

Annual Corporate Governance Report Fiscal Year 2007

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a. Introduction

Corporate Governance

The coming into force of the Financial System Reform Act and the publication of the report on Security and Transparency in the markets prepared by the Aldama Commission and the recent Transparency Act, and at last resort the Unified Code of Corporate Governance of Listed companies, have amended and improved the system that was in force, or recommended, at the time, in so far as Corporate Governance practices are concerned, by means of a set of rules and regulations, some of which are of a clearly innovative nature.

Previously, from a formal perspective, Corporate Governance in small- and medium-sized listed companies was understood, until the aforementioned reforms, to mean compliance with the minimum requirements needed to allow a complete response to the questionnaire that the National Securities Market Commission demanded as a result of the Olivencia Report and the recommendations included therein. Today, following the reform, listed companies cannot merely take a passive or explanatory stance. Some of the Aldama Report recommendations have already been incorporated into prevailing law and must be complied with. The measures, rulings and recommendations issued to date form a single coherent and complete group, whose objective is to offer a real and transparent representation of the listed company, as an additional element for the investor to consider.

Corporate Governance, as an ensemble of practices – required by law as well as being undertaken voluntarily – of each company in relation to the structure, organization, operation, competences and supervision of its governing bodies, is enshrined in a fundamental principle, which is none other than the principle of the capital markets: the general principle of information; transparent, real, balanced, true and complete information. Only in this way can shareholders and potential investors be guaranteed equality of treatment and opportunities.

There are two sides to the information obligation:

- The objective side: "what" is reported
 - Accounting or financial information
 - Relevant events
 - Capital structure, shareholders
 - Corporate Governance Legislation
 - Annual Corporate Governance Report
- The subjective side: "how" to report it
 - Periodic financial information
 - Relevant events
 - Significant shareholdings
 - Issued and submitted brochures
 - Website, etc.

Abengoa has made a significant effort within its company structure and its different components, to adapt itself and incorporate the initiatives put in place by the new legislation. Below we will briefly present each of these aspects and the innovations implemented by the company:

a) Accounting / financial information

The periodic information obligations (quarterly, half-yearly and annual) remain based on an information model created by the CNMV which, since the second half of 2002, can only be submitted telematically (in coded electronic format), have already been implemented voluntarily by Abengoa.

b) Relevant Events

The Financial System Reform Act has modified the previous definition of this concept, establishing it as information of which knowledge could reasonably lead an investor to purchase or transfer securities and which therefore may appreciably influence the price. Nevertheless, the relevant event concept continues to be non-specific and open (signifying that conducts or actions that warrant this consideration are not specified, partly because it is an almost impossible exercise due to the varied practices of corporate decisions that may be relevant but where a certain degree of legal

uncertainty remains). There are two criteria that are used complementarily to determine the content of this concept: i) the practice followed by the CNMV on previous occasions, and ii) the practice followed by companies themselves on similar occasions. Here the basis of good governance is deduced; consistency; not only is the existence of internal and casuistic regulations of value but the consistency between this and the real conduct of the company and its administrators and senior management.

c) Related Transactions

- c.1) These are transactions carried out between the company and its shareholders, administrators or directors that entail the transfer of business resources, obligations or business opportunities.

Related transactions have a dual information channel:

- a) Those that are relevant are individually reported as a relevant event.
- b) All transactions are summarized in the half-yearly information report.

- c.2) Related transactions may potentially be a source of so-called conflicts of interest. In these cases, good governance practice recommends a series of measures in resolving them whenever possible: i) the abstention from voting for the adoption of the corresponding resolution by the persons affected by the conflict of interest; ii) complete, clear and real-time distributed information, and iii) independent evaluation.

Aware of the limitations imposed upon it by the specific characteristics related to its history and its composition, Abengoa has adopted these transparency criteria and the criteria for the resolution of these potential conflicts. To this end, on February 24, 2003, the Board of Directors modified the Board of Directors' regulations and the Advisory Board's regulations (until a resolution of the General Shareholders'

Meeting of April 15, 2007 dissolved this body). The Audit Committee, composed mainly of independent members of the Board of Directors, is the body responsible for the supervision of these transactions.

d) Annual Corporate Governance Report

The questionnaire on the level of take-up of the recommendations proposed by the CNMV to be carried out by all listed companies has been complied with by means of the obligation to create and disseminate an Annual Corporate Governance Report.

The Annual Report reflects the specific principles of the company's governance structure (who and how decisions are made and what decision-making is based on) in the same way that the periodic financial reporting is a summary of the main economic characteristics of the company for the period under consideration, collated in the balance sheet and the profit and loss account for this period.

Abengoa implemented this recommendation in 2002, and a specific chapter relating to the Company's governance was therefore included in the 2002 Annual Report – and we have been doing so in subsequent years – completed with the new items included in the Aldama Report and in the Financial System Reform Act, distinguishing the actions already taken from those that were being finalized for their upcoming implementation. Therefore:

- a) On December 2, 2002, the Audit Committee was constituted.
- b) On February 24, 2003, the Appointments and Remuneration Committee was constituted.
- c) On the same day, February 24, 2003, the Board of Directors drafted a proposal modifying the Company Bylaws for the purpose of incorporating the provisions relating to the Audit Committee, the proposal relating to the Regulation on the administration of shareholders' meetings, the partial amendments to the Regulations of the

Board of Directors and the Regulations of the Advisory Board and, finally, the rules governing the Internal Regulations of the Audit Committee and the Appointments and Remunerations Committee, approved by the General Meeting of June 29, 2003.

Finally, following another of the Aldama Report recommendations, the Internal Corporate Governance Regulation was rewritten as a complete single text and was duly notified to the CNMV and is available since then at Abengoa's website.

e) Website (www.abengoa.com)

The obligation to provide the market with useful, truthful, complete and balanced information in real time would not be sufficient if the appropriate means of transmitting this information are not adequate, guaranteeing that it is disseminated effectively and usefully. Therefore, as a result of new technology, the Aldama Report, the Financial System Reform Act and the Transparency Act recommend and impose the use of listed companies' websites as an information tool (including historical, qualitative and quantitative company data) and as a distribution tool (including real-time current or personalized information that may be accessed by investors).

Abengoa therefore introduced a new website at the end of the first quarter of 2002, characterized firstly by a more direct, rapid and efficient on-screen presentation, and secondly by a wide-ranging and comprehensive information content and documentation, made available to the shareholders in particular and to the general public, which is subjected to a continuous process of revision, enhancement and updating.

In January 2008, Abengoa completed a new development of its website, which largely focuses on improving requirements for accessibility, agility, presentation, access and downloading of information, while ensuring that the full contents of historical information remain available on the site.

In conclusion, we should say that both the available information and its actual distribution portal – the website – are continuously updated; Corporate Governance, the rules that regulate it and the laws that govern or recommend it continue, and will continue to constantly develop. In the same way that all companies engaged in growing must adapt and anticipate the development of the markets, so must they also be forward-looking, in relation to self-regulation (that is, adopting their own code of conduct so that their operation and decisions may be evaluated from the outside), development, transparency and information in order to assure market confidence and with it, their growth.

b. The Company's Shareholding Structure.

i) Significant shareholdings

Abengoa S.A.'s share capital is represented by book-entry records managed by Iberclear (Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.), and comprises 90,469,680 shares of 0.25 euro nominal value of the same class and series, representing 22,617,420 euros of share capital. All the shares are admitted to official trading on the Madrid and Barcelona Stock Exchanges and in the Spanish Stock Exchange Interconnection System (Continuous Market) as of November 29, 1996.

In December of 2007, Abengoa was selected by the Ibex35 Technical Assessment Committee for entry to the index starting January 2, 2008, following the ordinary review of listed companies undertaken by the aforementioned Committee, which, in addition to capitalization, assessed turnover and the industry to which the company belonged. The Ibex 35 is the most closely-monitored Spanish index by Spanish and foreign investors, and features the thirty-five companies with the highest stock market capitalization and turnover.

The latest modification to the share capital was made by resolution approved at the Ordinary General Shareholders' Meeting of June 24, 2001, in relation to splitting of the face value of the shares, from 1 euro to 0.25 euros per share, with the resulting modification to the number of issued shares, from 22,617,420 to the current number of 90,469,680, and, as a consequence, the modification of Articles 6 and 21 of the Company Bylaws in order to adapt them to the new number of shares and their face value, with the simultaneous exclusion of the previous shares and admission to listing of the new ones.

Date Last modificación	Share Capital (EUR)	Number of shares
06.24.2001	22,617,420	90,469,680

As the capital is represented by book-entry records, there is no shareholders' registry separate to the significant shareholdings communications and the list (X-25) provided by Iberclear on the occasion of the General Shareholders' Meetings. Pursuant to this information (Shareholders List as of April 9, 2007 provided by Iberclear) and the notification of Significant Shareholdings, the situation is as follows:

Tax or VAT no.	Shareholder	Number of direct shares	Number of indirect shares (*)	% Share Capital
A41105511	Inv. Corporativa	45,234,723	5,465,183 (*)	56.04
A41037797	Finarpisa	5,465,183	-	6.04

(*) Through:

Tax or VAT no.	Shareholder	Number of direct shares	Number of indirect shares (*)	% Share Capital
A41037797	Finarpisa	5,465,183	-	6.04

• Significant movements during the fiscal year

Tax or VAT no.	Shareholder	Operation date	Description
-	-	-	-

The number of registered shareholders at the General Shareholder's Meeting held on April 15, 2007 was 10,192.

