

2006

CORPORATE GOVERNANCE REPORT



CORPORATE GOVERNANCE REPORT



Listed companies

Issuer identification data year 2006

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Name:

ACCIONA, S.A.

Business address:

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Spain



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CORPORATE GOVERNANCE REPORT
FORM FOR LISTED COMPANIES

A. Ownership structure

For a better understanding of the form and its subsequent completion, it is necessary to read the instructions at the end of this report.

A.1. Complete the following table about the company's ownership structure:

DATE OF LAST CHANGE	SHARE CAPITAL (€)	NUMBER OF SHARES
18-05-2000	63,550,000,00	63,550,000

If there are different classes of shares, please indicate this in the next table:

Class	Number of shares	Unit par value

A.2. Indicate direct and indirect owners of significant stakes, and their stakes at year-end, excluding directors:

NAME OF SHAREHOLDER	NUMBER OF DIRECT SHARES	NUMBER OF INDIRECT SHARES (*)	% OF SHARE CAPITAL
GRUPO ENTRECANALES, S.A.	36,040,856	1,831,872	59.595

(*) Through:

NAME OF DIRECT OWNER OF STAKE	NUMBER OF DIRECT SHARES	% OF SHARE CAPITAL
TIVAFEN, S.A.	1,178,646	1.855
SERVICIOS URBANOS INTEGRALES, S.A.	653,226	1.028
TOTAL	1,831,872	

Indicate significant changes in the ownership structure in the year:

Name of shareholder	Transaction date	Description of transaction

A.3. Complete the following tables regarding the members of the company's Board of Directors who own shares in the company:

Name of director	Date of first appointment	Date of latest appointment	Number of direct shares	Number of indirect shares (*)	% of share capital
Entrecanales Domecq, José Manuel	14-04-1997	25-05-2002	423	6,142	0.010
Espinosa de los Monteros y Bernaldo de Quirós, Carlos	29-06-1994	24-05-2003	1,400	0	0.002
Gamazo y Hohenlohe, Germán	23-01-1985	24-05-2003	1,200	0	0.002
Urgoiti y López-Ocaña, Juan Manuel	14-04-1997	24-05-2003	2,150	0	0.003
Morrás Andrés, Esteban	10-02-2005	12-05-2005	3,023	0	0.005
Entrecanales Franco, Juan Ignacio	14-04-1997	25-05-2002	423	0	0.001
Echevarría Busquets, Alejandro	29-06-1994	19-05-2001	347	0	0.001
Montoya Moya, Valentín	19-05-2001	19-05-2001	423	0	0.001

(*) Through:

NAME OF DIRECT OWNER OF STAKE	NUMBER OF DIRECT SHARES
AGROPECUARIA EL CIJARAL, S.L.	6,142
TOTAL:	6,142

Total % of share capital owned by the Board of Directors:	0.025
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Complete the following tables regarding the members of the company's Board of Directors who own stock options in the company:

Name of director	Number of direct stock options	Number of indirect stock options	Number of equivalent shares	% of share capital

A.4. Indicate any family, commercial, contractual or business relationships among owners of significant stakes, insofar as they are known to the company, unless they are insignificant or are derived from ordinary commercial transactions:

NAMES OF RELATED PARTIES	TYPE OF RELATIONSHIP	BRIEF DESCRIPTION
Grupo Entrecanales, S.A.	Family	All the shareholders, both direct and indirect, of Grupo Entrecanales, S.A. are connected by family ties.

