

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 OUTSTANDING SHARES, 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 DISAPPLY 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 WILL BE SUBMITTED FOR APPROVAL BY THE SHAREHOLDERS AT THE GENERAL MEETING TO BE HELD ON 28 MAY 2014, ON FIRST CALL, AND 29 MAY 2014, ON SECOND CALL.

Purpose of this report

This report has been drafted to justify the proposed resolution to be submitted for approval by the shareholders at the General Meeting of ACS Actividades de Construcción y Servicios, S.A., (hereinafter, the "Company") to be held on 28 May 2014, on first call, and the following day, 29 May 2014, on the second call, as item 9 on the agenda.

The proposed resolution consists of 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 401 *et seq.* and 510 and 511 of the Consolidated Text of the Spanish Companies Law and in article 319 of the Spanish Mercantile Register Regulations), 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 or another Company's newly-issued shares or outstanding shares; (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) disapply 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, against 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 speed that these markets require. The purpose of the delegation of these powers is to give the Board the flexibility and ability to respond to its needs in the environment in which it operates, without the delays that calling and holding a General Meeting entail.

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

The proposal to be submitted for approval by the shareholders at the General Meeting sets forth both the maximum amount of the securities to be issued under the delegation of authority proposed to the shareholders at the General Meeting, which will amount to EUR 3,000 million. 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 319.2 of the Mercantile Register Regulations, is five years. It is also 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 or another companies' newly-issued shares or outstanding shares. 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 Companies Law and Mercantile Register Regulations applicable to convertible debentures will be applied.

Basis for and forms of conversion and exchange

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

In all cases, 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 will 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 will be accompanied by the relevant report from the auditors provided in article 417 and article 511 of the Consolidated Text of the Spanish Companies Law. These reports will be made available to the shareholders and, if applicable, to the holders of the convertible and/or exchangeable fixed-income securities and/or the warrants and the

shareholders will be notified at the first General Meeting held after the resolution to carry out each issue.

With respect to the convertible or exchangeable fixed-income securities, the resolution provides that in the event 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 shares on the stock market over the period defined by the Board of Directors, which may not be more than three months or 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 stock market on the day prior to the adoption of the resolution by the Board of Directors to approve the specific issue.

In the event that the Board of Directors resolves to issue the fixed-income securities with a floating rate of conversion and/or exchange, the price of the shares will be the arithmetic mean of the closing prices of the shares on the stock market over the period defined by the Board of Directors, which may 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. In all cases, 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.

Basis for and forms of exercise of the warrants

It is proposed that the exercise price of the warrants (which may vary 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 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 shares on the stock market over the period defined by the Board of Directors, which may not be more than three months or 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 stock market on the day prior to the adoption of the resolution by the Board of Directors to approve the aforementioned 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 converting and/or exchanging the fixed-income securities

or exercising 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 event 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, provided 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 shareholders at the General Meeting does not exceed the limit of half of the share capital envisaged in article 308 of the Consolidated Text of the Spanish Companies Law.

Delegation of the power to disapply preferential subscription rights

Additionally, applying the provisions of article 417 and article 511 of the Consolidated Text of the Spanish Companies Law, it is proposed that authorisation be granted to the Board of Directors so that it may opt to disapply 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, speed and ease currently required to operate in the financial markets.

In all cases, if the Board decides to override preferential subscription rights, at the date on which the resolution to approve the issue is passed, it must issue a report detailing the specific reasons why it is in the Company's interest to take this measure. This report will be subject to an additional report issued by an auditor as provided in articles 417.2 and 511.3 of the Consolidated Text of the Spanish 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 Meeting held after the resolution to carry out the issue.

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 shareholders at the General 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

Likewise, it is established that, at the following General Meetings held by the Company, the Board of Directors shall inform shareholders of any use made of the delegation of power proposed up until such time.

Listing of shares

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

Full text of the resolution to be submitted for discussion and approval by the shareholders at the General Meeting

The resolution whose adoption is proposed to the shareholders at the General 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 or other companies' newly-issued shares or outstanding shares, under the following terms:

- 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 company in the Group or other companies, and/or convertible in shares of the Company or other companies, as well as warrants on newly-issued shares or outstanding shares of the Company or other companies.
- 2.- The securities may be issued on one or more occasions at any time during a maximum of five years beginning on the date this resolution is adopted.
- 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 three million euros.
- 4.- When the Board of Directors makes use of the authorisation granted herein, for each issue it will be responsible for, by way of example but 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 by 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 exercise price; whether the securities are perpetual 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, Spanish 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 outstanding shares, 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 will be measured at their nominal 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 floating 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 the shares in question 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 shares in question on the stock markets on which they are listed over a period to be set by the Board of Directors, which may not be more than three months or less 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 the day prior to the adoption of the aforementioned issue resolution. However, the Board of Directors may issue the debentures or bonds with a floating rate of conversion and/or exchange, in which case, for the purpose of conversion or exchange, the price of the shares will be the arithmetic mean of the closing prices of the shares of the company in question for a period to be set by the Board of Directors, which may not be more than three months or less 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 per cent.

