

g) Consolidated Management Report

2008 Consolidated Management Report

1.- Organisational Structure and Activities.

Abengoa, S.A. is a technology company, and the head of a group of companies, which at the end of 2008 comprised the following companies:

- The holding parent company itself
- 516 subsidiaries
- 26 associates and 37 joint businesses as well as certain companies of the Group being involved in 318 joint ventures. Further, the companies of the Group have shareholding in other entities of less than 20%.

Independent from the legal organization, management of Abengoa is undertaken as discussed below.

Abengoa is a technology company which applies innovative solutions for sustainability in the following sectors: infrastructure, environment and energy, generating long-term value to our shareholders through leadership characterised by the encouragement of an entrepreneurial spirit, social responsibility and the transparency and integrity of management.

Abengoa has a presence in over 70 countries in which our four Business Units operate: Solar, Bioenergy, Environmental Services and Industrial Engineering and Construction.

The activities of the four Business Units are as follows:

- **Solar.**

Abengoa Solar develops and applies solar energy technologies to tackle climate change ensure sustainability through its own solar thermal and photovoltaic technologies.

- **Bioenergy.**

With Abengoa Bioenergy as its holding company, this operating segment is dedicated to the production and development of biofuels for transport, bioethanol and biodiesel amongst other products, which use biomass (cereals, cellulosic biomass, and oleaginous seeds) as a raw material. Biofuels are used in the production of ETBE (a gasoline additive) or can be mixed directly with gasoline or diesel. As a renewable energy source, biofuels reduce CO₂ emissions and contribute to the diversification and guarantee of ongoing energy supply, reducing levels of dependence upon traditional fossil fuels as a source of energy, in addition to collaborating and complying with the Kyoto Protocol.

- **Environmental Services.**

Befesa is an international company specialising in the integrated management of industrial waste and the management of water and the desalination of water. Very much at the fore of this business group is the social responsibility entailed by the pursuit of sustainability.

- **Industrial Engineering and Construction.**

Abeinsa is the Industrial and Technological Group offering integrated solutions within the Energy, Transport, Telecommunications, Industrial, Services and Environmental sectors. Such solutions, both innovative and aimed at the contribution towards sustainability enable the creation of value to customers, shareholders and employees, assuring an international protection and the profitability of its future investments.

2.- Strategy.

As in previous years, 2008 represented a period of growth for Abengoa. We finished the year with "pro-forma" revenues (including Telvent) of € 3,769 M, up 17% over 2007; with cash flows of € 627 M (+39%), pro-forma EBITDA of € 541 M (+41%) and net revenues totaling € 140 M (+17%).

At the end of 2008 we put up for sale our majority holding in Telvent under which we have grouped our Information Technology businesses. This decision is in response to our strategy to strengthen our focus and activities upon sustainability and to create a greater resource availability. This possible divestiture will enable us to accelerate our plans in businesses which offer significant growth potential, such as solar energy and desalination, where we can deliver greater value to our shareholders.

Listing Telvent as an "interrupted" activity, as require by the accounting principles under which we have prepared our financial information, in 2008 we had revenues of some € 3,115 M (+17% compared to 2007), operating cash flows of € 545 M (39%), EBITDA of € 459 M (42%) and net revenues of € 140 M (17%).

As a result of these trends, Abengoa has increased its activity in those high growth areas which offer innovative solutions for sustainability. Our activities are focused within three major global markets with high growth potential: Solar activity, bioenergy and environmental services (including water and industrial waste recycling) revenues of which have grown by 26%, being 57% of total [revenues]; with operating cash flows reaching € 310M, representing an increase of 45%. We also have an industrial engineering and construction business, undertaking projects internally as well as for third parties.

Abengoa has continued to increase its presence geographically with its greatest levels of growth seen in the US and Africa and to a lesser extent in Spain, which represents 35% of revenues. Latin America makes up 25% of revenues, Europe (excluding Spain) 16% the US 11%, Africa 10% and Asia el 3%.

In terms of diversification of the risk profile, Abengoa currently has a highly diversified portfolio of businesses combining businesses and geographies which have limited risk correlation thereby enabling it to maintain growth rates and cash flows with limited volatility.

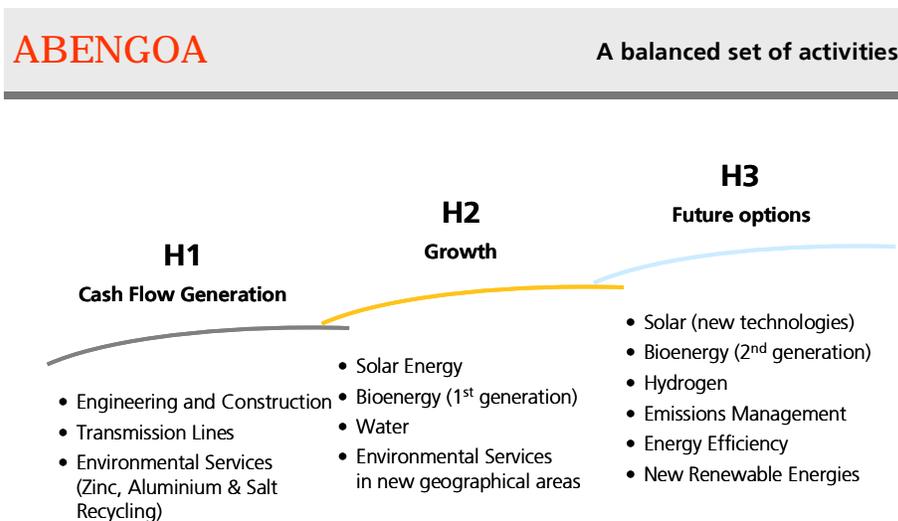
- 49 % of gross cash flows relate to recurring business and low risk business such as solar, water desalination plants and electricity activities (primarily transmission lines and co-generation plants) being projects which are either owned or under concession.
- 27% of cash flows are generated by businesses with raw material price risk including bioenergy and certain recycled metals.

- c) 24% relate to engineering and construction businesses which are subject to traditional risks of winning and performing projects through technologies in which we have a broad experience.

The financing of new projects has become more difficult and costly, whilst other geographies in which we operate have seen slower rates of growth. Until now the impact upon our business has been limited, however the financial situation, already becoming an economic crisis, has become sufficiently grave to impact our construction and engineering business, as well as certain recycling activities and it will result in a slowdown of new projects. The impact on 2009 will, however, be limited thanks to our broad diversification of activities.

At Abengoa we have decided to work under the assumption that, in 2009, the economic situation will not improve in Europe and South America, with notable falls in gross domestic product and investment, and with slower growth in Latin America and Asia. We face this situation from a favourable position and with a clear strategy that does not require substantial changes in the way in which we manage our business.

We believe our strategy should be to continue in the key markets in which we operate in relation to sustainability (solar, bioenergy, desalination, recycling) to continue to grow in the majority of the geographies in which we operate, which will benefit the industrial engineering and construction business. The world needs to secure a sustainable means of development and continue in the fight against climate change. A more challenging economic and financial situation does not change this requirement.



We are assuming that Horizon One businesses (generating cash and returns in the short term), including industrial engineering and construction and recycling of industrial waste, will, in 2009, be impacted by the economical situation. In this regard, in 2008, we have prepared ourselves for a more challenging environment regarding the order book and cost reductions. In 2009 our priorities will be to continue reducing costs, increase profitability, including in the cost of growth, and aggressively manage working capital to maximise the generation of cash.

