

C. Remuneration Policy Report

ACCIONA, S.A. and Subsidiaries

2008 REPORT ON REMUNERATION POLICY

1. INTRODUCTION

In accordance with the provisions of article 54 of the Board of Directors Regulation, that body must approve an Annual Report on Remuneration Policy for Directors which must be made available to shareholders on the occasion of giving notice of the Shareholders' Meeting.

The report is structured in line with the structure of remuneration paid to board members.

2. CLAUSES IN THE BYLAWS AND BOARD OF DIRECTORS REGULATION

Article 31.2 of the Bylaws establishes that the Board of Directors is entitled to 5% of profit each year after making allocations to the items referred to in paragraphs 1, 2 and 3 of article 47.2 of the Bylaws, unless the Shareholders' Meeting, at the proposal of the Board of Directors, determines a smaller percentage when it approves the financial statements.

Directors' remuneration is distributed in the proportion decided by the Board.

Subject to a prior decision by the Shareholders' Meeting with the legally required scope, executive directors may also be remunerated with shares or stock options or another remuneration system referenced to the share price.

Consequently, the maximum remuneration payable to the Board of Directors is 5% of earnings after: a) making provision to the legal reserve, b) making provision to the voluntary reserve such that this provision plus the provision to the legal reserve together amount to 10% of income for the year, and c) allocating at least 4% of par value as a dividend.

Directors' remuneration is also regulated by article 55 of the Board of Directors Regulation, which establishes that:

- The Board of Directors must determine the directors' remuneration regime within the framework established by the Bylaws.
- The decision must be based on a report on the subject issued by the Nomination and Remuneration Committee.
- The Board of Directors must ensure that directors' remuneration is moderate and in line with the market rate at companies of a similar size and activity, favouring systems which link a significant part of the remuneration to the level of dedication to ACCIONA.
- The Board of Directors must also ensure, in the case of variable awards, that remuneration policies include technical safeguards to ensure that they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, or other circumstances of this kind.
- The remuneration regime must allocate analogous remuneration to similar functions and dedication.
- The remuneration system for independent directors must seek to provide sufficient incentive for dedication without compromising their independence.
- The remuneration of proprietary directors for their duties as director must be in proportion to that received by other directors, and must not represent special treatment regarding the remuneration of the shareholder who proposed their appointment.
- Remuneration of executive directors derived from their membership of the Board of Directors must be compatible with other professional or occupational remuneration they receive for the executive or consultancy functions they undertake at ACCIONA or in its group.

- The executive directors may be beneficiaries of remuneration systems that comprise the delivery of shares or stock options or any other remuneration system referenced to the share price. In that case, the Board must submit a proposal in this connection to the Shareholders' Meeting.
- Directors' remuneration must be transparent.
- The Board of Directors must adopt the necessary measures to ensure that the annual report contains an itemised disclosure of the directors' remuneration for their position as such, and also the remuneration of the executive directors, which may be broken out individually if the Board so decides.
- Information must also be given on the relationship in the year between the remuneration obtained by executive directors and the company's profits, or some other measure of enterprise results;
- ACCIONA may arrange liability insurance and a pension system for directors.

ACCIONA has arranged civil liability insurance for its directors and executives but it has not arranged a pension system for directors.

3. REMUNERATION IN 2008

3.1.- Remuneration for performing the oversight and collective decision-making function deriving from membership of the Board of Directors.

The total remuneration paid to the Board of Directors for discharging its duty as the company's governing body in 2008 was 925,000 euros. This amount is broken down as follows on the basis of each director's membership of the various committees:

50,000 euros for membership of the Board of Directors.
 50,000 euros for membership of the Executive Committee.
 25,000 euros for membership of the Audit Committee.
 25,000 euros for membership of the Nomination and Remuneration Committee.

These amounts are fixed annually and are paid every half-year, regardless of the number of meetings that are held in the year. No specific per diems are paid for attending meetings.

The three executive directors who are members of the executive committee did not receive any remuneration for their membership of that committee as it was considered to be included in the remuneration for their professional services as directors.

The aforementioned amounts were established in 2005 and were not modified in 2006, 2007 and 2008.

Note 35 of the notes to financial statements details the individual amounts paid to each director for the oversight function.

AMOUNTS PAID TO EACH DIRECTOR (in euros)

Name	For membership of the Board of Directors	For membership of the Executive Committee	Audit Committee	Nomination Committee	Total amount for directorship functions
Mr José María Entrecanales de Azcárate (*)	25,000				25,000
Mr Juan Entrecanales de Azcárate	50,000				50,000
Mr Juan Manuel Urgoiti López-Ocaña	50,000	50,000	25,000	25,000	150,000
Mr Carlos Espinosa de los Monteros	50,000	50,000	25,000	25,000	150,000
Mr Germán Gamazo Hohenlohe (*)	25,000				25,000
Mr Alejandro Echevarría Busquet	50,000	50,000		25,000	125,000
Mr José Manuel Entrecanales Domecq	50,000				50,000
Mr Juan Ignacio Entrecanales Franco	50,000				50,000
Mr Esteban Morrás Andrés	50,000				50,000
Lord Tristan Garel-Jones	50,000	50,000	25,000		125,000
Mr Valentín Montoya Moya	50,000				50,000
Ms Belen Villalonga Morenes	50,000				50,000
Ms Consuelo Crespo Bofill (**)	25,000				25,000
TOTAL	575,000	200,000	75,000	75,000	925,000

(*) Directors who left the Board in 2008. (**) Directors who joined the Board in 2008.

