-Shareholder Company	Torreterres, 20 P.I. Sur. El Papiol (Barcelona)	45.88	Price Waterhouse Coopers Auditores, S.L.
Prefabricados Uniland, S.A., Sole-Shareholder Company	Córcega, 299. Barcelona	45.88	
Recisuelos, S.A., Sole-Shareholder Company	Alameda de Urquijo, 10. Bilbao (Vizcaya)	69.23	
Santursaba, S.L., Sole-Shareholder Company	Alameda de Urquijo, 10. Bilbao (Vizcaya)	69.23	
Sechem Inc.	USA	70.07	
Select Béton, S.A.	Tunisia	40.40	Mourad Guellaty
Société des Ciments d'Enfida	Tunisia	40.40	Mourad Guellaty
Southern Cement Limited	United Kingdom	45.98	Price Waterhouse Coopers LLP.
Telsa, S.A.	Alameda de Urquijo, 10. Bilbao (Vizcaya)	69.23	
Telsa, S.A. y Compañía Sociedad Regular Colectiva	Alameda de Urquijo, 10. Bilbao (Vizcaya)	69.23	
Transportes Gorozteta, S.L., Sole-Shareholder Company	Alameda de Urquijo, 10. Bilbao (Vizcaya)	50.92	
Transportes Lemona, S.A.	Arraibi. Lemona (Vizcaya)	69.23	
Uniland Cementera, S.A.	Córcega, 299. Barcelona	45.88	Price Waterhouse Coopers Auditores, S.L.
Uniland International B.V.	The Netherlands	45.98	
Uniland Marítima, S.L., Sole-Shareholder Company	Córcega, 299. Barcelona	45.88	
Uniland Trading B.V.	The Netherlands	45.98	Price Waterhouse Coopers Auditores, S.L.
Uniland USA LLC.	USA	45.98	
Utonka, S.A., Sole-Shareholder Company	Torreterres, 20 P.I. Sur. El Papiol (Barcelona)	45.88	

CONCESSION-OPERATOR

Concesionaria Túnel de Coatzacoalcos, S.A. de C.V.	Mexico	85.59
Concesiones Viales de Costa Rica, S.A.	Costa Rica	100.00
Concesiones Viales S de RL de C.V.	Mexico	99.97
M&S Concesiones, S.A.	Costa Rica	100.00
M&S DI - M&S Desarrollos Internacionales, S.A.	Costa Rica	100.00
Operalia Infraestructuras, S.A.	Paseo de la Castellana, 141 – Madrid Pedro Texeira, 8. Madrid	52.50
Pi Promotora de Infraestructuras, S.A.	Costa Rica	100.00

ENERGY

FCC Energía, S.A.	Federico Salmón, 13. Madrid	100.00
Fomento Internacional Focsa, S.A. Sole-Shareholder Company	Federico Salmón, 13. Madrid	100.00
Helios Patrimonial 1, S.L. Sole-Shareholder Company	Federico Salmón, 13. Madrid	100.00
Helios Patrimonial 2, S.L. Sole-Shareholder Company	Federico Salmón, 13. Madrid	100.00
Sky Sierresita - Cortijo Viejo 1, S.L.	Federico Salmón, 13. Madrid	100.00
Sky Sierresita - Cortijo Viejo 2, S.L.	Federico Salmón, 13. Madrid	100.00

Company	Registered Office	Percentage of Effective Ownership	Auditor
OTHER ACTIVITIES			
Afigesa Inversión, S.L., Sole-Shareholder Company	Federico Salmón, 13. Madrid	100.00	
Asesoría Financiera y de Gestión, S.A.	Federico Salmón, 13. Madrid	100.00	
Compañía Auxiliar de Agencia y Mediación, S.A., Sole-Shareholder Company	Federico Salmón, 13. Madrid	100.00	
Compañía General de Servicios Empresariales, S.A., Sole-Shareholder Company	Federico Salmón, 13. Madrid	100.00	
Corporación Española de Servicios, S.A.	Federico Salmón, 13. Madrid	100.00	
Corporación Financiera Hispánica, S.A.	Federico Salmón, 13. Madrid	100.00	
Europea de Gestión, S.A., Sole-Shareholder Company	Federico Salmón, 13. Madrid	100.00	
Eusko Lanak, S.A.	Federico Salmón, 13. Madrid	100.00	
F-C y C, S.L., Sole-Shareholder Company	Federico Salmón, 13. Madrid	100.00	
FCC 1, S.L., Sole-Shareholder Company	Federico Salmón, 13. Madrid	100.00	
FCC Construcciones y Contratas Internacional, S.L., Sole-Shareholder Company	Federico Salmón, 13. Madrid	100.00	
FCC Finance, B.V.	The Netherlands	100.00	
FCC Fomento de Obras y Construcciones, S.L., Sole-Shareholder Company	Federico Salmón, 13. Madrid	100.00	
FCC Global Insurance General Services, S.A. (4)	Paseo de la Castellana, 111. Madrid	100.00	Deloitte, S.L.
FCC Inmobiliaria Conycon, S.L., Sole-Shareholder Company	Federico Salmón, 13. Madrid	100.00	
FCC International, B.V.	The Netherlands	100.00	
Fedemes, S.L.	Federico Salmón, 13. Madrid	100.00	
Per Gestora Inmobiliaria, S.L.	Plaza Pablo Ruiz Picasso. Madrid	100.00	
Puerto Cala Merced, S.A.	Arquitecto Gaudí, 4. Madrid	100.00	

(4) Change of name. Formerly Asiris, S.A. Correduría de Seguros.

APPENDIX II - Companies controlled jointly with non-group third parties (accounted for using the equity method)

Company	Registered Office	Carrying Amount of the Investment		Percentage of Effective Ownership	Auditor
		2008	2007		
ENVIRONMENTAL SERVICES					
Acque di Caltanissetta, S.p.A.	Italy	-	182	51.00	KPMG S.p.A.
Aguas de Langreo, S.L.	Alonso del Riesgo, 3. Sama de Langreo (Asturias)	626	621	49.00	Audinfor, S.L.
Aguas y Servicios de la Costa Tropical de Granada, A.I.E.	Plaza de la Aurora. Motril (Granada)	432	(647)		
Aigües de Girona, Salt i Sarrià de Ter, S.A.	Ciutadans, 11. Girona	271	283	26.89	
Atlas Gestión Medioambiental, S.A.	Viriato, 47. Barcelona	14,459	14,802	50.00	Deloitte, S.L.
Beacon Waste Limited	United Kingdom	1,413	2,007	50.00	
Compañía de Servicios Medioambientales Do Atlántico, S.A.	Ctra. de Cedeira Km. 1. Narón (La Coruña)	364	355	49.00	
Ecoparc del Besòs, S.A.	Rambla Cataluña, 91-93. Barcelona	2,633	2,314	49.00	Castellana Auditors Consultors, S.L.
Ecoserveis Urbans de Figueres, S.L.	Av. de les Alegries, s/n. Lloret de Mar (Girona)	212	161	50.00	
Electrorecycling, S.A.	Ctra. BV. 1224 Km. 6,750. El Pont de Vilomara i Rocafort (Barcelona)	1,203	892	33.34	
Empresa Mixta d'Aigües de la Costa Brava, S.A.	Plaza Josep Pla, 4. Girona	296	253	25.00	
Empresa Mixta de Aguas y Servicios, S.A.	Alarcos, 13. Ciudad Real	57	65	41.25	
Empresa Mixta de Limpieza de la Villa de Torrox, S.A.	Plaza de la Constitución, 1. Torrox (Málaga)	406	423	50.00	Audinfor, S.L.
Empresa Mixta de Medio Ambiente de Rincón de la Victoria, S.A.	Avda. Zorreras, 8. Rincón de la Victoria (Málaga)	393	427	50.00	Escobar Escobar Francisco
Empresa Municipal de Aguas de Benalmádena, EMABESA, S.A.	Av. Juan Luis Peralta, s/n. Benalmádena (Málaga)	571	832	50.00	
Fisera Ecoserveis, S.A.	Alemania, 5. Figueres (Girona)	220	246	36.35	
Gestión de Servicios Hidráulicos de Ciudad Real, A.I.E.	Ramírez de Arellano. Madrid	(16)	(65)		
Girona, S.A.	Travessera del Carril, 2. Girona	1,134	1,010	33.61	
Proactiva Group	Paseo de la Castellana, 216. Madrid	40,284	40,210	50.00	Deloitte, S.L.
Hades Soluciones Medioambientales, S.L.	Mayor, 3. Cartagena (Murcia)	60	60	50.00	
Inalia Mostaganem, S.L.	Gobelas, 47-49. Madrid	(1)	(1)	50.00	
Inalia Water Solutions, S.L.	Gobelas, 47-49. Madrid	(8)	(54)	50.00	
Ingeniería Urbana, S.A.	Avda. Saturno, 6. Alicante	5,067	5,112	35.00	
Mercia Waste Management, Ltd.	United Kingdom	6,827	7,198	50.00	
Pangea XXI, S.L.	Viriato, 47. Barcelona	701	114	50.00	
Pilagest, S.L.	Ctra. BV. 1224 Km. 6,750. El Pont de Vilomara i Rocafort (Barcelona)	541	524	50.00	
Reciclado de Componentes Electrónicos, S.A.	Johan G. Gutemberg, s/n. Seville	1,604	1,544	37.50	
Senblen, S.A. (2)	Alameda de Urquijo, 10. Bilbao (Vizcaya)	(86)	(19)	83.87	
Servicios de Limpieza Integral de Málaga III, S.A.	Camino de la Térmica, 83. Málaga	1,876	1,885	26.01	Price Waterhouse Coopers Auditores, S.L.
Servicios Urbanos de Málaga, S.A.	Ulises, 18. Madrid	419	450	51.00	
Severn Waste Services Limited	United Kingdom	166	191	50.00	
Sorea-Searsa Aqualia, A.I.E.	Condado de Jaruco, s/n. Lloret de Mar (Barcelona)	77	86		
Tratamiento Industrial de Residuos Sólidos, S.A.	Rambla Cataluña, 91. Barcelona	357	404	33.33	Castella Auditors Consultors, S.L.
Zabalgarbi, S.A.	Camino de Artigas, 10. Bilbao (Vizcaya)	13,680	9,345	26.00	

(2) Change of name. Formerly Senblen Bat, S.A.

Company	Registered Office	Carrying Amount of the Investment		Percentage of Effective Ownership	Auditor
		2008	2007		
VERSIA					
Convery Service, S.A.	Camino de los Afligidos P.I. La Esgaravita, 1 -Alcalá de Henares (Madrid)	5,936	5,909	50.00	Deloitte, S.L.
Corporación Jerezana de Transportes Urbanos, S.A., Sole-Shareholder Company	P.I. El Portal. Jerez de la Frontera (Cádiz)	2,002	2,253	50.00	
Detren Compañía General de Servicios Ferroviarios, S.L.	Ulises, 18. Madrid	965	464	50.00	
FCC-CONNEX Corporación, S.L.	Ulises, 18. Madrid	11,380	11,764	50.00	
Infoser Estacionamientos, A.I.E.	Manuel Silvela, 8. Madrid	75	48	33.33	
Versia Holding GmbH	Austria	11	25	100.00	
Tranvía de Parla, S.A.	Camino de la Cantuela, 2. Parla (Madrid)	418	511	5.00	Deloitte, S.L.
Valenciana de Servicios I.T.V., S.A.	P.I. El Oliveral. Ribarroja de Turia (Valencia)	2,928	2,768	50.00	C.T.A. Auditores, S.A.
CONSTRUCTION					
A.I.E. Proyecto Fénix	Santiago Grisolia, 2. Tres Cantos (Madrid)	-	-	12.50	
ACE Acessibilidade das Antas Construção e Obras Publicas	Portugal	22	61	50.00	
ACE Acestrada Construção de Estradas	Portugal	25	133	50.00	
ACE Edifer Construções Ramalho R.C. E.C.	Portugal	1	2,009	33.33	
ACE FCC Construcción e Edifer	Portugal	2	77	50.00	
ACE Infraestructuras das Antas.- Construção e Obras Publicas	Portugal	31	5	33.33	
ACE Lumiar	Portugal	2	24	50.00	
ACE Metrexpo	Portugal	135	-	44.90	
ACE Ramalho Rosa Cobetar a Edifer	Portugal	10	(23)	56.00	
ACE Ramalho Rosa Cobetar Graviner e Novocpa	Portugal	2	2	72.25	
ACE Túnel Odeolua	Portugal	11	29	35.00	
ACE Túnel Ramela	Portugal	65	2	13.33	
ACE Túnel Rua de Ceuta, Construção e Obras Publicas	Portugal	(9)	(48)	49.50	
Construcciones Olabarri, S.L.	Ripa, 1. Bilbao (Vizcaya)	4,650	3,826	49.00	Charman Auditores, S.A.
Constructora de Infraestructura de Agua de Queretaro, S.A. de C.V.	Mexico	1,279	44	49.00	
Constructora Nuevo Necaxa Tihuatlan, S.A.C.V.	Mexico	224	-	40.00	
Dragados FCC, Canada Inc.	Canada	(538)	(1,802)	50.00	
Peri 3 Gestión, S.L.	General Álava, 26. Vitoria Gasteiz (Álava)	2	2	50.00	
Tranvía de Parla, S.A.	Camino de la Cantuela, 2. Parla (Madrid)	-	3,324	37.50	Deloitte, S.L.
CEMENT					
Atlántica de Graneles y Moliendas, S.A.	Vía Galindo, s/n. Sestao (Vizcaya)	1,029	1,217	34.62	
Cementos Artigas, S.A.	Uruguay	35,700	33,186	22.99	Echevarría Petit & Asociados
Cementos Avellaneda, S.A.	Argentina	93,351	88,646	22.99	Mario Wainstein & Asociados
Freshmarkets, S.A.	Uruguay	10	100	22.99	
Minus Inversora, S.A.	Argentina	6	8	22.99	Mario Wainstein & Asociados
Pedreira de l’Ordal, S.L.	Ctra. N 340 km. 1229,5 La Creu del L’Ordal. Subirats (Barcelona)	4,209	3,683	22.94	

Company	Registered Office	Carrying Amount of the Investment		Percentage of Effective Ownership	Auditor
		2008	2007		
REAL ESTATE					
RB Business Group:		168,894	-		
Astaco, S.A.	General Pardiñas, 73 (Madrid)	-	-	14.12	
Asuntos Generales Inmobiliarios, S.A.	Acanto, 22. Madrid	-	-	28.37	
Boane 2003, S.A., Sole-Shareholder Company	Paseo de la Castellana, 41. Madrid	-	-	11.03	
Fomento de Equipamientos Inmobiliarios, S.L.	Paseo de la Castellana, 216. Madrid	-	-	9.64	Price Waterhouse Coopers Auditores, S.L.
Fomento Inmobiliario Levantino, S.L.	Aragón, 30. Madrid	-	-	14.47	
Guillena Golf, S.L. Sole-Shareholder Company	Paseo de la Castellana, 216. Madrid	-	-	28.37	
Halduria, S.L.U.	Paseo de la Castellana, 216. Madrid	-	-	28.37	
Hermanos Revilla, S.A.	Paseo de la Castellana, 41. Madrid	-	-	11.03	
Inversiones Inmobiliarias Rústicas y Urbanas 2000, S.L.	C/ Claudio Coello, 91. Madrid	-	-	9.42	
Marina San Antonio Abad, S.L.	Paseo de la Castellana, 216. Madrid	-	-	14.12	
Mindaza, S.L., Sole-Shareholder Company.	Paseo de la Castellana, 216. Madrid	-	-	28.37	
Nasozena, S.L.	Picavia, 5. La Coruña	-	-	21.28	
Noralia, S.A.	Paseo de la Castellana, 216. Madrid	-	-	14.47	Price Waterhouse Coopers Auditores, S.L.
Planigesa, S.A.	Paseo de la Castellana, 216. Madrid	-	-	20.14	
Portfolio de Grandes Áreas Comerciales, S.A., Sole-Shareholder Company	Paseo de la Castellana, 216. Madrid	-	-	28.37	
R y G-55 Promociones Alcarreñas, S.L.	Paseo de la Castellana, 216. Madrid	-	-	16.08	Deloitte, S.L.
RB Business Holding, S.L.	Paseo de la Castellana, 216. Madrid	-	-	50.00	Deloitte, S.L.
Realia Business Portugal-Unipessoal, Lda.	Portugal	-	-	28.37	
Realia Business, S.A. (Direct and indirect ownership interest: 30.02%, see Note 3 to the financial statements)	Paseo de la Castellana, 216. Madrid	-	-	28.37	Deloitte, S.L.
Realia Contesti, S.R.L. (3)	Romania	-	-	28.37	
Realia Patrimonio, S.L., Sole-Shareholder Company	Paseo de la Castellana, 216. Madrid	-	-	28.37	Deloitte, S.L.
Realia Polska Inwestycje Spolka z Ograniczona Odpowiedzialnoscia	Poland	-	-	28.37	
Realia Romania S.R.L. (4)	Romania	-	-	28.37	
Realia Zarea, S.R.L.	Romania	-	-	28.37	
Retingle, S.L.	Paseo de la Castellana, 216. Madrid	-	-	14.21	
S.C.I. Du 36, Rue de Naples	France	-	-	23.54	
S.C.I. Vendôme.- Casanova	France	-	-	23.54	
Servicios Índice, S.A.	Paseo de la Castellana, 216. Madrid	-	-	14.33	
Setecampos Sociedade Imobiliaria, S.A.	Portugal	-	-	14.12	Deloitte, S.L.
Société d'Investissements Immobiliers Cotée (SIIC) de Paris	France	-	-	23.54	Price Waterhouse Coopers Auditores, S.L.
Société d'Investissements Immobiliers Cotée de Paris 8ème	France	-	-	19.43	Mazars & Guerard Auditores
Studio Residence Iberia-Investmentos Inmobiliarios, S.A.	Portugal	-	-	14.12	
Valaise, S.L., Sole-Shareholder Company	Paseo de la Castellana, 216. Madrid	-	-	28.37	
Wilanow Realia sp. z.o.o.	Poland	-	-	28.37	

CONCESSION-OPERATOR

Global Via Group:		317,428	175,720		
Alcina Infraestructuras, S.L., Sole-Shareholder Company	Paseo de la Castellana, 141. Madrid	-	-	50.00	
Amfortas Infraestructuras, S.L., Sole-Shareholder Company	Paseo de la Castellana, 141. Madrid	-	-	50.00	
Auto-Estradas XXI.- Subconcessionaria Transmontana, S.A.	Portugal	-	-	26.53	
Autopista Central Galega Sociedad Concesionaria Española, S.A., Sole-Shareholder Company	Lugar el Feal, s/n. San Mamede de Rivadulla. Vedra (La Coruña)	-	-	27.32	

(3) Change of name. Formerly Parnu Real Estate, S.R.L.

(4) Change of name. Formerly Realia Ron Real Estate, S.R.L.

Company	Registered Office	Carrying Amount of the Investment		Percentage of Effective Ownership	Auditor
		2008	2007		
Autopista de la Costa Cálida Concesionaria Española de Autopistas, S.A.	Saturno, 1. Pozuelo de Alarcón (Madrid)	-	-	35.75	Price Waterhouse Coopers Auditores, S.L.
Chilena de Global Vía, S.A.	Chile	-	-	50.00	
Compañía Concesionaria del Túnel de Sóller, S.A.	Porto Pi, 8. Palma de Mallorca	-	-	28.26	
Concesiones Aeroportuarias, S.A.	Avda. Hermanos Bou, 22. Castellón de la Plana (Castellón)	-	-	30.00	Domingo Martí Maria Isabel
Concesiones de Madrid, S.A.	Avda. Europa, 18 P.E. La Moraleja. Alcobendas (Madrid)	-	-	33.33	
Dalibor Infraestructuras, S.L., Sole-Shareholder Company	Paseo de la Castellana, 141. Madrid	-	-	50.00	
Exproestradas XXI- AE Transmontana, S.A.	Portugal	-	-	25.00	
Grupo Bauermex, S.A. de C.V.	Mexico	-	-	50.05	
Global Vía Infraestructuras, U.S.A. Corp.	USA	-	-	50.00	
Global Vía Infraestructuras Chile, S.A.	Chile	-	-	50.00	
GV Operadora de Autoistas de México, S.A. de C.V.	Mexico	-	-	52.45	
Hospital del Sureste, S.A.	O'Donnell, 4. Madrid	-	-	33.33	
Lakme Infraestructuras, S.L., Sole-Shareholder Company	Paseo de la Castellana, 141. Madrid	-	-	50.00	
Libusa Infraestructuras, S.L., Sole-Shareholder Company	Paseo de la Castellana, 141. Madrid	-	-	50.00	
Madrid 404 Sociedad Concesionaria, S.A., Sole-Shareholder Company	Paseo de la Castellana, 141. Madrid	-	-	50.00	
Mexicana de Global Vía Infraestructuras, S.A. de C.V.	Mexico	-	-	50.00	
N6 (Operations) Limited	Ireland	-	-	26.25	
Nàutic Tarragona, S.A.	Edificio Club Náutico, Puerto Deportivo. Tarragona	-	-	25.00	
Operador Logístico Integral de Graneles, S.A.	Explanada de Aboño-Puerto del Musel. Gijón (Asturias)	-	-	20.00	LAES Nexia Ac, S.L.
Operalia Ireland Limited	Ireland	-	-	52.50	
Operestradas XXI, S.A.	Portugal	-	-	27.65	
Orfeo Infraestructuras, S.L., Sole-Shareholder Company	Paseo de la Castellana, 141. Madrid	-	-	50.00	Deloitte, S.L.
Portsur Castellón, S.A.	Muelle Serrano Lloberas, s/n. El Grao (Castellón)	-	-	30.00	
Prestadora de Servicios Merk, S.A. de C.V.	Mexico	-	-	50.05	
Promotora Bangar, S.A. de C.V.	Mexico	-	-	50.05	Domingo Martí Maria Isabel
Scutvias.- Autoestradas da Beira Interior, S.A.	Portugal	-	-	4.17	
Sociedad Concesionaria Autopista del Aconcagua, S.A.	Chile	-	-	50.00	
Sociedad Concesionaria Autopista del Itata	Chile	-	-	50.00	Domingo Martí Maria Isabel
Sociedad de Inversiones Global Vía Chile Limitada	Chile	-	-	50.00	
Tacel Inversiones, S.A.	Rozabella, 6 Europa Empresarial. Las Rozas de Madrid (Madrid)	-	-	27.32	
Terminal Polivalente de Castellón, S.A.	Muelle del Centenario (Terminal B). El Grao (Castellón)	-	-	45.00	LAES Nexia Ac, S.L.
Tranvía de Parla, S.A.	Camino de la Cantueña, 2. Parla (Madrid)	-	-	37.50	
Valton Infraestructuras, S.L., Sole-Shareholder Company	Paseo de la Castellana, 141. Madrid	-	-	50.00	
Túnel d'Envalira, S.A. Concesionaria del Principat d'Andorra	Andorra	-	-	40.00	Domingo Martí Maria Isabel
Zerlina Infraestructuras, S.L. Sole-Shareholder Company	Paseo de la Castellana, 141. Madrid	-	-	50.00	
TOTAL VALUE OF COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD (JOINT VENTURES)		746,494	425,177		

APPENDIX III - Associates (accounted for using the equity method)

Company	Registered Office	Carrying Amount of the Investment		Percentage of Effective Ownership	Auditor
		2008	2007		
ENVIRONMENTAL SERVICES					
Aguas de Denia, S.A.	Pare Pere, 17. Denia (Alicante)	403	403	33.00	Auditoria i Control Auditors
Aguas de Ubrique, S.A.	Avda. España, 9. Ubrique (Cádiz)	19	20	49.00	
Aigües de Blanes, S.A.	Canigó, 5. Blanes (Girona)	44	61	16.47	
Aigües del Tomoví, S.A.	Plaza Vella, 1. El Vendrell (Tarragona)	270	406	49.00	
Aprochim Getesarp Rymoil, S.A.	P.I. Logrenzana La Granda. Carreño (Asturias)	1,603	1,103	23.49	
Aragonesa de Gestión de Residuos, S.A.	Paseo María Agustín, 36. Zaragoza	8	7	18.60	Bove Montero y Asociados, S.L.
Aragonesa de Recuperaciones Medioambientales XXI, S.A.	Ctra. Castellón Km. 58. Zaragoza	23	99	34.00	
Aragonesa de Tratamientos Medioambientales XXI, S.A.	Ctra. Castellón Km. 58. Zaragoza	750	673	33.00	
Betearte, S.A. ., Sole-Shareholder Company (1)	Colón de Larreátegui, 26. Bilbao (Vizcaya)	802	931	33.33	
Clavegueram de Barcelona, S.A.	Acer, 16. Barcelona	966	928	20.33	
Conducció del Ter, S.L.	Bourg de Peage, 89. Sant Feliu de Guíxols (Girona)	57	71	48.00	Centium Auditores, S.L.
Depurplan 11, S.A.	Madre Rafols, 2. Zaragoza	-	1,912	50.00	
Ecogestión Ambiental, S.L.	Juan Ramón Jiménez, 12. Madrid	72	41	50.00	
EMANAGUA Empresa Mixta Municipal de Aguas de Níjar, S.A.	Plaza de las Glorieta, 1. Níjar (Almería)	192	220	49.00	
Empresa Municipal de Aguas de Algeciras, S.A.	Avda. Virgen del Carmen. Algeciras (Cádiz)	159	230	49.00	
Empresa Municipal de Aguas de Linares, S.A.	Cid Campeador, 7. Linares (Jaén)	112	208	49.00	Centium Auditores, S.L.
Empresa Municipal de Aguas de Toxiria, S.A.	Plaza de la Constitución, 1. Torredonjimeno (Jaén)	112	100	49.00	
Generavila, S.A.	Plaza de la Catedral, 11. Ávila	420	422	36.00	Audinfor, S.L.
Gestión Integral de Residuos Sólidos, S.A.	Santa Amalia, 2. Valencia	2,111	2,081	49.00	
.A.S.A. Group:	Austria	5,389	6,384		Price Waterhouse Coopers GmbH
A S A + AVE Környezetvédelmi H Kft	Hungary	-	-	50.00	
.A.S.A. Hlohovec s.r.o.	Slovakia	-	-	50.00	Price Waterhouse Coopers GmbH
A S A Lubliniec sp. z.o.o.	Poland	-	-	61.97	
.A.S.A. TS Prostějov s.r.o.	Czech Republic	-	-	49.00	25.50
A.K.S.D. Városgazdálkodási Korlátolt FT	Hungary	-	-	49.00	
ASTV s.r.o.	Czech Republic	-	-	38.80	12.50
Avermann-Hungária Kft	Hungary	-	-	35.00	
Bihari Hulladékgazdálkodási Kft	Hungary	-	-	49.00	49.00
Börzsöny-Cserhát Környezetvédelmi És HKK	Hungary	-	-	49.00	
Huber Abfallservice Verwaltungs GmbH	Austria	-	-	50.00	50.00
Huber Entsorgungs GmbH Nfg KG	Austria	-	-	33.33	
Killer GmbH	Austria	-	-	50.00	50.00
Killer GmbH & Co KG	Austria	-	-	50.00	
Müllumladastation Ostregion GmbH & Co KG	Austria	-	-	50.00	50.00
Recopap s.r.o.	Slovakia	-	-	50.00	
Repap Czech spol. s.r.o.	Czech Republic	-	-	50.00	50.00
Technické a Stavební Služby AS	Czech Republic	-	-	50.00	
Tirme Group	Ctra. Sóller Km. 8,2 Camino de Son Reus. Palma de Mallorca (Balearic Islands)	7,470	6,621	20.00	Deloitte, S.L.

(1) Change of name. Formerly Senblen Bat, S.A

Company	Registered Office	Carrying Amount of the Investment		Percentage of Effective Ownership	Auditor
		2008	2007		
Waste Recycling Group:	United Kingdom	-	-		KPMG
Goole Renewable Energy Limited	United Kingdom	-	-	20.00	
Energylinc Limited	United Kingdom	-	-	50.00	
Shelford Composting Limited	United Kingdom	-	-	50.00	
La Unión Servicios Municipales, S.A.	Salvador Pascual, 7. La Unión (Murcia)	64	104	49.00	
Nueva Sociedad de Aguas de Ibiza, S.A.	Avda. Bartolomé de Rosselló, 18. Ibiza (Balearic Islands)	78	100	40.00	
Pallars Jussà Neteja i Serveis, S.A.	Pau Casals, 14. Tremp (Lleida)	32	18	40.80	
Proveïments d'Aigua, S.A.	Asturies, 13. Girona	223	197	15.12	Riera Casadevall Antoni
Sera Q A Duitama E.S.P., S.A.	Colombia	17	16	30.60	
Shariket Miyeh Ras Djinet, S.p.A.	Algeria	474	754	25.50	
Shariket Tahlya Miyah Mostaganem, S.p.A.	Algeria	5,112	1,999	25.50	
Sogecar, S.A.	Polígono Torrelarragoiti. Zamudio (Vizcaya)	465	308	30.00	
Suministro de Agua de Queretaro, S.A. de C.V.	Mexico	234	2,569	28.81	

VERSIA

I.T.V. Córdoba, S.A.	Argentina	48	43	30.00	
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CONSTRUCTION

Ablocade, S.L.	Rafael López, 1. Huelva	1,040	-	20.00	
Aigües del Segarra Garrigues, S.A.	Plaza del Carmen, 15. Tàrraga (Lleida)	5,007	5,003	24.00	Deloitte, S.L.
Autopistas del Sol, S.A.	Costa Rica	-	1,467	35.00	
Autopistas del Valle, S.A.	Costa Rica	-	5,217	35.00	
Autovía del Camino, S.A.	Leyre, 11. Pamplona (Navarra)	-	10,492	40.00	
Autovía Necaxa.- Tihuatlan, S.A. de C.V.	Mexico	-	15,575	50.00	
Baross Ter Ingatlanprojekt-Fejlesztő Kft	Hungary	584	245	20.00	
BBR VT International Ltd.	Switzerland	1,179	1,025	22.50	
Cedinsa Eix del Llobregat Concessionaria de la Generalitat de Catalunya, S.A.	Travesera de Gracia, 58. Barcelona	9,322	14,812	34.00	
Cleon, S.A.	Avda. General Perón, 36. Madrid	24,963	25,195	25.00	
Compañía Tecnológica de Corella Construcción, S.A.	P.I. s/n. Corella (Navarra)	-	(120)	49.00	
Concesionaria Hospital son Durera, S.A.	Plaza Es Fortí, 4. Palma de Mallorca	-	3,879	32.00	Deloitte, S.L.
Concesiones Aeroportuarias, S.A.	Avda. Hermanos Bou, 22. Castellón de la Plana (Castellón)	-	5,750	30.00	
Concesionaria Túnel de Coatzacoalcos, S.A. de C.V.	Mexico	-	-	44.99	
Concessió Estacions Aeroport L9, S.A.	Córcega, 270. Barcelona	505	-	49.00	
Constructora San José.- Caldera CSJC, S.A.	Costa Rica	1,136	-	50.00	
Constructora San José-San Ramón SJSR, S.A.	Costa Rica	44	(32)	33.00	
Desarrollo Cuajimalpa, S.A. de C.V.	Mexico	1,648	-	25.00	
Desarrollos y Promociones Costa Cálida, S.A.	Saturno, 1. Pozuelo de Alarcón (Madrid)	268	261	35.75	
Elaboración de Cajones Pretensados, S.L.	Avda. General Perón, 36. Madrid	2	(21)	50.00	
FCC Construction Kipszer Kft	Hungary	5	-	50.00	Price Waterhouse Coopers AG
Gesi -9, S.A.	Plaza del Duque, s/n. Alcalá de Guadaira (Seville)	13,008	13,012	74.90	
Alpine Group:	Austria	14,787	13,225		DKB & Partner Treuhand GmbH
ABO Asphalt-Bau Oeynhausen GmbH	Austria	-	-	24.21	
ABO Asphalt-Bau Oeynhausen GmbH Stille Mitunternehmergemeinschaft	Austria	-	-	24.21	
AE Stadtland GmbH	Germany	-	-	13.42	Wollert-Elmendorff Deutsche Industrie.- Treuhand GmbH
Ahrental Abbau und Aufbereitungs GmbH	Austria	-	-	16.55	

Company	Registered Office	Carrying Amount of the Investment		Percentage of Effective Ownership	Auditor
		2008	2007		
Alpine Green Energia sp. z.o.o.	Poland	-	-	75.70	Deloitte & Touche,, S.L.
Alpine-Rossiskaya GMBH	Austria	-	-	42.89	
AMW Asphaltwerk GmbH	Austria	-	-	17.76	
Asfaltna Cesta d.o.o.	Croatia	-	-	80.71	
Asphaltilieferwerk Leibnitz GmbH	Austria	-	-	24.21	
Asphaltmischwerk Betriebs GmbH	Austria	-	-	16.14	
Asphaltmischwerk Betriebs GmbH & Co KG	Austria	-	-	16.14	
Asphaltmischwerk Greinsfurth GmbH	Austria	-	-	20.18	
Asphaltmischwerk Greinsfurth GmbH & Co OHG	Austria	-	-	20.18	
Asphaltmischwerk Leopoldau-Teerag-Asdag Mayreder Bau GmbH	Austria	-	-	40.35	
Asphaltmischwerk Leopoldau-Teerag-Asdag Mayreder Bau GmbH & Co KG	Austria	-	-	16.14	
Asphaltmischwerk Steyregg GmbH	Austria	-	-	16.14	
Asphaltmischwerk Steyregg GmbH & Co KG	Austria	-	-	16.14	
Asphaltwerk Sierning GmbH	Austria	-	-	32.28	
AS-Prom Liegenschaftsverwertungs GmbH	Austria	-	-	40.35	
AWT Asphaltwerk GmbH	Austria	-	-	26.63	
AWW Asphaltmischwerk Wölbiling GmbH	Austria	-	-	40.35	
BA-ÉP Balaton Aszfalt es Építő K.F.T.	Hungary	-	-	40.35	
Baustoffe Handrick GmbH	Germany	-	-	6.71	
Blumauerplatz Beteiligungs-Holding GmbH	Austria	-	-	26.64	KPMG LLP.
Bonaventura Strassenerrichtungs GmbH	Austria	-	-	20.18	Agitas Steuerberater und Wirtschaftsprüfer GmbH
Bonaventura Strassenerhaltungs GmbH	Austria	-	-	35.75	
Dolomit-Beton Lieferbetonwerk GmbH	Austria	-	-	38.74	Käferböck Steuerberatungs GmbH
Draubeton GmbH	Austria	-	-	28.25	
EVG Energieversorgung GmbH	Austria	-	-	18.56	
EVW Energieversorgung GmbH	Austria	-	-	19.37	
Gaspix Beteiligungsverwaltungs GmbH	Austria	-	-	20.58	
Hemmelmair Frästechnik GmbH	Austria	-	-	20.18	
Kieswerk-Betriebs GmbH & Co KG	Austria	-	-	18.16	Schweisgut Richard
Lieferasphaltgesellschaft JAUNTAL GmbH	Austria	-	-	19.37	KPMG LLP.
MSO Mischanlagen Süd-Ost Betriebs GmbH und Co KG	Austria	-	-	8.88	Teerag-Asdag AG
Paltentaler Beton Erzeugungs GmbH	Austria	-	-	19.37	Friedl Gerhard
Porr Alpine Austriarail GmbH	Austria	-	-	40.35	
RBA Recycling und Betonanlagen GmbH & Co Nfg KG	Austria	-	-	20.58	
RFM Asphaltmischwerk GmbH & Co KG	Austria	-	-	26.90	T&A Wirtschaftsprüfungs
S P Co Floreasca SRL	Romania	-	-	40.35	
Schaberreiter GmbH	Austria	-	-	8.07	Steirische Wirtschaftstreuhand GmbH
Silasfalt s.r.o.	Czech Republic	-	-	40.35	Deloitte & Touche
Transportbeton und Asphalt GmbH	Austria	-	-	40.35	Leitner + Leitner GmbH & Co KEG
Transportbeton und Asphalt GmbH & Co KG	Austria	-	-	40.35	Mitsch Grebner & Partner
TSK Sand und Kies GmbH	Germany	-	-	28.03	Datag Steuerberatungsgesellschaft
Waldviertler Lieferasphalt GmbH & Co KG	Austria	-	-	40.35	
Ziegelwerk Frental Eder GmbH	Germany	-	-	32.22	Deloitte & Touche
Cedinsa Concesionaria Group	Tarragona, 141. Barcelona	13,528	9,093	34.00	
Foment de Construccions i Consulting Group	Andorra	12	-	33.30	
Ibisan Sociedad Concesionaria, S.A.	Porto Pi, 8. Palma de Mallorca (Balearic Islands)	-	10,699	50.00	Deloitte, S.A.
Las Palmeras de Garrucha, S.L.	Mayor, 19. Garrucha (Almería)	1,180	1,179	20.00	
Layetana Front Marítim, S.L.	Mestre Nicolau, 19. Barcelona	5,534	6,281	50.00	

Company	Registered Office	Carrying Amount of the Investment		Percentage of Effective Ownership	Auditor
		2008	2007		
M50 (Concession) (Holdings) Limited	Ireland	-	-	45.00	
M50 (Concession) Limited	Ireland	-	(660)	45.00	
M50 (D&C) Limited	Ireland	(64)	(51)	42.50	
Madrid 407 Sociedad Concesionaria, S.A.	Pasaje de Puntida, 1. Santander (Cantabria)	-	5,698	50.00	BDO Audiberia Auditores, S.L.
Marina de Laredo, S.A.	Pasaje de Puntida, 1. Santander (Cantabria)	-	85	42.50	
Marina de l'Empordà, S.A.	Avda. Diagonal, 512. Barcelona	-	16	20.00	
Marina Port Vell, S.A.	Varadero, s/n Edif. Torre de Control. Barcelona	-	1,752	30.66	Laes Nexia AC, S.L.
MDM-Teide, S.A.	Panama	1,060	1,019	50.00	
Metro de Málaga, S.A.	Martínez, 11. Málaga	-	21,830	26.73	Ernst & Young, S.A.
N6 (Concession) (Holdings) Limited	Ireland	-	(1)	45.00	
N6 (Concession) Limited	Ireland	-	745	45.00	
N6 (Construction) Limited	Ireland	864	362	42.50	
N6 (Operations) Limited	Ireland	-	(2)	26.25	
Náutic Tarragona, S.A.	Edificio Club Náutico, Puerto Deportivo. Tarragona	-	466	25.00	Domingo Martí María Isabel
Nova Bocana Barcelona, S.A.	Avda. Josep Tarradellas, 123. Barcelona	6,119	3,986	25.00	
Nova Bocana Business, S.A.	Avda. Josep Tarradellas, 127. Barcelona	2,391	1,021	25.00	
Omszki-Tó Part Kft	Hungary	(18)	3	20.00	
Operaciones y Servicios para la Industria de la Construcción, S.A. de C.V.	Mexico	75	2	50.00	
Operador Logístico Integral de Graneles, S.A.	Explanada de Aboño-Puerto del Musel. Gijón (Asturias)	-	1,393	20.00	
Port Premià, S.A. -in liquidation-	Balmes, 36. Barcelona	(555)	(555)	39.72	
Port Torredembarra, S.A.	Edificio Capitanía Puerto Deportivo y Pesquero. Torredembarra (Tarragona)	-	704	24.08	Domingo Rusiñol y Cía. Auditores, S.L.
Portsur Castellón, S.A.	Muelle Serrano Lloberas, s/n. El Grao (Castellón)	-	1,435	30.00	
Promvias XXI, S.A.	Vía Augusta, 255 Local 4. Barcelona	7	7	25.00	
Ruta de los Pantanos, S.A.	Avda. Europa, 18 P.E. La Moraleja. Alcobendas (Madrid)	-	1,848	25.00	
Teide Gestión del Sur, S.L.	Avda. Luis Montoto, 107. Seville	4,855	3,926	45.00	
Teide-MDM Quadrat, S.A.	Panama	181	170	50.00	
Terminal Polivalente de Huelva, S.A.	La Marina, 29. Huelva	(263)	(263)	31.50	
Torres Porta Fira, S.A.	Mestre Nicolau, 19. Barcelona	9,004	8,644	40.00	
Tramvia Metropolità, S.A.	Córcega, 270. Barcelona	6,711	6,409	22.44	KPMG Auditores, S.L.
Tramvia Metropolità del Besòs, S.A.	Córcega, 270. Barcelona	4,976	7,649	22.44	KPMG Auditores, S.L.
Túnel d'Envalira, S.A. Concesionaria del Principat d'Andorra	Andorra	-	8,303	40.00	
Urbs Iudex et Causidicus, S.A.	Tarragona, 161. Barcelona	(7,998)	1,075	29.00	
Vivero del Río Razón, S.L.	Camino del Guardatillo. Valdeavellano de Tera (Soria)	1	2	48.00	

CEMENT

Aplicaciones Minerales, S.A.	Camino Fuente Herrero. Cueva Cardiel (Burgos)	641	638	32.57	
Áridos Unidos, S.A.	Alameda de Urquijo, 10. Bilbao (Vizcaya)	14	14	26.29	
Canteras y Hormigones Quintana, S.A.	Ctra. Santander-Bilbao, Km. 184. Barcena de Cicero (Cantabria)	5,006	4,977	18.52	
Canteras y Hormigones VRE, S.A.	Arieta, 13. Estella (Navarra)	2,131	2,188	35.11	KPMG Auditores, S.L.
Carbocem, S.A.	Paseo de la Castellana, 45. Madrid	123	117	55.36	KPMG Auditores, S.L.
Comercial de Prefabricados Lemona, S.A.	Barrio Inzunza, 1. Lemona (Vizcaya)	19	19	65.83	
Corporación Uniland, S.A.	Córcega, 299. Barcelona	(7)	(7)	45.98	

Company	Registered Office	Carrying Amount of the Investment		Percentage of Effective Ownership	Auditor
		2008	2007		
Ecofond, S.A.	Paseo Mikeletegi, 2 Edificio Inasmet. San Sebastián (Guipúzcoa)	223	152	9.66	
Ecofuel, S.A.	Camino Arnesl, 19. Bilbao (Vizcaya)	106	114	17.31	
Exponor, S.A. -in liquidation-	Alameda de Urquijo, 10. Bilbao (Vizcaya)	1	1	38.30	
Hormigones Calahorra, S.A.	Brebicio, 25. Calahorra (La Rioja)	150	139	35.10	
Hormigones Castro, S.A.	Ctra. Irún-La Coruña, Km. 153. Islares (Cantabria)	478	515	24.70	
Hormigones del Baztán, S.L.	Suspeltxiki, 25. Vera de Bidasoa (Navarra)	955	938	35.11	
Hormigones Delfín, S.A.	Venta Blanca. Peralta (Navarra)	971	1,048	35.11	
Hormigones en Masa de Valtierra, S.A.	Ctra. Cadreita Km. 0. Valtierra (Navarra)	1,767	1,792	35.11	
Hormigones Galizano, S.A.	Ctra. Irún-La Coruña, Km. 184. Gama (Cantabria)	318	323	30.87	
Hormigones Reinales, S.A.	Bretón de los Herreros, 8. Calahorra (La Rioja)	1,231	1,125	35.11	
Hormigones y Áridos del Pirineo Aragonés, S.A.	Ctra. Biescas. Sabiñanigo (Huesca)	6,612	6,764	35.11	
Lázaro Echevarría, S.A.	Isidoro Melero. Alsasua (Navarra)	10,074	9,683	19.66	
Navarra de Transportes, S.A.	Ctra. Pamplona-Vitoria, km. 52. Olazagutia (Navarra)	1,308	1,284	23.40	KPMG Auditores, S.L.
Neuciclaje, S.A.	Alameda de Urquijo, 10. Bilbao (Vizcaya)	372	412	22.63	
Novhorvi, S.A.	Portal de Gamarra, 25. Vitoria Gasteiz (Álava)	231	366	17.45	Iñurrieta Auditores, S.L.
Portcemen, S.A.	Muelle Contradique Sur-Puerto Barcelona. Barcelona	814	289	11.47	
Prebesec France, S.A.S.	France	(131)	(50)	18.39	
Prefabricados Lemona, S.A.	Barrio Inzunza, 1. Lemona (Vizcaya)	-	178	65.83	Moreno Lara Luis Alberto
Prefabricados Levisa, S.A.	Capitán Velasco, 20. Málaga	-	412	65.74	
Quinsa Prefabricados de Hormigón, S.L., Sole-Shareholder Company	Ctra. S. Sebastián-Coruña Km. 184. Barcena de Cicero (Cantabria)	44	(22)	18.52	
Silos y Morteros, S.L.	Ctra. de Pamplona Km. 1. Logroño (La Rioja)	266	306	23.40	
Terminal Cimentier de Gabes-Gie	Tunisia	107	111	13.46	Ernst & Young, S.L.
Terrenos Molins, S.L.	Llobregat. Molins de Rei (Barcelona)	5	4	11.48	
Transportes Cántabros de Cemento Portland, S.L.	Ctra. S. Sebastián-Coruña Km. 184. Barcena de Cicero. (Cantabria)	66	96	18.52	
Vescem-LID, S.L.	Valencia, 245. Barcelona	28	50	11.47	

REAL ESTATE

Desarrollo Urbanístico Sevilla Este, S.L.	Avenida de los Descubrimientos. Seville	-	104,453	9.44	
Ronda Norte Denia, S.L.	Avenida Aragón, 30. Valencia	-	97	9.21	

CONCESSION-OPERATOR

Autopistas del Sol, S.A.	Costa Rica	8,383	-	35.00	
Autopistas del Valle, S.A.	Costa Rica	5,518	-	35.00	
Autovía del Camino, S.A.	Leyre, 11. Pamplona (Navarra)	8,470	-	40.00	
Autovía Necaxa.- Tihuatlan, S.A. de C.V.	Mexico	11,403	-	50.00	
Concesionaria Hospital son Dureta, S.A.	Plaza Es Fortí, 4. Palma de Mallorca	3,244	-	32.00	Deloitte, S.L.
Ibisan Sociedad Concesionaria, S.A.	Porto Pi, 8. Palma de Mallorca (Balearic Islands)	8,480	-	50.00	Deloitte, S.L.
M50 (Concession) (Holdings) Limited	Ireland	-	-	45.00	
M50 (Concession) Limited	Ireland	(6,546)	-	45.00	
Madrid 407 Sociedad Concesionaria, S.A.	Pedro Teixeira, 8 Edif. Iberia Mart.. Madrid	2,498	-	50.00	BDO Audiberia Auditores, S.L.

Company	Registered Office	Carrying Amount of the Investment		Percentage of Effective Ownership	Auditor
		2008	2007		
Marina de Laredo, S.A.	Pasaje de Puntida, 1. Santander (Cantabria)	694	-	42.50	
Marina Port Vell, S.A.	Varadero, s/n Edif. Torre de Control. Barcelona	1,827	-	30.66	LAES Nexia AC, S.L.
Metro de Málaga, S.A.	Martínez, 11. Málaga	23,170	-	26.73	Ernst & Young, S.L.
N6 (Concession) (Holdings) Limited	Ireland	-	-	45.00	
N6 (Concession) Limited	Ireland	(2,890)	-	45.00	
Port Torredembarra, S.A.	Edificio Capitanía Puerto Deportivo y Pesquero. Torredembarra (Tarragona)	782	-	24.08	Domingo Rusiñol y Cía. Auditores, S.L.
Ruta de los Pantanos, S.A.	Avda. Europa, 18 P.E. La Moraleja. Alcobendas (Madrid)	5,371	-	25.00	
Transportes Ferroviarios de Madrid	Doctor Esquerdo, 136. Madrid	15,892	-	24.38	Deloitte, S.L.
TOTAL VALUE OF COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD (ASSOCIATES)		269,046	386,810		

APPENDIX IV - Changes in the scope of consolidation

ADDITIONS	Registered Office
FULLY CONSOLIDATED COMPANIES	
ACQUE DI CALTANISSETTA, S.P.A. (*)	Italy
ALPINE BAU GMBH A-1 SPJ	Poland
ALPINE D.O.O. BANJA LUKA	Bosnia Herzegovina
ANEMOI INVESTMENT INC.	USA
AQUAELVAS-AGUAS DE ELVAS, S.A.	Portugal
AQUALIA INFRAESTRUCTURAS DE MÉXICO, S.A. DE C.V.	Mexico
CONSTRUCTORA DURANGO-MAZATLAN, S.A. DE C.V.	Mexico
DÉDALO PATRIMONIAL, S.L. SOLE-SHAREHOLDER COMPANY	Federico Salmón, 13. Madrid
DEPURPLAN 11, S.A. (*)	Madre Rafols, 2. Zaragoza
DEPURTEBO, S.A.	San Pedro, 57. Zuera (Zaragoza)
DESARROLLO Y CONSTRUCCIÓN DEYCO CRCA, S.A.	Costa Rica
ECOPARQUE MANCOMUNIDAD DEL ESTE, S.A.	Federico Salmón, 13. Madrid
FCC CONSTRUCTION HUNGARY KFT	Hungary
FCC CONSTRUCTION I-95 LLC.	USA
FCC ENERGÍA, S.A.	Federico Salmón, 13. Madrid
GUILLENA GOLF, S.L. UNIPERSONAL	Paseo de la Castellana, 216. Madrid
HELIOS PATRIMONIAL 1, S.L. SOLE-SHAREHOLDER COMPANY	Federico Salmón, 13. Madrid
HELIOS PATRIMONIAL 2, S.L. SOLE-SHAREHOLDER COMPANY	Federico Salmón, 13. Madrid
HORMINAL, S.L. SOLE-SHAREHOLDER COMPANY	José Abascal, 59. Madrid
HYDROCARBON RECOVERY SERVICES INC.	USA
ICARO ENVIRONMENTAL LLC.	USA
INTERNATIONAL PETROLEUM CORP. OF DELAWARE	USA
PRZEDSIĘBIORSTWO USŁUG KOMUNALNYCH SP.Z.O.O.	Poland
REALIA CONTESTI, S.R.L.	Romania
REALIZ ZAREA, S.R.L.	Romania
SERVICIOS EMPRESARIALES DURANGO-MAZATLAN, S.A. DE C.V.	Mexico
SKLADKA UHY SPOL, S.R.O.	Czech Republic
SKY SIERRESITA.- CORTIJO VIEJO 1, S.L.	Federico Salmón, 13. Madrid
SKY SIERRESITA.- CORTIJO VIEJO 2, S.L.	Federico Salmón, 13. Madrid
TEROBET AS	Czech Republic
EVG ENERGIEVERSORGUNG GMBH (*)	Austria

COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

JOINT VENTURES	
ALCINA INFRAESTRUCTURAS, S.L. SOLE-SHAREHOLDER COMPANY	Paseo de la Castellana, 141. Madrid
AUTO-ESTRADAS XXI.- SUBCONCESIONARIA TRANSMONTANA, S.A.	Portugal
CHILENA DE GLOBAL VIA, S.A.	Chile
CONCESIONES DE MADRID, S.A. (*)	Costa Rica
CONSTRUCTORA NUEVO NECAXA TIHUATLAN, S.A.C.V.	Mexico

ADDITIONS	Registered Office
EXPROESTRADAS XXI.- AE TRANSMONTANA, S.A.	Portugal
GLOBAL VIA INFRAESTRUCTURAS CHILE, S.A.	Chile
GLOBAL VIA INFRAESTRUCTURAS, U.S.A. CORP.	USA
GVI GLOBAL VIA IRELAND LIMITED	Ireland
LAKME INFRAESTRUCTURAS, S.L. SOLE-SHAREHOLDER COMPANY	Paseo de la Castellana, 141. Madrid
OPERESTRADAS XXI, S.A.	Portugal
SCUTVIAS-AUTOESTRADAS DA BEIRA INTERIOR, S.A.	Portugal
SOCIEDAD CONCESIONARIA AUTOPISTA DEL ACONCAGUA, S.A.	Chile
SOCIEDAD CONCESIONARIA AUTOPISTA DEL ITATA, S.A.	Chile
SOCIEDAD DE INVERSIONES GLOBA VIA CHILE LIMITADA	Chile
TERMINAL POLIVALENTE DE CASTELLÓN, S.A. (*)	Muelle del Centenario (Terminal B). El Grao (Castellón)
TRANVÍA DE PARLA, S.A. (*)	Camino de la Cantueña, 2. Parla (Madrid)

COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

ASSOCIATES

ABLOCADE, S.L.	Rafael López, 1. Huelva
ALPINE-ROSSISKAYA GMBH	Austria
CONCESSIÓ ESTACIONS AEROPORT L9, S.A.	Córcega, 270. Barcelona
CONSTRUCTORA SAN JOSÉ.- CALDERA CSJC, S.A.	Costa Rica
DESARROLLO CUAJIMALPA, S.A. DE C.V.	Mexico
FCC CONSTRUCTION KIPSZER KTF	Hungary
TRANSPORTES FERROVIARIOS DE MADRID, S.A.	Doctor Esquerdo, 136. Madrid

REMOVALS

FULLY CONSOLIDATED COMPANIES	
ALPINE ENERGIE KOMMUNIKATION SERVICES GMBH (ÖSTERREICH) (12)	Austria
ALPINE INZENIRING GRADBENO PODJETJE D.O.O. -IN LIQUIDATION- (1)	Slovenia
ALPINE MAYREDER ROMANIA SRL (1)	Romania
ALQUILERES Y TRANSPORTES, S.A. SOLE-SHAREHOLDER COMPANY (5)	Alameda de Urquijo, 10. Bilbao (Vizcaya)
ANEMOI INVESTMENT INC. (1)	USA
BDR WASTE DISPOSAL LIMITED (9)	United Kingdom
BETOTRUB OSTRAVA S.R.O. (1)	Czech Republic
BRUNO FREIBAUER FONDS UNTERSTÜTZUNGSEINRICHTUNG FÜR DIE MITARBEITER DER UNIVERSA (1)	Austria
CANTERA GALDAMES II, S.A. SOLE-SHAREHOLDER COMPANY (6)	Alameda de Urquijo, 10. Bilbao (Vizcaya)
CISTERNAS LEMONA, S.L. SOLE-SHAREHOLDER COMPANY (4)	Barrio Arraibi, s/n. Lemona (Vizcaya)
ESPELSA-LUWAT, S.A. (1)	Acanto, 22. Madrid

(*) Change of consolidation method.

REMOVALS	Registered Office
FEBAREST LTD (9)	Cyprus
FUNDBUD SP. Z.O.O. (10)	Poland
GEOSPOL BRNO SPOL. SRO (10)	Czech Republic
GRUCYCSA, S.A. (7)	Plaza Pablo Ruiz Picasso. Madrid
HORMIGONES DEL ZADORRA, S.A. SOLE-SHAREHOLDER COMPANY (3)	Estella, 6. Pamplona (Navarra)
HORMIGONES GALDAMES, S.A. SOLE-SHAREHOLDER COMPANY (5)	Alameda de Urquijo, 10. Bilbao (Vizcaya)
HORMIGONES LEMONA, S.A. SOLE-SHAREHOLDER COMPANY (5)	Alameda de Urquijo, 10. Bilbao (Vizcaya)
ICARO ENVIRONMENTAL LLC. (1)	USA
MARCAS ANDALUZAS, S.L. (9)	Hilera, 10. Málaga
PAPELES VELA, S.A. (2)	Álava, 90. Barcelona
PREFABRICADOS LEMONA, S.A. (8)	Barrio Inzunza, 1. Lemona (Vizcaya)
PREFABRICADOS LEVISA, S.A. (8)	Capitán Velasco, 20. Málaga
RH ENTERPRISES (1993) LIMITED (1)	United Kingdom
S C SCAEP GIURGIU PORT, S.A. (9)	Romania
SEÑALIZACIONES LEVANTE, S.L. (9)	Itálica, 25. Alicante
T.A.C.K. INVERSIONES, S.L. SOLE-SHAREHOLDER COMPANY (1)	Arquitecto Gaudí, 4. Madrid
TECAMI OFITAS, S.A. SOLE-SHAREHOLDER COMPANY (6)	Alameda de Urquijo, 10. Bilbao (Vizcaya)
UNIVERSALE BAHNBAU GMBH (6)	Austria
VIALES DE ANDALUCÍA, S.L. (9)	Avda. Kansas City, 9. Seville
XEQUEVIA SINALIZAÇÃO DE VIAS DE COMUNICAÇÃO LTDA. (13)	Portugal

(*) Change in consolidation method.

(1) Exclusion due to liquidation.

(2) Exclusion due to merger by absorption of FCC Ámbito, S.A.

(3) Exclusion due to absorption of Canteras del Pirineo Occidental, S.A.

(Canteras del Pirineo Occidental, S.A. is now known as Hormigones del Zadorra, S.A.)

REMOVALS	Registered Office
COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD	
JOINT VENTURES	
ACQUE DI CALTANISSETTA, S.P.A. (*)	Italy
DEPURPLAN 11, S.A. (*)	Madre Rafols, 2. Zaragoza
SOCIEDAD OPERADORA DEL TRANVÍA DE PARLA, S.L. (1)	Ulises, 18. Madrid
ASSOCIATES	
AS-PROM LIEGENSCHAFTSVERWERTUNGS GMBH (9)	Austria
BAUSTOFFE HANDRICK GMBH (9)	Germany
COMPAÑÍA TECNOLÓGICA DE CORELLA CONSTRUCCIÓN, S.A. (9)	P.I. s/n. Corella (Navarra)
MARINA DE L'EMPORDÀ, S.A. (1)	Avda. Diagonal, 512. Barcelona
TERMINAL POLIVALENTE DE CASTELLÓN, S.A. (*)	Muelle del Centenario (Terminal B). El Grao (Castellón)
CONCESIONES DE MADRID, S.A. (*)	Costa Rica
EVG ENERGIEVERSORGUNG GMBH (*)	Austria
TRANVÍA DE PARLA, S.A. (*)	Camino de la Cantueña, 2. Parla (Madrid)

(4) Absorbed by Transportes Lemona, S.A.

(5) Absorbed by Hormigones Premezclados del Norte, S.A.

(6) Absorbed by Áridos y Canteras del Norte, S.A.

(7) Exclusion due to absorption of Asesoría Financiera y de Gestión, S.A.

(8) Now recognised as available-for-sale assets

(9) Exclusion due to sale

(10) Exclusion due to merger

(11) Exclusion due to absorption of Alpine Bau GmbH

(12) Exclusion due to absorption of Alpine-Energie Österreich GmbH

(13) Exclusion due to dissolution (absorbed by Pinturas Jaque, S.L.)

APPENDIX V - Unincorporated joint ventures, economic interest groupings and other businesses jointly managed with non-group third parties

	Percentage of Ownership at 31 December 2008
ENVIRONMENTAL SERVICES	
FCCSA-SECOPSA UTE I	50.00
UTE A GUARDA	50.00
UTE ABASTECIMIENTO EXTREMADURA	20.00
UTE ABASTECIMIENTO ZARAGOZA	70.00
UTE ABM	52.80
UTE ABSA - PERICA	60.00
UTE ACTUACIÓN 11 TERUEL	50.00
UTE AEROPUERTO I	50.00
UTE AEROPUERTO II	50.00
UTE AEROPUERTO III	50.00
UTE AEROPUERTO IV	50.00
UTE AEROPUERTO GALERIAS	50.00
UTE AEROPUERTO GALERIAS II	50.00
UTE AGUA CIUDAD VALDELUZ	60.00
UTE AGUAS ALCALÁ	37.50

	Percentage of Ownership at 31 December 2008
UTE AIGÜES DES MERCADAL	50.00
UTE ALCANTARILLADO BILBAO	90.00
UTE ALMEDA	51.00
UTE AMPLIACIÓ LIXIVITATS	80.00
UTE AMPLIACIÓN EDAR LA GOLONDRINA	50.00
UTE AMPLIACIÓN IDAM SANT ANTONI	50.00
UTE AMPLIACIÓN ITAM DELTA DE LA TORDERA	66.67
UTE AMPLIACIÓN VERTEDERO GARDELEGUI	55.00
UTE ANSA - ALFUS	20.00
UTE APARKISA	35.00
UTE AQUALIA - FCC - MYASA	94.00
UTE ARGÍ GUEÑES	70.00
UTE BAILIN	50.00
UTE BILBOKO SANEAMENDU	50.00
UTE BIOCOMPOST DE ÁLAVA	50.00
UTE BOADILLA	50.00
UTE CÁDIZ	50.00
UTE CANA PUTXA	20.00

	Percentage of Ownership at 31 December 2008
UTE CAP DJINET	50.00
UTE CASTELLANA - PO	50.00
UTE CASTELLAR DEL VALLÈS	50.00
UTE CASTELLAR POLÍGONOS	50.00
UTE CEMENTERIOS PERIFÉRICOS II	50.00
UTE CESPA GR - GRT	30.00
UTE CHIPIONA	50.00
UTE CIUTAT VELLA	50.00
UTE COLECTOR MAGRANERS	50.00
UTE COLECTORES Y EDAR EN BARBARROJA	25.00
UTE COLEGIOS SANT QUIRZE	50.00
UTE COMPOSTATGE ALT URGELL	80.00
UTE CONDUCCIÓN A EL VISO Y DEPÓSITOS	70.00
UTE CTR-VALLES	20.00
UTE DELTA	50.00
UTE DEPURACIÓN PONIENTE ALMERIENSE	75.00
UTE DEPURTERUEL	50.00
UTE DOS AGUAS	35.00
UTE EDAR BAEZA	50.00
UTE EDAR CIUDAD VALDELUZ	60.00
UTE EDAR DE KRISPIJANA	70.00
UTE EDAR LLANÇÀ	20.00
UTE EDAR TALAVERA	50.00
UTE EDAR TORREVIEJA	10.00
UTE ENERGÍA SOLAR ONDA	25.00
UTE EPTISA - ENTEMANSER	50.00
UTE ETAP ORBIGO	50.00
UTE EXPLOTACIÓN ITAM TORDERA	50.00
UTE EXPLOTACIÓN PRESAS DEL SEGURA	60.00
UTE F.L.F. LA PLANA	47.00
UTE FCC - ANPE	80.00
UTE FCC - ERS LOS PALACIOS	50.00
UTE FCC - FOCONSA	50.00
UTE FCC - HIJOS DE MORENO, S.A.	50.00
UTE FCC - HIMOSA	50.00
UTE FCCMA - NECA	51.00
UTE FCCMA - RUBATEC STO. MOLLET	50.00
UTE FCC - PAS SALAMANCA	70.00
UTE FCC - PROMECO 2000, S.L.	50.00
UTE FCC - SUFI MAJADAHONDA	50.00
UTE FCC - SUFI PESA	50.00
UTE FCC - SYF PLAYAS	40.00
UTE FCC - TEGNER	50.00
UTE FCCSA - VIVERS CENTRE VERD, S.A.	50.00
UTE FOBESA	50.00
UTE FS MUNGEST	51.00
UTE FS MUNGEST II	51.00
UTE FS PARLA II	72.00
UTE GEMECAN GENEUS	50.00
UTE GESTIÓ INTEGRAL DE RUNES DEL PAPIOL	40.00
UTE GESTIÓN FANGOS MENORCA	55.00
UTE GESTIÓN INSTALACIÓN III	34.99
UTE GESTIÓN SERVICIOS DEPORTES CATARROJA	90.00
UTE GIREF	20.00
UTE GIRONA SELECTIVES	50.00
UTE HÉROES DE ESPAÑA	50.00
UTE HIDRANTES	50.00
UTE HIDROGESTIÓN	60.00
UTE IDAM IBIZA	50.00

	Percentage of Ownership at 31 December 2008
UTE IDAM IBIZA II	50.00
UTE IDAM IBIZA III	50.00
UTE IDAM SANT ANTONI	50.00
UTE IDAM SANT ANTONI II	50.00
UTE INFILCO	50.00
UTE INTAGUA	50.00
UTE JARDINES CÁDIZ	50.00
UTE JARDINES SANTA COLOMA	50.00
UTE JUNDIZ	51.00
UTE KABIEZESKO KIROLDEGIA	60.00
UTE KAIAGARBI	51.00
UTE KAIXARRANKA	60.00
UTE LA LLOMA DEL BIRLET	80.00
UTE LEA - ARTIBAI	60.00
UTE LEGIO VII	50.00
UTE LIMPIEZA COLEGIOS PÚBLICOS DE ALCORA	50.00
UTE LIMPIEZA COLEGIOS PÚBLICOS DE BURRIANA	50.00
UTE LIMPIEZA COLEGIOS PÚBLICOS DE CASTELLÓN	50.00
UTE LIMPIEZA SANTA COLOMA	50.00
UTE LIMPIEZA Y RSU LEZO	55.00
UTE LÍNEA 2 FASE 2 FMB	50.00
UTE LÍNEA 2 METRO BILBAO	50.00
UTE LOCALES JUSTICIA LOTE II	50.00
UTE LOCALES JUSTICIA LOTE V	50.00
UTE LOGROÑO LIMPIO	50.00
UTE LVR MUSKIZ II	70.00
UTE MADRID I	50.00
UTE MADRID II	50.00
UTE MADRID III	50.00
UTE MANCOMUNIDAD ALTO MIJARES	50.00
UTE MANTENIMIENTO COLEGIOS BILBAO	60.00
UTE MANTENIMIENTO DE EDIFICIOS	60.00
UTE MEJORA ABASTECIMIENTO SESEÑA	50.00
UTE MOLLERUSSA	60.00
UTE MONTCADA	50.00
UTE MORELLA	50.00
UTE MOSTAGANEM	50.00
UTE MUSKIZ III	70.00
UTE OBRA AMPLIACIÓN IDAM SAN ANTONIO	50.00
UTE OBRAS AGUAS ALCALÁ	55.00
UTE ONDA EXPLOTACIÓN	33.33
UTE OYM CAP DJINET	50.00
UTE OYM MOSTAGANEM	50.00
UTE PAMPLONA	80.00
UTE PARLA	99.00
UTE PARQUES SINGULARES MÓSTOLES	50.00
UTE PASAIA	70.00
UTE PI VERD SEARSA HIDROCANAL	60.00
UTE PISCINA CUBIERTA BENICARLÓ	65.00
UTE PISCINA CUBIERTA MUNICIPAL ALBATERA	93.00
UTE PISCINA CUBIERTA MUNICIPAL L'ELIANA	85.00
UTE PISCINA CUBIERTA CLUB DEPORTIVO ALBORAYA	85.00
UTE PISCINA CUBIERTA MANISES	65.00
UTE PISCINA CUBIERTA PAIPORTA	90.00
UTE PISCINA POLIDEPORTIVO PAIPORTA	65.00
UTE PLAN RESIDUOS	47.50
UTE PLANTA COMPOSTATGE D'OLOT	42.00
UTE PLANTA TRATAMIENTO VALLADOLID	60.00
UTE PLAYAS	50.00

	Percentage of Ownership at 31 December 2008
UTE PLAYAS GUIPUZKOA	55.00
UTE PONIENTE ALMERIENSE	50.00
UTE PORTUGARBI	51.00
UTE PORTUGARBI - BI	51.00
UTE POSU - FCC VILLALBA	50.00
UTE POTABILIZADORA ELS POBLET	70.00
UTE PUERTO	50.00
UTE QUINTO CONTENEDOR	50.00
UTE R.S. PONIENTE ALMERIENSE	50.00
UTE RBU VILLA-REAL	47.00
UTE RESIDENCIA	50.00
UTE RESTAURACIÓN GARRAF	27.50
UTE RIERA AUBI	50.00
UTE RSU TOLOSALDEA	60.00
UTE S.U. BILBAO	70.00
UTE SALTO DEL NEGRO	50.00
UTE SANT QUIRZE	50.00
UTE SANT QUIRZE DEL VALLÉS	50.00
UTE SANTA COLOMA DE GRAMANET	61.00
UTE SANTURTZIKO GARBIKETA	60.00
UTE SASIETA	75.00
UTE SAV - FCC TRATAMIENTOS	35.00
UTE SEAFSA J.I. RODRÍGUEZ	60.00
UTE SEAFSA LANZAROTE	60.00
UTE SEAFSA - JAIME E ISAAC RODRÍGUEZ	50.00
UTE SEARSA MAN	50.00
UTE SEARSA - INGEMAXTER - FELANITX	50.00
UTE SEARSA - MAN EXPLOTACIÓN ZONA MA5	50.00
UTE SELECTIVA SAN MARCOS	65.00
UTE SELECTIVA UROLA KOSTA	60.00
UTE SELLADO VERTEDERO LOGROÑO	50.00
UTE SERVICIOS EXPO	60.00
UTE T.P.A. E INICRESS	75.00
UTE TANATORIO DE PATERNA	50.00
UTE TIRVA FCC - FCCMA RUBÍ	51.00
UTE TORRIBERA	50.00
UTE TORRIBERA III	50.00
UTE TORRIBERA RSU	50.00
UTE TOSSA DE MAR	20.00
UTE TREMP	51.00
UTE TXINGUDI	75.00
UTE UROLA ERDIA	60.00
UTE URRETXU Y ZUMARRAGA	65.00
UTE VERTEDERO ARTIGAS	50.00
UTE VERTEDERO GARDELEGUI	70.00
UTE VERTEDERO GARDALEGUI II	70.00
UTE VERTRESA	10.00
UTE VIGO RECICLA	70.00
UTE VINAROS	50.00
UTE VIVIENDAS MARGEN DERECHA	60.00
UTE WTC - ZARAGOZA	51.00
UTE ZARAGOZA DELICIAS	51.00
UTE ZONZAMAS FASE II	30.00
UTE ZURITA	50.00
VERSIA	
CLEAR CHANNEL - CEMUSA UTE	50.00

	Percentage of Ownership at 31 December 2008
EYSSA-AUPLASA ALICANTE UTE	65.00
UTE BYPASS SUR	50.00
UTE C-17 SERVEI	50.00
UTE CAMINO	50.00
UTE CARTAGENA	50.00
UTE CC CLOT ARAGÓ	60.00
UTE CN III	45.00
UTE EIX LLOBREGAT	50.00
UTE EUROHANDLING	50.00
UTE EUROHANDLING BARCELONA	50.00
UTE EUROHANDLING MÁLAGA	50.00
UTE FCC ACISA AUDING	45.00
UTE FCC - DIESEL BARCELONA	80.00
UTE FCC - DIESEL N-VI	50.00
UTE MENDIZULOA	30.00
UTE METEOROLÓGICAS A-6	33.00
UTE NOROESTE	33.00
UTE OCAÑA	75.00
UTE SCC SICE	50.00
UTE SCUTMADEIRA	55.00
UTE S.G.V.V.	50.00
UTE TRAMBAIX	66.00
UTE TRAMBESÓS	66.00
UTE TÚNELES BRAÑAVIELLA - NIEVARES	50.00
CONSTRUCTION	
ACP DU PORT DE LA CONDAMINE	45.00
ARGE GLEISBAU BLEIBUR + BHF	50.00
ARGE GLEISBAU KNOTEN ROHR	50.00
ARGE DURCHLÄSSE ÖBB	50.00
ARGE FESTE FAHRB. LAINZETRUNNEL	15.50
ARGE FESTE FAHRBAHN TAUERNUNN	37.00
ARGE GERÄTEBEISTELLUNG 2005	50.00
ARGE GLEISBAU LT-WEST B.3	50.00
ARGE GLEISBAU MDF HALLEIN	50.00
ARGE GLEISBAU UZ/13	29.00
ARGE ILF-RUM	50.00
ARGE INNOVAPARK	30.00
ARGE INNOVAPARK ABSCHNITT B	30.00
ARGE IVB 2005	50.00
ARGE KABEL ÖBB GRAZ	50.00
ARGE LFS TIROL	60.00
ARGE LINDENGASSE - HALL	50.00
ARGE OBERB. ALTHOFEN-KLAGENFURT	50.00
ARGE OBERBAU ASTEN-LINZ	33.34
ARGE OBERBAU GRAZ-PUNTIGAM	50.00
ARGE PORTALKRAN	34.00
ARGE SLB FÜRWAG	33.33
ARGE SLB GLEISBAU 2004	33.34
ARGE STADTBAU BIENERSTRABE	40.00
ARGE STRABENBAHN KUFRZEILE	50.00
ARGE TIVOLI - BT 1	50.00
J.V. EXTENSION OF LINE 2 TO ANTOHOUPOLI	50.01
J.V. FCC CO-MCM	95.00
UTE 2ª FASE EIQUE DE LA ESFINGE	35.00
UTE 57 VIVIENDAS PC-6 CERRO DE REYES	90.00
UTE ABOÑO MUSEL	80.00

	Percentage of Ownership at 31 December 2008
UTE AEROMÉDICA CANARIA - FCCCO	5.00
UTE AEROPUERTO DE CASTELLÓN	50.00
UTE AL - DEL MALAGA	50.00
UTE AL - DEL POLIVALENTES	50.00
UTE AL - DEL VILLARRUBIA	50.00
UTE AL - DEL XÁTIVA	50.00
UTE ALARCÓN	55.00
UTE ALBUERA	50.00
UTE ALCAR	45.00
UTE ALHAMA	75.00
UTE ALHENDUR	45.00
UTE ALMANZORA	40.00
UTE ALMENDRALEJO	65.00
UTE ALMENDRALEJO II	50.00
UTE ALQUERÍA	50.00
UTE AMOREBIETA	66.66
UTE AMPLIACIÓN AP-6 TRAMO 2	50.00
UTE AMPLIACIÓN CONSEJERÍA AMA	65.00
UTE AMPLIACIÓN EDAR ABRERA	90.00
UTE AMPLIACIÓN EDAR GIRONA	67.00
UTE AMPLIACIÓN FERIA VALENCIA FASE II	50.00
UTE AMPLIACIÓN FERIA VALENCIA FASE III	50.00
UTE AMP. PLAT COSTERA REC. GUINIGUADA	50.00
UTE AMPLIACIÓN PUERTO DE CASTELLÓN	50.00
UTE AMPLIACIÓN SUPERFICIE M. LEVANTE PTO. V	60.00
UTE ANAGA	33.33
UTE AP-7 FIGUERAS	50.00
UTE APARCAMIENTO TERM. ACT. AEROPUERTO G.C.	70.00
UTE ARENAL	33.00
UTE ARINAGA III	50.00
UTE ARMILLA INSTALACIONES	50.00
UTE ARROYO DE LA ENCOMIENDA	50.00
UTE ARROYO DEL FRESNO	50.00
UTE ASTALDI - FCC JV	50.00
UTE ATIL - TECAIR	50.00
UTE AUCOSTA CONSERVACIÓN	50.00
UTE AUDITORIO DE BURGOS	65.00
UTE AUDITORIO DE LEÓN	70.00
UTE AUTOPISTA CARTAGENA - VERA	50.00
UTE AUTOVÍA CANALS AGULLENT	60.00
UTE AUTOVÍA COSTA BRAVA	65.00
UTE AUTOVÍA DE LA PLANA	50.00
UTE AUTOVÍA DE LA SAGRA	50.00
UTE AUTOVÍA EL BATAN - CORIA	50.00
UTE AUTOVÍA PAMPLONA - LOGROÑO	35.00
UTE AUTOVÍA PAMPLONA - LOGROÑO T2, 3, 4	70.79
UTE AVE GIRONA	40.00
UTE AVE MASIDE	67.00
UTE AVE MONTBLANC	75.00
UTE AVE TERUEL	50.00
UTE AVE TÚNEL DE SERRANO	42.00
UTE ÁVILA 6	35.00
UTE AZOKA	52.00
UTE AZUCENAS	75.00
UTE AZUD BAJO EMBALSE ALARCÓN	50.00
UTE AZUD DEL EBRO 2ª FASE	70.00
UTE BALLONTI ARDANZA	20.00
UTE BARBADOS	50.00
UTE BENTA AUNDI	50.00

	Percentage of Ownership at 31 December 2008
UTE BIBLIOTECA DE NAVARRA	65.00
UTE BIMENES	70.00
UTE BIMENES III	70.00
UTE BIZKAIA ENPARANTZA	50.00
UTE BULEVAR PINTO RESINA	50.00
UTE BUÑEL - CORTES	80.00
UTE C 16	50.00
UTE C&F JAMAICA	50.00
UTE CÁCERES	65.00
UTE CÁCERES II	50.00
UTE CADAQUÉS	50.00
UTE CÁDIZ	35.00
UTE CAMBULLONEROS	80.00
UTE CAMBULLONEROS - VIRGEN DEL PINO	40.00
UTE CAMPO DE GIBRALTAR	50.00
UTE CAN TUNIS	70.00
UTE CANAL DE NAVARRA	60.00
UTE CANAL PUERTO VALENCIA	65.00
UTE CAPTACIÓN AGUA DE MAR S.P. PINATAR	50.00
UTE CÁRCEL MARCOS PAZ	35.00
UTE CARCHUNA - CASTELL	75.00
UTE CARDEDEU	40.00
UTE CARIÑENA	50.00
UTE CARRETERA HORNACHOS - LLERA	65.00
UTE CARRETERA IBIZA - SAN ANTONIO	50.00
UTE CASON	50.00
UTE CASON II	50.00
UTE CASTELLÓ D'AMPÚRIES	50.00
UTE CASTELLOLÍ	50.00
UTE CASTIÑEIRIÑO	65.00
UTE CATENARIA - CERRO NEGRO	50.00
UTE CECOEX	20.00
UTE CENTRAL - BEURKO	40.00
UTE CENTRAL - BEURKO FASE II	25.00
UTE CENTRE CONVENCIONS	37.00
UTE CENTRO COMERCIAL ARANJUEZ	50.00
UTE CENTRO COMERCIAL ARANJUEZ PLAZA F. II	50.00
UTE CENTRO COMERCIAL LA GRELA	50.00
UTE CENTRO CONTINGENCIAS GAVÀ	70.00
UTE CERRO GORDO	75.00
UTE CERVERA C-25	65.00
UTE CHAPÍN 2002	75.00
UTE CIBELES	50.00
UTE CIBELES ELECTRICIDAD	50.00
UTE CIERRE SUR T. CONTENEDORES	70.00
UTE CINE AVENIDA	50.00
UTE CIRCUITO	70.00
UTE CIRCUITO F-1 VALENCIA	38.00
UTE CIRCUNVALACIÓN III	46.25
UTE CIUDAD DE LAS ARTES ESCÉNICAS F. V.2	50.00
UTE CIUDAD DE LAS COMUNICACIONES	50.00
UTE CIUDAD DEPORTIVA VALDEBEBAS	50.00
UTE CIUDAD DEPORTIVA VALDEBEBAS II	50.00
UTE CIUDAD REAL	50.00
UTE CIUTAT DE LA JUSTÍCIA	30.00
UTE CLIMA "LA FE"	38.00
UTE CLIMA DENIA	65.00
UTE CLIMA PARQUE EMP. "FORESTA"	50.00
UTE CLIMATIZACIÓN ALCÁZAR DE SAN JUAN	60.00

	Percentage of Ownership at 31 December 2008
UTE CLIMATIZACIÓN BARAJAS	42.50
UTE CLIMATIZACIÓN CIBELES	50.00
UTE CLIMATIZACIÓN CIUDAD DE TELEFÓNICA	50.00
UTE CLIMATIZACIÓN SON DURETA	42.00
UTE CLIMATIZACIÓN W.T.C.	50.00
UTE CLUB NÁUTICO CASTELLÓN	50.00
UTE COALVI - CONVENSA	25.00
UTE COBRA CPD REPSOL	50.00
UTE COBRA - ESPELSA TRANVÍA	50.00
UTE COIMA, S.A. - T.P. D ARMENGOLS C.P.	90.00
UTE COLADA	63.00
UTE COLECTOR NAVIA	80.00
UTE COLECTOR PARLA	50.00
UTE COMPLEJO ACUÁTICO DEPORTIVO MUNICIPAL	50.00
UTE CONAVILA II	50.00
UTE CONDUCCIÓN DEL JÚCAR TRAMO VI	70.00
UTE CONEXIÓN DISTRIBUIDOR SUR	60.00
UTE CONEXIONES EL CAÑAVERAL	33.33
UTE CONSEJERÍA AGRICULTURA	85.00
UTE CONSTRUCCIÓN HOSPITAL SURESTE	50.00
UTE CONTROL AÉREO GAVÀ	70.00
UTE CORNELLÀ WTC	36.00
UTE CORREDOR	55.00
UTE CORTE INGLÉS CASTELLÓN	70.00
UTE CORTE INGLÉS EIBAR	50.00
UTE COSTERA NORTE 1 A	70.00
UTE CREA	50.00
UTE CARRETERA PANTANOS	33.33
UTE CARRETERA TORREBLANCA-AEROPUERTO CS	50.00
UTE CARRETERA ACCESO PUERTO CASTELLÓN	50.00
UTE CUATRO CAMINOS	50.00
UTE CUÑA VERDE	93.00
UTE CYM - ESPELSA INSTALACIONES	50.00
UTE D'ARO	60.00
UTE DÁRSENA SUR DEL PUERTO DE CASTELLÓN	50.00
UTE DÁRSENA SUR II DEL PUERTO DE CASTELLÓN	50.00
UTE DE SUMINISTROS PUENTE RÍO OZAMA	50.00
UTE DENIA SALUD	65.00
UTE DEPÓSITO COMBUSTIBLE PUERTO GIJÓN	80.00
UTE DESALADORA BAJO ALMANZORA	60.00
UTE DESARROLLO PUERTO DE AVILES FASE I	80.00
UTE DESDOBLAMIENTO EX-100 BADAJOZ	50.00
UTE DESVÍOS II	60.00
UTE DESVÍOS LÉRIDA-BARCELONA	50.00
UTE DIQUE DE LA ESFINGE 2ª FASE	70.00
UTE DIQUE ESTE	35.00
UTE DIQUE ESTE FASE II	50.00
UTE DIQUE ESTE DÁRSENA SUR PUERTO DE CASTELLÓN	50.00
UTE DIQUE TORRES	27.00
UTE DIQUE TORRES II	27.00
UTE DISTRIBUCIÓN L-2 Y VARIAS	50.00
UTE DOZÓN	29.60
UTE DRAGADO Y RELLENO CANAL E. PTO. CS	50.00
UTE EBRACONS	68.00
UTE EDAR CULEBRO	50.00
UTE EDAR CULEBRO EQUIPOS	50.00
UTE EDAR CULEBRO OBRA CIVIL	50.00
UTE EDAR L.F. DEPURBAIX	40.00
UTE EDAR PATERNA	85.00

	Percentage of Ownership at 31 December 2008
UTE EDAR VUELTA OSTRERA	70.00
UTE EDIFICIO 4 WTC	56.25
UTE EDIFICIO 6-7-8 WTC	36.00
UTE EDIFICIO DE LAS CORTES	65.00
UTE EDIFICIO IDI 5 TERCERA FASE CPI	75.00
UTE EDIFICIO IMETISA	70.00
UTE EDIFICIO TERMINAL	40.00
UTE EDIFICIOS I.D.I. TERCERA FASE	75.00
UTE EIX BERGUEDÀ	34.00
UTE EIX DEL LLOBREGAT	34.00
UTE EL CONDADO	40.00
UTE ELECTRICIDAD BY PASS SUR CALLE 30	33.33
UTE ELECTRICIDAD CIUDAD COMUNICACIONES	50.00
UTE ELECTRICIDAD SON DURETA	50.00
UTE ELECTRIFICACIÓN BURGOS	33.33
UTE ELECTRIFICACIÓN CUATRO VIENTOS	50.00
UTE ELECTRIFICACIÓN GRANOLLERS	20.00
UTE ENCAUZAMIENTO BARRANCO DE FRAGA	60.00
UTE ENLACE R3-M50	33.33
UTE ENVALIRA	50.00
UTE ERRETERIA	50.00
UTE ESCLUSA SEVILLA	70.00
UTE ESCUELA DE ARTES Y DISEÑOS	70.00
UTE ESPELSA - BEDASA	65.00
UTE ESPELSA - CYMI INSTALACIONES NORTE	50.00
UTE ESPELSA - OCESA	75.00
UTE ESTABILIZACIÓN VIDRERES	50.00
UTE ESTABILIZADO VIC-RIPOLL	50.00
UTE ESTACIÓN AVE ZARAGOZA	50.00
UTE ESTACIÓN CORNELLÀ RIERA	50.00
UTE ESTACIÓN FGV MERCADO - ALICANTE	60.00
UTE ESTACIÓN LUCERO ALICANTE	33.33
UTE ESTACIÓN METRO SERRERÍA	50.00
UTE ESTACIONES METRO LIGERO	50.00
UTE ESTACIONES AEROPORT L9	49.00
UTE ESTACIONES LÍNEA 9	33.00
UTE ESTEPONA	25.00
UTE ETAP LAS ERAS	50.00
UTE F.I.F. GNL TK-3.002/3	39.06
UTE F.I.F. LNG TK - 3001	34.00
UTE F.I.F. TANQUE FB - 241 GNL	38.00
UTE F.I.F. TANQUES GNL	34.00
UTE FASE II HOSPITAL DE MÉRIDA	50.00
UTE FÁTIMA	26.00
UTE FÁTIMA II	33.00
UTE FCC URCO URBASA	50.00
UTE FCC - SCENIC LIGHT	80.00
UTE FCC - TECYSU	80.00
UTE FERIA VALENCIA PABELLÓN Nº 7	50.00
UTE FGV ALICANTE TRAMO 2	60.00
UTE FIRA P-5	65.00
UTE FÍSICA Y QUÍMICA	50.00
UTE FUENTE LUCHA	77.00
UTE GANGUREN	11.48
UTE GAS SAGUNTO. SOCOIN-APL	50.00
UTE GASODUCTO MAGREB - EUROPA	50.00
UTE GAVELEC	50.00
UTE GIJÓN - VILLAVICIOSA	50.00
UTE GIRIBAILE	50.00

	Percentage of Ownership at 31 December 2008
UTE GIRIBAILE II	50.00
UTE GIRONA NORTE	70.00
UTE GOIERRIALDEA	55.00
UTE GRAN VÍA HOSPITALET	50.00
UTE GRAN VÍA NORTE	50.00
UTE GRAN VÍA SURESTE	33.33
UTE GRAU DE LA SABATA	90.00
UTE GUADARRAMA 3	33.33
UTE GUADARRAMA 4	33.33
UTE GUAREÑA I	50.00
UTE GUICYCSA TORDESILLAS	60.00
UTE HABILITACIÓN ED. C. COMUNICACIONES	50.00
UTE HORCHE	65.00
UTE HOSPITAL ALCÁZAR	60.00
UTE HOSPITAL CAMPUS DE LA SALUD	80.00
UTE HOSPITAL DE CARTAGENA	70.00
UTE HOSPITAL DE SALAMANCA	40.00
UTE HOSPITAL DEL SUR	80.00
UTE HOSPITAL FCC - VVO	80.00
UTE HOSPITAL MARQUÉS VALDECILLA FASE III	33.33
UTE HOSPITAL NAVALMORAL	50.00
UTE HOSPITAL NORTE TENERIFE	80.00
UTE HOSPITAL O'DONNELL	50.00
UTE HOSPITAL SON DURETA	32.00
UTE HOSPITAL UNIVERSITARIO DE MURCIA	50.00
UTE HOTEL WTC	53.00
UTE HUELVA NORTE	55.00
UTE HUELVA NORTE II	55.00
UTE HUELVA SUDESTE	40.00
UTE HUESNA CONSTRUCCIÓN	33.33
UTE IBAI EDER	50.00
UTE IBARRETA	50.00
UTE IFEVI	50.00
UTE INSTALACIONES PLATAFORMA SUR	50.00
UTE IRO	80.00
UTE JAÉN - MANCHA REAL	80.00
UTE JEREZ FERROVIARIA	80.00
UTE JONCADELLA	34.00
UTE JUAN GRANDE	50.00
UTE L9 HOSPITALET	50.00
UTE LA CARPETANIA	50.00
UTE LA LOTETA	80.00
UTE LAKUA 796	50.00
UTE LALIN	50.00
UTE LAS ROSAS I-7	33.33
UTE LAUDIO	50.00
UTE LÍNEA 2	50.00
UTE LÍNEA 5	40.00
UTE LÍNEA 9	33.00
UTE LLAGOSTERA	50.00
UTE LUKO	45.00
UTE M-407	50.00
UTE M-30 TÚNEL SUR	50.00
UTE M-407 GESTION	50.00
UTE MÁLAGA COCHERAS	50.00
UTE MANTENIMENT RONDES	70.00
UTE MANTENIMENT RONDES II	70.00
UTE MANTENIMIENTO VÍA ARANJUEZ	50.00
UTE MANTENIMIENTO VÍA SEVILLA	50.00

	Percentage of Ownership at 31 December 2008
UTE MANZANAL	50.00
UTE MATERNIDAD	50.00
UTE MATERNIDAD O'DONNELL	50.00
UTE METRO LIGERO	80.00
UTE METRO MÁLAGA	36.00
UTE MONT-RAS	50.00
UTE MONTSERRAT	35.00
UTE MONTSERRAT 2025	50.00
UTE MORA	30.00
UTE MORALEDA	66.00
UTE MOTRIL	75.00
UTE MUELLE BOUZAS	70.00
UTE MUELLE DE LOS MÁRMOLES	70.00
UTE MUELLE VIEJO CAUCE VALENCIA	65.00
UTE MUELLE VIEJO FASE II VALENCIA	60.00
UTE MUNGUÍA	28.00
UTE MUSEO DE LAS CIENCIAS	50.00
UTE N.O.M.	63.00
UTE NACIMIENTO	54.00
UTE NATURMÁS - AZOR	60.00
UTE NATURMÁS - AZOR 2	60.00
UTE NATURMÁS - AZOR 5	60.00
UTE NOVA BOCANA	40.00
UTE NOVOA SANTOS	60.00
UTE NUDO DE MOLLET	50.00
UTE NUEVA SEDE JUDICIAL LAS PALMAS G.C.	70.00
UTE NUEVO ATRAQUE PLANTA BIODIESEL	50.00
UTE NUEVO ESTADIO VCF	49.00
UTE NUEVO HOSPITAL DE CÁCERES	33.33
UTE NUEVO PUERTO DE IGOUENITZA	50.00
UTE NUEVO TRAZADO CARRETERA TF-812	85.00
UTE OBRAS RELLENO PLAN ORIONADAS	50.00
UTE OLABEL	27.00
UTE OLOT MONTAGUT	45.00
UTE ORDIZIA	59.80
UTE ORENSE - MELÓN	50.00
UTE OSEBE	50.00
UTE PADRÓN	50.00
UTE PALACIO DE LOS DEPORTES	50.00
UTE PALAMÓS-PALAFRUGELL	50.00
UTE PALAU	50.00
UTE PALAU NACIONAL	44.00
UTE PANADELLA	50.00
UTE PARADOR DE EL SALER	75.00
UTE PARANINFO ZARAGOZA	60.00
UTE PARQUE MÁLAGA	60.00
UTE PARQUE MAYORDOMÍA	50.00
UTE PARQUE OCEANOGRÁFICO DE VALENCIA	40.00
UTE PARQUE TECNOLÓGICO	60.00
UTE PAS - SPA	50.00
UTE PASAIA	15.00
UTE PAU LAS TABLAS	50.00
UTE PAU MONTE CARMELO	50.00
UTE PAVONES VIVIENDAS	50.00
UTE PEOPLE MOVER	50.00
UTE PIEDRAFITA	66.67
UTE PINO MONTANO P 5	50.00
UTE PLANTA DE RESIDUOS	50.00
UTE PLATAFORMA BARAJAS	50.00

	Percentage of Ownership at 31 December 2008
UTE PLATAFORMA SATÉLITE	26.00
UTE PLATAFORMA TRANSPORTE UJI DE CASTELL	65.00
UTE PLISAN	70.00
UTE POLIDEPORTIVO MIERES	70.00
UTE POLÍGONO DE TANOS	50.00
UTE POLÍGONO LLOREDA	70.00
UTE POLÍGONO VICÁLVARO	80.00
UTE PORT BESÒS	50.00
UTE PORT TARRAGONA	50.00
UTE PREFABRICADOS M-30	50.00
UTE PREFABRICADOS POLA	50.00
UTE PRESA ENCISO	50.00
UTE PRESAS JÚCAR	53.00
UTE PREVENCIÓN DE INCENDIOS NORESTE	50.00
UTE PROLONGACIÓN DIQUE REINA SOFÍA	40.00
UTE PROSER - ARDANUY	70.00
UTE PROSER - GEOCONTROL	60.00
UTE PROSER - GEOCONTROL II	62.00
UTE PROSER - I.P.D.	65.00
UTE PROSER - IMACS	50.00
UTE PROSER - NARVAL	60.00
UTE PROSER - NORCONTROL	50.00
UTE PROSER - NORCONTROL II	50.00
UTE PROSER - OLCINA	60.00
UTE PROSER - PAYMACOTAS IV	50.00
UTE PROSER - UG 21	70.00
UTE PROSER - LA ROCHE TF5 III	50.00
UTE PROSER - BATLLE I ROIG	50.00
UTE PROSIBE II	50.00
UTE PROSIBE III	50.00
UTE PROTECCIÓN DE LA LAJA	80.00
UTE PUENTE ADRIÁTICO	30.00
UTE PUENTE RIO OZAMA (DFC-COCIMAR)	35.00
UTE PUENTE DE LA SERNA	65.00
UTE PUENTE DE PONFERRADA	55.00
UTE PUENTE DEL REY	33.33
UTE PUENTE MEDELLÍN	65.00
UTE PUENTE SERRERÍA	60.00
UTE PUERTO DE GRANADILLA	40.00
UTE PUERTO DE LAREDO	50.00
UTE PUERTO DEL ROSARIO	90.00
UTE PUIG-REIG	50.00
UTE PUIGVERD	45.00
UTE RADIALES	35.00
UTE RAMPAS ERMUA	50.00
UTE RANDE	40.00
UTE RANILLA CONSTRUCCIÓN	85.00
UTE RECINTOS FERIALES	50.00
UTE RECINTOS FERIALES II	50.00
UTE RECUPERACIÓN DEL GUINIGUADA	50.00
UTE REFORMA HOSPITAL V SALUD	60.00
UTE REFORMA MEDICINA	50.00
UTE REG GARRIGUES	80.00
UTE REGULACIÓN RÍO BELCAIRE DE CASTELLÓN	80.00
UTE RELLENOS PETROLEROS PUERTO GIJÓN	80.00
UTE REPOSICIONES C. LAS PALMAS F3	46.25
UTE RESIDENCIA COMPLUTENSE	50.00
UTE REURBANIZACIÓN AV. SALER	60.00
UTE REVLOM	60.00

	Percentage of Ownership at 31 December 2008
UTE RIALB	65.00
UTE RIALB II	65.00
UTE RIAÑO SAMA II	70.00
UTE RIBERAS DEL EBRO U-12	80.00
UTE RIBOTA - CONDADO	70.00
UTE RINCÓN DE LA VICTORIA	50.00
UTE RÍO LLOBREGAT	55.00
UTE RIPOLL C-17	65.00
UTE ROCKÓDROMO	50.00
UTE ROCKÓDROMO 2	40.00
UTE ROCKÓDROMO FASE 3	40.00
UTE ROCKÓDROMO PC 3	45.00
UTE RONDA HISPANIDAD	45.00
UTE RUTA NACIONAL HAITÍ	55.00
UTE S.A.I.H. JÚCAR	50.00
UTE S.A.I.H. SUR	40.00
UTE S.A.I.H. VALENCIA	50.00
UTE SAGRA TORRIJOS	50.00
UTE SAGUNTO	60.00
UTE SAIPEM - FCC BALEARES DOS	50.00
UTE SAIPEM - FCC BALEARES UNO	11.41
UTE SAJA	50.00
UTE SAN VICENTE	43.00
UTE SANEAMIENTO ARCO SUR	56.50
UTE SANT LLORENÇ	50.00
UTE SANTA BRÍGIDA	50.00
UTE SANTA COLOMA DE FARNERS	50.00
UTE SANTA MARÍA DEL CAMÍ	45.00
UTE SANTIAGO - PADRÓN	50.00
UTE SEGUNDA FASE DELICIAS ZARAGOZA	50.00
UTE SELLA	50.00
UTE SEMINARIO P3-2	90.00
UTE SERVEIS AFECTATS CASTELLÓ D'AMPÚRIES	50.00
UTE SEVILLA SUR	65.00
UTE SIETE AGUAS - BUÑOL	66.66
UTE SOCIALES	60.00
UTE SOTIELLO	50.00
UTE SOTO DE HENARES	70.00
UTE STADIUM	70.00
UTE SUBESTACIÓN PAJARES	50.00
UTE SUBESTACIÓN SERANTES	50.00
UTE SUELOS DE RIVAS VIEJO	20.00
UTE SURESTE II	80.00
UTE TALLERES METRO	80.00
UTE TARRAGONA LITORAL	70.00
UTE TARRAGONA SUR	70.00
UTE TEATRE LLIURE	50.00
UTE TECAIR ROCKÓDROMO	50.00
UTE TELENEO	50.00
UTE TEMPLO Y C. ECUM. EL SALVADOR F1	65.00
UTE TERMINAL BARAJAS T-4	50.00
UTE TERMINAL CEMENTOS ELITE CASTELLÓN	50.00
UTE TERMINAL DE BARAJAS	22.50
UTE TERMINAL GRANELES PUERTO CASTELLÓN	60.00
UTE TERMINAL SUR MUELLE LEÓN Y CASTILLO	35.00
UTE TF-5 2ª FASE	70.00
UTE TINDAYA	50.00
UTE TORO ZAMORA	70.00
UTE TORRE 1 FCC DRAGADOS	60.00

	Percentage of Ownership at 31 December 2008
UTE TORRIJOS	80.00
UTE TRAGSA - FCC A.P.	50.00
UTE TRAIDA AGUAS PARC SAGUNT	50.00
UTE TRAMBESÒS	50.00
UTE TRAMMET	50.00
UTE TRAMO DE NUEVA CONSTRUCCIÓN JÚCAR-VINALOPO	70.00
UTE TRAMVIA DIAGONAL	25.00
UTE TRANVÍA DE PARLA	50.00
UTE TRANVÍA L-2 PARQUE ALICANTE	55.00
UTE TRANVÍA LUCEROS-MERCADO ALICANTE	60.00
UTE TRASVASE JÚCAR VINALOPÓ	50.00
UTE TRES CANTOS GESTIÓN	50.00
UTE TRIANGLE LÍNEA 9	33.00
UTE TÚNEL AEROPORT	33.00
UTE TÚNEL AEROPORT II	33.00
UTE TÚNEL C.E.L.A.	50.00
UTE TÚNEL DE BRACONS	75.00
UTE TÚNEL DE PAJARES 1	50.00
UTE TÚNEL FIRA	33.00
UTE TÚNEL SANT JUST	60.00
UTE TÚNEL TERRASSA	36.00
UTE TUNELADORA METRO	33.00
UTE TÚNELES DE GUADARRAMA	33.33
UTE TÚNELES DELICIAS	65.00
UTE UE 1 ARROYO DEL FRESNO	50.00
UTE UE 2 ARROYO DEL FRESNO	50.00
UTE UE 2 VALLECAS	25.00
UTE UE 5 VALLECAS	33.33
UTE UE 6 VALLECAS	33.33
UTE UNIVERSIDAD DE MÁLAGA	65.00
UTE UNIVERSIDAD DE TUDELA	60.00
UTE UNQUERA - PENDUELES	80.00
UTE URBANIZACIÓN PARC SAGUNT	50.00
UTE URBANIZACIÓN PARQUE DEL AGUA	60.00
UTE URBANIZACIÓN SOMOSAGUAS	50.00
UTE USABEL	50.00
UTE VAGUADA MADRID - 2	50.00
UTE VALDEVIVIENDAS II	33.33
UTE VALLE INFERIOR	80.00
UTE VARIANTE DE MONZÓN	70.00
UTE VARIANTE INCA	70.00
UTE VARIANTE MACHA REAL	67.00
UTE VEGAS ALTAS	40.00
UTE VELA BCN	25.00
UTE VELÓDROMO	60.00
UTE VÍA BENICÀSSIM	35.00
UTE VÍA METRO LIGERO	50.00
UTE VÍAS COLECTORAS LA CARPETANIA	50.00
UTE VÍAS SRV. ENSANCHE VALLECAS	33.33
UTE VIC - RIPOLL	34.00
UTE VIDRERES	34.00
UTE VIES SANT BOI	50.00
UTE VIGO-DAS MACEIRAS	50.00
UTE VILLAR - PLASENCIA	70.00
UTE VULLPALLERES	65.00
UTE WTC ELECTRICIDAD	50.00
UTE XILE - COLLBLANC	50.00
UTE YELTES	75.00
UTE YESA	33.33

	Percentage of Ownership at 31 December 2008
UTE ZELAI	50.00
UTE ZONAS VERDES ENSANCHE DE VALLECAS	33.33
UTE ZUBALBURU XXI	34.00
UTE ZUERA	65.00

CEMENT

UTE BCN SUD	6.88
UTE CONSORCIO ARCO	11.50
UTE NUEVA ÁREA TERMINAL	22.94
UTE OLÉRDOLA	27.53
UTE PUERTO	30.59
UTE ULLÁ	22.94

REAL ESTATE

RESIDENCIAL TURÓ DEL MAR, C.B.	14.12
U.T.E. GLOF MARESME - REALIA BUSINESS, S.A. - VALLEHERMOSO	14.12
UTE II HANSA - REALIA, SAN JUAN	14.12
UTE REALIA BUSINESS Y NECSO ENTRECANALES CUBIERTAS	14.12
UTE REALIA - EQUIPO DIEZ, SAN CARLOS	14.12

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Introduction

The FCC Group is made up of the Parent, Fomento de Construcciones y Contratas, S.A., and a number of Spanish and foreign investees which carry on various business activities that are grouped together in the following areas:

- **Services**, which comprises the following specialised areas:
 - a) **Environmental Services**, which groups together the various activities relating to urban cleaning, such as solid waste collection and treatment, the cleaning of roads and sewerage systems, the maintenance of green spaces and buildings, industrial waste treatment and the integral water cycle. These activities are performed through the Parent, Fomento de Construcciones y Contratas, S.A., and by FCC Medio Ambiente, S.A., Aqualia Gestión Integral del Agua, S.A., FCC Ámbito S.A. and other subsidiaries of these companies.
 - b) **Versia**, which provides various services in the areas of vehicle parking, street furniture and advertising, vehicle roadworthiness tests, aircraft and passenger ground handling (airport handling), logistics services to companies in various industries, street maintenance and traffic systems, etc. These activities are carried on mainly by FCC Versia, S.A. and subsidiaries.
- **Construction**, which specialises in construction and related industries: motorways, freeways and other roads, hydraulic construction works, maritime works, airports, railway infrastructures, residential property developments, housing units, non-residential building construction, infrastructure conservation, oil and gas pipelines, environmental restoration, etc. This activity is performed by FCC Construcción, S.A. and subsidiaries.
- **Cement**, which engages in the operation of quarries and mineral deposits, the manufacture of cement, lime, plaster and related pre-manufactured products and the production of concrete. These activities are performed by Cementos Portland Valderrivas, S.A. and subsidiaries, a group which is listed on the Spanish Stock Market Interconnection System.
- **Energy**, which began operating in 2008 and focuses on cogeneration, energy efficiency, renewable energies and the application of new technologies to harness the energy produced by waste. These activities are performed by the head of the Area, FCC Energía, S.A.