- a) Within industrial engineering and construction we can face these issues with a larger order book than seen historically (€ 2,640M) and with a cost reduction plan already in progress.
- b) Regarding electrical transmissions, in 2008 we have put the ATE III into service and contracted two new lines in Peru and Brazil, in this case with the company Eletronorte, with a combined investment of over one thousand million dollars.
- c) In the recycling of industrial waste we have completed the combining of the two businesses acquired in zinc and aluminium which were merged in 2008.

As to Horizon Two businesses (profitability growth in the following years), in which we include solar, bioenergy and water, our objective is to invest and grow in a profitable manner. We are one of the global leaders in terms of size capacity and technology within three markets which will enable us to continue growing even in the current economical environment. In 2009 our priorities in these high growth businesses are to move forward in construction projects and to launch new solar and desalination projects:

1. Solar. In 2009 we will go ahead with the construction of five own solar thermal plants in Spain and Algeria and we will go ahead with new projects taking advantage of existing regulatory frameworks as well as those which we anticipate coming into force in various geographical areas.
2. Bioenergy. We will continue with the construction of three plants in the US and Holland, as well as two biomass-based cogeneration plants which obtain biomass from sugar cane in Brazil. The approved directive in the European Union will accelerate the development of this market in Europe in the medium term.
3. Water. Our priorities are to complete four plants under construction in Algeria and India, to start construction of a plant in China and to win new projects.

Within Horizon Three businesses (generators of future cash flows), we include solar technologies of the future which are efficient and can be stored, bioethanol from biomass, hydrogen, emission management, efficient energy and new renewable energy sources. We will continue investing in R&D&i and our priorities would be solar and bioenergy. In these businesses we will not reduce our levels of investment. We strongly believe that the creation of long-term value in our markets will depend upon investment in R&D&i and, as such, we will make the most of these times to develop our next generation of technologies, using public grants to share the risk in the geographies in which we operate.

Finally, in 2008 continued to advance in key areas such as Human Resource and Quality. We have incorporated more than 2,500 people within our businesses, we have provided over 1M hours of training and have undertaken an international program of scholarships with more than 500 participants in collaboration with universities and educational institutions within the geographies in which we operate. Additionally we have continued to invest in Social Responsibility encouraging social and cultural developments in the communities in which we undertake our activities, with particular emphasis on people with disabilities and the underprivileged through an investment effort totaling over € 10 M.

We manage the emission of greenhouse gases in anticipation of stricter regulations in the market and geographies where we operate, which will encourage lower contamination technologies and business models. In preparation we have started the implementation of an ambitious plan to monitor and audit, on an annual basis, both our emissions, as well as those of our supplier and to put plans in action to reduce such emissions. As at the end of 2008 more than 4,900 suppliers had signed an agreement to collaborate in this plan.

As a result of our commitment to transparency, and with the objective of ensuring the reliability of the financial information prepared by the company, we have continued to strengthen our internal control structure as well as adapting it to the legal requirement of the US Sarbanes-Oxley Act. Again this year we have voluntarily submitted our internal control systems globally for the entire group, to an independent assessment by our external auditors in accordance with PCAOB.

We are prepared therefore for a difficult environment. We have taken the necessary steps to tackle 2009 from a safe cash-flow position, our backlog in the group's history, and with cost-cutting plans already in operation across Horizontal One businesses (being the most mature businesses). We are able to continue growing and investing in our Horizon Two and Three businesses. As such, our objectives are still to retain profitable growth and the creation of value at a rate similar to that achieved during the last decade.

3.- Business trends.

3.1. Recent trends.

3.1.1. Movements in the main items on the Balance Sheet and the Income Statement are set out as follows:

Concept	2008	Δ%	2007	1998	CAGR(*) (98-08)
	M €		M €	M €	%
Total Equity	627.5	(21.3)	797.5	184.5	13.0
Total Assets	9,794.6	20.8	8,110.2	984.6	25.8

Concept	2008	Δ%	2007	1998	CAGR(*) (98-08)
	M €		M €	M €	%
Revenues	3,114.5	17.3	2,655.8	601.0	17.9
Gross cash flows (1)	545.3	39.3	391.5	59.3	24.8
Profit attributable to the parent company	140.4	16.6	120.4	19.9	21.6

(1) Results before interest, tax, depreciation/amortisation and provisions, adjusted for cash flows from works on own fixed assets.

(*) CAGR: Compound Annual Growth Rate.

3.1.2. Balance sheet; of note is an increase in "Project Fixed Assets" which rose from € 1,638.1 M in 2007 to € 2,249.8 M in 2008, primarily being intangible assets, reflecting investments made in certain concessions in Brazil, and investments in water management projects, environmental projects and plants and production installations for Bioethanol and Solar by the various project development companies as owned by the various subsidiaries Abengoa, S.A.

The investments made by these development companies are executed and financed, in general, through "project finance", being a specific financing formula under which funds are raised exclusively to finance that entity and the project with debt repayments being made directly from the future cash flows generated by that same project. Such financing is in this reing-fenced, and is therefore without recourse to the shareholders.

The opposite entry to these investments is recognised as a liability within the Balance Sheet, as "Non-recourse financing applied to projects", which as of the end of 2008 was € 1,186,0883.4 M corresponding to long term liabilities and € 249.3 M falling due within 12 months, compared to € 1,186.0 M and € 503.2 M in 2007, respectively.

Of note is the increase in Provisions for other liabilities and costs from € 125.4 M in 2007 to € 184.6 M in 2008, primarily as a result of providing € 58 M to cover specific risks in territories outside of Spain.

Abengoa Net Debt in 2008 increased to € 486.4 M (net debt) from € 234.3 M (net debt) in 2007.

The change in the size and structure of the Abengoa balance sheet over the last five years reflects certain events, the impact of which is most notable on the following Balance Sheet movements:

- a) The initial public offering (IPO) listing in 2004 of Telvent GIT on the US technology Nasdaq exchange. The total increase in share capital upon listing including Share Premium was € 61.2 M.
- b) Obtaining the Syndicate Loan in 2005 made up of a principle amount of € 500 M with a loan term of 7 years plus a revolving facility of € 100 M with a 6 year term, subscribed by 45 financial entities, structured for the purposes of providing sufficient financial resources to the company so as to implement Abengoa's Strategic Plan.
- c) The acquisition in 2006 of 100% of the share capital of B.U.S., Group AB, for consideration of € 330 M, through non-recourse financing, provided through Barclays. As of 4 December, the German competition authorities allowed the transaction to go ahead.
- d) Obtaining a new syndicate loan in 2007 for € 859 M. This loan was raised to finance Abengoa's entry into the Brazilian ethanol market, as well as to finance our investment plans in solar energy, desalination, and electricity transmission lines.
- e) Acquisition in 2007 of 100% of the share capital of the Dedini Agro group of companies (today being Abengoa Bioenergía Sao Paulo), one of the largest companies in the Brazilian sugar and ethanol market.

- f) An agreement in 2007 with Matchmind, an international business, for its integration within Telvent. Through this agreement, Telvent initially acquired 58% of Matchmind for € 23 M with the management team taking a 40% holding in the entity. The holding in Telvent will be increased over the following three years until reaching 100% ownership.
- g) The acquisition in 2008 of the US entity DTN Holding Company, Inc. (DTN), with its headquarters in Omaha, Nebraska. DTN was purchased for US\$ 445 million cash (approximately € 310 M), and financed through a combination of preference debt and the emission of shares.
- h) During 2008 the contracting of four own projects was continued, being four solar thermal plants (PS 20, Solnova 1, Solnova 3 and Solnova 4), and 3 ethanol plants (Rotterdam, Indiana and Illinois).

3.1.3. Consolidated sales as of December 31st 2008 totaled € 3,114.5 M, representing an increase of 17.3% over the last period.

All Abengoa business units have shown significant growth in sales figures.