A.5. Indicate any commercial, contractual or corporate relationships between owners of significant stakes and the company, unless they are insignificant or are derived from ordinary commercial transactions:

NAMES OF RELATED PARTIES	TYPE OF RELATIONSHIP	BRIEF DESCRIPTION
Entrecanales Domecq, José Manuel	Corporate	Chairman of the Board of Directors
Entrecanales Franco, Juan Ignacio	Corporate	Vice-Chairman of the Board of Directors
Entrecanales de Azcárate, José María	Corporate	Chairman of Honour and Member of the Board of Directors

NAMES OF RELATED PARTIES	TYPE OF RELATIONSHIP	BRIEF DESCRIPTION
Nexotel Adeje, S.A.	Corporate	Nexotel Adeje, S.A.'s corporate purpose is to build and subsequently manage a hotel in Adeje (Tenerife). That company is owned one-third each by ACCIONA Inmobiliaria, S.A., a company in the Vincci Group and a number of parties who are shareholders of Grupo Entrecanales, S.A..
Entrecanales de Azcárate, Juan	Corporate	Member of the Board of Directors

A.6. Indicate shareholders' agreements that have been notified to the company:

PERSONS INVOLVED IN SHAREHOLDERS' AGREEMENTS	% OF SHARE CAPITAL AFFECTED	BRIEF DESCRIPTION OF AGREEMENT

Indicate any concerted actions among the company's shareholders of which the company is aware:

Persons involved in concerted actions	% of share capital affected	Brief description of concerted action

If the shareholders' agreements or concerted actions have been amended or terminated in the year, indicate this expressly.

A.7. Indicate if there is an individual or legal entity that exercises or can exercise control over the company in accordance with article 4 of the Securities Market Law:

NAME	COMMENTS
Grupo Entrecanales, S.A.	See note in section G

A.8. Complete the next tables about the company's own shares:

At year-end:

NUMBER OF DIRECT SHARES	NUMBER OF INDIRECT SHARES (*)	% OF SHARE CAPITAL
1,340,220	1,900	2.112

(*) Through:

NAME OF DIRECT OWNER OF STAKE	Number of direct shares
TIBEST CUATRO, S.A.	1,900
TOTAL	1,900

Detail the significant changes in the year, in accordance with Royal Decree 377/1991:

DATE	NUMBER OF DIRECT SHARES	NUMBER OF INDIRECT SHARES	% OF SHARE CAPITAL
20-07-2006	826,223	1,900	1.303

Results of transactions with own shares in the year (thousands of euros)	570
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A.9. Detail the conditions and terms of the authorisation that the shareholders' meeting has given to the Board of Directors to buy or sell the own shares described in section A.8.

On 10 May 2006, the Shareholders' Meeting adopted the following resolution:

Authorise the acquisition on the secondary market of shares of the company by the company itself and by companies in its group, both directly and indirectly by acquiring the capital of companies holding shares of ACCIONA, S.A., subject to the legal limits and requirements and the conditions established below, and revoking the authorisation granted by the Shareholders' Meeting on 12 May 2005:

- a) **Form:** purchase, swap, loan, or accord and satisfaction.
- b) **Maximum number of shares to be acquired:** up to 5% of capital stock
- c) **Maximum and minimum prices:** 5% above or below the closing price in the last market trading session.
- d) **Term of the authorisation:** eighteen (18) months from the date of this resolution.

To authorise the Board of Directors so that it may allocate some or all of the own shares already acquired and to be acquired by the company under the foregoing authorisation to the implementation of a compensation plan consisting of

the delivery of shares to senior management of the ACCIONA group, including directors of ACCIONA with executive functions.

A.10. Indicate any legal or bylaw restrictions on the exercise of voting rights or any legal restrictions on the acquisition or sale of stakes in share capital:

There are no such restrictions.

B. Structure of the company's administration

B.1. Board of Directors

B.1.1. Indicate the minimum and maximum number of directors envisaged in the Bylaws:

Maximum number of directors	18
Minimum number of directors	3

B.1.2. Complete the following table with the members of the board:

