

2009 BOARD OF DIRECTORS' REPORT IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE 116 BIS OF THE SPANISH SECURITIES MARKET LAW.

Pursuant to Article 116 bis of the Spanish Securities Market Law, introduced by Law 6/2007 of 12 April, the Board of Directors of ACS Actividades de Construcción y Servicios, S.A. submits to its shareholders the following explanatory report with the disclosures, which in accordance with the aforementioned provision, have been included in the Directors' Reports accompanying the financial statements for 2009.

a) Capital structure, including securities not traded on an EU regulated market, with indication of different classes of shares and, for each class, the rights and obligations they confer and the percentage of share capital they represent.

As provided in Article 6 of its By-laws, at 2009, December 31st the Company's share capital amounts to 157,332,297 euros represented by 314,664,594 fully subscribed and paid shares of EUR 0.5 par value each, all of the same class and series. All of the shares are fully paid. Pursuant to Article 23 of the By-laws, in order to be able to attend the General Shareholders' Meeting, shareholders are required to hold at least one hundred shares.

b) Any restriction on the transferability of securities.

There are no restrictions on the transferability of shares representing the company's share capital. Since the company is listed, in order to acquire a percentage equal to or higher than 30% of its share capital or voting rights, a takeover bid is required to be launched under the terms provided in Article 60 of the Spanish Securities Market Law 24/1988 and Royal Decree 1066/2007 of 27 June.

c) Significant direct or indirect holdings in the share capital.

According to the data provided to the company by the shareholders or, where not specifically provided, according to the data available in the pertinent register of the Spanish Securities and Exchange Commission:

SHAREHOLDERS	<u>31/12/2009</u>
	%
CORPORACIÓN FINANCIERA ALBA S.A.	23.481
CORPORACIÓN FINANCIERA ALCOR, S.A.	13.855
INVERSIONES VESAN, S.A.	12.336
FLUXA ROSSELLO, MIGUEL	5.638
SOUTHEASTERN ASSET MANAGEMENT INC	5.455

d) Any restriction on voting rights.

There are no specific restrictions on this right under the Company By-laws. However, as previously indicated, pursuant to Article 23 of the By-laws, in order to be able to attend the General Shareholders' Meeting (attendance right), shareholders are required to hold at least one hundred shares.

e) Shareholders' agreements.

No shareholders' agreements have been reported to the Company.

f) Regulations applicable to appointments and substitution of members of governing bodies and the amendment of Company By-laws.

Appointment and substitution of members of the Board of Directors.

This matter is regulated in Articles 13 and 14 of the By-laws and Articles 3, 11 and 24 of the Rules of the Board of Directors, which essentially provide the following:

The Company is governed by a Board of Directors consisting of a minimum of eleven (11) and a maximum of twenty-one (21) members. At the proposal of the Board of Directors, the General Shareholders' Meeting shall be responsible for setting, within the aforementioned limits, the exact number of members of the Board of Directors, and appointing the individuals to fill these positions; The Board's proposal is required to be preceded by a proposal by the Appointment and Remuneration Committee. No age limit has been set to be appointed a Board Member or for the exercise of this position.

Board members shall hold their positions for the term provided in the Company By-laws (six years) and may be re-elected one or more times for terms of the same length.

The board members shall cease to hold their position when separated by the General Shareholders' meeting, when they notify the Company of their resignation or dismissal or when the term for which members were appointed has expired, and in accordance with Article 145 of the Regulations of the Spanish Mercantile Registry. In the event of a vacancy for any reason, the Board of Directors may provisionally fill the same from among the shareholders until the next General Shareholders' Meeting, where a definitive election shall take place.

Amendment of the Company By-laws

The procedure for amending the By-laws is regulated by Article 29 and generally, Article 144 of the Spanish Corporations Law, which require approval by the General Shareholders' Meeting, with the attendance quorums and if applicable, majorities provided in Article 103 of the aforementioned law. Resolutions shall be adopted by ordinary majority, except where under section 2 of the aforementioned Article 103 of the Spanish Corporations' Law, such resolutions are required to be adopted by means of the vote in favour of two thirds of the share capital present or represented when the shareholders present or represented hold less than fifty percent of the subscribed share capital with a right to vote.

The ordinary majority necessary to approve a resolution shall require the vote in favour of half plus one of the shares with voting rights present or represented at the meeting.

g) Powers of the members of the Board of Directors and, in particular, powers to issue and/or buy back shares.

The Board of Directors acts jointly and is granted the broadest of powers to represent and govern the Company. The executive team is generally entrusted with the management of the Company's ordinary business by the Board, which carries out the general function of supervising and controlling the Company's operations. However, the Board of Directors may directly assume the responsibilities and decision-making powers deemed appropriate in relation to the management of the Company's business.