Concept	Solar	Bio.	Env. Services	Ind. Engin. & Const.	Corp. Activ. and Adj.	Total as of 31.12.08
Net Income	65.0	830.1	873.4	2,040.6	(694.6)	3,114.5
Gross cash flows from Operating Activities (Note 27)	40.6	111.6	157.8	224.8	10.5	545.3

Concept	Solar	Bio.	Env. Services	Ind. Engin. & Const.	Corp. Activ. and Adj.	Total as of 31.12.07
Net Income	17.7	613.7	769.7	1,485.4	(230.7)	2,655.8
Gross cash flows from Operating Activities (Note 27)	9.5	79.8	123.8	204.0	(25.6)	391.5

Gross Operating Cash Flow (results before interest, taxes, depreciation and amortisation and provisions, adjusted for works upon own assets) reached € 545.3 M representing an increase over 2007 of € 153.8 M (39.3%).

Of note within such growth was Gross Cash Flows attributed to growth in Industrial Engineering and Construction which generated some € 224.8 M (€ 204 M in the prior year) showing an increase of 10.2%, and Environmental Services growth which contributed € 157.8 M (€ 123.8 M in the prior year), representing an increase of 27.4%.

Once again we highlight the company R&D investment efforts, in 2008 impacting the Income statement by some € 44.5 M.

At the close of 2008 provisions were charged to the profit and loss account for € 58 M so as to cover specific risks relating to business trends outside of Spain, primarily involving industrial engineering and construction projects in Brazil. On the other hand, during the period € 15 M of provisions were released (recorded in prior periods) as under IAS 37 such contingent liabilities were considered to now be remote or to have materialised as anticipated when the provision was created.

Financial Results went from € -127.7 M in 2007 to € -293.9 M in 2008 primarily due to an increase in the references interest taxes in 2008, the devaluation of certain currencies and an increase in financial costs derived from projects financed through non-recourse project financing. Additionally, financial results include a record for € 65 M relating to the negative valuation of financial instruments relating to interest rate hedges, exchange rate hedges and commodity price hedges which did not meet all the requirements of IAS 39 so as to be recognised as a hedging instrument.

Consolidated results before tax (€ 11.7 M) were, naturally, impacted by the negative valuation of the aforementioned financial instruments (€ 65 M) as well as provisions for hedges recorded within operating results (€ 58 M).

Regarding Tax Income, it is key to point out the application during 2008 for Export Activity Deductions (DAEX) reflecting overseas investments made by Abengoa, efforts made in R&D (according to a report prepared by the European Commission, Abengoa is the 7th largest Spanish corporate investor in R&D&i), contribution to Abengoa's results from other countries, and the tax regulations currently in place.

The results for the period of continuing operations totaled € 126.9 M, being 27.0% higher than that registered in 2007, which was a figure of € 99.9 M.

Results after tax attributable to the parent company totaled € 140.4 M, representing an increase of 16.6% over 2007 (€ 120.4 M).

This aforementioned result equates to an earnings ratio of € 1.55 per share, being greater than the € 1.33 per share obtained in 2007.

- 3.1.5. In 2008, Abengoa continued to increase overseas activity and diversification. Of the € 3,114.5 M revenues in 2008, € 2,038.7 M (65.5%) relate to overseas sales. Spanish-based activity made up € 1,075.8 M (34.5%) compared to € 1,007.7 M in 2007 (38.0%).

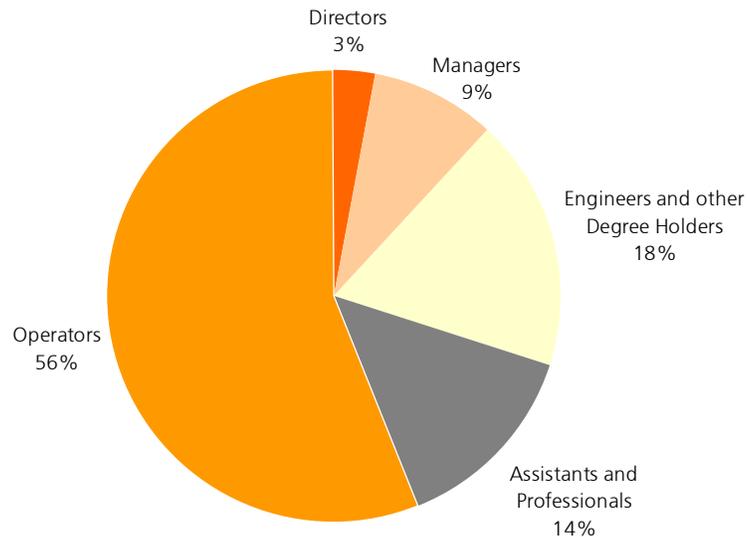
Of note is the change in contribution from certain geographical areas. Revenues from the US, which in 1998 were nil, currently represent 11.2% of Group revenues. The geographical distribution of revenues is as follows:

Foreign Activity							
Exports and Sales for Resident Societies	2008		2007		1998		CAGR(*) (98-08)
	M €	%	M €	%	M €	%	%
- USA	348.3	11.2	325.8	12.3	-	-	-
- Latin America	787.8	25.3	561.3	21.1	268.0	44.6	11.4
- Europe (excluded España)	499.2	16.0	520.8	19.6	18.6	3.1	39.0
- Africa	313.3	10.2	161.9	6.1	4.8	0.8	51.9
- Asia	90.2	2.8	78.3	2.9	16.2	2.7	18.7
- Spain	1,075.8	34.5	1,007.7	38.0	293.4	48.8	13.9
Consolidated Total	3,114.5	100.0	2,655.8	100.0	601.0	100.0	17.9

(*) CAGR: Compound Annual Growth Rate.

- 3.1.6. The following table shows the average number of employees for the various periods:

Average number of employees	2008	%	2007	%
Spain	9,238	39.8	7,358	42.7
Non-resident	13,996	60.2	9,887	57.3
Total	23,234	100.0	17,245	100.0



4.- Anticipated future trends of the Group.

- 4.1. To understand the prospects of the Group, it is necessary to take into account the trends and developments achieved in recent periods, from which the foreseeable medium-term future would appear to show growth. The Group's medium term strategy is based upon an increase in the level of contribution from Group activities within Environmental, Renewable Fuels (bioenergy), Solar activity, as well as continuing the development of Industrial Engineering and Construction.
- 4.2. Further, Abengoa's longer-term outlook is strengthened through increasing our capacities within the Environmental Services market, through Befesa Medio Ambiente, S.A., increased bioethanol production capacity, as well as the developments in Solar activity. On the basis that the current forecasts are achieved, Abengoa has a new activity base available which could offer both stability and continuity over the coming years.
- 4.3. With the current level of reserves, taking into account a greater extent of flexibility in the structure of the Group, the specialisation and diversification of activities, within the possible investments which present themselves within the domestic market and our competitive positioning within overseas markets, notwithstanding exposure of elements of our activities to the sale of commodities and non-Euro currencies, we trust that the Group shall be well positioned to continue positively into the future.

5.- Management of Financial Risk.

Abengoa's activities are undertaken through four groups which are exposed to various financial risks:

- **Market risk:** The Company is exposed to market risk such as the movement in foreign exchange rates, interest rates, raw material prices (commodities). All such risks arise through the normal course of business, as no operations are entered into for purely speculative purposes. For the purposes of managing such risks from

these operations, we utilise a series of sale/purchase futures, exchange rate options and contracts, and interest and raw material swaps.

