

## **REPORT OF THE BOARD OF DIRECTORS OF ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. ON THE PROPOSAL OF AUTHORISATION FOR THE COMPANY TO BE ABLE TO ACQUIRE, EITHER DIRECTLY OR INDIRECTLY, TREASURY SHARES, AND REDUCE THE SHARE CAPITAL WITH THE PURPOSE OF AMORTISING TREASURY SHARES**

This report is issued in compliance with the provisions in articles 286 and 318 of the consolidated text of the Limited Liability Companies Law (the “**Limited Liability Companies Law**”), approved by Legislative Royal Decree 1/2010, of 2 July, and it refers to the proposal of delegating to the Board of Directors of ACS, Actividades de Construcción y Servicios, S.A. (“**ACS**” or the Company”) the authority to reduce the share capital in conformity with the provisions in articles 286 and 318 of the Limited Liability Companies Law, in respect of the treasury shares that are held by the Company, the approval of which is submitted to the Annual General Meeting of Shareholders scheduled for 9 May 2013, at first call, and on the following day, 10 May 2013, at second call.

### **1 JUSTIFICATION FOR THE PROPOSAL**

The Limited Liability Companies Law, which regulates transactions with own shares in its articles 144 *et seq.* and 509, allows public limited companies meeting certain requirements to acquire, either directly or through affiliates, shares issued by the company itself and to hold them in its portfolio. In order to reduce or eliminate the shares that the Company holds as treasury shares, a number of procedures established by law may be used, including the amortisation of those treasury shares or the disposal of same on the market.

To adopt one or another of these alternatives, it is necessary to take into consideration the market conditions from time to time, and because of this, since it is impossible to determine beforehand the factors allowing one to make the most appropriate decision in light of the market situation at any given time, therefore it is proposed to delegate to the Board of Directors (with express powers of substitution) the authority to assess and decide upon these matters at the time when they arise.

Hence the reason why the resolution to reduce the capital must be considered in extensive terms, delegating to the Board of Directors a number of powers allowing it to use that procedure, considered by law, which includes: (i) executing or rendering void the capital reduction, establishing as the case may be the specific dates of the transactions, taking into consideration the internal and external factors influencing the decision; (ii) specifying in each case the amount of the capital reduction; (iii) determining the destination of the amount of said share capital reduction; (iv) adapting in each case article 6 of the Company Bylaws to the new share capital figure and to the new number of shares; (v) requesting in each case the de-listing of the amortised shares; and (vi) generally, adopting any resolutions considered necessary for the amortisation and subsequent capital reduction, designating the persons who must see to the public recording of same.

Also, the execution of this capital reduction must be subordinate to the execution of the capital reduction proposed to the Annual General Meeting of Shareholders under item 7 of the Agenda to prevent the possibility of the resolution not being executed pursuant to the provisions therein.

## 2 RESOLUTION PROPOSAL

By virtue of the foregoing, the resolution proposal related to item 8 of the Agenda, which is submitted for approval by the Annual General Meeting of Shareholders of the Company, is the following:

*“Rendering void the authorisation granted in a resolution of the General Meeting of Shareholders of the company held on 30 May 2012, and pursuant to the provisions in articles 146 and related articles and 509 of the Limited Liability Companies Law, it is resolved to authorise the Board of Directors of the company and the Boards of Directors of the affiliates so that, during a term of one year from the date of this Meeting, which will be deemed to be automatically extended for identical periods up to a maximum of five years, unless the General Meeting resolves otherwise, and according to the conditions and requirements provided in the laws in force, they may acquire, at any time and as many times as they deem appropriate and by any means allowed by law, charged to profits for the year and/or freely unrestricted reserves, shares of the company, the nominal value of which added to that of the shares already held by the company and by its affiliates is not to exceed 10% of the share capital in issue or, as the case may be, of the maximum amount authorised by the law in force from time to time. The minimum price and the maximum price will respectively be the nominal value and the weighted average price corresponding to the last trading session prior to the transaction increased by 20%.*

*The Board of Directors of the company and the Boards of Directors of the affiliates are also authorised, for the term and according to the conditions established in the preceding paragraph, insofar as it is applicable, to acquire shares of the company by means of loans, at no expense or for a consideration, on an arm’s length basis considering the market conditions and the characteristics of the transaction.*

*Express authorisation is provided so that the own shares acquired by the company or its affiliates under this authorisation may be destined fully or partially: (i) to the disposal or amortisation thereof, (ii) to be delivered to workers, employees or directors of the company or of the group, when there is a vested right, either directly or as a consequence of the exercise of the option rights which they hold, for the purpose established in the last paragraph of article 146.1 a) of the Limited Liability Companies Law, and (iii) to dividend reinvestment plans or similar instruments.*

*For the purpose of amortising treasury shares and delegating the execution thereof to the Board of Directors in conformity with what will be stated below, it is resolved to reduce the share capital, charged to profits or freely unrestricted reserves, by an amount equal to the total nominal value of the treasury shares that the company holds, directly or indirectly, on the date the agreement to be adopted by the Board of Directors.*

*Pursuant to article 7 of the Company Bylaws, the execution of the capital reduction herein is delegated to the Board of Directors (with express powers of substitution), and said execution may be carried out one or several times, within the maximum term of five years following the date of this resolution, carrying out any proceedings, formalities and authorisations that are necessary or required by the Limited Liability Companies Law and any other applicable provisions. The Board of Directors is specifically authorised so that, within the above-mentioned term and limits, it may (i) set the date(s) of the specific capital reduction(s), taking into consideration the market conditions, the share price, the company’s economic and financial situation, its cash situation, reserves and business development,*

*and any other aspects that should reasonably be considered; (ii) specify the amount of each capital reduction; (iii) determine the destination of the amount of the reduction, either to restricted reserves or to freely unrestricted reserves, furnishing guarantees, as the case may be, and meeting the requirements established by law; (iv) adapt article 6 of the Company Bylaws to the new amount of the share capital; (v) request the delisting of the amortised shares and, generally, adopt any resolutions required for the purpose of said amortisation and the subsequent capital reduction, designating the persons who can take part in the formalisation thereof.*

*The execution of this capital reduction will be subordinated to the execution of the capital reduction by amortisation of treasury shares proposed to the Annual General Meeting of Shareholders under item 7 of the Agenda, such that in no event may it prevent the execution of said resolution pursuant to the provisions therein.*

Madrid, 21 March 2013