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

5.5.- In accordance with the provisions or article 415.2 of the Spanish Companies Law, debentures may not be converted to shares when the nominal value of the debentures is lower than the nominal value of the shares. In addition, the share value may never be lower than its nominal value.

5.6.- When approving the issue of convertible or exchangeable debentures or bonds, the Board of Directors will issue a directors' report to develop and specify, on the basis of the criteria described above, the bases for and forms of conversion that specifically apply to said issue. This report will be accompanied, where applicable, by the related auditors' report as envisaged in articles 417 and 511 of the Spanish Companies Law. Moreover, said reports will be made available to the shareholders and, where applicable, to the holders of the convertible or exchangeable fixed-income securities or warrants and the shareholders will be informed at the first General Meeting held after the resolution to carry out the issue.

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

6.1.- The warrants that are issued may entitle their holders to subscribe new shares in the Company or other companies and/or to acquire outstanding shares in the Company or other companies, and the Board of Directors will be authorised to determine this.

6.2.- The deadline for exercising the issued securities will 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 outstanding at the time 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 will be determined by the Board of Directors in the resolution regarding their issue or will be determined at the date or dates indicated in the resolution by the Board of Directors in accordance with the market price for the shares of the company in question on the dates or over the periods used as a benchmark in the resolution. The exercise price may vary depending on when the warrant is exercised. In all cases, the price of the share to be taken into account may not be lower than the greater of (i) the arithmetic mean of the closing prices of the shares of the company in question on the stock market over a period to be set by the Board of Directors, which may not be more than three months or less 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 stock 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 previous paragraph, or lower than the nominal value of a Company share.

6.5.- When approving the issue of warrants, the Board of Directors will issue a directors' report to develop and specify, on the basis of the criteria described above, the bases for and forms of conversion that specifically apply to said issue. This report will be accompanied, if applicable, by the related auditors' report as envisaged in articles 417 and 511 of the Consolidated Text of the Spanish 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 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 share capital by the amount needed to meet the requests to convert securities or exercise warrants over new shares. This power may only be exercised to the extent that when adding the amount of the capital increase to satisfy the issue of convertible debentures or bonds or the exercise of warrants on newly-issued shares to the remaining share capital increases resolved by virtue of the authorisations granted by the shareholders at the General Meeting, the Board of Directors does not exceed the limit of half of the share capital envisaged in article 297.1 b) of the Consolidated Text of the Spanish Companies Law. This authorisation to increase 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 Bylaws 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 disapply, by virtue of the provisions of articles 417 and 511 of the Consolidated Text of the Spanish Companies Law, the preferential subscription rights of shareholders or holders of convertible or exchangeable debentures or bonds, and warrant holders, if necessary to bring in financial resources in Spanish 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 disapply the preferential subscription rights for a specific issue of convertible debentures or bonds or warrants over any newly-issued shares that it may resolve by virtue of this authorisation, when approving the issue, it will also issue a report detailing the specific reasons why doing so is in the best interest of the Company. This report will be subject to a parallel report by the auditor referred to in articles 417 and 511 of the Consolidated Text of the Spanish Companies Law. These reports will be made available to the shareholders and to the holders of the convertible debentures or bonds and the shareholders will be informed at the first General Meeting held after the resolution to carry out the issue

7.3.- The power to develop and specify the bases for and forms of conversion, exchange or exercise on the basis of the criteria set forth above.

8.- At the following General Meetings held by the Company, the Board of Directors shall inform shareholders of any use made of the delegation of power proposed up until such time.

9.- The Board of Directors is expressly authorised to guarantee on behalf of the Company all manner of obligations that may arise 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 will request the admission of the debentures, bonds and other securities issued by virtue of this authorisation in official or unofficial, organised or unorganised, Spanish or foreign secondary markets, and the Board of Directors will have the power to perform any and all actions that are necessary or pertinent to achieve this end. 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 will be adopted with the same formalities referred to in said article, and in such case, the Company will 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."

In Madrid, on 26 March 2014.