

**REPORT BY THE BOARD OF DIRECTORS OF ACS ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A., REGARDING THE PROPOSED RESOLUTION TO DELEGATE TO THE BOARD OF DIRECTORS THE POWER TO ISSUE DEBENTURES, BONDS, PROMISSORY NOTES AND OTHER FIXED INCOME SECURITIES, WHETHER SIMPLE, EXCHANGEABLE OR CONVERTIBLE, AND WARRANTS ON NEWLY ISSUED SHARES OR SHARES IN CIRCULATION, SETTING THE CRITERIA FOR THE DETERMINATION OF THE BASIS AND FORMS OF CONVERSION, EXCHANGE AND EXERCISE OF THE SECURITIES, IN ORDER TO ENABLE THE BOARD OF DIRECTORS TO INCREASE CAPITAL BY THE NECESSARY AMOUNT AND TO EXCLUDE PREFERENTIAL SUBSCRIPTION RIGHTS OF SHAREHOLDERS AND HOLDERS OF CONVERTIBLE SECURITIES AND WARRANTS. IT IS ALSO PROPOSED THAT THE BOARD BE AUTHORISED TO GUARANTEE, ON THE COMPANY'S BEHALF, ALL OBLIGATIONS ARISING FOR THE SUBSIDIARIES AS A RESULT OF THE ISSUES OF THE FIXED INCOME SECURITIES AND WARRANTS BY THEM. THIS PROPOSED RESOLUTION SHALL BE SUBMITTED FOR APPROVAL BY THE GENERAL SHAREHOLDERS' MEETING TO BE HELD ON MAY 24 AND 25, 2009 ON FIRST AND SECOND CALL, RESPECTIVELY.**

#### **Purpose of this report**

This report has been drafted to justify the proposed resolution to be submitted for approval by the General Shareholders' Meeting of ACS Actividades de Construcción y Servicios S.A., S.A. (the Company) to be held on May 24, 2009, on first call, and the following day, May 25, 2009, on the second call, as item 8 on the agenda.

The proposed resolution consists in the delegation to the Board of Directors, in accordance with the provisions of law governing the general regime applicable to the issue of securities (contained in Article 282 and the following Articles of the Spanish Companies Law), Article 319 of the Spanish Mercantile Register regulations and Articles 153.1 b) and 159.2 of the Spanish Companies Law, of the power to (i) issue debentures, bonds, promissory notes and other fixed income securities, whether simple, convertible, or exchangeable, and warrants on the Company's newly issued shares or shares in circulation; (ii) increase the capital by the amount required to convert the convertible fixed income securities and/or exercise the warrants on the newly issued shares, and (iii) exclude the preferential subscription rights of shareholders and holders of convertible securities and warrants.

It is also proposed that the Board of Directors be empowered to guarantee, on the Company's behalf, the obligations assumed by the subsidiaries as a result of the issues of fixed income securities and warrants.

#### **Grounds**

The Board of Directors considers it necessary in the current economic backdrop to have the delegated powers envisaged so as to be in the position at all times to raise the funds required for the Company's interests on the primary securities markets, and with the

rapidity that these markets require. The purpose of the delegation of these powers is to give the Board the flexibility and rapidity of response it needs in the environment in which it operates, without the delays that calling and holding a General Shareholders' Meeting entail.

### **Maximum amount and securities to be issued under the scope of this delegation**

The proposal to be submitted for approval by the General Shareholders' Meeting sets forth both the maximum amount of the securities to be issued under the delegation of authority proposed to the General Shareholders' Meeting, which shall amount to 80% of the equity of ACS Actividades de Construcción y Servicios, S.A. according to the latest approved balance sheet. It also sets limits on the period in which the Board may make use of such authorisation, on one or more occasions, which, in accordance with Article 319 of the Mercantile Register regulations, may not exceed five years. Also it is proposed that the Board of Directors be empowered to issue fixed income securities, whether simple, convertible and/or exchangeable, and warrants on the Company's newly issued shares or shares in circulation. It is hereby expressly stated that with respect to warrants and in view of the lack of their own legal regime, by analogy, the provisions of the Spanish Consolidated Companies Law and Mercantile Register regulations applicable to convertible debentures shall be applied.