- **Credit risk:** Trade debtors and other receivables, financial investments and cash are the main financial assets of Abengoa and therefore present the greatest exposure to credit risk in the event that the third party does not comply with their obligations of the transaction.
- **Liquidity risk:** The financing and liquidity objectives of Abengoa are to ensure that the company has sufficient funds available on an ongoing basis so as to honour all upcoming financial commitments and obligations.
- **Interest rate and cash flow risk:** Interest rate risk arises from third-party long-term loans. Those loans which are granted on a variable interest rate basis expose to the Group to interest rate and cash flow risks.

Abengoa's risk management model attempts to minimise the impact of potential risks to the financial position of the Group.

Abengoa risk management is the responsibility of the Group's Corporate Finance Department in accordance with the internal rules and procedures which are in force and strictly applied. This department identifies and evaluates the financial risks in close collaboration with each of the business units. The internal procedures provide written policies for the management of overall global risk, as well as for specific areas such as Exchange rate risk, Credit risk, interest rate risk, liquidity risk, the use of hedging instruments and derivatives and the investment of excess cash.

For further information see Note 9 within the notes to these accounts.

6.- Information on Research and Development (R&D) Activities.

- 6.1.** Abengoa has continued to increase its efforts in R&D&i (Research, Development and Innovation) throughout 2008 (despite the prolonging of the global technology crisis), with a strong belief that to achieve real future benefits, such investment requires continuous input which should not be adversely affected by the crisis or economic cycles.

Further, the Group has strengthened its presence, and in other cases its leadership, in various institutions, public forums and private forums in which cooperation is encouraged between the large technology companies, also being where the long and short term future of R&D&i is decided.

- 6.2.** The programs set out for R&D activities have substantially been achieved. Abengoa, through those responsible for the strategy in each areas of the business, has pushed, on a day-to-day basis, a higher level of innovation in the technologies developed, as required and reflected in the characteristics of the businesses, focusing primarily on the following objectives:
- Continuously and closely following the technologies which could affect each area of the business.
 - Selection of a portfolio of technologies which will maximise the competitive advantages of the Group.

- The granting of and introduction of technology available through Transfer Agreements.
- Selecting the optimum path for the development of technologies.
- Determining the programs for marketing from the technology developed.
- Utilisation of support from institutions/governments for innovation and technology.

6.3. Of all such efforts, of note is that during 2008, R&D activity has been undertaken by Group companies in accordance with the requirements identified for their respective markets. The majority of the Group's projects are aligned with R&D objectives of the Spanish administrations (the Ministry of Industry and Energy), of Europe (R&D framework programs) and the U.S. (Department of Energy).

Abengoa engages in R&D both directly as well as through third-party contracts which are typically public organisations dedicated to such work, university departments, or other private or public entities. Additionally, during the year, Abengoa has made strategic investments in pioneering companies in the US and Canada, developing and owning technologies which are defined as "high priority", such as biofuels and control systems, with the objective of enabling internationalisation and the generation of value through these technologies in key emerging markets.

R&D is a strategic activity for Abengoa with regards to its planning for future periods. It is undertaken by the business groups in harmony with the demands of their respective markets so as to provide the necessary competitive capacities of the Group on an ongoing basis.

6.4. In 2008, investment in R&D&i totaled € 84.0 M compared to € 54.6 M in 2007. In 2009, a further increase in R&D&i investment is anticipated. Of note are projected investments in projects in relation to the conversions of biomass and ethanol and solar-related projects.

7.- Information on the Environment.

The fundamental principles of Abengoa's environmental policy are to comply with the legal rulings and requirements in place at any given time, the prevention of or minimisation of adverse or damaging environmental factors, the reduction of the use of natural resources and energy sources and continuous improvement in environmental behaviour.

Abengoa, in response to our commitment to the sustainable use of and natural and energy sources, as clearly set out within our Common Management Systems (NOC), stipulates that all companies within the Group are required to implement and have certified environmental management systems in accordance with international standards (ISO 14001).

As a result of implementing this policy, as of the end of 2008, 83.36% of companies within the Group (based upon sales volume) had certified Environmental Management Systems.

The distribution of companies with certified Environmental Management Systems by business unit is set out below:

Business Group	ISO 14001-Certified Companies (% of sales)
Solar	46.37%
Industrial Engineering & Construction	85.35%
Environmental Services	82.74%
Bioenergy	88.12%

Abengoa views its tradition engineering business as nothing short of a valuable tool through which to construct a more sustainable world, being a philosophy which applies to all Business Units which make up the solar activities, biomass activities, waste activities, information technology and engineering. Abengoa applies technological solutions and innovations for sustainability.

Climate change and the emission of greenhouse gasses

Climate change, an undisputed scientific fact, is being caused by human activity. As such, the Kyoto Protocol set out a target to reduce by 5%, by 2012, the emissions of greenhouse gases (GHG), based on the emission levels of developed countries in 1990.

The emission of GHGs is a function of the industrial activity of a country. As such, those countries with a higher level of industrialisation are those with the highest level of GHGs. To reduce such emissions, without effecting GDP, it is necessary, amongst other measures, to develop clean industrial technologies, substitute the use of fossil energy fuel for renewable sources, and to change people's consumer habits. This is a challenge, not only for governments but also for companies and individuals. Agenda21 of the UN set out a framework for action to meet the targets of the 21st century through the integration of development and the environment.

The role of companies in the struggle against climate change may be summarised as the management of clean production and the promotion of responsible pledges, and to implement various actions:

- Management and knowledge of own emissions: accounting and balancing such emissions, introducing different and new 'inputs'.
- A plan to reduce and minimise emissions, raw material 'inputs' expended, and solid and liquid wastes, all through effective and considered planning.
- Emission labeling of products.
- Analysis of the lifecycles of products and businesses, with evaluations for potential improvements.
- Innovation.
- Align new businesses with sustainability.

- On a voluntary basis, the company can become carbon-neutral, purchasing carbon funds to compensate for their emissions.

In accordance with the above, Abengoa has put into effect an inventory of its greenhouse gases, so as to gain in-depth knowledge of its own (GHG) emissions across each activity of the company, direct and indirect; evaluate its position, and identify areas for improvement. Additionally, it enables the labeling of Abengoa's products and services, identifying the GHGs associated with each product or service, and to assess its suppliers in terms of their own GHG emission in relation to the products and services acquired by Abengoa.

8.- Stock Exchange Information.

Abengoa, S.A. shares have been listed on the stock exchange since 29 November 1996 and the Company presents quarterly and half-year prospective information on a timely basis.

All Abengoa, S.A. shares were initially listed on the Stock Exchange in Madrid, Barcelona, and the Network Stock Exchange System on 29 November 1996, the date upon which an Initial Public Offering was undertaken (IPO) brought about by Inversión Corporativa I.C., S.A. and its subsidiary, Finarpisa, S.A., as well as other shareholder at that time.

To be able to undertake both processes (admission and the IPO) Abengoa, S.A. published a pre-issued Admission Prospectus and, together with their shareholders, a "Pre-issued initial public offering prospectus" (the IPO reporting requirements as required by the exchanges). Both documents were duly registered with the CNMV on 12 November 1996 and 21 November 1996, respectively.

The number of shares which were subject to the IPO totaled 33.03% of Abengoa, S.A.'s share capital, with the offer being completed on 29 November 1996, the date at which the listing became effective.

Based upon the information as provided to Abengoa by "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.", related to the most recent general shareholders meeting, on 6 April 2008, Abengoa, S.A. had 10,720 shareholders.

As of 31 December 2008 the company understands that its free float is 43.96% if discounting the investment held by Inversión Corporativa I.C., S.A. and its subsidiary Finarpisa (56.04%).

The closing listed price in 2008 was 11.80 Euros, being 51.2% lower than that as at 31 December 2007 (€ 24.18). The minimum, maximum and average listing price during 2008 were 10.08 Euros (20 November), 24.45 Euros (27 February) and 17.87 €, respectively.