The Company is not aware of the existence of any agreements or pacts between shareholders undertaking neither to adopt, by means of joint voting, a common policy regarding the management of the company nor to significantly influence it.

ii) Shareholdings of members of the Board of Directors

In accordance with the register of significant shareholdings the Company maintains and pursuant to the Internal Conduct Rules and Regulations in relation to the Securities Market, the directors' shareholdings in the company's capital as of December 31, 2007 are as follows:

	% Direct	% Indirect	% Total
Felipe Benjumea Llorente	0	0.839	0.839
Javier Benjumea Llorente	0.002	0	0.002
José Joaquín Abaurre Llorente	0.002	0	0.002
José Luis Aya Abaurre	0.061	0	0.061
Aplicaciones Digitales S. L.	1.039	0	1.039
Daniel Villalba Vilá	0.006	0	0.006
Carlos Sebastián Gascón	0.013	0	0.013
Mercedes Gracia Díez	0.0005	0	0.0005
M.ª Teresa Benjumea Llorente	0.013	0	0.013
Ignacio Solís Guardiola	0.016	0	0.016
Fernando Solís Martínez-Campos	0.056	0.036	0.092
Carlos Sundheim Losada	0.051	0	0.051
Miguel Martín Fernández	0.001	0	0.001
Miguel A. Jiménez-Velasco Mazarío	0.029	0	0.029
Total	1.2895	0.875	2.1645

ID or Tax no.	Director	Date first appointment	Date last appointment	Number of direct shares	Number of indirect shares	% Share capital
28526035	Felipe Benjumea Llorente	06.25.83	06.26.05	0	759,111	0.839
28345379	Javier Benjumea Llorente	06.25.83	06.26.05	1,960	0	0.002
28414158	José Joaquín Abaurre Llorente	06.25.88	06.26.05	1,900	0	0.002
28332348	José Luis Aya Abaurre	06.25.83	06.26.05	55,076	0	0.061
B81426066	Aplicaciones Digitales S. L.	04.15.07	04.15.07	930,750	0	1.039
38998715F	Daniel Villalba Vilá	06.26.05	06.26.05	5,940	0	0.006
114428A	Carlos Sebastián Gascón	06.26.05	06.26.05	12,000	0	0.013
50284250V	Mercedes Gracia Díez	12.12.05	04.09.06	500	0	0.0005
28343491Q	M.ª Teresa Benjumea Llorente	04.15.07	04.15.07	12,390	0	0.013
28560056J	Ignacio Solís Guardiola	04.15.07	04.15.07	15,336	0	0.016
15799697P	Fernando Solís Martínez-Campos	04.15.07	04.15.07	50,832	34,440	0.092
28302692L	Carlos Sundheim Losada	04.15.07	04.15.07	47,027	0	0.051
31503593X	Miguel Martín Fernández	04.15.07	04.15.07	1,600	0	0.001
28874696J	Miguel A. Jiménez-Velasco Mazarío	04.15.07	04.15.07	27,040	0	0.029

iii) Shareholders' Agreements

The company has no evidence of the existence of any shareholders' agreements or syndication agreement among its shareholders.

Tax or VAT no.	Denomination
A41105511	Inversión Corporativa, I. C., S. A.
Observations In accordance with Art. 4 LMV Inversión Corporativa holds more than 50% of the share capital.	

iv) Treasury Stock

The General Shareholders' Meeting held on April 15, 2007 agreed to authorize the Board of Directors to make derived acquisitions, through purchases, of shares in the company that may be made either directly or via subsidiary companies or investors up to the maximum limit specified under current provisions at a price of between three euro cents (0.03 euros) per share minimum and one hundred and twenty euros and twenty cents (120.20 euros) per share maximum, being able to make use of this facility during a period of eighteen (18) months from that very date and subject to that specified in Section Four of Chapter IV of the Revised Text of the Spanish Companies Act, expressly revoking the authorization conferred to the Board of Directors, for the same purposes, by virtue of the agreement adopted by the Shareholders' General Meeting held on June 26, 2005.

As of 12/31/2007, the Company did not hold any of its own shares as treasury stock.

With regard to operations executed during the fiscal year, 2,425,169 of its own shares were acquired and ownership of 2,425,169 of its own shares was transferred, with the net final balance therefore standing at zero. The net result of operations was 1,003,081.52 euros.

• Treasury Stock as of 12/31/2007:

Number of direct shares	Number of indirect shares	% Share capital
0	0	0

Details of significant variations:

Date	Number of direct shares	Number of indirect shares	% Share capital
-	0	0	0

Results obtained by treasury stock	Thousands of €
	1,003

c. Company Administrative Structure.

i) The Board of Directors

i.1) Composition: number and identity of members

Following the modification of Article 39 of the Company Bylaws by agreement of the General Shareholders' Meeting held on April 15, 2007, the maximum number of seats on the Board of Directors, which to date has been nine, was increased to fifteen. The aim of this modification was fundamentally intended to provide this administrative body with the number of directors that would on the one hand allow for a potentially more diverse composition and, on the other, facilitate delegation, attendance and the adoption of resolutions with minimum attendance and which would guarantee a multiple and plural presence on the Board of Directors.

Maximum number of directors	Minimum number of directors
15	3

The Board's composition, in accordance with the recommendations established in the Aldama Report and in the Unified Code of Corporate Governance of Listed companies, takes the company's shareholding structure into account, so that it may firmly represent the highest possible percentage of the share capital and protect the general interests of both the Company and its shareholders, while also being granted the degree of independence that is appropriate to the professional practices and requirements of any company. The Board's current composition is as follows:

Felipe Benjumea Llorente
 José B. Terceiro
 José Joaquín Aburiente Llorente
 José Luis Aya Abaurre
 Javier Benjumea Llorente
 María Teresa Benjumea Llorente
 Mercedes Gracia Díez
 Miguel Martín Fernández
 Carlos Sebastián Gascón
 Ignacio Solís Guardiola
 Fernando Solís Martínez-Campos
 Carlos Sundheim Losada
 Daniel Villalba Vilá

Secretary-director and Legal Advisor: Miguel A. Jiménez-Velasco Mazarío.

(* Mr. Ignacio Polanco Moreno resigned as a Company board member of his own volition on October 22, 2007 due to increased professional commitments.

• Table with the members of the Board of Directors:

ID or Tax no.	Name	Representative	Position	Date first appointment	Date last appointment	Election procedure
28332348	Aya Abaurre, José Luis	–	Director. Member Appoint. & Remuneration Committee	25.06.83	06.26.05	Share Meet.
28414158	Abaurre Llorente, José Joaquín	–	Director Member Audit Committee	25.06.88	06.26.05	Share Meet.
28526035	Benjumea Llorente, Felipe	–	Chairman	25.06.83	06.26.05	Share Meet.
28345379	Benjumea Llorente, Javier	–	Director	25.06.83	06.26.05	Share Meet.
50284250V	Gracia Díez, Mercedes	–	Director Member Audit Committee	12.12.05	04.09.06	Co-op. Share M.
114428A	Sebastián Gascón, Carlos	–	Director. Chairman Appoint. & Remuneration Committee	06.26.05	06.26.05	Share Meet.
35203147	Aplicaciones Digitales, S. L.		Director. Member Audit Committee & of the Appoint. & Remuneration Committee	04.15.07	04.15.07	Share Meet.
38998715F	Villalba Vilá, Daniel		Director. Chairman Audit Committee M. Appoint. & Remuneration Committee	02.28.05	06.26.05	Co-op. Share M.
28343491Q	Benjumea Llorente, M. ^a Teresa		Director	04.15.07	04.15.07	Share Meet.
28560056J	Solís Guardiola, Ignacio		Director	04.15.07	04.15.07	Share Meet.
15799697P	Solís Martínez-Campos, Fernando		Director	04.15.07	04.15.07	Share Meet.
28302692L	Sundheim Losada, Carlos		Director	04.15.07	04.15.07	Share Meet.
31503593X	Martín Fernández, Miguel		Director	04.15.07	04.15.07	Share Meet.
28874696J	Jiménez-Velasco Mazarío, Miguel Á.		Director. Secretary to the Board of Directors and the Audit Committee	04.15.07	04.15.07	Share Meet
Total number of directors		14				

i.2) Condition and Representation

The total number of board members is considered to be sufficient in order to ensure the proper representation and effective operation of the Board of Directors.