The FCC Group is also highly active in the real estate business through the operation of the Torre Picasso building (wholly owned by the Parent) and its minority shareholding in Realia Business, which engages mainly in housing development and office rental both in Spain and abroad.

The **Torre Picasso building**, located in the Azca complex in Madrid, is wholly owned by the Parent. In 2007 the FCC Group acquired the remaining 20% ownership interest in this building, thus becoming its sole owner. The building has a gross built area of 122,216 square metres distributed among its 43 rentable floors above grade level, commercial areas and five floors of parking spaces. The occupancy level of the building has been virtually 100% for several years.

The Group also operates infrastructure concessions (motorways, tunnels, marinas, railways, tramways and buildings for a variety of uses) mainly through its ownership interest in the Global Vía Infraestructuras Group.

The activities of the various Areas are conducted both in Spain and abroad and in 2008 the contribution of the businesses carried on abroad was significant. Foreign operations, which represent approximately 42% of the FCC Group's revenue (35% in 2007), are carried on mainly in the European, US and Latin American markets.

The economic and financial information contained in this directors' report was prepared in accordance with International Accounting Standards as approved by European Commission Regulations, pursuant to Law 62/2003, of 30 December, for companies that have issued securities admitted to listing on a regulated market, as is the case of Fomento de Construcciones y Contratas S.A., the Parent of the FCC Group.

The figures given below are expressed in millions of euros and those for 2007 were restated in respect of the method used in 2007 to account for joint ventures.

Business performance

1. Main Group aggregates

	2008	2007	Change	
			Absolute	%
Revenue	14,016.3	13,423.2	593.1	4.4%
Spain	8,201.7	8,677.5	(475.8)	-5.5%
International	5,814.6	4,745.7	1,068.9	22.5%
EBITDA	1,740.8	1,929.9	(189.1)	-9.8%
% Gross margin	12.4%	14.4%		
EBIT	946.5	1,259.2	(312.7)	-24.8%
% Net margin	6.8%	9.4%		
Profit before tax	490.3	1,252.3	(762.0)	-60.8%
Profit attributable to the Parent	337.2	737.9	(400.7)	-54.3%
Backlog	32,706.7	30,215.3	2,491.4	8.2%
Investments	1,105.3	1,252.1	(146.8)	-11.7%
Operating cash flow	(1,501.8)	(1,091.2)	(410.6)	37.6%
Net financial debt	(6,900.6)	(7,776.1)	875.5	-11.3%
Equity	3,196.2	4,250.5	(1,054.3)	-24.8%
Dividend per share (euros)	1.57	2.13		
Earnings per share (euros)	2.71	5.76		

The detail by business area is as follows:

	2008	2007	% Change	% of Total 2008	% of Total 2007
Revenue					
Construction	7,744.0	6,922.2	11.9%	55.2%	51.6%
Environmental services	3,633.3	3,464.7	4.9%	25.9%	25.8%
Versia	897.4	923.2	-2.8%	6.4%	6.9%
Cement	1,425.1	1,790.8	-20.4%	10.2%	13.3%
Realia	402.3	472.4	-14.8%	2.9%	3.5%
Torre Picasso	26.2	21.8	20.2%	0.2%	0.2%
Other	(112.0)	(171.9)	-34.8%	-0.8%	-1.3%
TOTAL FCC GROUP	14,016.3	13,423.2	4.4%	100.0%	100.0%
Revenue, Spain					
Construction	3,909.1	4,057.5	-3.7%	47.7%	46.8%
Environmental services	2,342.9	2,262.1	3.6%	28.6%	26.1%
Versia	615.9	645.1	-4.5%	7.5%	7.4%
Cement	1,085.2	1,415.4	-23.3%	13.2%	16.3%
Realia	332.7	439.3	-24.3%	4.1%	5.1%
Torre Picasso	26.2	21.8	20.2%	0.3%	0.3%
Other	(110.3)	(163.7)	-32.7%	-1.2%	-1.8%
TOTAL FCC GROUP	8,201.7	8,677.5	-5.5%	100.0%	100.0%

	2008	2007	% Change	% of Total 2008	% of Total 2007
International revenue					
Construction	3,834.9	2,864.7	33.9%	66.0%	60.4%
Environmental services	1,290.4	1,202.6	7.3%	22.2%	25.3%
Versia	281.6	278.1	1.3%	4.8%	5.9%
Cement	339.9	375.4	-9.5%	5.8%	7.9%
Realia	69.6	33.1	110.3%	1.2%	0.7%
Torre Picasso	-	-	0.0%	0.0%	0.0%
Other	(1.8)	(8.2)	-78.0%	0.0%	-0.2%
TOTAL FCC GROUP	5,814.6	4,745.7	22.5%	100.0%	100.0%
EBITDA					
Construction	463.1	373.8	23.9%	26.6%	19.4%
Environmental services	606.0	660.8	-8.3%	34.8%	34.2%
Versia	74.8	91.9	-18.6%	4.3%	4.8%
Cement	417.3	581.7	-28.3%	24.0%	30.1%
Realia	131.1	210.8	-37.8%	7.5%	10.9%
Torre Picasso	21.4	18.6	15.1%	1.2%	1.0%
Other	27.1	(7.7)	-451.9%	1.6%	-0.4%
TOTAL FCC GROUP	1,740.8	1,929.9	-9.8%	100.0%	100.0%
EBIT					
Construction	325.4	262.3	24.1%	34.4%	20.8%
Environmental services	298.6	342.0	-12.7%	31.5%	27.2%
Versia	(6.1)	40.6	-115.0%	-0.6%	3.2%
Cement	235.6	412.3	-42.9%	24.9%	32.7%
Realia	50.8	184.1	-72.4%	5.4%	14.6%
Torre Picasso	17.8	16.2	9.9%	1.9%	1.3%
Other	24.4	1.7	1335.3%	2.5%	0.2%
TOTAL FCC GROUP	946.5	1,259.2	-24.8%	100.0%	100.0%
Backlog					
Construction	10,159.4	8,875.4	14.5%	31.1%	29.4%
Environmental services	22,547.3	21,339.9	5.7%	68.9%	70.6%
TOTAL FCC GROUP	32,706.7	30,215.3	8.2%	100.0%	100.0%
Cash flows from investing activities					
Construction	(156.9)	(178.0)	-11.9%	10.4%	16.3%
Environmental services	(628.8)	(516.5)	21.7%	41.9%	47.3%
Versia	(43.0)	(153.4)	-72.0%	2.9%	14.1%
Cement	(295.7)	(294.8)	0.3%	19.7%	27.0%
Other (*)	(377.4)	51.5	-832.8%	25.1%	-4.7%
TOTAL FCC GROUP	(1,501.8)	(1,091.2)	37.6%	100.0%	100.0%

	2008	2007	% Change	% of Total 2008	% of Total 2007
Cash flows from operating activities					
Construction	178.4	(30.4)	-686.8%	16.1%	-2.4%
Environmental services	360.3	578.2	-37.7%	32.6%	46.2%
Versia	83.5	172.4	-51.6%	7.6%	13.8%
Cement	359.7	454.5	-20.9%	32.5%	36.3%
Other (*)	123.4	77.4	59.4%	11.2%	6.1%
TOTAL FCC GROUP	1,105.3	1,252.1	-11.7%	100.0%	100.0%
Net financial debt					
Construction	(119.8)	(272.0)	-56.0%	1.7%	3.5%
Environmental services	(4,076.4)	(3,792.8)	7.5%	59.1%	48.8%
Versia	(509.4)	(521.6)	-2.3%	7.4%	6.7%
Cement	(1,762.2)	(1,520.5)	15.9%	25.5%	19.6%
Other (**)	(432.8)	(1,669.2)	-74.1%	6.3%	21.4%
TOTAL FCC GROUP	(6,900.6)	(7,776.1)	-11.3%	100.0%	100.0%

(*) Including, inter alia, the flows generated by the Energy business and the Realia Group.

(**) Including, inter alia, the financing of the assets of Infrastructure Concessions and Energy.

2. Income statement

	2008	2007	% Change	% of 2008 Revenue	% of 2007 Revenue
Revenue	14,016.3	13,423.2	4.4%	100.0%	100.0%
EBITDA	1,740.8	1,929.9	-9.8%	12.4%	14.4%
Margin	12.4%	14.4%			
Depreciation and amortisation charge	(724.0)	(684.1)	5.8%	-5.2%	-5.1%
Other gains or losses from operations	(70.3)	13.4	-624.6%	-0.5%	0.1%
EBIT	946.5	1,259.2	-24.8%	6.8%	9.4%
Margin	6.8%	9.4%			
Financial loss	(484.6)	(389.5)	24.4%	-3.5%	-2.9%
Share of results of associates	12.6	63.0	-80.0%	0.1%	0.5%
Other gains or losses on transactions	15.8	319.6	-95.1%	0.1%	2.4%
Profit before tax from continuing operations (PBT)	490.3	1,252.3	-60.8%	3.5%	9.3%
Income tax expense	(94.3)	(332.2)	-71.6%	-0.7%	-2.5%
Minority interests	(58.9)	(182.2)	-67.7%	-0.4%	-1.4%
Profit attributable to the Parent	337.2	737.9	-54.3%	2.4%	5.5%

2.1 Revenue

The FCC Group's revenue rose by 4.4% in 2008 to stand at EUR 14,016.3 million. This increase was due largely to the expansion of the Construction area's activities -up 11.9%- and to Environmental Services, which grew by 4.9%.

The revenue of Versia (general services) and Cement fell by 2.8% and 20.4%, respectively. The reduction in Versia's activity was due to the sale of most of the passenger transport business (CTSA) in November 2007 and the effect of the economic downturn on the logistics and handling businesses. Cement was affected by the slowdown in the residential property business in Spain and the US and by adverse exchange rates in its foreign business.

Revenue by Geographical Area	2008	2007	% Change
Spain	8,201.7	8,677.5	-5.5%
% of total	58.5%	64.7%	
International	5,814.6	4,745.7	22.5%
% of total	41.5%	35.3%	

The Group's international expansion continues to achieve steady growth, with international revenue accounting for 41.5% of total revenue, up 22.5% on 2007.

	2008	2007
Construction	49.5%	41.2%
Environmental services	35.5%	36.4%
Versia	31.4%	29.0%
Cement	23.9%	24.3%
Realia	17.3%	7.5%
Total FCC Group	41.5%	35.3%

By market, the Company's robust positioning in Europe, particularly in Central and Eastern countries, is worthy of note. In these areas, which have significant FCC presence and growth potential and accounted for 85% of total international revenue, FCC is involved in environmental services and infrastructure concessions. The Group also reinforced its presence in Cement and Street Furniture in the United States and at the beginning of 2008 commenced operations in the area of industrial waste management (through the Hydro-carbon Recovery Services Group).

The Group further consolidated its international presence despite the adverse exchange rate effect, with 2008 witnessing average depreciation of 14% for the pound sterling, which affected the Environmental Services business, and of 6.4% in the case of the US dollar, which had a particular impact on the Cement business.

2.2 EBITDA

EBITDA dropped by 9.8% to EUR 1,740.8 million due to the combination of a series of factors of opposite effects. On the one hand, the construction business rose sharply by 23.9%. Noteworthy in this regard is that this growth, achieved within the context of a market that is sceptical about its future performance, is based on the steady increase in the Group's construction backlog, its strong international presence and infrastructure projects.

On the other hand, the Cement area's business decreased due to a sharp fall in the demand for building construction, together with smaller margins as a result of the increase in energy prices. The Environmental Services area was affected by temporary factors such as the negative impact on WRG of the delay in the entry into service of a waste treatment plant, the exchange rate of sterling and the drop in output in the UK. Also noteworthy is the inclusion of a provision of EUR 81 million by Realia for valuation adjustments relating to certain land and development assets.

If this provision were excluded, EBITDA would have decreased by only 6.11% to EUR 1,821.8 million.

Margins (EBITDA)	2008	2007
Construction	6.0%	5.4%
Environmental services	16.7%	19.1%
Versia	8.3%	10.0%
Cement	29.3%	32.5%
Realia	32.6%	44.6%
TOTAL FCC GROUP	12.4%	14.4%

In 2008 the consolidated EBITDA margin stood at 12.4% as a result of the decrease in sales of the most capital-intensive businesses, such as cement and waste treatment, which have a higher percentage of fixed costs than those whose revenue increased.

2.3 EBIT

EBIT amounted to EUR 946.5 million, down 24.8% on 2007. Construction again recorded positive growth as compared with the decrease in the other businesses, which can be accounted for in part by the reasons already given for the performance of EBITDA.

It should also be noted that the depreciation and amortisation charge for the year included EUR 168 million relating to several adjustments to the carrying amount of certain assets acquired in prior years: (1) a charge of EUR 100 million relating to the fair value assigned to certain assets on the date of acquisition (mainly environmental and infrastructure assets), which has been taken since they were included in the Group's scope of consolidation; (2) amortisation of goodwill totalling EUR 23 million relating to certain airport handling contracts held by Versia; and (3) an allowance of EUR 46 million relating to the value of rental assets of Realia.

If the amortisation charge for goodwill and the allowance for Realia's assets (land/development and property) were excluded, consolidated EBIT would have totalled EUR 1,096.5 million, down 12.9% on 2007.

Margins (EBIT)	2008	2007
Construction	4.2%	3.8%
Environmental services	8.2%	9.9%
Versia	-0.7%	4.4%
Cement	16.5%	23.0%
Realia	12.6%	39.0%
TOTAL FCC GROUP	6.8%	9.4%

2.4 Financial loss

Net finance costs amounted to EUR 484.6 million, up 24.4% due to the combination of the increased borrowing costs in 2008 given the high interest rates until October and the average volume of financial debt during the year. However, at 2008 year-end the improvement in working capital financing needs and the change in the consolidation method used for Realia to the equity method enabled the Group to reduce net debt to EUR 6,900.6 million in December, down 11.3% on December 2007.

2.5 Share of results of associates

The share of results of associates was EUR 12.6 million, a decrease of 80% compared with 2007. This was due to the fact that in 2008 Realia was fully consolidated, whereas it was accounted for using the equity method from January to May 2007.

2.6 Other gains or losses on transactions

"Other Gains or Losses on Transactions", which includes the gains or losses on disposals and the adjustments to fair value of financial assets, fell sharply due to the recognition in June 2007 of the gain of EUR 258.5 million on the sale of an equity interest in Realia in the related public offering.

2.7 Profit before tax

In 2008 net attributable profit totalled EUR 337.2 million. The decrease in profit can be explained mainly by the absence in 2008 of the gains on the sale of an ownership interest in Realia in the public offering in 2007 (accounting for 64.5% of the drop) and to a lesser extent by the allowances recorded for certain assets acquired in prior years, a slight downturn in the flows generated by operating activities and higher borrowing costs associated with the Group's acquisitions.

2.8 Minority interests

The 67.7% decrease in minority interests to EUR 58.9 million was due to the drop in profit attributable to Cementos Portland's minority shareholders (down to EUR 63.8 million), the losses attributable to minority interests at Realia (EUR -15.5 million) and the recognition of a financial liability for the acquisition of 20.73% of the Alpine Group, which reduced the balance of minority interests by EUR 59,775 thousand.

2.9 Income tax expense

The income tax expense fell by 71.6% with respect to 2007 to stand at EUR 94.3 million. The consolidated tax rate was 19.2% (as compared with 26.5% in 2007) as a result of the tax savings arising from the recognition of the allowances described above and the drop in the tax rate in the UK and the Czech Republic.

2.10 Profit attributable to the Parent

Net profit attributable to the Parent was EUR 337.2 million, down 54.3% on 2007.

3. Financial aggregates

3.1 Cash flows

	2008	2007	% Change
+ Cash flows from operating activities	1,105.3	1,252.1	-11.7%
Funds generated	1,849.4	1,959.2	-5.6%
Change in working capital	(459.4)	(370.4)	24.0%
Taxes and other	(284.7)	(336.7)	-15.4%
- Cash flows from net investing activities	(1,501.8)	(1,091.2)	37.6%
= Cash flows from operating and investing activities	(396.5)	160.9	-346.4%
- Cash flows from financing activities	(930.4)	(1,267.6)	-26.6%
- Cash flows due to changes in the scope of consolidation and other	2,202.2	(1,599.6)	-237.7%
= INCREASE IN NET DEBT	875.3	(2,706.3)	-132.3%

3.1.1 Cash flows from operating activities

Cash flows from operating activities fell by 11.7% in 2008 to EUR 1,105.3 million due to the slight fall (-5.6%) in funds generated to EUR 1,849.4 million and the increase in operating working capital to EUR 459.4 million.

The changes in 2008 in working capital, by business area, were as follows:

Margins (EBIT)	Change 08-07
Construction	(191.5)
Environmental services	(205.6)
Versia	0.3
Cement	10.7
Other businesses (including Realia)	(73.3)
TOTAL CHANGE IN WORKING CAPITAL	(459.4)

The Construction business accounted for part of the increase in operating working capital as a result of the financing required for the notable 33.9% rise in international activities. The financial operating requirements of Environmental Services, whose sales rose by 4.9%, also increased by EUR 205.6 million.

The evolution of operating working capital throughout 2008 is worthy of note: working capital showed increases of EUR 221.3 million in the first quarter, EUR 580.3 million in the second quarter and EUR 117.3 million in the third quarter, in contrast to a fall of EUR 459.5 million in the last quarter.

3.1.2 Cash flows from net investing activities

Net investments in 2008 totalled EUR 1,501.8 million, up 37.6% on 2007. Of the gross investments of EUR 1,765.8 million, EUR 1,092.3 million relate to investments in property, plant and equipment and intangible assets (61.8% of the total amount) and EUR 578 million to investments in financial assets and in Group companies. The most noteworthy items were as follows: the acquisition in March of Hydrocarbon Recovery Services and International Petroleum in the Industrial Waste area for EUR 122.4 million; the acquisition of two solar farms for EUR 140 million in September; an investment of EUR 176.5 million in the development of rental property assets; and the acquisition of minority shareholders' interests in the Cement area for EUR 143 million.

The divestments totalling EUR 264 million relate mainly to assets sold in the Construction area and by Realia.

3.1.3 Cash flows due to changes in the scope of consolidation and other

These relate mainly to Realia's net debt, due to the change in the method of consolidation, and the proportional part of the concession-related debt transferred to Global Vía.

3.2 Net financial debt

At 31 December 2008, net financial debt amounted to EUR 6,900.6 million, down EUR 875.5 million, i.e. 11.3%, on December 2007.

Net debt recognised in 2008 and 2007 includes the effect of the change in the consolidation method used for joint ventures to the equity method.

	2008	2007	Difference
Debt instruments and other marketable securities	(143.7)	(139.3)	(4.4)
Bank borrowings	(7,939.1)	-9,026.1	1,087.0
With recourse	(6,100.5)	(5,690.7)	(409.8)
Without recourse	(1,838.6)	(3,335.4)	1,496.8
Other debts	(441.8)	(268.8)	(173.0)
Cash and current financial assets	1,623.9	1,658.2	(34.3)
With recourse	1,358.3	1,169.1	189.2
Without recourse	265.6	489.1	(223.5)
TOTAL NET DEBT	(6,900.6)	(7,776.1)	875.5
NET DEBT WITH RECOURSE	(5,327.6)	(4,929.8)	(397.8)

The combination of several factors accounts for the reduction in financial debt. On the one hand, the increase of EUR 1,501.8 million in investments in 2008 (up 44.7% in the Environmental Services area and 9.3% in alternative energies) and the increase in working capital requirements, which finance the growth in revenue, by EUR 459.4 million in December 2008. On the other hand, the change at 2008 year-end in the consolidation method used for Realia to the equity method, which eliminated Realia's debt from the FCC Group.

The Environmental Services and general (Versia) areas were the main recipients of the financing, obtaining 65.7% of the total amount, largely for concessions and long-term stable public service contracts. Alternative energies, whose incipient activity is not yet included as an independent business segment, accounts for a further EUR 140 million.

3.3 Equity

The Group's equity at 2008 year-end amounted to EUR 3,196.2 million, down 24.8% on 2007. The main changes in the year are shown in the following table.

Equity at 31 December 2007	4,250
Undistributed profit for 2008	237
Attributable to the Parent	178
Minority interests	59
Distribution of profit	(334)
Valuation adjustments	(307)
Treasury share transactions	84
Changes in the scope of consolidation	(764)
Other adjustments	30
EQUITY AT 31 DECEMBER 2008	3,196

The changes in the scope of consolidation relate mainly to the minority interests of Realia, which are now accounted for using the equity method.

3.4 Dividend and earnings per share

Earnings per share are calculated by dividing the profit for the year attributable to the Parent by the weighted average number of ordinary shares outstanding during the year.

At the Group, the basic earnings per share and the diluted earnings per share are the same, since there are no options, warrants or equivalent or any other type of instrument convertible into ordinary shares or contracts that might have a dilutive effect on earnings per share.

The detail of the Group's basic and diluted earnings per share for 2008 and 2007 is as follows:

	2008	2007
Earnings per share		
Basic	€2.71	€5.76
Diluted	€2.71	€5.76

4. Analysis by business area

4.1 Construction

4.1.1 Earnings

	2008	2007	% Change
Revenue	7,744.0	6,922.2	11.9%
Spain	3,909.1	4,057.5	-3.7%
International	3,834.9	2,864.7	33.9%
EBITDA	463.1	373.8	23.9%
EBITDA margin	6.0%	5.4%	
EBIT	325.4	262.3	24.1%
EBIT margin	4.2%	3.8%	

The Construction business grew by 11.9% thanks to increased international sales, which rose by 33.9% to EUR 3,834.9 million. This means that the Area's international activities contributed almost half of its revenue, accounting for 49.5% of the total amount. Business in Spain fell by 3.7%, with sales dropping by 1.2% to September 2008, by 6.1% in the first half of the year and by 16.6% in the first quarter.

	2008	2007	% Change
Spain	3,909.1	4,057.5	-3.7%
% of total	50.5%	58.6%	
International	3,834.9	2,864.7	33.9%
% of total	49.5%	41.4%	

The Group's international presence was focused mainly on Europe, accounting for 92% of the total international business, including most notably Austria (47.1% of the total figure) and increasingly important Eastern European countries such as Romania, Bulgaria, the Czech Republic, Poland and Croatia, which accounted for a further 23.7%.

4.1.2 Profitability

EBITDA totalled EUR 463.1 million in 2008, up 23.9% on 2007. EBITDA as a percentage of revenue ended the year at 6%, a clear improvement on the previous year.

EBIT also grew strongly (+24.1%) to stand at EUR 325.4 million with a margin of 4.2%.

4.1.3 Backlog and investments

	2008	2007	% Change
Backlog	10,159.4	8,875.4	14.5%
Investments	(156.9)	178.0	-11.9%

The outlook for future business is evident from the backlog, which ended the year at EUR 10,159.4 million, up 14.5% on 2007. This record figure guarantees 15.7 months of production. Civil engineering work accounts for 77.8% of the total backlog for 2008, whereas the proportion represented by building constructions as a whole fell to 22.2%.

4.1.4 Cash flows

	2008	2007	% Change
+ Cash flows from operating activities	178.4	(30.4)	-686.8%
Funds generated	477.9	358.0	33.5%
Change in working capital	(191.5)	(295.3)	-35.2%
Taxes and other	(108.0)	(93.1)	16.0%
- Cash flows from net investing activities	(156.9)	(178.0)	-11.9%
= Cash flows from operating and investing activities	21.5	(208.4)	-110.3%
- Cash flows from financing activities	(213.5)	(150.4)	42.0%
- Cash flows due to changes in the scope of consolidation and other	344.3	256.0	34.5%
= INCREASE IN NET DEBT	152.3	(102.8)	-248.2%
Net debt at year-end	2008	2007	Difference
With recourse	(119.8)	(285.0)	165.2
Without recourse	-	13.0	(13.0)
TOTAL	(119.8)	(272.0)	152.2

The cash flows generated by operations increased by 33.5% to EUR 477.9 million. This strong growth more than offset the EUR 191.5 million increase in working capital which arose to a large extent from the increasing importance of the business conducted in Europe through the Alpine Group.

Net investments in the year totalled EUR 156.9 million and a further EUR 344.3 million are associated with the transfer of interests in infrastructure concessions to the related unit in 2008.

Net debt at 2008 year-end stood at EUR 119.8 million, down 55.9% on 2007.

4.1.5 Alpine

	2008	2007	% Change
Revenue	3,506.4	2,595.0	35.1%
EBITDA	169.9	119.4	42.3%
EBITDA margin	4.8%	4.6%	
EBIT	77.9	46.0	69.4%
EBIT margin	2.2%	1.8%	

Alpine's revenue rose by 35.1% in 2008 and this group expanded steadily throughout the year, accounting for 45.3% of the Area's total revenue. EBITDA increased even further - by 42.3% to stand at EUR 169.9 million - once the start-up costs related to the increased activity began to diminish, giving rise to a slight increase of 20 basis points in the EBITDA margin.

EBIT increased significantly by 69.4% to stand at EUR 77.9 million. It should be noted that EBIT includes the EUR 20.5 million depreciation charge recognised in 2008 with respect to the assets of Alpine that were revalued at the date it became part of the FCC Group.

The highly seasonal nature of Alpine's revenue due to the weather conditions in its main markets (Central and Eastern Europe) make it advisable to compare full years.

Lastly, Alpine's backlog increased by 21.3% to stand at EUR 3,099 million in December 2008, guaranteeing 10.6 months of production.

4.2 Environmental Services

4.2.1 Earnings

	2008	2007	% Change
Revenue	3,633.3	3,464.7	4.9%
Spain	2,342.9	2,262.1	3.6%
International	1,290.4	1,202.6	7.3%
EBITDA	606.0	660.8	-8.3%
EBITDA margin	16.7%	19.1%	
EBIT	298.6	342.0	-12.7%
EBIT margin	8.2%	9.9%	

The revenue of Environmental Services rose by 4.9% thanks to the Area's good performance in Spain (+3.6%) and abroad (up +7.3%). The International business includes the Hydrocarbon Recovery Services Group, which became part of the Industrial Waste area in March 2008. If the effect of this inclusion were disregarded, international sales would have dropped slightly by 0.9%.

In addition, the appreciation of the euro against sterling and the US dollar (14.0% and 6.4%, respectively) had a negative impact, particularly on the WRG Group's operations, which were also adversely affected by the increase in tax on landfills and the delay in the start-up of one of its main plants. Disregarding the aforementioned acquisition, international revenue at constant exchange rates would have increased by 8.9% in 2008.

	2008	2007	% Change
Spain	2,342.9	2,262.1	3.6%
% of total	64.5%	65.3%	
International	1,290.4	1,202.6	7.3%
% of total	35.5%	34.7%	

Sales of the Environment business line in Spain increased by 6.2% to EUR 1,440.5 million, contributing 39.6% of the Area's total revenue.

The Environment business abroad was affected by the negative exchange rate impact described above. Even so, international business amounted to EUR 1,057.4 million and accounted for 29.1% of the Area's revenue. The markets with the largest FCC presence are the United Kingdom, through WRG and FOCSA Services U.K. (accounting for 53% of the total), Central and Eastern Europe, through ASA and SmVAK (27%) and, increasingly, the United States, through the Hydrocarbon Recovery Services Group.

The Industrial Waste area grew notably by 53.1%, partly as a result of the acquisition of the Hydrocarbon Recovery Services Group (consolidated from 1 March 2008 onwards) whose revenue totalled EUR 98.9 million in 2008. On a like for like basis, growth of the business was 0.9% in 2008.

The detail of the revenue of the various sectors composing the Area is as follows:

	2008	2007	% Change	% of Total 2008	% of Total 2007
Environmental	1,440.5	1,356.9	6.2%	39.6%	39.2%
International Environment	1,057.4	1,127.7	-6.2%	29.1%	32.5%
Water	845.5	790.1	7.0%	23.3%	22.8%
Industrial waste	289.9	190.0	52.6%	8.0%	5.5%
TOTAL	3,633.3	3,464.7	4.9%	100%	100%

4.2.2 Profitability

EBITDA fell by 8.3% to EUR 606 million and EBIT dropped by 12.7% to EUR 298.6 million. This higher decrease in EBIT was due to the EUR 42 million depreciation and amortisation charge relating to the value assigned to the assets acquired by the Area in prior years.

The impact of the WRG Group on profit from operations was significant and, were it to be excluded, the Area's revenue would have risen by 10.6% to EUR 2,976.4 million, EBITDA would have increased by 16.3% to EUR 507.9 million and the EBITDA margin would have improved by 90 basis points to 17.1%.

4.2.3 Backlog and investments

	2008	2007	% Change
Backlog	22,547.3	21,339.9	5.7%
Investments	(628.8)	(516.5)	21.7%

The backlog of Environmental Services performed well and increased by 5.7% with respect to December 2007 to reach a new high of EUR 22,547.3 million.

4.2.4 Cash flows

	2008	2007	% Change
+ Cash flows from operating activities	360.3	578.2	-37.7%
Funds generated	591.2	666.3	-11.3%
Change in working capital	(205.6)	(91.6)	124.5%
Taxes and other	(25.3)	3.5	N/A
- Cash flows from net investing activities	(628.8)	(516.5)	21.7%
= Cash flows from operating and investing activities	(268.5)	61.7	N/A
- Cash flows from financing activities	(305.8)	(312.6)	-2.2%
- Cash flows due to changes in the scope of consolidation and other	276.7	157.7	75.5%
= INCREASE IN NET DEBT	(297.6)	(93.2)	219.3%
Net debt at year-end	2008	2007	Difference
With recourse	(3,315.3)	(2,926.9)	(388.4)
Without recourse	(761.1)	(865.9)	104.8
TOTAL	(4,076.4)	(3,792.8)	(283.6)

Cash flows from operating activities amounted to EUR 360.3 million due mainly to the combination of the EUR 591.2 million of funds generated from operations and the increase of EUR 205.6 million in working capital.

Net investments carried out in 2008 totalled EUR 628.8 million, up 21.7% on 2007. Noteworthy investments in the expansion of the Area were the acquisition of the US companies Hydrocarbon Recovery Services and International Petroleum in the first quarter for EUR 122.4 million. Other smaller acquisitions were made in Europe in WRG and the Water business, accounting for a further EUR 24.2 million.

4.2.5 Waste Recycling Group

	2008	2007	% Change
Revenue	656.9	775.2	-15.2%
EBITDA	98.1	224.0	-56.2%
EBITDA margin	14.9%	28.9%	
EBIT	(5.5)	63.0	N/A
EBIT margin	N/A	8.1%	

WRG's revenue dropped to EUR 656.9 million and EBITDA decreased to EUR 98.1 million. This negative performance was due primarily to the adverse effect of the appreciation of the euro by 14.0% against sterling. Had exchange rates remained constant, revenue would have fallen by 1.5%.

WRG was also affected until September 2008 by the technical shutdown of its main incineration plant (Allington) and to a lesser extent by the increase in April in taxes on municipally managed waste in the UK.

The largest component of the decrease in EBIT to EUR -5.5 million was the depreciation and amortisation charge of EUR 23.9 million relating to the higher value of the assigned assets generated on the acquisition of WRG.

4.3 Versia

4.3.1 Earnings

	2008	2007	% Change
Revenue	897.4	923.2	-2.8%
Spain	615.9	645.1	-4.5%
International	281.6	278.1	1.2%
EBITDA	74.8	91.9	-18.6%
EBITDA margin	8.3%	10.0%	
EBIT	(6.1)	40.6	-114.9%
EBIT margin	-0.7%	4.4%	

Versia's revenue fell by 2.8% to EUR 897.4 million for two reasons: firstly, the sale of CTSA (a company engaging in urban transport) in November 2007. If this divestment were excluded, like-for-like revenue would have increased by 0.4% in 2008. Secondly, the slowdown of the economy affected the revenue of the logistics sector.

	2008	2007	% Change
Spain	615.9	645.1	-4.5%
% of total	68.6%	69.9%	
International	281.6	278.1	1.3%
% of total	31.4%	30.1%	

International business grew by 1.2%, underpinned by the expansion abroad of Street Furniture and Airport Handling, and accounted for 31.4% of the Area's consolidated sales.

The detail of the revenue of the various sectors composing the Area is as follows:

	2008	2007	% Change	% of Total 2008	% of Total 2007
Logistics	323.0	338.0	-4.5%	36.0%	36.6%
Airport handling	252.8	258.4	-2.2%	28.2%	28.0%
Street furniture	132.8	136.3	-2.5%	14.8%	14.8%
Car parks	74.4	74.8	-0.6%	8.3%	8.1%
Conservation and systems	49.9	50.0	0.0%	5.6%	5.4%
Vehicle roadworthiness tests	46.2	41.0	12.8%	5.1%	4.4%
Urban transport (*)	-	29.4	N/A	0.0%	3.2%
High-technology systems and vehicles (SVAT)	22.0	24.6	-10.3%	2.5%	2.7%
TOTAL (**)	897.4	923.2	-2.8%	100.0%	100.0%

(*) See paragraph on revenue.

(**) Including consolidation adjustments.

The vehicle roadworthiness test sector proved to be the most dynamic, reporting growth of 12.8%. Logistics was affected by the slowdown in economic activity, as was Street Furniture, whose most notable contribution was the New York contract, which added revenue of EUR 26.3 million, accounting for 19.8% of the total for the sector.

4.3.2 Profitability

EBITDA weakened to stand at EUR 74.8 million due to the cost of the launch of the Street Furniture activities in New York (with operating losses of EUR 12.2 million), the aforementioned sale of CTSA and the impact on Logistics of the reduction in activity and higher fuel costs.

EBIT includes an allowance of EUR 23 million relating to the adjustment of the value of certain assets acquired in prior years by the Airport Handling sector (contracts in Miami and Italy). Disregarding this effect, EBIT would have fallen to EUR 16.9 million in 2008.

4.3.3 Backlog and investments

	2008	2007	% Change
Backlog	-	-	N/A
Investments	(43.0)	(153.4)	-72.0%

4.3.4 Cash flows

	2008	2007	% Change
+ Cash flows from operating activities	83.5	172.4	-51.6%
Funds generated	99.1	106.6	-7.0%
Change in working capital	0.3	52.8	-99.4%
Taxes and other	(15.9)	13.0	-222.3%
- Cash flows from net investing activities	(43.0)	(153.4)	-72.0%
= Cash flows from operating and investing activities	40.5	19.0	113.6%
- Cash flows from financing activities	(46.9)	(38.6)	21.5%
- Cash flows due to changes in the scope of consolidation and other	17.9	15.9	13.9%
= INCREASE IN NET DEBT	11.5	(3.9)	N/A

Net debt at year-end	2008	2007	Difference
With recourse	(509.4)	(521.6)	12.2
Without recourse	-	-	-
TOTAL	(509.4)	(521.6)	12.2

The limited investments in expansion in 2008 due to the efforts made in prior years gave rise to an improvement in the cash flows of the business. Consequently, debt fell by 2.3% to stand at EUR 509.4 million at 2008 year-end.

4.4 Cementos Portland Valderrivas

4.4.1 Earnings

	2008	2007	% Change
Revenue	1,425.1	1,790.8	-20.4%
EBITDA	1,085.2	1,415.4	-23.3%
EBITDA margin	339.9	375.4	-9.5%
EBIT	417.3	581.7	-28.3%
EBIT margin	29.3%	32.5%	

Revenue dropped by 20.4% due mainly to the decrease in activity in Spain, whose sales fell by 23.3% as a result of the sharp downturn in 2008 in residential property activity.

	2008	2007	% Change
Spain	1,085.2	1,415.4	-23.3%
% of total	76.2%	79.0%	
International	339.9	375.4	-9.5%
% of total	23.8%	21.0%	

International sales, amounting to EUR 339.9 million, accounted for 23.8% of total revenue. The 9.5% decrease reflects the negative effect of the exchange rate (the US dollar depreciated by 6.4% in 2008) and the downturn in demand in the US (17%). Emerging markets (Tunisia) continued to perform well thanks to increasing consumption and prices.

4.4.2 Profitability

EBITDA decreased by 28.3% to EUR 417.3 million and the EBITDA margin reached 29.3%, dropping by only 3.20%. The moderate fall in the EBITDA margin as compared with revenue was achieved despite the increase in energy costs, particularly that of electricity in Spain after the deregulation of the wholesale market on 1 July 2008 (+30% with respect to the first half of the year), and the impact of fixed costs as a consequence of the downturn in activity.

4.4.3 Cash flows

	2008	2007	% Change
+ Cash flows from operating activities	359.7	454.5	-20.9%
Funds generated	417.8	614.3	-32.0%
Change in working capital	10.7	(38.0)	-128.2%
Taxes and other	(68.8)	(121.8)	-43.5%
- Cash flows from net investing activities	(295.7)	(294.8)	0.3%
= Cash flows from operating and investing activities	64.0	159.7	-59.9%
- Cash flows from financing activities	(242.0)	(195.9)	23.5%
- Cash flows due to changes in the scope of consolidation and other	(63.8)	(15.2)	319.1%
= INCREASE IN NET DEBT	(241.8)	(51.4)	370.4%
Net debt at year-end	2008	2007	Difference
With recourse	(1,240.4)	(1,043.9)	(196.5)
Without recourse	(521.8)	(476.6)	(45.2)
TOTAL	(1,762.2)	(1,520.5)	(241.7)

Cash flows from operations decreased by 20.9% to EUR 359.7 million, less than the fall in funds generated by operations, thanks to the reduction of EUR 10.7 million in working capital in 2008. Investments increased to EUR 295.7 million, the most significant transactions being investments in Group companies totalling EUR 146.8 million and the investment in the renovation of one of the US factories (Keystone – Pennsylvania) to improve energy efficiency.

4.5 Torre Picasso

Following the acquisition of the remaining 20% ownership interest previously not held by it, the FCC Group fully consolidated Torre Picasso from 25 July 2007 onwards.

4.5.1 Earnings

	2008	2007	% Change
Revenue	26.2	21.8	20.3%
EBITDA	21.4	18.6	
EBITDA margin	81.7%	85.5%	
EBIT	17.8	16.2	10.0%
EBIT margin	68.1%	74.4%	

At 2008 year-end, the occupancy rate of Torre Picasso was high and stable, standing at almost 100%. The average rent billed to customers was EUR 28.6/m²/month.

Treasury share transactions

At 2007 year-end, Fomento de Construcciones y Contratas, S.A. held 375,986 treasury shares, representing 0.29% of share capital, valued at EUR 8,156 thousand.

Also, Compañía Auxiliar de Agencia y Mediación, S.A. owned 316,098 shares of Fomento de Construcciones y Contratas, S.A., representing 0.24% of its share capital, with a carrying amount of EUR 1,107 thousand. At 2008 year-end, this company no longer held any shares of Fomento de Construcciones y Contratas, S.A. In addition, Asesoría Financiera y de Gestión, S.A. (Afigesa) held 5,046,871 shares of Fomento de Construcciones y Contratas, S.A., representing 3.87% of its share capital, with a carrying amount of EUR 259,409 thousand. At 2008 year-end, Afigesa held 2,682,260 shares of Fomento de Construcciones y Contratas, S.A., representing 2.1% of its share capital, with a carrying amount of EUR 118,926 thousand. These shares are also deemed to be shares of the Parent pursuant to Article 87 of the Consolidated Spanish Companies Law.

In accordance with Article 79.4 of the Companies Law, the changes in the number of shares in the year are detailed in the table below.

	FCC, S.A.	Asesoría Financiera y de Gestión, S.A.	Cía. Auxiliar de Agencia y Mediación	FCC Group
At 31 December 2007	375,986	5,046,871	316,098	5,738,955
Intra-Group acquisitions and sales	2,888,201	(2,572,103)	(316,098)	-
Acquisitions or additions	-	2,137,477	-	2,137,477
Sales or disposals	-	(1,929,985)	-	(1,929,985)
Retirements	(3,264,187)	-	-	(3,264,187)
AT 31 DECEMBER 2008	-	2,682,260	-	2,682,260

Research and development activities

The FCC Group is actively present in the world of research, development and technological innovation. The Group's initiatives in this field encompass the matters which, either directly or indirectly, have a bearing on its business activities. Noteworthy in 2008 were the steps taken in the course of its activities aimed at protecting the environment in order to facilitate sustainable growth.

In the sphere of **Environmental Services**, research continued throughout 2008 in various projects launched in prior years. These include most notably: the Environmental Monitoring project, whose objectives for 2008 were to establish the traceability of "yellow bag" (recyclable) waste and containers and to optimise the composting process; the DIANA project, which continued to investigate the treatment of municipal solid waste through anaerobic digestion; and the VRU project, which focused in 2008 on obtaining alternative fuels from the items rejected by waste treatment plants.

With regard to waste elimination, mention must be made of the studies carried out for the treatment of waste using a plasma converter (Termoplas project). The objective is to use plasma technology to break down waste into its constituent components, thus obtaining various sub-products for industrial use. Also, two new projects were launched: one focuses on the treatment of waste using revolving drums in order to obtain an alternative fuel from the breakdown of paper/cardboard fibre and other organic matter contained in the items rejected by waste treatment plants, whereas the aim of the other, the INDALOS project, is to optimise the anaerobic digestion process in existing waste treatment methods, modelling their behaviour on the basis of various parameters involved in the process.

In the field of industrial waste, research continued into the reduction of the quantity and toxicity of the sludge produced by urban wastewater treatment plants.

In the **Street Furniture** sector of the **Versia** area, several projects are being carried out aimed at protecting the environment and promoting sustainable growth. The most notable is the EPISOL (Electrical Vehicle Powered by Fuel Cell and Solar Energy) project to develop a light urban vehicle featuring hybrid electric propulsion which, in the first phase, will be equipped with a heat engine and, in a subsequent phase, will have a highly-efficient and low-cost fuel cell, using solar power in both cases. Each model of the vehicle has a system that enables it to be connected to the electricity mains in order to recharge the battery. Thus, at the start of each journey the batteries are fully charged and the demands placed on the heat engine and/or fuel cell are greatly reduced. Versia is working on this project in conjunction with INSIA (University Institute for Automotive Research of Universidad Politécnica de Madrid) and IAI

(the Industrial Automation Institute of the Spanish Higher Council for Scientific Research (CSIC)). There are also plans for the Guigiaro Design team to join the project to design the vehicle's new bodywork. Other important projects include C-CYCLES under the auspices of which a complete unattended bicycle hire system is being developed which functions with smart cards and features payment by credit card. The project responds to the need for sustainable urban mobility promoting multi-modal transport. The Company is also working on several LED illumination projects which aim to reduce energy consumption and, therefore, greenhouse gas emissions. Parallel to the LED illumination projects, studies are being performed relating to the reduction of light pollution. Consumption has so far been reduced to a third but, since the target is to reduce it to a quarter, research will continue. The Company's solar PV projects include the development of a solar PV system which, together with illumination using LEDs, will allow greenhouse gas emissions to be reduced to zero and in certain cases to reduce network connection costs. The latest noteworthy projects in which the Street Furniture sector is involved relate to digital advertising; their aim is to implement a digital advertising system incorporating LCD screens and the technology required for them to be viewed properly outdoors. The ultimate objective of these projects is for digital advertising to replace analogue advertising.

In the sphere of **Construction**, FCC Construcción, S.A. and its subsidiaries are fully aware of the important role played by R&D in maintaining a competitive position in the market and in the ongoing improvement of the quality of their construction projects. Therefore, they implement a policy focused on the active promotion of research, technological development and innovation. It should be noted in this regard that FCC Construcción, S.A. is participating in the European Construction Technology Platform and the Spanish Construction Technology Platform. The aim of both organisations is to combine the efforts of research centres, industries and universities in all areas relating to research, development and technological innovation.

With respect to projects carried out in 2008, those launched in previous years were continued, such as the Tunconstruc project, for the optimisation of underground construction; the Manubuild project, for the industrialisation of construction; the Arfrisol project, which focuses on the development of bioclimatic architecture and solar energy; the Hatcons project, which studies various aspects of underground construction work, such as high-performance concretes and the interaction between machines, facings and land; the Integral Bridges project, for the design of bridges without joints; the Cleam project, for efficient and environment-friendly construction; the Safe Port project, which is developing a system that can link natural surroundings with the occupational risks in maritime construction works and the Submerged Tunnels project, for submerged tunnels in seismic zones. As a result of the work carried out in the various projects, a bioclimatic building was constructed for the Fundación Barrredo in Asturias (Afrisol project) and a system to enhance safety in the construction of Laredo port (Safe Port project) was developed. New projects commenced in 2008 include most notably the OLIN project for the study, testing and justification of the extension of the soil to be used in embankments and the formation of E3 esplanades with soil treated only with lime; the Urban Tunnels project, which aims to develop an integrated model for the design and study of tunnels in urban areas; the Pontoon project, which aims to develop a pontoon system made of concrete reinforced with fibre; and the Continuous Wall project, for the development of continuous elements made from slipformed concrete reinforced with structural fibre. In 2008 the FCC Group won its fourth "Premio Fomento a la Innovación" (Innovation Prize) for the Prefabricados Delta project entitled "Automation of the railway sleeper manufacturing process".

In its efforts to ensure ongoing customer satisfaction, the Cementos Portland Valderrivas Group provides full guarantees for the quality of its products, which have been extended to all the Cement area companies. In 2008 work was carried out to unify the quality manuals of the various cement companies comprising the Cementos Portland Valderrivas Group.

The expansion of the product range also continued in close collaboration with the sales and R&D&I departments.

The Cementos Portland Valderrivas Group achieved major R&D&I goals in the technical assistance and technology transfer activities at the Group's Giant and Keystone factories in the US and at the San Luis de Cementos Avellaneda factory in Argentina. In 2008 the R&D&I division also worked on the rollout of the quality management system in the remaining business areas.

Lastly, the Cementos Portland Valderrivas Group continued to participate in Spanish and international research fora and to lead the organisation of the International Congress on the Chemistry of Cement to be held in Madrid in 2011.

Financial risk management objectives and policies

The concept of financial risk refers to the changes in the financial instruments arranged by the FCC Group due to political, market (volatility) and other factors. The Group's risk management philosophy is consistent with its business strategy and seeks to achieve maximum profitability and solvency at all times. To this end, strict financial risk control and management criteria have been established to identify, measure, analyse and control the risks incurred in the Group's operations, and the Risk Policy has been properly integrated into the organisation. In line with this Risk Policy, the financial instruments arranged by the Group are intended solely to hedge the related transaction and are not used for speculative purposes.

In view of the volatility of the money markets, the FCC Group actively implements an interest rate risk management policy to ensure that it is in the most advantageous position at all times. Since its activities are closely linked to inflation, the Group's financial policy consists of ensuring that both its current financial assets - which to a large extent act as a natural hedge for its current financial liabilities - and its debt are tied to floating interest rates. However, since the future trends of interest rates are not predictable, and complying with the policy of classifying original instruments as hedges, interest rate derivatives are arranged, mainly swaps, in which the Group companies pay fixed interest rates and receive floating interest rates.

A significant consequence of the FCC Group's positioning in the international markets is the exposure resulting from net positions in foreign currencies against the euro or in one foreign currency against another when the investment and financing of an activity cannot be made in the same currency. The FCC Group's general policy is to mitigate, as far as possible, the adverse effect on its financial statements of exposure to foreign currencies, with regard to both transactional and purely equity-related changes.

The Group actively manages its foreign currency risk by arranging financial transactions in the same currency as that in which the related asset is denominated, i.e. efforts are made, at all times, to obtain in local currency the financing required for the local activity of the company in the country of origin of the investment, with a view to creating a natural hedge or a matching of the cash flows generated to the financing. However, there are occasions when this is not possible due to the monetary weakness of the country of origin of the investment, in which case the financing is obtained in the currency used in consolidation or in the currency with which there is a closer correlation.

In order to mitigate liquidity risk, the FCC Group is present at all times in various markets, thus facilitating the obtainment of financing lines and minimising the risk arising from the concentration of operations. Accordingly, the Group obtains financing from over 100 Spanish and international banks and it operates in a wide variety of markets.

Outlook for 2009

Set forth below are the prospects for 2009 for the various lines of business composing the FCC Group. The construction and services backlog at 2008 year-end, which amounted to EUR 32,706.7 million, guarantee the continuation of a high level of activity over the coming years.

In the **Environmental Services** area, the large market share obtained will be consolidated and growth will be linked to contract extensions and renewals and to the start-up of new treatment plants and recycling facilities. In the International business, expansion in Eastern and Central Europe through the ASA Group, which specialises in integral waste management and treatment services, is the prime objective of the growth strategy. Authorisation was obtained in 2008 for the incorporation of two companies in Macedonia and Russia. The Group will thus begin its expansion into these countries, which afford considerable potential for development. In the UK, where it had already been active in the collection and cleaning industry through Focsa Services UK, the FCC Group became one of the leading operators in the industry after the acquisition of WRG in 2006. This marked the beginning of an important phase of presenting bids for PFI projects, several of which had been awarded to the Group in prior years. Further contracts of this kind are expected to be obtained in the course of 2009. The new waste collection, treatment and elimination services are among the businesses with the best outlook for growth. The Allington incinerator has overcome the technical problems that prompted several shutdowns and it is expected to be fully operational in 2009. Lastly, one of the prime strategic objectives is to increase business efficiency through a substantial reduction in costs.

Following the consolidation of the acquisition of the US companies Hydrocarbon Recovery Services Inc. and International Petroleum Corp. and in view of the full-capacity operation of the new facilities built in Portugal and the commencement of soil decontamination work at the Flix reservoir, production in the **Industrial Waste** sector is expected to increase significantly subject to the record prices of recovered materials.

In the **Water Management** sector, the Company has improved its significant position in Spain while also intensifying the geographical diversification strategy embarked upon three years ago. New contracts were obtained in Portugal in 2008 and, boosted by the concession granted in Italy (Caltanissetta, in operation) and by the contracts that have opened new avenues for the Czech company SmVAK, further business opportunities are being sought in these countries and in their geographical areas of influence. To this must be added the new major contracts and contract renewals and extensions secured in Spain in municipalities such as Adeje, La Puebla de Montalbán, Gáldar, Mancomunidad de Aguas de Mairaga, Nájera, Lardereo, Comillas, Cassá de la Selva, Nerja, Manilva and Gadiana del Caudillo, as well as the contract to manage the wastewater and treatment plant in Arroyo Culebro (Madrid). As part of its business diversification policy, the Group has entered the sphere of sports facility management (heated swimming pools, spas) and obtained the contracts for the Denia municipal swimming pool and the Masia Lloret sports hall in Villajoyosa.

At the beginning of 2009, the Services Area backlog amounted to EUR 22,547.3 million, equivalent to over six years of production.

Growth of the **Versia** Area in 2009 will foreseeably be limited as a result of the economic crisis which already in 2008 started to have a considerable impact on certain major activities of the area directly related to consumption (Logistics), the airline industry (Airport Handling) and advertising (Street Furniture), which are not expected to recover in 2009. However, the activity of the Street Furniture sector is expected to increase significantly in the US due to the mature New York contract and the rise in advertising space to be sold.

In 2009 the focus will be on consolidating and reaping the rewards of growth obtained in previous years by Street Furniture in New York, the airport handling contracts in Spain and the acquisition of the Grupo Logístico Santos and Aeroporti di Roma Handling, which will enable Versia to reduce its borrowings.

In the **Construction** area, due to the performance of the real estate market in Spain, the revenue from residential building construction in 2009 is expected to be lower than in 2008. By contrast, revenue from civil engineering work is expected to increase due to the existing backlog of projects and the measures announced by government agencies, which intend to promote the construction of infrastructure and public works in general in 2009 in order to reactivate the economy. Thus, the drop in residential building construction will foreseeably be offset by the increase in civil engineering and, therefore, total revenue in Spain should not fall below that obtained in 2008.

Since civil engineering work is the main activity in the International sphere, it is anticipated that revenue will increase slightly both in the European market, in which FCC operates through the Alpine Group (based in Austria and present in numerous Eastern European countries), and in the Americas, where the Group is present through investees operating in Central America and Mexico.

At the beginning of 2009, the Construction backlog amounted to EUR 10,159 million, equivalent to over 15 months of production.

The future performance of the **Cement** area will be marked by the activity of the construction and civil engineering industries in the countries and regions in which it operates. The outlook for the markets as a whole suggests that the volume of sales will slightly exceed that of 2008. Consumption of cement for residential building in Spain is expected to drop in line with the trend set in 2008. However, the civil engineering industry is expected to recover in the second half of the year as public funds are approved for this purpose. Exports are also projected to increase considerably. As far as the US market is concerned, the residential sector will remain stagnant, although it is not a great consumer of cement. However, road and other infrastructure projects are expected to begin and, therefore, consumption will foreseeably rise slightly as compared with 2008. Keystone's renovated cement plant in Pennsylvania will also enter into service. With regard to the other international markets of the Cement area, with the exception of the UK, where sales will be similar to those for 2008, sales in the other countries - Tunisia, Argentina and Uruguay - will increase, with a notable boost in exports.

One of the main objectives of the FCC Group's strategic plan until 2010 (PLAN 10) was to diversify into the energy business, focusing particularly on cogeneration, energy efficiency and renewable energies. In order to achieve this objective, on 4 September 2008 Fomento de Construcciones y Contratas, S.A. and Europea de Gestión, S.A., Sole-Shareholder Company incorporated FCC Energía, S.A., the head of the future **Energy and Sustainability** area, with an initial capital of EUR 4 million.

The first step taken by the FCC Group for the new business was the acquisition in September 2008 of all the shares of two PV farms in Córdoba province with an installed capacity of 20 MW. Both farms were connected to the grid in September 2008 and at 31 December 2008 they had both been transferred to FCC Energía, S.A.

The investment totalled EUR 140 million and on 22 December 2008 a syndicated loan of EUR 132 million was arranged with Banesto, Caja Madrid, ICO and Banco Popular.

The agreement for the acquisition from the Australian group Babcock & Brown Wind Partners of the entire portfolio of wind farms held by it in Spain (through Olivento) is expected to be concluded at the beginning of 2009. The portfolio consists of 14 wind farms in Andalucía, Galicia, Aragón, Castilla y León and Castilla La Mancha with annual billings of EUR 100 million. The total production capacity of the farms is 422 MW. An additional capacity of 45 MW currently under development is expected to enter into service before 2012.

In addition to the assets of Olivento, a 50% ownership interest will be acquired in IM Future, a company with a team of 50 highly experienced professionals in the field of wind farms who will monitor the operation of the farms to be purchased.

The cost of the transaction will be approximately EUR 800 million, which will be financed with the Group's own resources and a syndicated loan of EUR 528 million arranged on 25 November 2008 with a group of banks headed by Banco Santander.

The investments in electricity production assets will be consolidated in the course of 2009 and investments will be made in new assets in accordance with FCC's strategic plan (Plan 10).

The new investments will give priority to projects focused on developing assets rather than any opportunities to acquire operating assets that may arise. The development of assets will enable FCC to consolidate and improve its position in the renewable energy business and build up the technological capacity required for the construction, operation and maintenance of the Group's facilities. The prime geographical targets for investment will be Spain, EU countries in Eastern Europe and the US. All these areas share the

characteristic of: the legal certainty required for medium-term investment commitments and their respective governments that have expressed the wish to boost the development and promotion of renewable energy sources.

As regards production technologies, the Group will use all the existing technologies that are sufficiently mature to ensure the profitability of the assets. Consequently, the first-choice technologies will be wind, PV and solar thermal.

Under the Social Responsibility and Sustainability Plan, FCC is developing and implementing systems to enhance the efficiency of its own energy consumption through the incorporation of new technologies, improved purchase and supply processes and the use of alternative fuels in certain production processes. In addition to giving rise to important cost savings, these actions will generate new business opportunities through the implementation of new processes at our customers' facilities. FCC will create an energy services company to carry on energy efficiency and saving activities.

Lastly, the FCC Group is actively analysing the opportunities in the waste-to-energy field in order to fully harness the energy produced by waste to achieve renewable, local and competitive production free of greenhouse gas emissions.

audit report

Consolidated group



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Translation of a report originally issued in Spanish based on our work performed in accordance with generally accepted auditing standards in Spain and of consolidated financial statements originally issued in Spanish and prepared in accordance with IFRSs as adopted by the European Union (see Notes 2 and 28). In the event of a discrepancy, the Spanish-language version prevails.

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
Fomento de Construcciones y Contratas, S.A.:

1. We have audited the consolidated financial statements of Fomento de Construcciones y Contratas, S.A. and Subsidiaries comprising the consolidated balance sheet at 31 December 2008 and the related consolidated income statement, consolidated cash flow statement, consolidated statement of recognised income and expense and notes to the consolidated financial statements for the year then ended. The preparation of these consolidated financial statements is the responsibility of the Parent's directors. Our responsibility is to express an opinion on the consolidated financial statements taken as a whole based on our audit work performed in accordance with generally accepted auditing standards in Spain, which require examination, by means of selective tests, of the evidence supporting the consolidated financial statements and evaluation of their presentation, of the accounting policies applied and of the estimates made. Our work did not include an examination of the 2008 financial statements of certain subsidiaries and associates, whose aggregate assets, revenue and net profit, in absolute terms, represent 36%, 24% and 24%, respectively, of the related consolidated totals. The financial statements of these companies were audited by other auditors (see Appendixes I, II and III to the notes to the consolidated financial statements). Our opinion as expressed in this report on the consolidated financial statements of Fomento de Construcciones y Contratas, S.A. and Subsidiaries is based, with respect to these companies, on the reports of the other auditors.
2. As required by Spanish corporate and commercial law, for comparison purposes the Parent's directors present, in addition to the consolidated figures for 2008 for each item in the consolidated balance sheet, consolidated income statement, consolidated cash flow statement, consolidated statement of recognised income and expense and notes to the consolidated financial statements, the figures for 2007. Our opinion refers only to the consolidated financial statements for 2008. The presentation of the information for 2007 differs from that contained in the approved 2007 consolidated financial statements due to the inclusion, for comparison purposes, of the consolidated statement of recognised income and expense and the change in the method used to consolidate the jointly managed investees (see Note 2-a to the accompanying consolidated financial statements). On 3 April 2008, we issued our auditors' report on the 2007 consolidated financial statements, in which we expressed an unqualified opinion.
3. In our opinion, based on our audit and on the reports of the other auditors mentioned in paragraph 1 above, the accompanying consolidated financial statements for 2008 present fairly, in all material respects, the consolidated equity and financial position of Fomento de Construcciones y Contratas, S.A. and Subsidiaries at 31 December 2008 and the consolidated results of their operations, the changes in the recognised income and expense, the changes in the consolidated equity and their consolidated cash flows for the year then ended, and contain the required information, sufficient for their proper interpretation and comprehension, in conformity with International Financial Reporting Standards as adopted by the European Union applied on a basis consistent with that used in the preparation of the consolidated financial statements for the preceding year, which are presented for comparison purposes.

4. The accompanying consolidated directors' report for 2008 contains the explanations which the Parent's directors consider appropriate about the Group's situation, the evolution of its business and other matters, but is not an integral part of the consolidated financial statements. We have checked that the accounting information in the consolidated directors' report is consistent with that contained in the consolidated financial statements for 2008. Our work as auditors was confined to checking the consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of Fomento de Construcciones y Contratas, S.A. and Subsidiaries.

DELOITTE, S.L.
Registered in ROAC under no. S0692



Miguel Laserna Niño
25 February 2009

Financial statements

Fomento de Construcciones y Contratas, S.A.

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Balance sheet

Fomento de Construcciones y Contratas, S.A.

A S S E T S		31/12/08
NON-CURRENT ASSETS		3,466,161
Intangible assets (Note 5)		27,212
Concessions	7,882	
Computer software	12,000	
Other intangible assets	7,330	
Property, plant and equipment (Note 6)		459,676
Land and buildings	57,026	
Plant and other items of property, plant and equipment	340,325	
Property, plant and equipment in the course of construction and advances	62,325	
Investment property (Note 7)		232,032
Buildings	232,032	
Non-current investments in Group companies and associates (Note 10-a)		2,624,092
Equity instruments	1,336,054	
Loans to companies	1,288,038	
Non-current financial assets (Note 9)		55,467
Equity instruments	7,328	
Loans to third parties	34,070	
Derivatives (Note 12)	7,409	
Other financial assets	6,660	
Deferred tax assets (Note 16)		63,342
Deferred borrowing costs relating to concession financing		4,340
CURRENT ASSETS		2,152,351
Inventories		7,135
Raw materials and other supplies	6,853	
Advances to suppliers	282	
Trade and other receivables		724,547
Trade receivables for sales and services (Note 11)	592,244	
Receivable from Group companies and associates (Note 19)	75,880	
Sundry accounts receivable	10,095	
Employee receivables	4,148	
Current tax assets (Note 16)	35,121	
Other accounts receivable from public authorities (Note 16)	7,059	
Current investments in Group companies and associates		1,268,459
Loans to companies (Note 10)	1,262,363	
Other financial assets	6,096	
Current financial assets (Note 9)		72,841
Loans to companies	6,159	
Debt securities	4,875	
Other financial assets	61,807	
Current prepayments and accrued income		1,800
Cash		77,569
Cash	77,569	
TOTAL ASSETS		5,618,512

The accompanying Notes 1 to 22 and Appendixes I to IV are an integral part of the financial statements and, together with the latter, make up the statutory financial statements for 2008.

at 31 December 2008 (thousands of euros)

EQUITY AND LIABILITIES		31/12/08
EQUITY (Note 13)		1,233,547
Shareholders' equity		1,257,226
Share capital		127,303
Registered share capital	127,303	
Share premium		242,133
Reserves		644,817
Legal and bylaw reserves	26,114	
Other reserves	618,703	
Profit for the year		342,906
Interim dividend		(99,933)
Valuation adjustments		(26,540)
Available-for-sale financial assets	5,991	
Hedges	(32,531)	
Grants, donations or gifts and legacies received		2,861
NON-CURRENT LIABILITIES		3,134,300
Long-term provisions (Note 14)		207,546
Provisions for third-party liability	119,690	
Other provisions	87,856	
Non-current payables (Note 15)		2,869,007
Bank borrowings	2,789,700	
Obligations under finance leases	3,479	
Derivatives (Note 12)	68,981	
Other financial liabilities	6,847	
Deferred tax liabilities (Note 16)		57,747
CURRENT LIABILITIES		1,250,665
Short-term provisions		777
Current payables (Note 15)		293,145
Bank borrowings	114,552	
Obligations under finance leases	27,115	
Other financial liabilities	151,478	
Current payables to Group companies and associates (Note 10)		651,062
Trade and other payables		305,156
Payable to suppliers	109,230	
Payable to suppliers - Group companies and associates (Note 19)	20,994	
Sundry accounts payable	63,305	
Remuneration payable	33,756	
Other accounts payable to public authorities (Note 16)	44,407	
Customer advances	33,464	
Current accruals and deferred income		525
TOTAL EQUITY AND LIABILITIES		5,618,512

The accompanying Notes 1 to 22 and Appendixes I to IV are an integral part of the financial statements and, together with the latter, make up the statutory financial statements for 2008.

Income statement

for the year ended 31 December 2008 (thousands of euros)

INCOME STATEMENT	31/12/08
CONTINUING OPERATIONS	
Revenue (Note 18)	1,241,092
In-house work on non-current assets	2,816
Procurements	(192,541)
Cost of goods held for resale used	(1,876)
Cost of raw materials and other consumables used	(111,015)
Work performed by other companies	(79,650)
Other operating income	101,560
Non-core and other current operating income	101,223
Income-related grants transferred to profit or loss	337
Staff costs	(757,432)
Wages, salaries and similar expenses (Note 18)	(572,512)
Employee benefit costs	(184,920)
Other operating expenses	(185,124)
Outside services	(168,521)
Taxes other than income tax	(6,677)
Impairment losses and change in allowances for trade receivables	(428)
Other current operating expenses	(9,498)
Depreciation and amortisation charge	(71,278)
Allocation to profit or loss of grants related to non-financial non-current assets and other grants	386
Excessive provisions (Note 14)	32,602
Impairment and gains or losses on disposals of non-current assets	(236)
Gains or losses on disposals and other	(236)
PROFIT FROM OPERATIONS	171,845
Finance income	318,522
From investments in equity instruments	216,127
Group companies and associates (Note 19)	216,127
From marketable securities and other financial instruments	102,395
Group companies and associates	83,095
Third parties	19,300
Finance costs	(183,171)
On debts to Group companies and associates	(19,044)
On debts to third parties	(160,400)
Interest cost relating to provisions (Note 14)	(3,727)
Change in fair value of financial instruments	(19,602)
Held-for-trading financial assets/liabilities and other	(19,602)
Exchange differences	47,021
Impairment and gains or losses on disposals of financial instruments	43,197
Impairment and other losses	7,248
Gains or losses on disposals and other (Note 9)	35,949
FINANCIAL PROFIT	205,967
PROFIT BEFORE TAX	377,812
INCOME TAX (Note 16)	(34,906)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	342,906
PROFIT FOR THE YEAR	342,906

The accompanying Notes 1 to 22 and Appendixes I to IV are an integral part of the financial statements and, together with the latter, make up the statutory financial statements for 2008.

Statement of changes in equity

Fomento de Construcciones y Contratas, S.A. for the year ended 31 December 2008
(thousands of euros)

	Share Capital (Note 13-a)	Share Premium (Note 13-b)	Reserves (Notes 13-c and 13-d)	Treasury Shares (Note 13-e)	Profit for the Year	Interim Dividend (Note 3)	Valuation Adjust- ments	Grants	Equity
Equity at 31 December 2007	130,567	242,133	515,685		504,882	(138,654)			1,254,613
Adjustment due to new Spanish National Chart of Accounts			18,064	(8,156)			1,780	2,814	14,502
Adjusted equity at 1 January 2008	130,567	242,133	533,749	(8,156)	504,882	(138,654)	1,780	2,814	1,269,115
Total income and expenses for the year					342,906		(28,320)	47	314,633
Transactions with shareholders and owners	(3,264)		111,067	8,156	(504,882)	38,721			(350,201)
Capital increases									
(-) Capital reductions	(3,264)		(119,582)	8,156					(114,690)
(-) Dividends paid			230,650		(504,882)	138,654			(135,578)*
Treasury share transactions (net)									
Interim dividend						(99,933)			(99,933)
Other changes in equity									
Equity at 31 December 2008	127,303	242,133	644,817	-	342,906	(99,933)	(26,540)	2,861	1,233,547

The accompanying Notes 1 to 22 and Appendixes I to IV are an integral part of the financial statements and, together with the latter, make up the statutory financial statements for 2008. In particular, Note 13 "Equity" explains this statement.

* Final dividend for 2007

Statement of changes in equity

(thousands of euros)

STATEMENT OF RECOGNISED INCOME AND EXPENSE		31/12/08
Profit per income statement		342,906
Income and expenses recognised directly in equity		
Arising from revaluation of financial instruments		
Available-for-sale financial assets		1,283
Other income/(expenses)		
Arising from cash flow hedges		(38,264)
Grants, donations or gifts and legacies received		333
Arising from actuarial gains and losses and other adjustments		
Tax effect		10,459
Income and expenses recognised directly in equity		(26,189)
Transfers to profit or loss		
Arising from revaluation of financial instruments		
Available-for-sale financial assets		
Other income/(expenses)		
Arising from cash flow hedges		(2,568)
Grants, donations or gifts and legacies received		(386)
Tax effect		870
Total transfers to profit or loss		(2,084)
TOTAL RECOGNISED INCOME AND EXPENSE		314,633

Statement of cash flows

Fomento de Construcciones y Contratas, S.A. for the year ended 31 December 2008
(thousands of euros)

31/12/2008

Profit for the year before tax		377,812
Adjustments for		(155,351)
Depreciation and amortisation charge	71,278	
Impairment losses	(7,248)	
Changes in provisions	(20,511)	
Recognition of grants in profit or loss	(386)	
Gains/Losses on derecognition and disposal of non-current assets	236	
Gains/Losses on derecognition and disposal of financial instruments	(35,949)	
Finance income	(318,523)	
Finance costs	183,171	
Exchange differences	(47,021)	
Changes in fair value of financial instruments	19,602	
Other income and expenses		
Changes in working capital		(108,531)
Inventories	(1,052)	
Trade and other receivables	(137,925)	
Other current assets	993	
Trade and other payables	25,614	
Other current liabilities	3,839	
Other non-current assets and liabilities		
Other cash flows from operating activities		98,695
Interest paid	(160,149)	
Dividends received	214,051	
Interest received	45,236	
Income tax recovered (paid)	5,035	
Other amounts received (paid)	(5,478)	
CASH FLOWS FROM OPERATING ACTIVITIES		212,625
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments due to investment		(942,376)
Group companies and associates	(53,979)	
Intangible assets	(11,966)	
Property, plant and equipment	(111,244)	
Investment property	(1,909)	
Other financial assets	(762,858)	
Non-current assets classified as held for sale		
Other assets	(420)	
Proceeds from disposal		199,940
Group companies and associates	192,750	
Intangible assets	133	
Property, plant and equipment	1,282	
Investment property		
Other financial assets	5,775	
Non-current assets classified as held for sale		
Other assets		
CASH FLOWS FROM INVESTING ACTIVITIES		(742,436)

Proceeds and payments relating to equity instruments		(114,356)
Proceeds from issue of equity instruments		
Redemption of equity instruments		
Purchase of treasury shares	(114,690)	
Disposal of treasury shares		
Grants, donations or gifts and legacies received	334	
Proceeds and payments relating to financial liability instruments		933,755
Issue of:	1,397,220	
Debt instruments and other marketable securities		
Bank borrowings	1,361,776	
Borrowings from Group companies and associates	19,239	
Other borrowings	16,205	
Redemption and repayment of:	(463,465)	
Debt instruments and other marketable securities		
Bank borrowings	(456,971)	
Borrowings from Group companies and associates	(6,025)	
Other borrowings	(469)	
Dividends and returns on other equity instruments paid		(274,232)
Dividends	(274,232)	
Returns on other equity instruments		
CASH FLOWS FROM FINANCING ACTIVITIES		545,167
NET INCREASE IN CASH		15,357
Cash at beginning of year	62,212	
CASH AT END OF YEAR		77,569

The accompanying Notes 1 to 22 and Appendixes I to IV are an integral part of the financial statements and, together with the latter, make up the statutory financial statements for 2008.

Notes to the financial statements

Fomento de Construcciones y Contratas, S.A. | at 31 de December of 2008

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01. Company activities

Fomento de Construcciones y Contratas, S.A. is a company incorporated in Spain in accordance with the Spanish Companies Law.

The Company's core business is to provide general services, which include mainly the collection and treatment of solid waste, the cleaning of public streets and sewer systems, the maintenance of green areas and buildings, water treatment and distribution and other complementary services. The Company's registered office is at Calle Balmes, 36 (Barcelona) and it carries on its activities mainly in Spain.

Fomento de Construcciones y Contratas, S.A. is the Parent of the FCC Group, which comprises a broad spectrum of Spanish and foreign subsidiaries and associates that engage in activities such as construction, urban cleaning and integrated water cycle services, car parks, street furniture, passenger transport, vehicle roadworthiness tests, passenger and aircraft ground handling, logistics, cement, real estate, etc.

02. Basis of presentation of the financial statements

a) Fair presentation

The accompanying financial statements, which were obtained from the accounting records of Fomento de Construcciones y Contratas, S.A. and the unincorporated joint ventures ("UTEs") in which it holds ownership interests, are presented in accordance with Royal Decree 1514/2007 approving the Spanish National Chart of Accounts, the Consolidated Spanish Companies Law, Royal Decree 1564/1989, of 22 December, and subsequent amendments, and the industry charts of accounts and, accordingly, present fairly the Company's equity, financial position, results of operations and cash flows for 2008. These financial statements, which were formally prepared by the Company's directors, will be submitted for approval by the shareholders at the Annual General Meeting, and it is considered that they will be approved without any changes. The financial statements for 2007 were approved by the shareholders at the Annual General Meeting held on 18 June 2008.

The balance sheets, income statements and statements of cash flows of the joint ventures in which the Company has interests were proportionately consolidated on the basis of the Company's percentage of ownership of each joint venture.

The Company has a 99% ownership interest in the Torre Picasso building and the remaining 1% is held by Fedemés, S.L., wholly-owned by Fomento de Construcciones y Contratas, S.A., signifying that Torre Picasso is wholly-owned by the FCC Group. This building is being operated through a community association arrangement and, consequently, these financial statements include the assets, liabilities, income and expenses in proportion to the Company's percentage of ownership.

The joint ventures and the community association were included by making the required timing and measurement uniformity adjustments, reconciliations and reclassifications and by eliminating reciprocal asset and liability balances and income and expenses. The detail of any material amounts relating to the joint ventures and the community association is included in these notes to the financial statements.

The financial statements are expressed in thousands of euros.

Appendix II lists the joint ventures and indicates the percentage share of their results.

The financial statements of Fomento de Construcciones y Contratas, S.A. were formally prepared by the directors by taking into account all the obligatory accounting principles and standards with a significant effect thereon. All obligatory accounting principles were applied.

Since Fomento de Construcciones y Contratas, S.A. is the head of the FCC Group, it is obliged under current legislation to prepare separate consolidated financial statements. These consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRSs), in conformity with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council, of 19 July 2002, as well as all the provisions and interpretations implementing it. The consolidated financial statements of the FCC Group for 2008, prepared by the directors, will also be submitted for approval by the shareholders at the Annual General Meeting.

The consolidated financial statements of Fomento de Construcciones y Contratas, S.A. prepared in conformity with IFRSs present total assets of EUR 20,511 million and equity attributable to the Company's shareholders of EUR 2,466 million. Consolidated sales and consolidated profit attributable to the Parent amount to EUR 14,016 million and EUR 337 million, respectively.

b) Estimates made

In preparing the accompanying financial statements estimates were made by the Company's directors in order to measure certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the following:

- The evaluation of possible impairment losses on certain assets (see Note 4-b);
- The assumptions used in the calculation of the fair value of share-based payments (see Note 14);
- The useful life of the property, plant and equipment and intangible assets (see Notes 4-a and 4-b);
- The fair value of certain financial instruments (see Note 12);
- The calculation of certain provisions (see Note 14).

Although these estimates were made on the basis of the best information available at 31 December 2008, events that take place in the future might make it necessary to change these estimates. Changes in accounting estimates would be applied prospectively.

c) Comparative information and matters arising from the transition to the new accounting rules

The financial statements for the year ended 31 December 2008 are considered to be initial financial statements and, accordingly, pursuant to Royal Decree 1514/2007, it is not obligatory to present comparative figures.

However, pursuant to Royal Decree 1514/2007, set forth below are the balance sheet and income statement for 2007 approved by the shareholders at the related Annual General Meeting. These financial statements were prepared in accordance with the rules established in Royal Decree 1643/1990, of 20 December (Spanish National Chart of Accounts (1990)).

Balance sheet

Fomento de Construcciones y Contratas, S.A

ASSETS		31/12/07
NON-CURRENT ASSETS		3,518,644
Intangible assets		144,865
Concessions, patents, licences, trademarks and other	38,899	
Rights on leased assets	150,384	
Accumulated amortisation	(44,418)	
Property, plant and equipment		530,772
Land and buildings	334,484	
Plant and machinery	432,515	
Other fixtures, tools and furniture	120,394	
Advances and property, plant and equipment in the course of construction	51,827	
Other items of property, plant and equipment	16,512	
Allowances	Ø	
Accumulated depreciation	(424,960)	
Long-term investments		2,834,851
Investments in Group companies	1,434,389	
Investments in associates	134,237	
Loans to Group companies	1,325,733	
Loans to associates	4,414	
Long-term investment securities	28,748	
Other loans	29,103	
Long-term deposits and guarantees given	5,910	
Allowances	(127,683)	
Treasury shares		8,156
DEFERRED CHARGES		9,447
CURRENT ASSETS		1,172,070
Inventories		6,088
Raw materials and other supplies	6,013	
Advances	75	
Accounts receivable		627,028
Trade receivables for sales and services	493,849	
Receivable from Group companies	49,041	
Receivable from associates	5,878	
Sundry accounts receivable	13,594	
Employee receivables	1,074	
Tax receivables	73,981	
Allowances	(10,389)	
Short-term investments		472,257
Loans to Group companies	454,637	
Loans to associates	7,261	
Short-term investment securities	7,158	
Other loans	2,714	
Short-term deposits and guarantees given	487	
Allowances	-	
Cash		62,211
Accrual accounts		4,486
TOTAL ASSETS		4,700,161

At 31 December 2007 (thousands of euros)

SHAREHOLDERS' EQUITY AND LIABILITIES		31/12/07
SHAREHOLDERS' EQUITY		1,254,613
Share capital		130,567
Share premium		242,133
Reserves		515,685
Legal reserve	26,113	
Reserve for treasury shares	8,156	
Reserve for retired capital	2,770	
Voluntary reserves	478,646	
Profit for the year		504,882
Interim dividend		(138,654)
DEFERRED INCOME		29,705
Grants related to assets	3,899	
Exchange gains	25,806	
Other deferred income	0	
PROVISIONS FOR CONTINGENCIES AND CHARGES		194,989
Provisions	184,322	
Reversion reserve	10,667	
NON-CURRENT LIABILITIES		1,511,618
Bank borrowings		1,492,442
Loans and other payables	1,491,295	
Long-term obligations under finance leases	1,147	
Other payables		19,176
Limited recourse project financing loans	3,128	
Long-term guarantees and deposits received	6,253	
Long-term tax payables	9,795	
CURRENT LIABILITIES		1,709,236
Bank borrowings		582,170
Loans and other payables	526,353	
Interest payable	2,428	
Short-term obligations under finance leases	53,389	
Payable to Group companies and associates		530,844
Payable to Group companies	526,210	
Payable to associates	4,634	
Trade payables		204,603
Advances received on orders	28,971	
Accounts payables for purchases and services	107,594	
Notes payable	68,038	
Other non-trade payables		347,560
Tax payables	122,181	
Notes payable	12,117	
Limited recourse project financing loans	2,427	
Other payables	180,389	
Remuneration payable	30,370	
Short-term guarantees and deposits received	76	
Operating provisions and allowances		43,906
Accrual accounts		153
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		4,700,161

Income statement

Fomento de Construcciones y Contratas, S.A.

D E B I T		31/12/07
TOTAL OPERATING EXPENSES		1,135,483
Cost of materials used and other external expenses		184,036
Cost of raw materials and other consumables used	104,310	
Other external expenses	79,726	
Staff costs		695,849
Wages, salaries and similar expenses	529,107	
Employee benefit costs	166,742	
Depreciation and amortisation charge		64,336
Change in operating provisions and allowances		(22,230)
Change in allowances for and losses on uncollectible receivables	166	
Change in operating provisions and allowances	(22,396)	
Other operating expenses		213,492
Outside services	207,053	
Taxes other than income tax	5,391	
Provision to the reversion reserve	1,048	
PROFIT FROM OPERATIONS		137,059
Finance costs		124,306
On debts to Group companies and associates	18,960	
On debts to third parties and similar costs	105,346	
Change in investment valuation allowances		25,566
Exchange losses		2,191
FINANCIAL PROFIT		161,882
PROFIT FROM ORDINARY ACTIVITIES		298,941
Change in allowances for intangible assets, property, plant and equipment and control portfolio		(11,248)
Losses on non-current assets		367
Extraordinary expenses and losses		15,895
EXTRAORDINARY PROFIT		267,843
PROFIT BEFORE TAX		566,784
Income tax		61,902
PROFIT FOR THE YEAR		504,882

For the year ended 31 December 2007 (thousands of euros)

CREDIT		31/12/07
TOTAL OPERATING INCOME		1,272,542
Revenue		1,152,338
Work on non-current assets		2,035
Other operating income		118,169
Income from equity investments		214,757
Group companies	212,648	
Associates	2,109	
Non-Group companies	-	
Income from other marketable securities and non-current loans		748
Associates	94	
Non-Group companies	654	
Other finance income		97,118
Group companies and associates	93,292	
Other interest	3,788	
Gains on investments	38	
Exchange gains		1,322
Gains on non-current assets and control portfolio		258,556
Gains on treasury share transactions		-
Asset-related grants transferred to profit or loss		521
Extraordinary income		13,780

The Company chose 1 January 2008 as the date of transition to the new Spanish National Chart of Accounts.

In accordance with current legislation, set forth below is the reconciliation of the equity at 1 January 2008 calculated in accordance with the former Spanish National Chart of Accounts to the equity at that date calculated in accordance with the new accounting rules established in Royal Decree 1514/2007.

	Amount
Equity at 1 January 2008 under former Spanish National Chart of Accounts (*)	1,254,613
Effects of transition to new Spanish National Chart of Accounts	
Treasury shares	(8,156)
Exchange gains	25,806
Hedging instruments	(4,183)
Government grants	3,899
Valuation adjustments of available-for-sale financial assets	4,708
Tax effect of adjustments	(7,572)
Equity at 1 January 2008 under new Spanish National Chart of Accounts	1,269,115

(*) Obtained from the financial statements at 31 December 2007 prepared in accordance with the accounting principles and standards applicable at that date.

The new accounting legislation, with respect to that in force at 31 December 2007, entails significant changes in accounting policies, measurement bases, presentation and disclosures to be included in the financial statements. The main differences with an effect on the Company's equity in the transition to the new Spanish National Chart of Accounts are as follows:

- Treasury shares are presented as a reduction of EUR 8,156 thousand in equity at 1 January 2008.
- Unrealised exchange gains existing at 31 December 2007, amounting to EUR 25,806 thousand, were eliminated and the effect, net of taxes, was recognised as an increase of EUR 18,063 thousand in reserves. The exchange gains arose from

the syndicated loan arranged by the Company in 2007 to finance the acquisition of the Waste Recycling Group by the subsidiary Azincourt Investement Unipersonal, S.L. for GBP 200,000 thousand.

- The ownership interests of less than 20% held by the Company were measured at fair value and the increase or decrease in value was recognised as an addition to or reduction of reserves, after considering the related tax effect. This amount relates mainly to the difference in value of the 16.03% ownership interest in Vertederos de Residuos, S.A. which, net of the related tax effect totalled EUR 4,660 thousand. These ownership interests do not afford FCC significant influence and are classified as “Available-for-Sale Financial Assets”.
- Government grants are recognised in equity, after considering the related tax effect.

d) Grouping of items

Certain items in the balance sheet, income statement, statement of changes in equity and statement of cash flows are grouped together to facilitate their understanding; however, whenever the amounts involved are material, the information is broken down in the related notes to the financial statements.

03. Distribution of profit

The proposed distribution of the profit of Fomento de Construcciones y Contratas, S.A. that will be submitted for approval by the shareholders at the Annual General Meeting is as follows:

	Amount
Profit for the year, before distribution	342,906
Distribution:	
Interim dividend	EUR 0.785 per share
Final dividend	EUR 0.785 per share
To voluntary reserves:	
The corresponding amount will be appropriated after the interim and final dividends on outstanding shares carrying dividend rights at the date of payment have been paid.	

On 18 December 2008, it was resolved to distribute to the shareholders of Fomento de Construcciones y Contratas, S.A. an interim dividend out of the profit for the year equal to 78.5% gross of the par value of the shares, i.e. EUR 0.785 per share. The total amount of this dividend, EUR 99,933 thousand, was paid on or after 9 January 2009 on the outstanding shares carrying dividend rights.

The Board of Directors' report evidencing the existence of sufficient liquidity for the distribution of the aforementioned interim dividend is included as Appendix IV hereto.

04. Accounting policies and measurement bases

The principal accounting policies and measurement bases used by the Company in preparing its financial statements for 2008, in accordance with the Spanish National Chart of Accounts, were as follows:

a) Intangible assets

Intangible assets are measured initially at acquisition or production cost and are subsequently measured at cost less any accumulated amortisation and any accumulated impairment losses. At 31 December 2008, there was no indication that any of the Company's intangible assets had suffered an impairment loss. The directors consider that the recoverable amount of the assets is higher than their carrying amount and, accordingly, no impairment losses were recognised in this connection.

The Company recognises under “Computer Software” the costs incurred in the acquisition and development of computer programs, mainly the implementation of a new corporate ERP (SAP) system. Computer software maintenance costs are recognised in the income statement for the year in which they are incurred.

Intangible assets are generally amortised on a straight-line basis over their useful lives, which is estimated to be five years in the case of computer software.

Administrative concessions are amortised on a straight-line basis over the concession term, which ranges on average from 25 to 50 years.

b) Property, plant and equipment

Property, plant and equipment are carried at acquisition cost or at production cost if the Company has performed in-house work thereon and are subsequently reduced by the related accumulated depreciation and by any impairment losses. At 31 December 2008, there was no indication that any of the Company’s property, plant and equipment items had suffered an impairment loss. The directors consider that the recoverable amount of the assets is higher than their carrying amount and, accordingly, no impairment losses were recognised in this connection.

Property, plant and equipment upkeep and maintenance expenses are recognised in the income statement for the year in which they are incurred. However, the costs of improvements leading to increased capacity or efficiency or to a lengthening of the useful lives of the assets are capitalised.

For non-current assets that necessarily take a period of more than twelve months to get ready for their intended use, the capitalised costs include such borrowing costs as might have been incurred before the assets are ready for their intended use and which have been charged by the supplier or relate to loans or other specific-purpose or general-purpose borrowings directly attributable to the acquisition or production of the assets.

The Company has entered into concession agreements that provide for dismantling and restoration obligations. On initial recognition of property, plant and equipment items, the Company estimates the present value of the future obligations for the dismantling and removal thereof, and other obligations associated with the assets, such as the cost of restoring the site on which they are located. This present value is added to the cost of the related assets and a provision is recognised which is increased in the periods following that in which it is recognised to reflect the related interest cost. The asset recognised is depreciated systematically using the same method as that applied to the asset related to the obligation.

In-house work on non-current assets is measured at accumulated cost (external costs plus in-house costs, determined on the basis of in-house materials consumption, direct labour and general manufacturing costs calculated using absorption rates similar to those used for the measurement of inventories).

The Company depreciates its property, plant and equipment by the straight-line method at annual rates based on the years of estimated useful life of the assets, the detail being as follows:

	Years of Estimated Useful Life
Buildings and other structures	25 - 50
Torre Picasso building	75
Plant and machinery	5 - 15
Other fixtures, tools and furniture	8 - 12
Other items of property, plant and equipment	4 - 10

Property, plant and equipment assigned exclusively to certain specific concessions are depreciated on the basis of the pattern of consumption, i.e. the evolution and best estimate of the production units of each activity. At 31 December 2008, the most important concession business in quantitative terms was the water supply and treatment business whose assets are depreciated on the basis of the cubic metres of water consumed.

Impairment of intangible assets and property, plant and equipment

Whenever there are indications of impairment of intangible assets with a finite useful life (i.e. all the Company’s intangible assets and property, plant and equipment), the Company tests the tangible and intangible assets for impairment to determine whether the recoverable amount of the assets has been reduced to below their carrying amount.

Recoverable amount is the higher of fair value less costs to sell and value in use.

Company management performs impairment tests as follows:

- The recoverable amounts are calculated for each cash-generating unit.
- Each year management prepares for each cash-generating unit a business plan by line of business, which is renewed for five-year periods taking into account the main components.
 - Earnings projections
 - Investment and working capital projections

Other variables affecting the calculation of the recoverable amount are:

- The discount rate to be used, which is taken to be the weighted average cost of capital, the main variables with an effect on its calculation being borrowing costs and the specific risks associated with the assets.
- The zero growth rate used to extrapolate the projected cash flows beyond the period covered by budgets or forecasts.

The projections are prepared on the basis of past experience and of the best estimates available.

The business plans are reviewed and ultimately approved by the relevant managing body.

Where an impairment loss on intangible assets and property, plant and equipment subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for in prior years. A reversal of an impairment loss is recognised as income.

c) Investment property

“Investment Property” in the balance sheet reflects the values of the land, buildings and other structures held either to earn rentals or for capital appreciation.

Investment property is measured as described in Note 4-b on property, plant and equipment.

d) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

d.1) Finance leases

In finance leases in which the Company acts as the lessee, the cost of the leased assets is presented in the balance sheet, based on the nature of the leased asset, and, simultaneously, a liability is recognised for the same amount. This amount will be the lower of the fair value of the leased asset and the present value, at the inception of the lease, of the agreed minimum lease payments, including the price of the purchase option when there are no reasonable doubts that it will be exercised. The minimum lease payments do not include contingent rent, costs for services and taxes to be paid by and reimbursed to the lessor. The total finance charges arising under the lease are allocated to the income statement for the year in which they are incurred using the effective interest method. Contingent rent is recognised as an expense for the period in which it is incurred.

The assets recognised for transactions of this nature are depreciated on the basis of their nature and useful lives using criteria similar to those applied to items of property, plant and equipment taken as a whole.

There are no finance leases in which the Company acts as lessor.

d.2) Operating leases

If the Company acts as the lessee, costs arising under operating leases are allocated to the income statement for the year in which they are incurred.

If the Company acts as the lessor, income and costs arising under operating leases are allocated to the income statement for the year in which they are incurred. Also, the acquisition cost of the leased asset is presented in the balance sheet according to the nature of the asset, increased by the costs directly attributable to the lease, which are recognised as an expense over the lease term, applying the same method as that used to recognise lease income.

Any collection or payment that might be made when arranging an operating lease will be treated as a prepaid lease collection or payment which will be allocated to profit or loss over the lease term in accordance with the time pattern in which the benefits of the leased asset are provided or received.

e) Financial instruments

e.1) Financial assets

Classification

The financial assets held by the Company are classified in the following categories:

- Loans and receivables: financial assets arising from the sale of goods or the rendering of services in the ordinary course of the Company's business, or financial assets which, not having commercial substance, are not equity instruments or derivatives, have fixed or determinable payments and are not traded in an active market.
- Held-to-maturity investments: debt securities with fixed maturity and determinable payments that are traded in an active market and which the Company has the positive intention and ability to hold to the date of maturity.
- Held-for-trading financial assets: assets acquired with the intention of selling them in the near term and assets that form part of a portfolio for which there is evidence of a recent actual pattern of short-term profit-taking. This category also includes financial derivatives that are not financial guarantees (e.g. suretyships) and that have not been designated as hedging instruments.
- Equity investments in Group companies, associates and jointly controlled entities: Group companies are deemed to be those related to the Company as a result of a relationship of control and associates are companies over which the Company exercises significant influence. Jointly controlled entities include companies over which, by virtue of an agreement, the Company exercises joint control with one or more other investors.
- Available-for-sale financial assets: these include debt securities and equity instruments of other companies that are not classified in any of the aforementioned categories.