9.- Information on own Equity Instruments.

- 9.1. Abengoa, S.A. and its subsidiaries, have complied with all legal prescriptions set out relating own equity instruments (see Note 10.1 hereinafter).

Abengoa, S.A. General Shareholders Meeting dated 6 April 2008, authorized to the Board of Directors to issue notes either generating liability or equity instruments, within the legal limits applicable in each case.

- 9.2. The parent company has not pledged its shares in any trading operations or any other legal forms. Nor are there any Abengoa, S.A. shares held by third parties which could operate in their own name but by the responsibility, other than the responsibility of the Companies of the Group.
- 9.3. Certain companies within the Group are contracted into share-based incentive schemes with managers and employees. These schemes are linked to the achievement of management objectives over the following years.

Additionally, Abengoa, S.A. has a Share Purchase Plan for the directors of the Group, approved by both the Main Board of Directors and by an extraordinary shareholders meeting on 16 October 2005.

- 9.4. Finally, it must be pointed out that the eventual reciprocal shareholding established with entities within the Group has been undertaken on a temporary basis in compliance with the requirements of the Law of Anonymous Companies.

For further information see Note 2.16 to this Consolidated Memory.

10.- Corporate Governance.

10.1. Shareholding structure of the company.

Significant Shareholdings

The share capital of Abengoa, S. A. is recorded and monitored by Iberclear ("Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S. A."), and is made up of 90,469,680 shares, each of € 0.25 nominal value, all of the same class and rights, making up € 22,617,420 of share capital. All shares are listed for trading on the Madrid and Barcelona exchanges and on the "Sistema de Interconexión Bursátil Español (stock exchange link-up) since 29 November 1996.

In December 2007, Abengoa was selected by the "Comité Técnico Asesor" (technical advisory committee) of Ibex35 to enter and form part of this index as of 2 January 2008, a listing which has been maintained throughout 2008. The inclusion was the result of the periodic review of listed companies as undertaken by the Committee, in which, as well as the company's capitalisation, the volume of business undertaken and the sector in which the business operates is also taken into consideration. The Ibex 35 is the leading index in Spain as followed by national and international investors. The index groups together the 35 companies with the greatest listed share capital and level of business.

The most recent change to the share capital of the company was agreed at the General Shareholder Meeting on 24 June 2001 relating to a shares split, from 1 Euro to 0.25 Euros per share. As such, the number of shares increased from 22,617,420 to the current volume of 90,469,680. This change required that Articles of Association 6 and 21 be amended to reflect the new volume and nominal value of the shares, and, simultaneously, the cancellation of the original shares and the admission to the exchange of the new shares.

Last modification date	Share Capital (euros)	Number of Shares
06/24/2001	22,617,420	90,469,680

As the company's shares are listed, and holdings recorded with information on significant shareholder listings (the "X-25") is provided by Iberclear, there is no other register of shareholders maintained by the company. Such information is provided by Iberclear for the Ordinary Shareholders meeting. Based upon the information received (the Iberclear list for 6 April 2008 and the notification of significant shareholders), the major shareholders at that time were:

Shareholders	% Equity
Inversión Corporativa IC, S.A. (*)	50.00
Finarpisa, S.A. (*)	6.04

(*) Inversión Corporativa Group.

The number of shareholders registered by the "Ordinary General Annual Shareholders Meeting" as at 6 April 2008 was 10,720.

The company does not maintain a record of arrangements of agreements or pacts between shareholders of which those parties become obliged to undertake— through the voting rights which are available – being a common policy regarding the management of the company or to ensure that they have a significant influence upon the company.

In accordance with that as set out in Article 19 and pursuant to the Articles of Association, there do not exist limits upon the voting rights of shareholders in relation to the number of shares which they hold. The right to attend the shareholders meeting is limited, however, to those shareholders with over 1,500 shares, without prejudice to the rights of representation and grouping of as held by all shareholders.

Constitutional Quorum: on first notice, 25% of the share capital. On second notice any percentage. These reflect the same percentages as per the Law for Anonymous Companies. In those cases stated in Article 103 of said Law, the quorum coincides entirely with the Law.

Quorum for the adoption of agreements: by a simple majority vote by those present or represented at the Meeting. In those cases stated in Article 103 of the Law for Anonymous Companies, the quorum coincides entirely with the Law.

Shareholder rights: Shareholders have the right to information, in accordance with the applicable standards in force; the right to free delivery of the documentation related to the Shareholder Meeting; the right to vote in proportion to their shareholding, with no maximum limit; right to attend shareholder meetings if holding a minimum of 1,500 shares; economic rights (to dividends, as and when paid, and their share of company reserves); right of representation and delegation, of grouping and the right to undertake legal actions which compete to shareholders.

Active encouragement of shareholders participation: making the documentation related to the Shareholder Meeting freely available by post to shareholders, as well as announcements made on the company's website to give notice of the Shareholder Meeting. The option to grant a proxy vote, or to vote on an absentee basis may be undertaken via the appropriate completion of accredited attendance cards.

The Articles of Association do not limit the maximum number of votes of an individual shareholder or include restrictions to make it more difficult to gain control of the company through the acquisition of shares.

The proposed agenda to be presented at the Shareholders Meeting is published along with notice of the meeting via the website and the CNMV.

The Shareholder Meeting matters are voted upon separately, and in accordance with the item on the agenda, when substantially distinct from one another, so that voters may exercise their views separately for distinct matters to be addressed. This is particularly of note when it concerns the appointment or ratification or an amendment to the Articles of Association.

The Company allows for the vote of shareholders' appointed financial representatives to be split on the basis that they are acting on behalf of more than one shareholder, so that they may vote in accordance with the instructions of each individual shareholder whom they represent.

Purchase of own shares

At the Ordinary Shareholder Meeting of 6 April 2008 it was agreed to authorise the Board of Directors to acquire on a secondary basis, via a contract, own shares, be it directly, or via subsidiaries or other companies in which they have a holding, up to the limit as stipulated in the agreements in force, at a price of between three cents of a Euro (0.03 Euros) and one hundred and twenty Euros and 20 cents (120.20 Euros) per share, being able to do so during a period of 18 months as of said date and in accordance with the fourth section of chapter IV of the Amended Anonymous Company Law.

On 19 November 2007, the Company enters into a contract with Santander Investment Bolsa, S.V. for the purposes of, without interfering with the normal development of the market and in strict adherence to the requirements of the stock exchange, improving liquidity of the shares, in a way to ensure the stability of the listing, avoiding any variations which do not reflect the trends of the market. Although this contract does not comply with the conditions as set out in the memo "Circular 3/2007" dated 19 December of the CNMV, Abengoa has voluntarily been in compliance with the requirements of "Circular 3/2007" in this regard. The operations undertaken under the scope of this Contract have been communicated on a quarterly basis to the "Stock Exchange Commission (CNMV)" and have been published on the company website.

As at 31 December 2008 the total number of own shares held was 2,194,948 (relating to the above mentioned Liquidity Contract).

With regards to the operations undertaken during the year, the number of shares acquired through the Liquidity Contract was 20,599,054 and own shares sold was 18,404,106, with a net result from these operations of € (17,350,857.78).

Details of the latest Shareholders Meeting.

The Extraordinary Shareholders Meeting of Abengoa on 6 April 2008 saw the effective gathering of 62,638,115 shares held (69.23% of the total share capital) held by 329 shareholders (69 present and 260 by representation) of a total of 10,720 registered shareholders.