Notwithstanding the fact that independence is a quality that must be common to all directors without exception, regardless of their origins or the reason for their appointment, and that they must be judged on the reliability, integrity and professionalism of their performance, pursuant to the guidelines included under Law 26/2003 and Ministerial Order 3722/2003, and in the Unified Code of Corporate Governance of Listed companies, the current administrators are classified as follows: actuales administradores es como sigue:

Felipe Benjumea Llorente	- Executive (Chairman).
José B. Terceiro (In rep. of Aplicaciones Digitales, S.L.)	- Executive (Vice-Chairman) - Chairman Advisory Board. - Member of the Audit Committee. - Member of the Appointments and Remuneration Committee.
José Joaquín Abaurre Llorente	- External, Dominial. - Member of the Audit Committee
José Luis Aya Abaurre	- External, Dominial. - Member of the Appointments and Remuneration Committee.
Javier Benjumea Llorente	- External, Dominial.
M ^a Teresa Benjumea Llorente	- Dominial
Mercedes Gracia Díez	- Independent. - Member of the Audit Committee.
Miguel Martín Fernández	- Independent - Member of Audit Committee
Carlos Sebastián Gascón	- Independent. - Chairman of the Appointments and Remuneration Committee.
Ignacio Solís Guardiola	- Dominial
Fernando Solís Martínez-Campos	- Dominial
Carlos Sundheim Losada	- Dominial
Daniel Villalba Vilá	- Independent. - Chairman of the Audit Committee.
Miguel A. Jiménez-Velasco Mazarío	- Member of the Appointments and Remuneration Committee. - Secretary to the Board - Secretary to the Audit Committee

As a result, the Board comprises a majority of external, non-executive directors.

Executive Directors

ID or Tax no.	Name	Committee that proposed him/her	Position
28526035	Felipe Benjumea Llorente	Board of Dir. (*)	Chairman
B81426066	Aplicaciones Digitales S.L. Rep. José B. Terceiro Lomba	Appointments and Remuneration Committee	Vice-Chairman

(*) Prior to the existence of the Appointments and Remuneration Committee.

Dominial external directors:

ID or Tax no.	Name	Committee that proposed him/her	Represented shareholder	Shareholder's Tax no.
28.345.379	Javier Benjumea Llorente	Board of Dir. (*)	Inversión Corporativa, I.C., S.A.	A41105511
28414158	José Joaquín Abaurre Llorente	Board of Dir. (*)	Inversión Corporativa, I.C., S.A.	A41105511
28332348	José Luis Aya Abaurre	Board of Dir. (*)	Inversión Corporativa, I.C., S.A.	A41105511
28343491Q	M ^a . Teresa Benjumea Llorente.	Appointments and Remuneration Committee	Inversión Corporativa, I.C., S.A.	A41105511
28560056J	Ignacio Solís Guardiola.	Appointments and Remuneration Committee	Inversión Corporativa, I.C., S.A.	A41105511
15799697P	Fernando Solís Martínez-Campos.	Appointments and Remuneration Committee	Inversión Corporativa, I.C., S.A.	A41105511
28302692L	Carlos Sundheim Losada	Appointments and Remuneration Committee	Inversión Corporativa, I.C., S.A.	A41105511
31503593X	Miguel Martín Fernández.	Appointments and Remuneration Committee	Inversión Corporativa, I.C., S.A.	A41105511
28874696J	Miguel A. Jiménez-Velasco Mazarío.	Appointments and Remuneration Committee	Inversión Corporativa, I.C., S.A.	A41105511

(*) Prior to the existence of the Appointments and Remuneration Committee.

Independent external directors

ID or Tax no.	Name	Committee that proposed him/her	Profile
50284250V	Mercedes Gracia Díez	Appointments	Independent
31.503.593X	Miguel Martín Fernández	Appointments	Independent
114428A	Carlos Sebastián Gascón	Appointments	Independent
38998715F	Daniel Villalba Vilá	Appointments	Independent

Delegated powers:

Director's ID no.	Name	Description
28526035	Felipe Benjumea Llorente	Delegation of powers
B81426066	Aplicaciones Digitales, S.L.	Delegation of powers

Directors who are members of other listed companies:

ID or Tax no.	Name	Listed Company	Position
35203147	José Terceiro Lomba	U. Fenosa	Member of Board of Directors
35203147	José Terceiro Lomba	Iberia	Member of Board of Directors, Member of the Executive Committee.
35203147	José Terceiro Lomba	Grupo Prisa	Member of Board of Directors, Chairman of the Audit Committee.
28526035	Felipe Benjumea Llorente	Iberia	Member of the Board of Directors

iii.3) Rules governing organization and operation

The Board of Directors is governed by the Board Regulations, the Company Bylaws and the Securities Exchange Code of Conduct. The Board Regulations were initially approved at the meeting of the Board of Directors held on January 18, 1998, with the clear aim of anticipating the current Good Governance regulations and ensuring effective internal regulation. They were last modified on June 29, 2003, in order to incorporate provisions relating to the Audit Committee established in the Financial System Reform Act.

- Structure:

The Board of Directors currently has fifteen members (although there is a current vacancy following the resignation of Mr. Ignacio de Polanco Moreno on October 22, 2007 due to an increase in his other professional commitments). The Rules governing the Board of Directors regulate the duties and internal organization of the administration body. Additionally, there exists the Internal Conduct Regulation in relation to the Securities Market, with which the members of the Board of Directors, senior management and all employees affected due to their duties or title have to comply. The Rules of the General Shareholders' Meetings govern the formal aspects and the internal regime of the holding of the Shareholders' Meetings. Finally, the Board of Directors is assisted by the Audit and Appointments and Remuneration Committees, both with their own Internal Regime Rules. All these Rules, put together into the revised body of Corporate Governance Internal Rules, are available on the Company's website, www.abengoa.com.

Since it was constituted, the Appointments and Remuneration Committee has undertaken ongoing analysis of the structure of the company's administrative bodies and their alignment with the recommendations on corporate governance, with special emphasis on the historic and special configuration of them in Abengoa. On February 27, 2007, in accordance with said analysis, the committee recommended the creation of the post of Coordinating Director, as well as the dissolution of the Advisory Committee to the Board of Directors. The establishment of said position was recommended in order to align optimally with the tasks included in the most recent recommendations on corporate governance produced in Spain in 2006; dissolution of the committee was advised since it was felt that it had fulfilled the role for which it had originally been created, and that, were it to operate alongside the remaining company bodies, it could engender situations involving a potential conflict of competences. Both proposals were approved by the Board of Directors meeting of February, 2007 and by the General Shareholders' Meeting of April 15, 2007.

Finally, in October, 2007, the Committee proposed to the Board that it accept Mr. Javier Benjumea Llorente's resignation of his office as Vice-Chairman, along with the consequent revocation of delegated powers and the appointment of a new physical person and/or the Focus-Abengoa Foundation as Abengoa's representative vis à vis the entities or companies in which it holds an appointed position. On the basis of the foregoing, the Committee considered that it would be opportune to repeat the study relating to the number and condition of Vice-Chairpersons of the Board of Directors, within the present structure of administration bodies.

Consequently, the Committee reached the opinion that there should be a single Vice-chairman, with the powers conferred to him/her under the Companies Act in terms of, on the one hand, comprehensive company representation, and on the other, as a counter-balance to the Chairman's functions on the Board.

Based on the foregoing, the Committee felt that the Coordinating Director, in accordance with the functions assigned to the position by the Board of Directors (February 2007 and General Shareholders' Meeting of April 2007) would be the ideal position for exercising said functions, in terms of attending to the recommendations on corporate governance and the company's own structure, and the composition and diversity of its administrators. The position has already been assigned the duties of coordination of concerns and factors motivating the remaining directors, and, in fulfilling this role, the position holder has the power to call Board meetings and to add items to the agenda. As this role features, more in fact than in law, a certain level of representativeness within the Board, because of the position holder's role as the symbol of directors' interests, it was seen to be appropriate to extend and validate said representative function by making it institutional and comprehensive. In view of the aforementioned reasons, the Committee felt that it was appropriate to propose Aplicaciones Digitales, S.L. (Aplidig, represented by Mr. José B. Terceiro Lomba), the current Coordinating Director, for the position of Vice-Chairman of the Board of Directors. As part of the comprehensive representative duties it was also proposed to include as part of the Vice-Chairman's role, working in conjunction with the Chairman, that of being Abengoa's physical representative as chairman of the Board of Trustees of the Focus-Abengoa Foundation, and of so acting in relation to all other foundations and institutions where the company is presently represented, or where it may require to be represented in future.

In light of the above, on December 10, 2007, the Board of Directors approved the appointment of Aplicaciones Digitales, S.L. (represented by Mr. José B. Terceiro Lomba), the current Coordinating

Director, as Executive Vice-Chairman of the Board. In addition, forming part of his comprehensive representative duties (per the powers delegated to him to this effect by the Board of Directors on July 23, 2007), and working in conjunction with the Chairman, the Board also issued its approval for the position to include the role of being Abengoa's physical representative as chairman of the Board of Trustees of the Focus-Abengoa Foundation, and of so acting in relation to all other foundations and institutions where the company is presently represented, or where it may be required to be represented in the future.

Duties:

It is the duty of the Board of Directors to take any action that may be necessary in order to pursue the Company's corporate objective, and it is empowered to establish the Company's financial targets, agree on any relevant measures proposed by Senior Management in order to achieve these targets, and ensure the future viability and competitiveness of the company, along with the presence of a suitable management and leadership team, supervising the development of the Company's business.

Appointments:

The General Meeting or, where applicable, the Board of Directors, within the powers and limits set out in law, is the competent body for appointing members of the Board of Directors. In addition to meeting the requirements set out in law, appointees shall demonstrate that they are known to be trustworthy and have the knowledge, reputation and professional references that are relevant to the performance of their duties.