The Chairman of the Board of Directors is of an executive nature and is vested with all powers of the Board of Directors, except those which may not legally or statutorily be transferred. Additionally, the Executive Committee is vested with all powers of the Board of Directors which may be legally and statutorily transferred. The executive Vice Chairman and Board Member-Secretary also have broad notary powers registered in the Mercantile Register.

At the General Shareholders Meeting held on 25 May 2009, the Board of Directors of the Company as well as those of subsidiary companies were authorised to acquire shares in the Company for valuable consideration, for the 18-month period following the date of the General Shareholders Meeting, and pursuant to the terms and requirements set forth in section 75 and related provisions of the Spanish Corporations Law, the par value of which when added to the shares already held by the Company and its subsidiaries, does not exceed 5% of the issued share capital. The minimum and maximum price shall be, the par value of the shares and a price not exceeding the price at which they are traded at the stock market session on the date of the purchase, or the price authorised by the competent body of the Stock Exchange or by the Spanish Securities and Exchange Commission, respectively.

Likewise, in accordance with articles 153.1.b) and 2 of the Revised Text of the Spanish Corporations Law, the General Shareholders Meeting held on 25 May 2009 agreed to empower the Board of Directors of the Company to increase the share capital of the Company by up to half of its current amount at the date of this resolution, in one or more increases with the specific amounts and conditions it freely decides, within a period of five years from the date of said Meeting. As such, the Board of Directors may establish the terms and conditions of the share capital increases and the characteristics of the shares, investors and markets for which the increase is intended. Thus, the Board of Directors may also freely offer new, unsubscribed shares during the pre-emptive subscription period and, in the event that the shares are not fully subscribed, render the share capital increase without effect or set the amount of the increase at the amount of the subscribed shares. The share capital increase or increases may be carried out by issuing new shares, whether ordinary shares, shares without voting rights, preferred shares or callable shares, with the corresponding amendment of article 6 of the Company By-laws. In all cases, the new shares must be backed by financial contributions involving payment of the face value of the shares and, where applicable, the issue premium that may be established. In compliance with the provisions of article 159.2 of the Revised Text of the Spanish Corporations Law, the Board of Directors is expressly granted to the power to eliminate all or part of the rights of first refusal over any share issues that it may carry out by virtue of this authorisation, provided that doing so is in the best interest of the Company and provided that the face value of the shares issued, plus the issue premium, if any, established is commensurate with the reasonable value of the Company's shares.

The reasonable value must be derived from a report prepared, at the request of the Board of Directors, by an account auditor other than the Company's own account auditor, appointed for this purpose by the Companies Register each and every time the Board exercises the power to withhold the right of first refusal as set out in this paragraph. Furthermore, the Board of Directors of the Company is authorised to request that any shares issued in Spanish or foreign organised secondary markets be admitted for or excluded from trading. The Board of Directors is expressly authorised to delegate the powers described in this resolution.

Similarly, at the General Shareholders Meeting held on 25 May 2009, the shareholders agreed to grant the Board of Directors the power, in accordance with the applicable legal provisions, to issue simple, exchangeable or convertible fixed-income securities as well as warrants on newly issued shares or Company shares currently in circulation, all pursuant to the following:

1. The securities that the Board of Directors is authorised to issue may be debentures, bonds, promissory notes and other similar fixed-income securities, both simple and, in the case of debentures and bonds, exchangeable for shares of the Company or any other company in the Group and/or convertible in shares of the Company, as well as warrants on newly issued shares or Company shares currently in circulation.
2. The securities may be issued on one or more occasions at any time during a maximum of five years beginning on the date of this resolution.
3. The total amount of the securities issue or issues resolved by virtue of the power granted here, regardless of its/their nature, plus the total amount of the securities admitted by the Company that are in circulation at the moment the Board exercises this power may not exceed, at the moment, a maximum of eighty percent of the equity of ACS Actividades de Construcción y Servicios, S.A. according to the last approved balance sheet.
4. In exercise of the authorisation granted here, the details that the Board of Directors must determine for each issue include but are not limited to the following: the amount within the aforementioned maximum; the location, date and currency of the issue, further establishing the equivalent amount in euros, where applicable; the type of security, whether bonds or debentures, subordinate or not, warrants or any other security permitted under the law; the interest rate and payment dates and procedures; in the case of warrants, the amount and method used, where applicable to calculate the premium and price of exercise; whether the securities are non-redeemable or redeemable and, in the case of the later, the redemption period and the expiration dates; the type of repayment, premiums and lots; any related guarantees; how the securities are represented, whether as certificates or book entries; the right of first refusal, if any, and the subscription scheme; the applicable legislation; request for permission to trade the securities issued in official or unofficial, organised or unorganised, national or foreign secondary markets; the designation, if applicable, of the delegate and approval of the regulations that will govern the legal relationships between the Company and the union of holders of the issued securities.
5. The following criteria are established for the issue of convertible and/or exchangeable bonds or debentures:
 - 5.1. The Board of Directors is authorised to determine whether they are convertible and/or exchangeable as well as to determine whether they are mandatorily or voluntarily convertible and/or exchangeable and, in the latter case, whether they are convertible and/or exchangeable by option of the holder or the issuer with the frequency and for the period of time set forth in the issue agreement, which may be no longer than at most ten years from the date of issue.