Amongst other matters, the Shareholder Meeting approved:

- To grant the Board of Directors, in accordance with that set out in 153-1-b) of the Amended Anonymous Companies Law, with the power to increase the share capital, on one or more occasions, up to an amount of eleven million, three hundred and eight thousand and seven hundred and ten Euros (€ 11,308,710) being the equivalent to 50% of the share capital at the time of granting authorisation, with increases made through monetary payments, with or without share premium being paid, as adopted by the Ordinary Shareholder Meeting held on 9 April 2006, with the timing and quantity of shares being as deemed appropriate by the Board of Directors, without requiring further prior authorisation from the shareholders. Additionally, in accordance with article 159, paragraph 2 of the Amended Anonymous Company Law, it was agreed to grant authority to the Board of Directors to decide upon the exclusion, or not, of the right of preferred subscriptions in relation to increases in share capital which could be agreed upon in accordance with this agreement, when the circumstances stated in paragraph 1 of the cited article relating to corporative interest, and always that, in the event of exclusion, the nominal value of the shares to be emitted plus, in the event it arises, the share premium upon emission equals to the actual value of the auditor report of the statements prepared, at the request of the Board of Directors. Additionally, the Board was authorised to draft Article 6 of the Articles of Association, which relates to share capital, once the increase in shares has been undertaken, to reflect the updated number of shares subscribed for and paid out.
- Similarly, the Board of Directors was authorised, in relation to the share issue previously mentioned when the Board deems it appropriate, that they request and manage for the Spanish Stock Exchange Commission and through an intermediary broker, the admission of the cited titles as a negotiation value in any Stock Exchanges, and all necessary related requirements.
- Ratify and extend in all its terms, for the legal period of five years the agreement adopted at the Shareholder Meeting on 27 June 2004, authorising the Board of Directors, in accordance with article 282 and pursuant to the Anonymous Companies Law and within the 5 year period of the agreement, to proceed with the emission of obligations, bonds and any other securities representative of loans, convertible or exchangeable for shares in the company or not convertible, up to the maximum amount as per the Law, being the equivalent of the share capital paid out, plus reserves of the balance sheet as at 31 December 2003, the most recent audited balance sheet approved at a Shareholders Meeting, and serves as a basis for this agreement, and the regularization and updating of balances, once accepted by the Ministry for Economy, for a balance of two hundred and sixty one thousand five hundred and eighty five million Euros (€ 261,585 M), in accordance with the terms and conditions within the Board Report dated 26 April 2004.
- Authorise the Board of Directors to acquire on a secondary basis, through purchasing, own shares, be it directly, or via subsidiaries or other companies in which they have a holding, up to the limit as stipulated in the agreements in force, at a price of between three cents of a Euro (€ 0.03) and one hundred and twenty Euros and 20 cents (€ 120.20) per share, being able to do so during a period of 18 months as of said date and in accordance with the Fourth Section of Chapter IV of the Amended Anonymous Company Law.

In this way the powers granted, for the same purposes, to the Board of Directors were expressly revoked in virtue of the agreement adopted by the Ordinary Shareholder Meeting on 9 April 2006.

Since 19 July 2003 when Law 26/2003 came into force, which amended Law 24/1988, of 28 July, of the Stock Exchange, and the Amended Anonymous Companies Law, with the aim of increasing transparency of anonymous companies, the members of the Board of Directors have not held (with the exception of those discussed below) holdings in the share capital of entities which directly have activities which are of the same nature or are analogous or complementary to the corporate objectives of the parent holding company. Similarly, they have not undertaken, nor undertake, activities of their own accord or otherwise, which are similar to or complementary to the corporate objectives of Abengoa, S.A. Neither in 2008 nor 2007 were there any entities susceptible to horizontal consolidation as per Art. 42 of the Commercial Code.

The following table lists those directors who are members of other listed entities:

Name	Entity	Position
José B. Terceiro Lomba	Telvent GIT	Member of the Board
José B. Terceiro Lomba	Iberia	Member of the Board and of the Executive Committee.
José B. Terceiro Lomba	Grupo Prisa	Member of the Board and of the Executive Commission.
Felipe Benjumea Llorente	Iberia	Member of the Board

In accordance with the register of significant shareholdings which the Company maintains in accordance with that required by the Internal Regulation of Conduct as for Stock Market, the percentage holding of shares in the shared capital by directors at 31.12.08 is as follows:

	% Direct	% Indirect	% Total
Felipe Benjumea Llorente	-	0.889	0.889
José Joaquín Abaurre Llorente	0.002	-	0.002
Aplicaciones Digitales, S.L.	1.039	-	1.039
José Luis Aya Abaurre	0.061	-	0.061
Javier Benjumea Llorente	0.002	-	0.002
M ^a Teresa Benjumea Llorente	0.013	-	0.013
Mercedes Gracia Díez	0.0005	-	0.0005
Miguel A. Jiménez-Velasco Mazarío	0.029	-	0.029
Miguel Martín Fernández	0.001	-	0.001
Carlos Sebastián Gascón	0.0135	0.0135	0.027
Ignacio Solís Guardiola	0.016	-	0.016
Fernando Solís Martínez-Campos	0.056	0.036	0.092
Carlos Sundheim Losada	0.051	-	0.051
Alicia Velarde Valiente	0.0004	-	0.0004
Daniel Villalba Vilá	0.014	-	0.014
Total	1.2984	0.9385	2.2369

10.2. Company Management Structure.

The Board of Directors

a) Composition: number and identity

Following changes to Article 39 the Articles of Association, as agreed by shareholders and the Ordinary Shareholders Meeting held 15 April 2007, the maximum number of members of the Board of Directors has been set at fifteen, with respect to the nine established until that time. This modification reinforced the structure of the administration body through a number of managers that allows, on one hand, a more diversified composition and, on the other, facilitates the delegation and adoption of agreements with minimal attendance thereby ensuring a multiple and plural presence in the Board of Directors.

Maximum number of Directors	15
Minimum number of Directors	3

In agreement with the recommendations established in the Unified Code of Good Government of Listed Companies, the composition of the Board bears the capital structure in mind; this enables the Board to represent in a stable fashion, the highest possible percentage of the capital and ensures protection of the general interests of the Company and its shareholders. The Board is provided, moreover, with a degree of independence in concert with the practices and professional needs of any company. Its current composition is the following:

Abaurre Lorente,	José Joaquín
Aya Abaurre,	José Luis
Benjumea Lorente,	Felipe
Benjumea Lorente,	Javier
Benjumea Lorente,	Mª Teresa
Gracia Díez,	Mercedes
Martín Fernández,	Miguel
Sebastián Gascón,	Carlos
Solís Guardiola,	Ignacio
Solís Martínez-Campos,	Fernando
Sundheim Losada,	Carlos
Terceiro Lomba,	José B. (representing Aplicaciones Digitales, S.L.)
Velarde Valiente,	Alicia
Villalba Vilá,	Daniel
Jiménez-Velasco Mazarío	Miguel Á. (Director-Secretary)

The total number of directors is considered to be adapted to ensure the necessary representation and the effective functioning of the Board of Directors.

Without prejudice that the independence is a condition that must be common to any director, without distinction due to his or her origin or appointment, basing his condition on reliability, integrity and professionalism in his or her undertakings, in agreement with the guidelines included under Law 26/2003, in the O. M. 3722/2003 and in the Unified Code of Good Governance of Listed Companies, the classification of the current directors is as follows:

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

As may be seen in the table above, the Board is made up of a majority of external, non-executive directors.

b) Organisational and functional rules

The Board of Directors is governed by the Board Regulations, by the Articles of Association and by the Internal Securities Exchange Code of Conduct. The Board Regulations were initially approved by the Board at a meeting on 18 January 1998, clearly in anticipation of the current rules of good governance and internal efficient application. The most recent update of note took place on 29 June 2003, in order to incorporate matters relating to the Audit Committee as established under the Financial System Reform Act.