Directors shall be appointed for a maximum of four years, without prejudice to the possible renewal of their appointment or their re-election.

Removal:

Directors shall be removed from their position at the end of their tenure and under any

other circumstance set out in law. They must furthermore relinquish their seat in cases involving their incompatibility, veto, serious sanction or any breach of their obligations as directors.

- Meetings:

Pursuant to Article 42 of the Company Bylaws, the Board of Directors shall meet whenever it is required in the interest of the Company and, at least, three times a year, the first meeting to be held during the first quarter. During 2007 it met on a total of eight occasions.

- Duties of Directors:

It is the duty of Directors to participate in the direction and monitoring of the company's management in order to maximize the value of the Company to the benefit of its shareholders. Each Director shall act with the proper care of a dedicated professional and loyal representative, guided by the interests of the Company, with complete independence, defending and protecting the interests of all shareholders to the best of their abilities.

By virtue of their appointment, Directors are under the following obligations:

- To gather and prepare information properly for each meeting session.
- To attend and participate actively in meetings and the decision-making process.
- To avoid the occurrence of any conflict of interest and notify the Board of any potential conflict of interest, where applicable, through the Secretary.
- Not to undertake duties with competitor companies.
- Not to use company information for private purposes.
- Not to use the company's business opportunities for their own interests.
- To maintain the confidentiality of any information received as a result of their appointment.
- To abstain in any voting on resolutions that may affect them.

- The Chairman:

In addition to the duties set out in law and in the Company Bylaws, the Chairman is the company's most senior executive, and as such is responsible for the effective management of the company, though always in accordance with the decisions and criteria established by the General Shareholders' Meeting and the Board of Directors. He/She is responsible for implementing the decisions made by the company's administrative body, by virtue of the powers permanently delegated to him/her by the Board of Directors, which he/she represents in all its aspects. The Chairman also has the casting vote on the Board of Directors.

The Chairman also occupies the position of chief executive officer. The measures adopted to prevent the accumulation of powers are

Measures to limit risks

In accordance with that established in Article 44 bis of the Company Bylaws, on December 2, 2002 and February 24, 2003, the Board of Directors proceeded to constitute the Audit Committee and the Appointments and Remuneration Committee, respectively.

The powers of these Committees inherent to the commitments they have assigned by Law and the Company Bylaws and their respective internal Rules and Regulations cannot be delegated, and the committees are constituted as control and monitoring bodies for matters of their competence.

Both shall be chaired by an independent, non-executive, director, and shall be composed of a majority of independent, non-executive directors.

- The Secretary:

It is the Secretary's duty to exercise the powers attributed to him/her by law. At present, the titles of Secretary to the Board and Legal Counsel fall on the same person, who is responsible for ensuring that notice is given of meetings and that resolutions are adopted by the company's administrative body in a valid manner. In particular, he/she will advise members of the Board regarding the legality of their deliberations and any resolutions they adopt, and on compliance with the Internal Corporate Governance Regulations, as both formal and material guarantor of the principle of legality which governs the actions of the Board of Directors.

The Secretary to the Board, as a specialized guarantor of the formal and material legality of the Board's actions, has the full support of the Board in performing his/her duties entirely independently of any criteria or the constancy of his/her position, and he/she is also entrusted with defending the internal Corporate Governance regulations.

- Resolutions:

Resolutions are adopted by a simple majority of the board members present (either in person or by proxy) at each session, with the exception of those cases specifically set out in law.

Table with the aggregate Remuneration of the Directors earned during the last fiscal year, in the individual company which is the subject of this report (Abengoa, S.A.):

Remunerated concept	Data in thousands of euros
Set remuneration	3,179
Variable remuneration	2,661
Expense allowances	944
Statutory issues	-
Options on shares and/or other financial instruments	-
Others	-
Total:	6,784

Other Benefits	Data in thousands of euros
Advance payments	--
Loans provided	--
Pension Funds and Plans: Contributions	--
Pension Funds and Plans: Acquired obligations	--
Life insurance premiums	--
Constitutive guarantees by the company in favor of the directors	--

Table with aggregate payments issued to directors during the fiscal year, for their duties as members of other boards of directors and/or senior management boards of other group companies:

Remunerated concept	Data in thousands of euros
Set remuneration	68
Variable remuneration	-
Expense allowances	-
Statutory issues	-
Options on shares and/or other financial instruments	-
Others	-
Total:	68

Other Benefits	Data in thousands of euros
Advance payments	-
Loans provided	-
Pension Funds and Plans: Contributions	-
Pension Funds and Plans: Acquired obligations	-
Life insurance premiums	-
Constitutive guarantees by the company in favor of the directors	-

Table with the total aggregate (all the directors) Remuneration (all concepts) by director typology; Figures in thousands of euros.

Director typology	Abengoa	Group
Executive	5,614	-
Dominial External	427	24
Independent External	743	44
Other External		
Total:	6,784	68

Directors Remuneration – year 2007 (figures in thousands of euros)

Name	Expense allowances by attendance and other Remuneration as Directors	Remuneration as Member of the Committees of the Board of Directors	Remuneration as Director of other Companies in the Group	Remuneration from Duties as Senior Management Executive Directors	Total
Felipe Benjumea Llorente	80	-	-	2,809	2,889
Javier Benjumea Llorente	80	-	-	1,352	1,432
José Luis Aya Abaurre	76	58	-	-	134
José Joaquín Abaurre Llorente	122	12	-	-	134
José B. Terceiro Lomba	23	-	18	-	41
Aplidig, S.L. (1)	65	76	-	1,151	1,292
Carlos Sebastián Gascón	143	98	13	-	254
Daniel Villalba Vilá	132	69	13	-	214
Mercedes Gracia Díez	86	48	-	-	134
Miguel Martín Fernández	33	26	-	-	59
Ignacio de Polanco Moreno	54	31	-	-	85
María Teresa Benjumea Llorente (2)	16	-	24	-	40
Ignacio Solís Guardiola (2)	50	-	-	-	50
Fernando Solís Martínez-Campos (2)	50	-	-	-	50
Carlos Sundhein Losada (2)	44	-	-	-	44
	1,054	418	68	5,312	6,852

Notes:

(1) 656 thousands of euros, paid for economic-finance services rendered before his appointment as Director.

(2) As members of the Advisory Board of the Board of Directors, they have jointly perceived 109 thousands of euros.

Table showing total and aggregate remuneration (for all matters) (all directors), as a percentage of attributable parent-company profit in euros (thousands).

Total remuneration for directors (in thousands of euros)	6,852
Total remuneration for directors / profit attributable to parent company (expressed in %)	5.69%

- Table identifying the members of senior management who are not executive directors, indicating the total remuneration earned by them over the fiscal year in thousands of euros

TAX No	Nam or Company	Position
50821489	Javier Salgado Leirado	Chairman, Bioenergy BG
29754087	Javier Molina Montes	Chairman, Environmental Services BG
02601273	Manuel Sánchez Ortega	Chairman, Information Technologies BG
27907575	Alfonso González Domínguez	Chairman, Engineering and Industrial Construction BG
04686869	Salvador Martos Hinojosa	Chairman, Latin America BG
07474641	Santiago Seage Medela	Chairman, Solar BG Director, Strategy and Corporate Development
00114321	José Antonio Moreno Delgado	Director, Technical Secretariat
28720078	Álvaro Polo Guerrero	Director, Human Resources
00826260	Amando Sánchez Falcón	Finance Director
27883847	José Marcos Romero	Director, Appointments and Remuneration
28584961	Juan Carlos Jiménez Lora	Director, Investor Relations
30583968	Asier Zarraonandia Ayo	Controller
28874696	Miguel Á. Jiménez-Velasco Mazarío	General Secretary
27140440	Jesús Viciano Cuartara (*)	Director, Organization, Quality and Budgets
17736000	Luis Enrique Pizarro Maqueda	Director, Internal Audit
30804566	Enrique Borrajo Lovera	Director, Reporting and Consolidation
70231785	Luis Fernández Mateo	Director, Organization, Quality and Budgets
Total remuneration paid to Senior Management (in thousands of euro)		4,509

(*) Resigned in 2007 due to retirement

The Advisory Board to the Board of Directors

The Advisory Board to the Board of Directors of Abengoa was established by a resolution of the Extraordinary General Meeting held in January of 1998 as a voluntary consultative body to the Board of Directors. In performing its duties, it had a clear vocation to foresee and to be open to new ways of self-regulation in order to ensure efficient, transparent and professional management. The General Shareholders' Meeting of April 15, 2007 approved its dissolution since it had fulfilled this mission, and particularly because of the absorption of its competences by other company bodies such as the Audit Committee, the Appointments and Remuneration Committee, and the Board of Directors of Abengoa S.A. itself in accordance with the Recommendations included in the Unified Code of Good Governance approved by the National Securities Market Commission. This ensured compliance with Recommendation number 7 of the Unified Code, which advises that "the Board fulfill its duties with unity of purpose and independent criteria" and that, as Recommendation number 8 advises, decision-making on matters considered to be fundamental and strategic remain within the Board of Directors itself.

ii) Committees formed by the Board of Directors

ii.1) The Audit Committee

Pursuant to the provisions of the Financial System Reform Act, on December 2, 2002, Abengoa's Board of Directors established an Audit Committee and at the same time approved the Internal Regulations governing the Committee's operation. These Rules were ratified by the General Shareholders' Meeting on June 29, 2003, which at the same time approved the modification of Article 44 of the Company Bylaws, in order to incorporate the provisions relating to the operation, composition and organization of this Committee.