Name of director	Representative	Board position	Date of first appointment	Date of latest appointment	Type of appointment
Entrecanales Domecq, José Manuel		Chairman	14-04-1997	25-05-2002	Shareholders' Meeting
Entrecanales Franco, Juan Ignacio		Vice-Chairman	14-04-1997	25-05-2002	Shareholders' Meeting
Urgoiti y López-Ocaña, Juan Manuel		Vice-Chairman	14-04-1997	24-05-2003	Shareholders' Meeting
Entrecanales de Azcárate, José María		Director	14-04-1997	25-05-2002	Shareholders' Meeting
Entrecanales de Azcárate, Juan		Director	14-04-1997	25-05-2002	Shareholders' Meeting
Echevarria Busquets, Alejandro		Director	29-06-1994	19-05-2001	Shareholders' Meeting
Espinosa de los Monteros y Bernaldo de Quirós, Carlos		Director	29-06-1994	24-05-2003	Shareholders' Meeting
Gamazo y Hohenlohe, Germán		Director	23-01-1985	24-05-2003	Shareholders' Meeting
Garel-Jones, Tristan		Director	29-06-1999	12-05-2005	Shareholders' Meeting
Montoya Moya, Valentín		Director	19-05-2001	19-05-2001	Shareholders' Meeting
Villalonga Morenés, Belén		Director	10-05-2006	10-05-2006	Shareholders' Meeting
Morrás Andrés, Esteban		Director	10-02-2005	12-05-2005	Co-optation
Total number of directors	12				

Indicate any removals from the Board of Directors in the period:

Name of director	Date removed

B.1.3. Complete the next tables with the members of the Board and their status:

EXECUTIVE DIRECTORS		
Name of director	Committee that proposed the appointment	Position in the company
Entrecanales Domecq, José Manuel	Nomination and Remuneration	Chairman-Managing Director
Entrecanales Franco, Juan Ignacio	Nomination and Remuneration	Vice-Chairman-Managing Director
Morrás Andrés, Esteban	Nomination and Remuneration	Director
Montoya Moya, Valentín	Nomination and Remuneration	Director

EXTERNAL PROPRIETARY DIRECTORS		
Name of director	Committee that proposed the appointment	Name of the significant shareholder who is represented or who proposed the appointment
Entrecanales de Azcárate, José María		Grupo Entrecanales, S.A.
Entrecanales de Azcárate, Juan		Grupo Entrecanales, S.A.

EXTERNAL INDEPENDENT DIRECTORS		
Name of director	Committee that proposed the appointment	Profile
Urgoiti y López-Ocaña, Juan Manuel	Nomination and Remuneration	Graduate in law. Worked first at Banco de Vizcaya, where he attained the position of CEO, and was subsequently CEO of BBV. Former Chairman of Ahorrobank, Banco de Crédito Canario and Banco Occidental. Chairman of Ibys, S.A. and Laboratorios Delagrangue, S.A.. Director of Antibióticos, S.A. currently chairman of Banco Gallego, director of Inditex, member of the European Advisory Board of Citigroup Global Market. Chairman of the Royal Board of Trustees of the Queen Sofia National Art Centre and member of the Royal Board of Trustees of the Prado Museum.

EXTERNAL INDEPENDENT DIRECTORS		
Name of director	Committee that proposed the appointment	Profile
Echevarría Busquets, Alejandro	Nomination and Remuneration	Graduate in business studies. Former CEO of The Correo Group from 1980 to february 2001; Chairman of AEDE. Currently Chairman of Telecinco; director at Vocento, and Chairman of the Círculo de Empresarios Vascos. He is also a director of Tubacex, S.A. and of Compañía Vinícola del Norte de España, S.A..
Gamazo y Hohenlohe, Germán	Nomination and Remuneration	Economist, former Vice-president of Bankers Trust Company of New York, Continental Illinois Bank, and Chairman of Komatsu España.
Garel-Jones, Tristan	Nomination and Remuneration	Conservative member of the UK Parliament from 1979 to 1997, holding a number of ministerial portfolios, including Minister of State for Europe. Managing Director of UBS and director of Iberia.
Espinosa de los Monteros y Bernaldo de Quirós, Carlos	Nomination and Remuneration	Lawyer, graduate in Business (ICADE) and Civil Service Commercial Expert and economist. Former Vice-Chairman of INI and Chairman of Iberia and Aviaco. Chairman of Círculo de Empresarios. Currently Chairman and CEO of DaimlerChrysler España, S.A., Chairman of La Fraternidad Muprespa and Second Vice-Chairman of Inditex.
Villalonga Morenés, Belén	Nomination and Remuneration	Professor at Harvard Business School, where she has taught finance and company valuation to MBA, doctorate and executive programmes since July 2001. Phd. In Business Administration and Master in Economics from UCLA, graduate and phd in Economics and Business Studies from the Madrid Complutense University, where she was also a lecturer. She is a specialist in corporate finance, corporate governance and business strategy.