- Structure:

The Board of Directors is currently made up of 15 members. The Board Regulations cover the composition of the board, the functions and its internal organisation; additionally, there is the Stock Exchange Code of Conduct, the scope of which covers the Board of Directors, senior management and all those employees who, due to their skills or roles, are also impacted by its content. The Shareholder Meeting rules cover the formal aspects and other aspects of the shareholder meetings. Finally, the Board is supported by the Audit Committee and the Remuneration Committee, which in turn are subject to their own respective Internal Governance Rules. All such rules, included within the revised Internal Corporate Governance Rules, are available on the Company website, www.abengoa.com.

Since its inception, the Remuneration Committee has been analysing the structure of the governing bodies of the Company and has worked to align such bodies with regulations in force regarding governance, focusing in particular on the historical and current configuration of such ruling bodies within Abengoa. Consequently, in February 2007 the committee recommended the creation of a Coordination Director, as well as the dissolution of the Advisory Committee to the Board of Directors. The first recommendation was to align the Company with the latest corporate governance recommendations in Spain in 2006; the second recommendation reflected that the advisory board had completed the role for which it was established in the first place, and that its coexistence with the remaining company bodies could create a potential conflict of roles. Both proposals were approved by the Board of Directors in February 2007 as well as by the shareholders at the ordinary general meeting on 15 April of the same year.

Finally, in October 2007 the Committee proposed to the Board the resignation of Mr. Javier Benjumea Llorente as Vice-president, along with the revoking of any powers which had been granted, and the naming of a new representative, being an Abengoa representative, or for those entities in which the Focus-Abengoa Foundation holds an appointed individual, someone from the Focus-Abengoa Foundation.

On the basis of the foregoing, the committee decided that it would be opportune to repeat the study on numbers and conditions of the vice-president to the Board of Directors within the current structure of the company's governing bodies.

As a result, the committee considered it necessary that the vice-president of Abengoa hold the powers as per the Law for Anonymous Companies so that, on the one hand, he or she is granted full representation of the company and, on the other, the functions of the president of the board. On this basis it was considered that the coordination director – in accordance with the responsibilities as assigned to the role by the Board of Directors (February 2007) and at the Shareholder Meeting (April 2007) – was ideal for the role, in addressing the corporate governance recommendations and the structure of the company, as well as the composition and diversity of the directors. The coordination director already has the duty to take into account the concerns and goals of the board members and, to achieve this, has the power to call Board meetings and to add items to the agenda. As this role was more in substance than in title, considered the interests of the directors, and reflected a certain representation of the Board, it was considered appropriate to recognise this institution and comprehensive representation.

For the reasons mentioned, the Committee deemed it appropriate to propose Aplicaciones Digitales, S. L. (Aplidig, represented by Mr. José B. Terceiro Lomba), the current Coordinating Director, as the new Vice-President of the Board. Additionally, within the representative duties, it was proposed that the vice-president, in conjunction with the president, would represent Abengoa as president of Focus-Abengoa Foundation, as well as for other foundations and institutions in which the company is or should be represented.

In light of the above, on 10 December 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 the new Vice-President of the board, with unanimous consent of the independent directors regarding the retention of his role as coordinating director despite being promoted to an executive board member role. Additionally, within the representative duties on 23 July 2007 the Board approved that the vice-president, in conjunction with the president, would also represent Abengoa as Chairman of the Focus-Abengoa Foundation Board, as well as for other foundations and institutions in which the company is or should be represented.

The President of the Board, as the leading executive of the Company is granted full powers excluding those which by law are not assignable to the Board of Directors regardless the Board-attributed faculties and competences. With regards to the vice-president, also an executive role, he or she holds at the same time power over the aforementioned faculties.

- Functions:

The role of the Board of Directors is to undertake the necessary actions so as to achieve the corporate objectives of the Company. It is empowered to determine the financial goals of the company, agree upon the strategies necessary as proposed by senior management so as to achieve such goals, assure the future viability of the company and its competitiveness, as well as adequate leadership and management, supervising the development of the company's business.

- Appointments:

Shareholder meetings, or when applicable the Board of Directors, within the established rules and regulations, are designated the authority to appoint members of the Board. The appointee will be required to demonstrate that they have the necessary legal requirements, that they are trustworthy and that they have the required knowledge, prestige and sufficient professional references so as to undertake the functions of director.

Directors are appointed for a maximum of 4 years, although may then be re-appointed.

- Cease of directors:

Directors will be removed from their position at the end of their tenure or under any other circumstances in accordance with the appropriate laws. Further, they should relinquish their role as Directors in the event of any incompatibility with, prevention of, a serious charge against, or non-compliance with their obligations as Directors.

- Meetings:

In accordance with Article 42 of the company by-laws, the Board of Directors will meet as deemed necessary given the demands of the Company or, as a minimum requirement,

three times annually, with the first meeting during the first quarter of the year. During 2008, the Board met a total of 11 times, in addition to a meeting between the Board of Directors and senior management.

- Duties of the Directors:

The function of the director is to participate in the direction and control of management of the company for the purposes of and with the aim of maximising its value for shareholders. Each director operates with the diligence and care of a loyal and dedicated professional, guided by the company's interests, as a representative with complete independence to defend and protect the interests of the shareholders.

By virtue of their appointment, the directors are required to:

- Prepare and be sufficiently and properly informed for each task and meeting.
- Actively assist and participate in the meetings and to make decisions.
- Avoid conflicts of interest and, in the event that they arise, to communicate such conflicts to the company Secretary.
- Not to undertake duties for competing entities.
- Not to use Company information for personal purposes.
- Not to use the Company's business opportunities for their own interest.
- Maintain full confidentiality regarding information received within their role as director of the Company.
- Abstain from voting on proposals that may have an effect on them.

- The Chairman:

The Chairman, in addition to the statutory and legal requirements, is the senior-most executive of the company, and as such is effectively responsible for the management of the company, in accordance always with the criteria and decisions of the Board of Directors and the Shareholder meetings. The Chairman is responsible for implementing the decisions made by the company's management bodies, through application of the powers as permanently granted to him by the Board of Directors, which he represents in all aspects. The Chairman also casts the deciding vote on the Board of Directors.

At Abengoa, the Chairman is also the Chief Executive Officer. The following measures are in place to prevent an accumulation of power.

Under Article 44 bis of the Company Bylaws, on 2 December 2002 and 24 February 2003 the Board of Directors agreed to appoint the Audit Committee and the Remuneration Committee.

These committees have the powers, which may not be delegated, as per the Law, the Company Bylaw and internal regulations, acting as regulatory body and supervisory body associate with the matters over which they preside.

Both are chaired by a non-executive independent director and are comprised of a majority of non-executive directors.

- The Company Secretary:

The Secretary to the Board of Directors undertakes those responsibilities as required by law. Currently the role of Secretary and that of Legal Counsel to the Board is undertaken by the same person, being responsible for the correct calling of meetings and that resolutions are properly implemented by the Board. In particular, he will advise the Board as to the legality of proposed deliberations and decisions and upon compliance with the

Company's internal corporate governance regulations, making him responsible as a guarantor of the legality, both in law and in substance, of the actions of the Board.

The Secretary, as a specialised role, guarantees the legality in law and in substance of the actions of the board, with the full support of the board to perform their duties with independent judgement and substance. He or she is also responsible for safeguarding the internal rules of corporate governance.