Composition

Following the inclusion as independent committee member of Ms. Mercedes Gracia Díez, the Audit Committee currently is comprised of the following members:

- | | |
|---|--|
| - Daniel Villalba Vilá | Chairman and independent non-executive director. |
| - José B. Terceiro Lomba
(in rep. Aplicaciones Digitales S.L.) | Executive, Vice-Chairman |
| - Mercedes Gracia Díez | Member and independent and non-executive director. |
| - Miguel Martín Fernández | Member. Independent, non-executive director. |
| - José J. Abaurre Llorente | Member. Non-executive director, dominial. |
| - Secretary, non-director: Miguel A. Jiménez-Velasco Mazarío | |

Duties.

The duties and powers of the Audit Committee are as follows:

1. To announce the Annual Financial Statements as well as the quarterly and half-yearly financial statements, which must be submitted to the bodies that regulate or supervise the markets, with reference to any internal monitoring systems, the monitoring procedures followed and compliance through internal auditing processes, including where applicable, the accounting criteria applied.
2. To inform the Board of any change to the accounting criteria and any risks, whether on or off the balance sheet.
3. To inform the General Shareholders' Meeting regarding any questions raised by shareholders on issues falling within its competence.
4. To propose the appointment of external Accounts Auditors to the Board of Directors, so that the latter may submit this proposal to the General Shareholders' Meeting.
5. To supervise internal auditing procedures. The Committee shall have complete access to the internal auditing process, and shall provide information during the process for the selection, appointment, renewal and removal of its director, and when his or her payment is being established, with the duty to provide information about this department's budget.
6. To have knowledge of the company's financial information procedure and its internal monitoring systems.

7. To maintain relations with the company's external auditors in order to remain informed regarding any matters that may place the independence of said auditors at risk, and regarding any other matters relating to the procedure followed in order to audit the company's accounts.
8. To summon the Directors it considers appropriate to Committee meetings so that they may provide any information that the Audit Committee itself deems relevant.
9. To prepare an Annual Report on the activities of the Audit Committee, which must be included in the Management Report.

Organization and operation

The Audit Committee shall meet as frequently as is necessary in order to carry out its duties, and at least once a quarter.

The Audit Committee shall be considered quorate when a majority of its members are present. Attendance may only be delegated to a non-executive Director.

Its resolutions shall be validly adopted when voted for by a majority of the Committee members present or represented. In the event of a tie, the Chairman shall cast the deciding vote.

• Amounts paid to the Audit firm for other works; Figures in thousands of euros

	Company	Group	Total
Amount for works other than auditing	315	623	938
Previous / Total amount billed (%)	12%	25%	37%

	Company	Group
Number of year audited by the firm	17 (since 1990)	17 (since 1990)
Total number of years audited	100%	100%

iii.2) The Appointments and Remuneration Committee

The Appointments and Remuneration Committee was established by Abengoa's Board of Directors on February 24, 2003, and its Internal Regulations were approved at the same time.

Composition

The Committee currently comprises the following members:

- Professor Carlos Sebastián Gascón	Chairman. Independent non-executive director
- Aplicaciones Digitales S.L. (rep. José B. Terceiro Lomba)	Executive.
- Daniel Villalba Vilá	Member. Independent non-executive director.
- José Luis Aya Abaurre	Member. Dominial non-executive director.
- José Marcos Romero	Secretary and non-director

As a consequence, the Appointments and Remuneration Committee is largely composed of non-executive directors, thus complying with the requirements set out in the Financial Systems Reform Act. Furthermore, the position of Chairman of the Committee must be held by a non-executive director, as set out in Article 2 of its Internal Regulations.

Duties

The duties and powers of the Appointments and Remuneration Committee are as follows:

1. To inform the Board of Directors regarding the appointment, re-election, removal and payment of members of the Board of Directors and the Advisory Board, and the positions held on these Boards, and to provide information on the general payment and incentive policy for members of these boards and for senior management.
2. To provide prior information regarding all the proposals prepared by the Board of Directors for the General Shareholders' Meeting in relation to the appointment or removal of Directors, including cases of co-option by the Board of Directors itself; to annually verify maintenance of the conditions that prevailed in the appointment of a director and of the character or typology assigned to the same, submitting said information as part of the Annual Report. The Appointments Committee shall act as a watchdog to ensure that in filling any vacancies that may occur selection procedures are not affected by implicit bias blocking the recruitment of female directors, and that, as far as possible, shortlists include female candidates presenting the required profile.
3. To prepare an Annual Report on the activities of the Appointments and Remuneration Committee, which must be included in the Management Report.

Organization and operation

The Appointments and Remuneration Committee shall meet as frequently as is necessary in order to carry out the foregoing duties, and at least once every six months.

The Appointments and Remuneration Committee shall be considered to be quorate when a majority of its members are present. Attendance may only be delegated to a non-executive Director. Its resolutions shall be validly adopted when voted for by a majority of the Committee members present or represented. In the event of a tie, the Chairman shall cast the deciding vote.

iii.3) The Strategy Committee

This comprises the managers of the Business Groups, the manager of Organization, Quality and Budgets, the Technical Secretary, the Director of Human Resources, the Director of Corporate and Strategy Development, the Financial Director, the General Secretary, and the Chairman of the Board of Directors. It meets on a monthly basis.

iii.4) The Securities Exchange Internal Code of Conduct

This was implemented in August of 1997. It applies to all directors, members of the Strategy Committee and to other employees on the basis of the activities they carry out and the information to which they have access.

It establishes obligations regarding the protection of information, the duty of secrecy, relevant aspects relating to stages prior to decision-making and publication, establishing the procedure for the maintenance of internal and external confidentiality, the registration of share ownership and transactions relating to securities and conflicts of interest.

The monitoring and supervising body is the General Secretary's office.

iii.5) The Professional Code of Conduct

At the request of the Human Resources Department, during year 2003 the company implemented a Professional Code of Conduct, modified in fiscal year 2005 with the intention of incorporating several common elements to the different companies that form Abengoa, attending to the geographical, cultural and legal varieties, which establishes the fundamental values that should govern the actions of all the company's employees, regardless of their position or responsibilities. Integrity of conduct, the strict observance of the law in force, professional rigor, confidentiality and quality have formed part of Abengoa's culture since its establishment in 1941, and these values still form an essential part of the company's corporate identity.

Code of conduct

A. I.- General Philosophy

The honesty, integrity and sound judgment of Abengoa employees, officers and directors is essential to Abengoa's reputation and success.

This Code of Conduct governs the actions and working relationships of Abengoa's employees, officers and directors with current and potential customers, fellow employees, competitors, government bodies, the media, and anyone else with whom Abengoa has contact. These relationships are essential to the continued success of Abengoa. When this Code of Conduct refers to "Abengoa", it includes Abengoa, S.A. and each of its subsidiaries.

This Code of Conduct:

- Requires the highest standards for honest and ethical conduct, including proper and ethical procedures for dealing with actual or apparent conflicts of interest between personal and professional relationships;
- Requires full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed or submitted by Abengoa with governmental agencies or in other public communications made by Abengoa;
- Requires compliance with applicable laws, rules and regulations;
- Addresses potential or apparent conflicts of interest and provides guidance for employees, officers and directors to communicate those conflicts to Abengoa;
- Addresses misuse or misapplication of Abengoa's property and business opportunities;
- Requires the highest level of confidentiality and fair dealing within Abengoa and outside Abengoa; and
- Requires prompt internal reporting of violations of this Code of Conduct and proper reporting of any illegal behavior.

II.- Corporate Culture and Common Management Systems

- Abengoa values its corporate culture and Common Management Systems as key assets. They define the way Abengoa does business, establishing a series of Required Compliance Norms (RCN). Following them correctly is a source of profitability and security in Abengoa's activities.
- Non-compliance with the Common Management Systems is classified by the Board of Directors and, through delegation, by its Chairman, the delegated commissions or, as appropriate, the delegated Management.
- In any event, non-compliance in any area that directly affects the results of the activity or assumes uncontrolled risks is considered a very grave offense.

Professional rigor

- The concept of professionalism at Abengoa is closely linked to the service vocation when carrying out any activity and to implication with the business project carried out.
- All actions carried out in conjunction with the assigned functions must be presided by professional responsibility and guided by the principles established in this Code.

Quality

- Abengoa is committed to quality in all of its activities, both internal and external. This task is not assigned to a specific group of people, or to upper management, rather it affects all members of the organization in their daily work.
- Abengoa has specific quality norms, which are the result of carrying out activities with knowledge, common sense, rigor, order and responsibility.

B. Conflicts of Interest

A "conflict of interest" occurs when a private interest in any way interferes or appears to interfere with the interests of Abengoa. Anyone linked to this Code is expected to avoid all situations that might lead to a real or apparent material conflict between self-interest and duties and responsibilities as an employee, officer or director of Abengoa. Employees, officers or directors that have questions or concerns about a potential conflict of interest should contact the Secretary of the Board of Directors. In relation to the stock market, Abengoa's Internal Conduct Rules and Regulations provide specific regulation of these issues.

