

REPORT ISSUED BY THE BOARD OF DIRECTORS OF ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. ON THE PROPOSAL TO AMEND ARTICLES 19, 22 AND 23 OF THE ARTICLES OF ASSOCIATION AND CREATE A NEW ARTICLE 22 bis

This report is issued in compliance with Article 286, 296 and 318 of the Revised Text of the Spanish Corporate Enterprises Act (“Ley de Sociedades de Capital”), approved by Royal Decree-Law 1/2010 of 2 July, in connection with the approval of amendments to Articles 19, 22 and 23 of the Articles of Association and the creation of a new Article 22 bis of the same, which will be proposed under item 7 of the Agenda at the Ordinary General Meeting of Shareholders of ACS, Actividades de Construcción y Servicios, S.A. (“ACS” or the “Company”), the first session of which be held on 3 May 2017 and the second on 4 May 2017.

The Board of Directors must issue a report justifying the proposal to amend and/or introduce the above Articles, which shall be submitted to the General Meeting of Shareholders, as the approval of the said proposal and of each of the exemptions thereto (both as regards share capital increases and decreases) will require an amendment to be made to Article 6 (on share capital) of the Company's Articles of Association.

1 PURPOSE AND JUSTIFICATION OF THE PROPOSAL

The aim of the proposal is to split the current Appointments and Remuneration Committee into two different committees, one of which will deal with appointments, while the other will focus on remuneration, in compliance with the recommendations of the prevailing Good Governance Code for Listed Companies.

2 PROPOSAL TO BE SUBMITTED TO THE GENERAL MEETING OF SHAREHOLDERS

The full text of the proposal to amend the Articles of Association to be submitted to the General Meeting of Shareholders under item 7 of the Agenda is as follows:

Article 19 .- The Board may establish an Executive Committee with the structure, organisation and powers it deems necessary. The Board may also assign all or a portion of the said powers to one or more of its members, who shall be appointed as Managing Directors. Likewise, an Audit Committee, Appointments Committee and Remuneration Committee shall be established with the structure, organisation and powers stipulated in other articles of these Articles of Association.

The Board may bestow general and special powers on any individual (as it deems necessary) in connection with any aspect of the administration and business of the Company.

The Board may also grant full or limited powers of substitution in respect of all the items included within this article.

Notwithstanding the above, it shall not be possible to assign the responsibility for preparing the financial statements and the presentation thereof to the General Meeting of Shareholders, the powers awarded to the Board of Directors (unless expressly authorised to do so), or any other powers that, by Law, may not be assigned, without prejudice to the fact that in duly justified situations of emergency, the appointed bodies or individuals may make the necessary decisions, which must be approved at the first meeting held by the Board of Directors after the said decision has been made.

Article 22.- The Appointments Committee shall exclusively comprise non-executive directors appointed by the Board of Directors, at least two of whom must be independent directors. One of the independent directors of the Committee shall be appointed Chairman.

Without prejudice to the other functions attributed to it by Law or the Regulations of the Board of Directors, the Appointments Committee shall perform the functions prescribed to it by Law.

Article 22 bis.- The Remunerations Committee shall exclusively comprise non-executive directors appointed by the Board of Directors, at least two of whom must be independent directors. One of the independent directors of the Committee shall be appointed Chairman.

Without prejudice to the other functions attributed to it by Law or the Regulations of the Board of Directors, the Remuneration Committee shall perform the functions prescribed to it by Law.

Article 23.- The Board of Directors may include other specialist committees in conjunction with the Audit Committee, Appointments Committee and Remuneration Committee.

The Regulations of the Board of Directors shall stipulate how many members the Audit Committee, Appointments Committee, Remuneration Committee and specialist committees may have and shall also govern how they operate.

Madrid, 23 March 2017