5.2. The Board of Directors is authorised to determine if the issuer reserves the right to decide, at any time, to convert the securities into new shares or to exchange them for shares already in circulation, specifying the nature of the shares granted at the moment of conversion or exchange, whereby the Board of Directors may even decide to exchange or convert the securities for a combination of newly issued and pre-existing shares.

5.3. The rate of conversion and/or exchange may be fixed, in which case the fixed-income securities shall be appraised at their face value and the shares at a fixed rate of exchange set in the same resolution of the Board of Directors that is used to exercise this power, or may be a variable rate to be set at the date or dates indicated in the resolution by the Board of Directors in accordance with the market price for Company shares on the Stock Exchange on the date(s) or over the period(s) used as a benchmark in the resolution. In all cases, for the purpose of conversion or exchange, the price per share may not be lower than the greater of (i) the arithmetic mean of the closing prices of the Company shares on the Continuous Market of the Spanish Stock Exchanges over a period to be set by the Board of Directors, albeit no longer than three months and no shorter than fifteen days prior to the date that the Board adopts the resolution to issue the fixed-income securities and (ii) the closing price of the shares on the same Continuous Market for the day prior to the adoption of the aforementioned issue resolution. The foregoing notwithstanding, the Board of Directors may issue the debentures or bonds with a variable rate of conversion and/or exchange, in which case, for the purpose of conversion or exchange, the price of the shares shall be the arithmetic mean of the closing prices of the Company shares on the Continuous Market for a period to be set by the Board of Directors, albeit no longer than three months and no shorter than fifteen days from the date of conversion and/or exchange, with a premium or, as the case may be, a discount on said price per share. The premium or discount may be different for each conversion and/or exchange date of each issue (or of each tranche of an issue, where applicable); however, if a discount is offered on the price per share, the total amount of the discount may not be greater than twenty percent.

5.4. Where applicable, any fractions of a share that should be given to a holder of debentures shall be rounded down to the immediately preceding whole number. Should this be the case, the difference will then be paid out to every debenture holder.

5.5. In accordance with the provisions or article 292.3 of the Spanish Corporations Law, debentures may not be converted to shares when the face value of the debentures is lower than the face value of the shares. In addition, the share value may never be lower than its face value.

5.6. When approving the issue of convertible or exchangeable debentures or bonds, the Board of Directors shall issue a Directors report to develop and specify, on the basis of the criteria described above, the base principles and modes of conversion that specifically apply to said issue. This report must be accompanied by the pertinent report from the account auditors envisaged in article 292 of the Spanish Corporations Law. Moreover, said reports must be made available to the shareholders and, as the case may be, to the holders of the convertible or exchangeable fixed-income securities and the warrants and must be notified to the first General Meeting held after the resolution to carry out the issue.

6. By analogy with the provisions of the Spanish Corporations Law pertaining to convertible debenture issues, the following criteria are established for the issue of warrants:

6.1. Any warrants issued may bestow the right to subscribe new shares of the Company and/or to acquire Company shares that are already in circulation, as determined by the Board of Directors.

6.2. The deadline for exercising the issued securities shall be determined by the Board of Directors and may be no longer than ten years from the date of issue.

6.3. The Board of Directors may establish whether the Company reserves the right to require the holder of the warrant to subscribe newly issued shares or acquire shares that are already in circulation at the moment he or she exercises the warrant and may even hand over a combination of newly issued and pre-existing shares. In all cases, the Company must guarantee equal treatment of all warrant holders who exercise their warrants on the same date.

6.4. The price of exercising the warrants shall be determined by the Board of Directors in the resolution regarding their issue or shall be determined at the date or dates indicated in the resolution by the Board of Directors in accordance with the market price for Company shares on the Stock Exchange on the dates or over the periods used as a benchmark in the resolution. The exercise price may be variable depending on when the warrant is exercised. In all cases, the price of the share in question may not be lower than the greater of (i) the arithmetic mean of the closing prices of the Company shares on the Continuous Market of the Spanish Stock Exchanges over a period to be set by the Board of Directors, albeit no longer than three months and no shorter than fifteen days prior to the date that the Board adopts the resolution to issue the warrants and (ii) the closing price of the shares on the same Continuous Market for the day prior to the adoption of the aforementioned issue resolution. The sum of the premium or premiums paid for each warrant and their exercise price may not be lower than the market price of a Company share, viewed in accordance with the provisions of the prior paragraph, or lower than the face value of a Company share.