EXTERNAL INDEPENDENT DIRECTORS		
Name of director	Committee that proposed the appointment	Profile
Villalonga Morenés, Belén (cont.)	Nomination and Remuneration	Her articles on issues such as business diversification and the role of ownership, control and family management in value creation in the company received a number of awards, have been presented at over 60 conferences worldwide in recent years, and have been published in leading academic journals.

OTHER EXTERNAL DIRECTORS	
Name of director	Committee that proposed the appointment

Explain why these directors cannot be considered proprietary or independent:

Indicate any changes in directors' status in the period:

Name of director	Date of change	Former status	Current status

B.1.4. Indicate if the status of the directors in the preceding section corresponds to the composition envisaged in the Board Regulation:

In accordance with the Board of Directors Regulation, executive directors are proprietary directors with management responsibilities, in which case they are considered as executive proprietary directors. José Manuel Entrecanales Domecq and Juan Ignacio Entrecanales Franco fall under this heading. Also,

in accordance with the Regulation, executive directors are directors designated for the position exclusively based on their managerial position at ACCIONA, S.A. or group companies. Valentín Montoya Moya and Esteban Morrás Andrés fall under this heading.

B.1.5. Powers delegated to the managing directors:

NAME OF DIRECTOR	BRIEF DESCRIPTION
Entrecanales Domecq, José Manuel	All those of the Board of Directors, except those whose delegation is prohibited by law, on a joint and several basis.
Entrecanales Franco, Juan Ignacio	All those of the Board of Directors, except those whose delegation is prohibited by law, on a joint and several basis.

B.1.6. Identify any board members with administration or management positions in other companies that form part of the listed company's group:

NAME OF DIRECTOR	NAME OF THE GROUP'S SUBSIDIARY	POSITION
Urgoiti y López-Ocaña, Juan Manuel	ACCIONA Infraestructuras, S.A.	Director
Entrecanales Domecq, José Manuel	ACCIONA Infraestructuras, S.A.	Director
Entrecanales Franco, Juan Ignacio	ACCIONA Infraestructuras, S.A.	Chairman
Entrecanales Franco, Juan Ignacio	Altai Gestión, S.A.	Director
Montoya Moya, Valentín	Entidad Efinen, S.A.	Director
Montoya Moya, Valentín	Antigua Bodega Cosme Palacio, S.L.	Director
Montoya Moya, Valentín	Bodegas Palacio, S.A.	Director
Montoya Moya, Valentín	ACCIONA Energía, S.A.	Representative of a company which is a director
Montoya Moya, Valentín	Corporación Explotaciones y Servicios, S.A.	Director
Montoya Moya, Valentín	Dren, S.A.	Chairman
Entrecanales Domecq, José Manuel	Sociedad Empresarial de Financiación y Comercio, S.L.	Chairman
Montoya Moya, Valentín	Finanzas Dos, S.A.	Director
Montoya Moya, Valentín	Hijos De Antonio Barcelo, S.A.	Director
Montoya Moya, Valentín	Inantic, S.A.	Director
Montoya Moya, Valentín	Packivity, S.A.	Director
Montoya Moya, Valentín	Sileno, S.A.	Director