C. Confidentiality

Non-public information regarding Abengoa or its business, employees, customers and suppliers is confidential and as an employee, officer or director, one is trusted with such confidential information. He or she is only to use such confidential information for the intended business purpose of Abengoa. One is not to share confidential information with anyone outside of Abengoa, including family and friends, or with other employees of Abengoa who do not need the information to carry out their duties. The obligation to keep all information confidential continues even after employment with Abengoa ends.

The following is a non-exhaustive list of confidential information:

- Material, non-public financial information regarding Abengoa or any of its subsidiaries or affiliates;
 - Trade secrets, which include any business or technical information, such as a program, method, technique, compilation or information that is valuable because it is not generally known;
 - All rights to any invention or process developed by an employee using Abengoa's facilities or trade secrets, resulting from any work for Abengoa, or relating to Abengoa's business, that belongs or is assigned by law to Abengoa; and
 - Proprietary information such as customer lists.
- All public and media communications involving Abengoa must have prior clearance by the Board of Directors or the Chairman of the Board of Directors, or from the senior manager to whom one of the former has previously delegated authority for this purpose.

D. Gifts and Entertainment

In many industries and countries, gifts and entertainment are common practices used to strengthen business relationships. Throughout the world, Abengoa's position is clear. No gifts, favors, or entertainment should be accepted or provided if it will obligate or appear to obligate the person who receives it. Receiving or giving gifts of cash or cash equivalents is never allowed.

Abengoa employees may accept or give gifts, favors, and entertainment only if they meet all of the following criteria:

- They are not against the law or the policy of the other party;
- They are consistent with customary business practices in the country or industry;
- They are reasonably related to business relationships;
- They are consistent with any existing business guidelines;
- They cannot be construed as a bribe, payoff, or improper influence; and
- They do not violate Abengoa's business values or ethics in any other manner.

E. Financial Reporting

One is required to report timely to Abengoa's Secretary of the Board of Directors all information in one's possession that may be necessary to ensure that Abengoa's financial reports and disclosures, as filed with or submitted to the Securities and Exchange Commission or to other stock exchange regulatory bodies, including the Security Exchange Commission (SEC), or in other public communications are full, fair, and accurate.

F. Insider Trading

Buying, selling, trading or participating in any other way in operations that affect Abengoa's assets goes against this Code of Conduct, as well as being illegal, while in possession of material information concerning Abengoa that has not been released to the general public, but which when released may have an impact on the market price of Abengoa's securities. It also goes against this Code of Conduct and is illegal to buy, sell, trade or otherwise participate in transactions involving the securities of any other company while in possession of similar non-public material information concerning such company. Any questions concerning the propriety of effecting a transaction in Abengoa's (or other company's) securities should be directed to the Secretary of the Board of Administration or Abengoa's Legal Counsel.

G. Outside Business Relationships

Before agreeing to act as a director, officer, consultant or advisor for any other business organization, one should notify his or her immediate supervisor. Directors should disclose all new directorships or potential directorships to the Chairman of the Nominating and Retribution Committee.

H. Fair and Equal Business Dealings

Each employee, officer and director should undertake to deal fairly with Abengoa's customers, suppliers, competitors and employees.

I. Legality

Complying with the law is not only an external requirement and, therefore, an obligation of the organization and its personnel. The law provides security to our activities and reduces the risks to our business. Any action that breaks the law is expressly and firmly prohibited. When in doubt about the legality of any action, it is essential to consult with the Legal Department beforehand.

J. Reporting of Illegal or Unethical Behavior

Abengoa requires its employees, officers and directors to talk to supervisors, managers or other appropriate personnel to report and discuss any known or suspected criminal activity involving Abengoa or its employees. If, during the course of your employment, you become aware of any suspicious activity or behavior, including concerns regarding questionable accounting or auditing matters, you must report violations of laws, rules, regulations or this Code of Conduct to Abengoa's Secretary of the Board of Directors. Reporting the activity will not subject the employee to discipline unless it is a knowingly false report. All reports will be treated confidentially and will receive a full inquiry.

K. United States Foreign Corrupt Practices Act / Political Contributions

In addition to the provisions of this Code of Conduct and other policies of Abengoa, employees working with any governmental entity in any country have an obligation to know, understand and abide by the laws and regulations that apply to the conduct of business with government entities. If a government agency, whether national, state or local, has adopted a more stringent policy than Abengoa's policy regarding gifts and gratuities, Abengoa's employees and representatives must comply with that more stringent policy. Specifically, the U.S. Foreign Corrupt Practices Act (FCPA) makes it a crime for companies as well as their officers, directors, employees, and agents, to pay, promise, offer or authorize the payment of anything of value to a foreign official, foreign political party, officials of foreign political parties, candidates for foreign political office or officials of public international organizations for the purpose of obtaining or retaining business. Similar laws have been, or are being, adopted by other countries. Payments of this nature are strictly against Abengoa's policy even if the refusal to make them may cause Abengoa to lose a business opportunity. The FCPA also requires covered companies to maintain accurate books, records and accounts and to devise a system of internal accounting controls sufficient to provide reasonable assurance that, among other things, Abengoa's books and records fairly reflect, in reasonable detail, transactions and dispositions of its assets. Abengoa will not give or encourage anyone else to give inducements of any kind to any government employee, or to any supplier under government or nongovernmental contracts or subcontracts, in order to gain any business advantage or contract.

L. Administration, Enforcement and Waiver of Code of Conduct

This Code of Conduct shall be administered and monitored by Abengoa's Board of Directors. Any questions and further information on this Code of Conduct should be directed to Abengoa's Secretary of the Board of Directors.

Employees, officers and directors of Abengoa are expected to follow this Code of Conduct at all times. In rare circumstances, situations may arise in which a waiver may be appropriate. Waivers will be determined on a case-by-case basis by Abengoa's Board of Directors for directors and officers. Any waiver for directors or officers, and the grounds therefore, shall be disclosed to the General Shareholders Meeting in accordance with applicable laws and regulations.

Failure to comply with this Code of Conduct may result in disciplinary action up to and including termination, depending on the nature and severity of the violation. In addition, any supervisor, manager, officer or director who directs, approves or condones infractions, or has knowledge of them and does not promptly report and correct them, will be subject to disciplinary action up to and including termination.

M. Inter-group and related transactions in the 2007 fiscal year

i) Transactions with significant shareholders

During 2007 there were no relevant transactions of this kind. The only operations undertaken were as follows:

- Explotaciones Casa Quemada, S.A. (a subsidiary of Inversión Corporativa, Abengoa's majority shareholder) constituted, by means of a deed dated February 7, 2007, in favor of Solar Processes, S.A. (a subsidiary of Abengoa Solar) land rights for a plot of 81.96 hectares, for running a thermosolar power plant, for a period of 30 years. Solar Processes paid the sum of 1,803,120 Euros for the whole of the period agreed upon.

- Iniciativas de Bienes Rústicos, S.A. (a subsidiary of Inversión Corporativa, Abengoa's majority shareholder) constituted, by means of a deed dated February 7, 2007, in favor of Solnova Electricidad, S.A. (a subsidiary of Abengoa Solar) land rights for a plot of 115 hectares, for running a solar power generating plant for a period of 30 years. Solnova paid the sum of 3,220,000 Euros for the whole of the period agreed upon.

ii) Transactions with administrators and directors

During 2007 there were the following transactions between the company and its administrators or senior management:

Tax No.	Name	Comp. Tax No	Company name	Nature	Type	Thousand of euro
35203147	J. Terceiro Lomba	E15329626	Bascuas Forestal, C.B. en Bioetanol Galicia, S.A.	Forestry operations	Annual contract	100

iii) Significant inter-group transactions

Abengoa, S.A. is, and operates as, the parent company of a group of entities. As such, it performs a certain amount of activities and roles that complement the integral product that one or several Business Groups jointly offer to their clients. Thus, different companies and Business Groups share customers and they jointly develop their businesses acting one or other companies as head, on a case-by-case basis. This gives rise to cross-selling between the companies (inter-group).

Moreover, Abengoa coordinates and manages financial resources through a centralized administration system, allowing the optimization of said resources in those non-recourse financed businesses that arise out of the collection/payment cycle by using factoring and confirming procedures.

As a consequence of the on-market condition commercial operations, fulfilled in light of the above and arising out of the ordinary business, or as a consequence of the financing operations, the resulting balances appear on the balance sheets of the affiliate companies, though they are eliminated in the annual accounts consolidation process.

N. Risk Control Systems

Abengoa's risk control structure is based on two foundations: the common management systems and the internal audit services, whose definitions, objectives, characteristics and functions are described below.

i) Common Management Systems

Definition

Abengoa's Common Management Systems develop the internal rules of the company and its methodology for evaluating and controlling risks and represent a common culture for managing Abengoa's businesses, sharing the accumulated knowledge and setting criteria and operational standards.