6.5. When approving the issue of warrants, the Board of Directors shall issue a Directors report to develop and specify, on the basis of the criteria described above, the base principles and modes of conversion that specifically apply to said issue. This report must be accompanied by the pertinent report from the account auditors envisaged in article 292 of the Spanish Corporations Law. Moreover, said reports must be made available to the shareholders and, as the case may be, to the holders of the convertible and/or exchangeable fixed-income securities and/or the warrants and must be notified to the first General Meeting held after the resolution to carry out the issue.

7. In all cases, the authorisation of the Board of Directors to issue warrants and convertible or exchangeable debentures includes but is not limited to the following powers:

7.1. The power to increase the share capital by the amount needed to meet the requests for conversion of convertible shares or the exercise of warrants over new shares. This power may only be exercised to the extent that when summing the amount of the capital increase to satisfy the issue of convertible bonds or debentures or the exercise of warrants on new share issues plus the remaining share capital increase resolved by virtue of the authorisations granted by the General Meeting, the Board of Directors does not exceed the limit of half of the share capital envisaged in article 153.1 b) of the Spanish Corporations Law. This authorisation to increase the share capital includes the authorisation to issue and put in circulation, on one or more occasions, shares representing the amount of capital needed to realise the conversion or exercise as well as the authorisation to rewrite the article of the Company By-laws related to the amount of capital and, if necessary, to cancel part of the share capital increase that was not needed for the conversion into shares or the exercise of the warrants.

7.2 The power to eliminate, by virtue of the provisions of article 159.2 of the Spanish Corporations Law, the right of first refusal of shareholders, holders of warrants or holders of convertible or exchangeable debentures or bonds if necessary to bring in financial resources in national or international markets or if doing so is otherwise in the best interest of the Company. In any case, if the Board of Directors decides to eliminate the right of first refusal for a specific issue of convertible bonds or obligations or warrants over any new share issue that it may resolve by virtue of this authorisation, when issuing approving the issue, it must also issue a report detailing the specific reasons why doing so is in the best interest of the Company. This report shall be subject to a parallel report by the account auditor referred to in article 159.2 of the Spanish Corporations Law. These reports must be made available to the shareholders and to

the holders of the convertible or exchangeable bonds or debentures and must be notified to the first General Meeting held after the resolution to carry out the issue.

7.3. The power to develop and specify the base principles and modes of conversion, exchange or exercise on the basis of the criteria set forth above.

8. In the following General Meetings held by the Company, the Board of Directors shall inform the shareholders if and when it has made use of the powers delegated by virtue of this resolution.

9. The Board of Directors is expressly authorised to guarantee on behalf of the Company all manner of obligations that may derive for its subsidiaries as the result of issues of fixed-income securities (debentures, bonds, promissory notes or any other such security) and warrants by said subsidiaries, for a maximum of up to five years from the date of this resolution.

10. Where applicable, the Company shall request the admission of the debentures, bonds and other securities issued by virtue of this authorisation in official or unofficial, organised or unorganised, national or foreign secondary markets, and the Board of Directors shall have the power to perform any and all actions that are necessary or pertinent to achieve this end. For the purpose of compliance with article 27 of the Stock Market Regulations, the Company expressly states for the record that should it later request that the securities issued by virtue of this authorisation no longer be traded on the market, said exclusion shall be adopted with the same formalities referred to in said article, and in this case, the Company shall guarantee the interest of any shareholders or holders of bonds or debentures who oppose or do not vote for the resolution, duly fulfilling all provisions of the applicable legislation.

h) Significant resolutions that the Company may have adopted that come into force, are amended or conclude in the event of any change of control over the company following a public takeover bid, and the effects thereof, except when such disclosure may be seriously damaging to the Company. This exception shall not be applicable when the company is legally required to disclose this information.

There are no significant contracts giving rise to the aforementioned circumstance.

i) Agreements between the Company and its directors, managers or employees establishing indemnity payments when they resign or are dismissed without due cause or if the employment contract expires due to a takeover bid.

Pursuant to sections B.1.13 and G of the 2009 Annual Corporate Governance Report, there are a total of 19 senior management members in the different ACS Group companies, including executive board members, whose contracts provide for the cases described under this heading with maximum indemnity payments of up to five years' salary.