Initial recognition

Financial assets are initially recognised at the fair value of the consideration given, plus any directly attributable transaction costs.

Subsequent measurement

- Loans and receivables and held-to-maturity investments are measured at amortised cost.
- Held-for-trading financial assets are measured at fair value and the changes in the fair value are recognised in profit or loss.
- Investments in Group companies and associates and interests in jointly controlled entities are measured at cost net, where appropriate, of any accumulated impairment losses. These losses are calculated as the difference between the carrying amount of the investments and their recoverable amount. Recoverable amount is the higher of fair value less costs to sell and the present value of the future cash flows from the investment. Unless there is better evidence of the recoverable amount, it is based on the value of the equity of the investee, adjusted by the amount of the unrealised gains existing at the date of measurement (including any goodwill).
- Available-for-sale financial assets are measured at fair value and the net gains and losses arising from changes in fair value are recognised in equity until the asset is disposed of or it is determined that it has become permanently impaired, at which time the cumulative gains or losses previously recognised in equity are recognised in profit or loss. In this regard, permanent impairment is deemed to exist if the market value of the asset has fallen by more than 40% over a period of 18 months without the value having recovered.

At least at each reporting date the Company tests financial assets not measured at fair value through profit or loss for impairment. Objective evidence of impairment is considered to exist when the recoverable amount of the financial asset is lower than its carrying amount. When this occurs, the impairment loss is recognised in the income statement.

In particular, the Company calculates valuation adjustments relating to trade and other receivables by taking into account the specific insolvency risk of each account receivable.

The Company derecognises a financial asset when it expires or when the rights to the cash flows from the financial asset have been transferred and substantially all the risks and rewards of ownership of the financial asset have been transferred, such as in the case of firm asset sales, factoring of trade receivables in which the Company does not retain any credit or interest rate risk, provide or any kind of guarantee or assume any other kind of risk, and sales of financial assets under an agreement to repurchase them at fair value.

However, the Company does not derecognise financial assets, and recognises a financial liability for an amount equal to the consideration received, in transfers of financial assets in which substantially all the risks and rewards of ownership are retained, such as in the case of bill discounting, with-recourse factoring and sales of financial assets under an agreement to repurchase them at a fixed price or at the selling price plus interest.

e.2) Financial liabilities

Financial liabilities include accounts payable by the Company that have arisen from the purchase of goods or services in the normal course of the Company's business and those which, not having commercial substance, cannot be classed as derivative financial instruments.

Accounts payable are initially recognised at the fair value of the consideration received, adjusted by the directly attributable transaction costs. These liabilities are subsequently measured at amortised cost.

Liability derivative financial instruments are measured at fair value using the same methods as those described above for held-for-trading financial assets.

The Company derecognises financial liabilities when the obligations giving rise to them cease to exist.

e.3) Equity instruments

An equity instrument represents a residual interest in the assets of the Company after deducting all of its liabilities.

Capital instruments issued by the Company are recognised in equity at the proceeds received, net of issue costs.

Treasury shares acquired by the Company during the year are recognised at the value of the consideration paid and are deducted directly from equity. Gains and losses on the acquisition, sale, issue or retirement of treasury shares are recognised directly in equity and in no case are they recognised in profit or loss.

e.4) Derivative financial instruments

The Company uses derivative financial instruments to hedge the risks to which its business activities, operations and future cash flows are exposed. Basically, these risks relate to changes in exchange rates and interest rates. The Company arranges hedging financial instruments in this connection (see Note 12).

In order for these financial instruments to qualify for hedge accounting, they are initially designated as such and the hedging relationship is documented. Also, the Company verifies, both at inception and periodically over the term of the hedge (at least at the end of each reporting period), that the hedging relationship is effective, i.e. that it is prospectively foreseeable that the changes in the fair value or cash flows of the hedged item (attributable to the hedged risk) will be almost fully offset by those of the hedging instrument and that, retrospectively, the gain or loss on the hedge was within a range of 80-125% of the gain or loss on the hedged item.

The Company uses hedges of the following types, which are accounted for as described below:

- Fair value hedges: in this case, changes in the fair value of the hedging instrument and the hedged item attributable to the hedged risk are recognised in profit or loss.
- Cash flow hedges: in hedges of this nature, the portion of the gain or loss on the hedging instrument that has been determined to be an effective hedge is recognised temporarily in equity and is recognised in the income statement in the same period during which the hedged item affects profit or loss, unless the hedge relates to a forecast transaction that results in the recognition of a non-financial asset or a non-financial liability, in which case the amounts recognised in equity are included in the initial cost of the asset or liability when it is acquired or assumed.
- Hedges of net investments in foreign operations: the purpose of hedges of this nature is to hedge foreign currency risk relating to investments in subsidiaries and associates, and the foreign currency component is accounted for in the same way as fair value hedges.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the year.

In 2008 the Company arranged a hedge for the cost of the share-based payment plan for employees (see Note 12). The hedge, which was initially instrumented through an equity swap, has been restructured into various components: a call option on the plan shares at the exercise price, a put option issued and an interest-rate swap for dividends and other income from the shares. The hedge is thereby limited to the call option and the other two components are recognised in profit or loss.

f) Inventories

Inventories are measured at the lower of acquisition or production cost and net realisable value. Trade discounts, rebates, other similar items and interest included in the face value of the related payables are deducted in determining the costs of purchase.

Production cost includes the costs of direct materials and, where applicable, direct labour and production overheads.

Net realisable value is the estimated selling price less the estimated costs of completion and costs to be incurred in marketing, selling and distribution.

The Company recognises the appropriate write-downs as an expense in the income statement when the net realisable value of the inventories is lower than acquisition or production cost.

g) Foreign currency transactions

The Company's functional currency is the euro. Therefore, transactions in currencies other than the euro are deemed to be "foreign currency transactions" and are recognised by applying the exchange rates prevailing at the date of the transaction.

At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated to euros at the rates then prevailing. Any resulting gains or losses are recognised directly in the income statement in the year in which they arise.

h) Income tax

Tax expense (tax income) comprises current tax expense (current tax income) and deferred tax expense (deferred tax income).

The current income tax expense is the amount payable by the Company as a result of income tax settlements for a given year. Tax credits and other tax benefits, excluding tax withholdings and pre-payments, and tax loss carryforwards from prior years effectively offset in the current year reduce the current income tax expense.

The deferred tax expense or income relates to the recognition and derecognition of deferred tax assets and liabilities. These include temporary differences measured at the amount expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and their tax bases, and tax loss and tax credit carryforwards. These amounts are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled.

Deferred tax liabilities are recognised for all taxable temporary differences, except for those arising from the initial recognition of goodwill or of other assets and liabilities in a transaction that is not a business combination and affects neither accounting profit (loss) nor taxable profit (tax loss), and except for those associated with investments in subsidiaries, associates and joint ventures in which the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is considered probable that the Company will have taxable profits in the future against which the deferred tax assets can be utilised.

Deferred tax assets and liabilities arising from transactions charged or credited directly to equity are also recognised in equity.

The deferred tax assets recognised are reassessed at the end of each reporting period and the appropriate adjustments are made to the extent that there are doubts as to their future recoverability.

Also, unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that they will be recovered through future taxable profits.

i) Revenue and expense recognition

Revenue and expenses are recognised on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises. Revenue is measured at the fair value of the consideration received, net of discounts and taxes.

Revenue from sales is recognised when the significant risks and rewards of ownership of the goods sold have been transferred to the buyer, and the Company neither continues to manage the goods nor retains effective control over them.

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at the end of the reporting period, provided the outcome of the transaction can be estimated reliably.

The Company recognises each year as the period result on its contracts the difference between period production (measured at the selling price of the service provided during the period, as specified in the principal contract or in approved amendments thereto, and the selling price of other as yet unapproved services for which there is reasonable assurance of collection) and the costs incurred. Additionally, late-payment interest is recognised as income when it is approved or finally collected.

The difference between the amount of production and the amount billed until the date of the financial statements is recorded as "Unbilled Production" under "Trade Receivables for Sales and Services". Pre-billings for various items are recognised under "Current Liabilities – Trade and Other Payables – Customer Advances".

Interest income from financial assets is recognised using the effective interest method and dividend income is recognised when the shareholder's right to receive payment has been established. Interest and dividends from financial assets accrued after the date of acquisition are recognised as income.

In accordance with the accounting principle of prudence, the Company only records realised income at year-end, whereas foreseeable contingencies and losses, including possible losses, are recognised as soon as they become known, by recording the appropriate provisions (see Notes 4-j and 14).

j) Provisions and contingencies

When preparing the financial statements the Company's directors made a distinction between:

a) Provisions: credit balances covering present obligations arising from past events with respect to which it is probable that an outflow of resources embodying economic benefits that is uncertain as to its amount and/or timing will be required to settle the obligations; and

b) Contingent liabilities: possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the Company's control.

The financial statements include all the provisions with respect to which it is considered that it is more likely than not that the obligation will have to be settled. Contingent liabilities are not recognised in the financial statements, but rather are disclosed, unless the possibility of an outflow in settlement is considered to be remote.

Provisions are measured at the present value of best possible estimate of the amount required to settle or transfer the obligation, taking into account the information available on the event and its consequences. Where discounting is used, adjustments made to provisions are recognised as interest cost on an accrual basis.

The compensation to be received from a third party on settlement of the obligation is recognised as an asset, provided that there are no doubts that the reimbursement will take place, unless there is a legal relationship whereby a portion of the risk has been externalised as a result of which the Company is not liable; in this situation, the compensation will be taken into account for the purpose of estimating the amount of the related provision that should be recognised.

k) Termination benefits

The accompanying financial statements do not include any provision in this connection, since no situations of this nature are expected to arise.

l) Environmental assets and liabilities

As indicated in Note 1, the Company engages mainly in services activities which, due to their nature, involve special care in controlling environmental impact. For example, with regard to the operation under concession of landfills, the Company is generally responsible

for the sealing, control and reforestation thereof upon completion of its operations. Also, the Company has non-current assets for the protection of the environment and bears any costs required for this purpose in the performance of its business activities.

The acquisition costs of these non-current assets used in environmental conservation are recognised under “Property, Plant and Equipment” or “Intangible Assets” based on the nature of the investment, and are depreciated or amortised over the useful lives of the assets. Also, in accordance with current accounting legislation, the Company recognises the expenses and provisions arising from its environmental obligations.

The Company’s environmental policy goes beyond strict compliance with current legislation in the area of environmental improvement and protection to include the establishment of preventative planning and the analysis and minimisation of the environmental impact of the activities carried on by it.

Company management considers that the contingencies relating to environmental protection and improvement at 31 December 2008 would not have a significant impact on the accompanying financial statements, which include provisions to cover any probable environmental risks that might arise.

Note 20 to these financial statements (“Information on the Environment”) supplements the information set forth with respect to environmental provisions.

m) Pension obligations

The Company has not established any pension plans to supplement the social security pension benefits. In accordance with the Consolidated Pension Plan and Fund Law, in specific cases where similar obligations exist, the Company externalises its obligations to its employees in this connection.

In addition, following authorisation by the Executive Committee, in the past an insurance policy was arranged and the premium paid to cover the payment of benefits relating to death, permanent occupational disability, retirement bonuses and pensions and other situations for, among other employees, certain executive directors and executives. In particular, the contingencies giving rise to benefits are those which entail the extinguishment of the employment relationship for any of the following reasons:

- Unilateral decision of the Company.
- Dissolution or disappearance of the Parent for whatever cause, including merger or spin-off.
- Death or permanent disability.
- Other causes of physical or legal incapacity.
- Substantial change in professional terms and conditions.
- Resignation of the executive on reaching 60 years of age, at the request of the executive and with the consent of the Company.
- Resignation of the executive on reaching 65 years of age, by unilateral decision of the executive.

The contributions made each year by the Company in this connection are recognised under “Staff Costs” in the income statement.

n) Share-based payment

The Company recognises, on the one hand, the goods and services received as an asset or as an expense, depending on their nature, when they are received and, on the other, the related increase in equity, if the transaction is equity-settled, or the related liability if the transaction is settled with an amount based on the value of the equity instruments.

The Company’s transactions are settled in cash and, therefore, the goods and services and the corresponding liability are measured at the fair value of the liability at the date on which it qualifies for recognition. The Company remeasures the fair value of the liability at each reporting date and at the date of settlement. Any change in the value recognised is taken to profit or loss for the year until the liability is settled. This treatment is accounted for as a change in estimates and the effect must be recognised prospectively.

The fair value is determined using an appropriate option pricing model. The assumptions and the pricing models are described in Note 14, which also sets forth the conditions and features of the Company’s share-based payment obligations at 2008 year-end.

o) Grants

The Company accounts for grants received as follows:

o.1) Non-refundable grants

Non-refundable grants are measured at the fair value of the amount or the asset received, based on whether or not they are monetary grants, and they are taken to income in proportion to the period depreciation taken on the assets for which the grants were received or, where appropriate, on disposal of the asset or on the recognition of an impairment loss, except for grants received from shareholders or owners, which are recognised directly in equity and do not give rise to the recognition of any income.

o.2) Grants related to income

Grants related to income are credited to income when granted, unless their purpose is to finance losses from operations in future years, in which case they are allocated to income in those years. If grants are received to finance specific expenses, they are allocated to income as the related expenses are incurred.

p) Joint ventures

The Company accounts for its interests in unincorporated joint ventures by recognising in its balance sheet the share corresponding to it, in proportion to its ownership interest, of the jointly controlled assets and of the jointly incurred liabilities. Also, it recognises in the income statement its share of the income earned and expenses incurred by the joint venture. In addition, the proportional part corresponding to the Company of the related items of the joint venture are included in the statement of changes in equity and the statement of cash flows.

The principal balances included in the balance sheet and income statement on the basis of the percentage of ownership of the joint venturers are as follows:

	2008
Revenue	161,684
EBIT	14,840
Non-current assets	108,065
Current assets	121,111
Non-current liabilities	12,727
Current liabilities	91,393

The detail of the joint ventures in which the Company holds ownership interests is included in Appendix II.

q) Related party transactions

The Company performs all its transactions with related parties on an arm's length basis.

05. Intangible assets

The changes in “Intangible Assets” in the accompanying balance sheet in 2008 were as follows:

	Balance at 01/01/08	Additions or Charge for the Year	Disposals or Reductions	Balance at 31/12/08
Concessions	23,917	-	-	23,917
Computer software	1,177	11,897	-	13,074
Other intangible assets	12,168	69	(171)	12,066
Accumulated amortisation	(20,068)	(1,815)	38	(21,845)
	17,194	10,151	(133)	27,212

“Concessions” relates mainly to operations undertaken through joint ventures and includes the amounts paid to obtain concessions for, inter alia, water supply services.

The detail of the intangible assets and of the related accumulated amortisation at 31 December 2008 is as follows:

	Cost	Accumulated Amortisation	Net
Concessions	23,917	(16,035)	7,882
Computer software	13,074	(1,074)	12,000
Other intangible assets	12,066	(4,736)	7,330
	49,057	(21,845)	27,212

“Computer Software” relates mainly to the cost of implementing the new corporate ERP (SAP) system.

At the end of 2008 the Company did not have any material fully amortised intangible assets still in use.

At 31 December 2008, the Company did not have any intangible assets located outside Spain or any assets subject to guarantees.

06. Property, plant and equipment

The changes in “Property, Plant and Equipment” in the balance sheet in 2008 were as follows:

	Balance at 01/01/08	Additions or Charge for the Year	Disposals or Reductions	Transfers	Balance at 31/12/08
Land and buildings	67,716	4,765	-	7,571	80,052
Plant and machinery	560,405	47,422	(8,249)	14,036	613,614
Other fixtures, tools and furniture	136,149	19,120	(1,714)	4,298	157,853
Advances and property, plant and equipment in the course of construction	49,314	39,060	-	(26,049)	62,325
Other items of property, plant and equipment	14,426	878	(874)	56	14,486
Accumulated depreciation	(412,048)	(66,012)	9,318	88	(468,654)
	415,962	45,233	(1,519)	-	459,676

The main changes in “Property, Plant and Equipment” relate to assets associated with the services and water concession agreements operated by the Company.

The Company owns buildings, the value of which, net of depreciation, and that of the land, were as follows at 2008 year-end:

	Thousands of Euros
Land	12,009
Buildings	45,017
	57,026

The detail of the property, plant and equipment and of the related accumulated depreciation at 31 December 2008 is as follows:

Thousands of Euros	Cost	Accumulated Depreciation	Net
Land and buildings	80,052	(23,026)	57,026
Plant and machinery	613,614	(346,154)	267,460
Other fixtures, tools and furniture	157,853	(87,722)	70,131
Advances and property, plant and equipment in the course of construction	62,325	-	62,325
Other items of property, plant and equipment	14,486	(11,752)	2,734
	928,330	(468,654)	459,676

Of the net amount of property, plant and equipment, EUR 92,122 thousand relate to assets used in joint ventures.

In 2008 the Company capitalised borrowing costs amounting to EUR 1,475 thousand to "Property, Plant and Equipment".

At 2008 year-end the Company held various items of property, plant and equipment under finance leases (see Note 8).

All the property, plant and equipment were being used in production at 2008 year-end; however, EUR 197,642 thousand of property, plant and equipment had been fully depreciated. The amounts relating to joint ventures were scanty material, the detail being as follows:

	Gross Cost
Buildings	9,321
Plant and machinery	159,939
Other fixtures, tools and furniture	25,256
Other items of property, plant and equipment	3,126
	197,642

At 2008 year-end the Company did not hold any investments in property, plant and equipment outside Spain.

The Company did not have any firm commitments to purchase property, plant and equipment at the end of 2008.

The Company takes out insurance policies to cover the possible risks to which its property, plant and equipment are subject. At the end of 2008 the Company considered that the property, plant and equipment were fully insured against these risks.

07. Investment property

The balance of "Investment Property" relates to the Torre Picasso (Madrid) building which has a gross lettable area (GLA) of 90,000 square metres comprising mainly offices.

The occupancy level in 2008 was 99%. 2.1% of the GLA is occupied by the Company.

The rental income from the investment property owned by the Company amounted to EUR 32,790 thousand in 2008 and the operating expenses of all kinds relating thereto totalled EUR 15,156 thousand.

At the end of 2008 there were no restrictions on the performance of new investments in investment property, on the collection of rental income therefrom or in connection with the proceeds to be obtained from a possible disposal.

At the end of 2008 the Company did not have any firm commitments to purchase or invest in property. Also, at 31 December 2008, there were no contractual obligations relating to repairs, maintenance or improvements except for those required for normal business activities.

08. Leases

a) Finance leases

The Company, as lessor, has recognised assets leased under leases with a maximum term of two years with prepaid lease payments. Consequently, the present value of the payments does not differ significantly from their nominal value.

At 31 December 2008, the property, plant and equipment held under finance leases were as follows:

Thousands of Euros	Total
Cost of the asset	148,251
Value of purchase option	1,460
Term of lease (years)	2
Lease payments in 2008	72,342
Prior years' lease payments	47,497
Lease payments outstanding	30,594

b) Operating leases

At 2008 year-end, the Company did not have material obligations relating to minimum operating lease payments except for the leases of the head offices in Madrid and Barcelona, amounting to EUR 1,889 thousand and maturing in 2009, automatically renewable each year.

As a lessor the Company had contracted with tenants lease payments of EUR 86,201 thousand, based on the leases currently in force, without taking into account future contractual lease payment revisions, relating in full to the operation of the Torre Picasso building and maturing as follows:

	Nominal Value
Within one year	25,973
Between one and five years	58,840
After five years	1,388
	86,201

09. Non-current and current financial assets

a) Non-current financial assets

The detail of "Non-Current Financial Assets" at the end of 2008 is as follows:

	Equity Instruments	Loans to Third Parties	Derivatives	Other	Total
Loans and receivables	-	20,271	-	6,660	26,931
Available-for-sale financial assets	7,328	13,799	-	-	21,127
Derivatives (Note 12)	-	-	7,409	-	7,409
	7,328	34,070	7,409	6,660	55,467

The detail, by maturity, of the loans and receivables is as follows:

	2010	2011	2012	2013	2014 and Subsequent Years	Total
Loans and receivables	2,181	900	938	979	21,933	26,931

Loans and receivables

“Loans and Receivables” relates mainly to the amounts contributed by joint ventures in respect of amounts receivable from the public authorities for services provided.

Available-for-sale financial assets

The detail at 31 December 2008 is as follows:

	Effective Percentage of Ownership	Fair Value
Artscapital Investment, S.A.	10.83%	-
Shopnet Brokers, S.A.	15.54%	-
Vertederos de Residuos, S.A.	16.03%	7,050
Xfera Móviles, S.A.	3.44%	13,799
Other		278
		21,127

The Company estimates the fair value of the investment in Xfera Móviles, S.A. at EUR 13,799, which means that the full amount of the investment of EUR 20,373 thousand and EUR 3,641 thousand of the participating loan of EUR 17,440 thousand have become impaired.

Also, at 31 December 2008, the Company had provided Xfera Móviles, S.A. with guarantees totalling EUR 8,014 thousand. Fomento de Construcciones y Contratas, S.A. has a put option on the portfolio of Xfera Móviles, S.A. that is symmetrical to the call option held by Sonera Holding B.V. These rights can only be exercised on the maturity date in 2011, provided that certain terms and conditions are met, including most notably that Xfera Móviles, S.A. generates profit over two consecutive years prior to the aforementioned maturity date.

Changes in fair value

The changes arising from impairment losses recognised in 2008 were as follows:

	Accumulated Impairment Losses at Beginning of Year	Value Recovered	Accumulated Impairment Losses
Available-for-sale financial assets	(27,413)	-	(27,413)
Loans and receivables	(5,541)	1,900	(3,641)
	(32,954)	1,900	(31,054)

Fair value disclosures

At the end of 2008 the fair value of the loans to third parties approximated their carrying amount.

b) Current financial assets

The balance of "Current Financial Assets" at the end of 2008 is as follows:

	Loans to Third Parties	Other	Total
Held-to-maturity investments	-	4,875	4,875
Loans and receivables	6,159	61,807	67,966
	6,159	66,682	72,841

In 2008 the Company did not recognise any impairment losses on current financial assets.

c) Information on the nature and level of risk of financial instruments

The financial risk management of the Group of which Fomento de Construcciones y Contratas is the Parent is centralised in its Financial Department, which has established the mechanisms required to control exposure to interest rate and exchange rate fluctuations and credit and liquidity risk. The main financial risks affecting the Company are as follows:

Qualitative information

a) Credit risk:

The Group does not have any significant credit risk exposure, since it places cash and arranges derivatives with highly solvent entities.

b) Liquidity risk:

The Group implements a prudent liquidity risk policy, maintaining sufficient cash and marketable securities, and arranging committed credit facilities of an amount sufficient to meet foreseeable needs.

c) Market risk:

At year-end cash flow swaps maturing in 2009 and 2013 had been arranged to hedge fluctuations in the interest rates on loans relating to the financing obtained to acquire Waste Recycling Group (see Notes 12 and 15). The estimated present value of the payment obligation at 2008 year-end amounted to EUR 41,613 thousand, of which EUR 13,927 thousand are hedging the tranche financed in sterling (see Note 12).

Both the Company's cash and its bank borrowings are exposed to interest rate risk, which could have an adverse effect on financial profit or loss and cash flows. The application of the Group's financing policy has resulted in 23.57% of its debt being tied at all times to fixed interest rates.

The foreign currency risk is concentrated mainly on the aforementioned loan relating to the financing of Azincourt Investment, S.L., Sole-Shareholder Company, a portion of which is denominated in sterling. In order to mitigate this risk the Company arranges financial instruments in that same currency (see Note 12).

Quantitative information

a) Credit risk: the Company does not have credit insurance to secure the risks of accounts receivable.

b) Interest rate risk:

	2008
Percentage of net financial debt tied to fixed rates	23.57 %

c) Foreign currency risk:

At 2008 year-end the Company had granted loans amounting to EUR 28,740 thousand in currencies other than the euro.

10. Investments in and payables to Group companies and associates

a) Non-current investments in Group companies and associates

At 31 December 2008, the detail of “Non-Current Investments in Group Companies and Associates” is as follows:

	Cost	Accumulated Impairment Losses	Impairment Loss Recognised in the Year
Equity instruments of Group companies	1,223,560	(10,138)	3,698
Equity instruments of associates	201,874	(79,242)	1,651
Loans to Group companies	1,282,076	-	-
Loans to associates	5,962	-	-
	2,713,472	(89,380)	5,349

The changes in the line items in the foregoing table are as follows:

	Balance at 01/01/08	Additions or Charge for the Year	Disposals or Reversals	Transfers	Balance at 31/12/08
Equity instruments of Group companies	1,434,389	13,663	(156,855)	(67,637)	1,223,560
Equity instruments of associates	134,237	-	-	67,637	201,874
Loans to Group companies	1,325,667	30,336	-	(73,927)	1,282,076
Loans to associates	4,479	2,776	(1,310)	17	5,962
Impairment losses	(94,729)	-	5,349	-	(89,380)
	2,804,043	46,775	(152,816)	(73,910)	2,624,092

The most noteworthy acquisitions were as follows:

- Incorporation of FCC Energía (99.99% owned by the Company) with an investment of EUR 4,000 thousand) of which 25% of the capital had been disbursed. The company is the head of the FCC Group’s Energy Division and it engages in the following fields: combined heat and power, energy efficiency, renewable energies and the application of new technologies for the re-use of waste.
- Formation of Dédalo Patrimonial S.L., wholly-owned by the Company, with an investment of EUR 61 thousand. The only activity of this company is the effective ownership of all the shares of Hydrocarbon Recovery Services and International Petroleum Delaware amounting to EUR 144 million. These two companies are domiciled in the US and specialise in the treatment and recovery of industrial oils and other ancillary oil industry services.
- Incorporation of Ecoparque Mancomunidad del Este, S.A., 99% owned by the Company, on 23 June 2008 with an investment of EUR 16,803 thousand. 25% of the capital has not yet been paid. This company operates a new recycling and waste management centre for the joint local authority of the east of the Autonomous Community of Madrid.

The disposals under “Equity Instruments of Group Companies” relate in full to the sale of the ownership interest in Grucysa, S.A. to the Group company AFIGESA, giving rise to a gain of approximately EUR 36 million (see Note 18).

The following should be noted in relation to Realía Business Holding, S.L. (owned 50% each by FCC and Caja Madrid), holder of 51% of Realía Business, S.A., a real estate company listed in Spain (the Realía Business Group):

- In 2007 the FCC Group obtained control over and the power to govern the financial and operating policies of the Realía Business Group, which was therefore fully consolidated in the consolidated financial statements of the FCC Group. Control over Realía was obtained through the execution of various agreements with Caja Madrid, the other reference shareholder of Realía Business, S.A. and was based on the reinforcement of the commitment of the FCC Group and Caja Madrid to growth, strengthening and increasing the value for shareholders of Realía Business through the acquisition of assets and companies, thereby making Realía Business a leader in its market.
- However, the drop in demand, excess supply and the international financial crisis have had a highly adverse effect on the real estate market, leading the original growth policies - which originally made the acquisition of control over the Realía Group by the FCC Group, as an industrial partner, attractive - to be rethought, and now priority is being given to

the financial management of the Realia Group against the backdrop of the crisis in the industry. In this context, on 31 December 2008, the FCC Group and Caja Madrid signed a modifying novation of the shareholder agreement of 8 May 2007 whereby it was agreed to return to joint management of the company with the collective participation of the FCC Group and Caja Madrid in the governing and managing bodies and in the taking of decisions relating to the management of the Realia Business Group. Consequently, Realia Business, S.A. has changed from being a Group company to being considered a jointly controlled entity.

- At 31 December 2008, Fomento de Construcciones y Contratas S.A., together with Afiges, held a direct ownership interest of 2.2% in Realia Business, S.A. through various Group companies.
- In addition, on 29 December 2008, the Company, through the subsidiary Asesoría Financiera y de Gestión, S.A. (AFIGESA), signed a securities loan with a bank for 6,400,000 shares of Realia Business, S.A., representing 2.3% of the share capital. The maturity of the loan may be determined by either of the parties or is otherwise established at 364 days. The associated value of the loan, secured by the shares, is EUR 10.6 million (EUR 1.8 per share) and also includes the obligation for the Company to pay the bank any cash distributed by Realia Business, S.A. The Company retains the voting rights and title to the shares during the term of the loan. The fee for the loan is 8% per annum (with a minimum of 30 days).

The detail, by company, of the investments in Group companies and associates is presented in Appendixes I and II, respectively, indicating for each company in which a direct ownership interest is held the company name, registered office, line of business, the percentage of capital held directly or indirectly, the amount of capital and reserves, profit or loss, dividends received, whether or not it is listed and the carrying amount of the ownership interest.

The most noteworthy balances under “Non-Current Investments in Group Companies and Associates – Loans to Companies” are as follows:

Azincourt Investment, S.L., Sole-Shareholder Company	1,081,187
FCC Versia, S.A.	140,000
Dédalo Patrimonial, S.L.U.	28,740
Enviropower Investments, Ltd.	17,380
ASA Abfall Services AG	14,000
Other	769
	1,282,076

This heading included most notably the participating loan of EUR 1,081,187 thousand granted to Azincourt Investment, S.L., Sole-Shareholder Company, a wholly-owned investee of Fomento de Construcciones y Contratas, S.A., the former being the holder of all the shares of Waste Recycling Group acquired in 2006. This loan has a single maturity in December 2013, like the bank loan with which it is associated (see Notes 12 and 15). The loan earns fixed interest at 2.95% on a portion thereof and floating interest on another portion based on certain performance indicators of the borrower. At year-end interest of EUR 33,015 thousand had been earned on the participating loan, which was recognised under “Finance Income – From Marketable Securities and Other Financial Instruments” in the accompanying income statement.

The other loans relate to amounts granted to Group companies that mature in more than one year and earn interest at market rates.

b) Current investments in Group companies and associates

“Current Investments in Group Companies and Associates” includes basically the loans and other non-trade credit facilities granted to Group companies and associates, among other things, to cater for certain specific cash situations and other short-term investments. These investments are measured at the lower of cost and market, plus the related interest at market rates.

The most noteworthy balances under “Current Investments in Group Companies and Associates – Loans to Companies” relating to working capital requirements are as follows:

FCC Construcción, S.A.	855,323
Azincourt Investment, S.L., Sole-Shareholder Company	149,166
Giza Environmental Services, S.A.E.	18,425
Aqualia Gestión Integral del Agua, S.A.	175,857
FCC Energía, S.A.	32,793
Other	30,799
	1,262,363

These loans mature annually and earn interest at market rates.

c) Payables to Group companies and associates:

The most noteworthy balances of “Current Payables to Group Companies and Associates”, which includes loans bearing interest at market rates and trade accounts payable to these companies, are as follows:

FCC Finance, B.V.	53,650
Azincourt Investment, S.L., Sole-Shareholder Company	104,978
Corporación Financiera Hispánica, S.A.	187,794
Asesoría Financiera y de Gestión, S.A. (AFIGESA)	203,177
Other	101,463
	651,062

11. Trade receivables for sales and services

The breakdown of “Trade Receivables for Sales and Services” in the accompanying balance sheet, which relates mainly to the amounts receivable for Company services, is as follows:

Production billed not yet collected	498,008
Unbilled production	94,236
Trade receivables for sales and services	592,244
Customer advances	(33,464)
Total trade receivables, net	558,780

EUR 87,895 thousand of the net trade receivables relate to joint ventures.

The foregoing total is the net balance of trade receivables after deducting the balance of “Customer Advances” on the liability side of the accompanying balance sheet which, as required by accounting legislation, includes the collected and uncollected pre-billings for various items and the advances received (normally in cash).

“Production Billed Not Yet Collected” reflects the amount of the billings issued to customers for services provided pending collection at the balance sheet date.

“Unbilled Production” reflects the difference between the production recognised by the Company on each contract and the amount of the billings issued to the customers. The balance of this account relates basically to the price revisions under the various contracts which, although as yet unapproved, the Company considers will be duly billed since there are no doubts as to their being accepted.

The Company transfers title to trade receivables to banks without recourse against Fomento de Construcciones y Contratas, S.A. in the event of non-payment. The amount deducted from the trade receivables balance at year-end in this connection amounted to EUR 120,336 thousand. These transactions bear interest at market rates and the factor assumes the risk of insolvency and late payment (from a certain period onwards) of the debtor. Fomento de Construcciones y Contratas, S.A. continues to manage collection.

12. Derivative financial instruments

the Company uses derivative financial instruments to hedge the risks to which its business activities, operations and future cash flows are exposed.

The concept of financial risk refers to the changes in the financial instruments arranged by the Company as a result of political, market and other factors and the repercussion thereof on the financial statements.

The Company’s risk management philosophy is consistent with its business strategy and seeks to achieve maximum efficiency and solvency at all the times. To this end, strict financial risk management and control criteria have been established, consisting of identifying, measuring, analysing and controlling the risks incurred in the Company’s operations, and the risk policy has been integrated into the Company organisation in the appropriate manner.

In line with this risk policy, the Company arranges hedges initially to hedge the underlying transaction and not for speculative purposes.

The Company met the requirements regarding measurement bases in order for the financial instruments detailed below to qualify for hedge accounting. Specifically, these instruments were formally designated as hedges and the hedges were assessed as being effective:

- Formal designation and documentation, at inception of the hedge, of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge.
- Documentation identifying the hedged item, the hedging instrument and the nature of the risk being hedged.
- Prospective (analytical) evidence of the effectiveness of the hedge.
- Objective and verifiable ex-post measurements.

The Company arranged cash-flow hedges within the framework of these transactions, the detail being as follows:

Classification	Type of Derivative	Amount Arranged	Maturity	Ineffective Portion Recognised in Profit or Loss	Fair Value	
					Assets	Liabilities
Cash flow hedge	IRS	171,218	30/12/13	-	-	13,927
Cash flow hedge	IRS	17,231	30/12/13	-	-	715
Cash flow hedge	IRS	144,310	30/12/13	-	-	6,942
Cash flow hedge	IRS	219,695	30/12/13	-	-	11,230
Cash flow hedge	IRS	122,771	30/12/13	-	-	5,833
Cash flow hedge	Basis swap	100,000	30/06/09	-	-	584
Cash flow hedge	Basis swap	100,000	30/06/09	-	-	540
Cash flow hedge	Basis swap	4,007	30/06/09	-	-	22
Cash flow hedge	Basis swap	100,000	30/06/09	-	-	776
Cash flow hedge	Basis swap	200,000	30/06/09	-	-	1,044
Cash flow hedge	Call option	61,596	30/09/13	-	3,011	-
Total		1,240,828		-	3,011	41,613

The changes in the fair value of cash flow hedges are taken, net of the tax effect, to reserves and are recognised in profit or loss for the year to the extent that the hedged item affects profit or loss.

The financial derivatives were measured by experts on the subject using generally accepted methods and techniques. These experts were independent from the Company and the entities financing it.

The IRSs were measured by discounting all the flows envisaged in each contract on the basis of its characteristics, such as the notional amount and the collection and payment schedule. This measurement was made using the zero-coupon rate curve determined by employing a bootstrapping process for the deposits and swaps traded at any given time. This zero-coupon rate curve was used to obtain the discount factors for the measurements, which were made assuming the absence of arbitrage opportunity (AAO). When there were caps and floors or combinations thereof, on occasions conditional upon special conditions being met, the interest rates used were the same as those used for the swaps, although in order to introduce the component of randomness in the exercise of the options, the generally accepted Black model was used.

The detail, by maturity, of the notional amount of the hedging transactions arranged at 31 December 2008 is as follows:

	Notional Maturity				
	2009	2010	2011	2012	2013 and Subsequent Years
IRSs	73,377	73,377	73,377	73,377	381,718
Basis swaps	504,007	-	-	-	-
Call options	-	-	-	-	61,595
	577,384	73,377	73,377	73,377	443,313

At the end of 2008 the Company had not arranged any fair value hedges or hedges of a net investment in a foreign operation.

Effectiveness tests on derivatives

Effectiveness tests are adapted to the type of hedge and the nature of the instruments used.

In cash flow hedges, it is first verified that the critical terms of the hedging instrument and the hedged item (amounts, maturities, repayments, reference indexes, review dates, etc.) are all the same.

In the case of IRSs, in which the Company receives a floating rate equal to that of the hedged borrowings and pays a fixed rate, since the objective is to reduce the variability of the borrowing costs, the effectiveness test estimates the variance of these annualised costs both in the original hedged borrowings and in the portfolio that combines these borrowings with the hedging instrument. A hedge is considered to be fully effective when it achieves a reduction of at least 80% in the original variance of flows, i.e. when the instrument used reduces the variability of the flows by 80% or more. If this is not the case, the derivative is classified as speculative and its changes in value are recognised in profit or loss.

For cash flow hedges in which the derivative hedging instrument is not an IRS but an option (such as an interest rate cap), the reduction in the variance of costs is estimated only if the hedge is “activated”, i.e. if the reference rates fall outside the unhedged variability range. The methodology applied once the hedge has been activated is the same as that used to test the effectiveness of IRSs.

The effectiveness test of fair value hedges -arranged using IRSs- is based on the comparison of the changes in the fair value of the hedged position and of the hedging instrument. The assessment of the effectiveness of this type of hedge is performed by isolating the effects of the credit risk of the liability and the change in value of the variable leg of the IRS, which does not affect the ultimate objective of the hedge but may give rise to apparent ineffectiveness due to the interest accrued at each date.

Derivatives that do not qualify for hedge accounting

Although certain hedging derivatives are recognised as speculative, this is only for accounting purposes since for financial and management purposes all the hedges arranged by the Company have, at inception, an underlying financing transaction.

Derivatives do not qualify for hedge accounting if the hedge fails the effectiveness test, which requires the changes in the fair value or in the cash flows of the hedged item directly attributable to the hedged risk to be offset by changes in the fair value or in the cash flows of the hedging instrument. When this does not occur, the changes in value of the instruments not classified as hedges are recognised in profit or loss.

This heading therefore includes the financial derivatives arranged by the Company to serve as hedges but which do not qualify for hedge accounting under the standard for measuring financial instruments because they do not pass the effectiveness tests prescribed therein. The changes in the fair value of these derivatives are recognised in profit or loss for the year.

At 2008 year-end, the impact of the changes in value of financial instruments that do not qualify for hedge accounting, relating mainly to transactions linked to the share option plan detailed below, amounted to EUR 19,602 thousand.

In order to hedge the risk of an increase in the Company's share price within the framework of the share option plan, in 2008 the Parent arranged an equity swap with BBVA. On 8 December 2008, the swap was replaced at the same bank by a call option, a put option and an interest rate/dividend swap with the same exercise price of EUR 34.22 and the same nominal amount of 1.8 million shares and maturing in October 2013. In both options the Company receives the dividend on the shares and pays interest at 1-month Euribor plus a spread of 0.90%. Finance costs of EUR 16,596 thousand (see Note 14) were recognised under “Change in Fair Value of Financial Instruments” relating to the settlement of the equity swap for the fair value thereof at the time of cancellation.

The Company measures and calculates the effectiveness of the call option separately from the other components (put option and interest rate/dividend swap). The call option is considered to be a cash flow hedge of the share option plan and, since it is effective, the changes in value are recognised in equity at each reporting date until the hedged item affects profit or loss. At 31 December 2008, the cumulative amount recognised in equity as a result of the change in value of the call option since designation was EUR 3,011 thousand. In 2008 no amounts were transferred from equity to profit or loss.

The put option and the interest-rate swap were not designated as hedges and, therefore, the changes in value are recognised directly in profit or loss for the year.

Classification	Type of Derivative	Amount Arranged	Maturity	Ineffective Portion Recognised in Profit or Loss	Fair Value	
					Assets	Liabilities
Speculative	Put option	61,596	30/09/13	-	-	27,368
Speculative	Swap	61,596	30/09/13	-	4,398	-
Total					4,398	27,368

Analysis of sensitivity to the interest rate

The changes in the fair value of the interest rate derivatives arranged by the Group depend on the changes in the Euribor interest rate curve and long-term swaps. The fair value of these derivatives at 31 December 2008 was a negative amount of EUR 41,613 thousand.

Following is a detail of the analysis of the sensitivity (changes in fair value at 31 December 2008) of the fair values of the derivatives recognised in equity (hedges) to changes in the euro interest rate curve:

Sensitivity (in euros)	31/12/08
+1% (increase in interest rates)	23,800
-1% (decrease in interest rates)	(23,950)

The sensitivity analysis shows that the negative fair value of interest rate derivatives drops (becoming positive) when interest rates rise since future interest rates would be higher than those set with the IRS and, therefore, the Company would be protected against interest rate rises. The negative fair value of the derivatives would increase if the interest rate dropped.

Since the derivatives are designated as hedges and are highly effective both prospectively and retrospectively, the change in fair value would be recognised in full in equity.

The Company also performed a sensitivity analysis for the amounts of financial debt at floating interest rates and concluded that a 1% increase in interest rates would lead to fluctuations of approximately EUR 23,100 thousand in the borrowing costs.

13. Equity

a) Share capital

The share capital of Fomento de Construcciones y Contratas, S.A. consists of 127,303,296 ordinary bearer shares of EUR 1 par value each. All the shares carry the same rights and have been fully subscribed and paid.

The shares of Fomento de Construcciones y Contratas, S.A. are publicly listed on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges and are traded through the Spanish Stock Market Interconnection System.

The only investment of 10% or more owned directly or indirectly (through subsidiaries) by other companies, according to the information provided pursuant to current legislation, is that held by B-1998, S.L., which has a direct and indirect ownership interest of 53.829% in the share capital.

The aforementioned company, B-1998, S.L., in which Esther Koplowitz Romero de Juseu, Simante, S.L., Larranza XXI, S.L. and Eurocis, S.A. have direct or indirect ownership interests of 83.927%, 5.726%, 5.339% and 5.008%, respectively, has certain obligations to its shareholders which are recorded and published by the Spanish National Securities Market Commission (CNMV) and in the FCC Group's Corporate Governance Report.

Esther Koplowitz Romero de Juseu also directly owns 123,313 FCC shares and indirectly holds 39,172 FCC shares through Dominum Desga, S.L. (4,132 shares) and Ejecución y Organización de Recursos, S.L. (35,040 shares), companies wholly owned by Esther Koplowitz Romero de Juseu.

At the Annual General Meeting of 18 June 2008, the shareholders resolved to reduce the Company's capital through the retirement of 3,264,187 treasury shares. The impact on the share capital was equivalent to the par value of the shares, i.e. EUR 3,264 thousand, and the total negative effect on equity amounted to EUR 114,690 thousand.

b) Share premium

The Consolidated Spanish Companies Law expressly permits the use of the share premium account balance to increase capital and does not establish any specific restrictions as to its use for other purposes.

c) Legal reserve

Under the Consolidated Spanish Companies Law, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserve cannot be distributed to shareholders except in the event of liquidation.

The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount.

Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

At 31 December 2008, the legal reserve had reached the stipulated level.

d) Restricted reserves

The Company's reserves include an amount equal to the par value of the treasury shares retired in 2002 and 2008 with a charge to unrestricted reserves, in accordance with Article 167.3 of the Spanish Companies Law. The reserve for retired shares of EUR 6,034 thousand is restricted, unless the same requirements as those stipulated for capital reductions are met.

e) Treasury shares

Through the subsidiary Asesoría Financiera y de Gestión, S.A. (AFIGESA), the Company holds 2,682,260 treasury shares of EUR 1 par value each, representing 2.1% of its share capital, with a carrying amount at AFIGESA of EUR 60,142 thousand. At 31 December 2008, the Company did not hold any treasury shares directly.

In 2008 2,888,201 shares were acquired from Group companies which, together with the 375,986 treasury shares held by Company at the beginning of the year, were retired (see Note 13-a).

f) Grants

The accompanying balance sheet at 31 December 2008 includes grants received in the past amounting to EUR 7,939 thousand, after considering the related tax effect, of which EUR 5,078 thousand were taken to income, of which EUR 386 thousand relate to 2008. The above amount relates mainly to grants received by the joint ventures through which the Company jointly performs contracts.

14. Long-term provisions and other obligations

The changes in 2008 were as follows:

	Balance at 01/01/08	Additions	Amounts Used	Reversals	Transfers	Balance at 31/12/08
Share-based payments	-	733	-	-	-	733
Litigation	73,776	3,600	(3,512)	-	173	74,037
Warranties and obligations	31,882	11,010	(2,218)	-	-	40,674
Other contingencies	121,872	3,005	-	(32,602)	(173)	92,102
	227,530	18,348	(5,730)	(32,602)	-	207,546

"Additions" includes EUR 3,727 thousand related to the interest cost and the effect of the discount rate used to estimate long-term provisions.

Noteworthy among the other changes is the reversal of EUR 32,602 thousand resulting from the updating of the estimated cash outflows that might arise for the Company in the fulfilment of its current obligations.

Share-based payments

On 29 July 2008, the Parent's Board of Directors resolved to establish a remuneration system linked to the value of the Company's shares for executives and Board members who discharge executive functions. The key features of this system are as follows:

- Commencement date: 1 October 2008.
- Exercise period: from 1 October 2011 to 1 October 2013.
- Number of shares: 1,800,000 shares, of which 700,000 correspond to executive directors and senior executives (12 persons) and the remaining 1,100,000 to other executives (43 persons).
- Participants must use, for the acquisition of FCC shares, an amount at least equal to the difference between the average price of the Fomento de Construcciones y Contratas, S.A. share, net of fees, expenses and taxes, on the day that the option is exercised and the exercise price of the option.
- The option exercise price is EUR 34.22 per share.

Exercise of the options is conditional upon the participants continuing to provide services to the Company or to any Group company at the exercise date and on their having done so continuously throughout the term of the plan or since they became participants. Entitlement to exercise the options shall not be forfeited in the following situations:

- Death or certified incapacity of the participant.
- Retirement of the participant, at least one year after 1 October 2008, provided that the participant is at least 65 years of age on retirement.
- Termination of the employment relationship due to dismissal for objective reasons, for reasons attributable to the Parent or by mutual agreement.
- Termination of the employment relationship due to a dismissal considered by the courts to be improper.

With respect to the share-based employee remuneration plan, the Parent recognises the services received as staff costs as accrued, and also recognises the corresponding liability for the remuneration outstanding since the plan is settled only in cash.

The liability was measured at 2008 year-end on the basis of the fair value thereof at the date on which it qualified for recognition. At 31 December 2008, EUR 733 thousand were recognised in respect of obligations to employees participating in the share option plan on the basis of the period accrued and the total initial value of the plan, which amounted to EUR 5,171 thousand.

In order to hedge the risk of an increase in the Company's share price within the framework of the share option plan, in 2008 the Parent arranged an equity swap with BBVA. On 8 December 2008, the swap was replaced at the same bank by a call option, a put option and an interest rate/dividend swap with the same exercise price of EUR 34.22 and the same nominal amount of 1.8 million shares and maturing in October 2013. In both options the Company receives the dividend on the shares and pays interest at 1-month Euribor plus a spread of 0.90%. Finance costs of EUR 16,596 thousand were recognised under "Change in Fair Value of Financial Instruments" relating to the settlement of the equity swap for the fair value thereof at the time of cancellation.

The Company measures and calculates the effectiveness of the call option separately from the other components (put option and interest rate/dividend swap). The call option is considered to be a cash flow hedge of the share option plan and, since it is effective, the changes in value are recognised in equity at each reporting date until the hedged item affects profit or loss. At 31 December 2008, the cumulative amount recognised in equity as a result of the change in value of the call option since designation was EUR 3,011 thousand. In 2008 no amounts were transferred from equity to profit or loss. The value of the call option was determined by using a binomial model based on the following assumptions:

- Volatility: in the absence of market data for the period under consideration, the historical volatility at the measurement date was calculated taking into account Bloomberg's data for 400 market days. The volatility used was 35.89%.
- Risk-free interest rate: this was estimated on the basis of the monetary curve (deposits) for the short term and the interest-rate swap curve for longer terms;
- Dividends: a dividend of EUR 1.2 was considered for 2009 and of EUR 1.25 for years until 2015;
- The spot price of the Company's share used as a reference for the measurement was EUR 31.90 per share.

The put option and the cash-flow swap were not designated as hedges and, therefore, the changes in value are recognised directly in profit or loss for the year. Since the exercise of the written put option is conditional upon by the exercise of the call option, it is measured on a cashless-for-cash basis, on the premise that the sum of the three instruments could be measured as the difference between the exercise price of the options and the spot price at the measurement date. Consequently, the value of the put option subject to the exercise of the call option is estimated on the basis of the measurement of the hypothetical equity swap made up by the three instruments.

						Fair Value
Classification	Type of Derivative	Amount Arranged	Maturity	Ineffecti- ve Portion Recognised in Profit or Loss	Assets	Liabilities
Speculative	Put option	61,596	30/09/13	-	-	27,368
Speculative	Swap	61,596	30/09/13	-	4,398	-
Total					4,398	27,368

15. Payables (non-current and current)

The balance of "Non-Current Payables" and "Current Payables" at the end of 2008 is as follows:

	Non-Current	Current
Bank borrowings	2,789,700	114,552
Limited recourse borrowings	427	2,701
Unlimited recourse borrowings	2,789,273	111,851
Obligations under finance leases	3,479	27,115
Other financial liabilities	6,847	151,478
Derivatives (Note 12)	68,981	-
	2,869,007	293,145

The detail, by maturity, of "Non-Current Payables" is as follows:

	Maturity				
	2010	2011	2012	2013	2014 and Subsequent Years
Limited recourse borrowings	427	-	-	-	-
Unlimited recourse borrowings	95,039	1,460,854	760,192	473,188	-
Obligations under finance leases and other financial liabilities	5,006	1,232	278	1,444	2,366
Derivatives	2,966	-	-	66,015	-
	103,438	1,462,086	760,470	540,647	2,366

a) Bank borrowings

The limited recourse project financing loans relate to the amounts payable in connection with the investments made by the Ute Aqualia-FCC-Vigo joint venture which engages in the provision of water supplies in Vigo.

The main features of these borrowings are as follows: the interest rate on the amount outstanding is Euribor plus a spread based on market rates; repayment is in half-yearly instalments ending in 2010; the repayments are being made using the joint venture's revenue from operating the service and, if the contract terms and conditions are met, there is no other liability for the venturers if the funds obtained during the term of the loan do not cover the full amount of the principal plus interest.

The detail of bank borrowings is disclosed later in this Note in the section on financing facilities.

Accounts payable are recognised at amortised cost at the balance sheet date, which does not differ significantly from the fair value thereof.

Financing lines:

The Company has long- and short-term credit facilities related to its bank borrowings with a limit of EUR 3,817 thousand, against which EUR 927 thousand had not been drawn down at 31 December 2008.

The financing lines include most notably:

- A syndicated credit facility of EUR 800,000 thousand arranged by the Company on 19 July 2007 divided in two tranches:
 - Tranche "A", a long-term loan totalling EUR 280,000 thousand, with partial maturities in July 2011 and July 2012 (50% at each maturity date); and
 - Tranche "B", a credit facility of EUR 520,000 thousand, maturing in December 2012.

The interest rate on both tranches in 2008 was Euribor plus a spread determined on the basis of the change in the net financial debt/EBITDA ratio of the FCC Group, and was initially 0.325%. This spread will be adjusted each year. "Non-Current Payables – Bank Borrowings" in the accompanying balance sheet includes EUR 796,393 thousand relating to this syndicated financing.

- A syndicated loan arranged by the Company on 25 January 2007 to finance Azincourt Investment, S.L., Sole-Shareholder Company, a wholly-owned investee of Fomento de Construcciones y Contratas, S.A., in the acquisition of the UK company Waste Recycling Group Ltd. and its group of companies. The loan is structured in two tranches, the first for an initial amount of EUR 819,700 thousand and the second for GBP 200,000 thousand. Both tranches mature in December 2013 and are being repaid in half-yearly instalments amounting to 4.615% of the initial loan principal, and the remaining 40.005% of the loan is repaid at final maturity.

At year-end EUR 668,442 thousand of the tranche in euros (EUR 592,784 thousand at long term and the remainder at short term) and GBP 163,080 thousand of the tranche in sterling (which at the year-end euro/GBP exchange rate totalled EUR 169,767 thousand, EUR 151,151 thousand at long term and the remainder at short term) had not yet been repaid. The interest rate on the tranche in euros is Euribor plus a spread determined based on the change in the net financial debt/EBITDA ratio of the FCC Group, which was initially 0.375%. This spread will be adjusted each year. The interest rate applicable to the tranche in sterling is Libor and the spread is the same as that detailed for the tranche in euros. This syndicated loan has associated derivative instruments (see Note 12).

Also, due to fluctuations in the euro/sterling exchange rate, the loan in sterling gave rise to exchange gains in the year of EUR 54,382 thousand, which were recognised as finance income in the accompanying income statement.

- Syndicated credit facility totalling EUR 1,225 million arranged by the Company on 8 May 2008. The facility is divided into two tranches: a long-term loan of EUR 735,000 thousand and a long-term credit facility amounting to EUR 490,000 thousand. The term of the loan is three years (extendable for a further two years), the same period as that projected for the "2008-2010 Strategic Plan". The loan has a single maturity, 8 May 2011, and bears interest at Euribor plus a spread established on the basis of the FCC Group's debt/equity ratio per its financial statements for each year.
- On 10 July 2008, the Company and Dédalo Patrimonial S.L. (wholly owned by Fomento de Construcciones y Contratas, S.A.) arranged a long-term credit facility of USD 186,900 thousand with three banks, maturing on 10 October 2013. The purpose of this loan was to finance the acquisition of Hydrocarbon Recovery Services Inc. and International Petroleum Corp.

The agreement consists of three tranches:

- a) A long-term loan of USD 40,000 thousand granted to the Company.

b) A long-term credit facility of USD 58,900 thousand granted to Dédalo Patrimonial S.L.

c) A long-term loan of USD 88,000 thousand granted to Dédalo Patrimonial S.L.

The established price comprises the reference rate (Libor) plus a spread based on the variation in the consolidated net debt/consolidated EBITDA ratio.

With regard to the Company's financing, it should be noted that certain ratios must be met concerning coverage of borrowing costs and levels of net debt in relation to EBITDA. All the ratios established were being met at year-end.

b) Other current financial liabilities

"Other Current Financial Liabilities" includes mainly the interim dividend out of 2008 profit, which amounted to EUR 99,933 thousand, as indicated in Note 3.

16. Deferred taxes and tax matters

a) tax receivables and payables

The detail of the tax receivables and payables is as follows:

a.1) Tax receivables

Tax receivables:	Current	Non-Current
Deferred tax assets	-	63,342
Other tax receivables	-	-
- Tax refunds receivable	35,121	-
- VAT refundable	5,076	-
- Other	1,983	-
	42,180	63,342

"Deferred Tax Assets" relates mainly to the deferral of the tax losses contributed by the joint ventures which are included in taxable profit after one year, once they are deemed to be definitive.

The deferred tax assets were recognised because the Company's directors considered that, based on their best estimate of the Company's future earnings, it is probable that these assets will be recovered.

a.2) Tax payables

Tax payables:	Current	Non-Current
Deferred tax liabilities	-	57,747
Other tax payables	44,407	-
- Tax withholdings	10,094	-
- VAT and other indirect taxes payable	11,700	-
- Accrued social security taxes payable	18,632	-
- Other	3,981	-
	44,407	57,747

"Deferred Tax Liabilities" includes mainly the tax effect relating to 30% of the accelerated depreciation of the Torre Picasso building, which qualifies for the tax incentives provided for in Royal Decree-Law 2/1985 amounting to EUR 9,795 thousand. This deferred tax liability will reverse at the rate of EUR 178 thousand per year, calculated on the basis of the useful lives of the related assets.

b) Reconciliation of the accounting profit to the taxable profit

The reconciliation of the accounting profit to the taxable profit for income tax purposes is as follows:

Accounting profit for the year before tax			377,812
	Increase	Decrease	
Permanent differences	3,224	(1,798)	1,426
Adjusted accounting profit			379,238
Temporary differences			
- Arising in the year	7,581	(23,082)	(15,501)
- Arising in prior years	25,686	(57,065)	(31,379)
Taxable profit			332,358

The temporary differences arose mainly as a result of the following:

- The increases include most notably the provisions and expenses recognised for accounting purposes that will be tax deductible in subsequent years.
- The decreases include the profits of joint ventures, which will be included in the tax base for income tax purposes of the following year, the deferral of the depreciation charge relating to the non-current assets held under leases and expenses recognised in prior years which became tax deductible in 2008, since the requirements established by current legislation had been met.

The changes in 2008 in the current and non-current deferred tax assets and liabilities were as follows:

	Deferred Tax Assets	Deferred Tax Liabilities
Taxable timing differences		
Balance at 01/01/08	67,729	57,457
Arising in the year	2,274	6,924
Arising in prior years	(17,120)	(7,706)
Other adjustments	(2,023)	87
Balance at 31/12/08	50,860	56,762
Temporary differences		
Balance at 01/01/08	1,254	1,085
Arising in the year	11,228	(100)
Arising in prior years	-	-
Balance at 31/12/08	12,482	985
	63,342	57,747

c) Tax recognised in equity

The only tax recognised in equity in 2008 relates to the change in value of the Group's hedging instruments, amounting to EUR 10,459 thousand.

d) Reconciliation of accounting profit to the income tax expense

The reconciliation of the accounting profit to the income tax expense is as follows:

Adjusted accounting profit	379,238
Income tax charge (30%)	113,771
Tax credit for intra-Group double taxation	(76,010)
Reinvestment tax credit	(38)
Other tax credits and tax relief	(2,519)
Other adjustments	(298)
Income tax expense	34,906

The income tax expense relates in full to continuing operations.

In 2007 the reinvestment tax credit for the extraordinary profit arising from the sale of 17.04% of the portfolio of Realia Business, S.A. was deducted. The tax credit was applied to income totalling EUR 203,478 thousand. The reinvestment will be made in 2006-2009 in assets included among those provided for in Article 42 of Royal Decree-Law 4/2004, which will be held for the legally stipulated time periods. At 31 December 2008, there were no reinvestments outstanding in this connection.

e) Tax loss and tax credit carryforwards

At year-end the Company did not have any tax loss or tax credit carryforwards.

f) Years open for review and tax audits

Fomento de Construcciones y Contratas, S.A. has all the years not yet statute-barred open for review by the tax authorities for the taxes applicable to it. The criteria that the tax authorities might adopt in relation to the years open for review could give rise to contingent tax liabilities which cannot be objectively quantified. In relation to the years that have been reviewed, in certain cases the criteria applied by the tax authorities gave rise to tax assessments, which are currently being appealed by the Company. However, the Company's directors consider that any resulting liabilities would not significantly affect the Company's equity.

g) Other tax disclosures

Under authorisation 18/89, Fomento de Construcciones y Contratas, S.A. files consolidated income tax returns with all the other Group companies that meet the requirements established by tax legislation.

17. Guarantee commitments to third parties and other contingent liabilities

At 31 December 2008, Fomento de Construcciones y Contratas, S.A. had provided guarantees amounting to EUR 379,497 thousand to government agencies and private-sector customers, mainly as performance bonds for services provided under urban cleaning contracts.

The Company had also provided guarantees to third parties for certain Group companies amounting to EUR 288,711 thousand.

Fomento de Construcciones y Contratas, S.A. and the joint ventures in which it has interests are acting as defendants in lawsuits in relation to the liability inherent to the various business activities carried on by the Company in the performance of the contracts awarded, for which the related provisions have been recognised (see Notes 14 and 4-j). Accordingly, any resulting liabilities would not have a significant effect on the Company's equity.

18. Income and expenses

a) Revenue

Substantially all the revenue relates to services provided in Spain, of which EUR 161,684 thousand relate to contracts performed through joint ventures.

Operating income includes rental income and billings for costs charged to the tenants of the Torre Picasso building which, in proportion to the Company's percentage of ownership (see Note 7), amounted to EUR 25,911 thousand and EUR 6,878 thousand, respectively.

With respect to transactions with Group companies and associates, in 2008 Fomento de Construcciones y Contratas, S.A. performed work and provided services totalling EUR 98,057 thousand, which included most notably EUR 45,557 thousand billed for management and administration support services and the licence to use the FCC trade name sold to FCC Construcción, S.A., a wholly-owned subsidiary of the Company, which is recognised in the accompanying income statement. The Company also purchased EUR 30,264 thousand of services and consumables from the aforementioned companies.

b) Employees

The average number of employees at the Company in 2008 was as follows:

Managers and university graduates	363
Other qualified line personnel	285
Clerical and similar staff	848
Other salaried employees	24,562
	26,058

At 31 December 2008, the number of employees, directors and senior executives of the Company, by gender, was as follows:

	Men	Women	Total
Directors	16	5	21
Senior executives	12	-	12
Managers and university graduates	277	89	366
Other qualified line personnel	243	47	290
Clerical and similar staff	414	429	843
Other salaried employees	18,208	6,079	24,287
	19,170	6,649	25,819

"Staff Costs" includes EUR 733 thousand relating to the share option plan (see Note 14).

c) Fees paid to auditors

"Outside Services" in the accompanying income statement includes the fees for financial audit services provided to the Company, amounting to EUR 248.8 thousand, which include EUR 87.4 thousand for services relating to the limited review of the interim financial information at 30 June 2008. This amount also includes the fees relating to other services billed by the auditor or by other entities related to the auditor, amounting to EUR 75 thousand.

19. Related party transactions and balances

a) Related party transactions

The detail of the transactions with related parties in 2008 is as follows:

	Other Group Companies	Joint Ventures	Associates
Services rendered	98,057	1	2,742
Services received	32,563	42	402
Dividends	206,742	6,795	2,590
Finance costs	18,725	319	-
Finance income	82,996	-	99

"Finance Income" relates to the income on the loans granted by the Company to subsidiaries (see Note 10), including most notably the loans to FCC Construcción, S.A., Azincourt Investment, S.L. and FCC Versia, S.A. amounting to EUR 27,753 thousand, EUR 33,015 thousand and EUR 7,087 thousand, respectively.

The main finance cost relates to Corporación Financiera Hispánica, S.A., totalling EUR 11,762 thousand.

b) Related party balances

The detail of the balances with related parties is as follows:

	Group Companies	Joint Ventures	Associates
Current financial assets (Note 10)	1,259,752	3,463	5,244
Non-current financial assets (Note 10)	2,495,515	107,937	20,640
Payables to Group companies (Note 10)	631,027	20,035	-
Trade receivables	71,311	2	4,567
Trade payables	20,575	87	332

The detail of the current receivables from and payables to Group companies and associates is as follows:

Company	Receivable	Payable
FCC Construcción, S.A.	23,788	2,580
Conservación y Sistemas, S.A.	6,204	-
Aqualia, S.A.	14,092	-
FCC Medio Ambiente, S.A.	8,234	1,321
Limpieza e Higiene de Cartagena, S.A.	2,995	-
FCC Ámbito, S.A.	3,833	-
FCC Versia, S.A.	-	1,229
Sistemas y Vehículos de Alta Tecnología, S.A.	-	1,609
Estacionamientos y Servicios, S.A.	-	4,162
Other	16,734	10,093
	75,880	20,994

c) Remuneration of directors and senior executives

The detail of the remuneration earned by the directors of Fomento de Construcciones y Contratas, S.A. and payable to them by the Company is as follows (in thousands of euros):

Fixed remuneration	4,189
Variable remuneration	289
Bylaw-stipulated directors' emoluments	2,059
	6,537

An insurance policy was taken out and a premium was paid to cover payments arising from contingencies relating to death, permanent disability benefits, retirement bonuses and other items in relation to certain directors of Fomento de Construcciones y Contratas, S.A. (see Note 4-n). In 2008 the beneficiaries received EUR 5,952 thousand under the insurance policy.

Except as indicated in the foregoing paragraphs, no other remuneration, advances, loans or guarantees have been granted to the directors and there are no pension or life insurance obligations to former or current directors.

d) Detail of investments in companies engaging in similar activities and of the performance, as independent professionals or as employees, of similar activities by the directors

Set forth below are the required disclosures in relation to the ownership interests held by the directors of Fomento de Construcciones y Contratas, S.A. in the share capital of non-FCC Group companies; the activities (if any) performed by them, as independent professionals or as employees, that are identical, similar or complementary to the activity that constitutes the company object of the FCC Group; and the transactions (if any) conducted by them or by persons acting on their behalf with the Company or with any company in the same Group that are not part of the Company's normal business activities or are not conducted on an arm's length basis:

- The director Miguel Blesa de la Parra declared that he had engaged in activities, as an independent professional or as an employee, that are similar or complementary to the activities that constitute the company object of FCC., in his capacity as: Chairman of the Board of Directors of Corporación Financiera Caja de Madrid, S.A., which holds direct or indirect ownership interests in Realía Business, S.A., a company in which FCC, S.A. has a direct or indirect shareholding. Caja Madrid

holds 20% of the shares of RB Business Holdings, Corporación Financiera Caja de Madrid, S.A. owns 30% and Fomento de Construcciones y Contratas, S.A. the remaining 50%. RB Business Holdings holds a 51% direct ownership interest in Realia Business, S.A.

The following directors stated that they are members of the Board of Directors of other listed companies:

Name or Company Name of Director	Group Company Name	Position
Miguel Blesa de la Parra	Iberia L.A.E., S.A.	Deputy Chairman
Miguel Blesa de la Parra	Mapfre, S.A.	Director
Manuel Menéndez López	Inmobiliaria Colonial, S.A.	Director
José María Sagardoy Llonis	Inmobiliaria Colonial, S.A.	Director

- The other directors of Fomento de Construcciones y Contratas, S.A. have declared that they do not engage in any activity, as independent professionals or as employees that is identical, similar or complementary to the activity that constitutes the Company's object.
- The other Board members of the Company do not hold any ownership interests in the share capital of any companies engaging in an activity that is identical, similar or complementary to the activity that constitutes the company object of Fomento de Construcciones y Contratas, S.A.
- In 2008 the other directors of Fomento de Construcciones y Contratas, S.A., or persons acting on their behalf, did not perform, with the Company or with any company in the same Group, any transactions that were not part of the Company's normal business activities or that were not conducted on an arm's length basis.

The detail of the directors holding positions in companies in which Fomento de Construcciones y Contratas, S.A. has a direct or indirect ownership interest is as follows:

Name Or Company Name Of Director	Group Company Name	Position
Cartera Deva, S.A.	Cementos Portland Valderrivas, S.A.	Director
EAC Inversiones Corporativas, S.L.	Cementos Portland Valderrivas, S.A.	Director
EAC Inversiones Corporativas, S.L.	FCC Construcción, S.A.	Director
EAC Inversiones Corporativas, S.L.	Global Via Infraestructuras, S.A.	Director
Fernando Falcó Fernández de Córdova	FCC Construcción, S.A.	Director
Fernando Falcó Fernández de Córdova	Cementos Portland Valderrivas, S.A.	Director
Fernando Falcó Fernández de Córdova	Giant Cement Holding, Inc.	Director
Fernando Falcó Fernández de Córdova	Waste Recycling Group Limited	Director
Rafael Montes Sanchez	FCC Construcción, S.A.	Director
Rafael Montes Sanchez	Cementos Portland Valderrivas, S.A.	Director
Juan Castells Masana	Waste Recycling Group Limited	Director
Robert Peugeot	FCC Construcción, S.A.	Director
Robert Peugeot	Alpine Holding GmbH	Supervisory Board
Robert Peugeot	Waste Recycling Group Limited	Director
Baldomero Falcones Jaquotot	FCC Energía, S.A.	Chairman
Felipe B. García Pérez	FCC Energía, S.A.	Secretary

These directors hold positions or discharge functions and/or hold ownership interests of less than 0.01% in all cases in other FCC Group companies in which Fomento de Construcciones y Contratas, S.A. directly or indirectly holds a majority of the voting power.

20. Information on the environment

As indicated in Note 1, by its very nature, the Company's Services line of business is geared towards environmental protection and conservation, not only through the production activity itself (waste collection, operation and control of landfills, sewer cleaning, treatment and elimination of industrial waste, wastewater treatment, etc.), but also as a result of performing these activities using production techniques and systems designed to reduce environmental impact in accordance with the limits established in the relevant legislation.

The performance of production activities described above requires the use of specialised structures, plant and machinery that are efficient in terms of environmental protection and conservation. At 31 December 2008, the acquisition cost of the non-current assets

assigned to production in the Services area totalled EUR 842,175 thousand, with accumulated depreciation amounting to EUR 450,298 thousand.

Company management considers that any possible contingencies in relation to the protection and improvement of the environment at 31 December 2008 would not have a material impact on the accompanying financial statements.

As indicated in Note 1, Fomento de Construcciones y Contratas, S.A. is the parent of the FCC Group which operates various business lines and, due to the nature thereof, pays particular attention to controlling the impact on the environment. These matters are discussed in detail in the Group's Corporate Social Responsibility report, which is published annually on FCC's website, www.fcc.es, among other channels, and provides the reader with more representative information than that included in this Note.

21. Events after the balance sheet date

On 8 January 2008, the Company executed the agreement reached on 22 August 2008 with Babcock & Brown Wind Partners for the purchase of the entire wind farm portfolio held by the latter in Spain through the Olivento Group. The portfolio comprises 14 wind farms in Andalucía, Galicia, Aragón, Castilla y León and Castilla - La Mancha with a total production capacity of 420.7 MW and an additional capacity of 45 MW currently under development, which is expected to come into service before 2012.

Other Olivento Group assets that were acquired include a 50% ownership interest in IM FUTURE, a company with a team of 50 highly experienced professionals in the field of wind farms.

The transaction amounted to EUR 780 million, of which EUR 190 million were paid in cash and the remaining EUR 590 million will be assumed as debt. The renewable energy subsidiary of the Australian company Babcock & Brown transferred 14 wind farms grouped under the Olivento Group to FCC Energía whereby, on acquiring 420.7 MW, FCC's new division became Spain's sixth-largest wind farm operator.

On 3 February 2009, the Parent's directors resolved to extend the Share Option Plan approved at the Board of Directors Meeting held on 29 July 2008 by adding a further 1,500,000 options in order to bring to 3,300,000 the number of options on FCC shares granted to executive directors and executives.

The resolution adopted by the Board granted 1,500,000 options on the following terms:

- Each option entitles the holder to receive on the exercise date the difference in cash between the market price of the FCC share at that time and the exercise price ("cashless for cash").
- Term of the plan: the term of the plan is five years from 6 February 2009.
- Exercise price: the exercise price, determined following the same procedure as that used in the first stage of the plan, amounts to EUR 24.71.
- Exercise period and conditions: the participants may exercise the options on one single occasion in the fourth and fifth years.

22. Explanation added for translation to english

These financial statements are presented on the basis of accounting principles generally accepted in Spain. Certain accounting practices applied by the Company that conform with generally accepted accounting principles in Spain may not conform with generally accepted accounting principles in other countries.

APPENDIX I - Group Companies

Company	Carrying Amount		% of Ownership	Dividends Received	Share Capital	Reserves	Other Equity Items	2008 Profit (Loss)	
	Assets	Impairment						Operating	Continuing Operations
AEBA, Ambiente y Ecología de Buenos Aires, S.A. Tucumán, 1321. 3º. Buenos Aires. Argentina -Urban cleaning-	834	602	Direct 50.00 Indirect 2.50	500	1,000 (ARS)	872 (ARS)		446 (ARS)	355 (ARS)
Aqualia Gestión Integral del Agua, S.A. Federico Salmón, 13. Madrid -Water management-	254,768	-	Direct 99.99 Indirect 0.01	20,300	145,000	174,541	5,811	42,017	54,093
A.S.A. Abfall Service AG Hans-Hruschka-Gasse, 9. Himberg (Austria) -Urban cleaning-	226,784	-	Direct 99.98 Indirect 0.02	-	5,000	56,728		905	1,950
Asesoría Financiera y de Gestión, S.A. Federico Salmón, 13. Madrid -Financial services-	3,008	-	Direct 43.84 Indirect 56.16	-	6,843	474,895		1,175	(103,701)
FCC Global Insurance General Services, S.A. Pº de la Castellana, 111. Madrid	30	-	Direct 25 Indirect 75	-	120	2,760		5,653	4,433
Azincourt Investment, S.L., Sole-Shareholder Company Federico Salmón, 13. Madrid -Holding company-	3	3	100.00	-	3	(97,074)		41	(151,738)
Cementos Portland Valderrivas, S.A. Estella, 6. Pamplona -Cement-	175,953	-	Direct 58.76 Indirect 11.43	52,673	41,757	810,229	(10,415)	158,849	130,710
Compañía Auxiliar de Agencia y Mediación, S.A., Sole-Shareholder Company Federico Salmón, 13. Madrid -Holding company-	1,657	-	100.00	3	61	2,580		(2)	11,906
Compañía General de Servicios Empresariales, S.A., Sole-Shareholder Company Federico Salmón, 13. Madrid -Corporate vehicle-	60	-	100.00	2	60	17		(1)	2
Corporación Española de Servicios, S.A. Federico Salmón, 13. Madrid -Corporate vehicle-	44	-	Direct 99.99 Indirect 0.01		60	16		(1)	2
Corporación Financiera Hispánica, S.A. Federico Salmón, 13. Madrid -Holding company-	69,818	-	Direct 99.99 Indirect 0.01		58,393	342,376		255	8,330
Dédalo Patrimonial, S.L. (Sole-Shareholder Company) Federico Salmón, 13. Madrid -Holding company-	61		100.00		61			(2)	7,552
Ecoparque Mancomunidad del Este, S.A. Federico Salmón, 13. Madrid -Urban cleaning-	12,602	-	Direct 99.99 Indirect 0.01		12,604			(192)	(134)
Egypt Environmental Services SAE Cairo. Egypt -Urban cleaning-	7,760	1,967	Direct 97 Indirect 3	-	36,400 (EGP)	(6,812) (EGP)		16,064 (EGP)	16,385 (EGP)
Empresa Comarcal de Serveis Mediambientals del Baix Penedès ECOBP, S.L. Plaza del Centre, 3. El Vendrell (Tarragona) -Urban cleaning-	240	-	80.00	65	301	267		174	90
Empresa Municipal de Desarrollo Sostenible Ambiental de Úbeda, S.L. Pza. Vázquez Molina, s/n. Úbeda (Jaén) -Urban cleaning-	720	-	90.00	4	800	295		358	194

Company	Carrying Amount		% of Ownership	Dividends Received	Share Capital	Reserves	Other Equity Items	2008 Profit (Loss)	
	Assets	Impairment						Operating	Continuing Operations
Europea de Gestión, S.A., Sole-Shareholder Company Federico Salmón, 13. Madrid -Corporate vehicle-	63		100.00	4	60	220		(1)	2
FCC Construcción, S.A. Balmes, 36. Barcelona -Construction-	275,551		Direct 99.99 Indirect 0.01	121,212	130,000	155,743		218,930	165,778
FCC Construcciones y Contratas Internacional, S.L., Sole-Shareholder Company Federico Salmón, 13. Madrid -Corporate vehicle-	3		100.00		3				
FCC Energía, S.A. Federico Salmón, 13. Madrid -Energy-	1,000	-	Direct 99.99 Indirect 0.01		1,000	(32)		(1)	(750)
FCC Fomento de Obras y Construcciones, S.L., Sole-Shareholder Company Federico Salmón, 13. Madrid -Corporate vehicle-	3	-	100.00		3				
FCC Inmobiliaria Conycon, S.L., Sole-Shareholder Company Federico Salmón, 13. Madrid -Corporate vehicle-	3	-	100.00		3				
FCC International, B.V. Amsteldijk, 166. Amsterdam (Netherlands) -Holding company-	49,910		100.00	7,669	40,840			(41)	226
FCC Medio Ambiente, S.A. Federico Salmón, 13. Madrid -Urban cleaning-	35,102	-	Direct 98.98 Indirect 1.02	-	43,272	89,563		23,897	18,896
FCC Versia, S.A. Federico Salmón, 13. Madrid -Management company-	62,625	-	Direct 99.99 Indirect 0.01	3,900	40,337	72,930		3,597	(20,662)
FCC 1, S.L., Sole-Shareholder Company Federico Salmón, 13. Madrid -Corporate vehicle-	3	-	100.00		3				
F-C y C, S.L., Sole-Shareholder Company Federico Salmón, 13. Madrid -Corporate vehicle-	3	-	100.00		3				
Fedemés, S.L. Federico Salmón, 13. Madrid -Property development-	10,764	-	Direct 92.67 Indirect 7.33		10,301	15,208		897	594
Giza Environmental Services, S.A.E. Cairo. Egypt -Urban cleaning-	7,566	7,566	Direct 97.00 Indirect 3.00		35,500 (EGP)	(153,407) (EGP)		(1,170) (EGP)	(1,122) (EGP)
Limpiezas Urbanas de Mallorca, S.A. Fusters, 18. Manacor (Balearic Islands) -Urban cleaning-	5,097	-	Direct 99.92 Indirect 0.08		308	1,766		485	317
Per Gestora Inmobiliaria, S.L. Pza. Pablo Ruiz Picasso, s/n. Madrid -Property management and administration-	69	-	Direct 99.00 Indirect 1.00	8	60	51		(203)	(140)
Tratamientos y Recuperaciones Industriales, S.A. Angli, 31. Barcelona -Waste treatment-	21,455	-	Direct 74.92 Indirect 0.08	399	72	8,062		2,662	1,938
TOTAL	1,223,559	10,138		206,739					

NOTE

- Of the companies shown above, only Cementos Portland Valderrivas, S.A. is a listed company and its market price at the balance sheet date was EUR 24.70. The average market price in the last quarter of 2008 was EUR 26.96.
- As required by Article 86 of the Consolidated Spanish Companies Law, in 2008 the Company made the related notifications to the companies in which it had acquired direct or indirect holdings of over 10%.

APPENDIX II - Joint ventures

	% of Ownership
ABASTECIMIENTO VILLALÓN	20.00
AIGÜES DE LLEIDA	50.00
AGUAS TOMELLOSO	20.00
ALCANTARILLADO BILBAO	90.00
ALMEDA	51.00
AMPLIACIÓ LIXIVITATS	20.00
AMPLIACIÓN VERTEDERO GARDELEGUI	55.00
AMPLIACIÓN VERTEDERO PINTO	50.00
AQUALBAL	20.00
AQUALIA - FCC - MYASA	20.00
AQUALIA - FCC - OVIEDO	5.00
AQUALIA - FCC - SALAMANCA	5.00
AQUALIA - FCC - SAN VICENTE	20.00
AQUALIA - FCC VIGO	50.00
ARGÍ GUEÑES	70.00
AZUD VILLAGONZALO	20.00
BILBOKO SANEAMENDU	50.00
BIOCOMPOST DE ÁLAVA	50.00
BOADILLA -	50.00
BOCAS DE RIEGO ZONA 4	50.00
BOMBEO VALMOJADO	20.00
CAMÍ SA VORERA	20.00
CAN BOSSA	20.00
CANA PUTXA	20.00
CANDAS	20.00
CANGAS	50.00
CASTELLAR DEL VALLÈS	50.00
CEMENTERIOS PERIFÉRICOS II	50.00
CHAPARRAL BAJO	20.00
CHAPARRAL BAJO FASE B	20.00
CHIPIONA	50.00
CIUTAT VELLA	50.00
CN III	45.00
COLEGIOS SANT QUIRZE	50.00
COMPLEJO DP. CABEZO DE TORRES	20.00
CONSERVACIÓN DE GALERÍAS	50.00
CONSERVACIÓN Y SISTEMAS	60.00
CONTADORES BURGOS	100.00
CTR-VALLES	20.00
CUENCA	20.00
CYCSA-EYSSA VIGO	50.00
DEIXALLERIA TARRAGONA	20.00
DEIXALLERIES	20.00
DEPÓSITO CABECERA	80.00
DEPURADORA HUESCA	80.00
DOS AGUAS	35.00
EDAR ALMANSA	5.00
EDAR ALMENDRALEJO	20.00
EDAR CUERVA	5.00
EDAR ELCHE	20.00
EDAR RANILLA	22.50
ENERGÍA SOLAR ONDA	25.00
ESPAI AMBIENTAL DEL VEDAT	100.00
F.L.F. LA PLANA	47.00
FANGOS IBIZA Y FORMENTERA	20.00
FANGOS VIC	20.00
FCC - ACISA - AUDING	45.00
FCC - ANPE	80.00

	% of Ownership
FCC - DISEL BARCELONA	80.00
FCC - DISEL N-VI	50.00
FCC - ERS LOS PALACIOS	50.00
FCC - FCCMA ALCOY	20.00
FCC - FCCMA COLMENAR VIEJO	20.00
FCC - FCCMA CORNELLÀ	90.00
FCC - FCCMA R.B.U. - L.V. JAVEA	20.00
FCC - FCCMA L.V. PAMPLONA	20.00
FCC - FCCMA OLESA	20.00
FCC - FCCMA RBU TUDELA	20.00
FCC - FCCMA S.U. DENIA	20.00
FCC - FCCMA SAN JAVIER	20.00
FCC - FCCMA SEGRÍÀ	20.00
FCC - FIRA 2000	80.00
UTE FCC - FOCONSA	50.00
FCC - HIJOS DE MORENO, S.A.	50.00
FCC - HIMOSA	50.00
FCC - ICS	80.00
FCC - PALAFRUGELL	20.00
FCC - PROMECO 2000, S.L.	50.00
FCC - SUFI MAJADAHONDA	50.00
FCC - SUFI PESA	50.00
FCC - SYF PLAYAS	40.00
FCC - TEGNER	50.00
FCC - TPA PILAS	80.00
FCC - LUMSA	50.00
FCC - SECOPSA I	50.00
FCCSA - GIRSA	80.00
FUENTES XÀTIVA	50.00
GESTIÓ DE RUNES DEL PAPIOL	40.00
GESTIÓN INSTALACIÓN III	34.99
GESTIÓN PISCINA DE MULA	20.00
GIREF	20.00
GIRSA - FCC	20.00
GUADIANA	20.00
HÉROES DE ESPAÑA	50.00
JARDINES PROTECCIÓN ESPECIAL	50.00
JARDINES SANTA COLOMA	50.00
JUNDIZ	51.00
KABIEZESGO KIROLDECIA	60.00
KAIXARRANKA	60.00
LA CANDA	30.00
LA LLOMA DEL BIRLET	80.00
LA MINA	20.00
LAS YUCAS	50.00
LEA - ARTIBAI	60.00
LEGIO VII	50.00
L.J. SAN SEBASTIÁN	20.00
L.V. SAN SEBASTIÁN	20.00
LIMPIEZA Y RSU LEZO	55.00
LOGROÑO LIMPIO	50.00
LVR MUSKIZ II	70.00
M-110	50.00
MADRID I	50.00
MADRID II	50.00
MADRID III	50.00
MANACOR	30.00
MANCOMUNIDAD ALTO MIJARES	50.00

	% of Ownership
MANCOMUNIDAD DE ORBIGO	20.00
MANTENIMIENTO COLEGIOS BILBAO	70.00
MANTENIMIENTO COMISARÍAS	100.00
MANTENIMIENTO DE EDIFICIOS	60.00
MÉRIDA	10.00
METEOROLÓGICAS A-6	33.00
MOLINA	5.00
MOLLERUSA	60.00
MONTCADA	50.00
MORALEJA	50.00
MORELLA	50.00
MURO	20.00
NIGRÁN	10.00
NIJAR	20.00
NOROESTE	33.00
NOVELDA	5.00
OCAÑA	75.00
ONDA EXPLOTACIÓN	33.33
PARQUES SINGULARES MÓSTOLES	50.00
PASAIA	70.00
PAVIMENTO ZONA I	50.00
PAVIMENTOS PAMPLONA	50.00
PEQUEÑAS OBRAS 2006 FUENLABRADA	50.00
PINTO	50.00
PISCINA CUBIERTA MUN. L'ELIANA	85.00
PISCINA CUBIERTA C. DEP. ALBORAYA	42.50
PISCINA CUBIERTA MANISES	65.00
PISCINA CUBIERTA PAIORTA	90.00
PISCINA MUNICIPAL ALBATERA	65.00
PISCINA POLIDEPORTIVO PAIORTA	65.00
PLA D'URGELL	60.00
PLANTA BIOMETANIZACIÓN LAS DEHESAS	50.00
PLANTA DE TRATAMIENTOS VALLADOLID	60.00
PONIENTE ALMERIENSE	50.00
POSU - FCC VILLALBA	50.00
POZUELO	20.00
PRISMA 2004-2005	50.00
PUERTO	50.00
RBU VILLA-REAL	47.00
R.S. PONIENTE ALMERIENSE	50.00
REDONDELA	10.00
REFORMA PLAZA DEL CRISTO	20.00
RESIDENCIA	50.00
RESTAURACIÓN GARRAF	27.50
RIVAS	30.00
S.U. BILBAO	70.00
SABIÑÁNIGO	80.00
SALTO DEL NEGRO	50.00
SAN FERNANDO	20.00
SANT QUIRZE	50.00
SANT QUIRZE DEL VALLÉS	50.00
SANTA COLOMA DE GRAMANET	61.00
SANTOMERA	60.00
SANTURTZIKO GARBIKETA	60.00
SASIETA	75.00
SAV - FCC TRATAMIENTOS	35.00
SEAFSA - FCCSA ALCALÁ	20.00
SEGURIDAD VALDEBEBAS	20.00
SELECTIVA SAN MARCOS	65.00
SELECTIVA UROLA-KOSTA	60.00

	% of Ownership
SELLADO VERTEDERO LOGROÑO	50.00
SERVICIOS EXPO	60.00
SIMÓN HERNÁNDEZ	50.00
SOLANA	35.00
TIRVA FCC - FCCMA RUBÍ	20.00
TABLADA	20.00
TANATORIO PATERNA	50.00
TARAZONA	80.00
TOLOSALDEA	60.00
TOMELLOSO	50.00
TORREJÓN	25.00
TORRIBERA	50.00
TORRIBERA RSU	50.00
TORRIBERA III	50.00
TREMP	51.00
TRIAGTGE I CLASSIFICACIÓ D'ENVASOS	60.00
TXINGUDI	75.00
URNIETA	20.00
URRETUXU Y ZUMARRAGA	65.00
VERTEDERO GARDELEGUI	70.00
VERTEDERO GARDELEGUI II	70.00
VERTEDERO PINTO FASE II	50.00
VERTRESA	10.00
VIGO RECICLAJE	70.00
VINARÓZ	50.00
VIVIENDAS MARGEN DERECHA	60.00
WTC ZARAGOZA	51.00
ZARAGOZA DELICIAS	51.00
ZARAUTZ	20.00
ZONZAMAS FASE II	30.00
ZURITA	50.00

APPENDIX III - Associates and jointly controlled entities

Company	Carrying Amount		% of Ownership	Dividends Received	Share Capital	Reserves	Other Equity Items	2008 Profit (Loss)	
	Assets	Impairment						Operating	Continuing Operations
Clavegueram de Barcelona, S.A. Hacer, 16. Barcelona -Urban cleaning-	733	-	20.33	180	3,606	3,635		1,446	1,144
Ecoparc del Besós, S.A. Rambla Cataluña, 91-93. Barcelona -Urban cleaning-	2,621		Direct 31.00 Indirect 18.00		7,710	(3,458)		3,231	335
Ecoserveis Urbans de Figueres, S.L. Pg. Empordà Internacional, Calle A, parcela 50. Vilamallà (Girona) -Urban cleaning-	301	-	50.00	94	601	64		136	291
Empresa Mixta de Limpieza de la Villa de Torrox, S.A. Pz. de la Constitución, 1. Torrox (Málaga) -Urban cleaning-	300	-	50.00	111	600	289		318	211
Empresa Mixta de Medio Ambiente de Rincón de la Victoria, S.A. Pz. Al Andalus, 1. Rincón de la Victoria (Málaga) -Urban cleaning-	301	-	50.00	143	601	346		379	184
Gestión Integral de Residuos Sólidos, S.A. Santa Amalia, 2. Valencia -Urban cleaning-	4,732	-	49.00	890	781	1,650		2,639	1,560
Ingeniería Urbana, S.A. Saturno, 6. Alicante -Urban cleaning-	3,786	-	35.00	944	6,010	2,773		5,257	2,571
Pallars Jussà Neteja i Serveis, S.A. Pau Casals, 14. Tremp (Lleida) -Urban cleaning-	25	-	40.80		60	(17)		85	34
Proactiva Doña Juana E.S.P.S.A Calle 98 nº 9-03 of. 804 Ed. Torre Sancho Santa Fe de Bogotá (Colombia) -Urban cleaning-	284	-	Direct 23.75 Indirect 27.05		2,250,000 (COP)	1,453,661 (COP)	2,250,000 (COP)	2,147,924 (COP)	1,386,506 (COP)
Proactiva Medio Ambiente, S.A. Cardenal Marcelo Spínola, 8. Madrid -Urban cleaning-	119,542	79,242	50.00	1,226	56,520	(97,171)	170,080	4,229	5,381
RB Business Holding, S.L. Paseo de la Castellana, 216. Madrid -Property development-	63,400	-	50.00	5,220	300,000	49,800		(45)	10,440
Realia Business, S.A. Paseo de la Castellana, 216. Madrid -Property development-	4,237	-	Direct 1.70 Indirect 28.32	349	66,570	518,237		53,789	2,876
Servicios Urbanos de Málaga, S.A. Ulises, 18. Madrid -Urban cleaning-	1,610	-	51.00	228	3,156	346		(24)	384
Suministros de Agua de Queretaro S.A. de C.V. Santiago de Queretaro (Mexico) -Water management-	2	-	Direct 24.00 Indirect 0.03		100 (MXN)	2,290 (MXN)	(6,399) (MXN)	21,259 (MXN)	21,259 (MXN)
TOTAL	201,874	79,242		9,385					

NOTE

- Of the companies shown above, only Realia Business, S.A. is a listed company and its market price at the balance sheet date was EUR 1.55. The average market price in the last quarter of 2008 was EUR 1.95.
- As required by Article 86 of the Consolidated Spanish Companies Law, in 2008 the Company made the related notifications to the companies in which it had acquired direct or indirect holdings of over 10%.

APPENDIX IV - “Report of the Board of Directors of Fomento de Construcciones y Contratas, S.A. for the distribution of an interim dividend in 2008”.

In accordance with Article 216 of the Consolidated Spanish Companies Law, which requires the Company’s directors to present an accounting statement evidencing the existence of sufficient liquidity for the distribution of an interim dividend, it is hereby stated that:

1. The after-tax profit of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. at 30 September 2008 amounted to EUR 226,987 thousand.
2. The Company’s after-tax cash flow in the first nine months of 2008 amounted to EUR 273,637 thousand.
3. The Company’s cash and cash equivalents at 30 September 2008 amounted to EUR 850,947 thousand, evidencing the existence of sufficient funds for the distribution of the interim dividend.

Therefore, since at the date of this report there had been no material changes with respect to the foregoing data, the directors consider that there is sufficient liquidity for the distribution of an interim dividend of EUR 99,934 thousand out of 2008 profit.

The number of shares carrying the entitlement to an interim dividend is calculated by subtracting the treasury shares existing at the date of payment of the dividend from the 127,303,296 shares representing the total share capital.

Accordingly, it is proposed that the following interim dividend out of 2008 profit be approved:

Gross % of the par value of each share carrying dividend rights	78.5 %
Gross interim dividend per share	EUR 0.785

The legally required personal income tax or corporation tax withholdings, as appropriate, will be made from the gross interim dividend declared.

The members of the Board resolved unanimously:

1. To approve the report transcribed above; and
2. To distribute an interim dividend out of the profit for 2008 in the amount indicated in the report, which will be paid on 9 January 2009 and will be duly announced on a timely basis

Madrid, 18 December 2008

management report

Fomento de Construcciones y Contratas, S.A.

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Introduction

The Company's core business is to provide general services, which include mainly the collection and treatment of solid waste, the cleaning of public streets and sewer systems, the maintenance of green areas and buildings, water treatment and distribution and other complementary services. It also engages in the lease of offices and premises in the emblematic Torre Picasso building, which is 99% owned by the Company.

Fomento de Construcciones y Contratas, S.A. is the Parent of the FCC Group, which comprises a broad spectrum of subsidiaries that engage in activities such as construction, urban cleaning and integrated water cycle services, car parks, street furniture, passenger transport, vehicle roadworthiness tests, passenger and aircraft ground handling, logistics, cement, real estate, etc. Consequently, for a fully comprehensive representation of the economic events of 2008, the reader is referred to the information contained in the consolidated financial statements.

The economic and financial information presented in this directors' report was prepared in accordance with the Spanish Commercial Code and the Spanish Companies' Law.

The figures given below are expressed in millions of euros.

Company performance in 2008

Main Aggregates	2008	2007(*)	Change	
			Absolute	%
Revenue	1,241.1	1,152.3	88.8	7.7%
Profit from operations	171.8	136.2	35.6	26.1%
% margin	13.8%	11.8%		
Dividends received from subsidiaries	216.1	214.8	1.3	0.6%
Other financial profit (loss)	(112.5)	215.8	(328.3)	-152.1%
Extraordinary profit (loss)	-	-	-	N/A
Profit before tax	377.8	566.8	(189.0)	-33.3%
Net profit	342.9	504.9	(162.0)	-32.1%
Dividend to be distributed per share (euros)	1.57	2.13		

(*) Pro forma figures

Revenue increased in 2008 by 7.7% to stand at EUR 1,241 million. Profit from operations amounted to EUR 171.8 million, up 26.1% on the EUR 136.2 million reported in 2007.

The dividends received from the subsidiaries in which the Company holds ownership interests amounted to EUR 216.1 million in 2008, a figure similar to that of 2007. However, the financial loss increased due to greater indebtedness and higher interest rates.

Net profit for the year fell with respect to 2007 due mainly to the result of the public offering of Realia, which gave rise to gains of EUR 258 million in 2007.

Dividends

The Board of Directors proposes the distribution of a final dividend of EUR 0.785 per share, representing 78.5% of the par value of the shares outstanding at the date of payment, and the allocation of the remaining profit to unrestricted reserves. Earlier, on 9 January 2009, an interim dividend of EUR 0.785 per share was paid pursuant to the resolution adopted by the Board of Directors on 18 December 2008.

Acquisitions of treasury shares

In 2008 the Group acquired 2,137,477 treasury shares, representing 1.68% of the share capital, for EUR 68.9 million.

On 30 June 2008, capital was reduced through the retirement of 2.49% of the share capital with a charge to reserves.

At 31 December 2008, through the subsidiary Asesoría Financiera y de Gestión, S.A. (AFIGESA), the Company held 2,682,260 treasury shares of EUR 1 par value each, representing 2.1% of its share capital, with a carrying amount at AFIGESA of EUR 60,142 thousand. These shares are also deemed to be shares of the Parent pursuant to Article 87 of the Consolidated Spanish Companies Law.

In accordance with Article 79.4 of the Spanish Companies Law, the changes in the number of shares in the year are detailed in the table below.

	FCC, S.A.	Asesoría Financiera y de Gestión, S.A.	Cía. Auxiliar de Agencia y Mediación	FCC Group
At 31 December 2007	375,986	5,046,871	316,098	5,738,955
Intra-Group acquisitions and sales	2,888,201	(2,572,103)	(316,098)	-
Acquisitions or additions	-	2,137,477	-	2,137,477
Sales or disposals	-	(1,929,985)	-	(1,929,985)
Retirements	(3,264,187)	-	-	(3,264,187)
At 31 December 2008	-	2,682,260	-	2,682,260

Research and development activities

The FCC Group is actively present in the world of research, development and technological innovation. The Group's initiatives in this field encompass the issues which, either directly or indirectly, have a bearing on its business activities. Noteworthy in 2008 were the steps taken in the course of its activities aimed at protecting the environment in order to facilitate sustainable growth.

In the sphere of **Environmental Services**, research continued throughout 2008 in various projects launched in prior years. These include most notably: the Environmental Monitoring project, whose objectives for 2008 were to establish the traceability of "yellow bag" (recyclable) waste and containers and to optimise the composting process; the DIANA project, which continued to research into the treatment of municipal solid waste through anaerobic digestion; and the VRU project, which focused in 2008 on obtaining alternative fuels from the items rejected by waste treatment plants.

With regard to waste elimination, mention must be made of the studies carried out for the treatment of waste using a plasma converter (Termoplas project). The objective is to use plasma technology to break down waste into its constituent components, thus obtaining various sub-products for industrial use. Also, two new projects were launched: one focuses on the treatment of waste using revolving drums in order to obtain an alternative fuel from the breakdown of paper/cardboard fibre and other organic matter contained in the items rejected by waste treatment plants, whereas the aim of the other, the INDALOS project, is to optimise the anaerobic digestion process in existing waste treatment methods, modelling their behaviour on the basis of various parameters involved in the process.

In the field of industrial waste, research continued into the reduction of the quantity and toxicity of the sludge produced by urban wastewater treatment plants.