3.2.- Remuneration for executive functions in the company

This item includes remuneration paid to directors for performing executive functions at the company and its group other than the collective oversight and decision-making functions performed as part of the Board or its committees.

It is governed by article 55.6 of the Board of Directors Regulation, which establishes that remuneration of executive directors derived from their membership of the Board of Directors must be compatible with other professional or occupational remuneration they receive for the executive or consultancy functions they undertake at ACCIONA or in its group.

The Board of Directors must also ensure, in the case of variable awards, that remuneration policies include technical safeguards to ensure that they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, or other circumstances of this kind.

The remuneration policy for executive directors to compensate their executive functions is based on the following principles:

- The overall remuneration must be competitive with respect to comparable institutions in the industry.
- The variable annual component must be significant with respect to the fixed component and it must be tied to attainment of goals that are aligned with shareholder interests.
- It should include medium-term multi-year variable remuneration systems that encourage the attainment of goals on a sustained basis over time as well as the retention of critical personnel related to those objectives.

The components of remuneration should basically be fixed remuneration and variable remuneration (the latter including the delivery of ACCIONA shares and compensation in kind).

The Board of Directors intends to provide a breakdown of the individual directors' remuneration for executive functions to the extent that this policy

is adopted by a broad majority of listed companies and companies that can be classified as rivals of ACCIONA.

Transparency vis-à-vis the markets and shareholders is also achieved by providing the aggregate figure of such remuneration, which is what the Board of Directors considered appropriate in 2008.

a. Fixed remuneration

The aggregate amount of compensation in kind collected in 2008 by the directors with executive functions in the company or group was 1.256 million euros.

The figures for the last three years, in thousand euros, are as follows:

2006	2007	2008
1,357	1,420	1,256

b. Variable remuneration

The variable remuneration is based essentially on meeting the economic objectives set in the annual budget and on the individual executive director's performance evaluation.

The aggregate amount of variable remuneration collected in 2008, corresponding to the bonus for 2007 results, by directors who performed executive functions in that year, was 4.462 million euros.

The figures for the last three years, in thousand euros, are as follows:

2006	2007	2008
2,238	3,399	4,462

c. Compensation in kind

Compensation in kind is classified under the following headings: use of vehicle, healthcare insurance under an executive policy, casualty insurance in the terms granted to group staff, and company shares under the Share Delivery Plan Regulation; the latter item is the largest: 218.4 thousand euros.

d. Remuneration linked to the Company's share

As provided in article 31.2 of the Bylaws and article 55.6 of the Board of Directors Regulation, the executive directors may be beneficiaries of remuneration systems that comprise the delivery of shares or stock options or any other remuneration system referenced to the share price, subject to prior approval by the Shareholders' Meeting.

By Law and in accordance with the Company's Bylaws, the decision to offer remuneration linked to the Group's share lies with the Shareholders' Meeting, based on a proposal by the Board of Directors following consultation with the Nomination and Remuneration Committee.

In 2008, the executive directors received, as part of their variable remuneration, 415 shares each, in the conditions established in the Regulation of the plan for delivery of shares to ACCIONA senior management; the basic characteristics are detailed in the Annual Corporate Governance Report and in the notes to financial statements for 2008. In 2007, each of the executive directors received 425 shares.

ACCIONA does not have any form of pension or benefit plan that involves post-employment costs for the company.

e. Duration, notice periods and indemnity clauses in the event of termination of directors with executive functions.

The term of the executive directors' contract for their executive functions is indefinite.

In any case, the executive directors must tender their resignation to the Board of Directors and, if the latter deems it appropriate, resign if they are removed from the executive position that resulted in their appointment as directors.

The rules for advance notice of termination of contract are those established in the employment contracts and, by default, those contained in the current labour legislation.

It is company policy not to grant termination indemnity clauses for its executives other than those established in the current labour legislation for cases of unfair dismissal, absent a specific agreement. Nevertheless, one director has a contract, signed in the past with a company that is currently part of the group, that provides two years' remuneration as a termination indemnity.

f. Proportion between directors' remuneration for executive functions and the Company's earnings.

Below are the amounts of remuneration collected by the directors for executive functions (excluding remuneration for belonging to the board of directors of the company and group companies) and the earnings obtained in the last three years, in thousand euros:

	2006	2007	2008
Remuneration for executive functions	3,595	5,153	5,937
Earnings	1,031,532	950,417	464,471

g. 2009 remuneration policy

No significant changes to the remuneration policy for executive directors are planned for 2009.

The aggregate amount of variable remuneration to be collected in 2009, corresponding to the bonus for 2008 results, by directors who performed executive functions in that year, is 3,530 thousand euros.

If approved by the Shareholders' Meeting, executive directors will also receive 3,147 shares and 6,071 stock options, in the conditions established in the Regulation of the Plan for delivery of Shares to ACCIONA Senior Management.