NAME OF DIRECTOR	NAME OF THE GROUP'S SUBSIDIARY	POSITION
Montoya Moya, Valentín	Tictres, S.A.	Director
Montoya Moya, Valentín	Trasmediterranea, S.A.	Director
Entrecanales Franco, Juan Ignacio	Altai Hoteles, S.L.	Director
Entrecanales Franco, Juan Ignacio	Ibérica de Estudios e Ingeniería, S.A.	Chairman
Morrás Andrés, Esteban	Soluciones Mecánicas y Tecnológicas, S.L.	Representative of a company which is the sole administrator
Morrás Andrés, Esteban	Iniciativas Energéticas Renovables, S.L.	Director
Morrás Andrés, Esteban	Energías Alternativas de Teruel, S.L.	Director
Morrás Andrés, Esteban	Sierra de Selva, S.L.	Representative of a company which is the sole administrator
Morrás Andrés, Esteban	Eólica de Rubio, S.L.	Representative of a company which is the sole administrator
Morrás Andrés, Esteban	Desarrollos Energéticos de Navarra, S.A.	Representative of a company which is joint administrator
Morrás Andrés, Esteban	ACCIONA Energía, S.A.	Managing director
Morrás Andrés, Esteban	ACCIONA Energía Internacional, S.A.	Representative of a company which is the sole administrator
Morrás Andrés, Esteban	ACCIONA Biocombustibles, S.A.	Director
Morrás Andrés, Esteban	Biocarburants de Catalunya, S.A.	Director
Morrás Andrés, Esteban	Biodiesel Caparros, S.L.	Representative of a company which is the sole administrator
Entrecanales Franco, Juan Ignacio	Altai Hoteles Condal, S.L.	Director
Morrás Andrés, Esteban	Alabe Sociedad de Congeneración, S.A.	Chairman
Morrás Andrés, Esteban	ACCIONA Windpower, S.A.	Representative of a company which is the sole administrator
Morrás Andrés, Esteban	ACCIONA Eólica de Galicia, S.A.	Chairman
Montoya Moya, Valentín	Ettime Facilities, S.A.	Director
Entrecanales Franco, Juan Ignacio	Mostostal Warszawa	Chairman of the Supervisory Board
Entrecanales Franco, Juan Ignacio	Sociedad Empresarial de Financiación y Comercio, S.L.	Director

B.1.7. Indicate any company directors who are members of the Board of Directors of other companies listed on Spanish official stock markets, other than group companies, that have been notified to the company:

NAME OF DIRECTOR	LISTED COMPANY	POSITION
Urgoiti y López-Ocaña, Juan Manuel	INDITEX, S.A.	Director
Garel-Jones, Tristan	Iberia Líneas Aéreas de España, S.A.	Director
Echevarría Busquets, Alejandro	Telecinco, S.A.	Chairman
Espinosa de los Monteros y Bernaldo de Quirós, Carlos	INDITEX, S.A.	2 nd Vice-Chairman
Echevarría Busquets, Alejandro	Tubacex, S.A.	Director
Echevarría Busquets, Alejandro	Vocento, S.A.	Director
Echevarría Busquets, Alejandro	Compañía Vinícola del Norte de España, S.A.	Director

B.1.8. Complete the following tables regarding the aggregate directors' remuneration accrued in the year:

a) In the company to which this report refers:

REMUNERATION ITEM	THOUSANDS OF EUROS
Fixed remuneration	2,044
Variable remuneration	1,977
Per diems	0
Bylaw-mandated remuneration	0
Stock options and/or other financial instruments	0
Other	0
TOTAL:	4,021

OTHER BENEFITS	THOUSANDS OF EUROS
Advances	0
Loans granted	0
Pension funds and plans: Contributions	0
Pension funds and plans: Obligations	0
Life insurance premiums	0
Guarantees granted by the company to directors	0

b) Company directors who belong to the boards of directors and/or senior management of group companies:

REMUNERATION ITEM	THOUSANDS OF EUROS
Fixed remuneration	263

REMUNERATION ITEM	THOUSANDS OF EUROS
Variable remuneration	261
Per diems	9
Bylaw-mandated remuneration	0
Stock options and/or other financial instruments	0
Other	381
TOTAL:	914

OTHER BENEFITS	THOUSANDS OF EUROS
Advances	0
Loans granted	126
Pension funds and plans: Contributions	0
Pension funds and plans: Obligations	0
Life insurance premiums	0
Guarantees granted by the company to directors	0

c) Total remuneration by type of director:

TYPE OF DIRECTOR	BY COMPANY	BY GROUP
Executive	3,271	914
External and proprietary	100	0
External and independent	650	0
Other external	0	0
TOTAL	4,021	914

d) With respect to profit attributable to the parent company:

Total directors' remuneration (in thousands of euros)	4,935
Total directors' remuneration/profit attributed to the parent company (%):	0.360

B.1.9. Indicate senior management members who are not executive directors and the total remuneration accrued to them in the year:

NAME	POSITION
Millán Álvarez-Miranda Navarro	General Manager - International
Rafael Montes Caracuel	General Manager - Human Resources
José Enrique Alonso Ferrer	General Manager, ACCIONA Infrastructures
F. Javier de Medizábal Castellanos	General Manager of Institutional Relations and Corporate Marketing
Javier Ducaý Real	Area General Manager, Finance, ACCIONA Infrastructures
Juan Andrés Sáez Elegido	General Manager, ACCIONA Logistics & Transport Services
Juan Muro-Lara Girod	Group Executive Director for Corporate Development and Investor Relations
José Luis Pérez Maeso	Area General Manager, Corporate Development
Carmen Becerril Martínez	Area General Manager, Strategic Analysis and R&D
Juan Gallardo Cruces	Area General Manager, Finance

NAME	POSITION
Vicente Santamaría de Paredes Castillo	Area General Manager, Legal
Francisco de Álvaro Reguera	Area General Manager, ACCIONA Urban & Environmental Services
Javier Pérez-Villaamil Moreno	Area General Manager, Construction Central Spain
Jesús Alcázar Viela	Area General Manager, Construction Eastern Spain
Juan Pedro Alonso Salmerón	Area General Manager, Construction International
Alberto de Miguel Ichaso	Area General Manager, Corporate Development and Strategy, ACCIONA Energy
Fermín Gembero Ustarroz	Area General Manager, ACCIONA Energy
Jaime Solé Sedo	Area General Manager, Power Generation
Pedro Ruiz Osta	Area General Manager, ACCIONA Wind Power
José María Farto Paz	Area General Manager, Construction Galicia
Carlos Navas García	Area General Manager, ACCIONA Airport Services
Joaquín Gómez Díaz	Area General Manager, Studies and Bidding, Construction
Domingo Vegas Fernández	Area General Manager, ACCIONA Concessions
Luis Carlos Cuevas Puerta	Area General Manager, ACCIONA Real Estate
Pedro Martínez Martínez	Area General Manager, ACCIONA Infrastructures Spain
Luis Castilla Cámara	Area General Manager, ACCIONA Agua
Manuel Nuevo Galeazo	General Manager of Purchases and General Services, ACCIONA
Jorge Vega-Penichet López	General Secretary
José Mariano Cano Capdevila	Area General Manager, México, ACCIONA Infrastructures
Rui Marqués da Silva	Area General Manager, ACCIONA Trasmediterranea
Roberto Redondo Álvarez	Area General Manager, Chile, ACCIONA Infrastructures
Francisco Adalberto Claudio Vázquez	Area General Manager, International Construction and Concessions
Justo Vicente Pelegrini	Area General Manager, Construction Western Spain
Miguel Ángel Fernández Villamandos	Area General Manager, Corporate Development
Gloria Alonso Martínez	Area General Manager, Finance

Total remuneration of senior management (in thousands of euros)

15,768

B.1.10. Indicate in an aggregate way any guarantee or “golden handshake” clauses in favour of senior management members, including executive directors, of the company or its group for the event of dismissal or change of control. Indicate whether these contracts have to be notified to and/or approved by the company’s or group’s bodies:

Number of beneficiaries	7	
	Board of Directors	Shareholders’ Meeting
Body that authorises the clauses		
	YES	NO
Is the Shareholders’ Meeting informed of the clauses?		X

B.1.11. Indicate the process to establish the remuneration for board members and the corresponding bylaw clauses.

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

Directors’ remuneration is distributed in the proportion as resolved by the Board.

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

Article 56 of the Board Regulation establishes that the Board of Directors must determine the directors’ remuneration regime within the framework established by the Bylaws.