In the **Street Furniture** sector of the **Versia** area, several projects are being carried out aimed at protecting the environment and promoting sustainable growth. The most notable is the EPISOL (Electrical Vehicle Powered by Fuel Cell and Solar Energy) project to develop a light urban vehicle featuring hybrid electric propulsion which, in the first phase, will be equipped with a heat engine and, in a subsequent phase, will have a highly-efficient and low-cost fuel cell, using solar power in both cases. Each model of the vehicle has a system that enables it to be connected to the electricity mains in order to recharge the battery. Thus, at the start of each journey the batteries are fully charged and the demands placed on the heat engine and/or fuel cell are greatly reduced. Versia is working on this project in conjunction with INSIA (University Institute for Automotive Research of Universidad Politécnica de Madrid) and IAI (the Industrial Automation Institute of the Spanish Higher Council for Scientific Research (CSIC)). There are also plans for the Guigliaro Design team to join the project to design the vehicle's new bodywork. Other important projects include C-CYCLES under the auspices

of which a complete unattended bicycle hire system is being developed which functions with smart cards and features payment by credit card. The project responds to the need for sustainable urban mobility promoting multi-modal transport. The Company is also working on several LED illumination projects which aim to reduce energy consumption and, therefore, greenhouse gas emissions. Parallel to the LED illumination projects, studies are being performed relating to the reduction of light pollution. Consumption has so far been reduced to a third but, since the target is to reduce it to a quarter, research will continue. The Company's solar PV projects include the development of a solar PV system which, together with illumination using LEDs, will allow greenhouse gas emissions to be reduced to zero and in certain cases to reduce network connection costs. The latest noteworthy projects in which the Street Furniture sector is involved relate to digital advertising; their aim is to implement a digital advertising system incorporating LCD screens and the technology required for them to be viewed properly outdoors. The ultimate objective of these projects is for digital advertising to replace analogue advertising.

In the sphere of **Construction**, FCC Construcción, S.A. and its subsidiaries are fully aware of the important role played by R&D in maintaining a competitive position in the market and in the ongoing improvement of the quality of their construction projects. Therefore, they implement a policy focused on the active promotion of research, technological development and innovation. It should be noted in this regard that FCC Construcción, S.A. is participating in the European Construction Technology Platform and heads the Spanish Construction Technology Platform. The aim of both organisations is to combine the efforts of research centres, industries and universities in all areas relating to research, development and technological innovation.

With respect to projects carried out in 2008, those launched in previous years were continued, such as the Tunconstruc project, for the optimisation of underground construction; the Manubuild project, for the industrialisation of construction; the Arfrisol project, which focuses on the development of bioclimatic architecture and solar energy; the Hatcons project, which studies various aspects of underground construction work, such as high-performance concretes and the interaction between machines, facings and land; the Integral Bridges project, for the design of bridges without joints; the Cleam project, for efficient and environment-friendly construction; the Safe Port project, which is developing a system that can link natural surroundings with the occupational risks in maritime construction works and the Submerged Tunnels project, for submerged tunnels in seismic zones. As a result of the work carried out in the various projects, a bioclimatic building was constructed for the Fundación Barredo in Asturias (Arfrisol project) and a system to enhance safety in the construction of Laredo port (Safe Port project) was developed. New projects commenced in 2008 include most notably the OLIN project for the study, testing and justification of the extension of the soil to be used in embankments and the formation of E3 esplanades with soil treated only with lime; the Urban Tunnels project, which aims to develop an integrated model for the design and study of tunnels in urban areas; the Pontoon project, which aims to develop a pontoon system made of concrete reinforced with fibre; and the Continuous Wall project, for the development of continuous elements made from slipformed concrete reinforced with structural fibre. In 2008 the FCC Group won its fourth "Premio Fomento a la Innovación" (Innovation Prize) for the Prefabricados Delta project entitled "Automation of the railway sleeper manufacturing process".

In its efforts to ensure ongoing customer satisfaction, the Cementos Portland Valderrivas Group provides full guarantees for the quality of its products, which have been extended to all the Cement area companies. In 2008 work was carried out to unify the quality manuals of the various cement companies comprising the Cementos Portland Valderrivas Group.

The expansion of the product range also continued in close collaboration with the sales and R&D&I departments.

The Cementos Portland Valderrivas Group achieved major R&D&I goals in the technical assistance and technology transfer activities at the Group's Giant and Keystone factories in the US and at the San Luis de Cementos Avellaneda factory in Argentina. In 2008 the R&D&I division also worked on the rollout of the quality management system in the remaining business areas.

Lastly, the Cementos Portland Valderrivas Group continued to participate in Spanish and international research forums and to lead the organisation of the International Congress on the Chemistry of Cement to be held in Madrid in 2011.

Financial risk management objectives and policies

The concept of financial risk refers to the changes in the financial instruments arranged by the FCC Group due to political, market (volatility) and other factors. The Group's risk management philosophy is consistent with its business strategy and seeks to achieve maximum profitability and solvency at all times. To this end, strict financial risk control and management criteria have been established to identify, measure, analyse and control the risks incurred in the Group's operations, and the Risk Policy has been properly integrated into the organisation. In line with this Risk Policy, the financial instruments arranged by the Group are intended solely to hedge the related transaction and are not used for speculative purposes.

In view of the volatility of the money markets, the FCC Group actively implements an interest rate risk management policy to ensure that it is in the most advantageous position at all times. Since its activities are closely linked to inflation, the Group's financial policy consists of ensuring that both its current financial assets - which to a large extent act as a natural hedge for its current financial

liabilities - and its debt are tied to floating interest rates. However, since the future trends of interest rates are not predictable, and complying with the policy of classifying original instruments as hedges, interest rate derivatives are arranged, mainly swaps, in which the Group companies pay fixed interest rates and receive floating interest rates.

A significant consequence of the FCC Group's positioning in the international markets is the exposure resulting from net positions in foreign currencies against the euro or in one foreign currency against another when the investment and financing of an activity cannot be made in the same currency. The FCC Group's general policy is to mitigate, as far as possible, the adverse effect on its financial statements of exposure to foreign currencies, with regard to both transactional and purely equity-related changes.

The Group actively manages its foreign currency risk by arranging financial transactions in the same currency as that in which the related asset is denominated, i.e. efforts are made, at all times, to obtain in local currency the financing required for the local activity of the company in the country of origin of the investment, with a view to creating a natural hedge or a matching of the cash flows generated to the financing. However, there are occasions when this is not possible due to the monetary weakness of the country of origin of the investment, in which case the financing is obtained in the currency used in consolidation or in the currency with which there is a closer correlation.

In order to mitigate liquidity risk, the FCC Group is present at all times in various markets, thus facilitating the obtainment of financing lines and minimising the risk arising from the concentration of operations. Accordingly, the Group obtains financing from over 100 Spanish and international banks and it operates in a wide variety of markets, with 94% of its debt in euros and 6% in several international markets, in various currencies, mainly the US dollar and sterling. It also uses an extensive array of financial products, such as credit facilities, debentures, syndicated transactions and discounting facilities.

Outlook for 2009

set forth below are the prospects for 2009 for the various lines of business composing the FCC Group. The construction and services backlogs at 2008 year-end, which amounted to EUR 32,706.7 million, guarantee the continuation of a high level of activity over the coming years.

In the **Environmental Services** area, the large market share obtained will be consolidated and growth will be linked to contract extensions and renewals and to the start-up of new treatment plants and recycling facilities. In the International business, expansion in Eastern and Central Europe through the ASA Group, which specialises in integral waste management and treatment services, is the prime objective of the growth strategy. Authorisation was obtained in 2008 for the incorporation of two companies in Macedonia and Russia. The Group will thus begin its expansion into these countries, which afford considerable potential for development. In the UK, where it had already been active in the collection and cleaning industry through Focsa Services UK, the FCC Group became one of the leading operators in the industry after the acquisition of WRG in 2006. This marked the beginning of an important phase of presenting bids for PFI projects, several of which had been awarded to the Group in prior years. Further contracts of this kind are expected to be obtained in the course of 2009. The new waste collection, treatment and elimination services are among the businesses with the best outlook for growth. The Allington incinerator has overcome the technical problems that prompted several shutdowns and it is expected to be fully operational in 2009. Lastly, one of the prime strategic objectives is to increase business efficiency through a substantial reduction in costs.

Following the consolidation of the acquisition of the US companies Hydrocarbon Recovery Services Inc. and International Petroleum Corp. and in view of the full-capacity operation of the new facilities built in Portugal and the commencement of soil decontamination work at the Flix reservoir, production in the **Industrial Waste** sector is expected to increase significantly subject to the record prices of recovered materials.

In the **Water Management** sector, the Company has improved its significant position in Spain while also intensifying the geographical diversification strategy embarked upon three years ago. New contracts were obtained in Portugal in 2008 and, boosted by the concession granted in Italy (Caltanissetta, in operation) and by the contracts that have opened new avenues for the Czech company SmVAK, further business opportunities are being sought in these countries and in their geographical areas of influence. To this must be added the new major contracts and contract renewals and extensions secured in Spain in municipalities such as Adeje, La Puebla de Montalbán, Gáldar, Mancomunidad de Aguas de Mairaga, Nájera, Lardereo, Comillas, Cassá de la Selva, Nerja, Manilva and Gadiana del Caudillo, as well as the contract to manage the wastewater and treatment plant in Arroyo Culebro (Madrid). As part of its business diversification policy, the Group has entered the sphere of sports facility management (heated swimming pools, spas) and obtained the contracts for the Denia municipal swimming pool and the Masia Lloret sports hall in Villajoyosa.

At the beginning of 2009, the Services Area backlog amounted to EUR 22,547.3 million, equivalent to over six years of production.

Growth of the **Versia** Area in 2009 will foreseeably be limited as a result of the economic crisis which already in 2008 started to have a considerable impact on certain major activities of the area directly related to consumption (Logistics), the airline industry (Airport

Handling) and advertising (Street Furniture), which are not expected to recover in 2009. However, the activity of the Street Furniture sector is expected to increase significantly in the US due to the mature New York contract and the rise in advertising space to be sold.

In 2009 the focus will be on consolidating and reaping the rewards of growth obtained in previous years by Street Furniture in New York, the airport handling contracts in Spain and the acquisition of the Logístico Santos Group and Aeroporti di Roma Handling, which will enable Versia to reduce its borrowings.

In the **Construction** area, due to the performance of the real estate market in Spain, the revenue from residential building construction in 2009 is expected to be lower than in 2008. By contrast, revenue from civil engineering work is expected to increase due to the existing backlog of projects and the measures announced by government agencies, which intend to promote the construction of infrastructure and public works in general in 2009 in order to reactivate the economy. Thus, the drop in residential building construction will foreseeably be offset by the increase in civil engineering and, therefore, total revenue in Spain should not fall below that obtained in 2008.

Since civil engineering work is the main activity in the International sphere, it is anticipated that revenue will increase slightly both in the European market, in which FCC operates through the Alpine Group (based in Austria and present in numerous Eastern European countries), and in the Americas, where the Group is present through investees operating in Central America and Mexico.

At the beginning of 2009, the Construction backlog amounted to EUR 10,159 million, equivalent to more than 1.4 years' production.

The future performance of the **Cement** area will be marked by the activity of the construction and civil engineering industries in the countries and regions in which it operates. The outlook for the markets as a whole suggests that the volume of sales will slightly exceed that of 2008. Consumption of cement for residential building in Spain is expected to drop in line with the trend set in 2008. However, the civil engineering industry is expected to recover in the second half of the year as public funds are approved for this purpose. Exports are also projected to increase considerably. As far as the US market is concerned, the residential sector will remain stagnant, although it is not a great consumer of cement. However, road and other infrastructure projects are expected to begin and, therefore, consumption will foreseeably rise slightly with respect to 2008. Keystone's renovated cement plant in Pennsylvania will also come into service. With regard to the other international markets of the Cement area, with the exception of the UK, where sales will be similar to those for 2008, sales in the other countries - Tunisia, Argentina and Uruguay - will increase, with a notable rise in exports.

One of the main objectives of the FCC Group's strategic plan until 2010 (Plan 10) was to diversify into the energy business, focusing particularly on combined heat and power, energy efficiency and renewable energies. In order to achieve this objective, on 4 September 2008 Fomento de Construcciones y Contratas, S.A. and Europea de Gestión, S.A.U. incorporated FCC Energía, S.A., the head of the future **Energy and Sustainability** area, with an initial capital of EUR 4 million.

The first step taken by the FCC Group for the new business was the acquisition in September 2008 of all the shares of two PV farms in Córdoba province with an installed capacity of 20 MW. Both farms were connected to the grid in September 2008 and at 31 December 2008 they had both been transferred to FCC Energía, S.A.

The investment totalled EUR 140 million and on 22 December 2008 a syndicated loan of EUR 132 million was arranged with Banesto, Caja Madrid, ICO and Banco Popular.

The agreement for the acquisition from the Australian group Babcock & Brown Wind Partners of the entire portfolio of wind farms held by it in Spain (through Olivento) is expected to be concluded at the beginning of 2009. The portfolio consists of 14 wind farms in Andalucía, Galicia, Aragón, Castilla y León and Castilla La Mancha with annual billings of EUR 100 million. The total production capacity of the farms is 422 MW. An additional capacity of 45 MW currently under development is expected to come into service before 2012.

In addition to the assets of Olivento, a 50% ownership interest will be acquired in IM Future, a company with a team of 50 highly experienced professionals in the field of wind farms who will monitor the operation of the farms to be purchased.

The cost of the transaction will be approximately EUR 800 million, which will be financed with the Group's equity and a syndicated loan of EUR 528 million arranged on 25 November 2008 with a group of banks headed by Banco Santander.

The investments in electricity production assets will be consolidated in the course of 2009 and investments will be made in new assets in accordance with FCC's strategic plan (Plan 10).

The new investments will give priority to projects focused on developing assets rather than any opportunities to acquire operating assets that may arise. The development of assets will enable FCC to consolidate and improve its position in the renewable energy business and build up the technological capacity required for the construction, operation and maintenance of the Group's facilities. The prime geographical targets for investment will be Spain, EU countries in Eastern Europe and the US. All these areas share the characteristic of the legal certainty required for medium-term investment commitments and their respective governments that have expressed the wish to boost the development and promotion of renewable energy sources.

As regards production technologies, the Group will use all the existing technologies that are sufficiently mature to ensure the profitability of the assets. Consequently, the first-choice technologies will be wind, PV and solar thermal.

Under the Social Responsibility and Sustainability Plan, FCC is developing and implementing systems to enhance the efficiency of its own energy consumption through the incorporation of new technologies, improved purchase and supply processes and the use of alternative fuels in certain production processes. In addition to giving rise to important cost savings, these actions will generate new business opportunities through the implementation of new processes at our customers' facilities. FCC will create an energy services company to carry on energy efficiency and saving activities.

Lastly, the FCC Group is actively analysing the opportunities in the waste-to-energy field in order to fully harness the energy produced by waste to achieve renewable, local and competitive production free of greenhouse gas emissions.

Additional information in compliance with Art. 116.Bis of Securities Market Law 24/1988, of 28 July, as established by Law 6/2007, of 12 April

- a) Structure of the share capital, including any securities not traded in a regulated EU market, indicating, where appropriate, the various classes of shares and, for each class, the rights and obligations conferred and the percentage of share capital represented

The share capital of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. is established at ONE HUNDRED AND TWENTY-SEVEN MILLION THREE HUNDRED AND THREE THOUSAND TWO HUNDRED AND NINETY-SIX (127,303,296) euros, represented by ONE HUNDRED AND TWENTY-SEVEN MILLION THREE HUNDRED AND THREE THOUSAND TWO HUNDRED AND NINETY-SIX (127,303,296) fully subscribed and paid shares of EUR 1 par value each, all of the same class and series and represented by book entries. Each share carries the right to one vote.

- b) Restrictions on transferability of the shares

There are no bylaw restrictions as to the transferability of the shares other than those established in the Consolidated Spanish Companies Law.

- c) Significant ownership interests in the share capital (direct and indirect)

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.L. is controlled by B 1998, S.L. This company owns 59,871,785 shares directly (47.031%) and 8,653,815 shares indirectly (6.798%, through its subsidiary AZATE, S.A.), representing 53.829% of the share capital.

Inmobiliaria Colonial, S.A. owns 11,024,608 shares directly, representing 8.66% of the share capital.

- d) Restrictions on voting rights

There are no bylaw restrictions on the exercise of voting rights.

- e) Shareholders agreements

Parties to the Shareholders Agreement	% of Share Capital Affected	Summary of the agreement
Esther Koplowitz Romero de Juseu	52.483	Significant event of 30/07/04 www.cnmv.es (see note)
Esther Koplowitz Romero de Juseu	52.483	Significant event of 13/01/05 www.cnmv.es (see note)
Esther Koplowitz Romero de Juseu	52.483	Significant event of 13/01/05 www.cnmv.es (see note)
Esther Koplowitz Romero de Juseu	52.483	Significant event of 19/07/07 www.cnmv.es (see note)
Esther Koplowitz Romero de Juseu	52.483	Significant event of 26/12/07 www.cnmv.es (see note)
Esther Koplowitz Romero de Juseu	53.829	Significant event of 04/02/08 www.cnmv.es (see note)

NOTE: On 30 July 2004, the acquisition of a portion of the ownership interest of EK in B 1998, S.L. by Inversiones Ibersuizas, S.A., Inversiones San Felipe, S.L., Cartera Deva, S.A. and the Peugeot family (through Simante, S.L.) was published on the CNMV website as a Significant Event.

On 13 January 2005, the agreement between Dominum Dirección y Gestión, S.A., Sole-Shareholder Company (wholly-owned by Esther Koplowitz Romero de Juseu) and Larranza XXI, S.L. (part of the Bodegas Faustino Group) for "the transfer to the latter of a minority interest held by the former in B 1998, S.L., which directly or indirectly holds 52.483% of the share capital of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A." was published as a Significant Event.

Also on 13 January 2005, the agreement between Dominum Dirección y Gestión, S.A., Sole-Shareholder Company (wholly-owned by Esther Koplowitz Romero de Juseu) and Inversiones Ibersuizas, S.A., Inversiones San Felipe, S.L., Ibersuizas Holdings, S.L., Cartera Deva, S.A., Arzubi Inversiones, S.A. and EBN Banco de Negocios, S.A. for the “transfer to the latter of a minority interest held by the former in B 1998, S.L., which directly or indirectly holds 52.483% of the share capital of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.” was published as a Significant Event.

On 19 July 2007, “the modifying novation of the shareholders agreements of B 1998, S.L., which did not modify the total direct and indirect ownership interest of Esther Koplowitz Romero de Juseu in B 1998, S.L., the agreements between the parties relating to the management of B 1998, S.L. or, indirectly, of Fomento de Construcciones y Contratas, S.A. or any provision relating to the control of the two companies” was published as a Significant Event.

On 26 December 2007, “the reorganisation of the ownership interests in B 1998, S.L. whereby Esther Koplowitz Romero de Juseu, through the wholly-owned company DOMINUM DIRECCIÓN Y GESTIÓN, S.A., executed a purchase and sale agreement with IBER-SUIZAS HOLDINGS, S.L., effective 30 January 2008, for 10.55% of the share capital of B 1998, S.L., holder of 52.483% of the share capital of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.”, was published as a Significant Event.

The price of the transfer amounted to EUR 381.5 million, thereby attributing a value of EUR 55.94 per share to the underlying FCC shares. This transaction, performed at the request of Esther Koplowitz, who thus increased her ownership interest in FCC, implies the divestment by the Ibersuizos Group of its holding in B 1998, S.L. (and consequently in the FCC Group). Ibersuizas Holdings, S.L. will no longer be a party to the shareholders agreement that regulates the relationship between the shareholders of B 1998, S.L. Simultaneously, on the aforementioned effective date, Ibersuizas Holdings, S.A. will resign as a member of the Board of Directors of B 1998, S.L. and Ibersuizas Alfa, S.L. will resign as a member of the Board of Directors of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.”

On 4 February 2008, the effective acquisition by Esther Koplowitz of the ownership interest previously held by Ibersuizas Holdings in B 1998, S.L., the majority shareholder of Fomento de Construcciones y Contratas, S.A. (FCC) with an ownership interest of 53.829%” was published as a Significant Event. This agreement was reached on 24 December 2007.

Following this restructuring, the shareholder structure of B 1998, S.L. stands as follows:

- Esther Koplowitz (directly or indirectly) 83.92%
- Eurocis, S.A. 5.01%
- Simante, S.L. 5.73%
- Larranza XXI, S.L.: 5.33%

Noteworthy in the aforementioned Significant Events are the main agreements reached by Esther Koplowitz and the Investors regarding the control of the companies (FCC and B 1998, S.L.) since the respective acquisitions:

- Esther Koplowitz will continue to control B 1998, S.L. and, therefore, Azate, S.A. and FCC.
- The Board of Directors of B 1998 S.L. shall be made up of twelve directors and the Investors taken as whole shall be entitled to appoint a maximum of four directors but under no circumstances may they appoint more than one-third of the Board of Directors of B 1998 S.L.
- Esther Koplowitz shall in all cases be entitled to appoint the majority of the members of the Board of Directors of FCC and its subsidiaries. The Investors taken as a whole may appoint a maximum of three directors and under no circumstances more than one-third of the members of the Board of Directors of FCC.
- Esther Koplowitz shall be entitled to appoint the Chairman of the Board of Directors and the Chief Executive Officer of FCC and at least two thirds of the members of the Executive Committee.
- The pay-out of FCC shall be a minimum of 50%.

A series of agreements were reached between Esther Koplowitz and the Investors aimed at protecting the investments of the latter in B 1998, S.L. in their position as minority shareholders, as follows:

• RELATING TO B 1998, S.L.:

In relation to B 1998, S.L., and without prejudice to the fact that, as a general rule, resolutions (of the shareholders at their Meetings or of the Board of Directors) are subject to the approval by a simple majority of the holders of the share capital, certain special situations are excepted for which the approval must be agreed:

- Amendments of the bylaws which lead to the transfer abroad of the registered office, changes in the company object or capital increases or reductions unless these transactions are imposed by operation of law or, in the case of capital reduc-

tions, they are performed through the acquisition of shares of B 1998 S.L. owned directly or indirectly by Esther Koplowitz or Dominum Dirección y Gestión, S.A., by B 1998 S.L. for the retirement thereof, or are performed through the retirement of B 1998, S.L. shares owned directly or indirectly by EK or by Dominum Dirección y Gestión, S.A. with a charge to reserves, to which according to bylaw and non-bylaw provisions only Esther Koplowitz is entitled;

- Transformations, mergers or spin-offs of any nature or the global assignment of assets and liabilities;
- The dissolution or liquidation of B 1998, S.L.;
- The disapplication of pre-emption rights in capital increases and the exclusion of shareholders;
- Any modification of the system used to manage B 1998, S.L.;
- The establishment or modification of the dividends policy agreed by the Investors with respect to the bylaw and non-bylaw rights associated with the shares owned by the Investors;
- The disposal or encumbrance in any manner of any material assets of B 1998, S.L. and specifically FCC shares or shares of any other companies that B 1998, S.L. holds or may hold in the future;
- Any increase in annual overheads exceeding the amount recognised in the company's balance sheet at 31 December 2003 plus the annual general CPI growth and plus two percentage points. This calculation excludes the remuneration received by B 1998, S.L. as a director of FCC ("FCC Board remuneration") and the remuneration earned by the members of the Board of Directors of B 1998, S.L. to the extent that they do not exceed the remuneration of the directors of FCC;
- The granting or maintenance of powers of attorney that permit the disposal by any means of FCC shares;
- The arrangement of borrowings for B 1998, S.L. and the obtainment or granting of guarantees for more than a total of EUR 500,000.
- The creation or acquisition of directly-owned subsidiaries (excluding, in all cases, FCC subsidiaries) or the acquisition of ownership interests in companies other than those currently held by B 1998, S.L.

• RELATING TO FCC:

In relation to FCC and without prejudice to the fact that, as a general rule, resolutions (of the shareholders at their Meetings or of the Board of Directors) are subject to the approval by a simple majority of the share capital; a series of special situations are expected for which the approval must be agreed:

- Amendments of the bylaws which lead to the transfer abroad of the registered office or capital increases or reductions, unless these transactions are imposed by operation of law.
- The change of the company object to the extent that it implies the inclusion of activities that are not related or linked to the construction, services, cement or real estate lines of business.
- Transformations, mergers or spin-offs of any nature.
- Mergers of FCC Construcción, S.A., Cementos Portland Valderrivas, S.A. and FCC Servicios, S.A. whereby B 1998, S.L. no longer indirectly holds more than 50% of the voting rights of the post-merger entity.
- The disapplication of pre-emption rights in capital increases.
- Any modification of the management system.
- The disposal, encumbrance or acquisition in any manner of any material FCC assets outside the Company's object or of any material assets included in the company object of FCC with a total or combined value of at least EUR 700,000,000 (increased annually in line with CPI growth) or any significant modification of the current structure of the FCC Group or of assets which represent more than 10% of the Group's consolidated assets.
- Any transactions that may involve or represent a change in the equity of FCC of over 20% or over 10% of the FCC Group's consolidated assets.
- The granting of powers permitting the disposals, encumbrances or acquisitions of any manner described above. However, this does not limit in any manner the right of Esther Koplowitz to appoint and remove the Chief Executive Officer of FCC.
- The arrangement of borrowings for FCC and the obtainment or granting of guarantees by FCC (excluding, in all cases, guarantees relating to the ordinary course of business and project finance arrangements) which in total exceed 2.5 times the EBITDA per the latest consolidated income statement of FCC.

If Esther Koplowitz and the Investors were unable to reach an agreement for the adoption of resolutions relating to the aforementioned special situations, the required measures would be taken to maintain the pre-existing situation.

Further information is available in the full text of the shareholders agreements published on the website of the Spanish National Securities Market Commission as Significant Events of the Company dated 30 July 2004, 13 January 2005, 19 July 2007, 26 December 2007 and 4 February 2008.

Full information relating to the shareholders agreements is posted on the website at www.fcc.es

f) Rules applicable to the appointment and replacement of the members of the managing body and to the amendment of the Company's bylaws

The related provisions are the Board Regulations, which in **Chapter IV Appointment and Removal of Directors**, establishes the articles applicable to the appointment and removal of the Board members and the amendment of the Company's bylaws:

Article 16. Appointment, confirmation or re-election of directors:

The proposals for the appointment or re-election of directors that the Board of Directors submits to the shareholders at the General Meeting for their consideration and the resolutions regarding appointment adopted by the Board by virtue of the powers of co-optation statutorily attributed to it must concern persons of renowned integrity and solvency with the appropriate technical qualifications and experience and shall be approved by the Board following a proposal made by the Nomination and Remuneration Committee, in the case of independent directors, and based on a prior report of this Committee, in the case of the other directors.

As soon as the General Meeting call notice is published, the Board of Directors must post on its website the following information on the proposed candidates for appointment or confirmation as directors:

- i. the candidate's professional profile and biography;
- ii. other Boards of Directors of which he/she is a member, irrespective of whether the company in question is listed or not;
- iii. the category of director, as applicable, stating, in the case of proprietary directors, the shareholder at whose request they have been appointed, re-elected or with whom they have ties;
- iv. date of his/her first appointment as Company director and also dates of subsequent appointments;
- v. Company shares and derivative financial instruments for which the Company's shares are the underlying held by the director whose office is to be confirmed or who is to be re-elected, or who is the candidate that is to take office as director for the first time. This information shall be kept updated.

The Secretary of the Board of Directors shall provide each new director with a set of the Company's bylaws, these Regulations, the Internal Rules of Conduct, the latest consolidated and individual financial statements and directors' report approved by the shareholders at the Annual General Meeting, the auditors' reports relating thereto and the latest economic and financial information reported to the market. The Secretary shall also inform new directors of the names of the present auditors and their contact persons.

All directors must sign a receipt with respect to this documentation, agreeing to familiarise themselves with it and to faithfully fulfil their obligations as director.

The Company shall establish guidance programmes to enable directors to gain quick and adequate knowledge of the Company and its Group and also of the rules of corporate governance. It shall also offer refresher programmes on such information when the circumstances call for it.

Article 17. Appointment of independent Board members

The appointment of independent non-executive directors shall be restricted to persons that satisfy the conditions indicated in Article 6.2. a) of these Regulations.

Without prejudice to remaining on the Board of Directors, a director who has had this status for an uninterrupted period of 12 years may not hold office as an independent director. However, following a favourable report from the Nomination and Remuneration Committee, the Board may propose to the shareholders at the General Meeting that the director maintains his/her classification as independent even though the aforementioned circumstance is met.

Article 18. Term of office

1. Directors shall hold office for the period established in the Company bylaws, which in no case may exceed six years, notwithstanding their re-election to office.
2. Directors appointed by co-optation shall discharge office until the date of the first General Meeting. This period shall not count for the purposes of the preceding paragraph.
3. Directors whose term of office has concluded or who, for any other reason, cease to discharge their position may not render services at any entity that is a competitor of FCC for a period of two years.
4. Should it be deemed appropriate, the Board of Directors may release an outgoing director from this obligation or shorten the term thereof.

Article 19. Re-election of directors

Before any re-election of directors is submitted for consideration to the shareholders at the General Meeting, the Nomination and Remuneration Committee must issue a report appraising the quality of work and dedication to the position in the preceding term of office of the proposed directors.

Article 20. Removal of directors

1. Directors shall vacate office when the term for which they were appointed has elapsed or when the shareholders at the General Meeting, by virtue of the powers attributed to them by law or in the bylaws, so resolve.
2. Directors must place their office at the disposal of the Board and, where the Board of Directors sees fit, must tender their formal resignation in the following cases:
 - a) When they vacate the positions or offices or cease to perform the functions that were associated with their appointment as executive directors;
 - b) In the case of proprietary directors, where the shareholder at whose request they were appointed transfers in full the ownership interest held in FCC or where such interest is reduced to a level that requires a reduction in the number of proprietary directors.
 - c) When they are subject to any statutorily envisaged incompatibility or prohibition.
 - d) When the Board itself requests the director's removal, with the majority vote of at least two-thirds of its members:
 - when they have been seriously admonished by the Board for failing to perform their obligations, after a prior proposal or report from the Nomination and Remuneration Committee, or
 - when their continued membership of the Board could jeopardise the Company's credit and reputation. Directors must inform the Board of any criminal suits in which they are involved as the accused and also of the subsequent developments of such proceedings. In any event, should any directors be prosecuted or an order to commence trial be issued against them for any of the corporate offences specified in Article 124 of the Spanish Companies Law, the Board shall examine the case at its earliest convenience and, in view of the specific circumstances, shall decide whether or not the directors should tender their resignation, providing reasoned disclosure thereon in the Annual Corporate Governance Report.
3. The Board of Directors may not propose the removal of any independent directors before the period established in the bylaws for their appointment has elapsed, except where there is just cause, in the opinion of the Board, following a prior report from the Nomination and Remuneration Committee. Specifically, it shall be deemed that there is just cause where directors fails to discharge the duties inherent to their position or they are subject to any of the circumstances described in Article 6.2.a of these Regulations, whereby they are barred from appointment as independent directors.
4. When as a result of their resignation or for some other reason directors vacate their position before their term of office has concluded, they shall explain the reasons in a letter submitted to all the members of the Board. Directors' vacation of office shall also be disclosed in the Annual Corporate Governance Report as a significant event, together with the reasons therefore. Particularly, where the directors' resignation is due to significant or repeated resolutions adopted by the Board, on which the directors have expressed serious reservations and as a result thereof have opted to resign, this circumstance shall be expressly stated in the letter addressed to the other members of the Board.

g) The powers of the members of the Board of Directors and, in particular, those relating to the possibility of issuing or repurchasing shares:

Baldomero Falcones Jaquotot is the only member of the Board of Directors on whom powers of attorney have been conferred.

The powers delegated to him are as follows:

To open and close accounts.- To open and close all manner of demand deposits, savings accounts or term deposits, at official or private banks, including the Bank of Spain, savings banks and other credit or financial institutions. To acquire, alienate, cancel and pledge certificates of deposit. To hire and cancel safe deposit boxes at banks and other financial institutions.

To draw on accounts.- To sign cheques, acquire banking cheques, buy and sell foreign currencies, order transfers, money transfers and payments and, in any manner, withdraw amounts from demand deposits and other accounts in official and private banks, including the Bank of Spain, savings banks and other credit or financial institutions.

To route payments through bank accounts.- To make standing orders for payments, bills, bills of exchange and other trade notes in any kind of accounts at official or private banks, including the Bank of Spain, savings banks and other credit or financial institutions.

To arrange credit facilities and loans.- In his capacity as borrower, to arrange credit facilities, loans and financial discounts, secured or unsecured with progress billings or invoices for works and services performed, as well as any other personal guarantee, with official or private banks, including the Bank of Spain, savings banks and other credit or financial institutions and also with any individual or legal entity, establishing the interest, terms, fees, covenants and conditions he may freely stipulate. To receive and repay in full or in part the amount of such loans or credit facilities and, in connection therewith, to postpone, divide and amend conditions subsequent. To modify, renew and repay fully or partially the aforementioned credit facilities or loans and, as a means of documentation, to sign the related policies and agreements and accept, issue or endorse, as the case may be, bills of exchange and other documentation that may be required. To request, arrange, modify and cancel the opening of any manner of simple or documentary letters of credit.

Credit facilities and loans as lender.- In his capacity as lender, to arrange credit facilities and loans, secured or unsecured with personal guarantees or security interests, establishing the interest, terms, fees, covenants and conditions he may freely stipulate and in connection therewith to postpone, divide and amend conditions subsequent. To modify, renew and repay fully or partially the aforementioned credit facilities or loans and, as a means of documentation, to sign the related policies and agreements and accept, issue or endorse, as the case may be, bills of exchange and other documentation that may be required. To request, arrange, modify and cancel the opening of any manner of simple or documentary letters of credit.

To endorse certificates.- To endorse or pledge to official or private banks, including the Bank of Spain, savings banks and other credit or financial institutions, progress billings for construction work or services performed and that should be received by the state, autonomous community governments or bodies, provincial governments, island councils, municipal councils or joint local authority bodies or any other public or private entity.

To pay amounts into all manner of accounts.

To make collections.- To collect accounts receivable, irrespective of their amount, origin or nature, from the state, autonomous community governments, provincial governments, island councils, municipal councils, or joint local authority bodies or any other public or private individual or legal entity, signing the related receipts or letters of payment, for full amounts or amounts delivered on account, and also to receive amounts in the form of repayable advances. To make assignments of trade receivables (factoring).

To make collections by means of documents made out to the Company.- To collect accounts receivable, irrespective of their origin or nature, from the state, autonomous community governments, provincial governments, island councils, municipal councils, or joint local authority bodies or any other public or private individual or legal entity, signing the related receipts or letters of payment, for full amounts or amounts delivered on account, and also receive amounts in the form of repayable advances. This power may be exercised exclusively when the payment is made by cheque, promissory note, bill of exchange or any other trade note made out to the Company holding the account receivable or at its order.

To issue and negotiate trade notes.- To issue, draft, negotiate, endorse and collect bills of exchange, money orders and letters of instruction and to collect and endorse promissory notes, cheques and banking cheques, to prepare re-draft accounts and demand protests or the control of the aforementioned trade notes.

To request statements.- To request statements of accounts from official or private banks, including the Bank of Spain, savings banks and other credit or financial institutions.

To approve statements.- To approve or contest statements of accounts of official or private banks, including the Bank of Spain, savings banks and other credit or financial institutions.

To arrange surety bonds for the principal.- To request and arrange surety bonds for the Company, as principal, with official or private banks, including the Bank of Spain, savings banks and other credit, financial or insurance entities through the provision by the latter entities of guarantees, bonds, surety bonds, rights in rem and other guarantees.

To provide surety bonds and guarantee the Principal and its investees.- To request and arrange surety bonds for the principal and also guarantee its investees with official or private banks including the Bank of Spain, savings banks and other credit, financial or insurance entities, through the provision by the latter entities of technical bonds, i.e. guarantees relating to contracts (provisional or final bonds), guarantees in the form of certificates for the procurement of machinery in project contracts or for the provision of services or supplies, signing such documents as might be freely stipulated between them for such purpose.

To accept trade notes and sign promissory notes.- To accept bills of exchange and other trade notes and to sign promissory notes.

To make and withdraw deposits.- To provide all manner of guarantees, provisional and final deposits in cash, securities, sureties, acknowledged or any manner of receivables to secure contracts, bids or tenders at the General Deposit Agency and at any of its offices and also at any state, autonomous community government or body, provincial government, island council, municipal council or joint local authority body or other public or private entity, including individuals. To replace redeemed securities with any others. To receive the amount of the coupons relating to such securities. To request the return of provisional and final sureties, guarantees and deposits, withdrawing both the cash and the sureties, the guarantees and securities deposited, receiving the interest earned on such guarantees and deposits and to discharge them and, as appropriate, to sign receipts, payment orders and such other public and private documents as may be appropriate in each case.

To make payments.- To pay any amounts that are owed, demanding receipts, letters of payment and the appropriate slips. To assign the management of invoice payments to credit institutions (reverse factoring).

To make bids and take part in tenders.- To bid and take part in all manner of auctions, tenders, price-based invitations to tender and any other class of tender that may be called. To make the appropriate bids for such purpose, even jointly or jointly and severally with other bidding entities, whether they be individuals or legal entities, as well as economic interest groupings (EIGs) or joint ventures or any other type of association. To sign such public or private documents as may be required, including plans, projects and any other relating to the bid or tender.

Representation at the opening of sealed envelopes at tenders – To attend acts at which bids are opened in connection with any class of tender called by public or private entities, whether they be individuals or legal entities and also to submit to the Board of the contracting body or entity such claims, reservations or observations as he sees fit and to sign the related documents that are issued.

To enter into agreements for the execution of projects, the provision of services and the sale of supplies.- To enter into agreements, assign them, amend them, terminate them and, if appropriate, rescind them with any public or private individual or legal entity, the state, autonomous community governments, provincial governments, island councils, municipal councils or joint local authority bodies, provided that the subject-matter of such agreements is the execution or provision, by the principal, of all manner of projects, services, supplies and also agreements of any type relating to concessions, leases and administrative arrangements. To accept all manner of awards made to the principal. To negotiate and agree to prices under dispute, changes or increases therein. To request the final settlement of such agreements.

Laying out ground plans of projects.- To be present at the verification of ground plans and at the delivery of provisional or final works, irrespective of their nature and the contracting entity, be it a public or private individual or legal entity, the state, autonomous community government, provincial government, island council, municipal council, or joint local authority or individual, signing such documents as may be necessary or advisable and making the representations and expressing the reservations that he deems fit.

To buy and enter into agreements.- To enter into agreements, to amend, terminate and, as the case may be, to rescind the acquisition and supply of materials or fixtures, the provision of services and also the execution of all manner of projects or portion thereof and the provision of services by third parties.

Water, electricity and telephone supplies.- To arrange the supply and connections for water, gas, electricity and telephone with the utilities companies.

Insurance.- To arrange, amend, surrender, pledge, terminate, rescind and settle all classes of insurance, signing the policies and contracts with the insurance companies in the conditions deemed appropriate and to receive from the insurance companies the compensation that may be applicable.

Authorisations for international trade.- To make all manner of applications to official bodies to request concessions, permits or licences on imports and exports, without any limitation, and in connection with such concessions, permits and licences, to file documents, appear at procedures and proceedings, receive notices and file appeals.

To receive correspondence.- To receive all manner of correspondence, the documents of declared-value items, money transfers and packages. To collect goods, packages, letters or any other manner of remittance from the customs and carrier and railway companies, making the relevant claims, where appropriate.

To sign correspondence.- To sign postal, telegraphic or any other manner of correspondence.

To issue certificates.- To issue appraisal reports and progress billings for projects or services performed.

Collective bargaining.- To negotiate and sign collective labour agreements, irrespective of their scope.

Industrial relations.- To open work centres, hire, amend, renew, terminate and, as the case may be, rescind employment contracts, setting with the employees the financial, working and any other manner of conditions deemed appropriate. Sign the related employment contracts. Initiate disciplinary proceedings and adopt the appropriate measures. Perform all manner of formalities, dealings and actions and procedures with the Ministry of Employment, Social Security offices, employment offices, trade unions and other bodies, filing and signing such submissions, requests and documents as may be required. Have dealings with the employment inspectors in any proceeding or review conducted by or filed with them.

Employment proceedings.- To appear before the labour courts, the higher courts of justice, the National Appellate Court, the Supreme Court or any administrative or court body in employment-related matters. Hold conciliation hearings, with or without settlement. Settle matters or differences, file requests, documents and submissions, as claimant or defendant, empowering him expressly to answer interrogatories and ratify them in such procedures and investigations as may be required in this respect and to take such other steps as he deems fit.

To develop and divide properties into lots.- To develop and divide properties into lots, request the approval for subdivision plats and newly built estates, the segregation and re-grouping of land lots and to accept them and, in general, to take part in all procedures envisaged under the Land and Urban Planning Law and supplementary legislation and in the municipal bylaws. To assign by any means real estate for development purposes. To set boundaries and mark limits, make property groupings, segregations and divisions. Request registrations, entries for property features that are greater or lesser in reality than the description thereof and modifications of boundaries, new descriptions and all manner of registry entries. To apply for construction permits, to make declarations of new construction, construct buildings under condominium property arrangements or any other type of association, to set the ownership shares thereof and to draft the bylaws and regulations, if applicable. To divide common properties and accept awards.

Rights in rem on real estate properties.- To arrange, accept, amend, redeem and discharge mortgages, usufructs, annuities, easements and all manner of rights in rem on real estate properties.

To lease properties of third parties – In his capacity as lessee, to arrange the lease of all manner of properties, even where the lease cannot be registered at the Property Registry, and also to renew, assign, amend, terminate and, as the case may be, rescind the related agreements.

To lease properties.- To lease all manner of real estate properties, even where the lease cannot be registered at the Property Registry. To execute, renew, amend, terminate and, as the case may be, rescind the related agreements. To evict tenants and lessees.

Real estate finance leasing.- To enter into agreements, assign them, amend them, terminate them, and as the case may be, rescind them with any individual or public or private legal entity, provided the subject-matter of such agreements is the performance of finance lease transactions relating to real estate.

The purchase and sale of vehicles and movable property.- To purchase, sell, exercise the retrospective right of first refusal, exchange and, by any means, to acquire or alienate, simply or subject to conditions, with deferred price, received price or in cash, all manner of movable properties (except the purchase and sale of company shares) and vehicles, without exception. Pay or receive, as the case may be, the price of acquisitions or sales. Set up or accept rights in rem as security interest and express conditions subsequent on such movable properties or vehicles and, in the event of sale, to accept any manner of guarantees as might be provided to secure the deferred price of the sale of such movable properties and vehicles.

To determine, himself, freely and without any restriction or limitation whatsoever, the conditions under which the acquisitions, alienations and exchanges in question are to be carried out and, for the purposes in question, to take all manner of steps and perform all manner of formalities and acts at the traffic authorities, tax offices, municipal councils, customs and other public and private bodies, without exception.

To lease vehicles and movable properties of third parties.- In his capacity as lessee, to arrange the lease of all manner of vehicles and movable properties and also to execute, renew, amend, terminate and, as the case may be, rescind the related agreements.

To assign vehicles and movable properties on a lease basis.- To lease all manner of vehicles and movable properties and also to execute, renew, amend, terminate and, as the case may be, rescind the related agreements.

Finance lease of movable properties.- To enter into agreements, assign them, amend them, terminate them and, as the case may be, rescind them with any public or private individual or legal entity, provided that the subject-matter of such agreements is the performance of finance lease transactions relating to movable properties.

Rights in rem on movable properties.- To set up, accept, modify, redeem and discharge security interests, pledges, usufructs and all manner of rights in rem on movable properties.

To purchase credits and other intangible rights.- To purchase and, in any other manner, to acquire in a single payment or in instalments and in the conditions he deems fit, all manner of credits and other intangible rights, provided that such credits and rights are not represented by securities or securities registered in the book entry trading system.

Sale of credits and other intangible rights.- To sell, alienate, pledge and in any manner to encumber, transfer, in a single payment or in instalments, and in the conditions he deems fit all manner of credits and other intangible rights, provided that such credits and rights are not represented by securities or securities registered in the book entry trading system.

To form companies.- To form civil law partnerships and mercantile companies. To subscribe shares, debt securities and other equity interests and to pay out amounts in cash or in any assets. To waive pre-emption rights on share issues, debt securities and other equity interests. To accept exchanges, conversions and redemptions. To approve, accept and amend bylaws and shareholders agreements relating to shareholder relationships or with respect to the company, which supplement, replace or modify the contents of the rights and obligations of the shareholders under the bylaws. To appoint, accept, waive, remove and replace positions of representation, administration, management, direction and that of attorneys, setting the authority in each case and appointing managers and members of the managing bodies and other offices, being able, as appropriate, to designate, remove and replace third persons as representatives of the principal company in the discharge of the duties of the office for which they were appointed.

To form joint ventures and other associations.- To form, renew, amend, alter the form of, dissolve and liquidate associations, economic interest groupings, joint ventures or any kind of associations. To subscribe shares and pay out amounts in cash or in any other assets. To waive pre-emption rights on share issues. To accept exchanges, conversions and redemptions. To approve, accept and amend bylaws and members agreements relating to member relationships or with respect to the association, which supplement, replace or modify the contents of the rights and obligations of the members under the bylaws. To appoint, accept, waive, remove and replace positions of representation, administration, management and direction, being able, as appropriate, to designate, remove and replace third persons as representatives of the principal company in the discharge of the duties of the office for which they were appointed.

Representation before the governing bodies of companies and other associations.- To attend and vote at Annual, Extraordinary or Universal Meetings of shareholders, exercising all the rights and fulfilling all the obligations intrinsic to the status of shareholder. To approve or contest, as the case may be, company resolutions.

To attend and vote at Boards of Directors' meetings, committees or any other managing bodies of companies, joint ventures, economic interest groupings or any other type of association, approving and contesting the resolutions adopted, as the case may be.

To discharge the positions and assignments for which he has been appointed on the governing boards of companies, joint ventures, economic interest groupings or any manner of association, exercising the rights and fulfilling the obligations intrinsic thereto.

Representation.- To represent the principal in proceedings, appeals, procedures and claims, irrespective of their nature or amounts, in dealings with the state, autonomous community governments or bodies, provincial governments, island councils, municipal councils or joint local authority bodies, courts, tribunals, the public prosecutor's office and, in general, any other jurisdiction, and thereat to institute, monitor, follow through to completion, as claimant, defendant or in any other capacity, all manner of proceedings, acts of settlement, hearings and civil, criminal, administrative, economic-administrative and judicial review proceedings, of a governmental or tax nature and at all levels and jurisdictions. To lodge petitions and bring actions and exercise exceptions in whatsoever proceedings, processes and appeals, including cassation appeals and other extraordinary appeals. Where required, to give personal confirmation and to respond to interrogatories and, in general, to carry out such court and out-of-court actions as may be supplementary to the proceeding in hand. To file, follow up and discontinue all manner of appeals, as appropriate, against decisions of the state, autonomous community governments or bodies, provincial governments, island councils, municipal councils or joint local authority bodies or any public or private corporations or bodies, that in any way violate or may violate the principal's rights, making such representations and executing such documents as may be required in exercising such powers. To appear before all manner of entities and before them to sign and monitor such proceedings, submissions, petitions and documents as may be necessary.

Settlement.- To settle all manner of issues and differences and to discontinue actions and appeals, under the conditions, agreements and obligations deemed fit, except for transactions entailing the acquisition or alienation of real estate properties or rights in rem. To agree, settle and give commitments in respect of all credits, rights and actions, disputes and differences.

Arbitration.- To submit the resolution of all manner of disputes and differences to arbitration. To execute the deed relating to the appointment of the arbitrators, establishing the matters to be submitted for resolution in the terms and conditions he deems fit. To

accept the arbitral award that is handed down or to file legal appeals and, in general, to perform and grant whatsoever is permitted in matters of arbitration under current law.

To empower lawyers and court procedural representatives.- To grant powers of attorney to litigate or any special procedural powers he deems appropriate, including the powers of delegation, and to revoke them when he sees fit.

To accept the acknowledgement of debts and dation in payment – To accept the acknowledgment of debt by third parties and the guarantees that are offered and provided, whether they be pledges or security interests, mortgages or antichreses, or the award of movable or immovable properties, establishing in all cases the agreements, clauses and conditions he deems fit. To accept as payment of debts all manner of movable and immovable properties and rights at their appraisal value or at the value freely agreed and in the conditions he sees fit.

Attendance at creditors' meetings.- As representative of the company and exercising all its rights, to attend the insolvency proceedings of its debtors, as provided for in Insolvency Law 22/2003, of 9 July, and particularly, to designate, in the event of the company itself being designated insolvency manager by a third of the creditors, a professional satisfying the legal conditions for his appointment by the insolvency judge, as provided for in Article 27 of the Law and to abide by the meeting's proposals and to attend insolvency creditors' meetings in a speaking and voting capacity, accepting or rejecting the meetings' proposal and the guarantees offered to secure claims, in accordance with Articles 103, 108, 121 et al of the same Law. To take part in the implementation of the meeting's proposal and, as the case may be, in the insolvency liquidation. In general, for all the foregoing, to exercise the actions and rights that are appropriate therefore and the powers statutorily granted to the creditors.

To request notarial documents.- To request all manner of notarial documents. To bring proceedings of title, for resuming successive train of title, of release from charges and notarial documents of verification. To issue, accept and answer notarial notifications and demands. To execute deeds of clarification or rectification.

Tax returns.- To sign returns, details or any other forms relating to taxation or levies.

To buy securities.- To buy and, in any other manner, to acquire, by means of a single payment or in instalments and in the conditions he deems fit, treasury bills, debentures, bonds, company shares and securities. To evidence their acquisition and holding and to receive them. To make and submit representations.

To sell securities- To sell, alienate, pledge and, in any other manner, to encumber and transfer, by means of a single payment or in instalments and in the conditions he deems fit, treasury bills, bonds, company shares and securities. To convert, exchange and deliver them, to make representations and to file claims.

Purchase of treasury shares.- In compliance with the requirements of Article 75 and Additional Provision One of the Consolidated Spanish Companies Law and within the limits and under the conditions established by the shareholders at the General Meeting that authorised the transaction, to buy and in any manner to acquire treasury shares of the principal, in a single payment or in instalments.

Sale of treasury shares.- To sell, alienate, pledge and, in any other manner, to encumber and transfer treasury shares of the principal, by means of a single payment or in instalments and in the conditions he deems fit.

To guarantee and provide sureties for third parties- To guarantee and provide sureties for third parties and to such end provide, on behalf of the principal, all manner of guarantees including mortgage guarantees and security interests.

Purchase of real estate properties.- To purchase, to exercise the retrospective right of first refusal and, by any other means, to acquire, purely or subject to conditions, with deferred price (be it represented or not by bills of exchange), received price or in cash, all manner of real estate properties and rights in rem. To give and discharge the collateral he deems fit to secure deferred prices, including mortgages that encumber the acquired asset and express conditions subsequent or any combination thereof or other guarantees. With respect to the guarantees provided, to establish schemes for their discharge, automatically or unilaterally on the purchaser's part, to accept, modify and exercise purchase options on immovable properties and other rights in rem.

Sale of real estate units.- To sell, exchange or, by any means, to alienate, purely or under conditions, with deferred or received price or in cash, all manner of immovable properties and rights in rem. To accept the personal guarantees and collaterals that he sees fit to secure deferred prices, including pledges, mortgages and express conditions subsequent or any combination thereof or other guarantees. To collect the deferred price, to grant letters of payment and discharge such guarantees. With respect to the guarantees provided, to establish schemes for their discharge, automatically or unilaterally on the purchaser's part. To grant, modify and waive purchase options on immovable properties and other rights in rem.

Sale of real estate developments.- To sell residential properties, business premises, offices, storerooms, car parks and other real estate units, setting the prices, the manner of payment and the interest, as the case may be, that he deems appropriate.

Delegation of powers of attorney- To delegate the aforementioned powers of attorney fully or partially to the persons he sees fit. To limit, restrict or amend the contents of each of the powers in the cases and in the manner he deems necessary. To revoke powers

that have been conferred, irrespective of the person or company body that granted them, even if they were granted by the Board of Directors, the directors or the Executive Committee, with the attorney retaining all and every one of the powers delegated to him.

In connection with the possibility of issuing or repurchasing shares, in accordance with the aforementioned description, he may with his sole signature:

- sell and purchase treasury shares
- purchase and sell securities

h) Significant agreements entered into by the Company which come into force, are amended or terminate in the event of a change in control of the Company resulting from a takeover bid, and their effects, except when disclosure thereof may be seriously detrimental to the Company. This exception shall not apply when the Company is required by law to publish this information.

There are no such agreements.

i) Agreements between the Company and its directors, executives or employees that provide for termination benefits when the latter resign or are dismissed without justification or if the employment relationship comes to an end as a result of a takeover bid.

The Company has not established any supplementary pension plans in addition to those of the social security system. In accordance with the Consolidated Pension Fund and Plan Law, in the specific cases in which there are similar obligations the Company externalises the related obligations to the employees.

Also, following authorisation from the Executive Committee, on a previous date an insurance policy was arranged and the related premium paid to cover the contingencies of death, permanent occupational disability, retirement bonuses and pensions and other situations for, inter alia, the executive directors and executives. Specifically, the contingencies giving rise to indemnities are those entailing the termination of the employment relationship on any of the following grounds:

- a) Unilateral decision by the Company.
- b) Dissolution or disappearance of the Parent for any reason, including merger or spin-off.
- c) Death or permanent disability.
- d) Other grounds of physical or legal incapacity.
- e) Substantial change in the working conditions.
- f) Vacation of office, upon reaching 60 years of age, at the executive's request and with the Company's agreement.
- g) Vacation of office upon reaching 65 years of age.

audit report

Fomento de Construcciones y Contratas, S.A.



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Translation of a report originally issued in Spanish based on our work performed in accordance with generally accepted auditing standards in Spain and of financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (see Notes 2 and 22). In the event of a discrepancy, the Spanish-language version prevails.

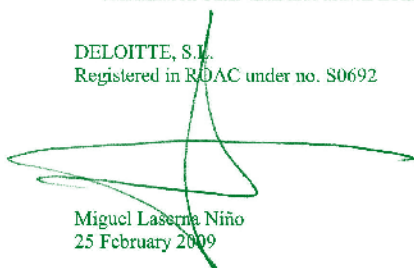
AUDITORS' REPORT ON FINANCIAL STATEMENTS

To the Shareholders of
Fomento de Construcciones y Contratas, S.A.:

1. We have audited the financial statements of Fomento de Construcciones y Contratas, S.A. comprising the balance sheet at 31 December 2008 and the related income statement, statement of changes in equity, statement of cash flows and notes to the financial statements for the year then ended. The preparation of these financial statements is the responsibility of the Company's directors. Our responsibility is to express an opinion on the financial statements taken as a whole based on our audit work performed in accordance with generally accepted auditing standards, which require examination, by means of selective tests, of the evidence supporting the financial statements and evaluation of their presentation, of the accounting policies applied and of the estimates made.
2. The accompanying financial statements for 2008 are the first that the directors of Fomento de Construcciones y Contratas, S.A. have prepared in accordance with the Spanish National Chart of Accounts approved by Royal Decree 1514/2007. In this regard, in accordance with Transitional Provision Four.1 of the aforementioned Chart of Accounts, these financial statements have been considered to be initial financial statements and, therefore, they do not include comparative figures. Note 2 to the financial statements "Matters arising from the transition to the new accounting rules" includes the balance sheet and income statement contained in the approved financial statements for 2007 prepared in accordance with the Spanish National Chart of Accounts in force in that year, together with an explanation of the main differences between the accounting policies applied in 2007 and those applied in 2008, as well as a quantification of the impact of this change in accounting policies on equity at 1 January 2008, the date of transition. Our opinion refers only to the 2008 financial statements. On 3 April 2008, we issued our auditors' report on the 2007 financial statements, prepared in accordance with generally accepted accounting principles and standards under the Spanish regulations in force in that year, in which we expressed an unqualified opinion.
3. Fomento de Construcciones y Contratas, S.A. is the head of a corporate group which presents consolidated financial statements separately from the accompanying financial statements. On this same date we issued our auditors' report on the 2008 consolidated financial statements of Fomento de Construcciones y Contratas, S.A. and Subsidiaries prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs), in which we expressed an unqualified opinion. Per the consolidated financial statements prepared in accordance with EU-IFRSs, the total consolidated assets and sales amounted to EUR 20,592 million and EUR 14,016 million, respectively, and the consolidated profit for the year and equity attributable to the Parent amounted to EUR 337 million and EUR 2,547 million, respectively.
4. In our opinion, the accompanying financial statements for 2008 present fairly, in all material respects, the equity and financial position of Fomento de Construcciones y Contratas, S.A. at 31 December 2008 and the results of its operations, the changes in equity and its cash flows for the year then ended, and contain the required information, sufficient for their proper interpretation and comprehension, in conformity with the generally accepted accounting principles and standards under the Spanish regulations applicable to the Company.

5. The accompanying directors' report for 2008 contains the explanations which the directors consider appropriate about the Company's situation, the evolution of its business and other matters, but is not an integral part of the financial statements. We have checked that the accounting information in the directors' report is consistent with that contained in the financial statements for 2008. Our work as auditors was confined to checking the directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the Company's accounting records.

DELOITTE, S.L.
Registered in RDAC under no. S0692



Miguel Laserna Niño
25 February 2009

Corporate Governance

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ANNEX I

Annual Corporate Governance Report

Listed Companies

Issuer's Identification Number | 2008

Tax ID Number A28037224

Name

Fomento de Construcciones y Contratas, S.A.

Registered office

Balmes, 36

08007 Barcelona

Spain

Note

The present document replicates the information set out in the National Securities Market Commission (Comisión Nacional del Mercado de Valores, CNMV) model Annual Corporate Governance Report as completed by Fomento de Construcciones y Contratas, S.A. for 2008 and approved at the Board of Directors meeting of 25 February 2009. The information contained herein is identical to that set out in the approved Report and has only been modified for formatting purposes. Additional comments included under Section G ("Other information") in the official Annex model have been incorporated under the corresponding section of this document.

A. Shareholding structure

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

Date of last change	Share capital (€)	Number of shares	Number of voting rights
30-06-2008	127,303,296	127,303,296	127,303,296

Are there different classes of shares carrying different rights?

Yes	☐	No	☒
-----	--------------------------	----	-------------------------------------

Class	Number of shares	Par value per share	Number of voting rights per share	Other rights
-	-	-	-	-

A.2. List the direct and indirect owners of significant shareholdings in the company at the year end, and the amount thereof, excluding members of the board of directors:

Name of shareholder	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
Inmobiliaria Colonial, S.A.	11,024,608	-	8.660
Commerzbank A.G.	3,137	4,323,896	3.399

(*) Through:

Name of direct shareholder	Number of direct voting rights	% of total voting rights
Eurohypo Ag, Spanish Branch	4,323,896	3.397

Indicate the most significant variations in the shareholding structure during the year:

Name of shareholder	Transaction date	Description of the transaction
Inmobiliaria Colonial, S.A.	17-12-08	Interest reduced to below 10%
Commerzbank A.G.	23-12-08	Interest exceeds 3%
Credit Agricole	02-12-08	Option to purchase shares exceeding 3%
Royal Bank of Scotland	27-11-08	Option to purchase shares exceeding 3%
Goldman Sachs	15-12-08	Interest exceeds 3%
Goldman Sachs	17-12-08	Interest below 3%

A.3. Complete the following table regarding members of the board of directors that hold voting rights through shares in the company:

Name of director	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
Gonzalo Anes y Álvarez De Castrillón	11,350	0	0.009
B 1998, S.L.	59,871,785	8,653,815	53.829
Miguel Blesa de la Parra	4,950	0	0.004
Cartera Deva, S.A.	100	0	0
Juan Castells Masana	17,509	8,100	0.020
Dominum Desga, S.A.	4,132	0	0.003
Dominum Dirección y Gestión, S.A.	10	0	0
EAC Inversiones Corporativas, S.L.	32	0	0
Fernando Falcó Fernández de Córdova	8,390	0	0.007
Balduino Falcones Jaquotot	0	85,150	0.067
Felipe Bernabé García Pérez	7,098	0	0.006
Larranza XXI, S.L.	10	0	0
Manuel Menéndez López	10	0	0
Rafael Montes Sánchez	47,403	22,310	0.055
Marcelino Oreja Aguirre	12,862	0	0.010
Antonio Pérez Colmenero	11,087	0	0.009
Robert Peugeot	10	0	0
José María Sagardoy Llonis	25	0	0.000

(*) Through:

Name of direct shareholder	Number of direct voting rights	% of total voting rights
Azate, S.A.	8,653,815	6.798
Heather M. Randall Snell	8,100	0.006
Oravla Inversiones, S.L.	73,650	0.057
Amolap Inversiones Sícav, S.A.	11,500	0.010
Josefa Fernández Mayo	22,310	0.018
% of total voting rights held by members of the board of directors		54.019

Complete the following table regarding members of the board of directors that hold rights over shares in the company:

Name of director	Number of options held directly	Number of options held indirectly	Equivalent number of shares	% of total share capital
Balduino Falcones Jaquotot	80,000	0	80,000	0.063
Felipe Bernabé García Pérez	60,000	0	60,000	0.047
Antonio Pérez Colmenero	60,000	0	60,000	0.047

NOTE

B 1998, S.L. holds a controlling interest in Fomento de Construcciones y Contratas, S.A. (hereinafter, FCC) (53.829%). Of this interest, • 59,871,785 shares are held directly and 8,653,815 shares are held indirectly through its subsidiary Azate, S.A.

Fomento de Construcciones y Contratas, S.A. is controlled by B 1998, S.L., which in turn is controlled by Esther Koplowitz Romero de Juseu (hereinafter, EK). Her 83.927% interest in B 1998, S.L. is held as follows:

- direct interest of 54.610%
- indirect interest of 29.317% through Dominum Desga, S.A. (0.0001%) and Dominum Dirección y Gestión, S.A. (29.316%), both of which are solely owned by EK.

Esther Koplowitz also holds 123,313 FCC shares directly and 39,172 FCC shares indirectly through her solely-owned subsidiaries Dominum Desga, S.A. (4,132 shares) and Ejecución y Organización de Recursos, S.L. (35,040 shares).

Various investors (hereinafter, the Investors) hold a 16.07% interest in B 1998, S.L., as follows:

- Cartera Deva, S.A.: 5.01%
- Simante, S.L.: 5.73%
- Larranza XXI, S.L.: 5.33%

NOTE

On 1 February 2008 Esther Koplowitz acquired Ibersuizas Holdings, S.L.'s interest in B 1998, S.L.

A.4. Indicate any family, commercial, contractual or corporate relationships between owners of significant shareholdings, insofar as they are known to the company, except where they are insignificant or where they arise from the ordinary course of business of the company:

Name of related party	Type of relationship	Brief description
-	-	-

A.5. Indicate any commercial, contractual or corporate relationships between owners of significant shareholdings and the company and/or the group, except where they are insignificant or where they arise from the ordinary course of business of the company:

Name of related party	Type of relationship	Brief description
-	-	-

A.6. Has the company been notified of any shareholders' agreements which affect the company as set out in article 112 of the Spanish Securities Market Law? If so, briefly describe these agreements and list the shareholders that are party thereto:

Yes	☒	No	☐
-----	-------------------------------------	----	--------------------------

Parties to the shareholders' agreement	% of share capital affected	Brief description of the agreement
Esther Koplowitz Romero de Juseu	52.483	Significant event dated 30/07/2004 www.cnmv.es (see note)
Esther Koplowitz Romero de Juseu	52.483	Significant event dated 13/01/2005 www.cnmv.es (see note)
Esther Koplowitz Romero de Juseu	52.483	Significant event dated 13/01/2005 www.cnmv.es (see note)
Esther Koplowitz Romero de Juseu	52.483	Significant event dated 19/07/2007 www.cnmv.es (see note)
Esther Koplowitz Romero de Juseu	52.483	Significant event dated 26/12/2007 www.cnmv.es (see note)
Esther Koplowitz Romero de Juseu	53.829	Significant event dated 04/02/2008 www.cnmv.es (see note)

NOTE

On 30 July 2004 a significant event was published on the National Securities Market Commission (Comisión Nacional del Mercado de Valores, CNMV) website of the disclosing the acquisition of part of EK's interest in B 1998, S.L. by Inversiones Ibersuizas, S.A., Inversiones San Felipe, S.L., Cartera Deva, S.A., and the French Peugeot family, through Simante, S.L.

On 13 January 2005 a significant event was submitted disclosing that Dominum Dirección y Gestión, S.A. Solely-Owned Company (100% owned by Esther Koplowitz Romero de Juseu) and Larranza XXI, S.L. (a Bodegas Faustino group company) agreed to the transfer to the latter of the former's minority interest in B 1998, S.L., which directly and indirectly holds 52.483% of the share capital of Fomento de Construcciones y Contratas, S.A.

On 13 January 2005 a significant event was submitted disclosing that Dominum Dirección y Gestión, S.A. Solely-Owned Company (100% owned by Esther Koplowitz Romero de Juseu) and Ibersuizas, S.A., Inversiones San Felipe, S.L., Ibersuizas Holdings, S.L., Cartera Deva, S.A., Arzubi Inversiones, S.A. and EBN Banco de Negocios, S.A. agreed to the transfer to the latter companies of Dominum Dirección y Gestión, S.A.'s minority interest in B 1998, S.L., which directly and indirectly holds 52.483% of the share capital of Fomento de Construcciones y Contratas, S.A.

On 19 July 2007 a significant event was submitted regarding the novation and modification of the equityholders' agreements of B 1998, S.L., which did not alter the total direct and indirect interest held by Esther Koplowitz Romero de Juseu in that company or any agreements between the parties regarding the governance of B 1998 S.L. and, indirectly, of Fomento de Construcciones y Contratas, S.A., or any provisions regarding control of either company.

On 26 December 2007 a significant event was submitted regarding the reorganisation of the ownership structure of B 1998, S.L. whereby Esther Koplowitz Romero de Juseu, through her solely-owned company Dominum Dirección y Gestión, S.A., reached an agreement with Ibersuizas Holdings, S.L. for the purchase, as of 30 January 2008, of 10.55% of the equity capital of B 1998, S.L., which in turn holds a 52.483% interest in Fomento de Construcciones y Contratas, S.A.

The transaction called for a disbursement of €381.5 million, valuing FCC shares at €55.94 per share. The sale and purchase, which was carried out at the initiative of Esther Koplowitz, equalled the divestment of the Ibersuizas Group in the equity capital of B 1998, S.L. and therefore from the FCC Group. In contrast, EK's interest in FCC increased as a result of the transaction. Ibersuizas Holdings, S.L. ceased being party to the equityholders' agreement regulating the relationships between equityholders of B 1998, S.L., and, on the effective date of the above-mentioned agreement, 30 January 2008, resigned from the board of directors of that company. Likewise, Ibersuizas Alfa, S.L. left the board of Fomento de Construcciones y Contratas, S.A.

On 4 February 2008 a significant event was submitted regarding the effective purchase by Esther Koplowitz of Ibersuizas Holding's interest in B 1998, S.L., the main shareholder (53.829%) of Fomento de Construcciones y Contratas, S.A. The agreement to sell this interest had been reached on 24 December 2007.

Following the restructuring, the ownership interests in B 1998, S.L. are held as follows:

- Esther Koplowitz (directly or indirectly): 83.92%
- Eurocis, S.A.: 5.01%
- Simante, S.L.: 5.73%
- Larranza XXI, S.L.: 5.33%
- Total: 100.00%

The above-mentioned significant events disclose the main agreements EK and the Investors have reached regarding control of FCC and B 1998, S.L. since the respective acquisitions. These agreements can be summarised as follows:

- EK will continue to control B 1998, S.L. and therefore Azate, S.A. and FCC.
- The Board of Directors of B 1998 S.L. will comprise twelve directors. As a group, the Investors are entitled to appoint up to four directors, although under no circumstances may those directors appoint more than one third of the members of the Board of B 1998, S.L.
- EK shall be entitled to appoint the majority of the members of the boards of directors of FCC and its subsidiaries. As a group, the Investors may appoint up to three members, although never more than one-third of the members of the Board of Directors of FCC.
- EK shall be entitled to appoint the Chairman of the Board of Directors of FCC, the Managing Director of FCC and at least two-thirds of the members of the Board's Executive Committee.
- FCC's pay-out will be at least 50%.
- EK and the Investors have entered into the following agreements to protect the latter's minority interest investment in B 1998, S.L.:

REGARDING B 1998, S.L.:

As a general rule, both those resolutions reached by the equityholders of B 1998, S.L. at their general meeting and those taken by the Board of Directors require approval by equityholders representing a simple majority of the company's equity. However, a consensus is required for the following cases:

- Amendments to the Articles of Association that entail moving the registered offices abroad, changing the corporate purpose or increasing or reducing capital, except where such operations are required by law or, in the case of capital reductions, when they occur through the acquisition by B 1998 S.L. of its own equity interests held directly or indirectly by EK or by Dominum Dirección y Gestión, S.A. for subsequent redemption, or when the capital reduction is carried out through redemption of equity interests of B 1998, S.L. held directly or indirectly by EK or by Dominum Dirección y Gestión, SA, with a charge to reserves to which, under the Articles of Association or other regulations, are only accessible by EK

- Any type of transformation, merger or spin-off or the global transfer of assets and liabilities
- The winding up or liquidation of B 1998 S.L.
- Revocation of preferential rights in capital increases and the exclusion of equityholders
- Modification of the governance system of B 1998 S.L.
- Establishment or modification of the dividend policy agreed by the Investors in connection with rights attached to their equity interests, as set out in the articles of association or other regulations
- Any use or encumbrance of any relevant assets of B 1998, S.L., specifically shares of FCC or shares or equity interests of any other companies in which B 1998 S.L. currently holds an interest or may hold an interest in the future
- An increase in overheads calculated for the year exceeding the overheads reported on the balance sheet at 31 December 2003 plus the annual rise in CPI, plus two percentage points. This calculation shall exclude remuneration received by B 1998 S.L. for membership on the FCC Board of Directors (hereinafter FCC Board Remuneration) as well as remuneration of members of the Board of Directors of B 1998 S.L., up to the amount of the remuneration of the Board of Directors of FCC
- The grant or confirmation of authorisations for making any use of FCC shares
- Contracting debt on behalf of B 1998 S.L. and extending or receiving guarantees totalling over 500,000 euros
- The creation or acquisition of direct subsidiaries (excluding any FCC subsidiaries) or the acquisition of interests in entities other than those in which B 1998 S.L. holds an interest at the date of this report

WITH RESPECT TO FCC:

As a general rule, both those resolutions at the General Shareholders' Meeting and those of the Board of Directors require the approval of shareholders representing a simple majority of the Company's capital. However, a consensus is required for the following cases:

- Amendments to the Articles of Association that entail moving the registered offices abroad or increasing or reducing capital, except where such operations are required by law
- Modification of the corporate purpose to include activities that are not related to construction, services, cement and real-estate
- Any type of transformation, merger or spin-off
- A merger of FCC Construcción, S.A., Cementos Portland Valderrivas, S.A. and FCC Servicios, S.A. whereby B 1998, S.L. would no longer indirectly hold 50% of the voting rights in the post-merger company
- Revocation of preferential subscription rights in share capital increases
- Modification of the governance system
- Any use, encumbrance or acquisition of any relevant FCC assets unrelated to the Company's corporate purpose, or of relevant assets related to the corporate purpose when the overall value is equal to or exceeds 700,000,000 euros (plus the annual rise in the CPI), when it entails a fundamental change in the current FCC Group structure or when the assets represent more than 10% of the FCC Group's consolidated assets.
- Any transactions that could entail or represent over a 20% variation in FCC equity or over a 10% change in the FCC Group's consolidated assets
- The grant of powers which would allow the use, encumbrance or acquisitions referred to above. However, this in no way limits EK's right to appoint or remove the Managing Director of FCC.
- Contracting of debt on behalf of FCC and the grant or receipt by FCC of guarantees totalling over 2.5 times the gross operating profit reported on FCC's latest consolidated balance sheet. This calculation shall exclude guarantees extended and received as part of the ordinary course of business and debt without recourse/project finance

Where EK and the Investors are unable to reach a consensus to adopt resolutions in the special cases listed above, the parties will take the necessary measures to maintain the pre-existing situation.

The full contents of the equityholders' and shareholders' agreements are available on the CNMV website as significant events submitted on 30 July 2004, 13 January 2005, 19 July 2007, 26 December 2007 and 4 February 2008.

Has the company been notified of any concerted actions between shareholders? If so, briefly describe these actions:

Yes	☐	No	☒
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Parties to the concerted action	% of share capital affected	Brief description of the concerted action
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— The Company has no knowledge of any concerted actions.

Expressly indicate any changes in or termination of shareholders' agreements or concerted actions during the year:

On 1 February 2008 Esther Koplowitz acquired the interest Ibersuizas Holdings held in B 1998, S.L., the majority shareholder of Fomento de Construcciones y Contratas (with 53.829%). The agreement had been reached on 24 December 2007.

The capital of B 1998, S.L. is currently held by Esther Koplowitz (83.92%), Simante, represented by Robert Peugeot (5.73%), Larranza XXI (Bodegas Faustino), represented by Lourdes Martínez (5.33%) and Eurocis, represented by José Aguinaga (5.01%).

A.7. Do any individuals or legal entities exercise, or have the power to exercise, control over the company as defined in article 4 of the Spanish Securities Market Law? If so, identify that party:

Yes	☒	No	☐
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Name
Esther Koplowitz Romero de Juseu

A.8. Complete the following table regarding the company's treasury shares:

At year end:

Number of shares held directly	Number of shares held indirectly (*)	% of total share capital
0	2,557,080	2.009

(*) Through:

Name of direct shareholder	Number of shares held directly
Asesoría Financiera y de Gestión, S.A.	2,557,080
Total:	2,557,080

List any significant changes during the year, as defined in Royal Decree 1362/2007:

Date reported	Total shares acquired directly	Total shares acquired indirectly	% of total share capital
20-06-2008	2,888,201	1,207,224	3.136
28-07-2008	0	50,000	0.039
07-10-2008	0	313,115	0.245
29-12-2008	0	919,306	0.723
Gains / (losses) on treasury shares disposed of during the year			(2,692,776)

A.9. List the conditions and the term of any authorisation the shareholders have granted to the board of directors at their general meeting for acquiring or transferring treasury shares:

Resolution taken at the General Meeting of 18 June 2008:

Fomento de Construcciones y Contratas, S.A. and the Group companies meeting any of the criteria set out in article 42, paragraphs 1 and 2 of the Code of Commerce are authorised to purchase treasury shares on any stock market on which they are traded, at the market price on the day of acquisition, providing that the price falls between the following minimum and maximum values:

- Maximum: the highest market quotation in the three months immediately prior to the acquisition, plus ten percent
- Minimum: the lowest market quotation in the three months immediately prior to the acquisition, less ten percent

By virtue of this authorisation, the Board of Directors, the Executive Committee and/or the Managing Director may acquire treasury shares providing that at the time of the purchase the total treasury stock, including that purchased, does not exceed 5% of share capital, as set out in article 75.2 of the revised Spanish Companies Act.

In addition, the Board of Directors, the Executive Committee and/or the Managing Director may earmark all or part of the treasury shares acquired for share-based remuneration programmes (shares or share options), in accordance with article 75.1 of the Spanish Companies Act.

The authorisation shall be valid for 18 months from the date granted.

The acquisition of shares, which must be fully paid, should allow the Company to create the reserve required under article 79, rule 3 of the Spanish Companies Act, without reducing capital, legal reserves or any other non-distributable reserves.

The authorisation for the derivative acquisition of treasury shares that was granted to the Board of Directors by the shareholders at the General Meeting held on 28 June 2007 was revoked at that time.

A.10. State any restrictions on the exercise of voting rights established by law or the company's articles of association, as well as any legal restrictions on the acquisition or transfer of shares:

Are there any legal restrictions on the exercise of voting rights?

Yes ☐	No ☒

Maximum percentage of voting rights a shareholder may exercise (legal restriction)

Do the articles of association establish any restrictions on the exercise of voting rights?

Yes ☐	No ☒

Maximum percentage of voting rights a shareholder may exercise (as per the articles of association)

Description of restrictions on the exercise of voting rights, established by law or in the articles of association

Are there any legal restrictions on the acquisition or transfer of shares?

Yes ☐	No ☒

Description of any legal restrictions on the acquisition or transfer of shares

A.11. Have the shareholders, at their general meeting, authorised preventative anti-takeover defences ("poison pills") in accordance with Law 6/2007?

Yes ☐	No ☒

If so, describe the measures approved and the terms in which restrictions become ineffective:

B. Administrative structure of the Company

B.1. Board of directors

B.1.1. State the maximum and minimum number of directors established in the articles of association:

Maximum number of directors	Minimum number of directors
22	5

B.1.2. Complete the following table identifying the members of the board of directors:

Name of director	Representative	Position on the board	Date of first appointment	Date of last appointment	Election procedure
Gonzalo Anes y Álvarez De Castrillón	Esther Koplowitz Romero de Juseu	Board Member	30-06-1991	18-06-2008	General Meeting
B 1998, S.L.		1St Vice-Chairman	17-12-1996	28-06-2007	General Meeting
Miguel Blesa de la Parra	José Aguinaga Cárdenas	Board Member	29-06-2006	29-06-2006	General Meeting
Cartera Deva, S.A.		Board Member	15-09-2004	21-06-2005	General Meeting
Juan Castells Masana	Esther Alcocer Koplowitz	Board Member	21-06-2000	21-06-2005	General Meeting
Dominum Desga, S.A.		2Nd Vice-Chairman	27-09-2000	29-06-2006	General Meeting
Dominum Dirección y Gestión, S.A.	Carmen Alcocer Koplowitz	Board Member	26-10-2004	21-06-2005	General Meeting
EAC Inversiones Corporativas, S.L.	Alicia Alcocer Koplowitz	Board Member	30-03-1999	23-06-2004	General Meeting
Fernando Falcó y Fernández de Córdova	Felipe Bernabé García Pérez	Board Member	18-12-2003	21-06-2005	General Meeting
		Board Member / Vice-Secretary	30-03-1999	21-06-2005	General Meeting
Baldomero Falcones Jaquotot	Lourdes Martínez Zabala	Chairman – Managing Director	18-12-2007	18-06-2008	General Meeting
Larranza XXI, S.L.		Board Member	13-01-2005	21-06-2005	General Meeting
Max Mazin Brodovka		Board Member	29-06-2006	29-06-2006	General Meeting
Manuel Menéndez López		Board Member	10-06-2008	18-06-2008	General Meeting
Rafael Montes Sánchez		Board Member	06-03-1992	23-06-2004	General Meeting
Marcelino Oreja Aguirre		Board Member	21-12-1999	21-06-2005	General Meeting
Cesar Ortega Gómez		Board Member	28-06-2007	28-06-2007	General Meeting
Antonio Pérez Colmenero		Board Member	30-03-2005	21-06-2005	General Meeting
Robert Peugeot		Board Member	15-09-2004	21-06-2005	General Meeting
Nicolás Redondo Terreros		Board Member	18-06-2008	18-06-2008	General Meeting
José María Sagardoy Llonis		Board Member	10-06-2008	18-06-2008	General Meeting
Total number of directors					21

NOTE

Francisco Vicent Chuliá was appointed Secretary of the Board of Directors at the Board meeting held on 26 October 2004.

List any directors who have left the board during the period:

Name of director	Date
Ibersuizas Alfa, S.L.	31/01/2008
Luis Manuel Portillo Muñoz	10/06/2008
Mariano Miguel Velasco	10/06/2008

B.1.3. In the following tables, classify the members of the board of directors by type:

Executive directors

Name of director	Committee proposing appointment	Position within the company
Baldomero Falcones Jaquotot	Appointments and Remuneration Committee	Chairman and Managing Director
Felipe Bernabé García Pérez	Appointments and Remuneration Committee	General Secretary
Antonio Pérez Colmenero	Appointments and Remuneration Committee	Corporate Manager Of Human And Other Resources
Total number of executive directors		3
% of total directors		14.28

External nominee directors

Name of director	Committee proposing appointment	Name of significant shareholder represented or who proposed appointment
B 1998, S.L.	Appointments and Remuneration Committee	B 1998, S.L.
Dominum Desga, S.A.	Appointments and Remuneration Committee	B 1998, S.L.
Dominum Dirección y Gestión, S.A.	Appointments and Remuneration Committee	B 1998, S.L.
EAC Inversiones Corporativas, S.L.	-	B 1998, S.L.
Fernando Falcó Fernández de Córdova	Appointments and Remuneration Committee	B 1998, S.L.
Marcelino Oreja Aguirre	Appointments and Remuneration Committee	B 1998, S.L.
Manuel Menéndez López	Appointments and Remuneration Committee	Inmobiliaria Colonial, S.A.
José María Sagardoy Llonis	Appointments and Remuneration Committee	Inmobiliaria Colonial, S.A.
Cartera Deva, S.A.	Appointments and Remuneration Committee	B 1998, S.L.
Robert Peugeot	Appointments and Remuneration Committee	B 1998, S.L.
Larranza XXI, S.L.	Appointments and Remuneration Committee	B 1998, S.L.
Juan Castells Masana	Appointments and Remuneration Committee	B 1998, S.L.
Miguel Blesa de la Parra	Appointments and Remuneration Committee	B 1998, S.L.
Rafael Montes Sánchez	-	B 1998, S.L.
Total number of nominee directors		14
% of total directors		66.67

EXTERNAL INDEPENDENT DIRECTORS

Name of director	Profile
César Ortega Gómez	General manager of Banco Santander; degree in Economics and Business and a Masters in Tax Consulting from ICADE; courses in Law and Philosophy; 12 year's experience as partner at Arthur Andersen Tax and Legal Advisory and Garrigues law firm; board member of the Santander, S.L., Bancos Latinoamericanos Santander, S.L., Santusa Holding, S.L., Santander Holding Gestión, S.L. and Santander Investment, S.A. Business Group
Gonzalo Anes y Álvarez De Castrillón	Doctorate in Economics; professor of History and Economic Institutions at the Universidad Complutense de Madrid School of Economics; director of the Spanish Royal Academy of History; member of the Repsol YPF, S.A. Board of directors; former board member of the Bank of Spain (1980-1988); former director of the magazine "Moneda y Crédito"
Max Mazin Brodovka	Planning and statistics studies (economics); former chairman of the CEOE (Confederation of Spanish Employers) international relations committee; founder and national chairman of AEI (Independent Business Association); co-founder and vice-chairman of the CEOE; honorary chairman of the CEIM (Madrid Business Association); chairman of the CEIM Foundation; member of the Universidad Complutense de Madrid board; founder of Hoteles Tryp, S.A., Founder of the World Trade Centre of Spain and president for seven years
Nicolás Redondo Terreros	Law degree from the Universidad de Deusto; chairman of the Fundación para la Libertad; member of the editorial board of the el Economista newspaper; member of the editorial board of the Official Gazette of the Spanish Property Registrars and Economists Professional Association; member of the advisory board of the Middle East Information Agency; recipient of the 2003 constitutional merit award from the Spanish Government; first lieutenant of the General Deputy of the Vizcaya Regional Council; member of the Basque Country Parliament; general secretary of the Basque Socialist Party Parliamentary Group in the Victoria Chamber; spokesman for the Socialist Group Party At The Vizcaya General Meetings; parliamentary representative for Vizcaya and chairman of the Basque Socialist Party Parliamentary Group
Total number of independent directors	4
% of total directors	19.05

OTHER EXTERNAL DIRECTORS

Name of director	Committee proposing appointment
-	-
Total number of other external directors	-
% of total directors	-

Explain why these directors cannot be considered nominee or independent directors and their relationships with the company, other directors and/or shareholders:

Name of director	Reasons	Related company, director or shareholder
-	-	-

Indicate any changes in the classification of directors during the period:

Name of director	Date	Previous classification	Current classification
-	-	-	-

B.1.4. Explain why any nominee directors have been appointed at the request of shareholders owning less than 5% of capital:

Name of shareholder	Reason
-	-

Has the board denied requests for representation submitted by shareholders with an equal or higher holding than other shareholders who had requested and were granted representation through nominee directors? If so, explain why such requests were not granted:

Yes	☐	No	☒
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Name of shareholder	Explanation
-	-

B.1.5. Indicate whether any directors have resigned from the board prior to completion of their appointed term, whether any explanation was given to the board and through what means. In the event the director submitted a written resignation to the entire board, explain at least the reasons provided in this notice:

Name of the director	Reason
Ibersuizas Alfa, S.L.	Voluntary resignation
Luis Manuel Portillo Muñoz	Voluntary resignation
Mariano Miguel Velasco	Voluntary resignation

B.1.6. List any powers vested in the managing director(s):

Name of director	Brief description
Baldomero Falcones Jaquotot	See note

NOTE

Article 35.2 of the Board of Directors Regulations establishes the following:

The Board of Directors may permanently delegate the powers vested in the Board to one or more members, except those powers that are non-delegable under prevailing legislation, the Articles of Association or these Regulations.

A favourable vote of at least two-thirds of the members of the Board of Directors shall be required in order to permanently delegate Board of Directors' authorities and to vest a Board member or members with delegable authorisations, regardless of their position on the Board.

The Managing Director shall be responsible for representing and managing the Company's businesses, always in keeping with the decisions and criteria set by Board of Directors and the shareholders at the General Meetings, within the scope of their respective authority.

The effective representation and management of the Company's business includes but is not limited to the following:

- *Supporting the Board of Directors in defining the Group's strategy*
- *Preparing the business plan and annual budgets for submission to the Board of Directors*
- *Preparing and submitting proposals for investments, divestments, credit facilities, loans, guarantees, bonds or any other type of financial facilities, to the Board of Directors (if the individual amount exceeds eighteen million euros) or to the Executive Committee (if the individual amount does not exceed eighteen million euros).*
- *Appointing and dismissing all Company personnel, except those individuals named by the Board of Directors in accordance with these Regulations*
- *At the first Board meeting of each year, the Managing Director shall inform the members of the Executive Committee of the degree to which projections made in investment proposals submitted to the Executive Committee and the Board of Directors have been met."*

Article 7.2 of the Board of Directors Regulations establishes the following:

In any event, the Board of Directors, through the adoption of resolutions passed and approved as required by law or the Articles of Association, shall be solely and exclusively responsible for the following, which under no circumstances may be delegated to other parties:

- a. *Appointing and removing the Chairman, Vice-Chairman, Managing Directors, Secretary and Vice-Secretary of the Board of Directors, as well as, at the proposal of the Managing Director, appointing and removing and, where applicable, establishing any indemnity causes relating to the senior managers of the Company's operating areas (Administration, Finance, Human Resources and General Secretariat), the members of the Steering Committee and, in general, the Company's senior executives*
- b. *Proposing to the respective boards of directors, at the initiative of the Managing Director and through the Company's representatives in the subsidiaries, the appointment and possible removal and any indemnity clauses in connection with the chairmen and general managers of the top-tier FCC Group companies (FCC Construcción, S.A., FCC Medio Ambiente, S.A., Aqualia Gestión Integral del Agua, S.A., FCC Versia, S.A., Cementos Portland Valderrivas, S.A. and Realía Business, S.A.), acting in the best interest of each subsidiary*
- c. *Delegating powers to and revoking powers from any member of the Board of Directors, as permitted by prevailing legislation and the Articles of Association*
- d. *Appointing and removing directors to and from the various committees established in these Regulations*
- e. *Supervising the Board of Directors committees*
- f. *Provisionally appointing directors to fill any vacancies through co-optation, until the next General Shareholders' Meeting is held*
- g. *Accepting the resignation of Board members*
- h. *Preparing the annual financial statements and determining the dividend policy for submission to the shareholders at their General Meeting and establishing, where applicable, any interim dividend payments*
- i. *Defining the Group's structure and coordinating, within legally-established limits, the Group's general strategy, in the best interest of the Company and subsidiaries, with the support of the Strategy Committee and the Managing Director, disclosing in the Annual Corporate Governance Report the respective areas of activity and any business relationships between the Company and its listed subsidiaries, as well as any business relationships between the listed subsidiaries and other Group companies, and the mechanisms in place to resolve any conflicts of interest that may arise.*
- j. *Determining the investment and financing policies, and, in particular, approving investments, divestments, credit facilities, loans, guarantees, bonds and any other type of financing facilities within the limits established by the Board itself, as well as any strategic investments or transactions.*
- k. *In general, determining the organisation of the Board and, specifically, making any amendments to the present Regulations*
- l. *Carrying out the powers vested in the Board of Directors by the shareholders at the General Meeting, which the Board may only delegate if expressly agreed at a General Meeting*

Article 8.1 ("General duties – Equilibrium in the performance of duties") establishes that, *"The Board of Directors is responsible for taking all actions necessary for carrying out the corporate purpose cited in the Articles of Association, in accordance with applicable legislation."* Section 2 of the same article stipulates that *"The delegation of powers or authorities by the Board to any members of that body does not divest the Board of those powers."*

At the meeting held on 18 December 2007, the Board of Directors vested Baldomero Falcones Jaquotot with a number of powers effective 1 January 2008, including the following: financial powers, powers with respect to relations with customers, suppliers, and labour issues, administrative and disposition powers in connection with companies and associations, legal powers and internal authorisations. The extension of these powers to Mr. Falcones Jaquotot facilitates Group management and enables the Company's intentions to be acted upon in a time-effective manner.

B.1.7. List any members of the board of directors that are directors or executives in companies forming part of the same group as the company subject to this report:

Name of director	Name of the group company	Position
Cartera Deva, S.A.	Cementos Portland Valderrivas, S.A.	Board Member
EAC Inversiones Corporativas, S.L.	Cementos Portland Valderrivas, S.A.	Board Member
EAC Inversiones Corporativas, S.L.	FCC Construcción, S.A.	Board Member
EAC Inversiones Corporativas, S.L.	Global Vía Infraestructuras, S.A.	Board Member
Fernando Falcó Fernández de Córdova	FCC Construcción, S.A.	Board Member
Fernando Falcó Fernández de Córdova	Cementos Portland Valderrivas, S.A.	Board Member
Fernando Falcó Fernández de Córdova	Giant Cement Holding Inc.	Board Member
Fernando Falcó Fernández de Córdova	Waste Recycling Group Limited	Board Member
Rafael Montes Sánchez	FCC Construcción, S.A.	Board Member
Rafael Montes Sánchez	Cementos Portland Valderrivas, S.A.	Board Member
Juan Castells Masana	Waste Recycling Group Limited	Board Member
Robert Peugeot	FCC Construcción, S.A.	Board Member
Robert Peugeot	Alpine Holding GmbH	Supervisory Board Member
Robert Peugeot	Waste Recycling Group Limited	Board Member
Balduino Falcones Jaquotot	FCC Energía, S.A.	Chairman
Felipe B. García Pérez	FCC Energía, S.A.	Secretary

B.1.8. List any members of the board of directors that also serve on the board of any non-group companies listed on a Spanish stock exchange, of which the company has been notified:

Name of director	Name of listed company	Position
Miguel Blesa de la Parra	Iberia L.A.E., S.A.	Vice-Chairman
Miguel Blesa de la Parra	Mapfre, S.A.	Board Member
Manuel Menéndez López	Inmobiliaria Colonial, S.A.	Board Member
José María Sagardoy Llonis	Inmobiliaria Colonial, S.A.	Board Member

B.1.9. Has the company established a limit to the number of boards on which directors of the company may serve? If so, provide further information:

Yes	☒
No	☐

NOTE

Article 24.3 of the Board of Directors Regulations stipulates that “Directors must consult the Appointments and Remuneration Committee prior to accepting any executive position or membership in a governing body of another company or entity.”

Article 22.3 establishes that “Directors must inform the Appointment and Remuneration committee of their other professional obligations, lest they interfere with the director’s duties to the Board. Based on a proposal from the Appointments and Remuneration Committee, the Board of Directors shall establish a limit to the number of boards on which directors of the Company may serve.”

B.1.10. With respect to recommendation number 8 of the Unified Good Governance Code, indicate the general company policies and strategies that the board, in plenary session, reserves the right to approve:

	Yes	No
Investment and financing policy	x	
Design of the group structure		
Corporate governance policy	x	
Corporate social responsibility policy		
Strategic or business plan, management targets and annual budgets	x	
Remuneration and evaluation of senior officers	x	
Risk control and management policies and the periodic monitoring of internal information and control systems	x	
Dividend policy, as well as the policies and limits applicable to treasury shares	x	

B.1.11. Complete the following tables regarding aggregate remuneration accrued by directors during the year:

a) In the company to which this report refers:

Remuneration	Thousands of euros
Fixed remuneration	4,189
Variable remuneration	289
Per diem allowances	
Other directors' fees	2,059
Share options and/or other financial instruments	
Other	
TOTAL	6,537
Other benefits	Thousands of euros
Advances	0
Loans	0
Pension plans and funds: Contributions	0
Pension plans and funds: Commitments	0
Life insurance premiums	0
Guarantees extended on behalf of directors	0

b) For serving on the board(s) of directors and/or in senior management positions of other group companies:

Remuneration	Thousands of euros
Fixed remuneration	
Variable remuneration	
Per diem allowances	
Other directors' fees	982
Share options and/or other financial instruments	
Other	
TOTAL	982
Other benefits	Thousands of euros
Advances	
Loans	
Pension plans and funds: Contributions	
Pension plans and funds: Commitments	
Life insurance premiums	
Guarantees extended on behalf of directors	

c) Total remuneration by type of director:

Type of director	By the company	By group companies
Executive	4,756	
External nominee	1,445	922
External independent	336	60
Other external		
TOTAL	6,537	982

d) As a percentage of profits attributable to the parent company:

Total remuneration of directors (thousands of euros)	7,519
Total remuneration of directors as a % of profit attributable to the parent company	2.23

NOTE

The increase in the ratio of remuneration of directors to profit attributable to the parent company is due to the combination of two factors: the rise in remuneration of executive directors coupled with a drop in profit attributable to the parent company.

B.1.12. List the members of senior management that are not executive directors, and indicate the total remuneration accrued by these employees during the year:

Name	Position
José Luis de la Torre Sánchez	Chairman Of FCC Services
Antonio Gómez Ciria	Corporate Manager Of Internal Auditing
Dieter Kiefer	Chairman Of Cementos Portland Valderrivas, S.A.
José Ignacio Martínez Ynzenga	Chairman Of Cementos Portland Valderrivas, S.A.
José Mayor Oreja	Chairman Of FCC Construcción, S.A.
Víctor Pastor Fernández	Corporate Finance Manager
José Luis Vasco Hernando	Corporate Administration Manager
Gérard Ries	Assistant Corporate Manager Of International Corporate Strategy And Development
Eduardo González Gómez	Corporate Energy Manager
José Ramón Ruiz Carrero	Deputy Corporate Manager Of Cost Optimisation

NOTE

On 10 June 2008 the Board of Directors of Cementos Portland Valderrivas, S.A. appointed Dieter Kiefer as Managing Director of that company, replacing José Ignacio Martínez Ynzenga. At the Board meeting held on 22 December 2008, Dieter Kiefer was named Chairman of the company, replacing José Ignacio Martínez Ynzenga.

Total remuneration of senior management (thousands of euros)	5,859
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B.1.13. State, on an aggregate basis, whether any golden parachute clauses exist for members of senior management of the company or the group, including executive directors, with respect to dismissal or changes in control. Indicate whether these contracts must be reported to and/or approved by governing bodies of the company or the group:

Number of beneficiaries	7	
	Board of directors	General shareholders' meeting
Body authorising the clauses	X	
	YES	NO
Are the shareholders informed of these clauses at the general meeting?	X	

NOTE

The Executive Committee is entrusted with authorising golden parachute clauses.

As indicated in the notes to the financial statements for each year, prepared by the Board of Directors and submitted for approval by the shareholders at their General Meeting, an insurance policy was contracted and paid in order to provide benefits in the case of death or permanent disability, as well as retirement bonuses and other benefits extended to certain executive directors and members of senior management, as disclosed in sections B.1.3. and B.1.12., respectively.

In particular, indemnities are payable if the labour relationship is terminated in any of the following cases:

- a) Unilateral decision by the Company
- b) Winding up or disappearance of the parent company for any reason, including merger or spin-off
- c) Death or permanent disability
- d) Declaration of physical disability or legal incompetence for any other reason
- e) A substantial change in professional conditions
- f) Voluntary resignation at age 60, agreed between the executive and the Company
- g) Voluntary resignation at age 65, by unilateral decision of the executive

The consolidated income statement of the FCC Group reflects a 571 thousand euros payment for the above-mentioned insurance premium, as well as income of 3,972 thousand euros from rebates on insurance premiums paid.