Objectives

- To identify possible risks that, although associated with all business, must be minimized, upon being aware of them.
- To optimize day-by-day management, applying procedures designed for financial efficiency, cost reduction, and information and management systems homogenization and compatibility.
- To foment the synergy and the creation of value for the different Business Groups of Abengoa, working in a collaborative atmosphere.
- To reinforce the corporate identity, respecting the shared values of all the companies within Abengoa.
- To grow through strategic development seeking innovation and new options for the medium and long terms.

The systems cover the whole organization at three levels:

- all Business Groups and areas of activity;
- all levels of responsibility;
- all types of operations.

In a group such as Abengoa, with more than 200 companies, a presence in over 70 countries and more than 9,000 employees, it is essential to define a common system for managing the business that allows work to be done in an efficient, coordinated and consistent way.

In the 2004 fiscal year, Abengoa began an alignment project of its Risk Management model with the conceptual framework established by the Sarbanes-Oxley (SOX) Act, with the aim of furthering the continuous enhancement of its control processes.

Although the aforementioned Act corresponds with the rules of obligatory compliance for companies and groups listed on the North American market, according to instructions from the Securities and Exchange Commission (SEC), Abengoa believes that, not only must its subsidiary Telvent GIT, S.A., listed on the NASDAQ, comply with these obligations, but all the other group companies must do so also, given that it leads to advances being made in the enhancement of control and risk mitigation processes.

Nowadays, the SOX requisites are being established in all of Abengoa's Business Groups, so that all the processes affecting the different points of the balance statement and profit and loss account are being analyzed and documented, identifying the risks that affect the different activities involved in each process, detailing the existing control objectives in order to reduce risks, and outlining the control activities required. The defined procedures are interrelated with the existing Functioning Rules, so that management controls of the businesses are aligned with self-controls for the acquisition of financial information.

Likewise, and as part of the recommendation of the SOX, the General Control is being revised: procedures and policies, corporate culture of internal control, Ethical Codes, etc in order to optimize alignment with the requirements of the aforementioned law.

ii) Internal Audit

Definition

The function of Abengoa's internal audit is structured around the Joint Audit Services that encompass the audit teams of the companies, business units and corporate services that act in a coordinated way and which are responsible to the Audit Committee of the Board of Directors.

General Objectives

- To anticipate the audit risks of the group's companies, projects and activities, such as frauds, financial damages, inefficient operations and risks that may affect the healthy operation of business in general.
- To control the application of, and promote the development of adequate and efficient management rules and procedures in accordance with the common Corporate Management Systems.
- To create value for Abengoa, promoting the construction of synergies and the monitoring of optimal management practices.
- To coordinate the criteria and the focus of the external auditors' work, seeking the best efficiency and profitability of both functions.

Specific Objectives

- To evaluate the audit risk of Abengoa's companies and projects in accordance with an objective procedure.
- To define various types of standard audit and internal control tasks in order to develop the corresponding Work Plans with the appropriate scope for each situation. This classification, which is linked to the Audit Risk Assessment, determines the Work Plans to be used and implies a type of appropriate recommendation and report and should therefore be used explicitly in these documents.
- To steer and coordinate the planning process for audit work and internal control in the companies and business groups, to define a notification procedure for these tasks and communication with the affected parties and to establish a method of coding these tasks for their adequate control and monitoring.
- To define the communication process of each audit job's results, the people that are affected and the format of the documents in which they appear.
- To review the application of the plans, the adequate implementation and supervision of the tasks, the timely distribution of the results and the monitoring of the recommendations and their corresponding implementation.

The Audit Committee

Pursuant to Article 47 of Law 44/2002 of December 22, of the Financial System Reform Measures, Abengoa's Board of Directors appointed an Audit Committee whose functions include the "supervision of the internal audit services" and the "understanding of the financial reporting process and the company's internal control systems".

The Corporate Internal Audit manager reports systematically to this committee in relation to his own responsibilities of:

- the Annual Internal Audit Plan and its degree of completion;
- the level of implementation of the issued recommendations;
- a sufficient description of the principle areas reviewed and the most significant conclusions;
- other more detailed explanations that the Audit Committee may require.

There are Audit Committees in other group companies to which the Internal Audit manager of the corresponding Business Group reports.

f. General Shareholders' Meetings

i) Rules of Operation.

Following the recommendation of the Special Commission for the Promotion of Transparency and Security in Financial Markets and Listed Companies, in March 2003 the Board of Directors drafted a structured and systematic regulation for the holding of shareholders' meetings, that was subject to approval at the General Shareholders' Meeting held on June 29, 2003, which unanimously approved the aforementioned regulation; a resolution that was notified to the CNMV on June 30, 2003. In addition to the provisions included in the Spanish Companies Act this regulation incorporates a basic group of rules for the good order and functioning of shareholders' meetings guaranteeing at all times, the right to information, to attend, to vote and the right to representation for shareholders. The complete text of the Rules of Operation of the General Shareholders' Meetings is available on Abengoa's website at "www.abengoa.com. (Legal and Financial / Corporate Governance / Internal Corporate Governance Rules Information)".

In accordance with the provisions of Article 19 of the Company's Bylaws, there is no limitation on the shareholders' right to vote based on the number of shares held. The right to attend General Meetings is limited to a holding of 1,500 shares, without prejudice to the right to representation and grouping that applies to all shareholders.

Quorum to Constitute: At first call: 25% of the share capital. At second call, any amount of the share capital. These amounts are the same as those established by Company law. In the event of issues related to matters under Art. 103 of Company Law, the quorum is also that established by the Law.

Quorum for adopting resolutions: by simple majority of the votes present or represented at the General Meeting. In the event of issues related to matters under Art. 103 of Company Law, the quorum is also that established by the Law.

Shareholders' rights: Right to information in accordance with the applicable legislation, right to receive, free of cost, the documentation related to the General Meeting, right to vote in proportion to his/her shareholding with no maximum limit, right to attend upon holding a minimum of 1,500 shares, economic rights (dividend, if it were the case, and to the share out of company assets), right to representation and delegation, to grouping, and to taking legal actions that fall to the shareholder.

Measures to promote the participation of the shareholders: making the documentation related to the General Meeting available to be forwarded, free of cost, to the shareholders, as well as its inclusion on the website at the time of notice of the General Meeting. Possibility of delegation and remote voting, through the completion of the attendance cards to this effect in an accredited manner.

The Company Bylaws do not limit the maximum number of votes of one shareholder, or have restrictions that hamper control-taking by means of the acquisition of shares.

The proposals about the agreements which are going to be exposed at the General Meeting are published simultaneously to the calling of the aforementioned meeting and are included in the websites of the company and CNMV.

Those subjects included in the agenda which are essentially independent are separately voted on at the Meeting, in a way that the shareholders can separately exercise their preferences to their vote, especially when it is about the appointment or ratification of members of the Board of Directors and modification of Company Bylaws.

The company allows the fractioning of votes issued by financial mediators who appear legitimized as shareholders and act instead of different customers in a way that they can submit their votes according to the individual instructions of each one of them.

The Company Bylaws specify that the chairmanship of the General Meeting shall be taken up by the Chairman or Vice-Chairman of the Board of Directors, as agreed upon by the Board itself. In accordance therewith, the General Shareholders' Meetings are chaired by the Vice-Chairman of the Board of Directors.

The Operation Regulations for the General Shareholders' Meetings, approved by the General Meeting of June 29, 2003, regulates the calling, operating, exercise of rights and resolution adoption procedures at the General Meeting, and establishes a precise and imperative framework for the holding of the General Meeting.

Likewise, the General Meeting is normally attended by a Notary Public who checks fulfillment of all the necessary requirements for the valid constitution of the meeting and the adoption of resolutions, and who issues the corresponding minutes upon completion of the Meeting.

Likewise, the Secretary to the Board (non-director), in accordance with the Company Bylaws and the Regulations of General Meetings, acts as Secretary at the same and is responsible for ensuring compliance with all legal and statutory obligations upon the calling, holding and adoption of resolutions by the General Meeting.

ii) Information on the last General Shareholders' Meeting

The Abengoa Ordinary General Shareholders' Meeting of April 15, 2007, was attended by 383 shareholders (83 present and 300 represented) out of a total 10,192 registered shareholders. The number of shares held by those present or represented was 61,042,679, or 67.47% of the total share capital.