The decision must be based on a report on the subject issued by the Nomination and Remuneration Committee.

The Board of Directors must ensure that directors’ remuneration is moderate and in line with the market rate at companies of a similar size and activity, favouring regimes which link a significant part of the remuneration to dedication to ACCIONA.

The remuneration regime must allocate analogous remuneration to similar functions and dedication.

The remuneration of proprietary directors for their duties as director must be in proportion to that received by other

directors, and must not represent special treatment regarding the remuneration of the shareholder who proposed their appointment.

Remuneration of executive directors derived from their membership of the Board of Directors must be compatible with other professional or occupational remuneration they receive for the executive or consultancy functions they undertake at ACCIONA, S.A. or in its group.

Directors' remuneration must be transparent.

The amount of remuneration received by each director must be detailed in the Annual Report and itemised by type, including the delivery or allocation of shares, stock options or systems referenced to the share value.

As an exception, remuneration received by executive directors for their professional dedication as executives of ACCIONA and its group may be disclosed in the Annual Report in aggregate form, in line with the provisions of Article 57 of the Regulation and without prejudice to compliance with the Law at all times.

ACCIONA may arrange director liability insurance and a director pension system.

Remuneration 2006. The total remuneration paid to the Board of Directors for discharging its duty as the company's governing body was 950,000 euros. This amount is broken down as follows:

50,000 euros for membership of the Board of Directors.

50,000 euros for membership of the Executive Committee.

25,000 euros for membership of the Audit Committee.

25,000 euros for membership of the Nomination and Remuneration Committee.

Those amounts are the same as in 2005. The three executive directors who are members of the executive committee did not receive any remuneration for their membership of that committee as it was considered to be included in the remuneration for their professional services as directors.

The four executive directors received, as part of their variable remuneration, 423 shares each, in the conditions established in the Regulation of the plan for delivery of shares to ACCIONA senior management, as indicated in the note to section G.

B.1.12. Identify any board members who are also members of the Board of Directors or executives of companies with significant stakes in the listed company and/or in companies in its group:

NAME OF DIRECTOR	NAME OF SIGNIFICANT SHAREHOLDER	POSITION
Entrecanales de Azcárate, José María	Grupo Entrecanales, S.A.	Director
Entrecanales de Azcárate, Juan	Grupo Entrecanales, S.A.	Chairman
Entrecanales Domecq, José Manuel	Grupo Entrecanales, S.A.	Director
Entrecanales Domecq, José Manuel	Servicios Urbanos Integrales, S.A.	Director
Entrecanales Franco, Juan Ignacio	Grupo Entrecanales, S.A.	Director
Entrecanales Franco, Juan Ignacio	TIVAFEN, S.A.	Director
Entrecanales Domecq, José manuel	TIVAFEN, S.A.	Chairman
Entrecanales Franco, Juan Ignacio	Servicios Urbanos Integrales, S.A.	Chairman

Identify any significant relationships, other than those stated in the preceding section, of board members that link them to significant shareholders and/or subsidiaries in their group:

Name of director	Name of significant shareholder	Relationship

B.1.13. Indicate any amendments to the board regulation in the year.

There were no amendments to the Board of Directors Regulation in 2006. The wording currently in force was approved by the Board of Directors on 25/03/2004, and the text is available on the company's web site.

B.1.14. Indicate the procedure for appointing, re-appointing, assessing and removing directors. Indicate the competent bodies, the process and the criteria for each procedure.

Directors are appointed by the Shareholders' Meeting, except when they are co-opted by the Board of Directors in order to fill a vacancy and when they are appointed by shareholders exercising their right to proportional representation.

The Board of Directors must respect the Regulation when proposing the appointment of directors to the Shareholders' Meeting and when deciding the co-optations made by the Board of Directors.

The Board of Directors must include proprietary, independent and executive directors. The Board of Directors must ensure

its composition reflects a dual balance: between proprietary, executive and independent directors on the one hand, and between executive and external directors on the other.

Prior to the Board of Directors' approval of the proposal to the Shareholders' Meeting or an appointment by co-optation, it must request and consider, but need not abide by, the opinion of the Nomination and Remuneration Committee.