- Resolutions:

Decisions are made by a simple majority of those directors present at the meeting (present or represented) in each meeting, with the exception of legal matters as previously set out.

c) Compensation and other benefits

- Salaries:

Directors are remunerated in accordance with Article 39 of the Company Bylaws. The director's remuneration may consist of a fixed amount as agreed at the Shareholders Meeting, and need not be equal for all directors. Additionally they may receive a proportion of retained earnings of the Company, of between 5 and 10 percent, maximum, of earnings after dividends in the year to which the remuneration relates. Additionally, costs of relocations are recovered, if undertaken as part of their role as Director.

Payments made during 2008 to the Board of Directors of Abengoa, S.A. totaled € 9,049,000 consisting of fixed and variable remuneration and expenses, as well as € 200,407 made up of other concepts.

The following table shows a breakdown of remuneration by individual member of the Board of Directors in 2008 (in thousands of Euros):

Name	Allowance and other retribution as member of the Board	Retribution as Member of the Board	Retribution as member of another Group company	Remuneration of Executives Members	Totals
Felipe Benjumea Llorente	93	-	-	3,407	3,500
Javier Benjumea Llorente	78	-	-	672	750
Miguel A. Jiménez-Velasco Mazarío	-	-	-	204	204
José Luis Aya Abaurre	110	55	-	-	165
José Joaquín Abaurre Llorente	110	55	-	-	165
José B. Terceiro Lomba	-	-	21	-	21
Aplicaciones Digitales, S.L. (1)	200	-	-	2,756	2,956
Carlos Sebastián Gascón	166	83	26	-	275
Daniel Villalba Vilá	166	138	26	-	330
Mercedes Gracia Díez	110	55	-	-	165
Miguel Martín Fernández	99	55	-	-	154
Alicia Velarde Valiente	92	33	-	-	125
María Teresa Benjumea Llorente	78	-	24	-	102
Ignacio Solís Guardiola	78	-	-	-	78
Fernando Solís Martínez-Campos	78	-	-	-	78
Carlos Sundheim Losada	78	-	-	-	78
	1,536	474	97	7,039	9,146

*Note (1): Represented by Mr. José B Terceiro Lomba

In addition, during 2008, remuneration paid to senior management of the Company (which are not executive directors) to the Board, totaled € 5,757,000 made up of fixed and variable amounts.

No pre-payments or loans have been made to the members of the Board of Directors, nor have any obligations such as guarantees or other commitments.

At the period end, amounts accrued for retirement obligations and commitments totaled € 1,973 thousand.

11.- Appointments and Remuneration Committee.

Introduction

The Appointments and Remuneration Committee was constituted by the Abengoa, S. A. Board of Directors on 24 February 2003, under the scope of Article 29 of the Rules of the Board of Directors, for the purposes of incorporating the recommendations, regarding said committee, of Law 44/2002 of Financial System Reform. The Board also approved the Internal Regime Regulation.

Composition

The Composition of the committee is as follows:

Carlos Sebastián Gascón	- Chairman - Non-executive independent advisor
Aplicaciones Digitales, S.L. (represented by José B. Terceiro Lomba)	- Voting member - Executive Advisor
José Luis Aya Abaurre	- Voting member - Non-executive Dominical
Alicia Velarde Valiente	- Voting member - Non-executive independent advisor
Daniel Villalba Vilá	- Voting member - Non-executive independent advisor
José Marcos Romero	- Secretary non-Advisor

The Secretary was appointed to the Committee on 28 January 2004 by written agreement without Committee meeting; the president was appointed to the Committee on 19 October 2006.

As such, the Committee is made up of one executive director and four non-executive directors, with which it complies with the requirements of the Financial System Reform law. Additionally, as set out in Article 2 of the Internal Rules, it is required that the President of the committee is a non-executive appointment.

Duties and Functions

The duties and functions of the Appointments and Remuneration Committee are:

1. To inform the Board of Directors of appointments, re-elections, terminations and remunerations of the Board and its members, as well as upon general remuneration and incentives policy for the Board and senior management.
2. To inform the board of Directors, with advanced notice, all appointments or removals proposed by directors at the shareholder meeting, even in case of co-optation by the Board of Directors; annually verify that the strict conditions necessary for the appointment of a director are maintained (the character and nature of those assigned), preparation of information which will be included within the annual report. The Appointments and Remuneration Committee will oversee that, to fill vacancies, the selection process is not affected by implicit bias which may stand in the way of the appointment and that the potential candidates include women which fit the required profile.
3. To prepare an annual report on the activities of the Appointments and Remuneration Committee, which is to be included as part of the management report.

Meeting and the calling of meetings

To comply with the aforementioned duties, the Appointments and Remuneration Committee will meet when necessary and, as a minimum requirement, once every half year. They will also meet at any time at the discretion of the chairman. The meeting will be valid only once all members that are present and agree that the meeting is in progress.

During 2008 the Committee had 5 occasions. Among the matters covered, those of note were proposed appointments to the Board of Directors and a member of the Appointments and Remuneration Committee, as well as the verification that all ongoing conditions were continued to be met regarding those directors which were already appointed.

Quorum

The committee is considered to be quorate when the majority of its members are present. The delegation of attendance may only be granted to a non-executive member.

A decision or resolution requires the majority vote, in favour, of all those present or represented. In the event of a tie, the chairman shall cast the deciding vote.

Acting as secretary, the Company Director of Remuneration will also attend the meetings.

Information presented to the Committee

- Amounts paid and trends in the amounts paid as remuneration to the Board of Directors and senior management of the Company.
- Proposed remuneration to members of the Board of Directors and senior management of the Company.
- Preparation of the information to be included within the annual accounts.

- Proposal to the board for cooptation of the possible director Mrs. Alicia Velarde Valiente, following the resignation of Mr. Ignacio de Polanco Moreno.
- Proposal to the Board, to submit to the Shareholder Meeting on 6 April 2008, for the ratification of director Mrs. Alicia Velarde Valiente, who was previously named for cooptation (02.25.08) by the board as an independent director.
- A verification report upon the achievement and fulfilment of the necessary ongoing requirements of the directors and of their nature and type.
- Provision of a report to the Board on the amounts paid as remuneration to the Board of Directors and senior management of the Company.
- Market reports prepared by independent experts on comparative remunerations.

12.- Further Information.

To correctly measure and value the business and the results obtained by Abengoa, it is necessary to draw out the business trends from the consolidated figures.

In addition to the accounting information, as provided within the financial accounts and within this management report, Abengoa also publishes an "Annual Report" which sets out the key events of 2008. This report is available in Spanish, English and French. The Annual Report, which is published prior to the shareholder meeting at which the financial statements of 2008 will be approved, includes not only the consolidated accounts of Abengoa, as well as the strategic objectives of the business and the key events of the four Business Units into which Abengoa is structured as of 31 December 2008.

The annual report is available on the Company's website at www.abengoa.com.

The requirement to provide the market with information which is useful, truthful, complete, comparable and up-to-date would not be of such value to the user if the means of communicating such information were insufficient, as it would result in such information not being as effective, timely and useful. As such, the Aldama Report, the Financial System Reform Law and the Transparency law recommend and enforce, in the light of recent technologies, the use of a website by listed companies as an information tool (including historical, qualitative and quantitative data on the company) and a means of disseminating information (on a timely or real-time basis, making such information available to investors).

Abengoa has a website, which was recently renewed and updated, that features far-reaching and comprehensive content, including information and documentation made available to the public and, in particular to shareholders. This website offers periodic information (quarterly and half-yearly) as well as other relevant information and facts upon which it is mandatory that Abengoa report to the CNMV to comply with the rules of the stock exchange. Through this website, it is also possible to request a copy of the Annual Report.

13.- Information upon subsequent events which occurred after the financial year end.

Following the close of the financial period no events have arising or occurred which could significantly influence the information as reflected in the consolidated financial statements as prepared by the Company with this date, or which stand out due to being particularly of note or importance.