The resolutions adopted, all by the favorable vote of the whole of the share capital present or represented, were the following:

1. Approval of the Financial Statements (composed of the Balance, Profit and Loss Account and Report) and the Abengoa, S.A. Management Report for the 2006 fiscal year.
2. Approval of the Financial Statements of the Consolidated Group (composed of the Balance, Profit and Loss Account and Consolidated Report) and the Consolidated Management Report for the 2006 fiscal year.
3. Approval of the activities and actions of the Board of Directors during the aforementioned fiscal year and the remuneration of its members, as well as that of the members of the Advisory Board to the Board of Directors of said fiscal year, as it appears in the Financial Statements.
4. Approval of the following distribution of the 2006 results whose dividend will be distributed from July 3, 2006 onwards:

	Euros
Balance of the Profit and Loss Account	24,510,147.43
Application:	
To voluntary reserves	10,034,998.63
To dividend	14,475,148.80
Total	24,510,147.43

5. Empower Mr. Felipe Benjumea Llorente, Mr. Javier Benjumea Llorente and the Secretary to the Board, Mr. Miguel Ángel Jiménez-Velasco Mazarío, so that any of them, without distinction, formalize the store of the Financial Statements and Management Report of the Company and its Consolidated Group in the Commercial Register, in the terms foreseen by the Law, identifying them with their signatures and indication of their purpose.
6. Extend the appointment of the Account Auditor of the company and its business groups, for a period of a year, for the 2007 fiscal year, pursuant to the contents of Article 204 of the Revised Text of the Spanish Companies Act, to the company "Pricewaterhouse Coopers Auditores, S.L.", with tax number B-79.031.290, located in Madrid, 43 Paseo de la Castellana, registered in the Commercial Register of Madrid, Volume 9,267, Book 8,054, Third Section, Number 87,250 and in the Account Auditors Official Register number S0242.
7. To eliminate Articles 44 letter 'ñ' and 46 from the Company Bylaws and to dissolve the Advisory Board as the statutory consultative body of the Board of Directors.
8. To modify Article 39 of the Company Bylaws, so as to increase from nine to fifteen the maximum number of members of the Board of Directors of Abengoa S.A.
9. To agree to the election, as proposed by the Appointments and Remuneration Committee, to the position of independent Director for a four-year term of Mr. Miguel Martín Fernández; to agree to the election, pending a report from the Appointments and Remuneration Committee, to the position of dominial Director, for a four-year term of Mr. Fernando Solís Martínez-Campos, Mr. Ignacio Solís Guardiola, Ms. María Teresa Benjumea Llorente and Mr. Carlos Sundheim Losada, and of Mr. Miguel Ángel Jiménez-Velasco Mazarío (the current Secretary to the Board of Directors). To also ratify for a four-year term the appointment made by cooption by the Board of Directors on April 15, 2007 of Aplicaciones Digitales S.L. represented by Mr. José B. Terceiro Lomba, as legal person director, pending the renunciation of the latter of his position as director on a personal basis.
10. Modify Article 41 of the Company Bylaws, in order to include the power of the Board of Directors to appoint a director as coordinator of the external directors, with said position having been occupied by Mr. José B. Terceiro Lomba in accordance with a resolution of the Board of Directors passed with the abstention of two executive directors.
11. To alter the minimum period of notice for a call (one month) for a General Shareholders' Meeting in Articles 24 of the Company Bylaws and 5 of the Operating Regulations of the General Shareholders' Meeting.
12. Ratify the delegation in the Board of Directors, pursuant to the contents of Article 153-1-b) of the Revised Text of the Spanish Companies Act, the faculty to increase the share capital, once or more times, so that the amount of eleven million and three hundred and eight thousand, seven hundred and ten euros (11,308,710 euros) equivalent to fifty percent (50%) of the share capital in the precise moment of the authorization, by means of money contributions, with or without

emission bonus, adopted by the Ordinary General Shareholders' Meeting, held on April 9, 2006, in the quantity and chance that the Board of Directors determines and without the need of seeking advice on the General Meeting. Likewise, according to that established in Article 159, Section 2 of the Revised Text of the Spanish Companies Act, ratify the delegation in the Board of Directors, the faculty to decide, in its case, the exclusion or not, of the right of preferential subscription in relation to the extensions that could be agreed on from the present agreement, when the foreseen circumstances compete in Section 1 of the aforementioned article, related to the social interests and whenever, in case of exclusion, the nominal value of the shares that are going to be issued, plus, in its case, the quantity of the emission bonus corresponds with the real value that results from the report of the account auditors of the company, made for that purpose, at the request of the Board of Directors. Equally, authorize the Board of Directors to give new wording of Article 6 of the Company Bylaws, related to the share capital, once the increase has been carried out, depending on the actually subscribed and paid out quantities.

Likewise, authorize the Board of Directors to request and negotiate, before the National Securities Market Commission, Governing Body of the Stock Exchange and with the mediation of any other Stock Exchange Company, the admission to negotiate in any of the Stock Exchange of the quoted shares, in relation to the shares issued according to the previously adopted agreements, when the Board of Directors considers it appropriate, with as many requirements as current provisions demand. According to that established in Article 27 of the Rules of the Official Market Stock Exchange, the declarations of the shareholders regarding this agreement will be recorded in the minutes.

Ratify and extend in all the terms and in a legal term of five years the agreement adopted in the Ordinary General Shareholders' Meeting of June 27, 2004, authorizing the Board of Directors, according to that established in Articles 282 and following of the Spanish Companies Act, and within a period of five years set by the same, to proceed to the emission of bonds, debentures and any other shares, with any denomination, representative of a loan, convertible or changeable in shares of the company or non convertible, towards the maximum quantity predicted by the Law, equivalent to the share capital paid out, plus the reserves that are exposed in the balance, dated December 31, 2003, the last one approved in the General Meeting duly inspected, and serves as the basis for the present agreement, and the regulation and update of balance accounts, when they have been accepted by the Ministry of Economy, in the amount of two hundred and sixty-one thousand five hundred and eighty-five million euros (261,585 M€), according to the terms and conditions included in the Board of Directors Report, dated April 26, 2004.

Authorize the Board of Directors to the derivative acquisition, by sale-purchase, of shares of the Company itself, either directly or through Subsidiary Companies or underlying companies up to the maximum limit established in the provisions, at a price ranging between three euro cents (0.03 euros) minimum and one hundred and twenty euros and twenty euro cents (120.20 euros) maximum per share. Use of this authorization may be made for a period of eighteen (18) months from that very date and subject to that specified in Section Four of Chapter IV of the Revised Text of the Spanish Companies Act. Expressly revoking the authorization conferred to the Board of Directors, for the same purposes, by virtue of the agreement adopted by the General Shareholders' Meeting held on April 9, 2006.

iii) Web

The company keeps its bilingual (Spanish and English) website permanently updated at www.abengoa.com.

The agreements adopted by the last General Meeting (04/15/07) are recorded on this site. Likewise, the full text of the notice of the meeting, the agenda and the resolutions that were proposed for the Meeting's approval were incorporated on the website.

On the occasion of future notice of meetings, the Company will keep the information available on them updated, for the purpose of supporting the right to information, and with this, the right to vote, of the shareholders, on equal terms.

Finally, with the regulatory and technical progress to be established, the right to vote or to electronic delegation will be guaranteed under the protection of specific legal certainty.

g. Level of monitoring of the recommendations relating to Corporate Governance

In the measure by which the information contained in the recommendation reports is less detailed and developed than the current Annual Corporate

Governance Report, we defer to it for the issues set out therein. Said Report is available at www.abengoa.com.

Likewise, pursuant to the Ministerial Order of December 22, 1999, published in Circular 1/2000 of the CNMV relating to the business development and prospects of listed companies assigned to the New Market segment, the company annually remits the relevant information required, similarly at the time of the notice of the Ordinary General Shareholders' (April 9, 2006). Said information is available at "www.abengoa.com (Legal and Financial Information / Reports to CNMV / Relevant Events; Other Communications".

h. Information Tools

i) Web (www.abengoa.com)

The obligation to provide useful, true, complete and balanced information to the market in real time would not be sufficient if the suitable methods for transmitting this information were not appropriate, guaranteeing that it is distributed effectively and usefully. As a result, the Aldama Report and the Financial System Reform Act recommend, as a product of new technologies, the use of listed companies' websites as an information tool (including historical, qualitative and quantitative company data) and a distribution tool (including timely or individualized information in real time that may be accessed by investors).

At the end of the first quarter of 2002, Abengoa therefore implemented a new company website, characterized on the one hand by a more direct, quick and efficient onscreen presentation, and on the other hand, with information content and documentation made available to the general public, focused on three fundamental aspects:

- a) Commercial: the presentation of the Company and its Business Units, press releases, newsletters, etc.
- b) Legal: communications, relevant events, Corporate Governance internal regulations, capital structure, structure of administrative bodies, typology of directors, significant shareholdings, etc.
- c) Economic: periodic reporting, annual financial statements, share price, etc.

In January of 2008, Abengoa completed a new development on its website, which largely focuses on improving requirements for accessibility, agility, presentation, access and downloading of information, while ensuring that the full contents of historical information remain available on the site.

Both the information available as well as its actual distribution portal – the website – are continually updated;

Corporate Governance, the rules that regulate it and the continually developing legislation that governs it or recommends it, are updated on an ongoing basis.

ii) Shareholder Service Department

In order to facilitate permanent contact with the company's shareholders, the Company has a Shareholder Service Department whose manager is the General Secretary, with the objective of establishing transparent and smooth communication with its shareholders and to allow access to the same timely and formatted information together with the institutional investors whose equal treatment is guaranteed. The distribution of true and reliable information on relevant events, news releases and the periodic financial-economic information is treated with particular care.

A Shareholders' mailbox is available at the website (www.abengoa.com).

iii) Investor Relations Area

With the same objective as the Shareholder Service but in relation to investors, the Company has an Investor Relations Department and stock market analysts responsible to the Director of Management Information Systems, assisted by the Finance Director, who is responsible for the design and implementation of the program for communication with the national and international financial markets for the purpose of conveying the principal characteristics and strategic actions of the Company.

This Annual Corporate Governance Report was unanimously approved by the Board of Directors of Abengoa, S.A. at its meeting held on February 25, 2008.