### **Basis for and forms of conversion and exchange**

The resolution to be submitted for approval by the General Shareholders' Meeting contains the basis for, and forms of conversion into and exchange for shares of the debentures and bonds, and of the exercise of warrants. However, the power to develop and specify the basis for, and form of each issue shall be delegated to the Board of Directors, within the limits and in accordance with the criteria set forth by the General Shareholders' Meeting. The Board of Directors shall determine the specific ratio of conversion and/or exchange and/or the price of the exercise of warrants, and for this purpose, shall value the shares by applying, at its option and as deemed appropriate in each case, certain procedures as indicated below:

At all events, under the delegation of authority granted, should the Board resolve to issue convertible and/ or exchangeable fixed income securities or warrants, at the time the issue is approved, it shall draft a Directors' report detailing the basis for and forms of conversion and/or exchange and/or exercise specifically applicable to the aforementioned issue, and this report shall be accompanied by the relevant report from the auditors provided in Article 292 of the Spanish Consolidated Companies Law. These reports will be made available to the shareholders, and if applicable, to the holders of convertible and/or exchangeable fixed income securities and/or warrants, and the shareholders will be informed at the first General Shareholders' Meeting held after adopting the resolution on the issue of the securities.

With respect to the convertible or exchangeable fixed income securities, the resolution provides that in the case that the Board sets a fixed conversion or exchange ratio, the price of the shares for the purposes of conversion and/or exchange may not be less than

the greater of: (i) the arithmetic mean of the closing prices of the Company's shares on the stock exchanges of the Spanish Continuous Market over the period defined by the Board of Directors, which shall not be more than three months nor less than fifteen days prior to the date of the meeting at which the Board resolves to issue the fixed income securities; and (ii) the closing price of the shares on the same stock exchanges on the day prior to the adoption of the resolution by the Board of Directors to approve the specific issue.

In the case that the Board of Directors resolves to issue the fixed income securities with a variable rate of conversion and/or exchange, the price of the shares shall be the arithmetic mean of the closing prices of the Company's shares on the stock exchanges of the Spanish Continuous Market over the period defined by the Board of Directors, which shall not be more than three months or less than fifteen days prior to the conversion or exchange date. The Board of Directors may set a premium, or if applicable, a discount on the price per share, which may differ for each conversion and/or exchange date. However, the discount may not exceed 20% of the market price of the share in the period prior to the date of the conversion into and/or exchange for shares of the fixed income securities established by the Board of Directors. At all events, as an absolute minimum limit, the value of the shares for the purpose of the conversion and/or exchange ratio may not be less than their par value pursuant to Article 47.2 of the Spanish Consolidated Companies Law.

### **Basis for and forms of exercise of the warrants**

It is proposed that the exercise price of the warrants (which may be variable depending on when exercised) be set by the Board of Directors in the resolution on the issue of securities, or defined on the date or dates indicated in the resolution adopted by the Board of Directors, depending on the market price of the Company's shares on the date(s) or during the period(s) taken as a reference in the resolution. However, the share price to be considered may not be less than the greater of: (i) the arithmetic mean of the closing prices of the Company's shares on the stock exchanges of the Spanish Continuous Market over the period defined by the Board of Directors, which shall not be more than three months nor less than fifteen days prior to the date of the meeting at which the Board resolves to issue the fixed income securities; and (ii) the closing price of the shares on the same stock exchanges on the day prior to the adoption of the resolution by the Board of Directors to approve the above referred to issue.

Additionally, the limit is set taking into consideration that in no case may the sum of the premium(s) paid for each warrant and its exercise price be less than the market value of the company's shares as defined in the previous paragraph, or less than the par value of the Company's shares.

The Board of Directors considers that it should be given enough flexibility to set the value of the shares for the purposes of the conversion and/or exchange of the fixed income securities or the exercise of the warrants in order to adapt to market conditions and other considerations to be borne in mind by the Board at any given time.

### **Delegation of the power to increase capital**

The proposed resolution also grants authorisation to the Board of Directors so that in the case it resolves to issue fixed income securities convertible into newly issued shares or warrants, it may increase capital by the amount necessary for the conversion or for the exercise of the warrants, to the extent that the sum of this increase under the delegated power added to all other capital increases that have been agreed under the scope of the authorisations granted by the General Shareholders' Meeting does not exceed the limit of half of the share capital envisaged in Article 153.1.b) of the Spanish Consolidated Companies Law.