In 2008 the insurance company paid beneficiaries a total of 5,952 thousand euros for contingencies covered by the aforementioned policy.

B.1.14. Describe the procedure for determining remuneration of members of the board of directors and the relevant sections of the articles of association:

Procedure for determining the remuneration of members of the board of directors and the relevant sections of the articles of association

Article 37 of the Articles of Association establishes the following:

"The post of Board member is a paid position. Remuneration shall consist of a share of up to two per cent (2%) of the liquid profit for the year attributable to Fomento de Construcciones y Contratas, S.A. as shown in the consolidated financial statements of the Group of which it is parent company, for the Board of Directors as a whole. This remuneration shall be paid once the required amount has been distributed to the legal reserve and a minimum dividend of at least four percent (4%) has been paid to shareholders. Remuneration for each year shall be determined by the shareholders at their General Meeting.

The Board will distribute the remuneration agreed at the General Shareholders' Meeting among the Board members, taking into account the positions and responsibilities of each member within the Board and the Board committees and other criteria set out in the Board of Directors Regulations. Remuneration referred to in the preceding paragraph may include fixed remuneration as well as per diem allowances, variable remuneration and benefit schemes.

In accordance with the particular resolution taken at the General Meeting, Board member remuneration may also comprise shares or share options or be referenced to the market value of Company shares, notwithstanding any provisions of previous sections.

Remuneration established in the preceding sections for membership on the Board of Directors shall be compatible with other wages, service or professional fees paid to Board members for carrying out executive, senior management or advisory duties or any duties of any other nature other than supervision and collective decision-making as a Board member. Such activities shall be subject to labour, service provision and any other legally applicable structures."

Article 42.3 f) of the Board of Directors Regulations establishes that, among other duties, the Appointments and Remuneration Committee is entrusted with "Overseeing compliance with the Company's remuneration policy and, in particular, proposing to the Board of Directors the remuneration policy for directors and senior executives, the remuneration of executive directors and other conditions of their contracts, and the basic conditions for the contracts of senior executives, and advising on and proposing multi-year incentive plans for the Company's senior management, particularly those referenced to the market value of Company shares."

Indicate whether the board of directors reserves the right to approve the following decisions in plenary session:

	Yes	No
On the proposal of the company's chief executive, the appointment and removal of senior officers and their compensation clauses	x	
Directors' remuneration and, in the case of executive directors, the additional consideration payable for their management duties and other contract conditions	x	

B.1.15. Indicate whether the board of directors approves a detailed remuneration policy, specifying the following issues:

	Yes	No
Amount of fixed remuneration, with a breakdown, where appropriate, of per-diem allowances for attendance at board and board committee meetings and the total estimated fixed annual payment they give rise to	x	
Variable remuneration items	x	
Main characteristics of employee welfare systems, with an estimate of the amount or equivalent yearly cost	x	
The contractual conditions of executive directors who perform senior management functions	x	

B.1.16. Does the board of directors submit a report on the directors' remuneration policy to the advisory vote of the shareholders at their general meeting, as a separate agenda point? If so, describe the portions of the report relating to the remuneration policy approved by the board of directors for future years, the most significant changes in these policies compared to the policy applied in the current year, and a global summary of how the remuneration policy was applied over the period in question. Provide details on the role of the remuneration committee and identify any external advisors that have been engaged:

Yes	☐	No	☒
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Details of the report on the remuneration policy

As of the call to the ordinary General Shareholders' Meeting of 18 June 2008, all shareholders were provided with a report on the Board of Directors remuneration policy. This report was approved by the Board on 12 May 2008.

The report addresses the following points:

- a) procedures for preparing the report
- b) the objective and structure of the remuneration policy
- c) remuneration of directors for their membership on the Board
- d) remuneration of executive directors for performing their senior management and executive duties
 - structure of the remuneration
 - basic conditions of executive director contracts

At the General Meeting, the shareholders resolved that executive directors and Company executives could receive share-based remuneration (shares, share options, and/or remuneration referenced to the market value of shares). The shareholders entrusted the Board of Directors with designing and executing such a remuneration scheme.

Role of the remuneration committee

The Appointment and Remuneration Committee assists and advises the Board. In accordance with article 42.3 f) of the Board of Directors Regulations, this committee is entrusted with the following:

- overseeing compliance with the Company's remuneration policy
- proposing to the Board of Directors the remuneration policy for directors and senior executives, the remuneration of executive directors and other conditions of their contracts, and the basic conditions for the contracts of senior executives, and advising on and proposing multi-year incentive plans for the Company's senior management, particularly those referenced to the market value of Company shares.

	Yes	No
Have external advisors been used?		x
Name(s) of the external advisor(s)		

B.1.17. List any members of the board of directors that are also members of the board of directors, executives or employees of companies that hold a significant interest in the company subject to this report and/or in group entities:

Name of director	Significant shareholder	Position
Cartera Deva, S.A.	B 1998, S.L.	Board Member
Juan Castells Masana	B 1998, S.L.	Board Member
Dominum Desga, S.A.	B 1998, S.L.	Board Member
Dominum Dirección y Gestión, S.A.	B 1998, S.L.	Board Member
EAC Inversiones Corporativas, S.L.	B 1998, S.L.	Board Member
Fernando Falcó Fernández de Córdova	B 1998, S.L.	Board Member
Larranza XXI, S.L.	B 1998, S.L.	Board Member
Rafael Montes Sánchez	B 1998, S.L.	Board Member
Robert Peugeot	B 1998, S.L.	Board Member
Manuel Fernando Menéndez López	Inmobiliaria Colonial, S.A.	Board Member
José María Sagardoy Llonis	Inmobiliaria Colonial, S.A.	Board Member

Provide details of any relevant relationships between the members of the board of directors and significant shareholders of the company and/or of group entities, other than those disclosed above:

Name of director	Name of related significant shareholder	Description of the relationship
Cartera Deva, S.A.	B 1998, S.L.	Equityholders' agreement, B 1998, S.L.
Larranza XXI, S.L.	B 1998, S.L.	Equityholders' agreement, B 1998, S.L.
Robert Peugeot	B 1998, S.L.	Equityholders' agreement, B 1998, S.L. (Indirectly through Simante, S.L.)

B.1.18. Have the regulations governing the board of directors been modified during the year?

Yes	☒	No	☐
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Description of the modifications

At the meeting held on 12 May 2008, the Board of Directors amended certain articles of the Board of Directors Regulations. The purpose of these amendments was to adapt the Regulations to recent regulatory changes and to introduce certain modifications necessary for practical reasons. Both systematic changes and changes to the wording of the Regulations were made.

In particular, these amendments relate to articles 2, 6, 7, 8, 25, 32, 40, 41 and 42 of the Board of Directors Regulations.

I. Amendments to comply with regulatory changes

In article 6.4, the phrase "5% of share capital" was replaced with "the percentage legally considered significant" in order to reflect the new definition of a significant interest (3% of voting rights) introduced by Royal Decree 1362/2007 on disclosure transparency.

II. Amendments relating to new regulations, implemented for practical reasons

The following modifications were made:

- Article 2.2 was amended to enable the Board, on the basis of a favourable report from the Appointments and Remuneration Committee, to consider certain persons as senior executives, even if they do not yet meet the requirements set out in article 2, thereby bringing this power of the Board into line with the Appointments and Remuneration Committee's power to propose such a designation, already vested in that committee by article 42.3 d).

- Article 7.2 a) has been divided into two sub-sections (2 a and 2 b) to separately establish the responsibilities discussed in each subsection and to extend these responsibilities with respect to the senior officers of the Company's operating areas, members of the Steering Committee and the Company's senior executives in general.
- The content of article 25.2 has been included as a second paragraph of section 1 of the same article, in order to replace the list of related parties with the definition set out in article 127 ter. 5 of the Spanish Companies Act. To that end, article 25.6 now includes an express reference to article 127 ter. 5 of the Spanish Companies Act.
- Article 25.4 a) has become article 25.3 a) in order to expressly classify the rendering of services to FCC Group companies by parties related to the members of the Board of Directors as a related transaction. Furthermore, a new paragraph has been added to section 3 in order to establish that requests for authorisation of transactions with related parties should be made through the Corporate Social Responsibility Department, which will consult with the business area in question and request a report on the matter from the Appointments and Remuneration Committee.
- Article 32.2 has been modified to establish that a report on the directors' remuneration policy should be made available to shareholders from the date of notice of the General Meeting. It is no longer necessary to submit this policy to an advisory vote at the General Meeting.
- In article 40.1 the reference to the figure of 18 million euros established as the upper limit for matters be reviewed by the Executive Committee in respect of investments, divestments, credit facilities, loans, guarantees, bonds or any other type of financial facilities has been removed in order to bring the text into line with article 8 regarding the responsibilities of the Board, in which the figure had also been deleted. As part of this amendment, express reference to article 7.2 i) has been added to article 40.1.
- In accordance with the other modifications, article 42.3 d) has become 42.3 e), setting out the duties of the Appointments and Remuneration Committee, substituting the figure of 120,000 euros with that established in each case by the Appointments and Remuneration Committee and reported to the Board of Directors. As a result of this amendment, it will no longer be necessary to revise the Board of Directors Regulations on a regular basis merely to update the specific figure agreed by the Appointments and Remuneration Committee.
- In accordance with the other modifications, article 42.3 e) has become article 42.3 f), in order to eliminate reference to individual remuneration of executive directors that was included as one of the proposals the Appointments and Remuneration Committee had to submit to the Board, leaving only the text "remuneration," understood in the broadest sense of the term.

III. Amendments resulting from systematic changes and rewordings

The following modifications were made:

- In article 8.3 b) regarding the policies to be approved by the Board of Directors, express mention has been made of the directors' remuneration policy. In addition, in article 8.3 e) the reference to the appointment, removal and indemnity clauses of senior executives was moved to article 7.2 a). An amendment was also made to grant the Board of Directors the power to approve the remuneration policy of the Steering Committee as well.
- In article 40.1, a new paragraph was included to establish that in urgent cases the Executive Committee may exercise the powers set out in the last paragraph of Article 8.3, regarding the appointment and removal of senior executives and the indemnity clauses applicable thereto, periodic financial reporting, strategic investments and transactions which could affect the transparency of the Group.
- In article 41.3 b) express mention has been added of the requirement to adopt measures to ensure independence of the external auditor.

Lastly, a number of modifications have been made to article 42:

- i. section 3 c), proposing the appointment and re-appointment of independent directors, set out in article 16;
- ii. new section 3 d), setting out the Appointments and Remuneration Committee's duties with respect to independent directors, as established in article 17.2 and article 20.3 (report prior to confirming the post of an independent director after 12 years and a report prior to removing independent directors)
- iii. new section 3 j), setting out the duties established in article 36.1 (report prior to appointment and removal of the Secretary to the Board of Directors)
- iv. new section 3 k), setting out the duties established in article 6.4 (prior verification of classification of directors)

B.1.19. Describe the procedures for appointing, re-appointing, evaluating and removing directors. Indicate the bodies entrusted with these actions, the processes to be followed and the standards to be applied in each procedure:

The shareholders, at their General Meeting, are entrusted with appointing and removing directors. Directors may be re-appointed one or more times, for five-year periods.

Under the equityholders' and shareholders' agreements disclosed in section A.6. of this report, the Investors may appoint four (4) of the FCC Board members to which B 1998, S.L. is entitled.

EK or EK's designated representative is entitled to appoint the remaining members of the Board of Directors of FCC that correspond to B 1998, S.L.

Chapter IV of the Board of Directors Regulations, "Appointment and Removal of Directors," establishes the following:

Article 16: Appointment, ratification and re-appointment of directors

Board of Director appointment and re-appointment proposals submitted for ratification at the General Shareholders' Meeting and provisional co-optation appointments made by the Board itself, as provided for by law, must fall upon individuals of recognised integrity, solvency technical ability and experience. Selection by the Board must be based on a proposal from the Appointments and Remuneration Committee, in the case of independent directors, and on a prior report prepared by that committee, in the case of other directors.

Article 18: Term of office

- 1. The term of office of directors shall be that established in the Articles of Association and may not exceed six years. Directors may be re-appointed for subsequent terms.*
- 2. Directors appointed by co-optation shall remain in office until the next General Meeting is held. This period of time shall not be counted toward the term established in the preceding paragraph.*
- 3. Directors whose mandates expire or who cease to sit on the Board for any reason may not render services to FCC competitors for a two-year period.*
- 4. The Board of Directors, at its discretion, may waive or reduce this limitation for outgoing directors.*

Article 19: Re-appointment of directors

Prior to proposing the re-appointment of any director at the General Meeting, the Appointments and Remuneration Committee must issue a report evaluating the quality of work and dedication of the proposed directors during their previous mandate.

Article 20: Removal of directors

- 1. Directors must step down from the Board upon expiry of their mandates or when so decided by the shareholders at the General Meeting, in accordance with the powers vested in the shareholders by law and by the Articles of Association.*

Article 21: Nature of the Board of Directors resolutions on this matter

Pursuant to the provisions of article 25 of these Regulations, directors being proposed for appointment, re-appointment or removal may not participate in the debates or vote on these issues.

B.1.20. Indicate under what circumstances directors are required to resign:

Article 20 of the Board of Directors Regulations establishes the following:

- 1. Directors must step down from the Board upon expiry of their mandates or when so decided by the shareholders at the General Meeting, in accordance with the powers vested in the shareholders by law and by the Articles of Association.*
- 2. Directors shall be required to place their posts under the review of the Board and, where the Board deems appropriate, tender their resignation in the following cases:*
 - a. In the case of executive directors, when they no longer occupy the positions or perform the duties by virtue of which they were appointed*
 - b. In the case of nominee directors, when the shareholder whose interests they represent disposes of its entire holding in FCC or reduces it to such a level that its number of nominee directors must be reduced*
 - c. When they are involved in any of the cases of conflict of interest or disqualification stipulated by law*

d. When the Board, by a two-thirds majority, asks the director to resign in the following cases:

-if the director receives a severe reprimand from the Board for having failed to comply with his or her duties as director, based on a proposal or report by the Appointments and Remuneration Committee, or

-when their presence on the Board could jeopardise the Company's credibility and reputation. In that regard, directors must inform the Board of any criminal charges against them and any subsequent events occurring during legal proceedings. In any event, if any director is tried for any of the corporate crimes described in article 124 of the Spanish Companies Act, the Board will examine the case as soon as possible and, based on the specific circumstances, will decide whether or not the director must resign, providing clear justification of the decision in the Annual Corporate Governance Report."

B.1.21. Do the duties of the chief executive fall upon the chairman of the board of directors? If so, indicate the measures that have been taken to limit the risk of accumulation of powers in a single person:

Yes	☒	No	☐
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Measures to limit risk

The FCC, S.A. Board of Directors Regulations control these risks by vesting the powers set out in the following section in an independent director.

Has an independent director been empowered to request the calling of board meetings or the inclusion of new business on the agenda in order to coordinate or give voice to the concerns of external directors and to lead the board's evaluation of the chairman? If so, explain these regulations.

Yes	☒	No	☐
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Regulations

Article 34.3 of the Board of Directors Regulations establishes the following:

When the Chairman of the Board of Directors is also the Managing Director or chief executive of the Company, an independent director designated by the Board may request the calling of Board meetings or the inclusion of new business on the agenda in order to coordinate and give voice to the concerns of external directors, and to lead the Board's evaluation of the Chairman.

B.1.22. Are qualified majorities required for certain resolutions, other than those established by law?

Yes	☐	No	☒
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Describe how resolutions are adopted by the board of directors, indicating the minimum attendance quorums and the type of majority needed to pass resolutions:

Adoption of resolutions

Description of the resolution	Quorum	Type of majority
Permanent delegation of powers to the Executive Committee, the Chairman or the Managing Directors and the appointment of the directors who will hold such posts. OTHER RESOLUTIONS (SEE NOTE)	Two-thirds of the Board members must be present or represented at the meeting	Two-thirds of the Board members

NOTE

All other resolutions of the Board of Directors require the favourable vote of an absolute majority of the members.

B.1.23. Are there specific requirements, other than those related to directors, for being appointed chairman of the board?

Yes	☐	No	☒
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Requirements

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B.1.24. Does the chairman have the casting vote?

Yes	☐	No	☒
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Issues on which the chairman has the casting vote

-

B.1.25. Do the articles of association or the board of directors regulations establish an age limit for directors?

Yes	☐	No	☒
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B.1.26. Do the articles of association or the board of directors regulations limit the term for independent directors?

Yes	☒	No	☐
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Maximum term (years)

12

B.1.27. In the event there are no or very few female directors, explain the reasons therefor and the measures taken to remedy the situation:

Explanation of the reasons and the initiatives taken

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Has the nomination and remuneration committee established selection procedures that are free of any implicit bias against female candidates, and does the committee actively search for female candidates with the target profile?

Yes	☒	No	☐
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Describe the main procedures

Article 42.3 h) of the Board of Directors Regulations establishes that, among other duties, the Appointments and Remuneration Committee is entrusted with "ensuring that the procedures for filling vacancies on the Board are not subject to implicit bias against female candidates, so as to make certain that the Company deliberately seeks and short-lists women with the target professional profile. Where necessary, in the Annual Corporate Governance Report the Company should explain why there are few or no female directors and the measures taken to remedy such a situation."

B.1.28. Describe any formal procedures for proxy voting in the board of directors:

There are no formal procedures for proxy voting in the Board of Directors.

B.1.29. State the number of board meetings held during the year, as well as the number of times the board met in the absence of the chairman:

Number of board meetings	11
Number of board meetings held in the absence of the chairman	0

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

Number of executive committee meetings	9
Number of audit committee meetings	8
Number of nomination and remuneration committee meetings	7
Number of strategy and investment committee meetings	0

B.1.30. State the number of board meetings held at which not all members were present, including any meetings at which proxies were present but lacked specific instructions:

Number of absences during the year	30
Number of absences as a % of total votes during the year	13.22

B.1.31. Are the individual and consolidated financial statements certified prior to their submission for approval by the board?

Yes ☒	No ☐
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Indicate the person(s) certifying the individual and consolidated financial statements prior to board authorisation:

Name	Position
Baldomero Falcones Jaquotot	Chairman and Managing Director
José Luis Vasco Hernando	Corporate Administration Manager
Víctor Pastor Fernández	Corporate Finance Manager

B.1.32. Describe any mechanisms established by the board of directors to ensure that the auditors' reports on the individual and consolidated financial statements contain no qualifications upon submission the shareholders at their general meeting:

Among other responsibilities, the Audit and Control Committee reviews the procedures applied in the preparation of the periodic financial and economic information reported by the FCC Group. Since such a review is particularly important with respect to annual reporting, prior to the preparation by the Board of Directors of the 2008 financial statements, the Audit and Control Committee thoroughly examined the statements and requested that the external auditors explain the conclusions of their review work so that, once the statements were approved by the Board, the external auditor's report would contain no qualifications thereon.

B.1.33. Is the secretary of the board of directors also a director?

Yes ☐	No ☒
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B.1.34. Describe the procedures for appointing and removing the secretary of the board of directors, indicating whether appointment and removal require a report from the nomination committee and approval by the board in plenary session:

Appointment and removal procedure

Article 36 of the Board of Directors Regulations establishes that the appointment and removal of the Secretary shall be approved in a plenary Board meeting on the basis of a report issued by the Appointments and Remuneration Committee.

NOTE

The current Secretary was named before the Appointments and Remuneration Committee was created.

	Yes	No
Does the nomination committee issue a report on appointment of the Secretary?	X	
Does the nomination committee issue a report on removal of the Secretary?	X	
Does the board of directors approve the appointment in plenary session?	X	
Does the board of directors approve the removal in plenary session?	X	

Is the secretary of the board of directors especially entrusted with overseeing compliance with recommendations for good governance?

Yes	☒	No	☐
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Notes

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B.1.35. Describe any mechanisms for ensuring the independence of auditors, financial analysts, investment banks and rating agencies:

These mechanisms are stipulated in article 41 of the Board of Directors Regulations, "Audit and Control Committee", as follows:

...

3. The basic role of the Audit and Control Committee is to support the Board of Directors in its supervisory duties by periodically reviewing the preparation of financial information, internal controls and the independence of the external auditor. In particular, and without prejudice to the other matters the Board of Directors may entrust to the committee, the Audit and Control Committee shall be responsible for the following:

a) Responding to any requires for information made by the shareholders at the General Meeting, insofar as this information falls within the scope of the committee

b) Liaising between the Board of Directors and the external auditor and evaluating the results of each audit, as well as the following additional duties with respect to the external auditor: (i) making recommendations to the Board of Directors for the selection, appointment, re-appointment and removal of the external auditor, and the terms and conditions of the engagement; (ii) receiving regular information from the external auditor on the progress and findings of the audit plan, and verifying that senior management is acting on the external auditor's recommendations; (iii) ensuring the independence of the external auditor and, in particular, establishing appropriate measures to make sure that: 1) engaging advisory services from the external auditor or a company within its group does not jeopardise the independence of the auditor; and 2) the Company submits a significant event report to the CNMV upon any change in auditor, accompanied by a statement of any disagreements with the outgoing auditor and the nature thereof, and, if the external auditor resigns, thoroughly examines the reasons therefor; and (iv) encouraging the Company's auditor to take on the audits of all Group companies.

c) Supervising the Company's internal audit department responsible for the proper operation of internal control and reporting systems; receiving from the head of internal audit the mandatory annual work plan, direct information on any incidents arising during the implementation of the plan, and a year-end activities report.

d) Analysing the risk management and control policy and submitting it to the Board of Directors for approval. The risk management and control policy should identify at least: (i) the different types of risk to which the Company is exposed, with contingent liabilities and other off-balance-sheet risks included under the financial and economic risks facing the Company; (ii) the

risk level the Company sees as acceptable; (iii) the measures in place to mitigate the impact of risk events, should they occur; and (iv) the internal control and reporting systems for controlling and managing the above risks, including contingent liabilities and off-balance-sheet risks.

e) Supervising the preparation of the financial statements and directors' reports of the Company and the consolidated Group, and of the information released periodically to markets, verifying compliance with legal provisions and the correct application of generally accepted accounting principles, and providing information to the Board for decisions on: (i) the financial information that the Company must report periodically as a listed company, ensuring that the interim financial statements are drawn up using the same accounting principles as in the annual financial statements and, to this end, considering the advisability of a limited review by the Company's external auditor; and (ii) the creation or acquisition of interests in special purpose vehicles or entities resident in countries or territories considered tax havens, as well as any other transactions or operations of a comparable nature whose complexity might impair the transparency of the FCC Group.

f) With respect to internal control and reporting systems: (i) monitoring the preparation and the integrity of the financial information prepared on the Company and, where applicable, the Group, verifying compliance with legal provisions, the appropriate definition of the scope of consolidation, and the correct application of accounting principles; (ii) reviewing internal control and risk management systems on a regular basis to ensure that the main risks are properly identified, managed and disclosed; (iii) monitoring the independence and effectiveness of the internal audit department; proposing the selection, appointment, re-appointment and removal of the head of internal audit; proposing that department's budget, receiving regular reports on its activities, and verifying that senior management is acting on the findings and recommendations of the internal audit department's reports; (iv) receiving confidential (though not anonymous) written communiqués from employees regarding any potentially significant irregularities, particularly of a financial or accounting nature, that they observe in any FCC Group company; and (v) ensuring that the internal codes of conduct and the rules of corporate governance comply with legally-stipulated requirements and are appropriate for the Company, and reviewing compliance with disclosure obligations by the persons governed by those codes and regulations.

g) Issuing the reports and proposals requested by the Board of Directors or the Chairman of the Board, as well as any reports or proposals the committee deems appropriate for the best performance of its duties, particularly reports on proposed amendments to these Regulations, as provided for in article 4.3.

h) Responding to requests for information submitted by directors in accordance with article 30.3 of these Regulations and requesting the inclusion of any items on the agenda of Board meetings, in the conditions and time periods established in article 38.3 of these Regulations.

...

4. The Audit and Control Committee shall have access to all documentation and information needed to perform its duties and it may seek the advice of external professionals, subject to the provisions of articles 31.3 and 39.3 of these Regulations. These advisers may speak at committee meetings but may not vote.

6. Any member of the FCC Group's management team or personnel, as well as the Company's external auditors, shall be required to attend meetings of the Audit and Control Committee when so requested, and must collaborate and provide the information at their disposal, subject to article 39.3 of these Regulations.

7. The Audit and Control Committee itself will decide on any matter not expressly regulated in this article with regard to its operation. Supplementarily, the portions of the Articles of Association and these Regulations governing the Board of Directors shall apply insofar as the nature and duties of the committee allow.

B.1.36. Has the company changed its external auditor during the year? If so, identify both the outgoing and incoming auditor:

Yes ☐	No ☒

Outgoing auditor	Incoming auditor
-	-

Were there any disagreements with the outgoing auditor? If so, explain:

Yes ☐ No ☒

Details of the disagreements

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B.1.37. Does the audit firm perform work for the company and/or the group other than audit work? If so, indicate the fees received for such work and the percentage these fees represent of the total amount invoiced to the company and/or the group:

Yes ☒ No ☐

	Company	Group	Total
Fees for work other than audit (thousands of euros)	53	280	333
Fees for work other than audit as a % of total fees invoiced by the audit firm	11.7%	7.2%	7.6%

B.1.38. Does the auditors' report on the financial statements for the previous year contain any reservations or qualifications? If so, indicate the explanations given by the chairman of the audit committee for the content and scope of such reservations or qualifications:

Yes ☐ No ☒

Explanation

-

B.1.39. State the number of consecutive years that the current audit firm has audited the financial statements of the company and/or group. Also, indicate the number of years the current firm has audited the financial statements as a percentage of the total years that the financial statements have been audited:

	Company	Group
Number of consecutive years	19	19

	Company	Group
Number of years audited by the current firm as a % of the number of years the annual accounts have been audited	100 %	100 %

B.1.40. List the interests held by the members of the board of directors in the share capital of entities whose corporate purpose is identical, similar or complementary to that of the company or the group, as notified to the company. Indicate the positions held or duties performed by directors in these companies:

Name of director	Name of the company	% interest	Position or duties
-	-	-	-

B.1.41. Is there a procedure to provide directors with external advisory services?

Yes	☒	No	☐

Details of the procedure

Article 31 of the Board of Directors Regulations, "Expert assistance," establishes the following:

1. *FCC shall provide external directors with the advice and guidance needed to carry out their duties and, where necessary, shall bear the cost of advisory services rendered to these directors by legal, accounting and financial consultants and other experts.*
2. *Requests to engage external consultants or experts must be submitted to the Chairman of FCC. These requests will be approved by the Board of Directors if it considers that:*
 - a. *such engagements are necessary for the proper performance by independent directors of their assigned duties*
 - b. *the cost is reasonable, in view of the magnitude of the issue and the assets and revenues of FCC, and*
 - c. *the technical assistance required cannot be properly provided by internal FCC experts or technical personnel.*
3. *Requests for expert assistance by any of the Board committees may not be denied except when a majority of the Board members considers that the conditions required in paragraph 2 of this article are not met.*

B.1.42. Is there a procedure to provide directors with the information necessary to prepare for board of directors meetings sufficiently in advance? If so, describe this procedure:

Yes	☒	No	☐

Details of the procedure

Article 38 of the Board of Directors Regulations, "Meetings of the Board of Directors" establishes the following:

1. *The Board of Directors shall meet with the frequency necessary to properly perform its duties, and whenever the interests of FCC require, in accordance with the calendar and agendas set at the beginning of the year. Directors and Board committees may propose the addition of other items not initially envisaged in the agenda, providing the proposal is made at least thirteen days prior to the scheduled meeting date. The calendar of the ordinary meetings shall be set by the Board at the beginning of each year. The calendar may be modified at the decision of the Board itself or of the Chairman, who shall notify the directors of the change at least ten days in advance of the earlier of the original or modified meeting date.*
2. *The announcement of ordinary meetings shall be sent by post, fax, e-mail or telegram and shall be authorised with the signature of the Chairman or the Secretary or Vice-Secretary, by order of the Chairman.*

Notwithstanding the provisions of article 30 of the Articles of Association, every effort shall be made to announce meetings at least ten days in advance. Along with the announcement of each meeting, the directors shall be provided with the meeting agenda and the pertinent documentation to enable them to form an opinion and vote on any issues submitted to them for their consideration.

In urgent situations, at the Chairman's discretion, an immediate meeting of the Board of Directors may be called, in which case the meeting agenda will be limited to the urgent matters.

3. *The Chairman shall draft the meeting agenda. The Chairman shall be required to include any items on the agenda required by the directors and the Board committees, as provided for in section 1 of this article.*

When a specific item is included on the meeting agenda at the request of the directors, those directors must either submit the pertinent documentation with their request or identify that documentation so that it can be forwarded to the rest of the Board members.

In view of the directors' duty of confidentiality, every effort shall be made to ensure that the importance and confidential nature of the information is not used as a pretext for breaching this rule, except under exceptional circumstances and at the Chairman's discretion.

4. Board meetings may be held via conference call, video-conference or any other similar system so that one or more directors can attend the meeting remotely. In that regard, in addition to stating the location where the meeting is physically held, which is where the Board Secretary must attend, the announcement must state that directors can attend via conference call, video-conference or an equivalent system, indicating and making available the technical means for this purpose, which in all cases must enable direct and simultaneous communication among attendees. The Secretary of the Board of Directors must enter, in the minutes to meetings held in this way, the names of the directors physically in attendance or represented by another director and the names of those who attended via conference call, videoconference or an equivalent system.

B.1.43. Has the company established rules to require directors to report and, if necessary, resign in those cases which jeopardise the company's name or reputation?

Yes	☒	No	☐
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Description of the rules

Article 29 of the Board of Directors Regulations, "Directors' duty of disclosure," establishes that "Directors must disclose the following to the FCC Appointments and Remuneration Committee through the Corporate Responsibility Department or any unit that takes its place: [...] d. Legal, governmental, or any other type of claim which, due to its magnitude, could have a serious effect on the reputation of FCC."

Likewise, article 20.2 d), "Removal of directors," stipulates that "Directors shall be required to place their posts under the review of the Board and, where the Board deems appropriate, tender their resignation in the following cases: [...] when their presence on the Board could jeopardise the Company's credibility and reputation. In that regard, directors must inform the Board of any criminal charges against them and any subsequent events occurring during legal proceedings. In any event, if any director is tried for any of the corporate crimes described in article 124 of the Spanish Companies Act, the Board shall examine the case as soon as possible and, based on the specific circumstances, shall decide whether or not the director must resign, providing clear justification of the decision in the Annual Corporate Governance Report."

B.1.44. Has any member of the board of directors informed the company that he or she has been tried for any of the crimes listed in article 124 of the Spanish Companies Act?

Yes	☐	No	☒
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B.2. Board of directors' committees

B.2.1. List the board of directors' committees and the respective members:

Executive or delegate committee

Name	Position	Type
Baldomero Falcones Jaquotot	Chairman	Executive
Fernando Falcó y Fernández de Córdova	Member	Nominee
Esther Alcocer Koplowitz, representing Dominum Desga, S.A.	Member	Nominee
Alicia Alcocer Koplowitz, representing EAC Inversiones Corporativas, S.L.	Member	Nominee
Juan Castells Masana	Member	Nominee
José Aguinaga Cárdenas, representing Cartera Deva, S.A.	Member	Nominee
Francisco Vicent Chuliá	Secretary	Not a Director
Felipe B. García Pérez	Vice-Secretary	Non-Member

NOTE

On 31 January 2008, Rafael Montes Sánchez stepped down as Chairman of the Executive Committee and was replaced by Baldomero Falcones Jaquotot.

Audit and control committee

Name	Position	Type
Fernando Falcó y Fernández de Córdova	Chairman	Nominee
Esther Alcocer Koplowitz, representing Dominum Desga, S.A.	Member	Nominee
Alicia Alcocer Koplowitz, Representing EAC Inversiones Corporativas, S.L.	Member	Nominee
Gonzalo Anes Y Alvarez De Castrillón	Member	Independent
Juan Castells Masana	Member	Nominee
José María Verdú Ramos	Secretary, Non-Member	---

NOTE

On 6 February 2008, the CNMV was notified that Dominum Dirección y Gestión, S.A., formerly represented by Alicia Alcocer Koplowitz, would henceforth be represented by Carmen Alcocer Koplowitz, while EAC Inversiones Corporativas, SL, formerly represented by Carmen Alcocer Koplowitz, would henceforth be represented by Alicia Alcocer Koplowitz.

Appointments and remuneration committee

Name	Position	Type
Esther Alcocer Koplowitz, Representing Dominum Desga, S.A.	Chairman	Nominee
Fernando Falcó y Fernández de Córdova	Member	Nominee
Alicia Alcocer Koplowitz, representing EAC Inversiones Corporativas, S.L.	Member	Nominee
Carmen Alcocer Koplowitz, representing Dominum Dirección y Gestión, S.A.	Member	Nominee
Rafael Montes Sánchez	Member	Nominee
Antonio Pérez Colmenero	Member	Executive
José Aguinaga Cárdenas, representing Cartera Deva, S.A.	Member	Nominee
Robert Peugeot	Member	Nominee
Gonzalo Anes Y Alvarez De Castrillón	Member	Independent
Max Mazin Brodovka	Member	Independent
José María Verdú Ramos	Secretary, Non-Member	----

Strategy committee

Name	Position	Type
Esther Koplowitz Romero de Juseu, representing B 1998, S.L.	Chairman	Nominee
Esther Alcocer Koplowitz, representing Dominum Desga, S.A.	Member	Nominee
Fernando Falcó y Fernández de Córdova	Member	Nominee
Lourdes Martínez Zabala, representing Larranza XXI, S.L.	Member	Nominee
Robert Peugeot	Member	Nominee
José Aguinaga Cárdenas, representing Cartera Deva, S.A.	Member	Nominee

B.2.2. Is the audit and control committee entrusted with the following functions?

	Yes	No
Monitoring the preparation and integrity of the financial information of the company and, where applicable, of the group, verifying compliance with obligatory standards, the correct scope of consolidation and the correct application of accounting criteria	x	
Reviewing internal control and risk management systems on a regular basis, so main risks are properly identified, managed and disclosed	x	
Monitoring the independence and efficiency of the internal audit department; proposing the selection, appointment, re-appointment and removal of the head of the internal audit department; proposing the budget for this department; receiving regular information on the activities of the internal audit department; and ensuring that senior officers take in account the consultations and recommendations made by the internal auditors	x	
Establishing and supervising a mechanism to enable employees to confidentially and, if necessary, anonymously report any potentially significant irregularities they detect in the course of their duties, especially in terms of accounting and financial matters	x	
Making recommendations to the board for the selection, appointment, re-appointment and substitution of the external auditor and the terms and conditions of this engagement	x	
Receiving regular information from the external auditor regarding the audit plan and the results thereof, and verifying that senior officers act on the recommendations of the external auditor	x	
Monitoring the independence of the external auditor	x	
In the case of groups, encouraging the group auditor to take on the audits of all group companies	x	

B.2.3. Describe the organisational and operational rules applicable and the responsibilities attributed to each committee:

Executive committee

This committee is governed by article 36 of the FCC Articles of Association, which are partially transcribed below:

[...] The Executive Committee shall be convened by the Chairman of that committee, the committee itself, or upon the request of two committee members. Announcement of committee meetings shall be sent to each committee member by post, telegram, e-mail or fax at least 48 hours in advance of the meeting time. The Executive Committee may be convened immediately for reasons of urgency, in which case the meeting agenda shall be limited to the urgent matters.

The meetings shall be held at the Company's registered offices or other location designated by the Chairman and indicated in the announcement.

In order for the Executive Committee to be validly convened, the majority of members must be present or represented by proxy.

Absent members may be represented by another member of the Executive Committee by providing written notification to the Chairman.

Debates on matters shall be directed by the Chairman. If the Chairman is absent, the meeting shall be chaired by the committee member chosen by majority vote of those in attendance.

The Chairman shall give the floor to those attendees who wish to speak.

Resolutions shall be passed by absolute majority of the Committee members.

In the event of a tie, the matter shall be submitted to the Board of Directors. In this case, the members of the Executive Committee shall request that a Board meeting be convened as provided for in article 30 of these Articles of Association..."

Article 40 of the Board of Directors Regulations establishes the following:

2. [...]The Board of Directors shall appoint certain directors to the Executive Committee, ensuring as far as possible that the proportion of the various directorship categories on the committee is similar to that of the Board itself. The Secretary of the Board shall also be the Secretary of the Executive Committee.

3. The Executive Committee shall comprise a minimum of five and a maximum of ten members.

4. The members of the Executive Committee shall step down from the committee when they cease to be directors or when so decided by the Board.

5. Any vacancies arising shall be filled as quickly as possible by the Board of Directors.

6. *In the absence of the Chairman of the Executive Committee, a committee member shall be chosen to perform his or her functions.*
7. *The Executive Committee shall hold ordinary meetings in the months no Board of Directors meetings are scheduled, except in August. The committee may meet on an extraordinary basis when required to safeguard the Company's interests. Along with the announcement of each meeting, the members of the Executive Committee shall be provided with the pertinent information needed to form an opinion and vote.*
8. *The Executive Committee shall be convened as per the provisions of article 35 of the Articles of Association, although, except in the event of a justified emergency, every effort shall be made to ensure at least ten days' advance notice. Along with the announcement of each meeting, the members of the Executive Committee shall be provided with the pertinent information needed to form an opinion and vote.*
9. *The Executive Committee will be quorate when at least one-half plus one of its members are present or represented at the meeting.*
10. *The Executive Committee, through its Chairman, shall inform the Board of the matters discussed and the resolutions adopted at its meeting, and a copy of the minutes to each meeting shall be given to each director.*
11. *In all other matters, the Executive Committee shall be governed firstly by the pertinent provisions of the Articles of Association and, secondly, by the provisions relating to the Board of Directors contained in the Articles of Association and these Regulations.*

Audit and control committee:

The rules of operation of the Audit and Control Committee are established in article 41 of the Board of Directors Regulations. The committee shall comprise at least three members appointed by the Board of Directors on the basis of their knowledge and experience in the fields of accounting, auditing or risk management. All committee members shall be external directors. A Chairman shall be chosen from among the committee members for a term of office not to exceed four years. A Vice-Chairman may also be elected from among the members. The term of office of Audit and Control Committee members may not exceed their terms of office as directors, although they may be re-appointed indefinitely as long as they continue to serve on the Board.

The committee shall designate a Secretary and, at its discretion, an Assistant Secretary. These individuals need not be Board members.

The committee members may seek the advice of external professionals. These advisers may speak at the meetings but may not vote.

The basic role of the Audit and Control Committee is to support the Board of Directors in its supervisory duties by periodically reviewing the preparation of financial information, internal controls and the independence of the external auditor.

The main responsibilities of the Audit and Control Committee include:

- Responding to any requires for information made by shareholders at their General Meeting insofar as this information falls within the scope of the committee's authority
- Liaising between the Board of Directors and the external auditor, and evaluating the results of each audit
- Supervising the Company's internal audit department
- Analysing the risk management and control policy
- Supervising the preparation of the financial statements and directors' reports of the Company and the consolidated Group, and of the information released periodically to markets

Appointments and remuneration committee

The organisation and operation of the Appointments and Remuneration Committee is governed by article 42 of the Board of Directors Regulations, as follows:

1. *The Appointments and Remuneration Committee shall comprise at least three (3) directors designated by the Board of Directors, the majority of which shall be external directors. The committee shall appoint a Chairman from among its non-executive members. The term of office of Appointments and Remuneration Committee members may not exceed their terms as directors, although they may be re-appointed indefinitely as long as they continue to serve on the Board.*
2. *The Appointments and Remuneration Committee shall also designate a Secretary, who need not be a member of the committee, to aid the Chairman and provide for the smooth operation of the committee. The Secretary shall set down the minutes to the committee meetings, duly reflecting the matters considered and the resolutions adopted. The minutes*

must be signed by the members of the committee in attendance. The members of the Appointments and Remuneration Committee shall step down from the committee when they cease to be directors or when so decided by the Board.

- 5. The Appointments and Remuneration Committee shall be provided with all documentation and information needed to perform its duties. The members of the Appointments and Remuneration Committee may be assisted during their meetings by up to two advisers per committee member, as required. These advisers may speak at meetings but may not vote, and shall be subject to the provisions of article 31 of these Regulations.*
- 4. The Appointments and Remuneration Committee itself shall decide on any matter with regard to its operation not expressly laid out in the Articles of Association and the present Regulations. Supplementarily, the provisions governing the Board of Directors shall apply insofar as the nature and duties of the committee allow.*
- 6. The Committee shall meet with the frequency determined, at least once per quarter, and when convened by the Chairman or at the request of two committee members. Each year, the committee shall draft an action plan for the coming year for submission to the Board.*
- 3. The Appointments and Remuneration Committee shall inform, advise and make proposals within its areas of responsibility. In addition to the duties already indicated in these Regulations, the Appointments and Remuneration Committee shall be responsible for the following:*
 - a) Evaluating the balance of skills, knowledge and experience on the Board of Directors, defining the roles and capabilities required of the candidates to fill each vacancy, and deciding the time and dedication necessary for them to properly perform their duties. Any Board member may suggest directorship candidates to the Appointments and Remuneration Committee for its consideration.*
 - b) Examining or organising, as appropriate, the succession of the Chairman and chief executive, making recommendations to the Board so the handover proceeds in a planned and orderly manner*
 - c) Proposing the appointment and re-appointment of independent directors and advising on proposals for the appointment and re-appointment of the other directors*
 - d) Advising on proposals for retaining independent directors upon expiry of their 12 year terms and advising on proposals for the removal of independent directors, in accordance with article 20.3*
 - e) Advising on proposals for the appointment and removal of senior executives submitted to the Board by the chief executive, and proposing the persons or positions that should be considered senior executive level, in addition to those envisaged in article 2.2. of these Regulations, and making the proposals for reprimands indicated in article 20.2 d) of these Regulations. The committee shall also issue reports before any appointment to positions or offices whose annual remuneration is equal to or greater than the amount established by the Appointments and Remuneration Committee and reported to the Board of Directors in each case.*
 - f) Overseeing compliance with the Company's remuneration policy and, in particular, proposing to the Board of Directors the remuneration policy for directors and senior executives, the remuneration of executive directors and other conditions of their contracts, and the basic conditions for the contracts of senior executives, and advising on and proposing multi-year incentive plans for the Company's senior management, particularly those referenced to the market value of Company shares*
 - g) Preparing and maintaining a record of the status of directors and senior executives of FCC*
 - h) Ensuring that the procedures for filling vacancies on the Board are not subject to implicit bias against female candidates, so as to make certain that the Company deliberately seeks and short-lists women with the target professional profile. Where necessary, in the Annual Corporate Governance Report the Company should explain why there are few or no female directors and the measures taken to remedy such a situation.*
 - i) Advising on the proposed appointment of members of the Board of Directors committees*
 - j) Advising on the appointment and removal of the Secretary of the Board*
 - k) Verifying the qualifications of the directors as set out in article 6.4*
 - l) Receiving the information provided by directors in accordance with article 24.2 of these Regulations*
 - m) Advising on any professional or commercial transactions referred to in article 25.3 of these Regulations*
 - n) Advising on the use, for the benefit of a director, of business opportunities or assets of the FCC Group which had been previously considered and ruled out, as referred to in articles 27.1 and 27.3 of these Regulations*

Strategy committee:

the operations of the Strategy Committee are established in article 43 of the Board of Directors Regulations, as follows:

1. ... *[The Strategy Committee shall]...comprise the directors appointed by the Board of Directors for a term of office no longer than that of their mandate as directors. However, they may be re-appointed indefinitely as long as they continue to serve on the Board. The majority of the members of the Strategy Committee shall be external directors.*
2. *The Strategy Committee shall choose a Chairman from among its non-executive members. The committee shall also designate a Secretary, who need not be a member of the committee, to aid the Chairman and provide for the smooth operation of the committee. The Secretary shall set down the minutes to the committee meetings, duly reflecting the matters considered and the resolutions adopted.*
3. *The members of the Strategy Committee shall step down from the committee when they cease to be directors or when so decided by the Board.*
4. *The Strategy Committee shall assist the Board of Directors in determining the Group's strategy based on the general guidelines set out by the Board, preparing any necessary reports and motions.*
6. *To perform its duties optimally, the Strategy Committee may seek the advice of external professionals, in which case the provisions of article 31 of these Regulations shall apply.*
7. *The members of the Strategy Committee may be assisted during their meetings by up to two advisers per committee member, as required. These advisers may speak at the meetings but may not vote.*
8. *The Strategy Committee shall meet with the frequency determined and when convened by the Chairman or at the request of two committee members. EACH year, the committee shall draft an action plan for the coming year for submission to the Board.*
9. *The minutes to each committee meeting shall be drafted and signed by the Committee members in attendance.*
10. *Any member of the FCC Group's management team or personnel who is asked to attend the Strategy Committee's meetings shall be required to attend, collaborate and provide all information at his or her disposal.*
11. *The Strategy Committee shall be granted access to all documentation and information needed to perform its duties.*
12. *The Strategy Committee itself shall decide on any matter with regard to its operation not expressly laid out in the Articles of Association and the present Regulations. Supplementarily, the provisions governing the Board of Directors shall apply insofar as the nature and duties of the committee allow.*

B.2.4. Indicate the advisory and consultative powers and, where applicable, any powers delegated to each committee:

The delegation of powers to the Board committees is governed by article 40 of the Board of Directors Regulations and article 35 of the Articles of Association.

All the duties and powers necessary to conduct the Company's business are permanently vested in the Executive Committee, except for those powers deemed non-delegable under article 141, section 1 of the Spanish Companies Act and those reserved for the Board of Directors in a plenary session, as set out in article 7 of the Board of Directors Regulations.

In the exercise of the powers and duties referred to above, the Executive Committee may empower others to act either individually or jointly with other representatives, setting the scope, limitations and conditions it deems pertinent. The Executive Committee may also revoke all powers thus granted.

Article 40.1 of the Board of Directors Regulations establishes that *"The Board may permanently delegate all of the powers of the Board to the Executive Committee, except for those which cannot be delegated under prevailing legislation, the Articles of Association or these Regulations. Unless otherwise stipulated in the text of the delegation conferred by the Board, the Executive Committee shall have the power to decide on investments, disinvestments, credit facilities, loans, guarantees, bonds and any other type of financial facilities that individually do not exceed the amount stipulated in each case in accordance with article 7.2 j).*

In urgent situations, the Executive Committee may exercise the following powers attributed to the Board of Directors under article 8 of these Regulations, reporting any resolutions made to the Board for subsequent ratification: the appointment and removal of senior executives, indemnity clauses for senior executives, periodic public financial information, strategic investments and transactions, and those matters covered by 8.3 f)."

The advisory and consultative powers of the committees are disclosed under section B.2.3. of this report.

B.2.5. Indicate any rules governing the committees of the board of directors, where they are made available for consultation and any changes to these regulations during the year. Also indicate whether any yearly reports on the activities of each committee have been drawn up voluntarily:

The Board of Directors Regulations approved on 12 May 2008 governs the duties of the Board committees as follows: Executive Committee (article 40), Audit and Control Committee (article 41), Appointments and Remuneration Committee (article 42) and Strategy Committee (article 43).

At the meeting held on 29 January 2009 the Board of Directors evaluated its operations and those of its committees during the 2008 financial year, in accordance with article 38.6 of the Board of Directors Regulations (*"The Board, in plenary session, shall devote its first meeting of each year to assessing the quality and effectiveness of its performance during the preceding year, evaluating the quality of its work and the effectiveness of its rules, and shall remedy any weaknesses revealed. On the basis of a report by the Appointments and Remuneration Committee, the directors shall also assess the performance of the Chairman of the Board and the Company's chief executive, as well as the operations of its committees on the basis of reports issued by them."*)

The purpose of the evaluation was to analyse not only the performance of the Board and of each Board committees (Executive Committee, Audit and Control Committee, Appointments and Remuneration Committee and Strategy Committee), but also the performance of the Chairman of the Board and the chief executive.

The Board concluded that performance had been highly satisfactory in all cases. The Board, its committees, the Chairman of the Board and the chief executive all performed their duties with the utmost quality, organising the work in compliance with established procedures and making a commitment to continuously improve management. The evaluation also noted that the different committees supported the launch of numerous projects aligned with the Group's strategy, making the Board's efforts to fulfil its main purpose, namely to safeguard the Company's interests, more effective and transparent.

B.2.6. Does the composition of the executive committee reflect the composition of the board in terms of the different types of directors?

Yes	☐	No	☒

If not, describe the composition of the executive committee
83% of the members of the Executive Committee are external directors and 17% are executive directors, while 85.72% of the members of the Board of Directors are external directors and 14.28% are executive directors.

C. Transactions with related parties

C.1. Is the board of directors, in plenary session, exclusively responsible for approving, subject to a favourable report by the audit committee or other committee entrusted with such duties, the company's transactions with directors, significant shareholders or those that are represented on the board of directors, or with parties related thereto?

Yes	☒	No	☐
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C.2. State any relevant transfers of funds or liabilities between the company/group entities and significant shareholders of the company:

Name of significant shareholder	Name of company or group entity	Nature of the relationship	Type of the transaction	Thousands of euros
B 1998, S.L.	FCC MEDIO AMBIENTE, S.A.	Contractual	Cleaning Services	7.6

C.3. State any relevant transfers of funds or liabilities between the company/group entities and company directors/executives:

Name of director/executive	Name of company or group entity	Nature of the relationship	Type of transaction	Thousands of euros
Dominum Desga, S.A.	Servicios Especiales de Limpieza, S.A.	Contractual	Rendering Of Services	9.5

C.4. State any relevant transactions between the company and other companies within its group that are not eliminated on consolidation and that do not form part of the ordinary business of the company:

Group company	Brief description of the transaction	Thousands of euros
-	-	-

NOTE

A number of transactions are made between Group companies as part of the Group's normal course of business. All such transactions are eliminated on consolidation.

C.5. Have the members of the board of directors been involved in any cases of conflict of interest during the year, as defined in article 127 ter. of the Spanish Companies Act?

Yes	☐	No	☒
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The directors of Fomento de Construcciones y Contratas, S.A. have reported that they do not carry out any activities, either as employees or on a self-employed basis, that are identical, similar or complementary to the corporate purpose of the Company.

The members of the Board of Directors do not hold interests in the share capital of companies whose corporate purpose is identical, similar or complementary to that of Fomento de Construcciones y Contratas, S.A.

During the year neither the directors of Fomento de Construcciones y Contratas, S.A. nor any duly authorised representatives thereof have carried out transactions with the Company or any FCC Group company that are outside its normal course of business or in conditions other than market conditions.

Information on members of the Board of Directors that serve on the boards of or are executives in other FCC Group companies is provided in section B.1.7. of this report.

These directors hold positions or perform duties and/or own interests below 0.01% in FCC Group companies in which Fomento de Construcciones y Contratas, S.A. directly or indirectly exercises a majority of voting rights.

C.6. Describe the mechanisms established to detect, determine and resolve possible conflicts of interest between the company and/or the group and its directors, executives or significant shareholders:

Sections 2, 3, 4, 5 and 6 of article 25 of the Board of Directors Regulations establish that directors must inform the Board, well in advance and through the Corporate Responsibility Department or any other department which may replace it, of any situation which may give rise to a conflict with the interests of the Company or those of other FCC Group companies or related parties.

According to article 25.3, *“the express and non-delegable authorisation of the Board of FCC shall be required, based on a report by the Appointments and Remuneration Committee, in the following cases:*

- a. Provision by a director or a related party to FCC Group companies of professional services other than those deriving from the employment relationship established with executive directors*
- b. Sale or disposal by any other means, to FCC Group companies and for consideration of any type, of supplies, materials, goods or rights in general from a director, significant shareholder or shareholder represented on the Board or their related parties. Related parties are those defined in article 127 ter. 5 of the Spanish Companies Act.*
- c. Transfer to a director, significant shareholder or shareholder represented on the Board, or their related parties, of supplies, materials, goods or rights in general outside the seller’s normal course of business from a FCC Group company*
- d. Provision of works or services or the sale of materials by FCC Group companies to a director, significant shareholder or shareholder represented on the Board, or their related parties, in the normal course of the Group company’s business but at lower than market prices*
- 4. The authorisation referred to in item 4 above shall not be required for related-party transactions that fulfil all of the following three conditions:*
 - a) They are governed by standard form agreements applied on an across-the-board basis to a large number of clients*
 - b) They are performed at market rates, generally set by the person supplying the goods or services*
 - c) Their amount does not exceed 1% of the Company’s annual revenues.*
- 5. In any event, all material transactions of any kind between directors and FCC, its subsidiaries or investees must be disclosed in the Annual Corporate Governance Report. This obligation extends to material transactions between the Company and its significant shareholders (direct and indirect).”*

According to article 25.1, “A director is considered to have an indirect interest when the matter in question affects a party related to that director.”

C.7. Is more than one group company listed on a Spanish stock exchange?

Yes ☒ No ☐

Listed group companies

Cementos Portland Valderrivas, S.A.

Have the respective areas of activity and possible business relationships between these companies and between the listed subsidiary and other group companies been clearly defined in public documents?

Yes ☒ No ☐

Describe the possible business relationships between the parent company and the listed subsidiary, and between the listed subsidiary and other group companies

See section F.2

Describe the mechanisms in place to resolve possible conflicts of interest between the listed subsidiary and other group companies:

Mechanisms to resolve possible conflicts of interest

See section F.2

D. Risk management systems

D.1. Provide a general description of the risk management policies of the company and/or group, detailing and evaluating the risks covered by the system and explaining how these systems are tailored to the specific nature of each risk exposure:

Within the organisational structure of the FCC Group, the planning systems and transactions management processes are designed to control the different business risks faced by the Group. In this regard, risk management forms part of the Group's management process and, as such, involves all members of the organisation. In addition, the Group has established preventive, supervisory and control policies and corrective action policies in order to help the organisation meet its objectives.

The main risks covered by the system are described below:

1. Market risks
2. Operating risks
 - 2.1 Contracting risks
 - 2.2 Production risks
 - 2.3 Environmental risks
3. Organisational risks
 - 3.1 Labour risks
 - 3.2 Information system risk
4. Financial management risks
 - 4.1 Capital risk
 - 4.2 Interest rate risk
 - 4.3 Exchange rate risk
 - 4.4 Solvency risk
 - 4.5 Liquidity risk
 - 4.6 Concentration risk
 - 4.7 Risk-hedging financial derivatives
 - 4.8 Property and industrial risks

1. Management of market risks

The FCC Group faces diverse regulatory and structural risks inherent to the products it sells and the environment in which it operates.

The Board of Directors, aided by the Strategy Committee, is responsible for defining the FCC Group's strategy, assigning available resources, setting the general policies to be applied and informing the different business areas of such policies.

The FCC Group's strategic planning process entails the identification of objectives to be met in each activity area, based on the improvements to be introduced, the market opportunities present and the level of risk considered acceptable. On the basis of this process, the Group designs operating plans specifying the targets to be achieved each year.

Progress toward the targets established during the planning process is reviewed periodically, analysing irregularities revealed at all levels of responsibility and taking the appropriate corrective measures.

The Group's general organisational and operational regulations provide the framework applicable to all members of the organisation, the powers vested at each hierarchical level and the basic principles guiding the operating processes. These principles are the basis of the specific regulations governing these processes.

To mitigate the market risks faced by each business line, the Group has also adopted a strategy of diversification in complementary business lines such as the provision of a range of services to government agencies, concessions, energy, cement, etc.

2. Management of operating risks

2.1 Management of contracting risks

The risks and opportunities arising during the contracting process constitute one of the main challenges faced by the FCC Group. To meet these challenges, the organisation has established formal policies and procedures that focus on:

- a) Keeping technological capacity up to date at all times: The FCC Group is aware that, as it operates in a highly competitive market, it must offer clients added value through technical and economic capabilities. In this regard, the FCC Group actively researches and innovates in the latest technology and places a great deal of emphasis on ongoing training for employees.
- b) The technical quality, economic viability and competitiveness of its bids: The process of preparing, presenting and monitoring bids must be authorised at various levels within the organisation. The main bid preparation tasks are entrusted to the highly qualified technical staff of the specific departments.

2.2 Management of production risks

The formal policies and procedures designed by the FCC Group to control the risks associated with its construction and service provision activities focus on:

- a) Quality systems: Formal quality control systems are firmly in place in the different activity areas of the FCC Group. These systems have been ISO 9000 certified and regularly pass the periodic evaluations performed by external professionals.
Based on general principles and basic criteria, the quality control systems assign responsibilities, define and document processes, and establish guidelines for detecting and correcting irregularities.
The quality assurance committees are the maximum executive bodies in this regard and are responsible for establishing guidelines, monitoring compliance and reviewing the Group's systems. One of the responsibilities of the quality assurance departments is to conduct quality assurance audits of the different operating units.
- b) Ongoing personnel training: The FCC Group has implemented training plans in the different activity areas, structured into both periodic basic training and refresher courses, and courses responding to specific needs as they arise. The quality assurance committees are responsible for establishing training plans, approving the implementation of training plans and ensuring that they are properly applied.
- c) Ongoing support of operating units by the highly qualified staff of the technical departments
- d) The design and documentation of purchasing and subcontracting processes that guarantee the quality of the supplies and the effectiveness and efficiency of the contracting system
- e) Economic and budget control systems for each operating unit that serve as the basis for economic planning, gathering, measuring, recording and calculating costs and production, analysing and monitoring deviations, and quantifying and controlling the resources invested

2.3 Management of environmental risks

The FCC Group's business areas apply UNE-EN ISO 14001 certified environmental management systems based on:

- a) Compliance with the environmental regulations applicable to the activities of each area
- b) Establishment and attainment of continuous improvement targets beyond those required by prevailing legislation or contracts
- c) Minimising environmental impacts through proper operational control
- d) An ongoing analysis of risks and possible improvements

The basic tool for mitigating environmental risk is the environmental plan prepared by each operating unit, which sets out the following:

- a) The environmental aspects of each activity and any applicable legislation
- b) Environmental impact evaluation criteria
- c) The measures needed to minimise environmental impact
- d) A system for tracking and measuring the specified targets

3. Management of organisational risks

3.1 Management of labour risks

As one of the FCC Group's priorities is to guarantee the health and safety of its personnel and to strictly comply with all labour legislation, health and safety risk prevention systems are of utmost importance to the Group. These systems are formally established and structured on the basis of:

- a) The assignment of duties and responsibilities
- b) Application of procedures to evaluate risks within the production processes and the implementation of prevention plans and health and safety plans
- c) Ongoing training supported by specialists in the field
- d) Regular reviews of the measures planned by prevention specialists in the different operating units
- e) A safety audit system involving internal and external professionals

3.2 Management of information system risks

Information system risks relate to the FCC Group's dependence on information systems in its decision-making and business processes.

In order to guarantee confidentiality, integrity and availability of information, the Group has implemented a proactive strategy to minimise the following risks:

3.2.1 Information processing risk

Information processing risk arises on handling information in general.

The FCC Group has established a Corporate Information Security Policy laying down common information management criteria to mitigate those risks which could affect the confidentiality, availability and integrity of information. These criteria are based on ISO standards (ISO 27000 series).

Controls have been implemented to guarantee that users can access the resources for which they are authorised based on the need-to-know principle and the roles assigned.

3.2.2 Personal data risks

The Spanish Data Protection Act regulates and restricts how personal data on customers, employees and suppliers can be used. The FCC Group has implemented a control programme to determine actions to be carried out and any procedural and technological changes necessary. The Group has created the necessary technological platform to manage communication between all parties involved.

4. Financial risk management policies

Financial risk refers to changes in the value of financial instruments contracted by the Group due to political, market and other factors, and the effect of such changes on the consolidated balance sheet.

The FCC Group's risk management philosophy is consistent with its business strategy, as it strives for maximum solvency and efficiency at all times. In that regard, the Group has set out stringent financial risk management and control criteria for identifying, measuring, analysing and controlling the risks faced in the course of FCC's operations. This risk policy is correctly integrated into the Group's organisational structure.

In keeping with the risk control policy, hedging operations contracted by the FCC Group are not speculative but rather aim to cover the risk associated with each transaction.

In view of the FCC Group's businesses and the transactions through which these activities are carried out, the Group is currently exposed to the following financial risks:

4.1. Capital risk

The Group manages its capital to ensure that Group companies are able to continue as profitable businesses, while maximising shareholder return through an optimal debt/equity balance.

The Group's overall strategy continues to focus on geographical diversification, acquiring assets in Western Europe and centring on the property business.

The Group's capital structure includes debt (loans and credit facilities), cash and cash equivalents, and equity (capital, reserves and retained earnings).

The Finance Department oversees financial risk management and periodically reviews the capital structure and the solvency and liquidity ratios set in the Group's financing policy.

The operating areas and the Finance Department analyse the cost of capital and the associated risks in each investment project for subsequent approval or refusal by the corresponding committee or by the Board of Directors, submitting any reports necessary from other operating areas of the Group.

Among other objectives, these investment analyses help keep net debt / EBITDA ratios at reasonable levels and within the financing terms agreed with credit entities.

As part of its financial risk management efforts, Company management regularly reviews the capital structure, the financial debt ratios, and compliance with financing agreements and terms.

4.2. Interest rate risk

Changes and volatility in money markets give rise to interest rate fluctuations that in turn cause variations in the Group's debt financing costs. Consequently, the Group has implemented an interest rate risk management policy to safeguard FCC's positions in this respect.

Given that the Group's activities are closely linked to inflation, its financing policy entails ensuring that both its current financial assets, which to a large extent provide natural hedging for its current financial liabilities, and the Group's debt are partially tied to floating interest rates.

In addition, the FCC Group has entered into interest rate hedging contracts. At the 2008 year end, 43% of the Group's total net debt is hedged through a range of financial instruments with varying maturity, including project financing hedges.

In compliance with the policy of classifying original instruments as hedges, the FCC Group has arranged interest rate hedges, mainly swaps (IRSs), in which the Group companies pay a fixed interest rate and receive a floating rate.

4.3. Exchange rate risk

As a result of the FCC Group's positioning in international markets, it is exposed to exchange rate risks in its net foreign currency positions, both with respect to the euro and to other foreign currencies when the investment and financing of an activity cannot be made in the same currency.

The FCC Group's general policy is to mitigate, to the extent possible, the adverse effect on its financial statements of exposure to foreign currencies, both in terms of gains and losses on foreign currency transactions and the values of foreign currency-denominated assets and liabilities recognised on the balance sheet. The FCC Group therefore manages the effect that foreign exchange risk can have on both these statements.

The Group actively manages its foreign exchange risk by arranging financial transactions in the same currency as that in which the related asset is denominated. In that regard, the Group strives to always obtain financing for its activities in the local currency of the country of origin of the investment, as this creates a natural hedge by matching cash flows and financing. However, where the currency of the country of origin of the investment is especially weak and long-term financing cannot be obtained in that currency, such measures are not possible. In these cases, financing is obtained either in the currency of the consolidated Group or in the most closely related foreign currency.

Foreign exchange risk is expressed as the portion of the Group's equity denominated in currencies other than the euro, the most noteworthy currency being the pound sterling.

4.4. Solvency risk

At 31 December 2008, the FCC Group's financial debt amounted to 6,901 thousand euros, as shown in the following table:

	2008	2007
Bank borrowings	8,096	9,157
Debt instruments and other loans	144	139
Other interest-bearing financial debt	285	138
Current financial assets	215	160
Cash and cash equivalents	1,409	1,498
NET FINANCIAL DEBT	6,901	7,776
NET LIMITED RECOURSE DEBT	1,573	2,846
NET RECOURSE DEBT	5,328	4,930

The most relevant ratio for measuring solvency and repayment capacity is the net debt / EBITDA ratio. The Group's ratios are reasonable and comply with the financing terms agreed with credit entities.

4.5. Liquidity risk

The FCC Group operates in various markets in order to obtain the financing it needs, thereby mitigating liquidity risk.

Despite the adverse situation reigning in the financial markets throughout the year and especially since the last quarter of 2008, the FCC Group has remained extremely well positioned and has anticipated any potential adversity by paying close attention to trends in those factors that may help to resolve liquidity shortfalls in the future and to the various sources of financing and their characteristics.

Details of the credit facilities granted at consolidated level at 31 December 2008, taking into account only current and non-current bank borrowings and excluding the items accounted for as non-recourse borrowings, finance leases payables and accrued interest payable, are as follows:

2008 (thousands of euros)			
	Amount granted	Undrawn balance	Balance drawn down
Consolidated	8,404,000	2,200,002	6,058,663

4.6. Concentration risk

Concentration risk could arise from an unbalanced financing structure. In that regard, the Group diversifies as follows:

- **Sources of financing:** The FCC Group obtains financing from over 160 Spanish and international credit entities.
- **Markets/geographical area (Spanish, foreign):** The FCC Group operates in a wide variety of Spanish and international markets, with 77% of the Group's debt in euros and 23% in various currencies in several international markets.
- **Products:** The FCC Group arranges a broad spectrum of financial products, including loans, credit facilities, debt instruments, syndicated transactions and discounting facilities.
- **Currency:** The FCC Group finances its operations in a wide variety of currencies. Although there is significant concentration of financing in euros, US dollars and pounds sterling, investments tend to be financed in the local currency, wherever possible in the country of origin.

4.7. Risk-hedging financial derivatives

A financial derivative is a financial instrument or other contract whose value fluctuates in response to changes in certain variables, such as interest rate, the price of financial instruments, foreign exchange rate, credit rating or credit index, or any other financial or non-financial variable.

Apart from giving rise to gains or losses, financial derivatives may, under certain conditions, fully or partially offset foreign exchange or interest rate risks or risks associated with balances and transactions.

There are three types of hedging derivatives:

- Fair value hedges (FV)
- Cash flow hedges (CF)
- Hedges of a net investment in a foreign operation

In application of IAS 39 “Financial Instruments: Recognition and Measurement,” in order to be considered a hedge, a financial derivative must meet the following requirements:

- Formal designation and documentation, at inception of the hedge, of the hedging relationship and the entity’s risk management objective and strategy for undertaking the hedge
- Documentation identifying the hedged item, the hedging instrument and the nature of the risk being hedged
- Prospective (analytical) evidence of the effectiveness of the hedge
- Objective and verifiable ex-post measurements

At 31 December 2008 the FCC Group had arranged interest rate hedging transactions totalling 4,422,159 thousand euros (4,507,024 thousand euros at 31 December 2007), mainly in the form of interest rate swaps in which Group companies pay fixed interest rates and receive floating rates.

4.8. Property and industrial risks

The FCC Group applies a proactive risk management policy to mitigate risks to its property, employees and business activity, including both destruction of property and activities and generation of property-based obligations.

The Group’s ongoing management efforts in this regard are as follows:

- a) Identification and evaluation of the risks and the possible economic consequences thereof
- b) Elimination of risks, to the extent possible, through the pertinent safety and prevention measures
- c) Transfer of those risks which cannot be eliminated or minimised to the insurance sector, through the appropriate insurance policies
- d) Financing of risks that have not been eliminated or transferred, through proactive self-insurance policies

The Group’s risk exposure undergoes thorough analysis, consisting of the quantification of the possible losses should the risk event occur, determination of the measures needed to eliminate or reduce such losses and risks, optimising the losses in economic terms and selecting the most appropriate coverage or hedging mechanisms in order to maintain or guarantee the property and profits of the Company, as well as the corporate purpose as a mechanism for generating shareholder value.

D.2. Have operating, technological, financial, legal, reputational, tax or other risks arisen during the year with an effect on the company and/or group?

Yes ☐ No ☒

If so, describe the circumstances giving rise to the risk and whether the control systems in place were sufficient to meet this risk:

Risk	Circumstances giving risk to the risk	Performance of control systems
-	-	-

D.3. Are any committees or governing bodies entrusted with establishing and supervising these control mechanisms?

Yes	☒	No	☐
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If so, describe the duties of these bodies.

Committee or governing body	Description of the duties
Audit and Control Committee	Entrusted with establishing and supervising the Company's control mechanisms (see B.2.3.). Risk management is part of the Group's overall management framework and therefore all members of the organisation apply preventive, supervisory and control procedures in their tasks. Consequently, responsibility for designing processes is established at various levels of the organisation and certain committees and bodies work to ensure that the established controls function properly.

D.4. Identify and describe the compliance processes for each legislative framework to which the company and/or group is subject:

The FCC Group has procedures in place to guarantee compliance with the regulations governing each of its economic activities. Different Group departments specialise in the regulations applicable to FCC and the Group (business, labour, tax, environmental laws, etc.). These departments are in charge of:

- a) Staying fully abreast of and up to date on the different regulations
- b) Overseeing regulatory compliance
- c) Drafting the standards needed to unify Group criteria
- d) Advising operating units

The FCC Group's Corporate Responsibility Department is responsible for overseeing compliance with corporate governance standards.

The Information Security and Risk Management Department is responsible for ensuring compliance with the Spanish Data Protection Act. Data protection coordinators have been appointed in each operating area and independent reviews are carried out on the control measures adopted.

E. General Shareholders' Meeting

E.1. Is the minimum quorum required by the company for the general shareholders' meeting different from that set out in the Spanish Companies Act?

Yes ☒ No ☐		
	% quorum different from that established in article 102 of the Spanish Companies Act (general cases)	% quorum different from that established in article 103 of the Spanish Companies Act (specific cases)
Quorum required on first call	50	
Quorum required on second call	45	45
Description of differences		
The ordinary and extraordinary General Meetings shall be considered validly convened when: On the first meeting date announced, when the shareholders present or represented possess at least fifty percent of the share capital with voting rights. On the second meeting date called, the General Meeting shall be considered validly convened when the shareholders present or represented possess at least forty-five percent of the share capital with voting rights. In order for the General Shareholders' Meeting to validly decide on bond issues, capital increases or decreases, transformations, mergers and spin-offs and, in general, any amendment to the Articles of Association, shareholders possessing at least fifty percent of the share capital with voting rights must be present or represented at the meeting on the first announced date. On the second announced meeting date, shareholders possessing forty-five percent of the share capital will suffice. When the shareholders in attendance or represented on the second announced meeting date account for less than fifty percent of the subscribed capital with voting rights, resolutions may only be validly passed with the favourable vote of two-thirds of the share capital present or represented at the Meeting.		

E.2. Does the procedure used by the company for passing resolutions differ from that set out in the Spanish Companies Act?

Yes ☐ No ☒	
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If so, describe these differences:

	Qualified majority other than that established in article 103.2 of the Spanish Companies Act for the cases set out in article 103.1	Other cases requiring a qualified majority
% established by the company to pass resolutions	-	-
Description of differences		
-		

E.3. List the rights of shareholders with respect to the general shareholders' meetings other than those established in the Spanish Companies Act:

There are no differences with respect to the rights set out in the Spanish Companies Act.

E.4. Describe any measures adopted to encourage attendance of shareholders at the general meetings:

The General Meeting Regulations establish a series of measures intended to encourage shareholder participation at the meetings. These measures are defined in the shareholders' information rights regulated in the following articles:

Article 6: Information available once the meeting is announced

The Company shall make the following information available to the shareholders upon announcement of the General Meeting, at its registered offices, at National Securities Market Commission (CNMV) offices, at the stock exchanges on which its shares are traded and on its corporate website:

a) The full text of the meeting announcement

b) The text of the resolutions proposed by the Board of Directors in relation to the agenda items

When a proposal refers to the appointment or ratification of directors, the following information must also be included: (i) the professional and biographical profile of the candidate; (ii) a list of other boards of directors on which the candidate sits, including both listed and non-listed companies; (iii) the director's category indicating, for nominee directors, the shareholder who proposed the appointment, ratification or re-appointment or to whom the candidate is related; (iv) date of first appointment as a Company director and any subsequent re-appointments; and (v) the Company shares and share options held by the candidate.

c) All documentation and information to which shareholders are entitled in connection with the agenda items, as from the date the meeting is announced

d) Notice of the information requests and suggestion channels between the Company and its shareholders, as required by applicable legislation

Article 7: The right to information prior to the General Meeting

1. Shareholders may request, up to seven calendar days prior to the first scheduled date of the General Meeting, any information or explanations they require or pose any questions they may have on the agenda items or about the public information submitted by the Company to the National Securities Market Commissions since the last General Shareholders' Meeting.

2. Written information requests may be e-mailed to the address provided for this purpose on the Company's website for each General Shareholders' Meeting or hand-delivered or sent by post or courier to the Stock Market and Investor Relations Department at the Company's registered offices. Shareholders are also entitled to obtain a printed copy of the documents and to request that the documents be sent to them, free of charge, when so stipulated by law.

3. The information requests to which this article refers shall be answered, once the identity and status of the requesting shareholder is verified, up to the date of the General Shareholders' Meeting but prior to the start of the meeting.

4. The Chairman may deny information requests when, in his or her opinion, the publication of the requested information could be detrimental to the Company's interests, except when the request is backed by shareholders representing at least one-fourth of the share capital.

5. The Board of Directors may authorise any one of its members, the Secretary or the Assistant Secretary to use the FCC Stock Market and Investor Relations Department to respond to the information requests submitted by shareholders.

Article 14: Information

1. Directors are required to provide the information requested by shareholders, except under the circumstances foreseen in article 7.4 of these Regulations or when the requested information is not available during the meeting. In this case, the information shall be provided in writing within seven days of the meeting date, to which end the shareholders must indicate the mailing addresses where the information should be sent.

2. The requested information or clarifications shall be provided by the Chairman or, at the Chairman's request, by the Managing Director, Chairman of the Audit Committee, the Secretary, a member of the Board of Directors or any employee or expert on the subject at hand, in accordance with article 9.2 of these Regulations.

Article 15: Voting on proposals

1. Once shareholders have been allowed to speak and any questions have been answered as provided for herein, a vote will be held on the resolutions proposed in the agenda items and on other matters which by law need not be included on the agenda.

2. The Secretary shall ask the shareholders if they wish to hear a reading of the proposed resolutions, the text of which was both sent with the documentation provided to shareholders prior to the General Meeting and available on the Company's website. If any of the shareholders or the Chairman requests a reading, the proposed resolutions must be read. The attendees shall be made aware of the agenda item to which the proposed resolution pertains.

3. Notwithstanding any alternative systems that may be used at the Chairman's request, the procedure for voting on proposed resolutions shall be as follows:

- a) The system for voting on proposed resolutions relating to agenda items shall be by a negative deduction system. Under such a system, for each proposal, the votes corresponding to all of the share capital represented in person or by proxy will be considered yea votes, deducting those corresponding to the shares whose owners or representatives state that they are voting against the motion or abstaining, in addition to those corresponding to the nay proxy votes and proxy abstentions received by the Board of Directors for the proposal in question. Nea votes and abstentions will be counted separately.
- b) The system for voting on proposed resolutions relating to items not on the agenda, when such voting is legally possible, shall be by a positive deduction system. Under such a system, for each proposal, the votes corresponding to all of the share capital represented in person or by proxy will be considered nea votes, deducting those corresponding to the shares whose owners or representatives state that they are voting in favour of the motion or abstaining.
- c) When technically possible and provided that compliance with all legal requirements can be guaranteed, the Board of Directors may use electronic vote counting systems.
- d) Pursuant to the terms of article 5 of these Regulations, if the meeting announcement mentions the possibility of remote voting using one or several remote voting methods, and notwithstanding any specific instructions established therein for each method, in order to be valid and accepted the Company, the document containing the remote vote must expressly state at least the following:
 - i. Date of the General Meeting and agenda
 - ii. Name of the shareholder
 - iii. Number of shares owned by the shareholder
 - iv. The shareholder's vote on each agenda item
- d) Separate votes must be held on substantially independent matters so that shareholders may exercise their voting preferences separately. In particular, this rule applies to the adoption of resolutions on: (i) the appointment or ratification of directors, which must be voted on individually; and (ii) substantially independent articles or groups of articles in the case of proposed amendments to the Articles of Association.
- f) Where legally possible and as long as all other requirements are met, financial intermediaries who are shareholders of record but acting on behalf of different clients may split their votes following their clients' instructions.

4. Statements containing voting instructions and submitted to a notary public or the voting committee, as provided for in paragraph 3 above, may be made individually for each proposal or jointly for several or all proposals, indicating to the notary or the committee the shareholder's or proxy's identity, the number of shares controlled and the yea or nea vote or abstention.

E.5. Do the duties of the chairman of the general shareholders' meeting fall on the chairman of the board of directors? If so, state the measures adopted to guarantee the independence and efficiency of the general shareholders' meeting:

Yes	☒	No	☐
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Description of measures

Under article 10.2 of the General Meeting Regulations, "The General Meeting shall be chaired by the Chairman or by the Vice-Chairmen of the Board in the appropriate hierarchical order. If there is no pre-established order, the order shall be determined by the number of years of directorship. In the absence of the Vice-Chairmen, the Meeting shall be chaired by the oldest director."

Measures to guarantee the independence and proper functioning of the General Meeting:

The General Meeting Regulations set out detailed measures to guarantee the independence and proper functioning of the meeting. These measures are available on the Company's website.

Among other measures, article 7 refers to the shareholders' right to information prior to the General Meeting, as follows:

1. Shareholders may request, up to seven calendar days prior to the first scheduled date of the General Meeting, any information or explanations they require or pose any questions they may have on the agenda items or about the public information submitted by the Company to the National Securities Market Commissions since the last General Shareholders' Meeting.
2. Written information requests may be e-mailed to the address provided for this purpose on the Company's website for each General Shareholders' Meeting or hand-delivered or sent by post or courier to the Stock Market and Investor Relations Department at the Company's registered offices. Shareholders are also entitled to obtain a printed copy of the documents and to request that the documents be sent to them, free of charge, when so stipulated by law.
3. The information requests to which this article refers shall be answered, once the identity and status of the requesting shareholder is verified, up to the date of the General Shareholders' Meeting but prior to the start of the meeting.
4. The Chairman may deny information requests when, in his or her opinion, the publication of the requested information could be detrimental to the Company's interests, except when the request is backed by shareholders representing at least one-fourth of the share capital.
5. The Board of Directors may authorise any one of its members, the Secretary or the Assistant Secretary to use the FCC Stock Market and Investor Relations Department to respond to the information requests submitted by shareholders.

Article 23 of the Articles of Association also establishes the shareholders' right to request information:

Shareholders may request, either in writing or using other electronic or distance communication media, up to seven calendar days prior to the first scheduled General Meeting, any information or explanations they require or pose any questions they may have on the agenda items or about the public information submitted by the Company to the National Securities Market Commission since the last General Meeting was held. The information so requested shall be provided by the directors in writing no later than the date of the General Meeting.

Any information or explanations the shareholders request verbally from the Chairman in relation to items on the agenda during the General Meeting itself and before the Meeting turns to the particular agenda items, or requested in writing after the seventh day before the scheduled meeting date, shall be provided verbally during the General Meeting by any one of the directors in attendance, at the Chairman's request. If the requested information or explanations refer to items falling under the jurisdiction of the Audit and Control Committee, they shall be provided by any one of the members or advisors to that committee in attendance at the Meeting. If, in the Chairman's opinion, it is not possible to provide the shareholder with the requested information or explanations during the Meeting, the pending information shall be provided, in writing, to the requesting shareholder within the seven calendar days following the Meeting date.

Directors shall be required to provide the information referred to in the two preceding paragraphs, except in those instances where, in the Chairman's opinion, the publication of such information could be harmful to the Company's interests.

This exception shall not apply when the request is supported by shareholders representing at least one-fourth of the share capital.

The Company's website contains all legally-required information and serves as a channel for responding to shareholders' requests for information, in accordance with prevailing legislation.

E.6. Describe any modifications during the year to the regulations for the general shareholders' meeting:

No changes have been made.

E.7. Indicate the attendance figures for the general shareholders' meetings held during the year:

Attendance

Date of general shareholders' meeting	% attending in person	% by proxy	% absentee ballot		Total (%)
			Electronic vote	Other	
18-06-2008	57.359%	19.971			77.331%

E.8. Briefly describe the resolutions adopted at the general shareholders' meetings held during the year and the percentage by which each resolution was passed:

1. 2007 annual financial statements of the Company and consolidated Group and performance of the Board of Directors during that year

Votes against	0.00129
Abstentions	0.00025
Votes for	99.99846
Votes cast	100.00000

2. Distribution of profit for 2007

Votes against	0.00004
Abstentions	0.00129
Votes for	99.99867
Votes cast	100.00000

3.A. Ratification and appointment of Baldomero Falcones Jaquotot as executive director

Votes against	0.13170
Abstentions	0.00134
Votes for	99.86695
Votes cast	100.00000

3.B. Appointment of Nicolás Redondo Terreros as independent director

Votes against	0.32075
Abstentions	0.00134
Votes for	99.67791
Votes cast	100.00000

3.C. Ratification of the classification of Gonzalo Anes Álvarez de Castrillón as independent director

Votes against	0.94780
Abstentions	0.00134
Votes for	99.05086
Votes cast	100.00000

3.D. Appointment and ratification of José M^a Sagardoy Llonis as nominee director

Votes against	0.00000
Abstentions	0.00000
Votes for	100.00000
Votes cast	100.00000

***In the calculation of votes cast, only those votes corresponding to share capital interests represented in person or by proxy that did not have express voting instructions were taken into account, given that it was not possible to provide such instructions for this motion as it was not included in the agenda distributed with the call to the meeting.*

3.E. Ratification and appointment of Manuel Fernando Menéndez López as nominee director

Votes against	0.00000
Abstentions	0.00000
Votes for	100.00000
Votes cast	100.00000

***In the calculation of votes cast, only those votes corresponding to share capital interests represented in person or by proxy that did not have express voting instructions were taken into account, given that it was not possible to provide such instructions for this motion as it was not included in the agenda distributed with the call to the meeting.*

6. Amendment to article 37 of the Articles of Association

Votes against	0.86499
Abstentions	0.85246
Votes for	98.28255
Votes cast	100.00000

7. Authorisation to the Board of Directors to establish a remuneration system for Company executives and members of the Board of Directors that perform executive duties, linking this remuneration to the market value of Company shares

Votes against	0.34415
Abstentions	0.72389
Votes for	98.93196
Votes cast	100.00000

8. Authorisation for the derivative acquisition of treasury shares and for the full or partial use of these shares in remuneration programmes entailing or possibly entailing the award of shares or share options.

Votes against	0.34969
Abstentions	0.06284
Votes for	99.58747
Votes cast	100.00000

9. Share capital reduction through the redemption of treasury shares

Votes against	0.13272
Abstentions	0.00411
Votes for	99.86317
Votes cast	100.00000

10. Convertible bonds issue up to six-hundred million euros (€600,000,000)

Votes against	0.18908
Abstentions	0.00402
Votes for	99.80691
Votes cast	100.00000

11. Re-appointment of the auditors of the Company and the Group

Votes against	0.00919
Abstentions	0.00144
Votes for	99.98937
Votes cast	100.00000

12. Authorisation of the Board of Directors to execute resolutions

Votes against	0.08074
Abstentions	0.00577
Votes for	99.91349
Votes cast	100.00000

13. Approval of the minutes to the General Meeting

This agenda item was not subject to vote, as the Barcelona notary José Javier Cuevas Castaño had duly taken the minutes to the meeting.

E.9. Do the articles of association establish a minimum number of shares required to attend the general shareholders' meeting?

Yes ☐	No ☒

Number of shares required to attend the general shareholders' meeting

1

E.10. Describe and give the reasons behind the company's proxy voting policies for the general shareholders' meeting:

Notwithstanding the provisions of the Articles of Association with respect to proxy voting, the Board of Directors does not require unnecessary formalities in the proxy voting procedure which might hinder the rights of shareholders wishing to exercise their right to attend the General Meeting. Nevertheless, pertinent procedures are in place to verify the validity of proxy authorisations.

E.11. Is the company aware of any institutional investor policies regarding whether or not to participate in company decisions?

Yes ☐	No ☒

Describe the policy

-

E.12. State the address of the corporate website and how the corporate governance contents can be accessed on the site:

The Fomento de Construcciones y Contratas, S.A. website homepage, www.FCC.es, features links to specific sections entitled "Information for Shareholders and Investors" and "Corporate Responsibility," which include the information required by Law 26/2003 of 18 July, Ministry of Economy Order 3722/2003 of 26 December, National Securities Market Commission Circular 1/2004 of 17 March, Ministry of Economy and Finance Order 3050/2004 of 15 December, and Royal Decree 1333/2005 of 11 November.

These pages are just two clicks away from the home page. The contents are structured and prioritised under rapid access titles. All pages are printable.

The FCC website has been designed and programmed following the guidelines of the Web Accessibility Initiative (WAI), which sets the international standards for creating web content that can be accessed worldwide. Technosite accessibility consultants performed a technical analysis of the FCC Group's website accessibility and determined that the site meets all of the verification points of priority 2 and priority 1 established in the W3C's Web Accessibility Guidelines 1.0 (known as WAI Guidelines).

The site features a link to the significant events submitted by Fomento de Construcciones y Contratas, S.A. to the National Securities Market Commission.

F. Degree of compliance with Corporate Governance recommendations

State the degree of compliance by the company with the recommendations contained in the Unified Good Governance Code.

In the event certain recommendations are not complied with, indicate the alternate recommendations, standards, practices or criteria applied by the company.

1. The articles of association of listed companies should not place an upper limit on the number of votes that can be cast by a single shareholder or impose other obstacles to the takeover of the company by means of share purchases on the market.

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

Compliant	☒	Explanation	☐

2. When a parent and subsidiary company are separately listed, both should provide detailed disclosure on:

- The type of activity they engage in and any business dealings between them, as well as between the listed subsidiary and other group companies
- The mechanisms in place to resolve possible conflicts of interest

See sections. C.4 and C.7

Compliant	☐	Partially compliant	☒
Explanation		☐	Not applicable

Article 7.2 i) of the Board of Directors Regulations establishes that the Board is responsible for “defining the Group’ structure and coordinating, within legally-established limits, the Group’s general strategy, in the best interest of the Company and subsidiaries, with the support of the Strategy Committee and the Managing Director, disclosing in the Annual Corporate Governance Report the respective areas of activity and any business relationships between the Company and its listed subsidiaries, as well as any business relationships between the listed subsidiaries and other Group companies, and the mechanisms in place to resolve any conflicts of interest that may arise.”

As of 31 December 2008, Realia Business, S.A. no longer forms part of the FCC, S.A. consolidated Group.

The Company intends to approve a document in which the listed subsidiary Cementos Portland Valderrivas S.A. would clearly establish its respective areas of activities, its business relationships and the mechanisms applied to resolve any conflicts of interest which may arise.

3. Even if not expressly required under company law, any decision involving a fundamental corporate change should be submitted to the shareholders at their general meeting for approval or ratification. In particular:

- 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
- Any acquisition or disposal of key operating assets that would effectively alter the company’s corporate purpose
- Operations that effectively add up to the company’s liquidation

Compliant	☐	Partially compliant	☒
Explanation		☐	

Article 8.6 of the Board of Directors Regulations establishes that the Board must seek the authorisation of the shareholders at the General Meeting prior to an acquisition or disposal of key operating assets that would effectively alter the corporate purpose of the Company or prior to any operations that effectively add up to the Company’s liquidation.

To avoid impairing the Board of Directors’ ability to operate, this does not include subsidiarisation operations, since these operations often require quick decisions to seize short-lived opportunities. Furthermore, these operations are governed by ample legal mecha-

nisms to protect the interests of the shareholders and the Company. Nevertheless, the Board duly reports such operations at the General Meeting.

4. Detailed proposals of the resolutions to be adopted at the general shareholders' meeting, including the information stated in Recommendation 28, should be made available at the same time as the publication of the meeting notice.

Compliant	☒	Explanation	☐

5. Separate votes should be taken at the general shareholders' meeting on materially separate items so shareholders can express their preferences in each case. In particular, this rule should apply to:

- a) The appointment or ratification of directors, with separate voting on each candidate
- b) Amendments to the Articles of Association, with votes taken on all articles or groups of articles that are materially different

See section. E.8.

Compliant	☒	Partially compliant	☐
		Explanation	☐

6. Companies should allow split votes so 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.

Compliant	☒	Explanation	☐

7. The board of directors should perform its duties with unity of purpose and independent judgement, according all shareholders the same treatment. The board should be guided at all times by the company's best interest, and, as such, strive to maximise its value over time.

The board of directors should likewise ensure that the company abides by all laws and regulations in its dealings 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.

Compliant	☒	Partially compliant	☐
		Explanation	☐

8. The board should see the core components of its mission as to approve the company's strategy and authorise the organisational resources to carry it forward, and to ensure that management meets the objectives set while pursuing the company's interests and corporate purpose. As such, the board, in plenary session, should reserve the right to approve:

- a) The company's general policies and strategies, and, in particular:
 - i. The strategic or business plan, management targets and annual budgets
 - ii. Investment and financing policy
 - iii. Design of the structure of the corporate group
 - iv. Corporate governance policy
 - v. Corporate social responsibility policy
 - vi. Remuneration and evaluation of senior officers
 - vii. Risk control and management, and the periodic monitoring of internal information and control systems
 - viii. Dividend policy, as well as the policies and limits applying to treasury shares

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 officers, and their compensation clauses

See section. B.1.14

- ii. Directors' remuneration and, in the case of executive directors, the additional consideration for their management duties and other contract conditions

See section. B.1.14.

- iii. The financial information that listed companies must periodically disclose
- iv. Investments or operations considered strategic by virtue of their amount or special characteristics, unless their approval falls to the shareholders at the general meeting
- v. The creation or acquisition of interests in special purpose vehicles or entities resident in countries or territories considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group

c) Transactions which the company conducts with directors, significant shareholders, shareholders with board representation or other persons related thereto ("related-party transactions").

However, board authorisation is not required for related-party transactions that simultaneously meet the following three conditions:

1. They are governed by standard form agreements applied on an across-the-board basis to a large number of clients
2. They are performed at market rates, generally set by the person supplying the goods or services
3. Their amount is no more than 1% of the company's annual revenues

It is advisable that related-party transactions should only be approved on the basis of a favourable report from the audit committee or some other committee handling the same function, and that the directors involved should neither exercise nor delegate their votes, and should withdraw from the meeting room while the board deliberates and votes.

Ideally, the above powers should not be delegated, with the exception of those mentioned in b) and c), which may be delegated to the executive committee in urgent cases and later ratified by the board.

See sections. C.1 and C.6

Compliant	☒	Partially compliant	☐
		Explanation	☐

9. In the interests of maximum effectiveness and participation, the board of directors should comprise no fewer than five and no more than fifteen members.

See section. B.1.1

Compliant	☐	Explanation	☒

Article 27 of the Articles of Association states that the Board of Directors shall comprise a minimum of five and a maximum of 22 members. At 31 December 2008, 21 directors were serving on the Board.

Given the characteristics of the Company, the size of the Board is considered to be appropriate for proper management, direction and administration of the Company's businesses. Furthermore, the size of the Board makes it possible for different types of directors to sit on the Board and does not jeopardise the Board's operation.

10. External directors, nominee and independent, should occupy an ample majority of board places, while the number of executive directors should be the minimum practical bearing in mind the complexity of the corporate group and the ownership interests they control.

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

Compliant	☒	Partially compliant	☐	Explanation	☐
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11. In the event that an external director can be deemed neither nominee nor independent, the company should disclose this circumstance and the relationships that person maintains with the company, its senior officers, or its shareholders.

See section. B.1.3

Compliant	☐	Explanation	☐	Not applicable	☒
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12. Among external directors, the ratio of nominee members to independent directors should match the proportion between the capital represented on the board by nominee directors and the remainder of the company's capital.

This proportional criterion can be relaxed so the weight of nominee directors is greater than would strictly correspond to the total percentage of capital they represent:

1. In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings, despite the considerable sums actually invested by certain shareholders
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

Compliant	☒	Explanation	☐
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On 31 December 2008, the ratio of nominee directors to independent directors reflected the proportion between the capital represented on the Board by nominee directors and the remainder of the Company's capital.

13. The number of independent directors should represent at least one-third of all board members.

See section. B.1.3

Compliant	☐	Explanation	☒
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Article 6.3 of the Board of Directors Regulations calls for a suitable number of independent directors on the Board to strike a reasonable balance between independent and nominee directors and an ample majority of external directors.

There are four independent directors on the Board. While they do not represent one-third of the total number of directors, as suggested in the recommendation, it is believed that in view of the current capital structure of the Company and pursuant to the OECD's Principles of Corporate Governance and the Recommendation of the European Commission of 15 January 2006, there is a "sufficient number" of independent directors to guarantee that the interests of other shareholders are adequately protected.

14. The nature of each director should be explained to the shareholders at the general meeting, who should make or ratify his or her appointment. Such determination should subsequently be either confirmed or modified in each year's Annual Corporate Governance Report, after verification by the nomination committee. The Annual Corporate Governance Report should also disclose the reasons for the appointment of nominee directors at the urging of shareholders controlling less than 5% of capital, and

explain any rejection of a formal request for a board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for nominee representation.

See sections. B.1.3 and B.1.4

Compliant	☒	Partially compliant	☐	Explanation	☐
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15. When there are few or no female directors, the board should state the reasons for this situation and the measures taken to correct it. In particular, the nomination committee should take steps to ensure that:

- a) The process of filling board vacancies has no implicit bias against female candidates
- b) The company makes a conscious effort to include females with the target profile among the candidates for board places

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

Compliant	☒	Partially compliant	☐	Explanation	☐	Not applicable	☐
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16. The chairman, as the person responsible for the proper operation of the board of directors, should ensure that directors are supplied with sufficient information in advance of board meetings and work to procure a good level of debate and the active involvement of all members, safeguarding their rights to freely express and adopt positions. The chairman should also organise and coordinate regular evaluations of the board and, where appropriate, the managing director or company's chief executive, along with the chairmen of the relevant board committees.

See section. B.1.42

Compliant	☒	Partially compliant	☐	Explanation	☐
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17. When a company's chairman is also its chief executive, an independent director should be empowered to request the calling of board meetings or the inclusion of new business on the agenda, to coordinate and give voice to the concerns of external directors, and to lead the board's evaluation of the chairman.

See section. B.1.21

Compliant	☒	Partially compliant	☐	Explanation	☐	Not applicable	☐
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18. The Secretary should take care to ensure 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 articles of association, the regulations governing the general shareholders' meeting and the board of directors, and other regulations
- c) Are informed of the good governance recommendations of the Unified Code that the company has subscribed to

In order to safeguard the independence, impartiality and professionalism of the secretary, his or her appointment and removal should be proposed by the nomination committee and approved at a full board meeting. The relevant appointment and removal procedures should be spelled out in the board's regulations.

See section. B.1.34

Compliant	☒	Partially compliant	☐	Explanation	☐
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19. The board should meet with the necessary frequency to properly perform its functions, in accordance with a calendar and agendas set at the beginning of the year, to which each director may propose the addition of other items.

See section. B.1.29

Compliant	☒	Partially compliant	☐
		Explanation	☐

20. Director absences should be kept to the bare minimum and quantified in the Annual Corporate Governance Report. When directors have no choice but to delegate their vote, they should do so with instructions.

See sections. B.1.28 and B.1.30

Compliant	☒	Partially compliant	☐
		Explanation	☐

21. When directors or the secretary express concerns about some proposal or, in the case of directors, about the company's performance, and such concerns are not resolved at the meeting, the person expressing them should be able to request that they be recorded in the minutes book.

Compliant	☒	Partially compliant	☐	
		Explanation	☐	Not applicable
				☐

22. The board should evaluate the following points on a yearly basis:

- a) The quality and efficiency of the board's operation
- b) How well the chairman and chief executive have carried out their duties, on the basis of a report by the nomination committee
- c) The performance of board committees on the basis of the reports furnished by these committees

See section. B.1.19

Compliant	☒	Partially compliant	☐
		Explanation	☐

23. All directors should be able to exercise their right to receive any additional information they require on matters within the board's competence. Unless the articles of association or board regulations indicate otherwise, such requests should be addressed to the chairman or secretary.

See section. B. 1.42

Compliant	☒	Explanation
		☐

24. All directors should be entitled to call on the company for the advice and guidance they need to carry out their duties. The company should provide 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

Compliant	☒	Explanation
		☐

25. Companies should organise induction programmes for new directors to acquaint them rapidly with the workings of the company and its corporate governance rules. Directors should also be offered refresher programmes when circumstances so advise.