### **Delegation of the power to exclude preferential subscription rights**

Additionally, applying by analogy the provisions of Article 159.2 of the Consolidated Companies Law, it is proposed that authorisation be granted to the Board of Directors so that it may opt to exclude the preferential subscription rights of shareholders and holders of convertible debentures, warrants and other similar securities in the resolutions on the issue of securities under this delegation of power, where this measure is considered necessary to obtain financial resources in the markets or it is otherwise in the Company's interest.

The Board of Directors considers this additional delegation of power to be justified by the flexibility, rapidity and ease currently required operating in the financial markets.

In any case, if the Board decides to override preferential subscription rights, at the date on which the resolution to approve the issue is passed, it will be required to issue a report detailing the specific reasons why it is in the Company's interest to take this measure. This report will be accompanied by a further report issued by an auditor as provided in Article 159.2 of the Spanish Consolidated Companies Law. These reports will be made available to the shareholders, and if applicable, to the holders of convertible and/or exchangeable fixed income securities and/or warrants, and the shareholders will be informed at the first General Shareholders' Meeting held after adopting the resolution on the issue of the securities.

### **Guarantee of issues by subsidiaries**

Also, since a subsidiary may issue securities to acquire funds in international markets and since the success of an issue launched by a subsidiary requires the full backing and guarantee of the Company, the Board of Directors has included the granting of express authorisation by the General Shareholders' Meeting so that it may guarantee obligations of all types arising for the subsidiaries as a result of issues of securities by them, for the same term as the delegation of power to issue securities which is the subject matter of this report.

### **Information to shareholders**

The Board of Directors, at the successive General Shareholders' Meetings held by the Company, shall inform shareholders of any use made of the delegation of power proposed.

## **Listing of shares**

Finally, it is provided that the securities issued by virtue of this delegation of power may be listed on any secondary market, whether organised and official or otherwise, and whether in Spain or abroad.

### **Full text of the resolution to be submitted for discussion and approval by the General Shareholders' Meeting**

The resolution whose adoption is proposed to the General Shareholders' Meeting is as follows:

“In accordance with applicable legislation, delegate to the Board of Directors the power to issue fixed income securities, either simple and exchangeable or convertible, and warrants on the Company's newly issued shares or shares in circulation, under the following terms:

1.- The securities the Board of Directors is empowered to issue may be debentures, bonds and other similar fixed income securities, whether simple or, in the case of debentures and bonds, exchangeable for shares of the Company or any of the Group companies and/or convertible into shares of the Company, and warrants on the Company's newly issued shares or shares in circulation.

2.- Securities may be issued on one or more occasions, and at any date within the maximum five-year period following the date of the adoption of this resolution.

3.- The total amount of the issue or issues of securities agreed under this delegation of authority, regardless of their nature, plus the total number of shares listed by the Company and outstanding at the issue date may not exceed a maximum limit of eighty five percent of the equity of ACS Actividades de Construcción y Servicios, S.A. according to the latest approved balance sheet.

4.- In exercise of the powers granted herein, the Board of Directors shall have powers including, but not limited to determining the following: the amount, within the aforementioned overall maximum limit.; the place, date and currency of the issue, and if applicable, its equivalence in Euros; the denomination, whether, bonds or debenture, subordinate or not, warrants or any other instrument permitted by law; the interest rate, payment dates and payment procedures; and in the case of warrants, the amount and means of calculating the premium or exercise price; whether they are instrumented in perpetuity or are repayable, and in the latter case, the repayment term and maturity dates; the type of reimbursement, premiums or batches, any guarantees; the form of representation, i.e. by means of certificates or book entries; preferential subscription rights, if any, and the subscription regime; applicable legislation; application, if applicable, for listing on official or unofficial secondary markets, whether organised or not, in Spain or abroad, of the securities issued; and appointment, if applicable, of a commissioner and approval of the rules that are to govern the legal relationships between the Company and the syndicate of holders of the securities issued.