Compliant	☒	Partially compliant	☐	Explanation	☐
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26. Companies should require their directors to devote sufficient time and effort to perform their duties effectively and, as such:

- a) Directors should apprise the nomination committee of any other professional obligations, in case they might detract from the necessary dedication
- b) Companies should lay down rules about the number of directorships their board members can hold

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

Compliant	☒	Partially compliant	☐	Explanation	☐
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27. Proposals for the appointment or renewal of directors which the board submits to the shareholders at the general meeting, as well as the provisional co-optation appointments made by the board itself, should be approved by the board:

- a) On the proposal of the nomination committee, in the case of independent directors
- b) Subject to a report from the nomination committee in all other cases

See section. B.1.3

Compliant	☒	Partially compliant	☐	Explanation	☐
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28. Companies should post the following information on directors on their websites and keep this information permanently updated:

- a) Professional experience and background
- b) Directorships held in other companies, listed or otherwise
- c) An indication of the director's classification as executive, nominee or independent; in the case of nominee directors, stating the shareholder they represent or have links with
- d) The date of their first and subsequent appointments as a company director
- e) Shares held in the company and any options on the same

Compliant	☒	Partially compliant	☐	Explanation	☐
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29. Independent directors should not stay on as such for a continuous period of more than 12 years.

See section. B.1.2

Compliant	☒	Explanation	☐
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30. Nominee directors should resign when the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to nominee directors, the latter's number should be reduced accordingly.

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

Compliant	☒	Partially compliant	☐	Explanation	☐	Not applicable	☐
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31. The board of directors should not propose the removal of independent directors before the expiry of their tenure as mandated in the articles of association, except where just cause is found by the board, based on a proposal from the nomination committee. In particular, just cause should be presumed when a director is in breach of his or her fiduciary duties or comes under one of the disqualifying grounds enumerated in section III.5 (Definitions) of the Unified Good Governance Code.

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

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

Compliant	☒	Explanation	☐
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32. Companies should establish rules obliging directors to inform the board of any circumstance that might harm the organisation's name or reputation, tendering their resignation as the case may be, with particular mention of any criminal charges brought against them and the progress of any subsequent trial.

The moment a director is indicted or tried for any of the crimes stated in article 124 of the Spanish Companies Act, the board should examine the matter as soon as possible and, in view of the particular circumstances and potential harm to the company's name and reputation, decide whether or not he or she should be called on to resign. The board should disclose all such determinations in the Annual Corporate Governance Report.

See sections. B.1.43, B.1.44

Compliant	☒	Partially compliant	☐	Explanation	☐
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33. All directors should express clear opposition when they feel a proposal submitted for the board's approval might damage the corporate interest. In particular, independents and other directors unaffected by the conflict of interest should challenge any decision that could go against the interests of shareholders lacking board representation.

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

The terms of this Recommendation should also apply to the secretary of the board; regardless of whether or not he or she is a director.

Compliant	☒	Partially compliant	☐	Explanation	☐	Not applicable	☐
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34. Directors who give up their place before their tenure expires, through resignation or otherwise, should state their reasons in a letter to be sent to all members of the board. Irrespective of whether such resignation is filed as a significant event, the motive for the same must be explained in the Annual Corporate Governance Report.

See section. B.1.5

Compliant	☒	Partially compliant	☐	Explanation	☐	Not applicable	☐
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35. The company's remuneration policy, as approved by its board of directors, should 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 components, in particular:
 - i. The types of directors 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 share options or any performance-related remuneration
 - iii. The main parameters and grounds for any system of annual bonuses or other non-cash benefits
 - iv. An estimate of the sum total of variable payments arising from the remuneration policy proposed, as a function of degree of compliance with pre-set targets or benchmarks
- c) The main characteristics of pension systems (for example, supplementary pensions, life insurance and similar arrangements), with an estimate of their amount or annual equivalent cost
- d. The conditions applicable to the contracts of executive directors exercising senior management functions, including:
 - i. Duration
 - ii. Notice periods
 - 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. 1 5

Compliant	☒	Partially compliant	☐	Explanation	☐
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36. Remuneration comprising the award of shares in the company or other companies in the group, share options or other share-based instruments, payments linked to the company's performance or membership in pension schemes should be confined to executive directors.

The award of shares is excluded from this limitation when directors are obliged to retain the shares until the end of their tenure.

See sections. A.3, B.1.3

Compliant	☒	Explanation	☐
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37. External directors' remuneration should sufficiently compensate them for the dedication, abilities and responsibility that the post entails, but should not be so high as to compromise their independence.

Compliant	☒	Explanation	☐
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38. In the case of remuneration linked to company performance, deductions should be computed for any qualifications stated in the external auditor's report.

Compliant	☒	Partially compliant	☐	Explanation	☐	Not applicable	☐
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39. In the case of variable awards, remuneration policies should include technical safeguards to ensure that 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.

Compliant	☒	Partially compliant	☐	Explanation	☐	Not applicable	☐
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40. The board should submit a report on the directors' remuneration policy to an advisory vote at the general shareholders' meeting, as a separate point on the agenda. This report should be supplied to shareholders separately or in the manner each company sees fit.

The report should 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 should address all the points referred to in Recommendation 35, except those potentially entailing the disclosure of commercially sensitive information. It should also identify and explain the most significant changes in the remuneration policy with respect to the previous year, with a global summary of how the policy was applied over the period in question.

The role of the remuneration committee in designing the policy should be reported to the shareholders at the general meeting, along with the identity of any external advisors engaged.

See section. B.1.16

Compliant	☐	Partially compliant	☐	Explanation	☒
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A report on the Board of Directors remuneration policy was made available to all shareholders upon the call to the ordinary General Meeting of 18 June 2008. The report was approved by the Board of Directors on 12 May 2008, although it was not submitted to an advisory vote at the General Meeting.

The report covers the following:

- a) the procedures applied in preparing the report
- b) the objective and structure of the remuneration policy
- c) remuneration of directors for their membership on the Board
- d) remuneration of executive directors for performance of executive and managerial duties
 - structure of the remuneration
 - basic conditions of executive director contracts

In addition, at the General Meeting the shareholders resolved that executive directors and senior officials could receive share-based remuneration (shares, share options or remuneration referenced to the market value of shares). The Board of Directors was entrusted with carrying out the resolution.

41. The notes to the financial statements should list the individual directors' remunerations in the year, including:

- a) A breakdown of the compensation obtained by each company director, to include where appropriate:
 - i. Participation and attendance fees and other fixed director 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 severance packages agreed or paid
 - vi. Any compensation they receive as directors of other companies in the group
 - vii. The remuneration executive directors receive in respect of their senior management posts
 - viii. Any kind of compensation other than those listed above, of whatever nature and provenance within the group, especially when it may be treated as a related-party transaction or when its omission would detract from a true and fair view of the total remuneration received by the director
- b) An individual breakdown of award to directors of shares, share options or other share-based instruments, itemised by:
- i. Number of shares or options awarded in the year and the terms set for their exercise
 - 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 ratio for the year of remuneration accrued by executive directors and the company's profits or some other measure of enterprise results

Compliant	☐	Partially compliant	☐	Explanation	☒
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In section B.1.11 and subsequent sections of this Annual Corporate Governance Report, the Company provides the required information on directors' remuneration (the different types of remuneration received by the directors for sitting on the Board of FCC or of Group companies, remuneration by type of director, and golden parachute clauses in favour of executive directors) and the process for establishing directors' remuneration (Board approval of a detailed report on the remuneration policies submitted by the Appointments and Remuneration Committee).

Therefore, it is believed that the Company has offered sufficiently detailed information on the different aspects related to the remuneration paid to directors for the performance of their duties as a group and individually. However, for reasons of security and privacy which must also be taken into account, it is not considered necessary to report the specific amount of the individual remuneration received by each director.

42. When the company has an executive committee, the breakdown of its members by director category should be similar to that of the board itself. The secretary of the board should also act as secretary to the executive committee.

See sections. B.2.1 and B.2.6

Compliant	☐	Partially compliant	☒	Explanation	☐	Not applicable	☐
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43. The board should be kept fully informed of the business transacted and decisions made by the executive committee. To this end, all board members should receive a copy of the committee's minutes.

Compliant	☒	Partially compliant	☐	Explanation	☐	Not applicable	☐
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44. In addition to the audit committee mandatory under the Spanish Securities Market Law, the board of directors should form a committee, or two separate committees, overseeing nominations and remuneration.

The rules governing the make-up and operation of the audit committee and the committee or committees of nomination and remuneration should be set forth in the board regulations and should include the following:

- a) The board of directors should appoint the members of these committees with regard to the knowledge, aptitudes and experience of its directors and the terms of reference of each committee, discuss their proposals and reports, and be responsible for overseeing and evaluating their work, which should be reported to the first board plenary following each meeting.
- b) These committees should be formed exclusively of external directors and have a minimum of three members. Executive directors or senior officers may also attend meetings, for information purposes, at the committees' invitation.
- c) Committees should be chaired by an independent director.
- d) These committees may engage external advisors when they feel this is necessary for the discharge of their duties.
- e) Meeting proceedings should be minuted and a copy sent to all board members.

See sections. B.2.1 and B.2.3

Compliant	☐	Partially compliant	☒	Explanation	☐	Not applicable	☐
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Although not specifically established in the Board of Directors Regulations, the Board has taken into account the knowledge, aptitudes and experience of the directors and the mission of each committee when appointing committee members. Furthermore, the committees are expressly authorised to seek external advice and the Board has deliberated on the proposals and reports presented by the committees, which have duly reported their activities at the first Board meeting following their meetings.

When appointing the members and chairmen of the different committees, the Board has placed greater priority on the aptitudes, experience and qualifications that will enable the different committees to best perform their duties than on the category of directors.

45. The job of supervising compliance with internal codes of conduct and corporate governance rules should be entrusted to the audit committee, the nomination committee or, as the case may be, separate compliance or corporate governance committees.

Compliant	☒	Explanation	☐
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46. All members of the audit committee, particularly its chairman, should be appointed with regard to their knowledge and experience in accounting, auditing and risk management matters.

Compliant	☒	Explanation	☐
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47. Listed companies should have an internal audit department, under the supervision of the audit committee, to ensure the proper operation of internal control and reporting systems.

Compliant	☒	Explanation	☐
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48. The head of internal audit should 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.

Compliant	☒	Partially compliant	☐	Explanation	☐
-----------	-------------------------------------	---------------------	--------------------------	-------------	--------------------------

49. The control and risk management policy should specify at least:

- a) The different types of risk (operational, technological, financial, legal, reputational, etc.) to which the company is exposed, with the inclusion of contingent liabilities and other off-balance-sheet risks under financial or economic risks
- b) The determination of the risk level the company sees as acceptable
- c) Measures in place to mitigate the impact of risk events should they occur
- d) The internal control and reporting systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks.

See section: D

Compliant	☒	Partially compliant	☐
		Explanation	☐

50. The audit committee's role should be:

1. With respect 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, the accuracy of the scope of consolidation, 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) Monitor the independence and efficacy of the internal audit function, propose the selection, appointment, re-appointment and removal of the head of internal audit, propose the department's budget, receive regular report-backs on its activities, and verify that senior management is acting on the findings and recommendations set out in its reports
- d) Establish and supervise a mechanism whereby staff can report, confidentially and, if necessary, anonymously, any irregularities they detect in the course of their duties, in particular financial or accounting irregularities, with potentially serious implications for the firm

2. With respect to the external auditor:

- a) Make recommendations to the board for the selection, appointment, re-appointment and removal of the external auditor, and the terms and conditions of the engagement
- b) Receive regular information from the external auditor regarding the audit plan and the results thereof, and verify that senior officers act on the recommendations of the external auditor
- c) Monitor the independence of the external auditor, to which end:
 - i. The company should notify any change of auditor to the CNMV as a significant event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same.
 - ii. The committee should 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 should investigate the issues giving rise to the resignation of any external auditor.
- d) In the case of groups, the committee should urge the group auditor to take on the audit of all component companies.

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

Compliant	☒	Partially compliant	☐
		Explanation	☐

51. The audit committee should be empowered to meet with any company employee or manager, even ordering their appearance without the presence of any senior officer.

Compliant	☒	Explanation	☐

52. The audit committee should prepare information on the following points from Recommendation 8 for input to board decision-making:

- a) The financial information that listed companies must periodically disclose. The committee should ensure that interim 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 creation or acquisition of shares in special purpose vehicles or entities resident in countries or territories considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.
- c) Related-party transactions, except where their scrutiny has been entrusted to some other supervision and control committee.

See sections. B.2.2 and B.2.3

Compliant	☒	Partially compliant	☐
		Explanation	☐

53. The board of directors should seek to present the annual accounts at the general shareholders' meeting without reservations or qualifications in the audit report. Should such reservations or qualifications exist, both the chairman of the audit committee and the auditors should give a clear account to shareholders of their scope and content.

See section. B.1.38

Compliant	☒	Partially compliant	☐
		Explanation	☐

54. The majority of nomination committee members – or nomination and remuneration committee members as the case may be – should be independent directors.

See section. B.2.1

Compliant	☐	Explanation	☒
		Not applicable	☐

As indicated under Recommendation 44, when appointing the members and chairmen of the different committees, the Board places greater priority on the aptitudes, experience and qualifications that will enable the different committees to best perform their duties than on the category of director.

The Appointments and Remuneration Committee mainly comprises external directors, in compliance with article 42.1 of the Board of Directors Regulations.

55. The nomination committee should have the following functions in addition to those stated in earlier recommendations:

- a) Evaluate the balance of skills, knowledge and experience on the board, define the roles and capabilities 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, making recommendations to the board so the handover proceeds in a planned and orderly manner
- c) Report on the senior officer appointments and removals which the chief executive 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

Compliant	☒	Partially compliant	☐	Explanation	☐	Not applicable	☐
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56. The nomination committee should consult with the company's chairman and chief executive, especially on matters relating to executive directors.

Any board member may suggest directorship candidates to the nomination committee for its consideration.

Compliant	☒	Partially compliant	☐	Explanation	☐	Not applicable	☐
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57. The remuneration committee should 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 directors and senior officers
 - ii. The individual remuneration and other contractual conditions of executive directors
 - iii. The standard conditions for senior officer employment contracts
- b) Oversee compliance with the remuneration policy set by the company

See sections. B.1.14, B.2.3

Compliant	☒	Partially compliant	☐	Explanation	☐	Not applicable	☐
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58. The remuneration committee should consult with the chairman or chief executive, especially on matters relating to executive directors and senior officers.

Compliant	☒	Explanation	☐	Not applicable	☐
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responsibility corporate social report



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Since 2005 the **FCC Group** has been committed to adopting widely accepted international frameworks for the non-financial accountability of major companies. More and more transparency is expected from leading businesses, especially in the current climate.

Initiatives such as The United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, the Dow Jones Sustainability Index (DJSI) and the Global Reporting Initiative (GRI) have guided the FCC Group in its corporate responsibility considerations and commitments and in measuring its own activities in terms of their impact and contribution to sustainability.

Our policies, management and results have been recognised in 2008 with our listing on the DJSI, following an evaluation of the most important aspects of our business activity.

The FCC Group has been rated as one of the top construction companies worldwide by Sustainability Asset Management (SAM), which prepares the most renowned sustainable development benchmark for global companies each year.

This is the fourth consecutive year that FCC has published data on its corporate social responsibility. This report and our website show the policies, plans, practices and results that have arisen from the Group's hard work and endeavour to address the most relevant concerns and opportunities for creating sustainable value.

This report, which was approved by the Board of Directors on 5 May 2009, has been presented to the union representatives of the company's employees for their information.

Interview with the Chairman and Managing Director

Mr. Baldomero Falcones Chairman and Managing Director

“Corporate social responsibility is a key leadership function in the most advanced companies”

Mr. Falcones, how would you view the current crisis in terms of corporate social responsibility and sustainability? How is the market situation affecting the objectives of Plan 10?

The financial crisis is affecting everyone, and this is a time of significant structural change with global implications. Nevertheless, FCC feels well prepared to face this transition period, confident of our ability to emerge in an even stronger position.

Our 2008-2010 Strategic Plan reflects and responds to the current situation, which we detected before it began. FCC aims to manage risk in a prudent manner and to make the most of opportunities, such as the move towards a low-carbon economy, the management of sustainable cities or the development of civil infrastructures that strengthen

the competitive edge of emerging economies.

The Group is therefore facing the current global market downturn with strength and highly considerable assets. FCC has significant experience and knowledge of the market segments in which it has been operating and generating wealth for years, supported by a reliable team of experts and advanced technology.

Experience, talent, innovation and a healthy financial position are the strengths on which FCC studies opportunities for ongoing growth in the infrastructure and services areas, as well as in new and attractive fields such as renewable energies. FCC created a new division in 2008, FCC Energy and Sustainability, which has allowed us to position ourselves in this sector and other areas of strategic importance for the Group.

The link between generating value for the company and environmental, social and ethical performance is clearly established in Plan 10. This Plan's objectives are to generate shareholder value, improve the professional development of our employees and contribute to sustainable development within the community. The market, our organisation and all related stakeholders have been clearly informed of this set of goals.

In 2008 we implemented strict consolidation measures, all the while continuing to create opportunities for sustained growth. At FCC everyone is committed to improving efficiency and saving in areas such as energy and travel. Our cost savings have included

freezing salaries and bonuses for 250 senior managers and these measures have been combined with a plan to encourage loyalty and thereby retain talent, including initiatives such as the Group's share option or international career development plans.

FCC has also undertaken to protect its personnel and, in this regard, has restricted new recruitment and replacements.

We have also progressed in sector-based and geographical diversification. At the end of 2008, activities outside Spain represented 42% of operations, up 6% on the prior year, placing us in an ideal position to meet the objectives by the end of the Plan. Today FCC is a global company which remains sensitive to local issues.

Are corporate social responsibility and sustainability considerations integrated within the company?

I firmly believe that FCC's growth is balanced in terms of financial, environmental and social issues.

As a company we are committed to protecting the environment and we see the development of clean technologies as a cornerstone for competitiveness and growth. We also provide public services in many countries and towns.

In line with recommendations for good corporate governance, the board of directors is ultimately responsible for CSR. The board has delegated this role to a department specifically created in 2005



to oversee the entire Group and which reports directly to the Secretary General. In 2008, our majority shareholder, myself and other members of the board of directors implemented a number of measures which symbolised the importance of the Code of Ethics, with the purpose of promoting the Group's culture of values and integrity. FCC has also laid the foundations for consolidating its corporate responsibility management model, not only due to inclusion of sustainability within Plan 10, but also due to approval of the FCC Group 2009-2010 Corporate Responsibility Master Plan, which details our sustainability commitments. We are extremely proud of the first plan, which met over 90% of its objectives.

What is the key to ensuring that a company such as FCC contributes effectively to sustainable development?

Integrating this objective into the governing structure and business strategy is, as I have already mentioned, crucial. However, equally important are the corporate culture, practices and daily activities. FCC promotes a culture of integrity to implement this objective in its business activities, based on the Group's Code of Ethics approved by the board of directors in 2008. During the year FCC has focused on involving the entire organisation in preparing and rolling out new tools to strengthen the Group's culture of integrity. At FCC we feel that compliance with this Code of Ethics is extremely important, and we are also aware that this issue is also highly valued by third parties. Cultures of integrity are increasingly important to shareholders and, according to a study by the Spanish Excellence in Sustainability Club (of which FCC is a member), 75% of shareholders are "interested" in the ethical, social and environment aspects of the company in which they invest.

In terms of the value of CSR for the market, what importance does FCC place on responsible corporate management in the 21st century?

I believe that at present there are three key players clearly signalling the market value of corporate responsibility.

The first of these is the market importance of a public sector constantly expressing its backing for corporate responsibility and sustainability.

The European Commission is finalising a public procurement manual for its member states, which includes sustainable criteria. In Spain the entry into force of Public Sector Procurement Law 30/2007 (which establishes the possibility of rewarding social and environmental aspects during public tenders) forms the basis of a policy supporting the implementation of corporate responsibility and sustainability criteria.

The public sector is a notable FCC customer, both in the construction and services areas. We have seen how environmental and social criteria are of growing importance in calls for tender, whether at the bid acceptance or evaluation stage, representing a factor to be considered when awarding contracts and one which must be implemented in the execution of any project.

These requirements have not taken us by surprise; in fact, nothing could be further from the truth. In 2008 the Group was awarded various tenders, which have not only been based on the financial and quality aspects of our bids, but also on environmental issues (such as energy efficiency, carbon emission levels, rational water consumption and waste recycling) and social factors (including

employee CSR training and support for fair trade when purchasing work clothes). An example was the environmental services contract in the city of Barcelona.

Secondly, companies that are committed to extending their responsibilities throughout the supply and contractor chain have clearly understood that this forms part of their risk management, in terms of operations and reputation.

At FCC we place strict demands on our contractors and suppliers, in particular when it comes to health and safety in the workplace, an issue which is as important for our contractors as it is for our own personnel. Consequently, we focus our health and safety strategies on both areas, particularly in terms of training, having invested 333,856 hours in health and safety training in 2008.

Equally as important is the selection of suppliers, as they are key collaborators for any company that is committed to excellence and technological development. FCC is at the forefront of technology, and we are constantly innovating across all our areas (vehicles, materials, quality, processes, etc.). We are well connected to the world of R&D&I and invest in this area of growth. Our scientific and technological collaborations keep us moving forward, constantly prepared and ready to adapt to any challenge within or outside our Group.

In 2008 FCC undertook a process to strengthen its production chain by expanding the Group's ethical commitment. Our aim is to ensure that all our suppliers and contractors are aware of the way in which we act, and to encourage their commitment to principles such as compliance with the UN Global Compact. To do so, the FCC management committee has approved a clause in this regard, which is included in all Group contracts.

Finally I should mention socially responsible investors. Our corporate responsibility management and results were recognised in 2008 by being listed on the DJSI World and Stoxx responsible investment indices, following a thorough evaluation of almost all our business activities. The FCC Group is also one of the leading construction companies in the world, as rated by Sustainability Asset Management (SAM), which prepares the most renowned sustainable development benchmark for global companies each year.

In your opinion what does the future hold for corporate social responsibility?

The most valuable aspect that has arisen from the experience of FCC and other companies, leading the way in which corporate social responsibility has developed, is the idea that management of this area must be focused on creating value. Progress in that direction is currently one of the fundamental challenges in developing corporate responsibility.

Companies like FCC have been able to anticipate this aspect. This is shown by the fact the CSR and sustainability are integrated within our governance model and strategic plan, as well as our day-to-day management. Now is the time for all players within the market, particularly customers, to recognise and reward this approach, thereby strengthening corporate social responsibility and contributing to the collective goal of

sustainability.

Standardisation of CSR, which will be evident, for example, by non-financial accountability maturing to the levels currently seen in financial accounts, requires the market to set clear and logical limits on the value of managed products and services, based on a set of responsibility and sustainability parameters.

The above, together with the CSR report which FCC is publishing for the 4th consecutive year, demonstrate once again the Group's firm commitment to corporate social responsibility, sustainability and the international frameworks assumed by FCC, particularly the UN Global Compact and its ten principles, a commitment which we have publicly renewed.

The initiatives that show this commitment are described in detail in this 2008 Corporate Social Responsibility Report, prepared in accordance with the Global Reporting Initiative (GRI) G3 Guidelines. The report verifies our levels of compliance with the aforementioned GRI indicators, the Accountability and Global Compact principles and our commitment to the OECD principles and UN Millennium Goals.

The information contained in this document shows that FCC has a solid foundation for making an active and important contribution to solving the challenges faced by this generation of businesses, promoting sustainability and responsibility for those to come.



01

Responsibly creating value A solid business and corporate social responsibility

.....

FCC contributes to making efficient infrastructures and services available in the countries and cities in which it operates

.....

FCC provides infrastructures and services, ranging from environmental to urban and water management services. FCC also carries weight in the cement market and this activity is complemented by property development, mainly lettings of buildings and offices. A new, emerging activity, no doubt strategic in the future, is the Group's recently created energy division.

In 2008 FCC's corporate responsibility centred on involving the entire organisation in preparing and then deploying strategic tools to guide and reinforce the business, the culture of sustainability and the company's integrity.

.....

Today more than ever, efficiency and integrity are key values in caring for a company, the environment and society

.....

FCC key to sustainable competitiveness: Responding to the crisis

FCC's 2008-2010 strategic plan, launched in May 2008, reflects and responds to the reality we are currently facing. The strategic plan aims to create value for shareholders, optimise the professional growth of employees and contribute to the sustainable development of the community.

The plan has introduced measures to promote austerity and consolidation without impeding the creation of opportunities for sustained growth:

- > Austerity, aiming to make savings and improve efficiency in the most important costs such as energy and travel, freezing the salaries and bonuses of 250 senior managers, introducing a loyalty plan with share options.
- > Protection of our staff, with restrictions on recruitment and replacement.

> Consolidation and progress in sector and geographical diversification. At the end of 2008, activity outside Spain represents 42% of all activity, 6% more than in 2007, demonstrating that FCC is on course to meet its objective of 50% by the end of the plan. Diversification is fundamental to Plan 10, to build up FCC's knowledge and know-how and apply them to other markets, allowing the Group to access different economic cycles. Today, the Group's activity is concentrated in Spain, Portugal, central Europe, the UK and the US.

> The company has strength and considerable assets for facing the current global market downturn. The Group has a solid background and knowledge of the segments of the market in which it has operated for years, generating wealth, human resources and cutting-edge technology. Experience, talent, innovation and a healthy financial position are the strengths upon which the Group is seeking to build opportunities for continued growth in infrastructures and services. FCC is confident about the future.

☞ For more information go to <http://www.fcc.es>

Compliance with the 2007-2008 Master Plan

The 1st 2007-2008 Corporate Responsibility Master Plan established 6 strategic objectives, 8 corporate plans and 5 area plans to implement the FCC Group's corporate responsibility policy.

The 1st Corporate Responsibility Master Plan has been 90% completed

☞ Evaluation of compliance with the objectives of FCC's 1st Corporate Responsibility Master Plan (2007-08) can be found at <http://www.fcc.es>





Principal milestones

The board of directors approves FCC's first CSR Master Plan (2007-2008)

JANUARY_2007

- > The board of directors approves the creation of the Corporate Social Responsibility Management Structure.
- > Project Galileo (standardisation of CSR in international subsidiaries) is launched

MAY_2007

- > FCC Medio Ambiente wins a prize for Project Eureka.
- > The FCC Group agrees to adhere to the United Nations Global Compact (FCC Co and CPV have already joined).
- > Aqualia is chosen as the World's Best Water Management Company.

JANUARY_2008

- > The Green Centre/ecology office is launched.
- > FCCCo and CPV sign the Bali Declaration.
- > 85% of the recommendations in the Unified Code of Good Governance for listed companies are met.

MAY_2008

- > The FCC Group's mission, vision and values are defined.
- > The board of directors approves the Code of Ethics.
- > The employee volunteering scheme is launched.

AUGUST_2008

- > FCC is listed under the silver category on the DJSI World and Stoxx responsible investment indices.
- > The Family Plan is signed.
- > The Equality Plan is signed.

SEPTEMBER_2008

- > Plan 10: CSR is introduced to business strategy.
- > FCC Energía y Sostenibilidad is created.
- > The board of directors approves the CSR clause in supplier contracts.

DECEMBER_2008

- > The board of directors approves FCC's second CSR Master Plan (2009-2010).

In context

"CSR in the Corporate Governance of Ibox 35 Companies. An Analysis of Transparency", published by the ESADE Institute for Social Innovation in November 2008, deals with one of the key topics in the development of corporate social responsibility (CSR) in the immediate future: its place in corporate governance. The study covers the following questions: To what extent is CSR integrated in companies' day-to-day procedures and corporate strategies? And, consequently, what conditions need to exist for this integration to be credible and possible? The authors demonstrate the importance of CSR becoming an integral element of strategy and a clear commitment by boards of directors. The Institute for Social Innovation indicates that CSR is key to avoiding situations such as the current crisis, as the companies which have incorporated CSR in their corporate governance bodies use effective risk management and aim to achieve long-term business results. 'If CSR is not rooted in corporate governance, a financial crisis may once again shake companies' foundations'.



2007-08 has given way to a period of maturity in CR in the Group. In 2008 FCC laid the foundations upon which to consolidate its CSR management model



2008 Achievements

- > For the first time the Strategic Plan includes an objective of sustainable development in the communities in which the Group operates.
- > 90% compliance with the first CSR Master Plan.

2008

- > The second CSR Master Plan consolidates the Group's CSR strategy.
- > FCC is listed on the DJSI World and Stoxx responsible investment indices.

2008

2009 Priorities

- > Investment in the activity of FCC Energía y Sostenibilidad.
- > Talent internationalisation plan.
- > Distribution of the second CSR Master Plan.

2009

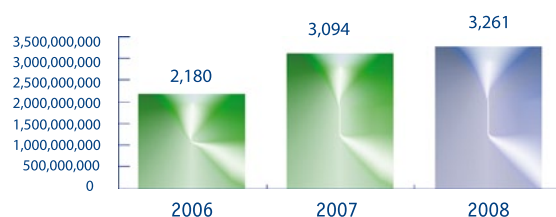
- > Development of a procedure for compliance with the Code of Ethics by the main suppliers.
- > Participation in sector working groups.

2009

Trends

Wages and salaries paid

Million euros





€14,016
million in net
sales in 2008

€369 million
paid in dividends

€3,260
million in wages
and salaries

1.1 Business strategy and sustainability: FCC's strategic "Plan 10"

The Strategic Plan aims to create value for shareholders, help employees optimise their professional growth and contribute to sustainable development of the community

The corporate initiatives of Plan 10, FCC's current strategic plan, include social corporate responsibility and good governance, specifically good corporate governance, dialogue with stakeholders, sustainable development, commitment, corporate citizenship, our internal social dimension, our social reputation, responsible communication and integrated CRS management. By including these aspects, FCC also aims to achieve the business objectives established in this plan.

The Strategic Plan places particular emphasis on the importance of managing people, which shows the company's commitment to developing a business model based on attracting and retaining talent. The main initiatives in talent management are directed towards developing and internationalising

management, rotation and training, internal communications – including a channel for making suggestions – and improving occupational health and safety. The plan introduces variable remuneration as a loyalty creation tool and an incentive for meeting our corporate objectives.

FCC's commitment to energy efficiency, environmental sustainability and taking market opportunities in the renewable energy sector is evident in the creation of a new business area, FCC Energía. The new company will allow FCC to take advantage of abilities and synergies in environmental services, urban waste, water, cement and infrastructures.

The creation of FCC Energía will enable the Group to position itself in strategic geographical locations in the energy sector

Diversification is fundamental to Plan 10, to strengthen FCC's knowledge and know-how and apply them to other markets, allowing the Group to access different economic cycles.

The inclusion of this initiative within corporate responsibility and good governance in the Strategic Plan is a clear indication of the Group's commitment to instilling responsible management and the increasing strategic importance of corporate responsibility.

With Plan 10, corporate social responsibility has been incorporated into FCC's business strategy



**258 meetings
with investors
and analysts**

**€29
million
invested in R&D&I**

**Over 3,000
suppliers with
ISO certification**

1.2. Corporate Responsibility strategy: the FCC Group's Corporate Social Responsibility Master Plan 2009-2010

The FCC Group's Corporate Social Responsibility Master Plan 2009 – 2010, **approved by the board of directors in November 2008**, establishes the sustainability commitments of FCC and its business areas, enabling harmonisation of the Group's responses to its corporate responsibility challenges, with special attention to the particularities of each business area. The main objectives of the Plan are as follows:

> To establish the strategic lines of FCC's corporate social responsibility policy and areas for 2009 – 2010.

> To outline the socially responsible activities which will be used to respond to our strategic challenges.

> To consolidate the organisational structure established in the former Master Plan, which describes and deploys the FCC Group's socially responsible strategy and activities.

> To achieve a joint corporate social responsibility (CSR) vision and mission in all areas of the Group.

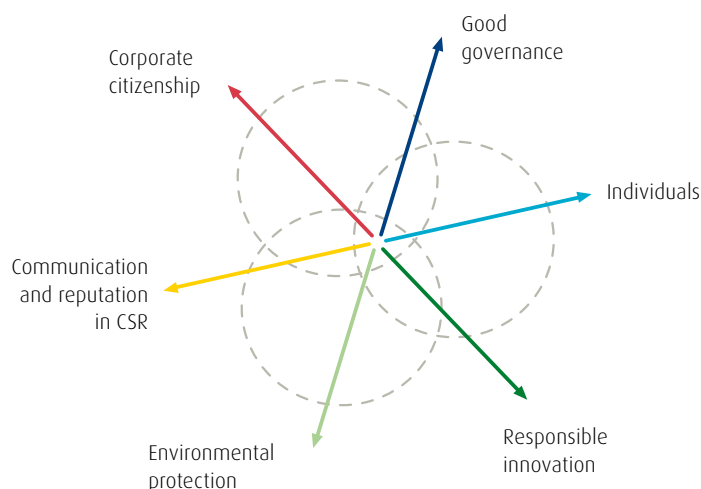
The strategic lines of the Master Plan 2009-2010 are as follows:

1. Good governance.
2. The people of FCC.
3. Communication and recognition of FCC's socially responsible strategy.
4. Our corporate citizenship.
5. Looking after the environment.
6. Responsible innovation within the Group.

The Group has used materiality studies conducted on emerging CSR issues in Spain and abroad relevant to FCC to establish these lines.

All of the strategic lines respond to the Strategic Plan (Plan 10) objective of providing a Group response to our social responsibility challenges

Strategic lines of FCC's CSR Master Plan (2008-2009)





Organisational structure of corporate responsibility within the FCC Group

Consolidating the organisational structure in corporate responsibility is one of the four objectives of the 2nd Corporate Social Responsibility Master Plan. The following organisational structure has been established to integrate, co-ordinate and execute FCC's corporate responsibility policy:

> FCC board of directors

The board of directors is the highest governing body responsible for the Group's CSR policy. The regulations governing the board state that its plenary session is responsible for approving, inter alia, the Group's corporate governance and social responsibility policies. The board of directors also approves the Annual Corporate Governance Report, the Annual CSR Report and, every two years, the Corporate Social Responsibility Master Plan.

> FCC General Secretariat

FCC's Corporate Social Responsibility Department is under the jurisdiction of the General Secretariat, which also presides over the Corporate Social Responsibility Committee and the

Internal Code of Conduct Monitoring Committee.

> FCC Corporate Social Responsibility Department

This department was created in 2005 and is run by the Group's General Secretariat, overseen by the board of directors. The Department comprises a corporate team of five employees with an average age of 36, four of whom are female. The Department is also directly supported by the teams responsible for corporate responsibility in other subsidiaries and countries. The main areas of this department's responsibility are: preparing the biennial Corporate Social Responsibility Master Plan and monitoring its compliance, co-ordinating the FCC Corporate Social Responsibility Committee and outlining strategic policies, preparing the Annual CSR Report (which it has prepared since 2005) and the Annual Corporate Governance Report for the Spanish National Securities Market Commission and monitoring good corporate governance recommendations, recording information on directors and persons privy to confidential information, collaborating with the General Secretariat in the adaptation to internal FCC regulations and compliance with the Internal Code of Conduct, managing FCC participation in national and international sustainability indices (DJSI, FTSE4Good,

IBEX), annually preparing the Group's Progress Report on its adherence to the United Nations Global Compact and managing the Group's communications on CSR through the website and intranet.

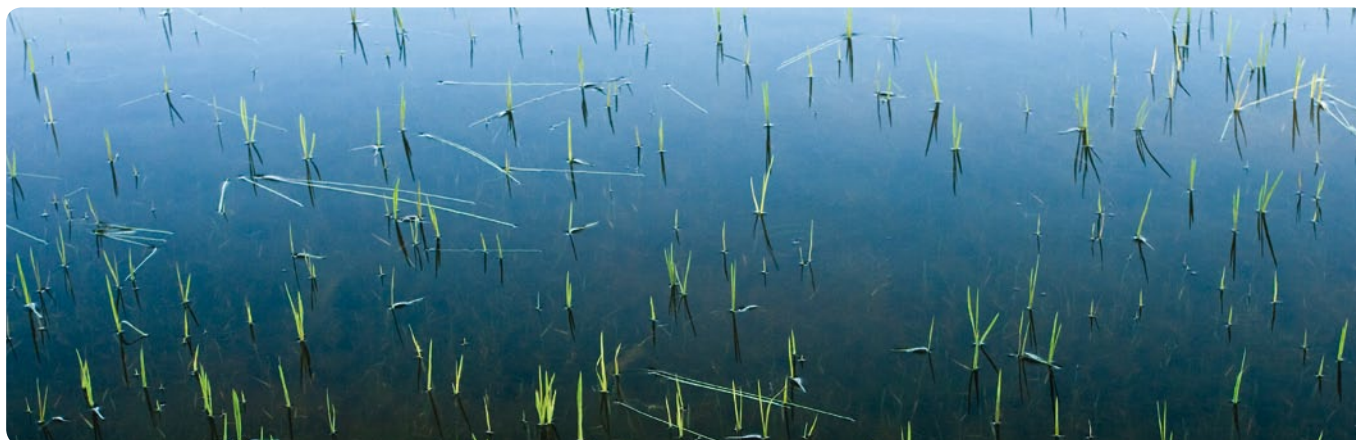
> The Group's Corporate Social Responsibility Committee

Chaired by the FCC General Secretariat, this Committee comprises specialists in the co-ordination of initiatives and corporate social responsibility from each of the FCC business areas (at the date of publishing this report, the business areas are: FCC Construcción, Cementos Portland Valderrivas, Realia, FCC Medio Ambiente, FCC Ámbito, Aqualia, Proactiva, Energía y Sostenibilidad, Versia and Per Gestora). The managers of the corporate responsibility, internal audit, human resources, communication, corporate image, legal advisory, shareholder and investor relations, information systems and technology and information security departments are also members of the Committee.

> Corporate social responsibility and sustainability committees by areas

The composition of each committee should reflect the representation of the different departments involved in sustainability or CSR in the various business areas.





Dividend per
share:
€2,13

Increase in
dividend per share:
3.9%

40.16%
of purchases
from local suppliers

1.3. Economic value generated and distributed

FCC is a major driver of direct and indirect wealth generation, achieving profits for its shareholders, creating employment, either directly or through suppliers and contractors, investing

in R&D&I, paying taxes and designing voluntary social initiatives to benefit the societies and communities in which we are present.

Economic value generated			
	2008	2007	2006
Income (thousands of Euros)			
Turnover of products and services	14,016,295	13,880,633	9,480,928
Total economic value generated	14,016,295	13,880,633	9,480,928

Economic value retained			
	2008	2007	2006
Economic value retained (thousands of Euros)			
Economic value generated	14,016,295	13,880,633	9,480,928
Economic value distributed	11,304,918	13,283,289	8,903,405
Total economic value retained	2,711,377	597,344	577,523



Economic value distributed			
	2008	2007	2006
Materials consumed and other external expenses (thousands of Euros)			
Materials consumed (suppliers of materials and services)	6,987,241	6,352,253	4,512,844
Other external expenses	-	2,588,603	1,512,614
Total	6,987,241	8,940,856	6,025,458
Salaries and remuneration (thousands of Euros)			
Wages and salaries	3,260,766	3,093,509	2,180,050
Total	3,260,766	3,093,509	2,180,050
Payments to providers of capital (thousands of Euros)			
Dividends payable to shareholders	368,960	384,454	210,736
Interest payable on loans	593,657	515,254	209,139
Total	962,617	899,708	419,875
Payments to governments (thousands of Euros)			
Income taxes	94,294	349,216	278,022
Total	94,294	349,216	278,022
Total economic value distributed (thousands of Euros)	11,304,918	13,283,289	8,903,405

1.3.1. Value for FCC shareholders

The severe economic crisis currently affecting the global economy, with significant consequences for practically all industrial sectors, has had a considerable effect on FCC's market value, which closed 2008 at €23.33 per share, a loss of 54% for the year. However, a dividend of €2.13 per share was paid on account to shareholders with a charge to 2007 profits, 3.9% more than the prior year, representing a payout of 59.2%.



1.3.2. Significant financial assistance received from governments

Governments

Total grants received from **governments** in 2008 are as follows:

Company	Grant (€)
Aqualia (Aqualia España, Aqualia Infraestructuras España, Aqualia Industrial España)	12,611,278
FCC Construcción	764,196
Medio Ambiente España	26,546
Waste Recycling Group	64,752

R&D subsidies

R&D subsidies totalling €5,906,802.70 were allocated to FCC Construcción in 2008.

FCC does not have any Spanish public entities among its shareholders. However, certain subsidiaries of Aqualia, engaged in the management of the integral water cycle, are part-owned by city councils which oversee that services are carried out correctly. Similarly, three subsidiaries of FCC Ámbito – Recilec, Egmasa and Aragersa - are partly owned by public companies or autonomous bodies.

Other transactions with public organisations

Administrative or judicial fines incurred in 2008 for non-compliance with laws and regulations totalled €17,700.

The FCC Group did not contribute to any political parties in 2008. The FCC Group Code of Ethics limits donations to political parties and/or their representatives to the circumstances expressly foreseen in prevailing legislation.





1.4. Investment in R&D&I

In 2008, R&D&I investment, distributed by business area, was as follows:

	Global budget for FCC projects underway in 2008 (Euros)*	Total external grants in 2008 (Euros)	Total loans obtained on Favourable Terms in 2008 (Euros)	FCC investment 2008 (Euros)
Construcción	28,075,612.30	1,489,712.34	4,417,089.75	11,940,301.45
Cemento	778,000	0	0	778,000
Versia	459,315	0	0	456,815
Aqualia	33,400	215,800	0	14,991,600
FCC Ámbito	47,658	0	0	15,886
MA Nacional	2,079,395.70	26,546	0	826,512.32
TOTAL FCC	30,695,381.00	1,516,258.34	4,417,089.75	29,009,114.77

* The global budget for projects in which FCC participates, independent of the proportion of involvement or whether the project is a multi-year activity.

Innovation and an enterprising mentality produce results. FCC's commitment to developing clean technologies has set the Group apart for over a decade

1.5. The value of quality: the highest standards for customers and users

2008 Fostering Innovation Award for the project to automate the manufacture of railway sleepers.

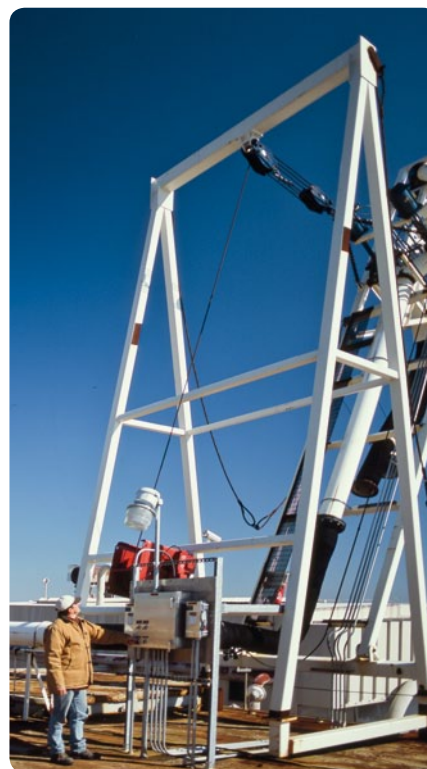
This year the project to automate the railway sleeper manufacturing process, enabling greater control over production and lower costs, won the Fostering Innovation Award promoted by the Group's construction division.

FCC's activities and projects aim to create value for its customers. FCC's customers include public administrations, private

institutions and individuals. Our activities serve the basic needs of millions of people.

Accredited individuals and companies internally and externally assess the quality of the products and services offered by FCC within the company's quality management systems. The extent of ISO 9001-certified activity grows every year, and at 31 December 2008 is as follows:

% of activities certified by ISO 9001	
Cementos Portland Valderrivas	84%
FCC Construcción	100%
FCC Ámbito	68%
Aqualia	93%
Medio Ambiente Nacional	90%
Versia	77%



The various initiatives taken in 2008 to continue improvement in the management systems of each of our business lines include the following:

Progress in quality improvement in 2008	
Cementos Portland Valderrivas	> Unification of the quality control system: During 2008 the Quality Control and R&D&I departments of Cementos Portland Valderrivas have been working on the unification and implantation of the Group's quality control system in all its businesses (cement, concrete, mortar, aggregate and transport) and countries (Spain, Tunisia and USA), improving the efficiency of its quality control processes.
FCC Construcción	> Adaptation of the system to ISO 9001:2008 > Updating of customer relations procedures with regard to the treatment of customers' personal data as part of the adaptation of the system to ISO 9001:2008. > Introduction of risk management to adapt the application of a management and sustainability system to construction works. > In Prefabricados Delta, improvements in the manufacturing of PRFV pipes and procurement of the CETREN railway sleeper interoperability certificate. > In Matinsa, introduction of COEX courses for recently incorporated personnel in the roads division and establishment of an improvement group to prepare a procedure to ensure compliance with preventative winter road measures. > In Impulsa, the Mexican subsidiary, consolidation of the management system in all works. > In the Portuguese subsidiary RRC, improvement of the library of technical standards and legislation on the intranet. > In Prefabricados Delta, procurement of the AENOR product certificate for PRFV pipes. > Co-ordination of the Spanish Quality Association (AEC) Construction Committee by FCC Construcción. > FCC Construcción's chairing of the working group "Sustainability in Civil Works" in the international Technical Committee ISO/TC-59/SC17 "Building construction sustainability", within which FCC also participates in the other working groups. > At European level, participation in the committee CEN/TC-350 "Sustainability of construction works" and its Spanish mirror committee AEN/CTN 198 "Sustainable construction", where we hold the presidency of the subcommittee SC2, "Sustainability in civil works".
FCC Ámbito	> Increase in the number of certified centres. > Introduction of a customer satisfaction evaluation system. > Introduction of a document given to recently incorporated personnel outlining general and specific legislation. > Introduction of talks to all personnel to raise environmental awareness. > Procurement of the Port of Valencia Seal of Guarantee for FCC Ámbito in Levante
Aqualia	> In Aqualia España, introduction of certification of the management system. > In Aqualia Infraestructuras España, introduction of a four-monthly report containing quality control information and CSR data. > In Aqualia Industrial España, planning of the introduction of a quality control management system to Aqualia Industrial Servicios.

In 2008, the customer satisfaction surveys carried out by each business area reflect the same good results of the prior year, with overall customer satisfaction at a level between very good and good.

Customer satisfaction: global valuation	
Cementos Portland Valderrivas	Not in 2008
FCC Construcción	VG-G
FCC Ámbito	VG
Aqualia	VG-G
Medio Ambiente Nacional	Not in 2008
Versia	Not in 2008
Proactiva	VG



Customer service is a key factor in satisfying the customer and achieving continuous improvement as it allows us to identify the requirements and opportunities to add value to our business. Customer services offices operate for FCC activities involving contact with customers, such as Aqualia, Proactiva and CPV.

In November 2007 CPV introduced its Customer Homepage, an online channel through which customers can consult delivery notes, save and print copies of invoices, view their accounts and ask submit queries or make suggestions. The homepage can also be used to consult the different products' certificates and technical documentation.

Aqualia serves over 2 million customers in Spain

At December 2008, Aqualia España has over 2 million integral water cycle management customers. Aqualia provides access to its customers through various communication channels, including the customer service Aqualia Contact, which was contacted 685,983 times in 2008 for requests, complaints, breakdowns and consultations.

Consultations represent 62.54% of total contact from customers and complaints 1.93%. Complaints are resolved within an average of 26 calendar days.

As a result of Aqualia España's communications with customers, measures have been taken to improve and add social value to customer communications, including the introduction of a virtual office and electronic billing.

In 2008, FCC invested in 13,855 hours of training for 1,918 employees on the UNE-EN ISO 9001 standard, the quality control management system introduced by the company and the related IT tools, with the aim of applying these to activity areas.

All FCC Group companies have introduced voluntary measures to maintain the highest quality control management standards and international best practices. FCC's work in this aspect includes compliance with voluntary codes and active participation in sector associations and initiatives regarding the regulation of technical development and sustainable management.

FCC Construcción is a member of the Madrid Excelente quality seal

Our public and private customers continue to have confidence in us. This is the recognition we aspire to in local, national and international markets

1.6. Strengthening the supply chain

Managing the supply chain is a vital aspect for a Group operating in diverse segments of international markets. In 2008 FCC has reinforced its supply functions, aiming to make the most of existing opportunities for better co-ordination, integration and collaboration. The measures have focused on achieving greater efficiency with regard to purchases, strengthening the information system and mitigating operational, environmental and reputational risks in the supply chain.

Quality must be ensured in the chain of contractors and suppliers to guarantee the efficiency of production processes. FCC is aware of the importance of this and has therefore established communications, collaboration, monitoring and control channels, defined by the quality control management systems of the lines of business and in accordance with the directives of the Group’s Code of Ethics. The business units apply purchase procedures in managing relations with suppliers. At corporate level, purchases are managed by a specialised purchases department, which monitors the quality of the products introduced to the production process.

FCC guarantees equal opportunities for all suppliers in the selection process, ensuring objective competition and transparency in the process by establishing its sales terms, pricing policies and payment methods.

.....

All of the FCC Group’s contracts with suppliers and contractors in 2008 contained information on the guiding principles of the Group’s Code of Ethics. This clause aims to encourage good social, environmental and ethical practices

.....

Furthermore, in their relations with FCC, suppliers and contractors must commit to the ten principles of the United

Nations Global Compact, which the Group adheres to. Non-compliance with any of the principles established in the Global Compact may be grounds for the termination of contracts.

In 2008, 40.16% of purchases were made from local suppliers.

.....

The FCC Code of Ethics is available in Spanish, English, Portuguese and Arabic

.....





02

Good governance The foundation of sustainable competitiveness in FCC

FCC considers that good governance of the company is an asset shared by the entity itself and society as a whole. The Group's endeavours to reinforce its structure of governance and self-regulation have served to strengthen its competitiveness, which is one of the cornerstones of economic and social development.

The corporate governance of the FCC Group is based on the recommendations of the main international frameworks for excellence in this area. The size and

composition of the Company's board of directors are based on the principles of representation of the ownership of the Group and balanced governance of the entity. FCC furthered its implementation of the Unified Code in 2008, having now adopted 86 per cent of its recommendations.

Management of legal and reputational risks based on prevention and control is sustained by promotion of integrity as an essential part of FCC culture, the introduction of new whistle-blowing channels and the systems in place to safeguard compliance.

.....

The Code of Ethics of the FCC Group constitutes a formal standard of

conduct promoting integrity, ethical behaviour and the fulfilment of the commitments undertaken by the organisation and by the individuals of which it is comprised. The code is intended as a guide to exemplary conduct, to generate the confidence of the stakeholders whose involvement, collaboration and trust are essential to the Company's success

.....

FCC key to sustainable competitiveness: Leadership in CSR beginning with the Company's board of directors

FCC's board of directors and Management Committee are formally responsible CSR, guiding its incorporation into the business strategy of the Group.

The Group's CSR Committee is chaired by its General Secretary and Executive Director, who are also responsible for the CSR of the Company, created in 2005. The board of directors has approved the Group's CSR policy (CSR Master Plans 2007-08 and 2009-10), the creation of its CSR Committees, the Code of Ethics and the annual CSR reports, all of which constitute noteworthy developments. The Master Plans must also be approved by the Management Committee, which has authorised a contractual clause requiring that the Company's suppliers be informed of FCC's Code of Ethics and that they comply with the 10 principles of the Global Compact.

The strategic integration of CSR in FCC has been possible as CSR was included in the Group's Strategic Plan (2009-10), or Plan 10, which establishes the "contribution to the sustainable development of communities" as one of its three global objectives.

Plan 10 reflects corporate social responsibility as one of its corporate initiatives, placing particular emphasis on good corporate governance, dialogue with stakeholders, sustainable development, commitment, corporate citizenship, internal social performance, social reputation, responsible communication and integrated CSR management. FCC also aims to promote compliance with the business objectives set forth in this plan but including CSR.



CSR will be included in the evaluation of Plan 10's performance. The evaluation of the 1st CSR Master Plan (2007-808) is available on the corporate website.

For more information go to <http://www.fcc.es>

Objectives and programmes

The objectives of the 2009-10 CSR Master Plan include the promotion and reinforcement of good governance, integrity and transparency as well as the introduction, promotion and compliance with the FCC Group's Code of Ethics.

The main lines of action representing the FCC Group's commitment to good governance are:

Maintaining the highest international standards of good corporate governance:

The Group will monitor corporate governance benchmarks on an ongoing basis to identify and assess the best international practices and recommendations. FCC will participate in work teams and studies on corporate governance. Compliance with the Group's policy and socially responsible initiatives will be reviewed annually.

Advancing in the management of non-financial risks:

Advances will be made in the analysis and management of the non-financial risks assumed by the Group, with particular focus on risks relating to the Company's reputation, the environment, ethical conduct and conflicts with the community. The Group will develop an internal regulatory framework in information management and security and implement an information security management system based on the ISO 27001 standard.

Extending compliance commitments through the integrity framework:

standardisation of CSR within the Group will be advanced through Galileo, a project designed to integrate FCC's CSR policy in its international companies, and promote FCC's CSR integrated management system through the IT solution "Horizonte". Implementation of the Company's Code of Ethics will be furthered through a training and dissemination plan aimed at all Group employees. The Group will promote compliance with the 10 principles of the Global Compact, both within the Group and by suppliers.



In Context

In its fifth, 2008, edition of the “Review of Corporate Governance and Information Transparency in Companies Listed on the Spanish Stock Exchange” the Financial Studies Foundation (FEF) analyses the position and development of corporate governance in the Spanish market, as well as listed companies’ implementation of the recommendations of the Unified Code. Of the total responses reflected in the Annual Corporate Governance Reports (IAGC) of the 135 companies regarding their compliance with the 58 recommendations of the Unified Code, 73% are affirmative (FCC responded affirmatively to 84%), indicating full

compliance with the recommendation, with an even higher percentage among IBEX 35 and larger companies. The companies included in the study reported partial compliance with 9% of the recommendations (FCC partially complied with 7%), while only 10% of the recommendations had not been implemented (FCC has yet to implement 7%). The remaining 8% were not applicable to the companies considered (2% of the recommendations did not apply to FCC, 1 question in absolute terms). The individual valuations of corporate governance and information transparency practices in 2007 are reflected in the FEF rating included in the 2008 publication, with a grading system of A-B-C-D. FCC received a B.

FCC’s culture of integrity continues to be a priority in the 2nd CSR Master Plan

Milestones 2008

- > Approval of the Strategic Plan (2009-10), Plan 10.
- > Approval of the second CSR Master Plan (2009-10).
- > Approval of the Code of Ethics.

2008

- > Preparation of the Training Plan and the contents of the Integrity and Ethics course.
- > Approval of a contract clause extending the Code of Ethics to cover suppliers.

2008

Priorities 2009

- > Participation in working groups on corporate governance.
- > Implementation of the information management and security system (ISO 27001).

2009

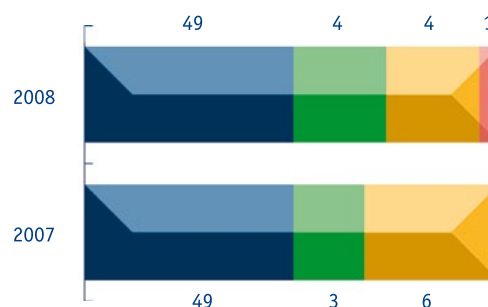
- > Employee training in the Code of Ethics.
- > Extension of Global Compact commitments to suppliers.

2009

Trends

Level of compliance with the recommendations of the Unified Code

- FULL COMPLIANCE
- PARTIAL COMPLIANCE
- NON-COMPLIANCE
- NOT APPLICABLE



24% of board members are women

3% of share capital is allocated to the management remuneration plan

86% compliance with the Unified Code

2.1. Model of Corporate Governance

The highest governing body in the area of corporate social responsibility in FCC is the Company's board of directors

2.1.1. Structure of the board of directors

At 31 December 2008 the board of directors is formed by 21 directors, of which three occupy executive positions within the Company, and four are independent external directors. The number of female board members (five) is once again high compared with other Ibex 35 companies.

The Company's chief executive is the chairman of the board of directors. FCC has taken measures to limit the risks associated with the accumulation of power in one single person. Article 34.3 of the regulation governing the board of directors of FCC, S.A. provides for the control of these risks through the appointment of an independent director, appointed to this effect by the board itself, who is authorised to convene board meetings or add new points to the agenda, coordinating and echoing the concerns of the external directors and directing the board's evaluation of its chairman.

The board of directors organises its work through plenary sessions or committee meetings. Eleven plenary sessions

took place in 2008. The Chairman was present at each of these sessions, which had a high level of attendance and participation by the directors.

The activities of the board are organised around four committees: the Strategy Committee, Executive Committee, Audit and Control Committee and Appointments and Remuneration Committee. The functions and competences of these committees are subject to the regulation governing the board of directors.

The Appointments and Remuneration Committee should receive prior notification of appointments of board members and senior management. This Committee is responsible for assessing the skills, knowledge and experience required by potential candidates.

The regulation governing the board of directors (art. 25) establishes procedures to resolve potential conflicts of interest.



2.1.2. Main actions carried out by FCC's board of directors in the area of corporate social responsibility

FCC's leadership focus in CSR in 2008 has been its introduction in the strategic business plan and the promotion of the integrity system

In 2008 the main actions of the board of directors in the area of CSR were as follows:

> Leadership and corporate culture promoting the development of CSR.

> Supervision of CSR Management in FCC (General Secretary, Executive Director).

> Chairmanship of the Group's CSR Committee (General Secretary, Executive Director).

> Chairmanship of the Internal Code of Conduct Monitoring Committee (General Secretary, Executive Director).

> Integration of CSR in the Strategic Plan of the FCC Group (preparation and approval of Plan 10).

> Approval of the CSR Policy: 2nd CSR Master Plan (2009-2010) and review of compliance with the 1st Master Plan in this area (2007-2008).

> Approval of the Annual CSR Report for 2007 and Corporate Governance Report for 2007.

> Leadership in advancing the compliance framework and culture of integrity.

> Approval of FCC's Code of Ethics, with the review of its Mission, Vision and Values.

> Approval of the training in the Code of Ethics.
Promotion of the Code of Ethics among senior management: *"The importance of what unites us: our values"* (address delivered by FCC's General Secretary and Executive Director).



2.1.3. Transparency

Compensation and Remuneration

In 2008 the non-variable remuneration of the board of directors amounted to €7,519 thousand, representing 2.23% of the profit attributable to the parent company.

Type of board members	Number of board members	Company remuneration (thousands of Euros)	Group Remuneration (thousands of Euros)
Executive Directors	3	4,756	-
Directors representing a major shareholder	14	1,445	922
Independent directors	4	336	60
Total members	21	6,537	982

Total remuneration of senior management, not including executive directors, amounts to €5,859 thousand.

Following the announcement of the ordinary general meeting convened for 18 June 2008, a report on the remuneration policy for the Company's board of directors was made available to all shareholders. The report provides details of the objective and structure of the remuneration policy, the remuneration of directors in their capacity as board members, the remuneration of executive directors for their performance of management and executive functions and, in relation to this point, the structure of the remuneration of and basic terms of contracts with executive directors.

At their general meeting the shareholders approved a motion whereby the executive directors and management personnel of the Company may receive remuneration in the form of shares or share options, or remuneration indexed to the value of the Company's shares. The agreement signed by the shareholders at their general meeting delegated the development and execution of this proposal to the Company's board of directors.

In relation to the remuneration policy for senior management personnel, in 2008 the board of directors approved the incorporation of a share option plan. Completing management plans to retain human capital, a financing system has been approved (in 2009) to encourage voluntary share purchases by executive management personnel. In total, the Company has placed 75% of own shares, currently representing approximately 4% of share capital, at the disposal of its management personnel.

Evaluation of the board of directors

At the session held on 29 January 2009 the board of directors evaluated its performance and that of its committees in 2008, in compliance with article 38.6 of the regulation of the board of directors. The evaluation analysed not only the performance of the board of directors and each of its different Committees (Executive Committee, Audit and Control Committee, Appointments and Remuneration Committee and Strategy Committee), but also of the Chairman and Chief Executive.

From the results of this evaluation we can conclude that 2008 was a highly satisfactory year. Both the board of directors and its committees and the Chairman and Chief Executive have managed their responsibilities and duties efficiently, organising their work in compliance with established procedures, and demonstrating a clear commitment to the ongoing improvement of its management. The evaluation also shows that the various committees supported the launch of numerous projects aligned with the Group's strategy, reinforcing the efficiency of the board of directors and the transparency of its management to fulfil the main objective, that of safeguarding social interests.

Section B.2.5 of the annual corporate governance report sets out the internal regulations establishing the obligation to prepare an annual report on the activities of the board of directors and its committees.

Shareholders and investors

Shareholders and investors may submit their recommendations, suggestions or complaints to the Stock Market and Investor Relations department, which reports to the Group's General Finance Management.

CSR is a key issue for FCC's board of directors



**A Code
of Ethics
available
in 4 languages**

**Clause
requiring
supplier
compliance with
the Global Compact**

**Objective 2010
100% of employees
will be familiar
with FCC's
Code of Ethics**

2.2. Tools for safeguarding integrity

*A forward-thinking
code of ethics reinforces
a contemporary culture
of integrity*

FCC has established a number of regulations governing the functioning of the Group, its subsidiaries and investee companies. The existing regulatory and integrity framework was updated in 2008 with the approval of the Code of Ethics, which is applicable in all countries and to all employees and management personnel and has now been extended to the Company's contractors and suppliers.

The initiatives foreseen in the 2007-2008 CSR Master Plan for the dissemination of the FCC Group's Code of Ethics were also carried out in 2008.

2.2.1. Contractual clause to promote responsibility in the production chain

The Management Committee has unanimously agreed to introduce a clause ensuring fulfilment of the commitment to inform FCC's suppliers and contractors of the Group's Code of Ethics in its contracts with these parties. The supplier/contractor undertakes, under all circumstances, to comply with the ten principles of the United Nations

Global Compact, to which the Group has committed (www.pactomundial.org), in their contractual relationship with FCC. Failure to comply with any one of these principles could constitute just cause to rescind the contract.

2.2.2. The Code of Ethics is already accessible on an international level

The Code of Ethics, published originally in Spanish, is available in English, Portuguese and Arabic, to facilitate its application to the Group's international activities. Its publication in four major languages permits the access to and understanding of the Code on the part of all the employees, managers, contractors and suppliers bound by its requirements.





2.2.3. Awareness raising and training in integrity help to internalise the Group's commitments with respect to ethical conduct

A number of seminars were held for senior management during 2008, with the Chairman and Managing Director and General Secretary of FCC and the Chairman of the Group's CSR Committee promoting FCC's new Code of Ethics and other integrity tools. The corporate address, The importance of what unites us: our values, defines the core components of what is meant by ethical conduct within FCC.

FCC has concentrated on training in the area of integrity, the outcome of which is the Group's first training course in ethics and integrity. The course primarily focuses on the following two issues:

- > The importance of compliance with the legal, regulatory and professional requirements applicable to the Group and the obligation to report any possible breaches of these standards.

- > Comprehension of the Code of Ethics of the FCC Group and the associated procedures and protocols.

The Code of Ethics training plan establishes the objective of training one hundred per cent of the Group's employees and management personnel within the two year covered by the new CSR Master Plan.

2.2.4. Ethical channels for confidential reporting

The individuals bound by the Company's Code of Ethics are required to report any possible infractions of its stipulations. Ethical channels and procedures have been established to allow the Company's employees to report these infractions confidentially, in good faith and without fear of reprisals.

The Group has established a general procedure for communicating issues relating to the Code of Ethics. The Internal Code of Conduct Monitoring Committee is responsible for resolving these issues, as foreseen by the code. Employees report to the secretary of the Monitoring Committee by e-mail using the Group's intranet or by postal

mail, which should be clearly marked Personal-Confidential.

FCC also has specific procedures to deal with irregularities of a financial and accounting nature. The resolution of these issues is the responsibility of the Audit and Control Committee. Employees may report their concerns to the Audit and Control Committee representative through the Group's intranet (internal channel of communication) or by postal mail, clearly marked Personal-Confidential.

The Group has also established a specific procedure for handling cases of workplace and sexual harassment. The resolution of these issues is the responsibility of the head of human and other resources. Employees may report their concerns to the director or head of human resources by e-mail.

In 2008 the Code of Ethics channel registered a complaint regarding professional development, equal opportunities and non-discrimination, which was followed up and resolved in accordance with the established procedure.



Management of principle 10 of the Global Compact: Working against corruption in all its forms, including extortion and bribery

A forward-thinking Code of Ethics upholds a culture of integrity

The framework of integrity and safeguarding compliance with prevailing legislation is applicable to all the countries in which the Group operates and includes the anti-corruption policy of the FCC Group. FCC's management system for the prevention and control of corruption is detailed in the Code of Ethics, which is available on the Group's corporate website.

The actions carried out in 2008 to implement principle 10 include the following:

The Group's principal shareholder, Chairman and General Secretary lead the way in raising awareness regarding compliance with principle 10. The corporate discourse "The importance of what unites us: our values", penned by the General Secretary, constitutes a clear guideline for compliance with principle 10: "(...) nobody, under any circumstances, should jeopardise the Group's commitment to moral and ethical conduct. Not even when we believe that this could help us to obtain advantages in the market. We do not seek advantages which require us to compromise our values. We want compliance with laws, regulations, standards, policies and procedures, both internal and external, to constitute a basis of conduct within our company. We

aspire to being an organisation in which there is no room for bad practice, and in which our employees feel emboldened to speak up against unethical behaviour".

Extending compliance with the Global Compact to the production chain:

The contractual clause approved by the Management Committee extends the Group's commitment to the 10 principles of the Global Compact to its suppliers and contractors. Failure to comply with any one of these principles could constitute just cause to terminate the contract.

Training to work against corruption:

The training course in ethics and integrity provides a clear definition of corruption and bribery and establishes how the employees of FCC should conduct themselves. The FCC Group understands corruption as the use of unethical practices to obtain a particular benefit. The anti-corruption position assumed by FCC means that: we will not engage in unethical practices to influence persons outside the company, for our own benefit or that of the Group; we will be vigilant to ensure that other individuals or organisations do not use these practices in their relations with the FCC Group; we will not directly or indirectly make, offer or receive any payment in cash or in kind or any other benefit which, due to its value, nature or circumstances, could reasonably alter the course of the commercial, administrative or professional relations in which we participate; we will abstain from making payments to facilitate or speed up bureaucratic procedure.

Study of the reputational risks to which the Group is exposed, specifically including the potential for corruption.

Registration, through the confidential ethical channel, of incidents reported and consultations and/or complaints relating to integrity. One complaint was registered in 2008.

☞ The Code of Ethics and internal regulations are available on the Company's corporate website, http://www.fcc.es/fcc/corp/esp/rc_gc.htm

To achieve the Sustainability objectives of the Strategic Plan, the Group is supported by a consolidated culture of integrity, good corporate governance and its commitment to the three cornerstones of sustainable growth

€60 million
insurance policy
against
environmental
risk

17 types
of risks analysed
and managed

1,500 news
stories analysed
in the reputational
crises study

2.3. Risk management

The planning systems and operations management processes of the FCC Group are designed to cover the different risks to which it is exposed in the ordinary course of its business. Risk management is included within the Group management process and, as such, involves all members of the organisation. It is supported by policies on prevention, supervision and control, as well as corrective actions aimed to facilitate the achievement of the Entity's goals.

The general description of the Group's risk policy, detailing and evaluating the risks covered by its systems, together with an explanation of their adaptation to the profile of each type of risk, is set out in section D of the annual corporate governance report for 2008, "Risk Control Systems".

2.3.1. Environmental risk management

The different areas of activity of the FCC Group have environmental management systems certified under the UNE-EN ISO 14001 standard or equivalent. These management systems are focused on compliance with the applicable regulations, on-going analysis of risks and possible improvements and the minimisation of environmental impacts through adequate operational control.

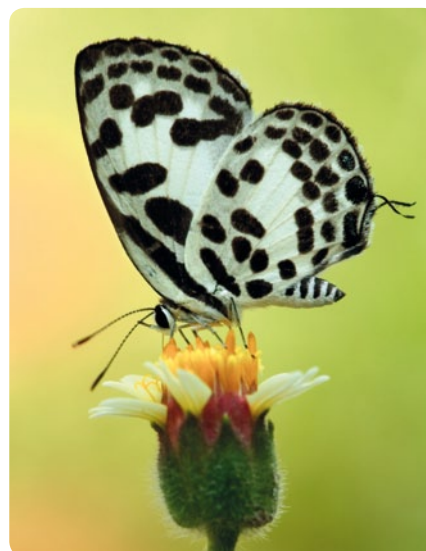
The basic tool for the prevention of environmental risk is the environmental plan prepared by each operating unit, which comprises the following:

- > Identification of the environmental issues relating to the unit's activity and the applicable legislation.
- > Evaluation criteria of environmental impacts.
- > The measures required to minimise impacts.
- > A system for monitoring and measuring the established objectives.

FCC is well covered against environmental risks. In 2008 the Group renewed its environmental risks insurance policy, which amounts to €60,000,000. In this way, FCC surpasses the requirements of Law 26 of 23 October 2007 on Environmental Responsibility, which does not include any stipulations with respect to financial protection or guarantee.

Protecting the environment is an intrinsic part of FCC's business.

The Group is prepared to protect the environment, and has the necessary technology and know-how





Standard environmental risk report models (MIRAT)

In 2008 the FCC Group participated, through FCC Medio Ambiente, in the environmental services sector MIRAT project. The project required the Group, and other sector companies, to collaborate with the Ministry of the Environment and Rural and Marine Affairs in preparing a standard environmental risk report models (MIRAT) which will serve as a basis for the analysis of environmental risks considered by the Environmental Liability Law. The aforementioned standard foresees different voluntary instruments, such as analyses of environmental sector risks and the definition of rating systems. The sector analyses, which should be adapted to each specific case, may consist of standard environmental risk report models (MIRAT, to use the Spanish acronym) or comprise methodological guides, when so warranted by the heterogeneity of the activities included in a single sector. FCC is actively participating in this initiative which requires the expert collaboration of companies belonging to the sector.

2.3.2. Management of occupational risks

A priority objective of the FCC Group is to carry out its activities under high standards of health and safety for all its personnel, and in strict compliance with applicable legislation. Consequently, the implementation of its occupational risk prevention systems is of the utmost importance.

These systems are formalised and organised on the basis of:

- > The assignment of functions and responsibilities.
- > Compliance with certain procedures integrated into the production process, which are aimed at evaluating risks and establishing preventive and health and safety plans.
- > Ongoing training supported by professionals in the field.
- > Regular monitoring of the measures to be implemented in the different operating units under the supervision of prevention technicians.
- > A system of audits carried out by external and internal professionals.

.....

Employees may register their complaints confidentially, in good faith and without fear of reprisals through the internal reporting channel and the ethical channel

.....

2.3.3. Reputational risk management

The main action planned for the management of reputational risk is to explain the current position of the Company, the activities carried out by FCC and the minimal weight of residential construction within the Group. The presentation of quarterly results, addressed to the market through the Spanish Securities Market Commission (CNMV), presents fairly the position and figures of the Group, as well as its strong points, such as its level of liquidity, its having closed 2008 as Spain's leading construction company in terms of turnover, its high level of sector and international diversification and the development of the new business area, FCC Energía.

*In times of crisis,
Reputational risk is
a critical factor.
FCC reports its
position to the market
with accuracy and
transparency*



Study of reputational crises

Based on AA1000 accountability methodology and the definition of reputational crises of the Institute of Crisis Management, FCC has analysed events which have had an impact in the press and may in turn have triggered negative reactions in specific concurrent

stakeholders. FCC has analysed the different levels of vulnerability to focus the management of crisis situations. As a result of this analysis, critical issues relating to reputation have received special treatment not only in the course on Ethics prepared in 2008, but also in

meetings with stakeholders and the selection of information for this report, in which issues with a higher degree of reputational risk have been examined in greater detail.

Distribution of reputational crises by issue





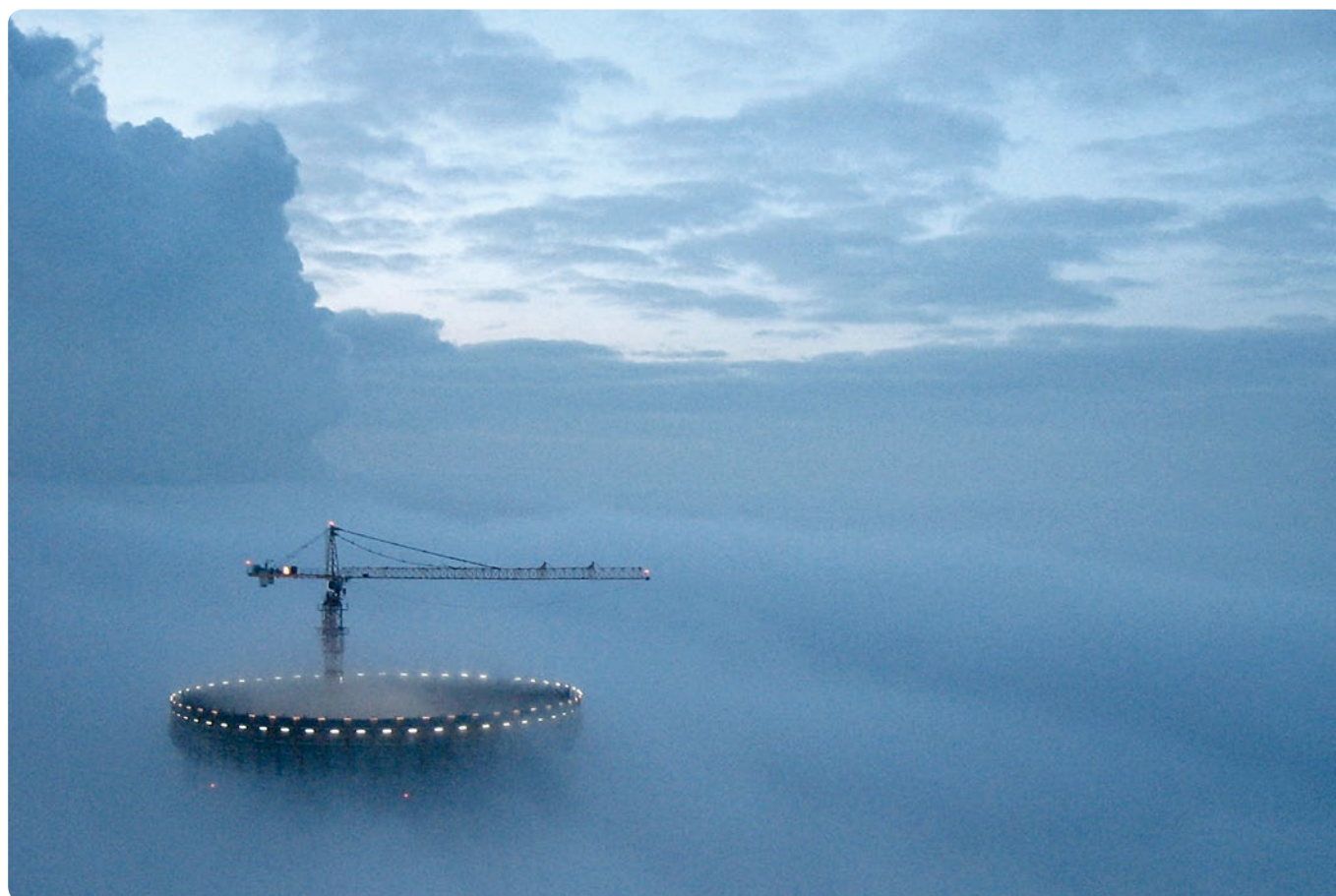
Chapters 3 and 4 of this Corporate Social Responsibility report deal **with labour practices and health and safety in the workplace**, detailing the main management focuses, diagnostics and plans for improvement, performance indicators, investments in training for ongoing improvement, and best practices. The section on risk management reports on the management of occupational risks.

Chapter 7 details the Group's management focus with respect to **relations with stakeholders** and the activities carried out in 2008. Chapter 1 describes the distribution of value

among stakeholders. Chapter 3 details the work coordinated with the employee representatives on equality plans.

Integrity and ethics are explored in detail in this chapter, with particular attention to FCC's compliance with principle 10 of the Global Compact through its commitment to fighting against corruption. In 2008 FCC worked with expert entities to implement its integrity system and develop the contents of the training course in the Group's Code of Ethics.

The 2009-2010 CSR Master Plan foresees advances in the reputational risk management system as part of good governance, echoing the significance attributed to this issue in the previous Plan.





03

The people who make our project possible

FCC's management team and professionals have implemented a diversification strategy that has served as a model for the sector

One of the distinguishing features of FCC is its capacity to operate within a large number of segments and geographical areas, and the identification, development and connection of talent have all been crucial to the Group's international growth philosophy. This capacity has led to FCC undertaking

significant infrastructure and service projects in various countries, as well as in the cement and concessions areas.

In 2008, 93,510 people were employed by the Group in more than 50 countries. The wide spectrum of nationalities represented by FCC personnel reflects the geographical diversification of the markets in which the Group operates. Today FCC's activity is mainly concentrated in Spain and Portugal, as well as Central Europe, the UK, Latin America and the US.

Diversity is a value that strengthens our knowledge and know-how, as well

as our ability to apply these assets to other markets

The Group's social responsibility also includes an effective response to changes in the social and legislative environment of gender equality. When facing this challenge FCC is supported by the Department of Human Resources and Media, in coordination with the Group's various areas of activity and ongoing dialogue with employee representatives. This particular area involves a review of organisational processes and improvements to the balance between gender and resources to avoid any form of discrimination.



FCC key to sustainable competitiveness: International talent

Faced with growth at international level, FCC has implemented an international HR policy to match the Group's levels of expansion. The international HR department was created at the end of 2007, and is prudent when integrating human resource policies, given the wide range of activities and countries in which we operate. We are aware of the past successes of the companies we have acquired and, consequently, one of our priorities has been to identify, recognise and promote their strengths.

The international HR department, along with HR teams from foreign companies, identify which policies and processes should be shared across the board and which should not.

When adopting significant integration measures, the international HR department acts together with general management of the parent company of that in which these measures are to be implemented.

This way of working is in line with the current organisational model, as companies acquired abroad are integrated in the business area of the parent company that leads the activity they perform. Before any action is taken, however, we always study the specific situation of the company in depth, evaluating the possible impact of the measures we have proposed. Examples of significant international talent management projects are as follows:

> An initiative has been launched to attract young civil engineers from various European countries to take part in a training programme in Spain and Austria, before joining one of our companies. In this way they become

familiar with the Group's best practices and train to become potential future site managers or project directors, within a reasonable period of time (4 – 5 years).

> An international mobility programme has been implemented, which focuses on developing profiles and international careers in our water management area.

We are establishing the mechanisms we need to promote professional development with a wide scope, satisfy the company's current international project requirements and anticipate future needs.

For more information go to <http://www.fcc.es>

Objectives and programmes

The 2009-10 Master Plan includes the objective of attracting and retaining talent.

The main lines of action that will guide the FCC Group's commitment to people are as follows:

Talent management: Ensuring the professional development of the Group's team by preparing development plans for management personnel.

Encouraging equality plans: Work will continue on promoting policies that favour access to employment, training and promotion, salary equality, balance between personal, family and professional life, and improvements to female employment and health in the workplace conditions, bringing them into line with those of their male counterparts.

Communication: Employee participation and motivation will be strengthened, making information and collaboration more accessible. Existing communication

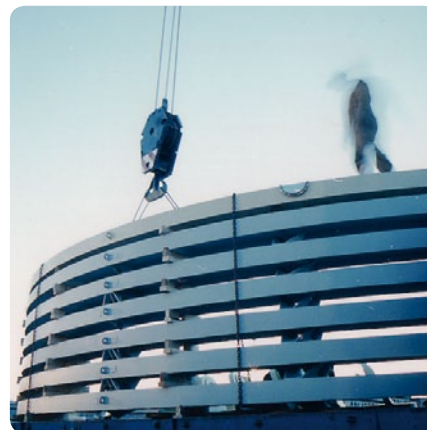
channels will be reviewed, with the corporate media (intranet, magazines, etc.) extended to and therefore unifying the Group's various companies.

Work-life balance: Development of mechanisms to improve flexibility, thereby promoting the conditions required to ensure a healthy work-life balance.

Diversity management: To increase the integration of minority communities into the Group and its environment. To encourage the wealth of talent and creativity that arises from the Group's diversity.

Health and safety in the workplace: To reduce the number of accidents and amount of lost time in the different areas of the company, with the "zero accidents" objective as the ultimate goal.

Internationalisation: To integrate the action policies laid out by all the subsidiaries within the Group's international structure.



In context

The integration of people at a disadvantage when accessing the labour market is a challenge that must be faced by society to move forward in terms of equal opportunities, the insertion of underprivileged groups, social cohesion and the protection of fundamental human rights. According to data from the second edition of the SIFU Group Foundation's report on employment integration, only three of every ten companies in Spain comply with Spanish legislation on the social integration of disabled people (LISMI), 96% of all companies claim that they are aware of this legislation governing the insertion of disabled individuals into the workplace, but only 36% of companies have disabled employees. The Adecco Foundation has a leading role to play in this regard. Classified as a charitable

welfare organisation by the Ministry of Labour and Social Affairs, this foundation is a not-for-profit organisation that is committed to the inclusion of individuals in the workplace who, for various reasons, face difficulty when looking for employment.

The foundation collaborates with disabled people (over 6,700 have joined the labour market), people aged over 45 (over 135,000 men and women have found work), single mothers, women who have suffered from domestic violence, mothers of large families (over 25,000 women have found jobs to suit them), and sportsmen and ex-sportsmen: 98.2% of those involved in the MA and replacement programmes have managed to make their way into the labour market. FCC has also signed a collaboration agreement with the Adecco Foundation and, through labour

insertion initiatives, has progressed in its compliance with the LISMI. In 2008 FCC's collaboration with the aforementioned Foundation was seen in the launch of the Family Plan, which is described in this chapter.

71.63% of the Group's workers are covered by equality plans

2008 Achievements

- > Equality plans prepared and signed for Construcción and Medio Ambiente.
- > A platform for dialogue and collaboration with various Spanish universities is established.

2008

- > Launch of the Talent Internationalisation Plan.
- > Six international missions (in progress).
- > Variable remuneration measures in Plan 10.

2008

2009 Priorities

- > Implementation of the equality measures foreseen in the approved plans.
- > Preparation and signature of equality plans in the remaining activity areas.
- > Development of the Talent Internationalisation Plan.
- > International integration of human resources initiatives.

2009

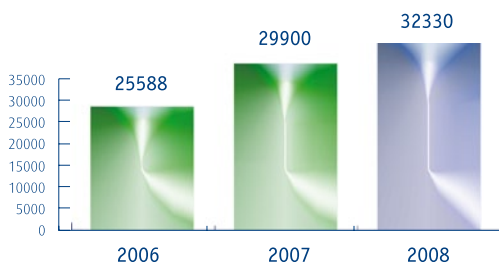
- > Employee training.
- > New employee participation channels.
- > Development of the Communication Plan.

2009



Trends

Permanent contracts



93,510
employees

969,529
hours of training

3,475
jobs created

3.1. Attracting and retaining talent

FCC is fully aware of the importance of the role played by good human resource management in the prosperity and survival of the Group. Our employees form the foundation on which the company's growth is sustained, and their knowledge and experience are the values which set FCC apart from the competition.

Attracting and retaining top professionals is the main challenge faced by the Human Resources and Media Department. All the actions and principles applied by FCC in the human resources field are based on the

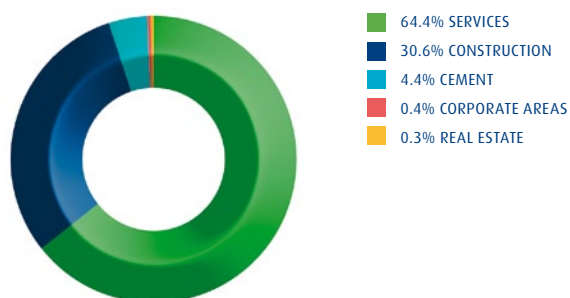
United Nations Universal Declaration of Human Rights, the International Labour Organisation principles and OECD recommendations.

Establishing the best procedures to recruit the top professionals in the market is a fundamental objective of the FCC Group's recruitment department, following the policy of the Human Resources and Media Department on attracting and retaining talent.

During 2008, 93,510 people were employed by the Group in over 50 countries, 63.5% of which worked in

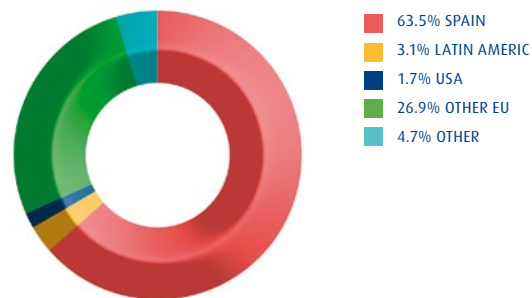
Spain. This headcount was up by 3,475 employees (net) compared to 2007, which demonstrates the company's healthy financial standing and is irrefutable evidence of its solvency.

Activity sector of personnel



The most important factor when ensuring that talent is attracted and retained is to offer stable and quality employment, and FCC is a standard-bearer in this regard.

Activity sector of personnel



Local recruitment

Local recruitment accounted for 54.82% of the total in 2008, across all the employment categories for which recruitment was carried out during the year.

JOB CREATION – FCC GROUP	2006	2007	2008 (*)
TOTAL HEADCOUNT	92,565	96,137	93,510
ANNUAL VARIATION (%)	37 %	3.8 %	5.6 %

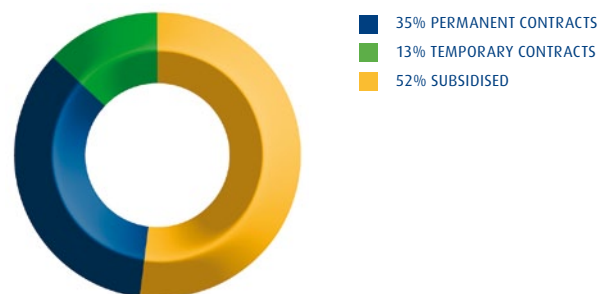
The Group's job creation in 2008 was 5.6%, a rise of 3,475 employees on 2007 (using total annual headcount as the reference).

* In 2008 the consolidation criteria used in the prior year was modified, with jointly owned companies no longer included in consolidated data.

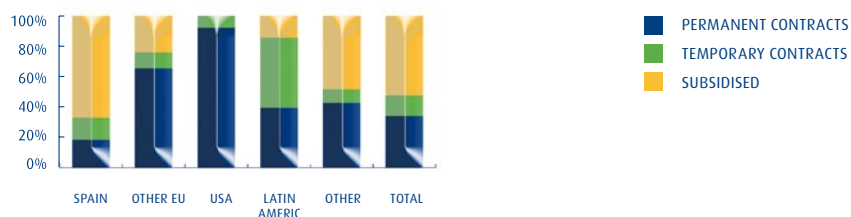
Job stability

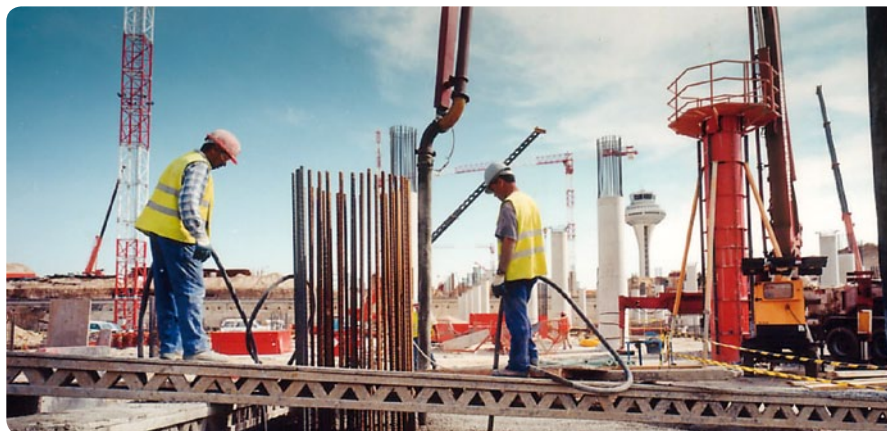
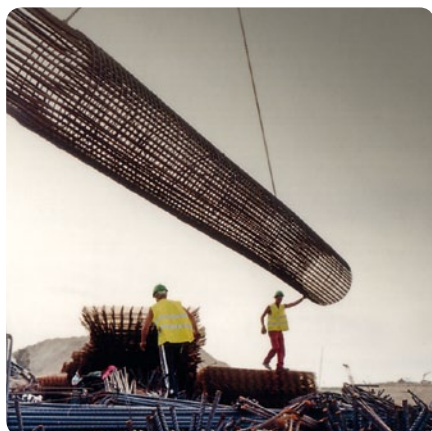
Job stability is one of the most important factors when attracting and retaining talent. FCC is aware of this issue, and for yet another year has continued to increase employment quality, with an 8% rise in the number of permanent contracts and an 11% reduction in temporary recruitment.

Employees by contract type



Type of contract by geographical area



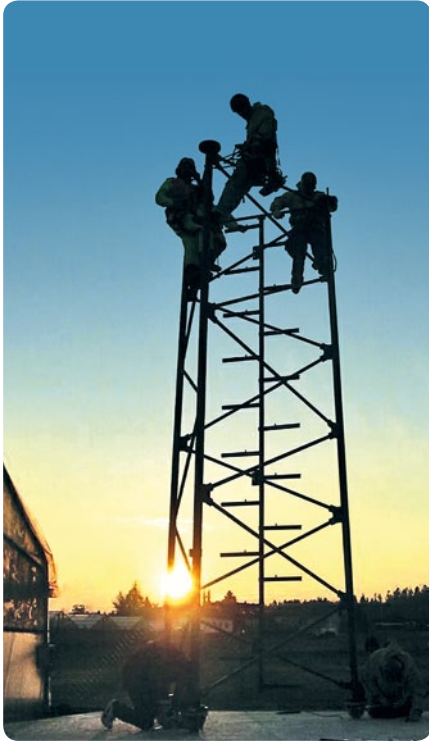


FCC GROUP	2006	2007	2008
Permanent contracts	25,588	29,900	32,331
Temporary contracts	17,045	13,890	12,359
Subsidised*	49,932	52,347	48,820
TOTAL	92,565	96,137	93,510

(*) Employees whose working relationship with FCC is based on administrative or commercial service contracts.

In 2008 the average age of FCC personnel was 40.5 years, with the average length-of-service in the Group standing at 6.75 years.

Distribution of employees by age		
	Number of employees	Percentage [%]
Over 65 years of age	218	0.23
From 60 to 65	3,827	4.09
From 55 to 59	7,152	7.65
From 50 to 54	10,060	10.76
From 45 to 49	12,786	13.67
From 40 to 44	14,563	15.57
From 35 to 39	14,210	15.20
From 30 to 34	13,902	14.87
From 25 to 29	10,518	11.25
From 19 to 24	5,886	6.29
From 16 to 18	388	0.41
TOTAL	93,510	100.00



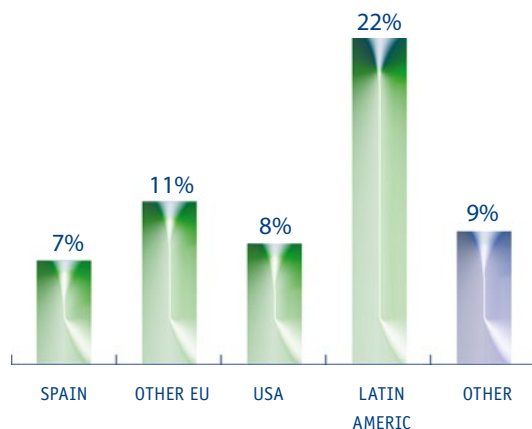
Length of service		
	Number of employees	Percentage [%]
Over 43 years	45	0.05
From 40 to 43 years	161	0.17
From 36 to 39 years	451	0.48
From 32 to 35 years	1,230	1.32
From 28 to 31 years	1,407	1.50
From 24 to 27 years	2,044	2.19
From 20 to 23 years	3,186	3.41
From 16 to 19 years	5,799	6.20
From 12 to 15 years	5,946	6.36
From 8 to 11 years	9,181	9.82
From 4 to 7 years	16,518	17.66
From 1 to 3 years	26,061	27.87
Less than 1 year	21,480	22.97
TOTAL	93,510	100.00

Distribution of employees by working hours				
	Full time	Part time	Multi-employment	Retirements
Cement	3,979	105	11	9
Other	594	10	3	1
Construction	28,039	596	70	153
Services	50,621	9,566	41	595
Total	83,233	10,277	125	759



83,233 of FCC's 93,510 employees in 2008 worked on a full-time basis, representing 89% of the total.

Voluntary turnover by area



Voluntary turnover in 2008 was 8,128 employees, 8.69% of the total.



FCC's commitment to universities

FCC is conscious of the importance of attracting the best professionals as soon as they complete their training. The Group has therefore established framework agreements for collaboration with Spain's main universities, as defined in the FCC Corporate Responsibility Master Plan: "To establish lines of collaboration with the best universities and business schools".

The Group's main objective is to maintain stable long-term relationships with Spanish universities. During 2008 FCC was present in various employment fairs in the Universidad Politécnica de Madrid, Barcelona and Valencia, and the Universidad de Cantabria.

FCC is also involved in various educational cooperation agreements, accepting interns from the Polytechnic Universities in Madrid, Catalonia and Valencia, and universities in Cantabria, Extremadura, Seville and the Basque Country, as well as the Universidad Europea de Madrid

Number of students who have completed internships in FCC

Number of interns – universities	114
Number of interns – professional training	33
TOTAL	147

Each business area also has its own agreements and collaboration programmes with various universities.

Cementos Portland Valderrivas

This division cooperates with the chair sponsored by ANEFA (the Spanish association of aggregate manufacturers) at the Universidad Politécnica de Madrid, and also has various agreements and collaboration initiatives with the Universidad de Navarra..

FCC Construcción

This division is involved in two programmes on construction management and building, renovation and technical control management at the Centro Superior de Edificación of the Universidad Europea de Madrid, in collaboration with the A. Camuñas

Foundation. The division also organises the EFCC programme for 25 students in the Superior Technical School of Road, Canal and Port Engineers of the Universidad Politécnica de Madrid, to familiarise them with how companies work and facilitate their subsequent integration into these companies. As in every other year the FCC CONSTRUCCIÓN awards were also given to the top three students graduating in the 2007-2008 academic year.

This FCC division also collaborates in the MA in Land Mechanics and Cement Engineering and the MA in Tunnels and Underground Works.

Alpine

Alpine has cooperation agreements with different European universities, in addition to its own training programmes. Employees from this

business area receive support to help them balance their studies with work, as well as availing of an international exchange programme. This company also collaborates with the Ingenium Education business school, and takes part in a number of employment fairs.

Aqualia

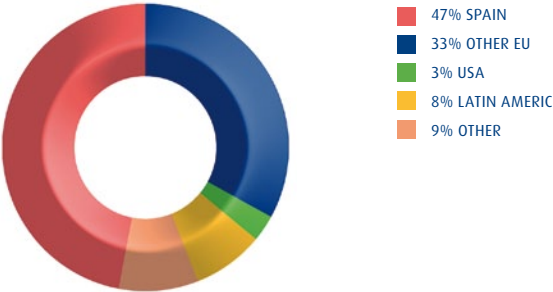
Aqualia has signed various agreements with business schools that have significant experience and knowledge of business reality and learning methodologies.

This company also collaborates with the technological water institute of the Universidad Politécnica de Valencia, the Universidad Rey Juan Carlos, the Universidad de Cantabria, the Universidad de Almería, the Universidad Adeje, the Universidad Autónoma de Madrid and the Universidad Antonio de Nebrija.

Employees with university degrees by area of activity		
	Number of employees	Percentage [%]
Cement	974	23.85
Corporate areas	187	52.69
Construction	6,596	23.03
Real estate	120	48.78
Services	3,088	5.13
TOTAL FCC	10,964	11.73

FCC’s policy for attracting talent has once again led to an increase in the number of university graduates within the company, rising to 10,964 in 2008.

Employees with university degrees by area





3.2. Development of human capital and knowledge management

Internal employee promotion is a cornerstone of human capital development for any company. In 2008 there were 1,983 internal promotions, all of which were employees on the Group's payroll. Internal promotion and a suitable remuneration policy are the factors that set FCC apart in the field of human capital development.



International mobility programme

Work has begun on the design and implementation of an international mobility programme within the water management business. This programme aims to offer all interested employees (who have the right skills) the possibility of accessing and occupying the Group's vacancies in other countries.

FCC is a multinational company present in over 50 countries, with ongoing international expansion. The creation of the international mobility programme arose from the company's requirements to cover specific vacancies abroad that require specialist personnel.

The International Human Resources Department and the Water Management Department have designed and rolled out a communication process to inform the Group's employees of this programme, stressing the importance of the programme as a way for employees to develop both personally and professionally.

This programme included the design of an internal selection process, which guarantees confidentiality and respect for any candidate applying for international missions or projects, even when these candidates currently hold a key role within the organisation. Management is firmly committed to the idea that "participation as a candidate in these processes will never have a negative impact on an employee's professional career".

The results of this programme to date have been positive, with over 20 applications received during the first month, five of which led to international missions for Group employees.

Finally, an application has been created for the Aqualia intranet where employees can consult and apply for existing vacancies.

This programme is scheduled to be extended to other business areas.

Training

The Group invested €22,877 million in training in 2008, up 33.3% on 2007. The total number of participants in this training activity also increased by 7,700 to 98,228 compared to the prior year.

The Group's training is divided into the following areas:



Induction training	Training required upon incorporation into a new position, whether when joining the company or due to changes in position or function.
Maintenance	Practical or theoretical training for the maintenance of facilities, buildings, machinery and equipment.
Production/operations	Training in processes which directly intervene in the preparation of products or services related to each activity.
Environment	Training in standard UNE-EN ISO 14001 and the company's environmental management system, as well as the IT tools related to this system, for subsequent application in the area in which the company carries out its activity.
Competences/skills	Training to develop attitudes/skills or knowledge which are non-technical in nature, but help to develop personal people management skills.
Languages	Training in certain languages.
Office applications/IT	Practical and theoretical training for telematic programs and specific applications designed for the Company, including scientific training for the automatic treatment of information by computer.
Health and safety in the workplace	Health and safety in the workplace training for employees, which goes beyond mere compliance with regulatory and legal obligations, thereby increasing their knowledge of this area.
Financial and administrative management	Training related to financial areas and administrative management, including knowledge of accounting, financial planning, budgetary issues, personnel and works administration, etc.
Legal area	Training in all specialist law and legal practice areas.
Comercial management and marketing	Training in customer service and the specific tools involved, as well as providing information on business marketing techniques (tools to manage advertising, image and the sale of services).
Quality	Training in standard UNE-EN ISO 9001 and the quality management system implemented within the company, as well as the IT tools related to this area, for subsequent application in the different areas of activity.
Corporate responsibility	Training on the development of factors that determine the corporate image, business culture and values, responsibility as an organisation and business ethics.



Number of participants in training activities by subject and category					
	Category 1	Category 2	Category 3	Category 4	TOTAL
Induction training	126	399	2,367	7,659	10,551
Maintenance	72	298	524	1,828	2,722
Production/operations	500	2,516	2,487	5,966	11,469
Environment	147	892	687	3,553	5,279
Competences/skills	503	988	1,645	2,903	6,039
Language	801	1,632	944	191	3,568
Office applications/IT	556	1,764	1,613	245	4,178
Health and safety in the workplace	1,256	3,606	8,855	34,361	48,078
Financial and administrative management	248	633	764	125	1,770
Legal area	243	457	310	385	1,395
Comercial management and marketing	64	171	296	50	581
Quality	135	572	354	857	1,918
Corporate responsibility	66	218	236	160	680
TOTAL	4,717	14,146	21,082	58,283	98,228

Group personnel categories for training purposes:

Category 1: Senior management and management, departmental managers, service and site managers.

Category 2: University graduates, section managers, business managers, workshop managers and qualified personnel.

Category 3: Technical and administrative assistants and middle management.

Category 4: Workers and subordinates.

Participants: employees who participate at least once in one or more courses or training initiatives during the year.

Training hours by subject and category					
	Category 1	Category 2	Category 3	Category 4	TOTAL
Induction training	598	7,456	53,970	117,075	179,098
Maintenance	792	3,637	7,944	20,891	33,262
Production/operations	5,918	35,556	35,712	53,160	130,346
Environment	1,934	7,946	5,892	17,024	32,797
Competences/skills	9,314	17,203	18,238	33,597	78,351
Language	14,894	25,589	15,275	2,075	57,834
Office applications/IT	8,290	23,888	23,513	6,150	61,841
Health and safety in the workplace	9,283	45,644	63,795	215,135	333,856
Financial and administrative management	3,870	8,849	8,826	1,780	23,324
Legal area	1,900	5,158	2,616	2,785	12,459
Comercial management and marketing	782	1,864	3,221	303	6,170
Quality	917	5,359	4,646	2,933	13,855
Corporate responsibility	1,205	2,595	1,948	587	6,334
TOTAL	59,698	190,741	245,596	473,494	969,529

Training expenses by subject and category					
	Category 1	Category 2	Category 3	Category 4	TOTAL
Induction training	20,103	281,377	1,226,604	1,087,625	2,615,708
Maintenance	27,858	112,333	200,836	316,163	657,190
Production/operations	230,859	2,142,782	1,677,749	1,122,717	5,174,107
Environment	33,826	204,430	152,598	266,637	657,491
Competences/skills	527,231	487,508	510,641	758,394	2,283,775
Language	594,221	669,848	371,993	38,146	1,674,208
Office applications/IT	314,146	779,590	657,629	68,581	1,819,945
Health and safety in the workplace	218,861	1,077,860	1,974,795	3,017,763	6,289,278
Financial and administrative management	160,206	269,888	195,829	22,836	648,759
Legal area	73,066	117,295	75,188	58,717	324,266
Comercial management and marketing	51,442	99,863	87,367	8,436	247,109
Quality	30,688	171,280	97,957	49,730	349,655
Corporate responsibility	29,117	46,280	50,325	9,812	135,535
TOTAL	2,311,624	6,460,334	7,279,510	6,825,559	22,877,027

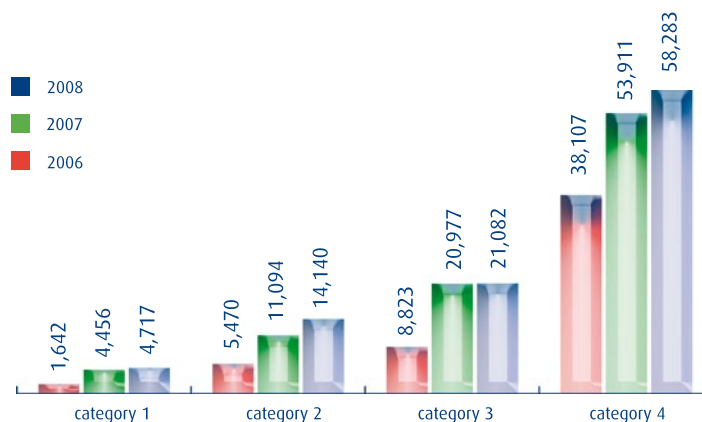
Incluidos los gastos de formación de las áreas internacionales, y el coste-empresa de la hora de formación que coincide con el horario de trabajo

Number of participants in training activities by professional category					
	Total participants	Category 1	Category 2	Category 3	Category 4
Total FCC Group 2008	98,228	4,717	14,146	21,082	58,283
Total FCC Group 2007	90,438	4,456	11,094	20,977	53,911
Total FCC Group 2006	54,042	1,642	5,470	8,823	38,107



Number of participants by area of activity (category)					
Organisation	Category 1	Category 2	Category 3	Category 4	TOTAL
Corporate areas	130	262	127	2	521
Medio ambiente	204	591	1,964	23,088	25,847
Ámbito	58	291	421	1,308	2,078
Aqualia	362	1,214	1,659	2,222	5,457
Versia	350	828	8,353	15,488	25,019
Construcción	1,895	5,687	4,169	1,381	13,132
Medio ambiente internacional	1,204	3,146	2,768	9,526	16,644
Cementos	477	2,090	1,615	5,268	9,450
Realia	37	37	6	-	80
TOTAL	4,717	14,146	21,082	58,283	98,228

Number of participants by professional category



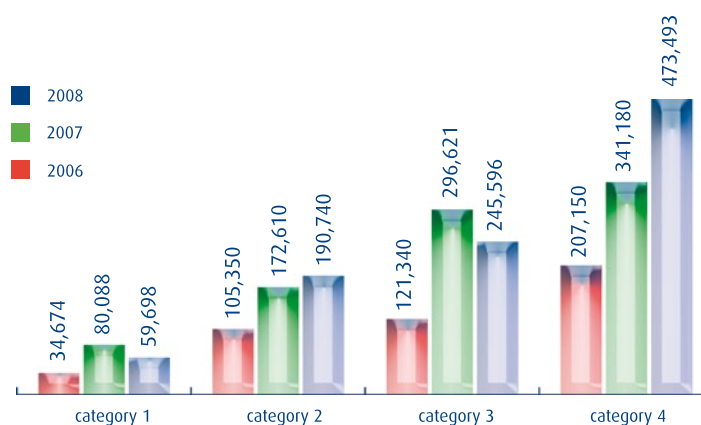
Training hours by professional category					
	Nº total de horas	Categoría 1	Categoría 2	Categoría 3	Categoría 4
Total FCC Group 2008	969,529	59,698	190,741	245,596	473,494
Total FCC Group 2007	890,510	80,088	172,619	296,621	341,182
Total FCC Group 2006	468,522	34,674	105,353	121,341	207,154





Training hours by area of activity (category)					
Organisation	Category 1	Category 2	Category 3	Category 4	TOTAL
Corporate areas	4,446	7,771	2,804	30	15,051
Medio ambiente	7,670	18,354	46,141	206,184	278,349
Ámbito	554	2,079	2,504	3,114	8,250
Aqualia	4,053	16,634	16,002	17,433	54,121
Versia	4,126	8,065	97,219	107,265	216,675
Construcción	21,472	92,127	53,491	18,135	185,224
Medio ambiente internacional	10,633	24,660	11,807	99,644	146,744
Cementos	5,862	20,476	15,387	21,690	63,414
Realia	883	577	242	-	1,702
TOTAL	59,698	190,741	245,596	473,494	969,529

FCC Group training hours

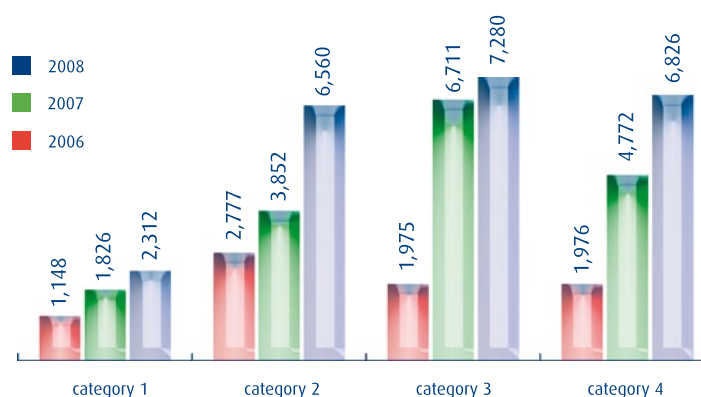


Training expenses by professional category					
	(thousands of Euros)	Category 1	Category 2	Category 3	Category 4
Total FCC Group 2008	22,877	2,312	6,460	7,280	6,826
Total FCC Group 2007	17,167	1,826	3,852	6,717	4,772
Total FCC Group 2006	7,876	1,148	2,777	1,975	1,976



Training expenses by area of activity (category)					
Organisation	Category 1	Category 2	Category 3	Category 4	TOTAL
Corporate areas	182,551	140,579	39,257	621	363,009
Medio ambiente	147,531	221,690	1,433,656	1,671,956	3,474,832
Ámbito	23,759	53,491	46,149	50,489	173,887
Aqualia	136,635	453,673	340,732	205,915	1,136,955
Versia	135,645	813,475	3,043,668	3,299,471	7,292,259
Construcción	1,087,250	3,377,291	1,653,460	397,929	6,515,930
Medio ambiente internacional	346,634	819,124	240,337	634,921	2,041,016
Cementos	225,130	567,866	475,918	564,256	1,833,170
Realia	26,490	13,144	6,334	-	45,969
TOTAL	2,311,624	6,460,334	7,279,510	6,825,55	22,877,027

FCC Group training expenses by category
(thousands of Euros)



Corporate social responsibility training

Corporate social responsibility training has been incorporated as a strategic part of the FCC Corporate Responsibility Master Plan. To meet the objectives laid out in this plan a range of training programmes have been incorporated, including the following:

Second corporate responsibility training day

FCC held its second corporate responsibility training day in the Torre Picasso to strengthen and encourage

management involvement in the Group's commitment to creating a culture based on ethics, values and integrity.

The opening session of the event was attended by Baldomero Falcones, FCC Chairman and Managing Director, who highlighted the Group's progress in the field of socially responsible commitment, which has led to inclusion at "silver" level in the select DJSI index.

This was followed by the Group's Secretary General Felipe B. García, who spoke about the importance of organisations like FCC, with codes of ethics, communicating the values that govern their work to all their employees

and thereby turning those values into defining features of the organisation as a whole.

Health and safety in the workplace training

In 2008 FCC's different business areas have continued to strengthen their training in health and safety issues, as a response to the Group's commitment in this regard.

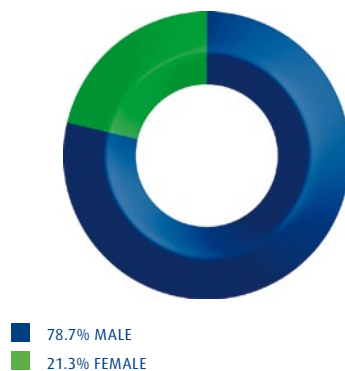
Health and safety in the workplace training hours					
Organisation	Category 1	Category 2	Category 3	Category 4	TOTAL
Corporate areas	47	31	-	-	78
Medio Ambiente	1,530	7,555	24,542	144,094	177,721
Ámbito	53	866	776	2,248	3,941
Aqualia	1,012	2,481	5,122	3,766	12,380
Versia	563	2,146	66,384	81,464	150,557
Construcción	4,070	24,241	10,288	10,783	49,381
Medio Ambiente Internacional	1,029	5,045	4,817	78,459	89,350
Cementos	1,542	4,599	3,428	11,248	20,816
TOTAL	9,844	46,962	115,357	332,061	504,224

3.3. Diversity and equal opportunities

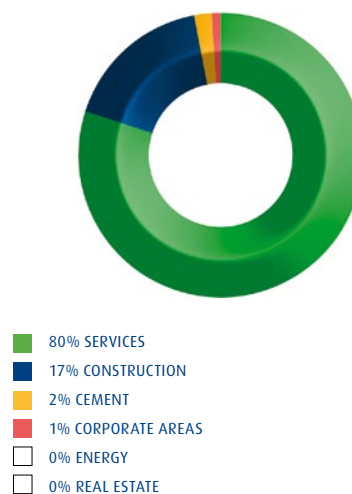
One of the main pillars of the Group's HR policy concerns equal opportunities with regard to access to employment. Everyone employed by FCC has been selected based on their knowledge, qualifications and skills, and they are promoted to recognise their personal performance and the value they contribute to the Group, regardless of gender.

Male/female salary equality is also one of the fundamental principles on which FCC's collective labour agreements are founded.

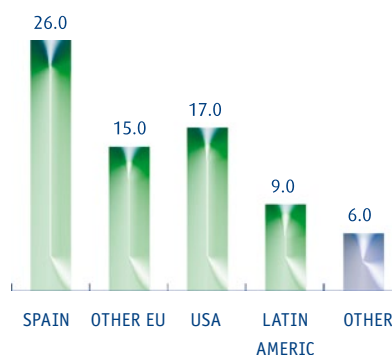
Gender of personnel



Activity sector of female employees



Female employees of FCC
(% of total)





Headcount by gender and category				
	Male	Female	TOTAL 2008	% Female
Categoría 1	3,565	1,029	4,594	22.3
Categoría 2	5,614	1,558	7,172	21.7
Categoría 3	5,306	5,328	10,634	50.1
Categoría 4	59,127	11,983	71,111	16.8
TOTAL	73,612	19,898	93,510	21.3

FCC Group professional categories

Category 1: includes personnel with management functions and/or honours graduates.

Category 2: includes personnel with functions that require general degrees.

Category 3: includes personnel with administrative and similar functions.

Category 4: includes all other salaried personnel.

FCC against discrimination

The Group's significant internationalisation is one of the main reasons behind the diversification of the FCC workforce. Good management of this diversity and the maintenance of safe, healthy and dignified working conditions are the responsibility of the FCC Human Resources and Media Department.

Two incidents of discrimination were detected in 2008. Both were resolved in court in favour of the company, one with a verdict supporting the defendant and the other with the withdrawal of the complaint, and therefore the discrimination which had been reported did not actually exist in either case.

FCC and the Family Plan for disabled family members

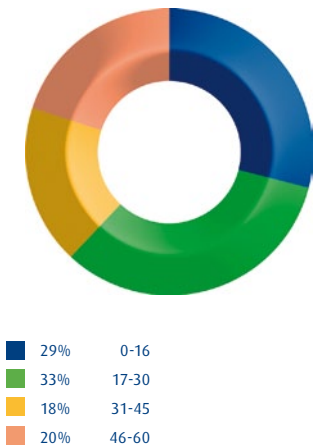
2008 marked the first anniversary of the issue of the inaugural Family Plan report. This plan, which arose from collaboration with the Adecco Foundation, is directed at employee family members with a level of disability equal to or exceeding 33%.

The majority of the measures included in the plan have been geared towards the work-life balance using employment timetables and, in certain cases, training activities to improve the employability of participants.

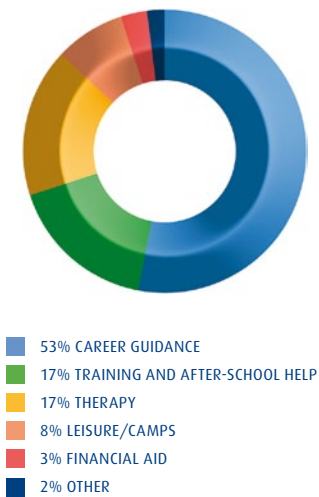
In 2008, 148 people benefited from this plan, the majority of whom were the sons and daughters of employees, although these beneficiaries also included spouses and parents.



Age of Family Plan beneficiaries



Family Plan Initiatives



Remuneration and other benefits

FCC personnel expenses (due to salaries, wages and other similar items) totalled €3,260,766 thousand in 2008.

As part of its HR policy, the FCC Group promotes fair and equal treatment of employee remuneration, responding to equality, transparency and recognition criteria. In Spain the average annual

salary for full-time FCC employees was €26,277.41, which is 3.13 times higher than the minimum wage established for 2008 (€8,400.00), as well as exceeding the minimum conditions within each of the countries in which we are present.

FCC also offers its employees a social benefit programme to increase their wellbeing and improve their quality of life which, in the long run, will lead to greater integration in and commitment

to the Group. The value of these social benefits in 2008 stood at €1.45 million, including healthcare, disability cover and subsidised loans.

Social benefits			
Social benefit	Total cost million of euros	Cost paid by the company (%)	Cost paid by the employee
Healthcare	0,96	50	50
Disability cover	0,07	100	0
Subsidised loans	0,02	20,30 ó 40	80,70 ó 60
Travel and accident insurance	0,40	100	0
TOTAL FCC GROUP	1,45		

FCC makes different measures available for all its employees so that they can balance their work life with their personal and family commitments. According to collective labour agreements, the Group’s maternity leave conditions exceed the legal minimum.

(*)These improvements have been implemented for consolidated Group companies in Spain, and are applicable to management, technicians, administrative staff and porters for all areas, as well as construction area managers, who have been with the Group for at least a year and have a permanent contract. Travel and accident insurance is an improvement that has been introduced for consolidated Group companies in Spain, and is applicable to management, technicians, administrative staff and porters for all areas, as well as construction area managers, who have a permanent contract.



Local recruitment policy

FCC's significant international expansion over recent years has led to the acquisition of foreign companies with significant experience of the countries in which they are incorporated and the markets in which they operate. These companies now report to the director of the parent company of the corresponding business line.

The positive performance of the companies acquired by FCC suggests that the best way to continue with these trends is to promote the recruitment of local personnel. The Group's vocation for retaining its local roots while continuing to grow has allowed it to become a global multinational organisation.

FCC's local recruitment policy is based on the following aspects:

- > FCC promotes diversity among customers, employees, processes and cultures, as a sustainable competitive advantage.

- > FCC encourages teamwork among personnel from different backgrounds and cultures.

- > FCC seeks commitment from its employees in all the countries in which it operates.

- > FCC considers that quick adaptation to new environments must involve commitment and the assignment of key functions to individuals who have knowledge of the environments in question.

- > FCC includes among its missions a focus on the communities in which it carries out its activities.

- > FCC prioritises local recruitment.

- > FCC undertakes to establish mechanisms that ensure the systematic application of its local recruitment policy.

- > FCC undertakes to regularly review its local recruitment policy, if deemed necessary by prevailing circumstances.

3.3.3. Management of principle six of the UN Global Compact

In 2008 FCC undertook a full diagnosis of gender equality and measures to effectively review policies, procedures and normal practices in this regard, to identify the Group's requirements in terms of compliance with anti-discrimination regulations.

The FCC Equality Plan

FCC was the first company within the sector in Spain to sign the equality plan, recognised as a best practice by the Global Compact and published on its website. One of the most significant points of this plan is that its application goes beyond mere legislative compliance, as it includes all of the Group's service and construction companies, regardless of whether they exceed the legally established minimum of 250 employees.

The following FCC Group companies have developed an equality plan:
FCC Construcción, S.A. and all its subsidiaries engaged in construction activity in Spain, regardless of the size of their workforce.

Fomento de Construcciones y Contratas, S.A., as parent of the Group in Spain, and all its subsidiaries within the environment division of the services area in Spain, regardless of the size of their workforce.

The equality plan consists of "an ordered set of measures which, actually and effectively allow all companies to meet their objectives with regard to equal treatment and opportunities between male and female employees, eliminating any form of gender-based discrimination" within the global environment for which they have been designed.

The main objectives of the plan are as follows:

- > To promote the defence and effective application of the principle of gender equality, guaranteeing the same opportunities for incorporation and professional development at all levels within the employment environment.
- > To improve the balance of gender distribution within the plan's scope of application.
- > To promote and improve the possibility for women to hold positions of responsibility, contributing to reductions in inequality and imbalance which, although arising from historical, cultural, social and family-related factors, may occur within FCC.
- > To prevent discrimination in the workplace on gender grounds, establishing a protocol for action in such cases.
- > To strengthen the Group's commitment to sustainability and corporate responsibility, with an aim to improve the quality of life of employees and their families, as well as to instil the principle of equal opportunities.
- > To establish principles to exclude any measures which may upset the professional, personal and family-related balance of FCC employees, male and female alike.

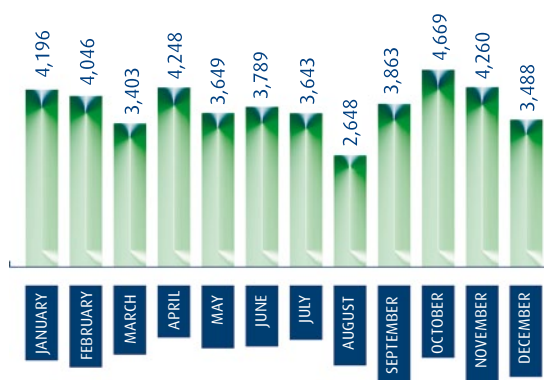


3.4. Individual participation within the organisation

Internal communications

At the end of 2007 the FCC Group's corporate intranet was created. Known as FCCnet, this application was designed as a virtual meeting point for the Group's employees, acting as a mechanism to transmit information to employees in an effective manner.

Average daily visits to the intranet



Employee volunteering scheme

The employee volunteering scheme arose from the need to channel Group employee initiatives in the social action sphere, serving as a way to allow them to collaborate in projects to help under-privileged groups. The plan also informed and encouraged the rest of the Group's employees with regard to the advantages of taking part in corporate citizenship programmes and supporting the Group's mission, thereby generating value for society and contributing to the wellbeing of its members.

Freedom of association

FCC respects freedom of association and the right to form trade unions. Collective labour agreements are applied within the company and, pursuant to prevailing legal provisions, may be negotiated within smaller scopes, in compliance with the principles of good faith. There is a protocol for reporting workplace harassment and a form for this purpose, which can be accessed via the corporate intranet to report any acts that damage the individual rights of employees, and which constitute workplace or sexual harassment.

To enhance the work of the Group's trade unions notice boards are made available for these organisations, and time in lieu is given to trade union representatives for activities that increase membership and provide information within the workplace. The Group also allows assemblies to be held in the workplace and facilitates elections for employee representatives, collaborating with the persons legally empowered to call such elections, and also provides areas for elected representative units and any trade union sections they establish in accordance with prevailing legal provisions. Regular meetings are also



held, providing a forum for constant open dialogue.

The Group's general policy respects legal regulations concerning the notification of organisational changes to employee representatives, allowing negotiation thereof and complying with the minimum 30-day period established for such changes.

In Spain 100% of the Group's workforce is covered by general collective bargaining agreements, based on the sector of activity and pursuant to the workers' statute. In 2008 at global level 83.6% of employees were covered by collective bargaining agreements for the companies or work centres in which they were employed

The most significant aspects related to collective bargaining agreements in 2008 were as follows:

> The number of collective bargaining agreements (considered as any written agreement reached between representatives and trade unions or employee representatives) totalled 723.

> There were 555 collective bargaining agreements with health and safety clauses.

> The number of employees covered by collective bargaining agreements (considered as any written agreement entered into by trade unions, employee representatives and company representatives) was 78,208.

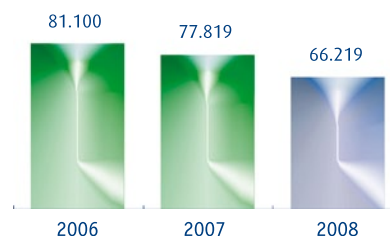
> A total of 49,515 employees were represented by health and safety committees.

> 61,913 employees worked in centres with employee legal representatives or a trade union delegate with legal authority.

> There were a total of 562 work centres with health and safety committees.

In 2008, 66.21% of FCC personnel were legally represented by a trade union. It is important to note that trends in the level of trade union representation within FCC are linked to factors beyond the Group's control, such as trade union election calendars. FCC collaborates in these kinds of processes so that they are organised at the best possible time.

Percentage of employees represented by trade unions





04

Safe and healthy environments

Our comprehensive approach to safety

.....

Health and safety is an undisputable priority at FCC, as its consequences affect the lives of our people, their families and the company itself

.....

FCC takes a comprehensive approach to managing health and safety. We are not only concerned about the safety of our employees and our contractors' employees, but also of our users, our customers and the environment in which we operate.

The highest international health and safety standards feature in our management systems. More company activities gain official certification each year, an impressive effort in a Group which continues to grow and incorporate companies with varying management systems.

.....

In 2008 the accident rate has fallen 16.3% compared to the prior year. A total of 524,224 hours have been invested in health and safety training, attended by 58,246 participants

.....

FCC key to health and safety: the Joint Prevention Service

The FCC Group's health and safety strategy has been implemented through specific Action Plans run by the Human Resources and Media Department. These plans prioritise the integration of health and safety management in all Group companies, making it one of the most important aspects of business plans, management models and decision-making processes.

This department works to integrate and standardise health and safety policies and management systems and is committed to instilling a single, constantly improving health and safety culture in each company.

These principles materialise in the Group's health and safety policy directives, which go beyond formal compliance with legislation and aim to implement a corporate management system and develop monitoring and control mechanisms to ensure:

- > The integration of health and safety management at all levels of the company.
- > The planning, organisation and implementation of an appropriate

system to monitor the results of accident prevention measures.

- > The involvement of all interested parties
- > customers, subcontractors and our own personnel - in health and safety management.
- > The development of human potential through ambitious training and information programmes.
- > The control and quality of employee health monitoring
- > The establishment of permanent objectives to maintain and improve health and safety in the workplace, with the ultimate aim of reducing occupational accidents and improving working conditions.

To consolidate the health and safety policy and raise awareness in all Group companies, FCC is supported by its Joint Prevention Service in Spain and various prevention services abroad.

FCC Group's Joint Prevention Service was established in 1997 and at the end of 2008 serves 117 companies in the Group's different business areas in Spain, as well as joint ventures involving Group companies.

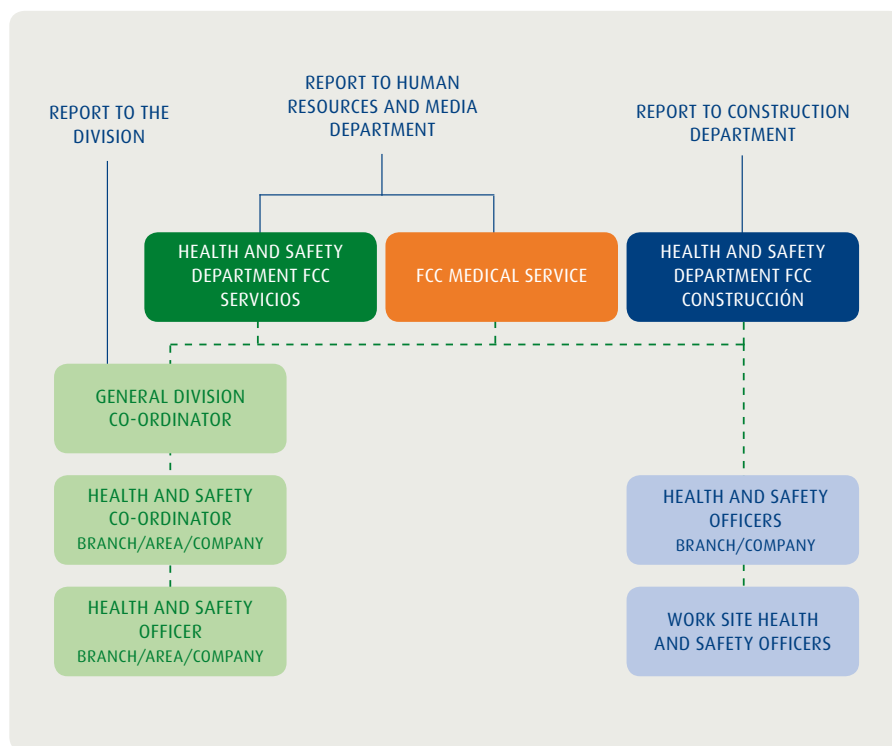
12 new companies joined the service during 2008 and its human resources and number of health and safety officers have increased once again this year.

The Joint Prevention Service has an average of 240 specialised officers dedicated exclusively to health and safety, representing one officer for every 202 workers. **trabajadores.**

Organigrama Servicio Prevención Mancomunado

REPORTS TO (FUNCTIONAL) -----

REPORTS TO (HIERARCHICAL) -----





2009-2010 Master Plan Objectives

FCC's 2009-2010 Master Plan concerning health and safety aims to improve employees' working conditions.

The main strategic lines reflecting the FCC Group's commitment to improving health and safety conditions in the 2009-2010 period are:

- > To reduce the accident rate and days lost due to accidents in the business areas, with the ultimate goal of "zero accidents".
- > To guarantee optimum standardised management in line with recognised standards, including all the Group's international activities.
- > To project the image of a Group committed to accident prevention.

In context

Accident rates at the FCC Group are significantly lower than the most important external references in Spain, due to the organisation's firm commitment to improving the health and safety conditions of its employees.

It should be noted that the accident rate in FCC Construcción is 5.8% below the average for companies in SEOPAN, which comprises the main companies in the sector, and 58.4% below the construction sector in Spain in general.

The FCC Group in Spain's Medio Ambiente division has a 17% lower accident rate than the urban sanitation figures published by the Ministry of Labour and Immigration.



2008 Achievements

- > 16.3% reduction in accident rate.
- > 702 fewer employees taking leave due to accidents.

2008

- > OHSAS certification of 82.3% of FCC Group companies in Spain.
- > Unification of documentation criteria and models.

2008

2009 Priorities

- > Consolidate the reduction in accident rate and severity index.
- > Design a company health and safety manual.

2009

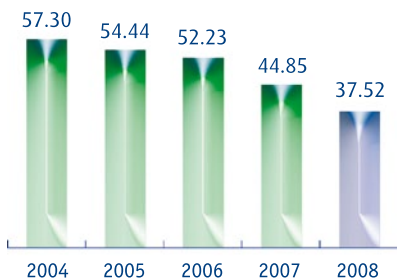
- > Maintain OHSAS certification.
- > Initiate awareness and prevention campaigns.
- > Introduce Prevista software.

2009

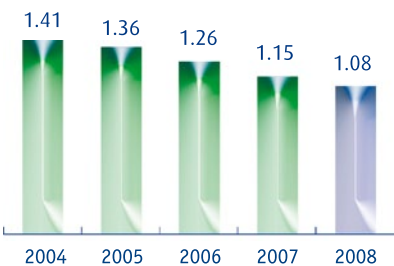
Trends

Reducing accident rates is one of FCC's main achievements over the last five years.

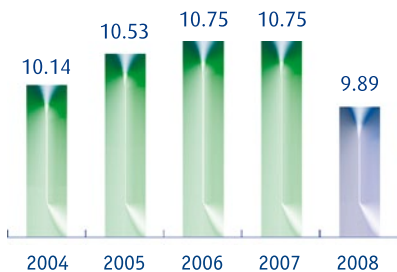
FCC Accident rate



FCC Severity index



FCC Absenteeism (illness + accidents)



Between 2004 and 2008 the accident rate has fallen by 34.5%, the severity index by 30.5% and absenteeism by 2.46%. The number of Group employees taking leave due to accidents is following a permanent downward trend.





16.3%
reduction
in the accident
rate

16.7%
reduction
in leave taken
due to accidents

151
OHSAS-certified
companies

4.1. Health and safety culture

One of FCC's main challenges is to promote and consolidate a culture of health and safety in all activities and for all employees. Initiatives of many different types are carried out each year to achieve this aim. Activities carried out to instil a health and safety culture in Group companies are mainly based on:

- > Training and informing employees on health and safety (general, initial, regular and specific in nature, accompanied by awareness campaigns)
- > Raising awareness of healthy lifestyles, bringing the necessary attention to employees' wellbeing.
- > Encouraging the participation and collaboration of all stakeholders.
- > Providing the means to guarantee the permanence, continuity, consolidation and Group identity of health and safety management.
- > Recognising the participation and commitment of personnel with health and safety management prizes.

For example:

Training and informing employees is a fundamental objective to implement an occupational health and safety culture, going beyond the training foreseen in employees' Required Training Plans.



FCC Construcción has been certified as a training entity for the Labour Foundation for the Construction Industry and has over 75 trainers in its different branches. Procedures are still underway to obtain the Construction Professional Identity Card in accordance with the Fourth General Collective Agreement for the Construction Sector.

General management of certain companies operating outside Spain have specified that the position of Health and Safety Co-ordinator must be assigned to "university graduates trained in occupational health and safety". Some countries have achieved 70% compliance so far (Argentina, Chile, Ecuador, Venezuela and Mexico, which has partially complied), with Brazil and Colombia still to meet the objective.

The cement area in the US offers its employees a training programme on caring for particularly sensitive persons. Companies also offer Employee Assistance Programmes (EAP), which give advice on a variety of different topics, based on each employee's individual needs.

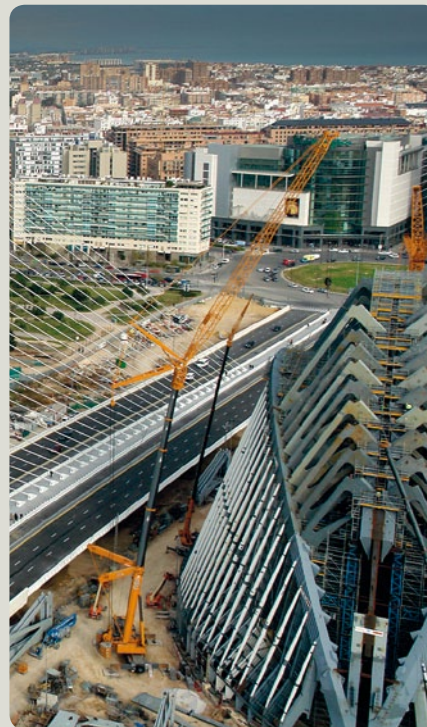
The majority of Group companies hold employee awareness campaigns, promoting both safety values at work and healthy lifestyles for employees and their families.

For example, Cemento, Medio Ambiente and Versia held a Heatwave Health and Safety Campaign to raise awareness of the health risks of hot temperatures during the summer months.

In the United States, heatwave training was accompanied by training for managers on the action to take in the event of meteorological phenomenon such as a hurricane.

Aqualia has initiated a far-reaching health and safety communication campaign, with the strategic target of reducing the accident rate by 30% in 2008-2010. Operational objectives have been developed under the slogan: "When it comes to safety, you don't waste a minute: you could save a life. It's your responsibility."

In the international construction area of Portuguese company Ramallo Rosa Cobetar, a prevention campaign was launched this year involving an attractive, colourful presentation sent by e-mail to employees detailing the symptoms of a possible heart attack and the action to take if an attack is suffered or witnessed.





The FCC Group maintains continuous dialogue with its suppliers and subcontractors, passing on its concern for occupational health and safety. This can be seen in the low rates of leave due to accidents among the Group's subcontractors and the rise in initiatives to co-ordinate the health and safety activities carried out by our technical personnel.

Group companies are also aware of the importance of the collaboration, participation and integration of the various stakeholders and public and private institutions in the company's health and safety activities.

In the construction area, we have signed a health and safety policy agreement with Bovis Lend Lease, a company specialising in Project Management, integrating initiatives in each of the company's activities and providing a safe workplace for employees, third parties, subcontractors and anyone who could be affected by our activity, aiming to ensure that all progress made in health and safety, lessons learned and individual best practices established are shared and implemented as a Group.

Our participation in the Technical Construction Platform's Health and Safety Strategic Line (LESS), which has set the ultimate goal of zero accidents in the sector, is also noteworthy. Work in this line has three main foci: comprehensive training, project stage initiatives and construction stage initiatives.



All Group companies in Spain collaborate with the National Health and Safety Commission and the labour authorities of the different autonomous regions.

FCC Construcción participates in the Presidency of the Safety Council of SEOPAN (the Spanish Association of Construction Companies) and the Federation of Construction Groups.

Aqualia is participating in AGA (Spanish Association of Residential Water Supply Management Companies), through a technical commission on human resources, in the preparation of an Action Guidebook for the prevention of hygiene risks in the integral water cycle, financed by the Occupational Health and Safety Foundation.

The Waste Recycling Group (United Kingdom) is a member of the British Safety Council, which promotes a healthier, safer and more sustainable society. The UK Department of Trade and Industry has awarded this company CHAS accreditation, a quality seal demonstrating that it meets certain excellence requirements in relation to the health and safety of its employees.

Different autonomous and regional authorities occasionally request the participation of our companies in health and safety campaigns and we also invite the authorities to collaborate in our initiatives.

For example, we have participated in the nation-wide road safety at work campaign promoted by the government of Navarra and run by the Navarra Occupational Health Institute. A "Precautionary programme on consumption of alcohol and other drugs in the workplace" was also carried out by FCC Medio Ambiente in its Lérida-Tarragona branch, in collaboration with the Department of Health and Ministry of Employment of the Government of Catalonia.

Cemento España has been working with the National Silicosis Institute on a "Prospective study on the exposure and pulmonary function of cement workers" in its El Alto factory. This project entails a Europe-wide study on the effects and impact of cement dust on workers' health.

One of the company's plans for the integration of health and safety activity is to meet the needs identified and standardise the procedures to be used. Our objectives include giving companies and their employees the means to improve and

guarantee the permanence, continuity, consolidation and Group identity of health and safety management.

The Joint Prevention Service has developed a homepage using the Sharepoint tool, containing a document management database to support all FCC companies. Currently over a thousand users consult this health and safety homepage.

We have also introduced the Prevista software, which boosts the efforts of health and safety officers, allowing both technical and comprehensive activities carried out in work centres to be controlled quickly and easily.

Aqualia is currently introducing additional communication channels, such as an internet microsite, an e-mail address and newflashes and internal news distributed around the organisation.

Although the best compensation for good management is the results, a number of companies have introduced prizes recognising good health and safety awareness, reinforcing

employee and organisation motivation to manage health and safety in the workplace.



4.2. Managing healthy and safe workplaces

A key element we have established for monitoring and controlling the introduction of occupational health and safety management systems are the internal and external audits which allow us to certify that these systems comply with the highest international standards. The main standard applied by FCC is OHSAS 18001.

During 2008 136 Group companies have been internally audited. 122 external audits have also been carried out on 257 work centres.

151 Group companies are currently OHSAS 18001-certified and we aim to establish a schedule for the certification of all Group companies by 2010.

During 2009 we will continue to analyse the progress made by currently uncertified companies in adapting to the standard. 42,935 of our employees in Spain work in OHSAS-certified companies, representing 72.26% of the total staff.

We work with highly prestigious companies, such as AESPLA, AUDELCO, BUREAU VERITAS, etc. in our external certification audits.

A fundamental element of management is the Occupational Health and Safety Management System's role of defining the location and hierarchical structure of health and safety as well as the basic elements of monitoring, control and participation.

This is mainly carried out through tiered meetings and basic responsibilities allocated at all management levels for the total implantation of the system in our centres, contracts and services.

The Management System oversees comprehensive and technical activities. The most significant data are as follows:

> 8,633 technical health and safety initiatives involving the evaluation of workplace risks, planning for emergencies, defining precautionary measures and technical monitoring and control.

> 8,141 health and safety management initiatives involving precautionary planning, operational control and monitoring and control at management level.

> 2,189 tiered health and safety meetings in the different areas of responsibility for monitoring and controlling initiatives.

> 2,894 works safety commission monitoring and co-ordination meetings held with subcontractors.

> 702 Health and Safety Committee meetings

During 2008 the System has been reviewed and adapted to the new requirements established by OHSAS 18001.

The approval of the modifications by each activity area is due to take place in 2009.

4.3 Health and safety results

FCC Group incidents	2005	2006	2007	2008	2008*
Own staff			52	36	160
Contractors			60	44	37
Total				80	197

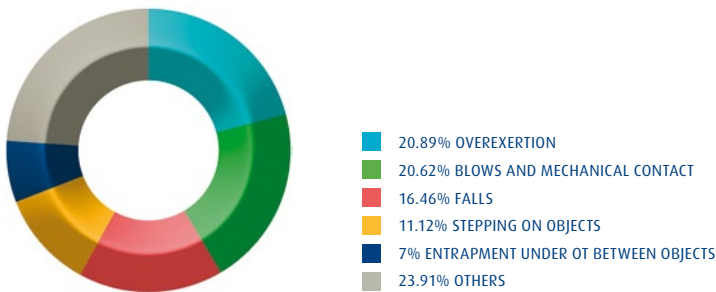
Incidents = serious accidents and mortalities

Accident rate	2005	2006	2007	2008	2008*
Own staff	54.22	52.21	44.84	37.52	40.60
Contractors					21.69
Total					37.34

Days lost due to injuries per million hours worked per year.

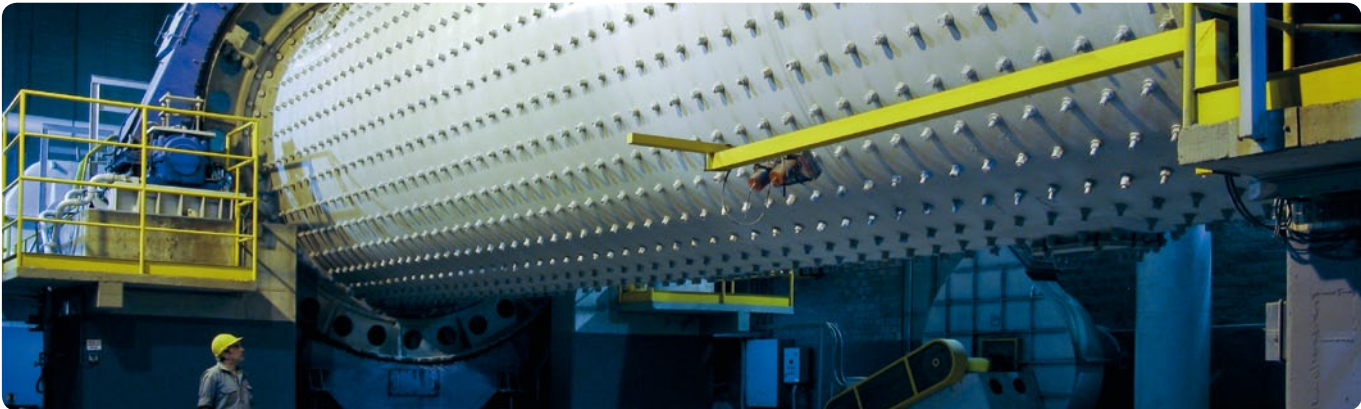
* FCC GROUP GLOBAL DATA

Total FCC Group incidents



35.3% reduction in road accidents

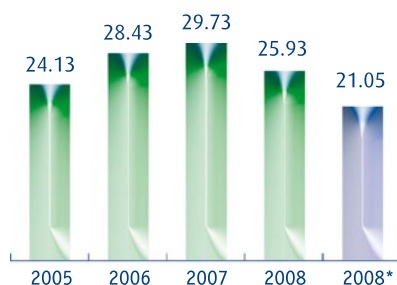
30.6% reduction in total serious accidents involving our staff



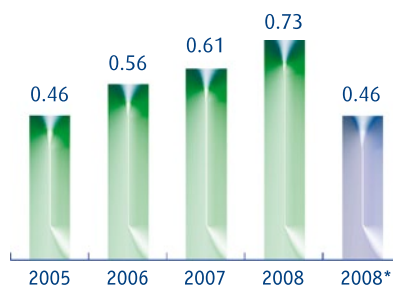


FCC Construcción

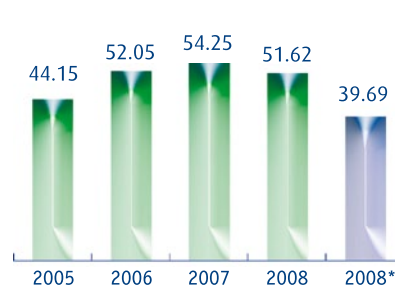
Accident rate



Severity index

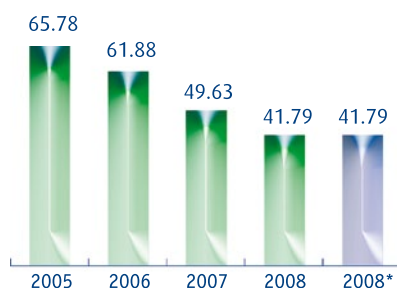


Incident rate

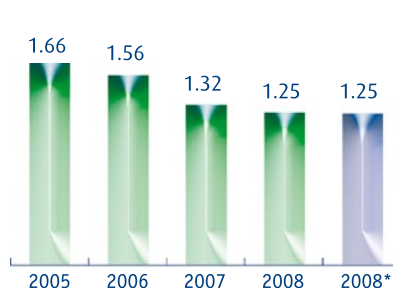


FCC Medio Ambiente Nacional

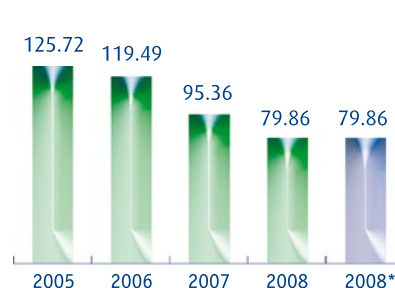
Accident rate



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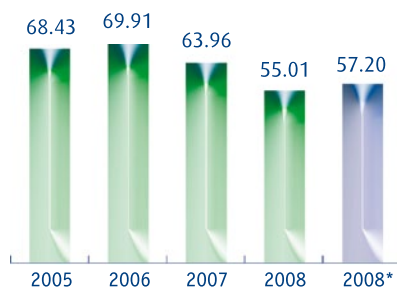


Incident rate

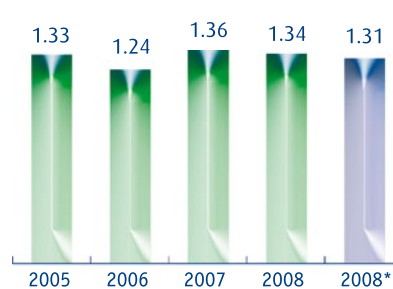


FCC Versia

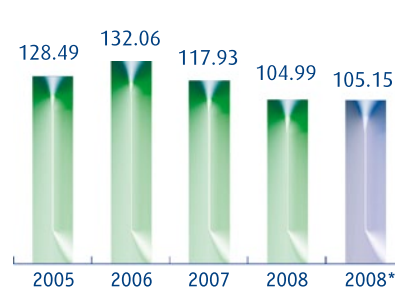
Accident rate



Severity index



Incident rate

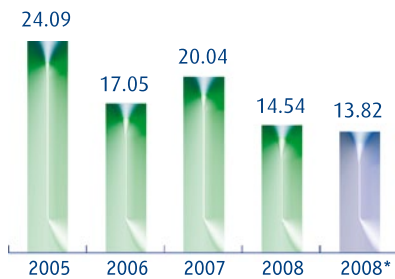


■ Data for FCC personnel in Spain

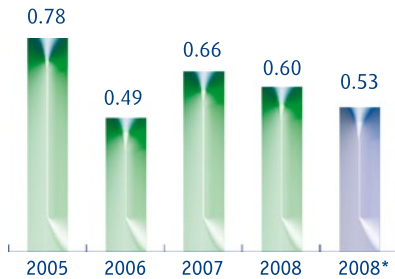
■ Total data (FCC personnel and contractors) for the Group (Spain and international)

Aqualia

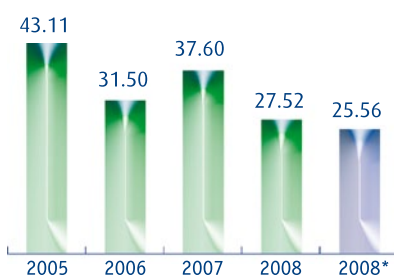
Accident rate



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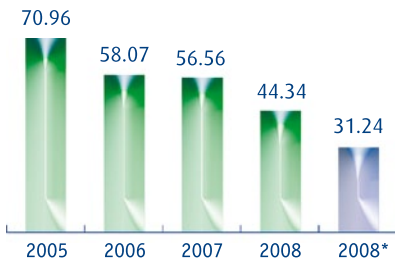


Incident rate

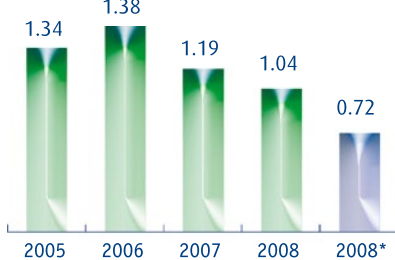


FCC Ámbito

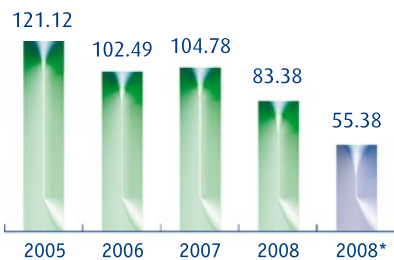
Accident rate



Severity index



Incident rate



■ Data for FCC personnel in Spain

■ Total data (FCC personnel and contractors) for the Group (Spain and international)



FCC Group	2005	2006	2007	2008
Absenteeism (sick and accident leave)	31,968	34,487	35,830	31,848
Accidents (employees on leave due to accidents)*	4,594	4,846	4,201	3,445
Workforce impact				
Days lost due to accidents	114,195	117,100	107,311	99,015
Days lost due to illness	918,201	1,029,205	1,054,060	937,395

* Excludes commuting and third-party accidents

Scope: companies adhered to the JPS.



4.4. The safety of our users, customers and the environment of our operations

FCC participates in the Spanish Technical Construction Platform

Managing occupational health and safety is a clear requirement for the sector due to the level of risk inherent in its activities and because its accident rate is above the Spanish average.

Committed to overcoming this reality, the Spanish Technical Construction Platform, which comprises the main sector companies, promotes a Health and Safety Strategic Line with the final objective of zero accidents in construction. FCC Construcción has been part of this initiative and its strategic research agenda since it began in 2006.

The approach promoted by this initiative, in line with FCC's approach to managing occupational health and safety, is not only to act in the workplace, namely construction sites, but also in other areas where decisions are made that influence the execution stage of works.

This working group's agenda focuses on three main points:

- > Comprehensive training.
- > Project stage initiatives.
- > Construction stage initiatives.

Training involves the application of continuous programmes for all workers, starting in primary education, thereby promoting a culture of health and safety in the sector and making it an attractive option for prospective employees. Training also aims to improve the health and safety culture among other agents participating in the sector, such as

developers, planners, project and site managers and business owners.

In the project stage, which is the cause or origin of over 50% of serious construction accidents, the priority is to establish requirements and procedures from the outset to minimise risks related to construction.

In the execution stage, the main initiatives involve implementing advanced technology to detect, anticipate, plan, control and manage safety.

The results of this comprehensive approach are:

1. The widespread use of advanced technology in equipment and machinery.
2. Comprehensively planned construction processes and projects which consider how they affect workers' safety.

3. The minimal presence of workers in medium- and high-risk works due to the automation of processes.
Lines for future progress are:

> The development of methodology and research to:

_Obtain an exact image of the current situation and the specific causes of accidents.

_Use our knowledge of problems in all areas.

> Support from new information technology to:

_Detect issues in real time and on-line problems, negligence and deviations get back on track immediately and automatically.



External initiatives

FCC's active participation in organisations includes membership of AESPLA, the Spanish Association of Occupational Health and Safety Services.

This association aims to help to improve health and safety service management and its activities include the following:

- > Sharing experiences in the health and safety field.
- > Participating in fora analysing the management and functioning of health and safety services.
- > Studying the application of legal requirements in this field.
- > Presenting plans and dialogue with the authorities.

The most significant initiatives carried out in 2008 are as follows:

Work for third parties

- > Reports prepared by the Association's working groups presenting its position on some of the measures foreseen in the Spanish Occupational Health and Safety Strategy (2007-2012).

Documents submitted for the Association's consultation

- > "Guide for the monitoring and control of health activity in health and safety services", a proposal by the Ministry of Health and Consumer Affairs dated 16 January 2008.
- > Proposal of indicator models for monitoring the Spanish Occupational Health and Safety Strategy, presented by a working group of the CNSST in January and November 2008.

- > Draft technical guidelines for the evaluation and prevention of risks related to explosive atmospheres in the workplace.

- > Proposal for bonus-malus reward schemes to reduce work-related accidents.

- > Official working document prepared by the General Secretariat for Employment of the Ministry of Labour and Immigration on the quality of occupational health and safety and external prevention services.

- > Working document for the development of legislation for the Spanish Occupational Health and Safety Strategy.

- > 6th national survey of businesses on working conditions.

- > Project to develop a royal decree modifying the legislation governing collaboration in the management of mutual funds for accidents at work and occupational illness linked to the social security scheme.

Fora

During 2008 the Association has participated in the following fora:

- > The commission for social security, occupational health and safety, health and social services of the C.E.O.E (Spanish Confederation of Business Organisations)
- > A social dialogue round-table discussion on the Spanish Occupational Health and Safety Strategy planned by the government for 2007-2012.

- > The 3rd and 4th plenary sessions of the Work and Social Security Inspectorate's Tripartite Commission (24 January 2008 and 20 November 2008).

- > In 2009 Laboralia founded its Organisation Committee, appointing José M^a de Bona, chairman of AESPLA, as vice-chair.

- > Presentations in the Madrid Autonomous Region's 2nd Occupational Health and Safety Conference (October 2008).

- > The Organisation Committee of SICUR, represented by Nicolás Pericacho (Enagás).

- > A project by the Observatorio de Salud Laboral, entitled "Application of quality criteria to health and safety service in Spain", represented by Silvia Oceransky (Trasmediterranea) and Juan Carlos Saez de Rus (FCC).

- > Health and safety awareness days in the aerospace sector, organised by the Communication and Air Transport Federation of trade union CCOO (3 and 4 June, Madrid).





Casos significativos

Road safety

The FCC Group has been working for years to improve road safety, both at national and international level, and this is currently one of the fundamental priorities of Group companies, which are holding an increasing number of training and awareness days and campaigns for their employees.

These programmes aim to improve employees' knowledge of road safety, with regard to both driving and regulations, for employee use of vehicles both at work and outside of work – whether for commuting or personal use -, with the aim of minimising road accidents. Awareness campaigns are also held during periods when most people travel, such as holiday seasons or long weekends.

We aim to make our employees aware of the importance of driving safely and carefully and being aware of road accidents.

Some of our companies have worked with public bodies in road accident awareness campaigns. For example, this year Logística España (Versia) has worked

actively with the Navarra Government (through the Navarra Occupational Health Institute) in a campaign aimed at making employees, health and safety officers and company management aware of the need to take measures to reduce road accidents during work or between the workplace and employees' homes.

The Navarra Occupational Health Institute has published diaries, bookmarks and calendars which were distributed among employees as part of the campaign. Work sessions were also held with health and safety officers and first aiders to emphasise that road safety should be included in occupational health and safety campaigns, encouraging the preparation of mobility plans favouring the use of public and shared transport to avoid accidents as well as to reduce employee stress and impact on the environmental.

Addictions: prevention programmes

Addictions are currently one of the fastest-growing public health problems, affecting a significant part of our society. Alcoholism and drug dependency have an impact on the social-work environment, increasing the likelihood of accidents and absenteeism and decreasing productivity, favouring dissatisfaction and provoking workplace stress.

FCC Group companies in Spain and abroad are aware of this problem and have carried out information campaigns and initiatives for the early detection and treatment of addictions, with widespread distribution of posters, slogans, training days, prevention, treatment and action programmes to combat tobacco, alcohol and drug consumption and addiction.

One highlight is the presentation of the "Precautionary Programme on Consumption of Alcohol and other Drugs in the Workplace" carried out by FCC Medio Ambiente in the Lérida-Tarragona branch, in collaboration with the Department of Health and the Ministry of Employment of the Government of Catalonia.

Its main objective is to improve the health of all Reus contract employees by raising awareness of healthy living and avoiding the consumption of alcohol and drugs.

Under the slogan "FCC S.A, a safe and healthy company" the programme aims to prevent and reduce workplace accidents and disciplinary measures, reduce absenteeism and promote good working relations, improving the working climate and instilling a sense of belonging to the company, to benefit our employees' health.





05

Eco-efficiency

Responsibility and innovation
combined for greater profitability

FCC is dedicated to using environmental technologies for greater efficiency, thereby generating possibilities of improving the Group's business and the environment in which it operates.

Our investment activity and collaboration with universities and research centres contribute to ongoing improvements in operations and results, as well as exploring opportunities that may be implemented in the future.

FCC studies trends in customer expectations and the technological applications transforming the market sectors and segments in which the Group operates, as well as other areas, considering how these new technologies can be applied to markets and business models.

Our investment in the development of eco-efficient technologies has allowed us to add increasing value to the management of environmental services, public resources such as water, infrastructure construction and concession management. The possibilities offered by the Spanish Public Sector Procurement Law, which favours responsible companies committed to sustainability, have been taken up by FCC as it moves forward in response to new demands.

.....

FCC is a forward-thinking company supported by over 100 years of experience and the constant evaluation of new segments and models in which to compete. The Group is committed to technology and energy in its endeavour to increase efficiency and responsible growth

.....



FCC key to sustainable competitiveness: Development of clean technologies for sustainable cities

FCC has the most advanced clean technologies in the market for vehicles used to render urban environmental services: 930 natural gas-powered vehicles and 32 fully electric vehicles (with a zero energy balance), as well as 200 fully electric street-cleaning vehicles with fewer features.

The Group's position in the technological field is a result of firm commitment over the past ten years, leading to its current advantageous position over its main competitors.

FCC's management approach to technological development considers the analysis of the entire life cycle, applying sustainability criteria. In other words, it responds to environmental and social risks, and highlights the value of

market opportunities for urban services in a profitable manner (both in financial terms and with regard to emissions), providing sustainability for customers, city authorities, the general public and FCC itself.

The Group's technological development and creation process is constantly evolving, moving towards clean and profitable solutions and getting them onto the market as soon as possible. This process begins with the definition of requirements based on FCC's knowledge and experience as a user, and includes the identification of technological partners, the development of prototypes, optimisation, series development and technological maintenance to ensure the technology produced is competitive, sustainable and safe.

The public service we aim to give must be exceptional.

For more information go to <http://www.fcc.es>

Objectives and programmes

The 2009 – 2010 Master Plan establishes two objectives and eight programmes that will shape the definition of policies, the implementation of procedures and the use of innovation as measures to reduce the environmental impact of Group activities.

The main lines of action followed by FCC in this regard are as follows:

> Definition of an environmental policy by the Group's senior management that includes FCC's main environmental commitments:

A policy will be developed to standardise environmental practices at Group level, a crucial step in promoting respect for the environment.

> Expansion of the scope of certification for environmental system and development of the FCC Green Centres Plan, the essential goal of which is to implement environmental good practices in the Group's work centres, with the aim of reducing environmental impact and raising awareness among employees.

> Greater reduction in waste at source and the recycling and recovery of waste generated and managed by FCC.

> Promotion of research, development and innovation as strategic and competitive factors relating to FCC's business management: A corporate system will be implemented to manage information and knowledge on innovative initiatives that have been developed, and investment will be made in new projects that meet the needs of FCC's stakeholders.



External perspective

The Spanish Sustainability Observatory (OSE) highlights that European (and therefore Spanish) water policy is based on the concept of sustainability. In other words, the development model must be clearly removed from the use of resources and the deterioration of the environment.

In many cases this position has led to the preparation of strategies which are directly or indirectly related to water and the issuing of regulations. Planning is fundamental to sustainable water management, to increase the availability of this resource, protect its quality and ensure it is sustainable for its

intended use as well as economising and rationalising use in harmony with the environment.

Another instrument for sustainable water management, considered in the European Framework Water Directive, is the mechanism to establish suitable prices which will allow the recovery of all water service costs.

In Spain, where water shortages are becoming increasingly severe, techniques to save and re-use treated water are particularly important.

Finally, sustainable water management is also based on good management of other resources (such as energy), which are used in water services. Through

its subsidiary Aqualia, FCC manages the comprehensive water cycle in a sustainable and responsible manner. Aqualia renders a public service under excellent conditions, and is committed to raising social awareness and encouraging rational and efficient water use.

The repercussion of water prices on household finances represents about 0.33% of the average household budget in Spain, compared to the 1% OECD European average.

2008 Achievements

- > Wider scope of environmental certification.
- > Integration of eco-efficiency as a principal focus of the Strategic Plan (2009-2010).

2008

- > Creation of FCC Energía, focused on renewable energies.
- > Over Euros 13 million invested in R&D&I.

2008

2009 Priorities

- > Unification of the FCC Group's environmental policy.
- > Widening of the scope of certified environmental management systems.
- > Promotion of green purchasing.

2009

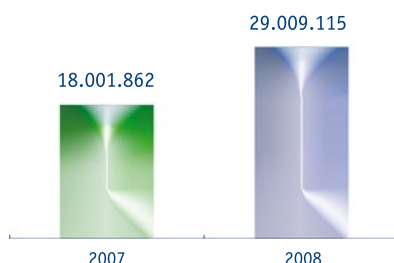
- > Inclusion of environmental criteria in the development of R&D&I projects.
- > Increase in recycling and recovery of waste generated and managed.

2009

Trends

Investment in R&D&I

euros





72%
of FCC's
turnover has
environmental
certification

FCC
earmarks over
€29 million for
R&D&I projects

95% of grants
received in 2008
used directly for
R&D&I

5.1. R&D&I as a vector for sustainable growth

FCC carries out research and development on an ongoing basis, to ensure that each of its activities can avail of sustainable technologies. These include methodologies, techniques, systems, equipment and processes which are financially feasible and may

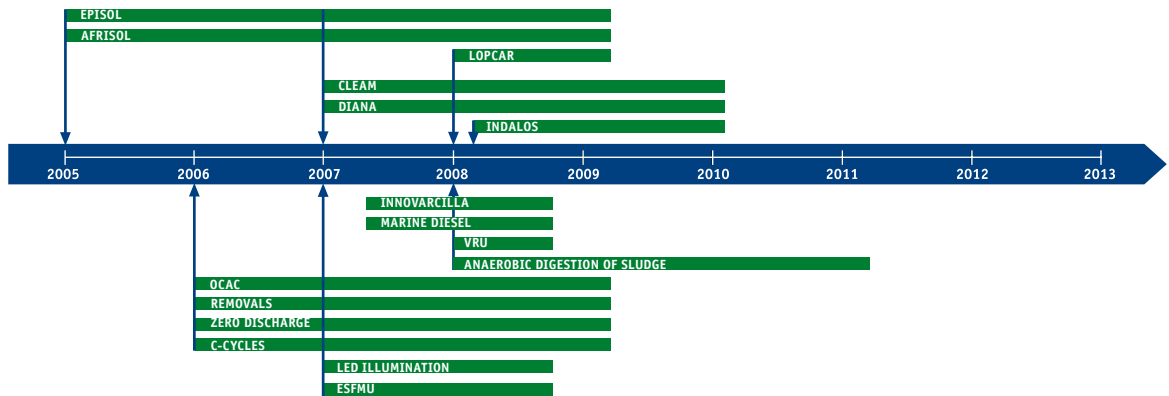
be reproduced and applied, thereby minimising any negative environmental effects and promoting a positive impact on the environment, quality of life and sustainability within society.

R&D&I activity continued throughout 2008, with a total budget exceeding €29 million. The following table shows FCC projects underway in this area in 2008, all of which have primarily environmental objectives.

ENVIRONMENTAL R&D&I PROJECTS			
Project	Timescale	Description	Business area
ARFRISOL	2005 – 2009	Bioclimatic design and the use of alternative energies in buildings.	Construction
LOPCAR	2008 – 2009	Study, development and validation of the technological framework for the use of paper mill sludge in the creation of motorway sections (filling, levelled areas, structural levels).	Construction
CLEAM	2007 – 2010	Planning of research lines to significantly move away from the current infrastructure model, which is largely based on traditional concepts that do not fully include environmental criteria.	Construction
DIANA	2007 - 2009	Improved energy efficiency in the treatment processes used by the waste treatment plant in Tudela (Navarra).	Environmental services (FCC Medio Ambiente (Spain))
INDALOS	2008 - 2010	Improved energy eco-efficiency for processes in the Vitoria waste treatment centre.	Environmental services (FCC Medio Ambiente (Spain))
Optimisation of the agricultural quality of compost (OCAC)	2006 - 2009	Optimisation of compost for subsequent use in agricultural plantations.	Environmental services (FCC Medio Ambiente (Spain))
VRU	2008	Making full energy use of the waste rejected by the Group's solid urban waste treatment plants.	Environmental services (FCC Medio Ambiente (Spain))
REMOVALS (Reduction, modification and recovery of sludge).	2006 - 2009	Development of a technological policy to allow the modification or recovery of excess biological sludge and its quality and toxicity through simultaneous transformation into ecological energy. Other high-value products (such as activated carbon) will also be obtained.	Environmental services (FCC Ámbito)
Project with Innovarcilla	2008	Study of the possible incorporation of waste into certain ceramic products.	Environmental services (FCC Ámbito)

Feasibility of the use of spent oils for marine diesel oil	2008	Study of the possible application of a product to transform spent automotive oils (such as marine diesel) into a fuel for use by fishing boats.	Environmental services (FCC Ámbito)
New technologies for industrial wastewater treatment	2006-2009	Zero discharge through membrane separation technology that enables wastewater to be fully reused within the industry.	Environmental services (Aqualia)
Sustainable usage of sludge for energy	2008-2011	Optimised anaerobic digestion of purification sludge, to procure disinfected waste and maximise biogas production.	Environmental services (Aqualia)
EPISOL	2005 Present	Design, development and production of a light urban vehicle for internal use, with a hybrid electric propulsion system and solar panels, thereby improving mobility within cities.	Versia (Cemusa)
C-CYCLES	2006 Present	Design of a bicycle hire system to meet the demands of councils and official bodies.	Versia (Cemusa)
LED illumination of Advertising panels.(LED)	2007 Present	Illumination of advertising panels with LEDs, reducing electrical energy consumption and CO ₂ emissions and providing uniform lighting.	Versia (Cemusa)
Photovoltaic solar energy for street furniture (ESFMU)	2007 Present	Development of technology to provide electrically-autonomous street furniture.	Versia (Cemusa)

R&D&I in the FCC Group: projects in progress in 2008



FCC contribution to R&D&I projects in which it participates

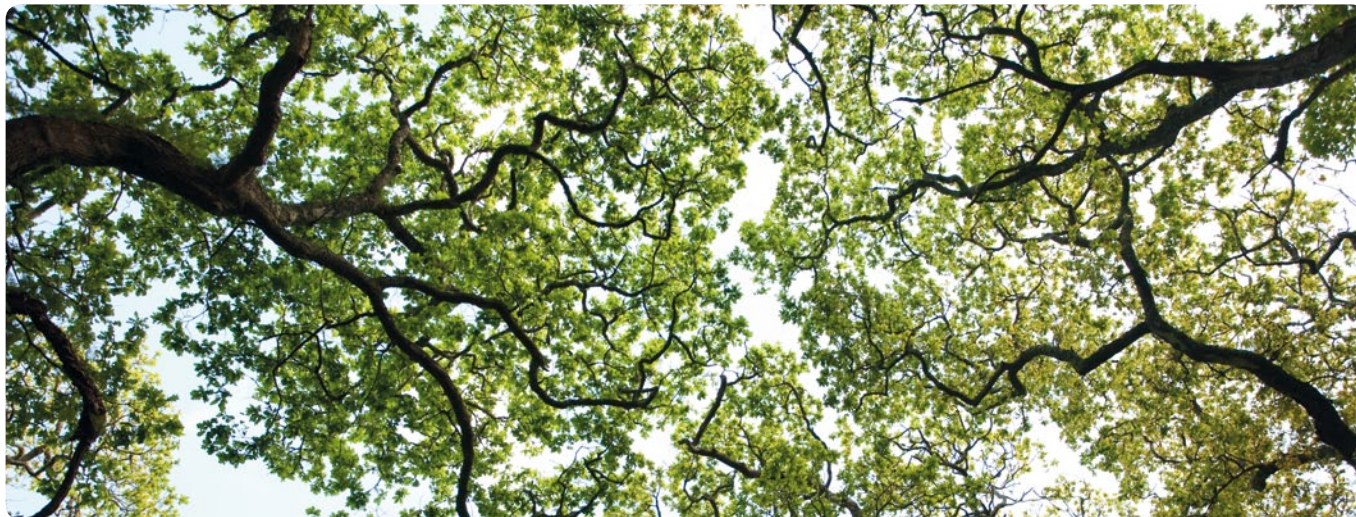


31% FCC CONTRIBUTION 2008
69% INVESTMENT BY OTHER INSTITUTION

Origin of R&D&I investment



80% DIRECT FROM FCC
15% LOANS OF FAVOURABLE TERMS
5% EXTERNAL GRANTS (€)



32,797
hours of
environmental
training

8% less
NOx emitted by
the cement area

46% of the
generated has been
reused, recycled or
recovered

5.2. Our main indicators

5.2.1. Ongoing improvements to impact measurement

In 2008 FCC completed the first stage of Project Horizonte, a sustainability indicator management system which has been created from the need to define a common language and shared reference system for the Group as a whole. Environmental indicators have been reviewed to bring them into line with the individual characteristics of each of our activities, as well as requests for information from our primary stakeholders. This work has strengthened the overall perspective offered by the integrated indicators system, which ensures the balance of all the components that comprise FCC's global sustainability evaluation.

.....

*Horizonte manages
information on 24
environmental
indicators*

.....

5.2.2. Environmental management systems

One of the most effective tools for controlling, monitoring and minimising the environmental impact of the activities carried out by FCC is the implementation of environmental management systems. The 2009-2010 Corporate Responsibility Master Plan, approved by the Group’s board of directors in 2008, considers the extension of the scope of such systems as key to contributing to environmental sustainability.

During 2008 the majority of business areas significantly increased the scope of their environmental management systems, although on occasion the acquisition of uncertified companies reduced the indicator level. Particularly noteworthy is the certification of Apline Austria’s environmental management system, especially as this company represents a significant portion of the construction area’s turnover.

72% of FCC’s activity has environmental certification

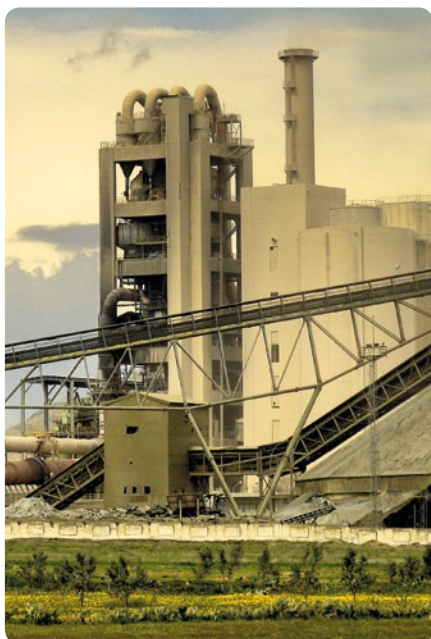
Turnover covered by environmental management systems (%)		
	2007	2008
Cement	60%	59%
Construction	65%	78.2%
Medio Ambiente (Spain)	82% (criteria: 2007: 77%)	87%
Medio Ambiente internacional (Waste Recycling Group)	60.6%	82%
FCC Ámbito	69.6%	74.9%
Aqualia	35.5%	90.8%
Versia	12.7%	30%



In addition to internal evaluations performed on environmental management systems, the Group’s activities are also subject to a number of regular government inspections.

In 2008 fines were imposed for non-compliance with environmental regulations, representing 0.007% of

the Group’s total turnover. These fines, which totalled €996,060, reflect current sanction proceedings relating to cement production, construction and urban waste management activities (the latter of which mainly relate to landfills and incidents concerning water legislation).



5.2.3. Emissions

Three of the FCC Group's activities have particular relevance in terms of atmospheric emissions which are not directly related to the greenhouse effect, such as NO_x , SO_2 , solid particles and substances which deplete the ozone layer (the production of cement and its derivatives, the handling of raw materials with high dust levels and the use of machinery and vehicles by the Group's various business areas). GHG emissions are dealt with in more detail in Chapter 6 "Climate Change".

Cement

Cement production requires extremely high temperatures and enormous amounts of energy, which lead to the emission of pollutants. Trends in the emission of NO_x , SO_2 and particles related to cement manufacturing are shown in the following table:

Emissions of NO_x , SO_2 and particles by the cement division						
	NO_x [kg/Mt cement]		SO_2 [kg/Mt cement]		Particles [kg/Mt cement]	
	2007	2008	2007	2008	2007	2008
Spain	1.42	1.37	0.28	0.32	0.03	0.02
US	1.13	1.27	0.81	0.86	0.10	0.08
Tunisia	1.51	1.14	0.08	0.35	0.18	0.30
Argentina	0.94	2.34	0.01	0.01	0.21	0.14
Uruguay(*)	0.84	1.11	0.20	0.18	0.03	0.07

(*) The scope is limited to the Minas plant. Values are expressed in kg/mT of clinker as this is a clinker mill.

The cement division continues to work actively on developing technologies and mechanisms to reduce emissions from clinker combustion furnaces. Progress has been made on the installation of ammoniacal water injection equipment

to reduce NO_x emissions, and work has continued to bring down solid particle emission levels through the installation of sleeve filters at the main generation points.

Absolute values for pollutant emissions by the cement sector have been reduced, as shown in the following table:

Tonnes emitted		
Pollutant gases	2007	2008
NO_x	24,524.393	22,499.917
SO_2	5,379.562	5,254.085
Particles	1,277.218	1,200.117



Construction

The main lines of action followed by the construction area to reduce NO_x and SO₂ emissions as much as possible are:

- > Carrying out regular machinery maintenance
- > Incorporating new technologies (catalysts, particle filters and other technologies)
- > Controlling the speed of vehicles while in operation

To reduce solid particle emissions (an extremely important factor within the construction sector), FCC Construcción has implemented a number of good practices (GP).

Good practices related to environmental emissions	% of works applying the GP compared to total works	% of works applying the GP compared to the total works to which they can be applied
Reduction of dust through irrigation using road cleaning water and stored water.	91%	97%
Use of additives in irrigation water to create surface crust, road surfacing and other long-term dust control practices.	7%	56%
Use of screens to prevent dust dispersion in localised activities.	12%	75%
Use of molecular grinders in facilities that produce dust, such as aggregate treatment plants, etc.	4%	60%
Use of drilling machinery with dust humidifying systems, wet curtains at ventilation outlets and other dust capture systems.	8%	77%
Improvements to the levels required by legislation with regard to controlled parameters (opacity of discharges, suspended particles, etc.).	7%	67%
Adequate maintenance of machinery in operation on the site.	63%	90%
Use of chutes for dumping rubble from height, and covering of containers with tarpaulins.	29%	85%



Waste management activities

All facilities with comprehensive environmental authorisation (based on the type of process) have equipment to minimise pollutant emissions, such as gas washing systems or sleeve filters, thereby enabling them to comply with established emission limits.

5.2.4 Material consumption

The rise in demand for services and production involves an increase in productive inputs, and the consumption of materials plays a particularly relevant role (in addition to energy).

For Group activities such as cement and construction, the demand for raw materials is a significant environmental

issue. In general terms, the line of action followed by the Group in this area is to optimise consumption processes, as well as to use sub-products and waste as replacements for raw and auxiliary materials.

The following table, which details 2008 material consumption by business area, shows that 40% of the raw and auxiliary materials used by the Group comes from materials considered as waste. A significant part of this percentage comprises soil and rock extracted during construction projects, which are subsequently used as filling materials.

Area	Total materials used (mT)	Total materials which are waste products (mT)	Material types
Cement	59,076,569.00	1,316,646.00	Marta caliza, yesos, áridos, arcilla, cenizas y escorias, etc.
Construcción	43,447,073.20	39,352,964.00	This figure comprises consumption of asphalt agglomerate (10,052,822 t) and concrete (13,291,412 m³). Average concrete density has been estimated at 2,350 kg/m³.
FCC Ámbito	17,654.23	nd	Methanol, sepiolite, lime, magnesite, additives, etc. as process materials and wire, film, packaging, etc. as auxiliary materials.
Aqualia	24,482	nd	Reagents for the treatment of water for human consumption and the purification of wastewater.
Medio Ambiente internacional	nd	nd	
Medio Ambiente (Spain)	14,843.10	nd	This data reflects maintenance and conservation work on parks and gardens, activity which mainly consumes sand, gravel, soil and peat.
Versia	74,132.00	223.00	
TOTAL	102,654,753.53	40,669,833.00	

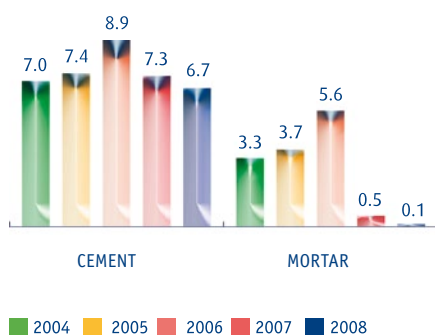
Cement

The most significant environmental impact of this line of business is the extraction of raw materials from quarries and gravel mines. Lime marl is the main raw material used in the manufacture of cement.

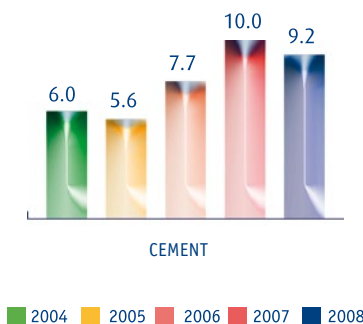
Cementos Portland Valderrivas encourages the responsible use of natural resources, and continues to research ways to use alternative raw materials, such as various types of rubble, ash, ferrous sulphate, pyrite ash, foundry sands, fluorite, carbonate sludge and other types of compounds.



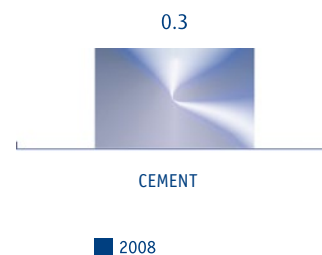
Replacement of raw materials with waste in Spain



Replacement of raw materials with waste in the USA



Replacement of raw materials with waste in other countries



Efficient use of materials and consumption of alternative resources are the main research paths for reducing the impact on the environment

Construction

The construction division, with its highly resource-dependent processes, has evaluated the selection of the materials to be used, weighing up the advantages and disadvantages presented by each.

Encouraging the use of recycled and surplus materials for alternative purposes and the segregation and selective separation of surplus material for recovery are the main practices to be implemented in this regard.



Good practices related to the consumption of materials by FCC Construcción	% of works applying the GP compared to total works	% of works applying the GP compared to the total works to which they can be applied
Re-use of inert materials from other works.	17%	83%
Use of recoverable items from work processes, such as removable walls (normally made of concrete from prior demolition work) in aggregate crushing facilities, etc.	6%	62%
Reductions in the level of loans compared to the volume foreseen for the project.	68%	90%
Re-use of excavated soil	31%	82%
Use of items recovered from other works, such as portable treatment equipment, containers, etc.	6%	92%

A total of 24,183,012 m³ of land and rock left over from excavation activity was used in works in 2008, considered as raw material as opposed to waste (in which case it would have been taken directly to the landfill). A further 88,213 m³ of surplus clean rubble was also used in

construction works. In total, 24,271,225 m³ of inert waste was re-used as resources in the production cycle, making use of materials which would otherwise have been treated as waste.

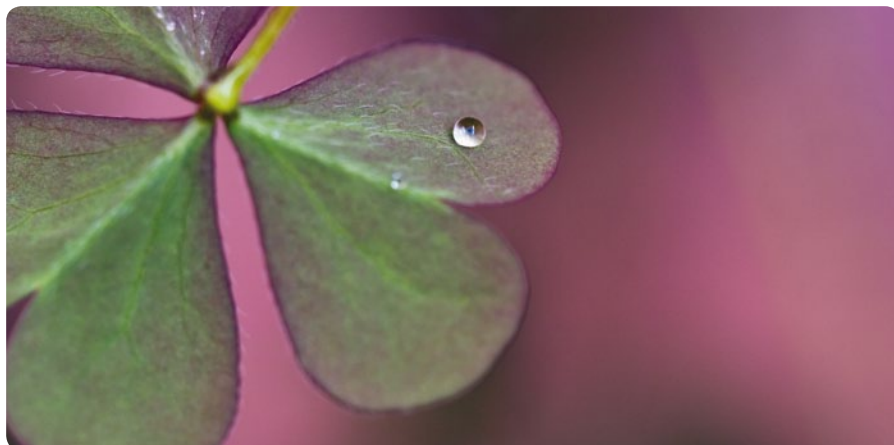
5.2.5. Water consumption

Water is a crucial resource for almost all the activities carried out by the FCC Group. It is needed for the manufacture of cement and concrete, steam in plants that generate energy from waste, decontamination of industrial waste and road cleaning and garden maintenance activities.

The following table shows water consumption by FCC, broken down by division. Aqualia, the Group company engaged in integral water management activity, is the lead consumer of this resource, and is therefore dealt with in a separate section.

The steps taken by the Group to minimise consumption of this scarce resource are focused on:

- > The eco-efficiency of consumption processes.
- > The re-use of wastewater.
- > Making use of rainwater, etc.



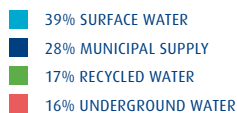
	Consumption from municipal supply (m³)	Consumption from underground water (m³)	Consumption from surface water (m³)	Recycled water consumption (m³)	Consumption from other sources (m³)	Total water consumption (m³)
Construction*	2,309,520.70	44,355.60	5,194,340.00	1,099,794.49	700	8,648,710.79
Cement**	854,453.00	2,244,425.00	765,513.00	403,062.00	32,320	4,299.773
Real state	272,976.00	-	-	1,000.00		273,976.00
Services	830,008.76	74,131.67	8,616.10	1,034,680.35	41,764.99	1,989,201.87
Medio Ambiente (Spain)***	176,076.59			26,158.88	37,185.50	239,420.97
Medio Ambiente (International)	137,029.00	71,570.00	-	1,000,000.00	-	1,208,599.00
Aqualia	19,108.78	601.67	-	8,521.47	1,700.17	29,932.09
FCC Ámbito	42,217.11	1,960.00	8,616.10	-	2,877.20	55,670.41
Versia	455,577.28	-	-	-	2.12	455,579.40
Corporate areas	5,647.00	-	-	-	-	5,647.00
Total FCC 2008	4,272,605.46	2,362,912.27	5,968,469.10	2,538,536.84	74,784.99	15,217,308.66

(*) Alpine consumption data not available.

(**) Data for the Cemento plants in the USA are not available.

(***) Excludes watering gardens and road cleaning.

Origin of water consumed





Cement

One of the challenges faced by the FCC cement area is the optimisation of water use, increasing the amount of water recycled and reused thereby reducing consumption.

The following initiatives have been implemented by this division to bring water consumption levels down:

> Use of recycling equipment in the concrete division. The purpose of this measure is to fully dispose of waste, reaching a zero water balance by controlling use of water in the process and adequately managing contaminated and clean water, ensuring that 100% of the water that enters the plant is used for concrete manufacturing. Approximately 70% of the division in Spain currently has recycling equipment installed.

> Installation of water recycling facilities for washing vehicles at plants and in quarries.

> The refurbishment of water distribution and collection networks is also an interesting area for innovation and investment.

The most interesting water resource initiative within the cement division was implemented in the El Alto plant in Madrid, which has a closed water circuit that optimises this resource through re-use. This is done through an 11,000 m³ collection reservoir which stores process water, instead of simply dumping it.

In 2008 Cementos Portland Valderrivas met the target set for 2009 of recycling and re-using 35% of its water



Construction

To reduce water consumption this area uses water generated from washing concrete mixers and wastewater from a wide range of processes. This water is used on the premises to clean roads, re-wash mixers or as a raw material in the concrete manufacturing process within

the plants, always with the relevant compatibility studies

The following table shows the good practices (GP) implemented in FCC Construcción works, as well as the scope thereof.

Good practices relating to the efficient use of water resources	% of works applying the GP compared to total works	% of works applying the GP compared to the total works to which they can be applied
Re-use of water used for washing concrete mixers.	17%	83%
Reuse of effluents and process wastewater.	6%	62%

Other initiatives implemented by this division include automatic irrigation for curing as part of the reinforced concrete pipe manufacturing process (with

recovery of more than 30%), and the installation of water recovery cisterns for hydraulic testing, where 100% of the water consumed is recovered.

Waste management activities

The water consumed by this division mainly relates to park and garden irrigation activity. To reduce the impact of this consumption the surface area watered by automatic irrigation systems is being increased, and attempts have also been made to reduce network water consumption. In 2008 surface areas with automatic irrigation increased in size by 5.5%.

44% of surface areas are irrigated with water from alternative sources, 25% with well water not fit for human consumption or phreatic water, and 19% with re-generated water

The importance of employee awareness in reducing water consumption

Regardless of the saving measures and new technologies implemented, employee awareness of the rational use of water is essential if consumption of this resource is to be reduced.

Employee awareness plays a key role in bringing water consumption levels down within the cement area. This can be seen in cement plants, where information posters are being distributed to raise awareness and encourage responsible use of this resource.

Technologies for the efficient use of water in the rendering of services

The services rendered by the environmental division currently tend to use undrinkable, regenerated and phreatic water for cleaning and hosing streets, mechanical sweeping, washing vehicles and containers and watering parks and gardens.

With regard to facilities, the drinking water used in changing rooms is treated by various plants so that it can then be used to wash vehicles. This is the aim for the Zaragoza and Barcelona treatment plants, as well as those which are already in service, such as the one in Parque de Villaverde (Madrid).

Nevertheless this in itself is not sufficient, and it is crucial that techniques for lower consumption are also introduced. Only irrigation and hosing vehicles are permitted to consume more than 20 m³ of water per day and per vehicle. This requirement has led to improvements in newly constructed equipment, some of which now contain high-pressure pumps, low flow rates and automatic systems to optimise water use, resulting in savings of 30-80% compared to former equipment (depending on the equipment and type of street cleaning in question).

Optimisation of street-cleaning activity and the consequent reduction in water consumption has been achieved by providing equipment with an innovative system to optimise this resource, involving the incorporation of adjustable street cleaning machines which are controlled by a programmable automaton, allowing flow and pressure to be adjusted based on the speed of the vehicle.

This awareness is also vitally important for the construction area, not only in terms of own employees, but also sub-contracted personnel, raising awareness of responsible water use, drought, desertification and the development of environmental good practices that benefit the environment. During 2008, environmental training and awareness activities for employees working in construction were carried out in 99% of works. In addition, the Portuguese construction subsidiary has included technical instructions in all contracts for subcontracted works, focusing on environmental protection through water saving measures.

All industrial waste treatment centres have organised environmental awareness talks, including a specific section on the efficient use of water.

In 2008, environmental training and awareness activities for employees were carried out in 99% of FCC Construcción works



5.2.6. Accidental discharges and spillages

The Group's environmental management systems include specific procedures on adequate management to minimise the impact of discharges, as well as the

prevention of and possible responses to accidental spillages. The following discharges were recorded in 2008:



Vertidos por área de negocio			
	Total volume of wastewater (m ³)	Volume of wastewater subject to purification before discharge (m ³)	Percentage of Discharges purified [%]
Construction (*)	1,188,505.49	319,641.54	26.89
Cement	554,258.00	554,258.00	100.00
Medio Ambiente (Spain)	N/av	522,373.83	N/av
Medio Ambiente (International)	2,070,198.00	2,070,198.00	100.00
Aqualia	15,422,157.27	10,960,460.00	71.07
Ámbito	155,079.40	N/av	N/av
Versia	126,726.35	5,742.00	4.53

(*) Only includes volumes of sanitary water and concrete plant discharges.

The data does not include spillages during works processes or discharges from the pipe manufacturing process.

Cement

The cement production process does not generate any waste, apart from one-off cases such as discharges from refrigeration circuits. In any event discharges are regularly analysed to ensure that they do not damage the environment.

The wastewater produced by cement activity is primarily sanitary and rainwater, as well as water used to wash gravel. Discharge parameters are controlled in line with levels authorised by water confederations and other relevant bodies.

Construction

The construction division has settling basins which collect effluents from works, and control a set of parameters including oils, colour, pH and suspended solids.

In 2008 accidental discharges within this division amounted to an estimated total of 10.3 m³. The spillages were mainly hydrocarbons and oils from works machinery, as well as water used to wash troughs and mixers.

To prevent possible discharges on-site and to minimise their potential impact, measures such as the following have been carried out:

- > Training for personnel (including sub-contracted personnel) in practices for containing accidental spillages.
- > Selection of low-dispersion areas for collection of hazardous substances and the installation of suitable containers for watertight storage of these materials.
- > Maintenance of machinery to reduce possible leaks and discharges from mechanical equipment.
- > Preparation of an emergency plan as part of the area's environmental planning.

Waste management activities

Due to the sensitive nature of centres engaged in hazardous waste management, these facilities must have a self-protection plan that quantifies risk, defines existing protection measures and specifies the procedures to be enacted in the event of any emergencies that may arise. All other waste facilities have similar plans, although they are not mandatory.

Annual simulations are carried out in facilities to test the effectiveness of their self-protection plans, and personnel are trained in how to react in emergency situations.

Accidental spillages in this business area's facilities in 2008 have been insignificant for a variety of reasons, including the extensive preparation of personnel for emergency situations.

5.2.7 Waste generation

All FCC activities aim to minimise waste production, separating waste for internal storage before it is treated by an authorised waste management company, seeking the best possible

option (recycling, reuse and/or recovery) as opposed to disposal or landfill dumping.

Only 0.2% of total waste generated by FCC is considered hazardous.

	HAZARDOUS		NON-HAZARDOUS								Total waste generated [Tm]
	waste generated [Tm]	Total waste generated	Re-used	Earmarked for recycling	Earmarked for composting	Earmarked for energy recovery	Earmarked for incineration	Earmarked for landfill	Other destinations	Unspecified final destination	
Construction	22,014.0	28,497,236.8	294,741.6	28,652.9	36,100.0		2,588.0	212,122.3	7,761.0	27,915,271.1	28,519,250.8
Cement	2,975.8	16,452.0								16,452.0	19,427.8
Total real estate	4.3	236.7		137.9						98.8	241.0
Realia	3.7	198.8							98.8	100.0	202.5
Torre Picasso	0.6	137.9	137.9							0.0	138.5
Total services	116,171.0	63,790,955.4	172,553.6	738,586.2	41,272,646.0	268.2	147.6	9,751,033.3	11,538,573.7	317,146.8	63,907,126.4
Medio Ambiente (Spain)	630.2	6,309.7	6,309.7							0.0	6,939.9
Medio Ambiente (International)	21,613.5	0.0								N/av	21,613.5
Aqualia	5,847.7	52,022,556.3	722,289.0	41,272,646.0		99.0	9,711,858.0		315,663.3	1.0	52,028,404.1
Ámbito	87,954.6	11,569,792.7	1,358.4		220.0		29,642.6	11,538,571.7		0.0	11,657,747.3
Versia	125.0	20,077.4	326.4	8,629.1	48.2	48.6	9,532.7	2.0	1,483.5	7.0	20,202.5
Corporate areas	0.4	49.4	-	49.4	-	-	-	-	-	-	49.8
TOTAL FCC	141,165.5	92,304,930.3	467,295.2	767,426.3	41,308,746.0	268.2	2,735.6	9,963,155.6	11,546,334.7	28,248,968.7	92,446,095.8



In this area the Group's cement division has the objective of "increasing recycling, re-use and/or recovery of waste within the Spanish cement business to 75% of total hazardous waste and 45% of non-hazardous waste by 2009".

A set of initiatives have been defined by the construction division to meet the objective of reducing the amount of waste generated, some of which are detailed below:

> Adequate planning of the purchase of materials to discourage excessive stockpiling of resources which, once expired or obsolete, will become waste.

> Purchase of raw and auxiliary materials which, where possible, can be re-used and come in large multi-use recipients to reduce the number of empty containers.

> Setting of limits for the maximum amounts of waste that sub-contracted parties can generate in each activity, and the introduction of penalties to be applied should these limits be exceeded.



> Refraining from the unnecessary use of toxic or hazardous substances in equipment and machinery maintenance operations, thereby reducing hazardous waste.

Re-using and recycling construction waste throughout the life cycle of buildings and infrastructures is a fundamental strategy to achieve sustainability within the construction sector. FCC Construcción has implemented good practices which focus on the recycling or recovery of potentially

useful waste from work sites. In this way the need for landfills is reduced, the consumption of new natural resources is avoided and a response is given to the global demand from today's society.

Good practices related to waste generation	% of works applying the GP compared to total works	% of works applying the GP compared to the total works to which they can be applied
Reduction in inert waste sent to landfill compared to the volume foreseen for the project.	85%	93%
Construction and demolition waste is classified/separated for individual treatment.	64%	92%
Changes to the design of the construction system with regard to the use of materials that generate hazardous waste (fibre cement, release agents, additives, resins, varnishes, paints, etc.) thereby generating waste with lower or zero hazard levels.	9%	72%
Reduction of packaging waste through practices such as requesting materials which come in containers that can be returned to the supplier, the re-use of contaminated containers, ordering large volumes or bulk materials instead of ready-packaged, etc.	29%	79%
Management of excavation surpluses.	31%	80%
Recovery of rubble.	19%	69%

The Group’s waste management and treatment activities and its measures to prevent and minimise the impact of generated waste are the same as those implemented for customer waste managed by the Group. FCC tries to reduce the impact of the waste generated within its own facilities by increasing the use of biodegradable or ecological products.

The most significant waste generated by the comprehensive water management division is sludge from water treatment plants. Consequently, one of the most important measures to minimise the impact of waste in this area is the aim to dry dehydrated sludge as much as possible, thereby reducing its volume and subsequent impact on transportation and end management. Particular attention is paid to identifying the most suitable process to make the most of each different type of sludge.

The initiatives implemented by Versia are focused on increasing the amount of waste earmarked for recycling or recovery. Action in this area mainly concerns training and raising awareness of employees, and collaboration initiatives have also been started with customers, especially in the logistics area.

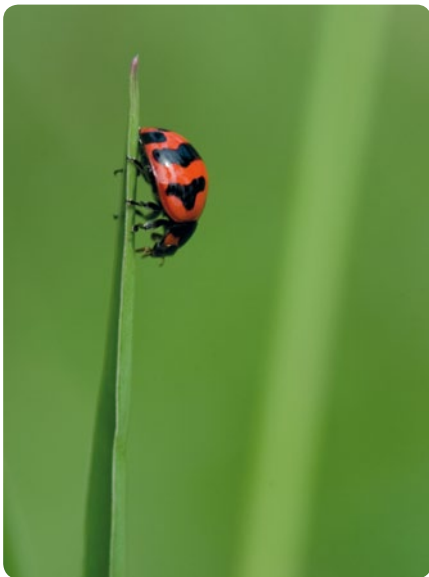
The activities undertaken by this company which generate most waste are logistics and street furniture. Furniture is recovered and recycled for subsequent use in future installations. Activity carried out in the logistics field has been as follows:

> Packaging material has been made lighter due to a change in design: Reduction in the thickness of the plastic used to shrink-wrap merchandise from 17 microns to 8 microns. This has led to a 284-tonne reduction in the amount of plastic put onto the market.