5.- In the case of the issue of convertible and/or exchangeable bonds or debentures, the following criteria has been established:

5.1.- The Board of Directors shall be authorised to determine whether the securities are convertible and/or exchangeable, and whether conversion and/or exchange shall be obligatory or voluntary, and in the latter case, if it is to be at the option of the holder or the issuer, with the periodicity and within the time limits laid down in the resolution on their issue, not exceeding ten years from the date of issue.

5.2.- The Board of Directors is also empowered to determine if the issuer reserves the right at any moment to opt between conversion into new shares or exchange for shares in circulation, specifying the nature of the shares to be delivered at the time of conversion or exchange. The issuer may also opt to deliver a combination of new and circulating shares.

5.3.- The ratio of conversion and/or exchange may be fixed, and for this purpose, the fixed income securities will be valued at their par value and shares at the fixed rate indicated in the resolution of the Board of Directors which made use of this delegated power, or at the rate of exchange defined on the date(s) indicated in the resolution of the Board of Directors, according to the Company's share price on the stock exchange on the date(s) or in the period(s) taken as reference in the resolution. However, the price of the shares, for the purpose of their conversion or exchange, may not be less than the greater of (i) the arithmetic mean of the closing prices of the Company's shares on the stock exchanges of the Spanish Continuous Market over the period defined by the Board of Directors, which shall not be more than three months nor less than fifteen days prior to the date on which the Board passed the resolution to issue the fixed income securities, and (ii) the closing price of the shares on the same stock exchanges on the day prior to the passing of the resolution to issue the fixed income securities. Notwithstanding the above, the Board of Directors may issue the debentures or bonds with a variable rate of conversion and/or exchange. In this case, the price of the shares for the purposes and/or exchange shall be the arithmetic mean of the closing prices of the Company's shares on the stock exchanges of the Spanish Continuous Market over the period defined by the Board of Directors, which shall not be more than three months nor less than fifteen days prior to the date of conversion and/or exchange, with a premium, or if applicable, a discount on said price per share. The premium or discount may differ for each conversion and/or exchange date (or, if applicable, each tranche of the issue), although if a discount is set on the price per share, this may not be more than twenty percent.

5.4.- The fractions of a share which might be due to a bond or debenture holder shall be rounded down to the nearest whole number of shares and each holder shall be paid in cash any difference in value this rounding has given rise to.

5.5.- Pursuant to Article 292.3 of the Spanish Consolidated Companies Law, debentures may not be converted into shares when the par value of the shares is less than that of the debentures. Additionally, the value of the share may not be less than its par value.

5.6.- Upon approving an issue of convertible and/or exchangeable bonds or debentures, the Board of Directors shall issue a Directors' report developing and specifying, based on the criteria described above, the basis for, and forms of conversion specifically applicable to the indicated issue. This report shall be accompanied by the relevant report from the auditors referred to in Article 292 of the Spanish Consolidated Companies Law. Additionally, these reports will be made available to the shareholders, and if applicable, to the holders of convertible and/or exchangeable fixed income securities and/or warrants, and the shareholders will be informed at the first General Shareholders' Meeting held after adopting the resolution on the issue of the securities.

6.- In the case of the issue of warrants, to which, by analogy, the provisions of the Spanish Companies Law for issues of convertible debentures shall apply, the following criteria is set:

6.1.- The warrants issued may entitle their holders to subscribe new shares in the Company and/ or acquire circulating shares in the Company, and the Board of Directors shall be authorised to determine whether or not they are entitled to do so...

6.2.- The deadline for the exercise of the securities issued shall be determined by the Board and may not exceed ten days following the date of their issue.

6.3.- The Board of Directors may also stipulate that the Company reserves the right to opt for holders of warrants to subscribe new shares or acquire shares in circulation at the time of exercising the warrant. It may also opt to deliver a combination of new and circulating shares. However, the issuer must respect the principle of equal treatment to all the holders of warrants that are exercised on the same date.