> Replacement of a cardboard box model with cushioned paper and plastic bags, which weigh much less, leading to a reduction of just over 7 tonnes of cardboard.

> Collaboration and advisory services for customers to encourage the re-use of packaging materials in cases where this material is not treated by FCC.

5.3. Biodiversity



Protection and improvements to the natural environment, as well as biodiversity and ecosystem conservation, are the main management goals in the areas where we operate, as we act to protect and recover the habitats found in these zones.

The table below shows the size of protected areas or zones of high biodiversity value that contained or were adjacent to FCC activities in 2008.

Business area	Surface area of protected areas or zones of high biodiversity value home or adjacent to FCC activities (m²)
Cement	5,071,685
Construction (*)	28,663,900
Aqualia	450
Medio Ambiente (Spain)	4,939,561
Total FCC	38,675,596.00



Cement

The main impact of this division's activity on biodiversity is the alteration of habitats and ecosystems by quarry operations, due to the occupation of spaces and the extraction, crushing and transport of materials. A new future challenge has been created in this regard, known as the "Development of comprehensive management criteria for restoring quarries and encouraging biodiversity".

Restoration plans are implemented to restore or recover (where possible) the original state of the areas in which the Group has operated to reduce the environmental impact. These restoration plans have been implemented in lime marl quarries (from which the materials used to produce cement are extracted) and in gravel and aggregate quarries.

This division has a mini electrical power station in Zudaire (Navarra), a protected area with rich biodiversity. The area occupied by the division within this natural park has been kept to a minimum, but for prevention purposes there is a technician who is in charge of maintaining and supervising the facilities.

The quarry in Vallcarca (Barcelona) is located within the Garraf Park and is adjacent to a zone belonging to the Natura 2000 programme, just like the quarry in Monjos (Barcelona).

The plant and quarry in Mataporquera (Cantabria) are located in a special bird protection area (ZEPA).

The Group has 958,865 m² of aggregate facilities that border protected areas or zones of high biodiversity (Parque Natural de Armañón, Biotopo de Galdames and Parque Natural de Urdaibai). In addition, the El Porcal plant in Madrid (now dormant) is located within the Parque Regional del Sureste.

The cement area in the US manages a total of 913,304 m² located in protected wetland areas.

Construction

This area of activity has an impact on biodiversity, particularly with regard to civil works. These may be located on land adjacent to or within protected natural areas, as well as areas which, although not officially protected, are rich in biodiversity.

FCC Construcción has procedures for protecting this biodiversity, as well as a set of internal guidelines which include all the protected natural areas in Spain, providing assistance when planning activities carried out within these zones.

Good practices are also implemented in works to minimise the impact on biological diversity, thereby protecting plant and animal species that may be disrupted by the works, regardless of the level of protection of the species in question and whether or not the works are carried out in a protected natural area.

While the works are being carried out the most important areas are protected using beacons, thereby preventing access to machinery and personnel. The effects of all works are minimised by using pre-existing paths, designing any new routes

that may be needed in a way that will allow their use in the future.

Following the works restoration activity is carried out in the form of cleaning and removal of all items that do not belong in the area, as well as the de-compacting of soil bringing it into line with the morphology of the surrounding environment, planting indigenous flora and adding ornamental items which are integrated with the new or existing environment.

The activities carried out by FCC Construcción include certain restoration measures which are not directly linked to construction activity, including the following in 2008:

- > Adaptation of public areas in forests.
- > Forest parks.
- > Environmental restoration of ponds.
- > Restoration of natural areas affected by the exploitation of resources (sand and gravel).
- > Restoration of inert waste landfills.
- > Restoration of river banks.
- > Restoration and regeneration of dune systems and beach walkways.

In 2008 a total of 32,549,000 m² was subject to protection measures by the construction division, whereas restoration measures were applied to land covering 50,636,700 m².

In 2008 FCC Construcción carried out 14 works in natural or protected areas, 15 with a possible impact on natural flows within protected areas, and 32 in areas classified as "relevant". In addition, 14 works affected protected vegetation and 19 had an impact on protected animal species.

Waste management activities

When finding a location for any waste treatment centre, any natural spaces classified as protected natural spaces are automatically excluded.

The park and garden conservation and maintenance activities carried out by this division are sometimes located in or close to areas which are classified or legally protected by the relevant authorities, although the activities in question are not considered to have any impact on these zones. This conservation and maintenance activity is performed within or adjacent to 4,939,561 m² of protected or high-biodiversity areas, as follows:

- > Parque de Grajera (La Rioja) 4,500,000 m².
- > El Capricho (Madrid) 176,000 m².
- > Sabatini (Madrid) 25,400 m².
- > Jardines del Real (Valencia) 182,900 m².
- > Alameda de la Ciudad de Valencia, 55,200 m².

The management and maintenance of gardens includes the development and introduction of specific practices for ornamental and therapeutic pruning, the control of plagues and diseases, the protection of unusual trees, etc. The practices employed by this division use non-aggressive techniques with regard to biodiversity and the environment.

The measures implemented in the golf course close to La Grajera, which are a clear example of biodiversity protection, include:

- > The installation of thermal and photovoltaic panels on buildings
- > Introduction of electric vehicles

> The planning of species adapted to drought conditions

> The installation of automatic irrigation equipment to limit water consumption

> The use of phytosanitary products with a low environmental impact.

Comprehensive water management

In terms of the Group's comprehensive water management, infrastructure construction is the activity which has the largest impact on areas of rich biodiversity.

All projects promoted by local entities include an environmental impact study, which provides precautions to be taken so that the environmental impact can be reduced.

In 2008, during the construction of the Santa Eulalia desalination plant (located next to a protected area), precautionary measures were implemented including, inter alia, the modification of the path of one of the pipes to avoid any negative impact on marine flora.



5.4. Sustainable construction and other innovation vectors

FCC understands sustainable construction to be construction adapted to and respective of its environment, which saves energy and considers the impact on people. The Group is clearly committed to a form of construction that preserves the environmental conditions of the area in which it is created, throughout the entire life cycle of the construction in question. The Group's activities apply urban planning processes, architectural building design, the manufacture or use of green construction materials, the inclusion of clean technologies in buildings and the consideration of biodiversity factors when planning and/or carrying out construction activities.

Over recent years society has made a number of demands regarding the construction of buildings, particularly in terms of the materials used, energy efficiency and comfort. These demands, which traditionally led to a rise in the end price of the product on offer, have been made in such a way as to require construction companies to refrain from increasing the price of the end product, and adaptation to this new way of operating is a way in which companies can stand out from the competition. The research carried out to improve features through analysis of materials, thermo-fluid dynamic simulations and acoustic

and lighting tests is a factor that sets the Group apart from other companies within the sector.

The Group's environmental quality management and health and safety in the workplace systems have fully integrated the new Spanish technical building code (CTE), with a total of 35 procedures modified in this regard during 2008. CTE training is also being provided to employees.

One of the cornerstones for adaptation to sustainable construction requirements lies in the R&D&I field. The FCC Group develops research projects in collaboration with other large sector companies, as well as important universities. Joint research with other institutions allows experiences from all parties to be shared, taking advantage of any synergies that may exist.

The most significant environmental good practices are those related to noise and atmospheric pollution, the dumping of contaminated water, alterations to soil and sub-soil, the consumption of energy, materials and water and the generation of waste.

FCC Construcción leads and participates in committees and fora which focus on sustainable construction:

> Chairing the sustainability in civil works working party of the ISO/TC – 59/SC17 sustainable construction international technical committee, through which it also participates in the remaining working parties.

> Coordination of the Spanish Quality Association's construction committee.

> Participation at European level within the CEN/TC – 350 committee on construction work sustainability.

> Participation in the Spanish AEN/ CTN 198 sustainable construction mirror committee, in which FCC chairs sub-committee SC2 on sustainability in civil works.

FCC Construcción chairs the sustainability in civil works working party of the ISO/TC – 59/SC17 sustainable construction international technical committee





5.5. Water management

Aqualia, the FCC Group subsidiary engaged in integral management of the water cycle, bases its activity on the design, construction and operation of water management infrastructures. In 2007 Aqualia was named best water management company in the world by Global Water Intelligence.

All the projects carried out by Aqualia are designed to obtain the best return

Aqualia's annual strategic plan sets annual performance goals for all its operations, as well as providing data on compliance with these objectives:

- > Low-level network performance > 72.5% (performance achieved: 71%).
- > Technical network performance > 68% (performance achieved: 68 %).
- > Supply network loss index < 19 m³/km·día (index value achieved: 15.6 m³/ (km·day).
- > Drinking water connection point loss index < 0.40 m³ / connection·day (index value achieved: 0.32 m³/ connection point*day).

To meet these goals the company's operations use a range of methodologies and technologies, including inter alia:

- > Looking for leaks.
- > Adjusting network pressure in line with demand.
- > Organisation of networks by sector and monitoring of performance within these sectors.
- > Pipe renovation.
- > Presentation of proposals to renew pipelines to properties.
- > Detection of consumption fraud.

In 2008 Proactiva Medioambiente, the FCC subsidiary in Latin America which is partly engaged in water management, carried out significant work in applying the most advanced technologies and methods to detect water losses, reducing network losses by an average of 1.5%.

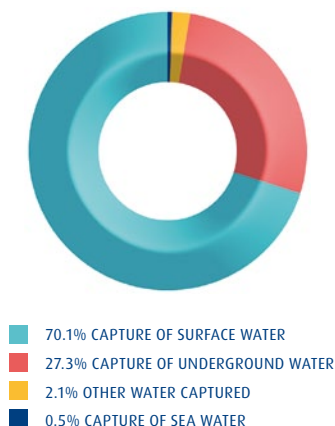
Proactiva has distributed leaflets to its customers informing them of the main causes of household leaks, as well as providing possible solutions

In 2008 the volume of water captured by FCC totalled 975,917,919.11 m³, while the total volume of wastewater received for treatment stood at 504,974,363 m³.



Source of captured water	Aqualia	Proactiva	TOTAL FCC
Capture of underground water (m³)	153,676,366.00	112,548,164.00	266,224,530.00
Capture of surface water (m³)	513,194,214.00	171,094,534.00	684,288,748.00
Capture of sea water (m³)	3,874,769.11	1,000,669.00	4,875,438.11
Other water captured (m³)	20,529,203.00	-	20,529,203.00
TOTAL WATER CAPTURE (m³)	691,274,552.11	284,643,367.00	975,917,919.11

Water captured for management



	Total volume of wastewater received (m³)
Aqualia	496,867,135
Proactiva	8,107,228
TOTAL FCC 2008	504,974,363



The water management area carries out work to develop water management infrastructures, including the risk of accidental spillage.

In 2008 the following accidental spillages were recorded during work carried out by Aqualia Infraestructuras España:

Spillage	Solution
Bajo Almanzora: dumping of concrete mixer washing liquid in an unauthorised area.	Cleaning of the affected area and filing of a complaint with the concrete supplier.
Butarque: Spillage of gasoil on generator sets.	The area was cleaned and the waste collected using sand and drying material, with the waste being treated as hazardous.
Golondrina: Rupture of a pipe in the irrigation system during excavation of the biological reactor.	The system was repaired and the water was shut off in the part of the system where the excavated areas were located.
Lleida: three spillages during 2008 > Water leak during a watertightness test. > Small oil spillage. > Spillage from a concrete mixer outside the area specifically designated for this purpose.	> The supply was shut off and the leak repaired. > The contaminated soil was collected and deposited in the waste collection area. > The spilled concrete was removed and the mixer truck drivers were warned to clean the trough in the right place.
Roque – Prieto: Oil spillages.	Cleaning of the area with drying paper, with the collected waste being treated as hazardous.
Talavera: Uncontrolled spillages from the fuel tank of one of the subcontractors.	Cleaning of the area and request to the subcontractor to remove the spilled substances.
Valdepeñas: Two spillages > Due to a rupture in the supply channel. > Washing of concrete mixers in the incorrect location.	> The piping was repaired. > Creation of a specific area for washing these mixers.

5.6. Waste management

The FCC Group has two business areas engaged in waste management. A key objective of this activity is to improve management techniques to achieve the most sustainable process possible, favouring the use of waste over its dumping in landfills, and minimizing the environmental impact of the processes used to treat this waste.

Management of hazardous waste is basically the neutralisation of the hazardous elements of this waste through suitable treatment, before subsequent dumping in landfills. Recycling and recovery possibilities are higher in the case of urban waste.

The main initiative in the treatment of solid urban waste and similar products has been the introduction of best practices for treatment processes and the selection of these processes. The improvements implemented include:

> Modification of selection trommels to increase the capture of organic

fragments, for subsequent recovery and composting or biomethanisation.

> Technological modifications to the design of the packaging selection lines, introducing more efficient mechanical processes and thereby improving the amount of recoverable products, such as plastics and metals.





Gestión de residuos no peligrosos				
NON-HAZARDOUS WASTE	Medio Ambiente (Spain)	Medio Ambiente (International)	FCC Ámbito	TOTAL FCC 2008
Collected (Tm)	5,909,986.00 (*)	14,535,845.59	951,228.22	21,397,059.81
Treated/disposed of (Tm)	5,649,157.00	123,820.80	16,719,982.66	22,492,960.46
Glass waste sent for recycling (tonnes)	4,722.61	32,489.22	97,880.25	135,092.08
Paper/cardboard waste sent for recycling (mT)	23,009.45	45,717.65	12,206,260.81	12,274,987.91
Metal waste sent for recycling (mT)	17,647.78		4,429,355.43	4,447,003.21
Wood waste sent for recycling (mT)	645.17	42,932.00	99,556.77	143,133.94
Plastic waste sent for recycling (mT)	18,539.06	2,681.93	229,813.43	251,034.42
Construction and demolition waste sent for recycling (mT)	-		15,562.00	15,562.00
Other waste sent for recycling (mT)	6.88 (Electronic waste)	-	23,487.10	23,493.98
Total waste sent for recycling (mT)	64,570.95 (**)	123,820.80	17,101,915.79	17,290,307.54
Waste treated in biological treatment plants (mT)	1,440.173		3.18	1440176.18
Waste treated in energy recovery plants (mT)	63.332		-	63.332
Waste sent to landfill (mT)	3,993,092.00		115,617.02	4,108,709.02

(*) Data includes waste collected directly by FCC Medio Ambiente (Spain) and treated in its facilities, as well as a further 142,140.79 mT of waste (hazardous and non-hazardous) which passes through this company's facilities, although it is not subject to treatment.

(**) Corresponds to the waste treated in Medio Ambiente (Spain) facilities.



Management of hazardous waste	Tonnes
Total hazardous waste collected *	306,106.77
Total hazardous waste treated/disposed of**	191,792.10
Hazardous waste sent for recycling	19,063.40
Hazardous waste sent for energy recovery	17,746.97
Hazardous waste sent for incineration	3,708.57
Hazardous waste sent to landfill	213,550.19
Hazardous waste sent for physicochemical treatment	80,192.94
Hazardous waste sent for stabilisation	76,842.39
Hazardous waste with other destinations	12,543.76

* Hazardous waste collected by the industrial waste management division FCC Ámbito, whether subsequently received by own facilities or taken to third-party facilities.

** Waste managed in own facilities.



06

Climate Change Vector of growth and innovation

.....

FCC is convinced that climate change is a strategic issue for current corporate activity and critical to the Group's legacy to future generations

.....

Given the concern regarding carbon emissions and the price of oil, energy efficiency and renewable energies are critical both to our businesses and to the planet.

Sustainability is a crucial aspect of FCC's business objectives, reflected in the diversification of the Group's business model to include energy. FCC is committed to the use of renewable energies, the recovery of energy from biomass and from waste with a high calorific value for its thermal or thermoelectric application, and the promotion of energy efficient processes.



FCC key to sustainable competitiveness: Market opportunities for FCC relating to climate change

The current market situation provides FCC with interesting opportunities to help combat climate change.

FCC manages a significant quantity of waste which may have a high biomass content. The combustion of biomass has a neutral effect in terms of greenhouse gas emissions, as the CO₂ emitted has previously been absorbed from the atmosphere through natural processes. However, when this waste is dumped in landfills it undergoes fermentation processes which result in the emission of a methane-rich biogas, which has a larger impact in terms of GHG emissions (with a global warming potential 21 times that of CO₂).

Consequently, using this biomass as an alternative energy source to fossil fuels has a doubly beneficial effect in terms of reducing greenhouse gas emissions: firstly, it avoids the emission of methane associated with its decomposition in landfills and, secondly, it avoids the emission of GHG associated with the fossil fuels for which it is used as a substitute.

The solutions offered by FCC include thermal treatment for the recovery of energy from biomass or the use of the biogas generated by its decomposition in landfills or in mechanisation plants.

These opportunities will be capitalised through the new area, FCC Energía, the objective of which is to reinforce these environmentally sustainable solutions, and to generate energy from other renewable sources.

For more information go to <http://www.fcc.es>

Objectives and programmes

One of the objectives established by the CSR Master Plan (2009 – 2010) is the reduction of greenhouse gas emissions generated directly and indirectly by the activities of the Group.

- > The main lines of action planned to achieve this objective are as follows:
- > Developing technologies which maximise energy efficiency through the use of cleaner fuels .
- > Capturing greenhouse gases.
- > Generating and consuming renewable energies.
- > Implementing and certifying an energy management system within the Group.

External outlook

Climate change is changing the rules for the energy sector. The World Energy Outlook 2008 summarises the scenario: What is needed is nothing less than an energy revolution.

Fuelling the future with low carbon energy is the sustainability challenge to which the sector's companies must rise.

Energy-related CO₂ represents 61% of global GHG emissions. The global objectives are to ensure a reliable and affordable supply of energy, and to change rapidly to a new, efficient, environmentally-friendly energy

supply system with low CO₂ emissions. Corporate and governmental efforts have resulted in regulatory changes, favouring the development of renewable energies and clean technologies. In 2020 20% of energy consumed in the EU should come from renewable sources, compared with the 12% forecast for Spain in 2010.

FCC undertakes the challenge of climate change from the perspective of its commitment to energy efficiency and renewable energies. The creation of FCC Energía in 2008 reinforces this commitment and the relevant market opportunities.

FCC Energía is the 6th largest producer of wind energy in Spain

2008 Achievements

- > 12,616,187 GJ of energy produced from renewable sources.
- > 4 clean development mechanisms registered and 3 in the pipeline.

2008

- > 1,206,600 tonnes of CO₂ avoided.
- > Creation of FCC Energía.
- > 487 MW of installed capacity in renewable energies.

2008

2009 Priorities

- > Development of two wind farms.
- > Increase in the use of alternative fuels at cement factories.
- > Reduction of electricity consumption at work centres.

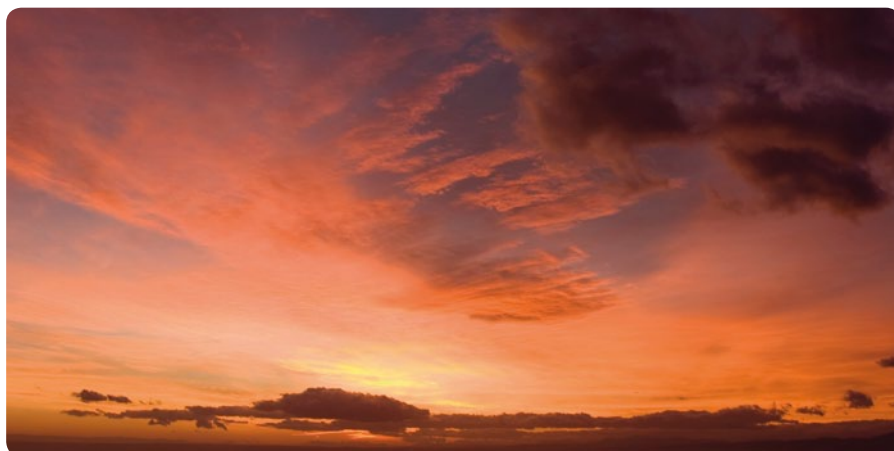
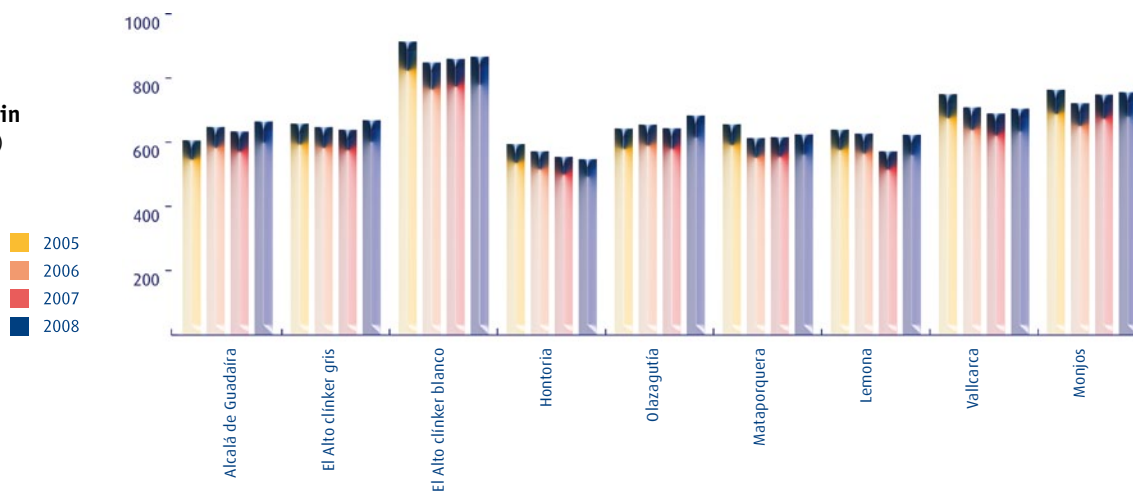
2009

- > Implementation of an energy management system in the Group.
- > Registration of CDMs under development.
- > Increase in the capture of CO₂ emissions at landfills.

2009

Trends

CO₂ emissions in Spain
((kg CO₂/tonne of cement))





Emission of
1,206,600
tonnes of
CO₂ avoided

4 CDM
projects
registered and
4 projects
in the pipeline

12,807,671
GJ
of energy
produced from
renewable sources

6.1. Risks and opportunities relating to climate change

.....
*In 2008 FCC became
the 6th largest producer
of wind energy in Spain*
.....

FCC changed its approach to combating climate change in 2008, redefining it as not only a risk for the Group but also as a strategic strength.

The creation of the new Energy and Sustainability department and of the company FCC Energía advances the Group's integral strategy of growth in renewable energies, through wind and solar energy and that recovered from

waste. Furthermore, the energy area will improve energy efficiency in all of the Group's activities.

The installed capacity of FCC Energía totalled 591 MW in 2008. This capacity comprises 467 MW produced by 16 wind farms, 104 MW generated at its four waste management installations and 20 MW produced at its two photovoltaic farms.

With the energy generated by the new area of FCC, the Group has avoided the emission into the atmosphere of 339,475 t of CO₂eq compared to the emissions that would have been produced based on the energy mix of the electricity system.

Renewable energy produced by origin (GJ)	
Wind energy	2,670,606
Solar energy	27,003
Energy from waste	865,368
TOTAL FCC 2008	3,562,978

Each area regularly evaluates the risks and opportunities of its respective businesses with respect to climate change. The table below presents the evaluations updated in 2008:

Opportunities		Risks
Cement	• Use of waste and alternative fuels. • Improvement of production systems.	• Tightening of legislation relating to greenhouse gas emissions.
Construction	• Development of new products and solutions to adapt the conditions of buildings and infrastructures to more extreme climates. • Development of measures to adapt to extreme changes. • Reconstruction of assets damaged by weather conditions. • Renovation of existing buildings to improve their energy efficiency. • Improvement of existing infrastructures. • Development of new subterranean designs which offer protection from the rise in temperatures. • Greater volume of business due to the incorporation of new elements and considerations relating to climate in the construction of infrastructures. • Development of new pipelines due to the drought.	• Material damage to constructions due to extreme weather conditions. • Impairment of assets located in vulnerable areas. • Town planning and developments without market outlets due to demographic changes. • Modification required to construction models to make buildings inhabitable (greater need for air conditioning and insulation). • Reinforcement of maintenance activities for installations. • Building materials become more expensive. • Increase in the number of claims made during the guarantee period. • Stricter requirements relating to dumping or emission authorisations.
Water management	• Development of new strategies for saving water. • Use of more efficient and environmentally- friendly technologies.	• Lower volume of business in water sales. • Higher supply costs. • Increased need for investment in mitigating measures for periods of drought. • Equipment price increases due to the mandatory use of more sustainable materials.
Waste management	• Development of new technologies for recycling solid waste. • Development of new procedures to maximise the extraction of biogas from decomposing waste.	• Stricter social requirements with respect to waste management. • Landfill incidents due to potential floods in the area.
Versia	• Increase in environmental requirements relating to vehicles, which would lead to an increase in the range of services offered by entities which carry out Vehicle Roadworthiness Testing. • Reduction of private traffic in favour of public transport, which would increase the need for street furniture in cities. • Development of street furniture adapted to stricter environmental requirements. These technologies include the installation of low energy-consumption lighting, the installation of solar plates on street furniture, development of vehicles with a lower environmental impact and development of new, sustainable mobility projects promoting the use of bicycles in urban areas.	• Increase in extreme weather conditions, leading to changes in the logistics and urban services activity. • Less need to de-ice airplanes due to higher winter temperatures. • Increase in costs deriving from the application of new legislation with respect to reducing emissions. • Need to adapt operating processes due to changes in legislation regarding uses of water and other products for industrial processes and cleaning. • Rising cost of road transport, with negative consequences for the logistics area. • Possible reduction in air activity, with reductions in airport management activity.
Energy	• State development of renewable energy farms.	• Appearance of extreme weather conditions, such as strong winds.



6.1.2. Clean Development Mechanism projects

FCC's climate change strategy includes the use of flexibility mechanisms. In 2008 FCC had 4 registered CDM projects. The Clean Development Mechanism (CDM) is one of the flexible mechanisms established by the Kyoto Protocol to help developed countries to meet their climate change commitments. Developed countries generate electricity from renewable energy sources in a developing country to substitute energy generated in that country using fossil fuels. The energy produced by the CDM therefore substitutes that generated in the country of origin, avoiding the emission into the atmosphere of a specific quantity of CO₂, which having been measured and certified can be sold on the international carbon market.

CDM allow developed countries to meet their commitments to reduce emissions and companies to diversify their businesses, while providing developing countries with technology and a number of indirect benefits to which they would not otherwise have access.

Furthermore, the cement division of the FCC Group also participates in the Spanish Carbon Fund, with a contribution of €2.5 million distributed over several years in accordance with the commitment acquired.

Cementos Portland Valderrivas, the cement area of FCC, and Proactiva Medio Ambiente, the area engaged in the management of water and waste in Latin America, are the two Group organisations which have CDM projects, each of which is at a different stage of development:

> Project Minas in Argentina (Cementos Portland Valderrivas):

project registered with the Executive Committee of the UNFCCC, based on the partial substitution of fossil fuels with biomass (rice husk) at the Minas factory belonging to Cementos Avellaneda. The total reduction of CO₂ emissions obtained is 40,612.74 t of CO₂ (2002-2007).

> Project San Luis in Uruguay (Cementos Portland Valderrivas):

project registered with the Executive Committee of the UNFCCC, based on the partial substitution of fossil fuels with biomass (peanut husks) at the San Luis factory of Cementos Avellaneda. The estimated reduction is 38,587.75 t of CO₂ (2000-2007)

> Project Mérida in Mexico (Proactiva Medio Ambiente). Registered with the Executive Committee of the UNFCCC.

> Project Fachinal in Argentina (Proactiva Medio Ambiente).

Registered with the Executive Committee of the UNFCCC, based on capturing and burning biogas from the Fachinal landfill.

FCC is currently in the process of registering five new CDM projects

> Project Tijuquinhos in Brazil (Proactiva Medio Ambiente).

The Group has applied to register this project with the Executive Committee of the UNFCCC.

> Project Presidente in Colombia (Proactiva Medio Ambiente).

The design document is currently being prepared.

> Project La Yesca in Chile (Proactiva Medio Ambiente).

The design document is currently being prepared.

> Project Tlalnepantla in Mexico (Proactiva Medio Ambiente).

The design document is currently being prepared.



**33% of
energy produced
by FCC derives
from waste**

**17% more
biogas captured
for energy
cogeneration at
Medio Ambiente
in Spain**

**Alternative fuels
represent 7.3%
of fuels used
by Cementos**

6.2. GHG emissions

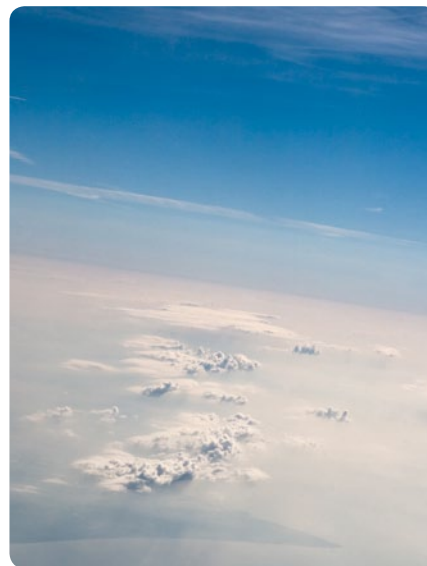
The projects and activities carried out by FCC contribute notably to improving the quality of life of many people. However, it is inherent to the Group's activity and, for the time being, inevitable, that

in carrying out these activities certain quantities of greenhouse gases (GHG) are emitted into the atmosphere, thereby contributing to climate change.

In 2008 the Group emitted a total of 18,476,829.2 TCO₂eq in direct emissions and 638,522.7 TCO₂eq in indirect emissions.

Emisiones de GEI		
	Direct emissions of GHG 2008 [T CO ₂ eq]	Emisiones indirectas de GEI 2008 [T CO ₂ eq]
Construcción (*)	2,842.0	33,164.0
Cement	10,763,119.0	378,366.0
Torre Picasso	718.6	1,979.3
Medio Ambiente (Spain)	1,600,119.0	8,240.9
Medio Ambiente (International)	5,802,661.0	19,852.0
Aqualia	65,933.9	171,793.1
Ámbito	150,893.6	7,396.8
Versia	90,542.1	17,730.6
Total Services	7,710,149.5	225,013.3
Total FCC	18,476,829.2	638,522.7

(*) The figure for Construcción excludes direct emissions generated by fuel consumption in works.





Direct GHG emissions



62% GHG EMISSIONS FROM FUEL CONSUMPTION
37% GHG EMISSIONS FROM LANDFILL SITES
1% OTHER DIRECT GHG EMISSIONS

Indirect GHG emissions



96% GHG EMISSIONS FROM CONSUMPTION OF IMPORTED ELECTRICITY
4% GHG EMISSIONS DUE TO WORK-RELATED TRAVEL

FCC has adopted a twofold approach to minimising the impact of GHG emissions. Processes for reducing emissions are perfected and optimised and advances are made in using technologies which maximise usage of energy and renewable energies.

6.3. Perfecting and optimising processes to reduce emissions

FCC implements all available mechanisms and carries out research projects to minimise the environmental damage deriving from its activities. The following activities relating to GHG emissions are particular noteworthy:

- > Monitoring and reducing direct and indirect GHG emissions.
- > Implementing an energy management system within the Group.

> Extending the Green Centres Plan introduced in the former Master Plan.

> Annual meeting of the Group's environmental work group, to monitor the environmental performance of the activities of FCC and identify possible synergies within the Group.

A higher number of FCC Group subsidiaries now have certified environmental management systems, in

which the emission of GHG is identified as an environmental issue and therefore subject to the specific reduction targets for each business activity.

During 2008 the different divisions of the Group continued to implement specific measures in their processes to reduce GHG emissions, including the following:

Cement

- > Improving energy efficiency by manufacturing clinker in more efficient furnaces.
- > Increasing the use of materials containing lime (CaO), thereby reducing CO₂ emissions deriving from the clinker firing process.
- > Optimising the use of clinker through the utilisation of additives in cement manufacture.
- > Participating in the Spanish Carbon Fund.

Construcción

- > Renovating existing properties instead of building new constructions, reducing the pollution generated by up to 60%.
- > Reutilising waste and materials left over from other activities.
- > Stabilising soil with lime.

> Carrying out regular maintenance work on machinery to ensure that it functions correctly, incorporating more efficient machines where necessary.

> Avoiding the unnecessary felling of trees and, where their removal is required, replanting them in other areas.

> Reforesting degraded areas close to Group installations, to boost the sink effect of trees.

> Participating in work groups, fora and initiatives relating to climate change.

> Optimising transport.

Waste management activities

- > Reducing pollutant and GHG emissions deriving from the fleet of vehicles.
- > Reducing the percentage of waste managed by FCC sent to landfill sites without any prior recovery of energy.

> Reducing GHG emissions from landfill sites, through the active degasification of blocks of waste.

Versia

Gradual replacement of the logistics services' fleet of lorries and light industrial vehicles, in accordance with new European regulations.

The initiatives implemented by the cement line of business have avoided the emission into the atmosphere of 79,200 t of CO₂, while the construction business has avoided 24,247 t of CO₂.

The Barredo Foundation building. Project ARFRISOL

FCC Construcción has actively participated together with other large companies in Project Arfrisol (based on bioclimatic architecture and solar cooling) within the framework of projects developed by the Ministry of Education and Science. This building, located in Siero (Asturias), is one of five to be constructed in different climactic areas of Spain to study the possible technical adaptation of bioclimatic architecture and the use of solar energy in flagship public buildings.

The objective of the project is to demonstrate that it is possible to save

up to 90% of the energy consumed by buildings by employing bioclimatic criteria in their design and construction.

The building uses thermal solar panels and a biomass boiler to generate heat, while photovoltaic solar panels supply the electricity required to run the building. The building's cooling system substitutes traditional compression systems with technologies which harness the caloric energy generated from solar power. Additionally, there are pipes laid down under the building's foundations which cool the hot water from the absorption pumps.

A sophisticated centralised control system has been installed to obtain the maximum possible efficiency from the combination of the systems incorporated into the building's design. This control system is capable of prioritising the operation of certain installations to optimise energy consumption, in addition to quantifying the energy saving obtained from the use of the building's technological features.



6.4. Energy efficiency and clean energies

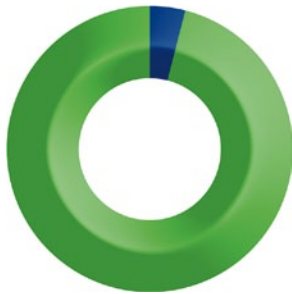
Energy efficiency resulting from the application of technologies which maximise energy usage, as well as generating and consuming energy from renewable sources, are two vital mechanisms for reducing CO₂ emissions and combating climate change. Each FCC Group business area channels its investments in efficiency differently.

In 2008 direct consumption of renewable energy represented 0.5 % of total direct energy consumption.



Direct energy consumption (GJ)			
Business area	Non -renewable energy consumed (GJ)	Renewable energy consumed (GJ)	Total direct energy consumption 2008 (GJ)
Construction	1,085,442.26	6,663.60	1,092,105.86
Cement	43,186,777.00	4,133,361.00	47,320,138.00
Total real estate	390,926.98	-	390,926.98
Realia	120,759.98	-	120,759.98
Torre Picasso	270,167.00	-	270,167.00
Total Services	72,386,710.42	298,228.23	72,684,938.65
Medio Ambiente (National)	2,557,837.04	1,164.18	2,559,001.22
Medio Ambiente (International)	578,166.47	202,662.00	780,828.47
Aqualia	66,155,342.00	77,041.00	66,232,383.00
FCC Ámbito	853,798.09	15,594.05	869,392.14
Versia	2,241,566.82	1,767.00	2,243,333.82
Corporate areas	827.31	-	827.31
Total FCC 2008	1,390,311,425.32	6,781,677.27	1,397,346,012.21

Direct energy consumption



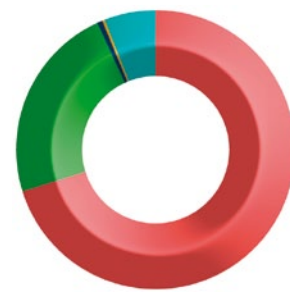
96% NON-RENEWABLE ENERGY CONSUMPTION
4% RENEWABLE ENERGY CONSUMPTION

Origin of non-renewable energy consumed directly



61% FUEL OIL
6% COAL
1% NATURAL GAS
1% PETROL
31% OTHERS

Origin of renewable energy consumed directly



70.70% WASTE
23.16% BIOMASS
0.10% HYDRAULIC
0.04% SOLAR
6% OTHERS

Indirect energy consumption (GJ)				
	Electrical energy consumed (GJ)	Energy consumed in the form of steam (GJ)	Energy consumed from other sources (GJ)	Total indirect energy consumed (GJ)
Construction	20,564.61	-	-	20,564.61
Cement	6,637,712.40	-	-	6,637,712.40
Total real estate	55,684.32	-	-	55,684.32
Realia	34,909.95	-	-	34,909.95
Torre Picasso	20,774.38	-	-	20,774.38
Total Services	5,165,427.09	9,349.71	1,619.74	5,176,396.54
Medio Ambiente (National)	105,042.80	-	-	105,042.80
Medio Ambiente (International)	202,662.00	-	-	202,662.00
Aqualia	4,354,607.08	-	-	4,354,607.08
FCC Ámbito	136,544.58	-	-	136,544.58
Versia	366,570.63	9,349.71	1,619.74	377,540.08
Corporate areas	93,356.69	-	-	93,356.69
Total FCC 2008	11,972,745.12	9,349.71	1,619.74	11,983,714.57



6.4.1. Initiatives implemented to reduce GHG emissions through energy efficiency and clean energies

Cementos

The manufacture of cement requires a large volume of energy, most of which is consumed directly. This division actively promotes the diversification of energy sources for the consumption required by its cement factories.

In 2008 energy has been recovered from waste at the factories of Hontoria, Lemona, Mataporquera, and Vallcarca in Spain; Harleyville and Bath in the USA; San Luis and Olavarría in Argentina and Minas in Uruguay. The types of waste employed include used oil, meat flours,

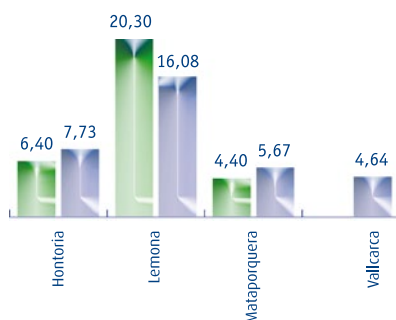
sludge from sewage treatment plants, wood, used tyres, coffee dregs, waste from light fragmentation of vehicles no longer in use, non-recyclable solid municipal waste, plastics, prunings, solvents, and rice and peanut husks.

This division also promotes the generation of electricity and caloric energy from renewable sources. It currently operates three mini hydroelectric plants located in Zudaire (Navarra), Estremera (Madrid) and Bedia (Vizcaya).

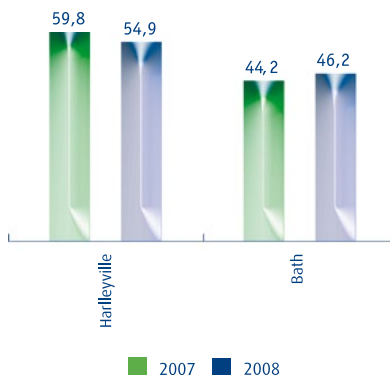


The cement area could reduce its emissions by 222,500 tonnes of CO₂ per year through the commitment undertaken to use forest material as fuel in its furnaces

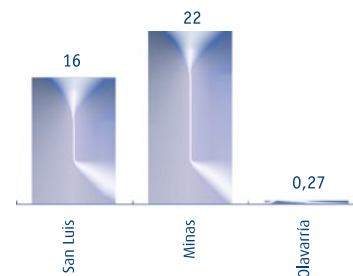
Fuel replacement in the cement business in Spain
(% of energy)



Fuel replacement in the cement business in the US
(% of energy)



Fuel replacement in the cement business in other countries
(% of energy)



■ 2007 ■ 2008

Construcción

The main activities which consume energy in this business area are the manufacture and transportation of construction materials, the consumption of fuel for machinery at building sites, the generation of electricity and air-conditioning and lighting.

The principal measures introduced to reduce energy consumption relate to maximum possible use of natural light, insulation of industrial bays to avoid heat loss, selection of suitable lighting for each type of installation, fluorescent lamps, adequate maintenance of works vehicles, awareness raising campaigns to reduce energy consumption, substitution of old equipment for more modern and efficient equipment and installation of devices in offices to automatically turn off equipment at the end of the day and at weekends.

Waste management activities

The operation of the Company's fleets is the process with the highest energy consumption in the management of municipal waste. This activity uses 93% of the energy consumed by the waste management area. Other energy consuming processes are the

treatment of waste, its elimination at landfills, the maintenance of gardens and administrative jobs in offices and workshops. The installations which consume most electricity are the treatment and energy recovery plants.

The initiatives adopted to minimise the environmental impact of this area include the following: awareness-raising talks, improving the performance of electrical apparatuses, exercising greater control over preventive maintenance plans, optimising work shifts, incorporating timers to switch light offs automatically and improving the illumination of the Company's installations.

With respect to the reduction of diffuse emissions of GHG from landfill sites, the Group has reinforced the active degasification of blocks of waste for the generation of electricity from the biogas collected.

In the national area of Medio Ambiente the capture of biogas for the cogeneration of electricity increased by 17% in 2008 compared with 2007

FCC's environmental services area invests in the use of clean technologies in its fleet of vehicles.

FCC's environmental services area has a fleet of 10,000 industrial vehicles in the Spanish market and 2,500 more in the international market. Over 930 of these vehicles use natural gas technology and 32 are electrical. In addition to these industrial vehicles, FCC has 200 purely electrical vehicles for road cleaning purposes, which have fewer features.

Water management

The energy consumption of this division primarily relates to the water treatment plants, particularly the desalination plants. The impact of this area is minimised by selecting the most energy efficient equipment and its adequate maintenance.

Versia

In addition to the electricity consumed for the lighting and air-conditioning of offices and industrial bays, the activities carried out by Versia which consume the greatest volume of energy are transport, the illumination of street furniture and car parks, and the machinery used for handling services.

The measures adopted to contain energy consumption in 2008 include reducing night lighting, turning off equipment during standby periods, and decreasing the number of hours and the intensity of street furniture illumination.



Of the total energy generated by FCC, 33% is recovered from waste

6.4.2 Generation of clean energies

In general terms, one of the main measures adopted by all the business areas of FCC to reduce their environmental impact is generating

energy from renewable sources. In this way, the Group avoided the emission of 716,118 t of CO₂eq into the atmosphere in 2008.

Energy produced from renewable sources (GJ)	
Cement	3,672,287.82
Energía	3,562,978
Total services	5,572,404.73
Medio Ambiente (national)	191,483
Medio Ambiente (international)	5,359,409.63
Aqualia	19,829.61
FCC Ámbito	39.59
Versia	1,642.9
TOTAL FCC 2008	12,807,670.55



07

A committed company

FCC's public vocation

FCC's commitment to the public is based on over 100 years of local activities. Its aim is to seek collaborators to help solve shared challenges and create the legacy of a sustainable world.

Creating wealth and jobs is the most recognised and fundamental way in which companies contribute to society. FCC is recognised as an employer of choice and a company dedicated to advancing public knowledge and resources.

FCC works hard on building relations and communications in various areas of society, sharing expert know-how while learning to identify the economic, social and environmental challenges faced by communities and, in particular, young people.

.....

*FCC cares how it is
perceived by the young,
our future employees
and users of our
infrastructures and
services*

.....



FCC key to Sustainable Competitiveness: connection to society

FCC considers CSR as an intangible asset of incalculable strategic value that encourages staff loyalty. CSR generates business awareness and identity by staff seeing what the company achieves for society and how it is addressing key issues. The company is a benchmark for the public in terms of expectations, goals and commitments. This has been made evident in the company. Firstly, because of our renowned shareholder Esther Koplowitz, one of the world's major philanthropists, whose eponymous foundation has made significant donations to community projects.

The company's reputation and FCC's involvement in society are, therefore, fundamental issues. Secondly, because our company operates in continuous contact with local communities, providing very visible public services ranging from water supply to refuse collection. CSR is therefore an intangible issue but key and strategic for the company. FCC understands that CSR harnesses the future to the present.

Therefore, FCC brings CSR to universities, contributing knowledge and experience to inspire and educate the managers of the future in today's classrooms studying Business Administration, Economics, Engineering etc. CSR is a way of managing the company from a humanist viewpoint, with heart and thought for the public. A responsible company also needs socially responsible consumers. Social responsibility is for all society, not only business, even if they are currently its focus. FCC views CSR as responsibly managing and being accountable for the company's impact and contribution to sustainability; a humanist approach by a company with over one hundred years' history and a public vocation and future.

For more information go to <http://www.fcc.es>

Objectives and programmes

The 2009-10 CR Master Plan has twin strategic objectives and 15 lines of action to develop the FCC Group's commitment of responsibility to communities.

Strengthen external and internal communications of FCC's socially responsible activities and, therefore, its reputation for responsibility and sustainability.

- > Development of external and internal communications policy.
- > Involvement of FCC in fora, institutions, foundations and institutions of reference for CSR.
- > Dialogue with stakeholders.

Progress in identifying social action through the new FCC Foundation and consolidating the employee volunteering scheme.

- > Consolidation of the employee volunteering scheme.
- > Continued collaboration with the Esther Koplowitz Foundation.
- > Promotion of the FCC Foundation recently set up to improve education in Spain, amongst other aims.

Following the approval (in November 2008) and launch of the second CR Master Plan, the challenge for the Group in showing its public commitment is to develop new communications platforms that lead to wider knowledge of the Group's activities and results in sustainable competitiveness. The

technology will enable new 2.0 external internal communications programmes to be launched.

FCC's employee volunteering scheme now enters a consolidation phase, following the successful launch of the first initiative.

FCC will continue to develop relations through activities with stakeholders, networking and collaboration in fora, institutions, foundations and standard-bearing organisations.

In context

The study on "new trends in corporate social action" by Lourdes Urriolagoitia, published by ESADE's IIS in November 2008, concludes that for companies' social action to have a positive social impact, it needs to be managed observing six requirements: harmonisation, focus, an active role, collaboration, involvement of senior management and formalisation. The leading companies in this field consider it essential to work with a specialised strategic partner and have shifted the focus from donor-recipient relations to working in conjunction with institutions from the third sector and collaborating directly in managing the same project. The study also highlights that to make progress towards a strategic model of philanthropic management, one that enhances competitiveness while helping to resolve social problems, companies need to work on projects that constitute a long-term commitment. FCC's second Master Plan establishes a commitment to society as an objective and foresees reviewing social action strategy and promoting the recently created FCC Foundation.

The first year of the employee volunteering scheme saw a high level of participation



2008 Achievements

- > Completed evaluations of needs of the community and impact on social and economic development of societies in which we operate.
- > Employee volunteering scheme.

2008

- > Participation in working groups and fora on CSR, sustainability and good governance.
- > All areas maintain relations with stakeholders and seven publish CSR reports.

2008

2009 Priorities

- > Participation in fora and working groups on CSR.
- > Collaboration with Spanish and international universities.

2009

- > Review of the social action strategy.
- > Development of employee volunteering scheme.
- > Communication plan.

2009

Trends

FCC maintained its level of community donations in 2008, contributing 0.7% of its EBITDA. In absolute terms, however, the total donations made are down in relation to growth in EBIT in 2008.



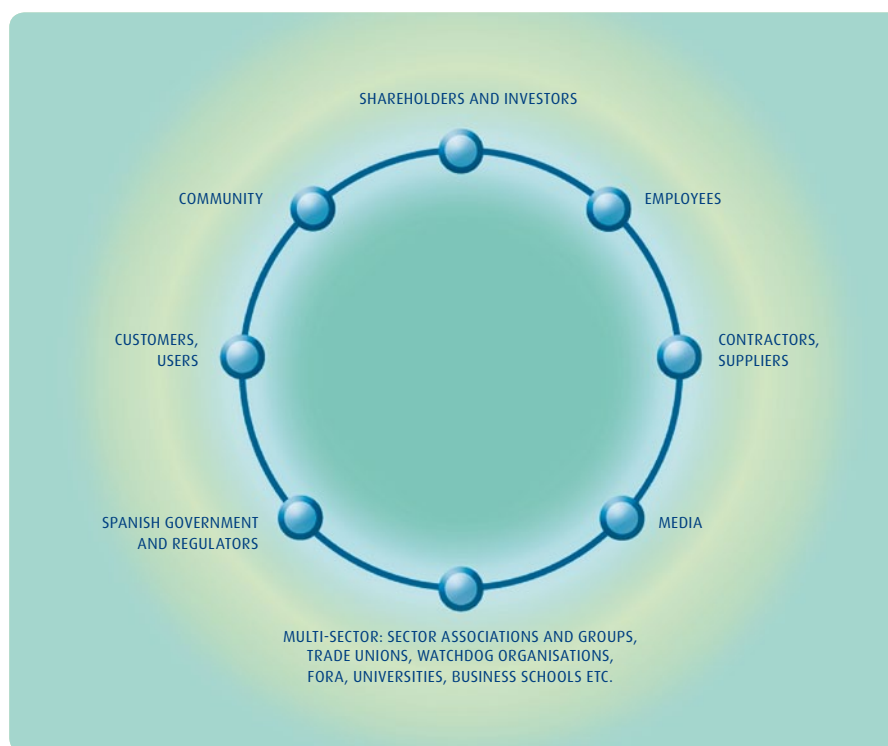
258 meetings
with
shareholders,
investors and
analysts

**Extension of
agreements with
universities and
business schools**

3,500
advertising
spaces provided
for combating
climate change

7.1. Shared knowledge: FCC and its stakeholders

FCC has cooperative relations with its stakeholders directed at the intelligent use of information in taking new opportunities arising from collaboration projects.



Relations with stakeholders form part of the FCC Group's business management and strategy at corporate level and in each of the business areas. FCC cultivates and helps effectively develop its relations. The Group has launched various channels and formats for

monitoring information, communications and relations. FCC's activity in this area is focused on proposing activities and actively considering and responding to the initiatives suggested to it.

Our communications reflect the confidence of our shareholders and investors

With the current global market as it is, FCC has doubled its efforts to explain to investors - above all foreign investors - the strategic design of the Group and the value of the level of diversification achieved, for sustainability and for the

future business activity of this Group after over one hundred years of history.

The Stock Market and Investor Relations Department makes clear, regular and comprehensive information on the company available to shareholders, investors, analysts and the public. It also provides quarterly results, explains business developments within the Plan 10 and organises half-yearly meetings

to maintain smooth and stable dialogue with shareholders, investors and analysts.

A total of 258 meetings with investors and analysts were organised in 2008. Of these meetings, 196 were with investors, 51 with analysts and 11 with account managers.

“Investor Day”: Introduction of the FCC Services division to the market

In October 2008 over 50 analysts and investors took part in the “Investor Day” organised by the Stock Market and Investor Relations Department to introduce the FCC Services division. Speakers at this event included the chairman and managing director of the FCC Group and the chairman and various general managers from its Services division. The event highlighted FCC’s competitive strengths and the major advantages that could prove attractive for the capital market during the current economic downturn, including leadership in activities, strategic visibility, financial soundness and commitment to shareholders. The FCC Services division, valued at Euros 7,400 million, is a strategic launching point for rolling out the Plan 10, as it is the recipient of almost 60% of the investment planned for 2008-2010.

FCC involves its employees in the Group’s social responsibility

FCC informs and involves its staff in the field of corporate social responsibility. Through such initiatives as the Code of Ethics and employee volunteering scheme, and internal communications, CR has become part of the company’s culture. This improves employee satisfaction, creates opportunities for staff from all professional categories and Group activities to interact and generates a greater sense of a corporate family.

prepared through the efforts of many staff from all the administrative and business areas forming FCC.

In 2008, over 140 people contributed to the tool Horizonte, the integrated information system for CR.

Internal communications in the area of CR were advanced in 2008 by developing protocols for the induction of new staff and publishing daily CR news on the intranets of the Group and respective companies. Other advances included CR sections in internal newsletters and on the corporate website and CR-related press coverage. Corporate responsibility and environmental reports were also

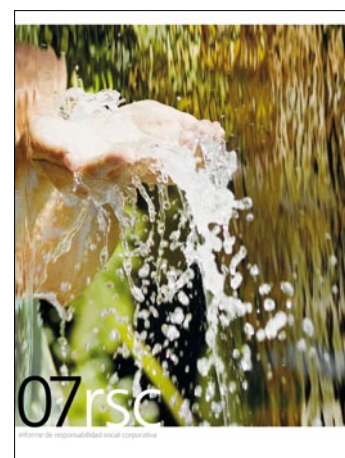


FCC's newsletter



CSR and sustainability reports in the FCC Group

In line with the commitments undertaken in its CR Master Plan, the Group's different business areas publish their respective CR/Sustainability reports and environmental bulletins every year or two years:



FCC extends CR to its suppliers and contractors

FCC encourages contractors and suppliers to become involved in protecting the environment, endowing these parties with responsibilities and making them aware of the role they could and should play.

The Group knows that its responsible performance depends on the conduct of its suppliers and subcontractors. Its management systems and training initiatives, therefore,

extend to the supply chain. FCC's own and subcontracted personnel are subject to ongoing training to raise awareness of the importance of complying with management policies, specifically those on occupational health. Training initiatives also inform staff of the procedures and requirements of the environmental management system, significant environmental issues, actual or potential impacts associated with their work, their duties and responsibilities and the possible consequences of deviating from established procedures.

FCC Construcción: Creating CR synergies in the production chain

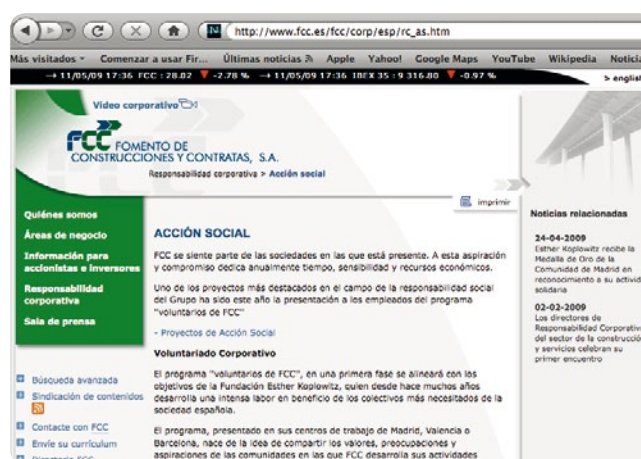
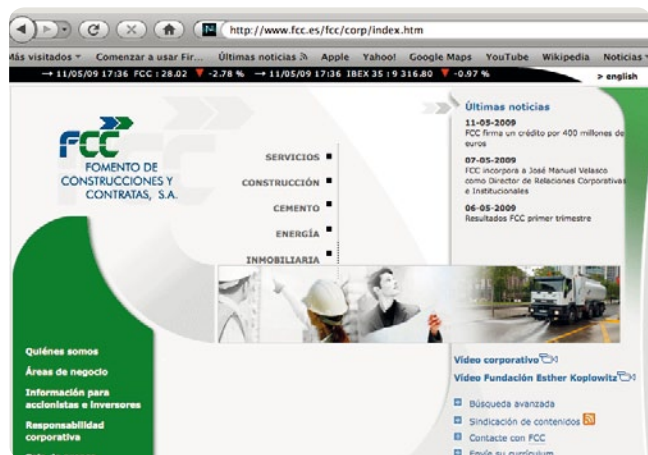
FCC Construcción recognises how important suppliers and subcontractors are to fulfilling its commitments. It has therefore established an evaluation policy and criteria to analyse each supplier's synergy with the company. Supply policy is based on mutual trust, to ensure the necessary transparency, create mechanisms for joint promotion of innovation in construction and sustainability, and attach proper value to loyalty and meeting commitments.

By incorporating environmental and social criteria in processes for selecting and assessing suppliers, we encourage the market to reward environmental quality and good health and safety policy in companies related to the construction sector. With FCC Construcción acting in a more sustainable way, other interested parties or players are impelled to follow suit.

Suppliers and subcontractors are assessed and selected using computer software containing historical data and ratings for those companies. This application enables the entire organisation to identify and select suppliers. The criteria used to assess suppliers are:

- > UNE-EN ISO 14001:2004 or EMAS certification.
- > Permits and licences for contracted activities.
- > Accidents and a pro-active response to repairing damage.
- > Observance and application of established standards and guidelines.
- > Compliance with project document requirements.
- > Waste minimisation, use of advanced technologies, restoration of areas occupied by their facilities, implementation of preventive measures.
- > Occupational health and safety practices.
- > Advances in quality, available resources and experience of similar projects -The requirement is also established, for all projects, to provide training for subcontracted personnel whose activities could impact the environment.

The effectiveness of the supplier assessment and selection system is measured in feedback from customers. Our customers are highly satisfied with our suppliers and subcontractors, helping to project a positive image of the company.



FCC cultivates its communications policy

The **Communications department** is responsible for all contact between the Group companies and the media and also organises the company's internal communications.

In 2008, the Communications department held 90 press conferences, issued over 750 press releases and monitored over 62,000 hits in the media.

FCC's website is praised by experts as one of the most user-friendly IBEX 35 company websites. It has also WAI certification, from the W3C consortium, for accessibility for the disabled.

The FCC website also has a specific area on corporate responsibility, providing information on the companies' commitments to social responsibility and the corporate responsibility initiatives undertaken. The "Action" section reports on FCC's various activities in this field.

Visitors to the FCC website in 2008: an average of 2,635 daily visitors

The **FCC Group's newsletter**, printed every two months and with a circulation of 12,000, covers all the domestic and international activities of this major group.

Since 2008, the newsletter has also included a regular feature on all the Group's CSR initiatives.

As a means of saving paper and reaching more readers, the Group's newsletter was changed to digital format in January 2009. The publication is distributed by email and also published on the FCC website.

FCC collaborates with the Spanish government and regulators in developing advanced forms of efficient and sustainable management

All FCC Group companies have implemented voluntary measures to maintain the highest standards of production and service in their respective sectors of activity. Group companies pioneer and actively participate in initiatives for sector self-regulation and for regulatory changes, including new legislation.

In 2008, various public organisations requested guidance from FCC companies in standardising the most advanced, thorough and effective management criteria in their respective sectors. FCC provided its expert knowledge and experience in implementing international best practices.

FCC Construcción shares know-how in regulatory developments in the sector

FCC Construcción is deeply involved in developing rules and standards for technical advances and sustainable management in the sector:

- > Chair of the “Civil engineering works” working group of the ISO technical committee TC 59/SC 17 “Sustainability in building construction”, through which it participates in the other working groups.
- > Coordination of the Building Committee of the Spanish Association for Quality.
- > Participation in the European Committee for Standardisation technical committee TC 350 Sustainability of construction works.
- > Participation in the Spanish mirror committee AEN / CTN 198 “Sustainable Construction”, on which FCC chairs the subcommittee SC2 “Sustainability in public works”.

FCC contributes to these fora as follows:

- > Defining technical terminology and general principles.
- > Describing the life cycle of the building or infrastructure.
- > Defining and using sustainability indicators for civil engineering and building works.
- > Environmental declaration for products.
- > Determining a method for evaluating the environmental, economic and social impacts of civil engineering and building works.

FCC collaborates with customers and users to contribute social added value

The Spanish government is one of the FCC Group’s main customers. The Group therefore closely monitors new and emerging legislation and contributes toward standardisation.

The company’s Sustainability and Management System has mechanisms to ensure that our customers’ environmental requirements are met. In 2008, the relevant protocols have been reviewed and updated to incorporate the requirements of the Green Public Procurement Plan and new technical conditions from the different government departments and authorities.

Prepared for the government’s Green Public Procurement Plan

The Spanish government’s Green Public Procurement Plan was approved in January 2008 in response to the European Union’s sustainable development strategy. The strategy recognises the importance of using environmental criteria for public contracts and the need for action plans in that area. By requiring public authorities to consider the environment when deciding on purchases, the Spanish plan is a major step towards sustainability. Large companies are affected by government decisions but companies’ own suppliers and subcontractors are also directly affected. Blindly adopting contractual and tender requirements means that such conditions are met. However, viewing these requirements in an overall context of sustainability enables companies to comply intelligently, ensuring the best results and that all the links in the chain are involved in the process and assume any obligations and benefits.

FCC undertakes to satisfy the “green buying” requirements of its customers and takes the further step of demanding sustainability from its collaborators.



FCC is involved with sector associations and groups in promoting corporate responsibility and sustainable development

Business representatives from the construction and services sectors are important to raising awareness and sharing the challenges of corporate responsibility and sustainability faced by these respective sectors, both key to Spain's economy. FCC is on the CSR committee of the CEOE.

Aqualia, founding member of the world water rights committee

The world water rights committee is a combined effort to study the issues surrounding this vital asset, seriously affected by shortages and pollution. The committee will provide backing for all types of activities, meetings, promotions, courses and informative events, maintaining Zaragoza's reputation as a benchmark for water debates following the Expo held there.

The world water rights committee is an initiative of the Aragon Institute of Civil Engineers and was mainly founded by Spanish public bodies, such as the association itself, AquaEbro, Acuamed, Expo Zaragoza 2008 and certain other organisations, mainly universities from other countries. The main companies from the sector such as Aqualia, as a founding member of the committee, later became involved.

FCC is part of the community working towards sustainability

FCC campaigns intensely to raise public awareness of the themed initiatives to which the Group has publicly committed. In 2008 notable initiatives included the defence of water, through involvement in macro-events such as the Zaragoza Expo and Conama 9, and combating climate change, through the organisation of a macro-campaign in collaboration with WWF- ADENA, due to be launched in March 2009.

Campaign for responsible and reasonable water usage

FCC organised a debate session entitled *El agua no está sola* ("Water, a concern for everyone") as part of the ninth Spanish Environmental Congress (Conama 9) held in Madrid. Water resources and sustainability were the central theme of this debate, which involved the former speaker of the Spanish Parliament, the chairman of FCC; the chairman of the Expo 2008 state company; the chairman of the Spanish Consumers Association; the dean of the Institute of Architects; the chairman of SEPES and the Housing undersecretary.

The event helped to raise awareness of the fact that water has become an ever scarcer and more valuable resource. Spain is a privileged country because it has water. However, there is water for everybody but not, it was emphasised, for everything. It is therefore necessary to be responsible and create a culture of reasonable water usage.

Baldomero Falcones stated that FCC's commitment to sustainability dates back many years as it is closely related to its business vocation. In our work we provide technological innovation, respect the environment and invest in training to ensure we have the best professionals. Aqualia, recognised in 2007 as the best water management company in the world, provides effective and sustainable technological solutions enabling integrated management of water, its distribution and efficient usage. With high technology, expert knowledge and public sensitivity, water can be managed based on the service commitment of supplying people with sufficient, quality water, while caring for the environment at the same time.

Climate change hour campaign

FCC provided the international organisation WWF-Adena with 3,500 advertising spaces at its subsidiary Cemusa's bus shelters in Spanish cities. The "Earth hour" campaign was the biggest environmental campaign in history and aimed to involve governments, the public and companies in a joint initiative to highlight the problems caused by global warming and demand a response from political leaders to reduce CO₂ emissions.

The campaign was born at the FCC Group's climate change workshop on 13 December 2007 and organised during 2008 for Earth Day in March 2009.

For more information on the FCC Group's relations with stakeholders and, respectively, Group companies, go to www.fcc.es

In more and more areas of society, actions which are uncoordinated are ineffective. We believe in cooperating, for example, to guide young talent from their training to successful professional careers

7.2. FCC in CSR fora and initiatives and business associations

Public relations expand FCC's understanding of the communities in which it operates.

FCC helps to develop CSR by sharing the lessons learned from its own experience





FCC and the Global Compact

The Group has carried out information campaigns to circulate the principles of the Global Compact amongst its staff and in recent newly acquired international companies. In 2008, FCC contributed a good practice for implementing principle six, the elimination of discrimination, of the Global Compact. At the end of the year FCC presented its first progress report on the ten principles forming the Compact.

FCC adhered to the Global Compact as a group in 2007. FCC Construcción and Cementos Portland Valderrivas had already done so and published their respective progress reports. The Group and its two divisions are also members of ASEPAM (Spanish Global Compact Association).

FCC joins the Excellence in Sustainability Club

The FCC Group has joined the Excellence in Sustainability Club, a sustainable growth initiative launched by a group of large companies with the involvement of leading Spanish enterprises in CSR. Members of the club share responsible practices to improve business excellence and social progress..

FCC's director of corporate responsibility has joined the management board of the Club as the member representing corporate governance.

Cementos Portland Valderrivas, member of the WBCSD

The CPV group is a member of the prestigious World Business Council for Sustainable Development (WBCSD), a world-leading business association setting the global agenda for sustainable development, business competitiveness and sustainable societies.

FCC and the Entorno Foundation

Through its construction and cement divisions, the FCC Group has collaborated with Fundación Entorno – Consejo Empresarial Español para el Desarrollo Sostenible (FE-BCSD Spain). Their shared mission is to take on sustainable development challenges as a business opportunity. The Foundation has one hundred collaborators and associated companies and more than 7,000 annual beneficiaries. Cementos Portland joined this initiative in a public event held at the Escuela de Ingenieros de Minas in 2007. The event was attended by MP

Ramón Jáuregui, a former advocate of the Spanish parliament subcommittee on corporate social responsibility and the current cabinet committee in this area.

FCC and Madrid 2016

The Group is the preferred sponsor of an exciting project: Madrid's bid for the Olympic and Paralympic Games in 2016. Hosting the games would move the city into the world's spotlight, with benefits not just for Madrid but Spain as a whole. For FCC to sponsor the Madrid 2016 bid represents the greatest achievement in terms of brand recognition and value.



7.3. Corporate citizenship

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Organisations such as FCC with long-term goals know the importance of a culture of cooperation, in which people share their experience and feelings, knowledge and know-how, commitment to progress and quality of life with respect to the communities of which the Group and its people form part

.....

We assess the needs of the community and our impact on local development

FCC is aware that its activities are highly influential on the communities in which it operates and it therefore regularly assesses the needs of those communities.

In general FCC's projects are studied carefully to analyse possible improvements on the initial design, always seeking the best way, in the short, medium and long term, of meeting the requirements of beneficiaries of the projects.

FCC's activities generate value in the countries where the company operates by creating jobs, driving companies to improve productivity, developing capacities for social and economic development and facilitating and stimulating foreign investment. The responsibly creating value chapter outlines the impact of FCC by generating and distributing value.



Employee volunteering scheme

The employee volunteering scheme enables willing staff and their families to take part in projects to help the underprivileged.

The scheme also presents an opportunity to inform the rest of staff of the advantages of participating in corporate citizenship projects, supporting the company's mission of creating value for society and contributing to people's wellbeing.

The scheme's objectives are to:

- > Enable as many FCC Group employees as possible to volunteer for social action projects.
- > Communicate the meaning, implications and benefits of CSR within the company.
- > Encourage employee bonding through collaborations between staff from the FCC Group's different areas of activity.

In 2008, the team responsible for the corporate volunteer scheme organised informative talks at FCC's different offices in Madrid, Valencia and Barcelona. The Group's general secretary took part.

A specific section has been added to the Group's intranet to inform the whole company of initiatives underway and facilitate communications among volunteers. The project has been announced in the FCC Group's CSR report, available on its website, and through the intranet, the internal newsletter issued every two months and various articles published in specialist magazines on CSR.

At the initial stage, the objectives of the scheme are those of the Esther Koplowitz Foundation, which has built and supports public homes for the elderly and for the disabled.

In its first year, the corporate volunteer scheme reached 433 beneficiaries.

This programme has been selected by the Excellence in Sustainability Club for inclusion in its catalogue of good CSR business practices.

For more information on the employee volunteering scheme and examples and case studies of FCC's collaborations with other public, business and social institutions, go to **www.fcc.es**



7.4. Recognition and prizes: rewarding FCC's work

With practically every aspect of our business activity evaluated, our policies, management and results have been recognised by inclusion on the DJSI in 2008.

The FCC Group is one of the top 10 construction companies in the world according to Sustainability Asset Management (SAM), which every year prepares the most renowned benchmark for the sustainable performance of major international companies

The annual Sustainable Asset Management (SAM) report placed FCC in the Silver category in its sector. FCC included on the select DJSI.

FCC has been recognised with the Silver category by the 2009 sustainability yearbook prepared by the rating agency SAM in collaboration with PriceWaterhouseCoopers. The report, the most prestigious analysis of sustainability criteria, examined 2,500 of the most important companies in the world, of which only 367 from 57 sectors were included in the final publication.

UGT rewards FCC for its equal opportunities policy.

The Federation of Public Services of the Valencia region UGT workers' union recognised FCC for its contribution and efforts in applying and defending equal opportunities for its male and female workers.

Prize for FCC from the Spanish Accounting and Business Administration Association (AECA).

AECA awarded FCC a distinction in the "Spanish Company with Best Financial Information on the Internet, Transparency and Corporate Reliability 2008", as the IBEX 35 company with most improvement compared to the preceding year.

The Global Compact selects FCC as a benchmark for equal opportunity practices.

FCC's equal opportunities scheme, launched by its human resources department, earned recognition by the Spanish Network of the Global Compact as a benchmark for equal opportunity practices.



FCC's corporate volunteer scheme, an example of good practice in corporate responsibility.

FCC's employee volunteer scheme has been included in the catalogue of best practices in corporate responsibility published by the Excellence in Sustainability Club. This publication compiles best practices from 45 companies in areas such as corporate responsibility in the chain of value, responsible innovation, dialogue with stakeholders, responsible human resources management, corporate governance, professional integrity and conservation of the environment.

Construction

The Fundación Entorno – BCSD Spain receives the Bancaja Hábitat Live in Spain 2008 award.

This foundation has been recognised by the publication "Building value. Incentives for sustainable construction" featuring the participation of FCC Construcción. The report reflects on the challenges of the current model for developing sustainable construction and covers a wide range of proposed measures and incentives aimed at the public and private sectors, some of which are already guiding the construction sector internationally.

FCC Construcción receives recognition from the United Nations for its progress report

In 2008 FCC submitted its 2007 progress report based on the form prepared by ASEPAM. The report described FCC initiatives, results and targets with regard to each of the Global Compact's ten principles and its quality earned FCC a letter of commendation from the Global Compact. The letter also stated that FCC's report was an example for other companies to follow.

FCC Construcción receives the Garrigues – Expansión CIIS 2008 Environmental award in the category of corporate social responsibility and sustainability.

This award was in recognition of the company's commitment to sustainable development and, specifically, the initiative to publish the environmental newsletter every two years since 2000. This report discloses all the company's environmental activities to its stakeholders, thereby fulfilling its commitment to public transparency.

Other recognition

- > Award for the railway works to extend Line 3 of the Madrid Metro and on the Guadarrama tunnels.
 - > 2004-2007 Ibiza Architecture Award.
 - > Award for the Wörthersee stadium built by Alpine.
-

Ámbito

Recognition as an eco-responsible company by the Andalusian Federation of Environmental Sciences.

The Andalusian Federation of Environmental Sciences recognised Gestiones Medioambientales del Sur, a company integrated in Ámbito, as an eco-responsible company for its contribution to the shared objective of sustainable development and its business performance in Andalusia.

Environment in Spain

The magazine Capital recognises FCC for its social and environmental commitment.

The financial magazine Capital gave FCC its environmental award in a special edition dedicated to the city of Madrid. The publication highlighted FCC's refuse collection in Madrid since 1940 and its innovation, as a result of which Madrid has 300 garbage collection vehicles on its streets run on compressed natural gas and, since 2008, it has been one of the few cities in the world with completely electric collection vehicles. These awards are intended to recognise Madrid companies and business people as well as initiatives and projects that in some way identify with the city and help it progress.

FCC Medio Ambiente, awarded for the "Energy drive" initiative.

The Guipúzcoa – Navarra branch of FCC Medio Ambiente received an award from the Navarra Environmental Resources Centre for its practices and initiatives combating climate change, as part of the "Energy drive" programme. This environmental education campaign was aimed at reducing greenhouse gas emissions.



FCC is recognised by Albacete Council for its recruitment of the disadvantaged.

El ayuntamiento de Albacete entregó a FCC Medio Ambiente el premio “Empleo Solidario” como reconocimiento a la labor realizada por la Compañía en la inserción social de colectivos con riesgo de exclusión social. Este premio refleja la buena labor de FCC y refrenda el compromiso de las instituciones en el respaldo de las empresas que colaboran en la inserción social de personas en riesgo de exclusión.

FCC es galardonada por ASAFES por la colaboración con su programa de inserción laboral.

Asafes, Asociación de familiares y personas con enfermedad mental de Álava ha premiado a FCC por la contratación de 10 personas de este colectivo, facilitando la inserción laboral promovida por dicha organización.

Proactiva

Honorary recognition of Proactiva Aguas de Montería, S.A E.S.P.

Upon accreditation of the Water Quality Laboratory of the Universidad Pontificia Bolivariana, the FCC Group subsidiary operating in the area received an honorary mention from the university for its good use of natural resources and as a model of environmental management.

Proactiva Aguas de Tunja (Colombia) receives a social responsibility award.

This FCC subsidiary won a social responsibility award in the small company category for its work on developing an area of Columbia. The prize was awarded as part of the 10th Colombian Congress and 1st International Congress of Public Services Companies, Andesco. The event was attended by Columbia's president, Mr. Álvaro Uribe.

Gold and silver broom awards for Proactiva México.

The councils of Guadalupe and Naucalpan received these awards as part of the Internacional Town Planning and Environment Trade Fair, TEM TECMA 2008. The awards were in recognition of two projects carried out by Proactiva México in these municipalities.



About this report

Preparing the corporate responsibility report

FCC has substantial relational capital which contributes to the knowledge and understanding of the issues which concern its stakeholders and are therefore of key significance to its management and the confidence placed in the Group. Its response to these issues effectively directs the Group's focus in the area of corporate social responsibility and ensures the materiality of the public information which the Group prepares for interested parties.

This report has been prepared using the international standards of the Global Reporting Initiative (GRI-G3) and the AA1000 accountability standards.

Stakeholder participation and materiality

Understanding the material issues in the area of corporate social responsibility is especially relevant in the current context of change. To this end, FCC carried out the following processes in 2008:

> Fostering relations with academics and experts in the areas of sustainability, corporate governance, risk management, integrity systems and the fight against corruption, local development, public-private cooperation, cooperation for development, clean technologies, combating climate change, gender equality, diversity and industrial relations, socially responsible investment and corporate social responsibility management, among others. These individuals, with whom the FCC Group's Corporate Social Responsibility department maintains relations ranging from dialogue to collaboration, are linked to universities, business schools, good governance watchdog organisations, companies from the sectors in which FCC operates, business organisations, trade unions, foundations and NGOs. Several Spanish NGOs have published studies on FCC's 2007 Corporate Social Responsibility Report, which have been reviewed by the Group's Corporate Social Responsibility department. This relational capital contributes substantially to keeping FCC at the forefront of the issues,



external initiatives and advanced practices relevant to the Group's corporate social responsibility agenda.

> **Analysis of material issues**, taking into account the degree of attention paid by sector companies, and the risks and opportunities presented to FCC by these expectations. This analysis is based on the recommendations reflected in the materiality study carried out by an independent third party. The aforementioned study is based on a benchmark of the corporate social responsibility reports of the construction sector, the relevance of the issues for socially responsible investors and the issues examined by the media, sector organisations and NGOs. Additionally, an in-depth analysis has been made of the most significant reputational risks to which FCC and the sector have been exposed during the past year.

> **Stakeholder participation is encouraged** through the channels of communication established by the corporate areas and companies of the Group in its strategic and operational management of relations with internal and external stakeholders. All the business and corporate areas of the FCC Group have participated in the preparation of this report.

Materiality, risks and opportunities for the corporate social responsibility agenda of the Group

The participation and analysis processes have identified the material issues and risks and opportunities to be included in the corporate social responsibility agenda of the FCC Group.

The 2008 Corporate Social Responsibility Report must necessarily examine the context of global crisis and FCC's outlook in this respect. The readers of this report expect the Group not only to clearly define its understanding of its role in the economy and in society, but also to demonstrate that it has exercised this role responsibly.

Transparency and credibility are needed today more than ever and for this reason FCC has prepared more detailed information on significant issues for 2008 than for previous years. The 2008 Corporate Social Responsibility Report is supported by documents on specific issues published on the Group's website and duly referenced in each chapter, facilitating access to those readers who wish to know more about FCC's policies and management systems. With this additional effort in providing non-financial data the Group seeks to consolidate the confidence placed in FCC by its stakeholders.

The key objective of defining the material issues in the area of CRS is to focus on what is truly important. As a part of this process a number of questions were prepared to summarise the demands for non-financial information and other concerns expressed by stakeholders. FCC has responded to these questions in its sustainability, corporate governance and annual reports, offering comprehensive explanations of its actions throughout 2008.

> How does FCC explain the construction sector's role in the crisis to its stakeholders and to society in general? See the letter from the Chairman and Managing Director included in FCC's 2008 Annual Report. See also the interview with the Chairman and Managing Director in the 2008 Corporate Social Responsibility Report.

> In this context, how does FCC assess its corporate governance model? See the 2008 Annual Corporate Governance Report. Of particular relevance are sections xxx and xxx of chapter xxx. See also the letter from the Chairman and Managing Director included in the 2008 Annual Report, and the chapter on good governance in the 2008 Corporate Social Responsibility Report.

> How does the FCC Group integrate corporate responsibility in its business strategy? See also the 2008 Corporate Social Responsibility Report, communication from the Chairman and Managing Director, and the rest of the report, particularly the chapter Responsibly creating value.

Scope of the report

The scope of this report is that of the financial consolidated Group. Where the general scope has not been applied details are given. The report contains relevant information on the areas identified in the analysis of material issues to reflect those aspects or indicators which could have significant impact on the Group or material influence on its stakeholders. Finally, in terms of the period covered, historical data have been included where information systems permitted.

Context of sustainability

The information reported relates to the challenges of sustainability and the Group’s positive or negative impact on changing economic, environmental and social conditions.

Quality of disclosures

This report sets out to make public those issues and indicators which have been identified as material and which enable the Group to meet the expectations of its stakeholders by duly reporting its decisions.

The report has been prepared with guidance from G3 principles on quality of information.

The FCC Group’s corporate responsibility reports are aimed at offering an insight into its financial, social and environmental progress which is balanced, comparable, accurate, reliable, regular and clear.

Fiabilidad

FCC’s 2008 Corporate Social Responsibility report has been verified by KPMG in accordance with the ISAE 3000 international standard.

Report self-rating on the G3 scale

The FCC Group has opted to prepare this report in line with the recommendations of the G3 guidelines of the Global reporting initiative

FCC rates this corporate responsibility report an A+. The company chose to have this self-declaration on application of the standard verified externally, through KPMG, and subjected it to a compliance review by the GRI.

	C	C+	B	B+	A	A+
Self-declaration						➔ ☒
External verification						➔ ☒
GRI review						➔ ☒

**external independent
verifier's letter**



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Informe de Revisión Independiente del Informe de Responsabilidad Social Corporativa 2008 de Fomento de Construcciones y Contratas, S.A. Según la Norma ISAE 3000

A la Dirección de Fomento de Construcciones y Contratas, S.A. (en adelante FCC)

Introducción

Hemos sido requeridos por FCC, para revisar la información no financiera correspondiente al ejercicio 2008, contenida en su Informe de Responsabilidad Social Corporativa 2008 (en adelante el Informe), el cual está a disposición del público en general y cuyo alcance se describe en el capítulo Sobre este informe.

El contenido, la preparación, el mantenimiento de los sistemas de información que aportan los datos y la integridad del informe de FCC son responsabilidad de su Dirección.

Alcance

En el Informe se describen los esfuerzos y avances realizados por FCC en la consecución de un desarrollo más sostenible. Nuestra responsabilidad ha sido la de revisar el mencionado Informe y comprobar la aplicación de la Guía de Global Reporting Initiative Versión 3 (GRI G3) de acuerdo al nivel de autodeclaración de la compañía, así como ofrecer a los lectores un nivel de aseguramiento limitado de acuerdo con lo establecido por la norma ISAE 3000 (International Standard for Assurance Engagements) en relación a la verificación de información no financiera sobre:

- Que los datos cuantitativos relativos a los indicadores GRI G3 se han obtenido de manera fiable.
- Que las informaciones de carácter cualitativo relativas a los indicadores GRI G3 se encuentran adecuadamente soportadas por documentación interna o de terceros.
- La aplicación de la Guía de GRI G3 para el nivel de aplicación A+ cuya autodeclaración ha recibido la confirmación de Global Reporting Initiative.

Criterios para realizar la revisión

Hemos realizado nuestro trabajo de acuerdo con la norma ISAE 3000: *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, desarrollada por International Auditing and Assurance Standards Board (IAASB) y la Guía de Actuación sobre Trabajos de Revisión de Informes de Responsabilidad Corporativa del Instituto de Censores Jurados de Cuentas de España. Entre otras cuestiones, para el cumplimiento de estas normas:

- Hemos llevado a cabo el trabajo con un equipo de especialistas en verificación y desarrollo sostenible empresarial. Siguiendo con las normas antes mencionadas, este trabajo se realiza cumpliendo las políticas de independencia de KPMG basadas en el Código de Ética Profesional de la IFAC.

- Los procedimientos llevados a cabo en nuestra revisión son sustancialmente inferiores a los de un trabajo de seguridad razonable. Por tanto la seguridad proporcionada es también menor. El presente informe en ningún caso puede entenderse como un informe de auditoría.

Asimismo hemos seguido los criterios de aplicación de los principios de la Guía de GRI G3 utilizados por parte de FCC según se describen en el capítulo Sobre este informe.

Trabajo realizado

Hemos revisado la fiabilidad de los datos y de otras informaciones contenidas en el Informe de acuerdo con el alcance descrito, basándonos en la realización de las siguientes actividades:

- Entrevistas con los responsables de los sistemas que proveen la información incluida en el Informe.
- Revisión de los sistemas utilizados para generar, agregar y facilitar los datos.
- Análisis del alcance y presentación de la información que se ofrece.
- Revisión por muestreo de los cálculos realizados a nivel corporativo y la consistencia de los mismos.
- Revisión de que otras informaciones se encuentran adecuadamente soportadas por documentos internos o de terceros.

Conclusiones

Basados en los trabajos descritos anteriormente, no hemos observado circunstancias que nos indiquen que los datos recogidos en el Informe no hayan sido obtenidos de manera fiable, que la información no esté presentada de manera adecuada, ni que existan desviaciones ni omisiones significativas.

KPMG Asesores, S.L.



Julián Martín Blasco
Socio

13 de mayo de 2009

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GRI certification



On May 13, this report received an A+ rating from the Global Reporting Initiative (GRI) institution.

This qualification recognises that the document has been prepared following the information principles and requirements of the “Sustainability Reporting Guidelines” in the current version at the time of publication.

For more information on GRI and the requirements for A+ see:

<http://www.globalreportint.org>

Your opinion **is important**

Stakeholder dialogue



This report aims to show our stakeholders in a balanced and reasonable fashion how the company tackles the most significant changes regarding its activities.

Any suggestions or comments regarding this report may be sent by letter to:

FCC Group
Corporate Social Responsibility Department

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Telephone: +34 91 343 79 93

Or by email to: rcorporativa@fcc.es

executive **personnel**

Fomento de Construcciones y Contratas, S.A.

Chairman and Managing Director **Baldomero Falcones Jaquotot**

Environment and Water

Chairman of FCC Servicios **José Luis de la Torre Sánchez**

Environment

Corporate Manager	Agustín García Gila	Zone II	Faustino Elías Morales
Zone I	Jordi Payet Pérez	Andalucía I	Blas Campos Gabucio
Aragón-Rioja	Manuel Liébana Andrés	Andalucía II	Manuel Calderón Capilla
Barcelona City	Pablo Martín Zamora	Canary Islands	Miguel Ángel Castanedo Samper
Outer Barcelona	Martín Juanola Carceles	Murcia-Almería	José Alcolea Heras
Lleida-Tarragona	Jesús Padulles Caba	Zone III	Jesús Medina Peralta
Levante I	Salvador Otero Caballero	Castilla y León	Antonio Rodríguez Gomez
Levante II	Francisco Javier del Olmo Gala	Centre	José María Moreno Arauz
Municipal de Serveis, S.A.	Miquel Boix Moradell	Galicia	Guillermo de Cal Alonso
Tirssa	Juan Almirall Sagué	Guipúzcoa-Navarra	Ignacio Eguiguren Tellechea
Tirmesa	Ángel Fernández Omar	Madrid	Raúl Pérez Vega
		North	Ernesto Barrio Vega
		Vizcaya	José Angel Bolumburu Aurrecoechea

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Activity Manager	Íñigo Sáenz Pérez	ECODEAL	Manuel Simões
Cataluña	Felip Serrahima Viladevall	Manager, USA	Kenneth D. Cherry
Aragón	Julián Imaz Escorihuela	Administration and Finance	Domingo Bauzá Mari
Centre and Levante	Javier Fuentes Martín	Studies	Antonio Sánchez-Trasancos Álvarez
North	Iñaki Díaz de Olarte Barea		
South	Manuel Cuerva Sánchez		

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Deputy Manager, Development and International	Miguel Jurado Fernández		Alberto Gutiérrez Montoliú (Assistant)
			Benito Pérez Santos (Assistant)
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Portugal and Extremadura	Jesús Rodríguez Sevilla	Andalucía South	José Luis Leal Morán
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Centre and Canary Islands	Higinio Martínez Marín	Administration and Finance	Isidoro Marbán Fernández
Northern Zone	Santiago Lafuente Pérez-Lucas	Management Control	Manuel Castañedo Rodríguez
	José Luis García Ibañez (Assistant)	Marketing	Juan Pablo Merino Guerra
Galicia	José Luis García Ibañez	Computer Development	Angel Ortega Prous
Castilla y León	Juan Carlos Rey Fraile		
Asturias	Francisco Delgado Guerra		
North	Fernando de la Torre Fernández		

International

Manager	Tomás Nuñez Vega	United Kingdom	
Operations	Agustín Serrano Minchán	CEO	Jim Meredith
Austria and Central Europe		CFO	Les Cassells
CEO	Rudolf Platzer		
CFO	Björn Mittendorfer	Technical Manager	Andy Ryan
Austria	Leitner Wolfgang	Northern Zone	Steve Jennings
Eastern Countries	Petr Vokral	Southern Zone	Chris Ellis
Energy Recovery, RSU	Helmut Wurian		
Egypt	Manuel Ramírez Ledesma	Energy Recovery, RSU	Paul Andrews
Portugal	Eduardo Segura Delgado	Manager, PFI	John Plant

Central Services

Technical Services	Alfonso García García	Information Systems and Technologies	Ignacio Arespachochaga Maroto
Machinery	Antonio Bravo Díaz		
Supplies	Santiago Muñoz Crespo		
Studies	Antonio Pousa Blasco	Administration and Finance	Alberto Alcañiz Horta
Quality Assurance and Environment	José María López Pérez		
Waste Treatment	Sylvain Cortés		
Coordination and Development	Catherine Milhau		

Versia

Chairman of FCC Versia, S.A. Jose Luis de la Torre Sánchez

Corporate Manager	Carlos Barón Thaidigsmann	Zone II	
Zone I	Vicente Beneyto Perles	Handling-Flightcare	Ignacio Garrido Santamaría
Car Parks and Services	José María Paz Sánchez	Corporación Europea de Mobiliario Urbano (CEMUSA)	Eric Marotel Guillot
Vehicle Inspection (ITV)	Jorge Antonio Soriano San Agustín	FCC Logística, S.A.	Luis Marceñido Ferrón
Conservation and Systems	Ángel Luis Pérez Buitrago		
Sistemas y Vehículos de Alta Tecnología (SVAT)	Ignacio Cabanzón Alber	Administration and Finance	Juan Carlos Andradás Oveja

Construction

Chairman of FCC Construcción, S.A. José Mayor Oreja

Corporate Manager	Francisco José García Martín	Studies and Contracts	Francisco Varona López Pedro Gómez Prad (Assistant)
Deputy Corporate Managers			
Area I: Zones I, V, VII and Prefabricados Delta, S.A.	Santiago Ruiz González	Concessions	Félix Corral Fernández
Area II: Zones II, VIII, IX and Europe	Alejandro Tuya García	Administration and Finance	Cesar Mallo Arias
Area III: Zones III and VI	Jorge Piera Coll	Administration and Finance, Alpine Liaison Unit	Enrique Sanz Herrero
Area IV: Zone IV, Portugal and America	José Ordóñez Sáinz	Institutional Relations	Julio Senador-Gómez Odériz

Technical Services for Construction

Corporate Manager	José Enrique Bofill de la Cierva	Special Systems	Luis Viñuela Rueda
Technical Manager	José Luis Álvarez Poyatos	Machinery	José Manuel Illescas Villa
Quality and Training	Antonio Burgueño Muñoz		

Domestic Construction

Zone I	José María Torroja Ribera Francisco Campos García (Deputy Manager)	Zone VI	Francisco Vallejo Gómez
Andalucía West Building	Jesús Amores Martín	Cataluña Civil Work I	Josep Torrens Fonts
Andalucía West Civil Work	Jaime Freyre de Andrade Calonge	Cataluña Civil Work II	José Luis Negro Lorenzo
Andalucía East Building	Andrés García Sáiz	Technical Manager Zones III and VI	Javier Ainchil Lavín
Andalucía East Civil Work	José Antonio Madrazo Salas	Zone VII	Antonio Pérez Gil
Technical Manager	José Luis García-Orad Carles	Castilla-La Mancha and Extremadura	Aurelio Callejo Rodríguez
Zone II	Emilio Giraldo Olmedo	Madrid Civil Work	César Carretero Ramos Angel Serrano Manchado (Deputy Manager)
Madrid Building I	Alfonso García Muñoz	Aragón, Navarra and Rioja	Roberto Monteagudo Fernández José Manuel Ojanguren Gamba (Deputy Manager)
Madrid Building II	Francisco Mérida Hermoso	Zone VIII	Francisco Javier Lázaro Estarta
Madrid Building III	Francisco Javier Córdoba Donado Enrique Díaz Valdés (Deputy Manager)	Castilla y León Building	Florentino Rodríguez Palazuelos
Madrid Building IV	Carlos García León	Castilla y León Civil Work	José Manuel San Miguel Muñoz
Technical Manager	Fernando Arrechea Veramendi	Galicia	Juan Sanmartín Ferreiro
Zone III	Francisco Vallejo Gómez	North	Javier Hidalgo González
Cataluña Building I	Antonio Torrens Potau Francisco José Diéguez Lorenzo (Deputy Manager)	País Vasco	Norberto Ortega Lázaro
Cataluña Building II	Juan Antonio Rodríguez Callao	Zone IX	Avelino Acero Díaz
Zone IV	Juan Madrigal Martínez-Pereda	Transport	Alejandro Cisneros Müller Ricardo Gil Edo (Deputy Manager)
Las Palmas	Enrique Hernández Martín	Technical Manager Zones IV, V, VII and IX	Jesús Mateos Hernández-Briz
Tenerife	José Miguel Pintado Joga		
Zone V	Teodoro Velázquez Rodríguez		
Valencia Building	Leopoldo Marzal Sorolla		
Valencia Civil Work	Rafael Catalá Reig		
Balearic Islands	Miguel Ángel Rodríguez Rodríguez		
Murcia	Juan Antonio López Cánovas		

International Construction

Portuguese and American Zone	Eugenio del Barrio Gómez	European Zone	Alcibiades López Cerón
Central America	Julio Casla García	Europe Construction I	Lorenzo Aníbal-Álvarez Díaz-Terán
Mexico	Pedro Diftel Zarco Carneiro Chaves	Manager, Alpine Liaison Office	Ramón G. Gómez Andrio

Specialised Construction and Investee Companies

Corporate Manager	José Ordóñez Sáinz	Investee Companies	Ramón Fontcuberta García
Specialised Construction	José Miguel Janices Pérez	Proyectos y Servicios, S.A. (Proser)	Amalio Aguilar Bustillos
Ibérica de Servicios y Obras, S.A.	Pablo Colio Abril	Megaplas, S.A., and Megaplas Italia, S.A.	José Antonio Martínez Jiménez
Auxiliar de Pipelines, S.A. (APL)	Eduardo Yges Peña	Industrial Companies	
Mantenimiento de Infraestructuras, S.A. (Matinsa)	Fernando Martín Barrios Ignacio Sánchez Salinero (Deputy Manager)	Espelsa	Dámaso Bueno Crespo
Pinturas Jaque, S.L.	Fernando Martín Barrios	Internacional Tecair, S.A., and Eurban, S.A.	Daniel Emilio Candil Menes
		Technical Manager	Miguel Ángel Lobato Kropnick

Cement**Chairman and Managing Director of Cementos Portland Valderrivas, S.A.****Dieter Kiefer**

Corporate Planning and Control Manager and Assistant to the Chairman	José Manuel Revuelta Lapique	Corporate Manager of Cementos Portland Valderrivas Spain	Angel Luis Heras Aguado
General Secretary	Vicente Ynzenga Martínez-Dabán	Corporate Manager of Cementos Portland Valderrivas USA	Manuel Llop Albaladejo
Corporate Administration and Finance Manager	Jaime Úrculo Bareño	Corporate Marketing and Sales Manager	Angel Luis Heras Aguado
Corporate Legal Affairs Manager	José Luis Gómez Cruz	Corporate Human Resources Manager	Fernando Dal-Re Compaire
Corporate Internal Audit Manager	José Ignacio Domínguez Hernández		

Energy and Sustainability

Corporate Manager	Eduardo González Gómez	Energy from Waste and Sustainability	Carlos Urcelay Gordobil
Renewable energy sources	Juan Cervigón Simó		

Real Estate

Torre Picasso

Corporate Manager	Guillermo Alcaide García
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General Secretary's Office

General Secretary	Felipe B. García Pérez
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Corporate Legal Affairs Manager	José María Verdú Ramos
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Madrid Legal Affairs Office	Javier Gil-Casares Armada
-----------------------------	---------------------------

Barcelona Legal Affairs Office	Esteban Correa Artés
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Construction	Nicolás Ossorio Martín
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Services	Alfonso Goncer Coca
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Versia	Juan de los Ríos Jimeno
--------	-------------------------

FCC Europe	Astrid Menacho Erxleben
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Energy	Mar Sáez Ibeas
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Communications	
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Deputy Corporate Manager	Francisco Javier Hernández Fernández
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Corporate Responsibility	Javier López-Galiacho Perona
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Administration and Information Technologies

Corporate Manager	Antonio Gómez Ciria
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Assistant Corporate Manager	Juan José Drago Masià
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Administrative Coordination	Alberto Farré Ramos
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Taxes	Miguel Mata Rodríguez
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Administrative Organisation and Budgets	José María Alamañac Gil
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Information Systems and Technologies	
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Information Security and Risk Management	Gianluca D'Antonio
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Finance

Corporate Manager	Victor Pastor Fernández
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Finance. Finance Manager	Manuel Somoza Serrano
	Esther Alcocer Koplowitz (Assistant)
	Alicia Alcocer Koplowitz (Assistant)

Stock Market and Investor Relations	Miguel Coronel Granado
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Financing	José Manuel Carrasco Delgado
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Afigesa	José Manuel Carrasco Delgado
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Asiris, S.A.	Miguel Angel Jabal Madrid
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Human Resources

Corporate Manager	Francisco Martín Monteagudo Emilio Hermida Alberti (Assistant Manager)		
Administration	Carlos Cerdán Ruano	Occupational Safety (Construction)	José Gascón y Marín Laguna
Employee Litigation	Álvaro García-Orea Álvarez	Occupational Safety (Services)	Juan Carlos Sáez de Rus
Training	Carlos Cobián Babé	Screening	Ciro Martín Muñoz
International	José María Merino Matesanz	Medical Services	Rafael Echevarría de Rada
Industrial Relations	Luis Suarez Zarcos		
Safety	Eduardo del Rosal Vergara		

Internal Audits

Manager	Miguel Hernanz Sanjuán		
Deputy Manager, Internal Audits, Domestic Area		Deputy Manager, Internal Audits, International Area	Sara Megía Recio

International Corporate Strategy and Development

Assistant Corporate Manager	Gérard Ries	International Corporate Development Manager	José Liébana Alcantarilla
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Cost Optimisation

Deputy Corporate Manager	José Ramón Ruiz Carrero	Central General Services	José María Martí Maqueda
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Corporate and Institutional Relations

Director	José Manuel Velasco Guardado	Corporate Image	Antonio de Lorenzo Vázquez
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