6.4.- The exercise price of the warrant shall be defined by the Board of Directors in the resolution on the issue of securities, or shall be defined on the date or dates indicated in the resolution adopted by the Board of Directors, depending on the market price of the Company's shares on the date(s) or during the period(s) taken as a reference in the resolution. The exercise price may be variable depending on the date on which the warrant is exercised. However, the share price to be considered, may not be less than the greater of (i) the arithmetic mean of the closing prices of the Company's shares on the stock exchanges of the Spanish Continuous Market over the period defined by the Board of Directors, which shall not be more than three months nor less than fifteen days prior to the date on which the Board passed the resolution to issue the warrants, and (ii) the closing price of the shares on the same stock exchanges on the day prior to the passing of the resolution to issue the warrants.. In no case may the sum of the premium(s) paid for each warrant and its exercise price be less than the market value of the company's shares as defined in the previous paragraph, or less than the par value of the Company's shares.

6.5.- Upon approving an issue of warrants, the Board of Directors shall issue a Directors' report developing and specifying, based on the criteria described above, the basis for, and forms of conversion specifically applicable to the indicated issue. This report shall be accompanied by the relevant report from the auditors referred to in Article 292 of the Spanish Consolidated Companies Law. Additionally, these reports will be made available to the shareholders, and if applicable, to the holders of convertible and/or exchangeable fixed income securities and/or warrants, and the shareholders will be informed at the first General Shareholders' Meeting held after adopting the resolution on the issue of the securities.

7.- At all events, the authorisation granted to the Board of Directors to issue convertible and/or exchangeable debentures or bonds, and to issue warrants, shall include, but shall not be limited to the following powers:

7.1.- The authority to increase the share capital by the amount necessary to meet demand for the conversion of convertible securities or the exercise of warrants on newly issued shares. This power may only be exercised by the Board to the extent that the sum of the increase in capital necessary to meet the demand resulting from the issue of convertible debentures or bonds or the exercise of warrants on newly issued shares, added to all other capital increases that have been agreed under the scope of authorisations granted by the General Shareholders' Meeting, does not exceed the limit of one half of the share capital envisaged in Article 153.1 b) of the Spanish Consolidated Companies Law. This authorisation to increase the share capital includes the power to issue and put into circulation, on one or more occasions, the shares that are necessary to carry out the conversion or exercise, and to amend the Article of the Bylaws relating to the share capital figure, and if applicable, to cancel the part of the capital increase that was not necessary for the conversion of securities into shares or the exercise of the warrants.

7.2- The power to exclude, pursuant to Article 159.2 of the Spanish Consolidated Companies Law, the preferential subscription rights of shareholders or the holders of convertible and/or exchangeable bonds or debentures, or of warrants, when necessary to acquire financial resources in the domestic and international markets, or it is otherwise in the Company's interest. In any event, if the Board decides to override preferential subscription rights in relation to a specific issue of convertible debentures or bonds or warrants on newly issued shares under the authorisation granted herein, at the date on which this resolution is passed, it shall issue a detailed report stating the specific reasons why it is in the Company's interest to take this measure. This report will be accompanied by a further report issued by an auditor, pursuant to Article 159.2 of the Spanish Consolidated Companies Law. These reports will be made available to the shareholders and holders of convertible debentures or bonds, and the shareholders will be informed at the first General Shareholders' Meeting held after adopting the resolution on the issue of the securities.

7.3.- The power to develop and specify in detail the basis for and forms of conversion or exchange and exercise of warrants bearing in mind the criteria defined above.

8.- The Board of Directors, at the successive General Shareholders' Meetings held by the Company, shall inform shareholders of any use made of the delegation of power referred to in this resolution.

9.- The Board of Directors is expressly authorised to guarantee, on the Company's behalf and for a maximum of five years following the adoption of this resolution, the obligations of all types which may arise for its subsidiaries as a result of the issues of fixed income securities (debentures, bonds, promissory notes, or any other) or of warrants, by the aforementioned subsidiaries.

10.- Where appropriate, the Company shall apply for admission to trading on official or unofficial secondary stock markets, whether organised or otherwise, of the bonds, debentures and other securities issued by virtue of this authorisation, and the Board of Directors shall be empowered to undertake the formalities necessary or appropriate for these purposes. In accordance with Article 27 of the Spanish Stock Market Regulations, it is hereby expressly stated that in the case of the subsequent application for the exclusion from the stock exchange of the securities issued by virtue of this authorisation, this shall be adopted with the same formalities as stated in said Article and, in this event, the interests of shareholders or bondholders who oppose this move or vote against it shall be guaranteed in accordance with all applicable provisions of law.”

Madrid, March 26, 2009.