When the Board departs from the recommendations of the Nomination and Remuneration Committee, it must state the reasons for doing so and duly record them in the minutes.

The Nomination and Remuneration Committee must also advise the Board of Directors on the reappointment of directors. In its recommendation, the Nomination and Remuneration Committee must evaluate the quality of work and dedication to duties during the director's term.

The Board of Directors must ensure that independent directors who are reappointed are not assigned to the same Committee, except where the tasks in hand or other reasons make it advisable for them to remain in the same Committee.

Directors cease to hold office:

- by their own decision, at any time.
- when required by the Shareholders' Meeting in exercise of its legally granted authority; or
- when, following expiration of the term for which they were elected, the next Shareholders' Meeting is held or the legal deadline for holding the next Shareholders' Meeting has passed.

Directors must also tender their resignation to the Board of Direc-

tors and, if the latter deems it appropriate, resign in the cases stated in section B.1.15.

In 2006, the Nomination and Remuneration Committee issued a report proposing the appointment of Ms. Belén Villalonga Morenés as director and of Jorge Vega-Penichet López as Secretary of the Board of Directors (not a director).

B.1.15. Indicate the reasons for forcing directors' removal.

Directors must also tender their resignation to the Board of Directors and, if the latter deems it appropriate, resign in the following cases:

- a) In the case of proprietary directors, when the reasons for which they were appointed no longer apply; this is understood to be the case when the entity or business group they represent ceases to hold a significant stake in the capital of ACCIONA, or when said entity or corporate group requests their replacement as director.
- b) In the case of independent directors, if they join the executive ranks of ACCIONA or any of its subsidiaries, or when, for another reason, they fulfil any of the conditions detailed in Article 10.5 of the Board of Directors which renders them unfit to be independent directors, except where the Board of Directors exercises the powers envisaged in Article 10.6.
- c) In the case of executive directors, when they cease to hold the executive post which led to their appointment as directors.

- d) When they fulfil any of the conditions of incompatibility or prohibition envisaged in the Law or the Regulation.
- e) When they have been reprimanded by the Audit Committee for a serious breach of any of their obligations as director.
- f) When their presence on the Board might affect the credit or reputation of ACCIONA and its group in the market or jeopardise their interests in any other way.

B.1.16. Explain whether the functions of the company's top executive fall on the board chairman. If so, indicate the measures taken to limit the risk of a single person accumulating power:

YES X NO

Measures to limit risks

The decisions and powers that correspond to both the Board of Directors and the Committees, and the existence of an Executive Committee, are considered to be adequate measures to limit the risks of a single person accumulating power.

B.1.17. Is a supermajority, other than the legal majority, required in some decisions?

YES NO X

Explain how resolutions are adopted by the Board of Directors, stating at least the quorum and type of majority required to adopt resolutions:

ADOPTION OF RESOLUTIONS		
Description of resolution	Quorum	Type of majority
1) Permanent delegation of its powers to an Executive Committee or to one or more Managing Directors, and the appointment of the Board members who will hold those offices.	For no. 2), Half plus one of the number of directors established by the Shareholders' Meeting, even if that number has not been fully covered or vacancies have arisen subsequently.	1) Two-thirds of the number of directors established by the Shareholders' Meeting, even if that number has not been fully covered or vacancies have arisen subsequently
2) Other Board of Directors resolutions.		2) Absolute majority of the directors present or represented by proxy. In the event of a tie, the Chairperson or the person in his/her place has a casting vote.

B.1.18. Explain whether there are specific requirements, other than those relating to directors, for appointing the Board chairman.

YES NO X

Description of requirements

B.1.19. Indicate if the Chairperson has a casting vote:

SÍ X NO

Issues on which there is a casting vote

Resolutions must be adopted by an absolute majority of the Board members present and represented. In the event of a tie, the Chairperson or the person in his/her place has a casting vote, as provided in article 37 of the bylaws.

B.1.20. Indicate if the bylaws or board regulation establish an age limit for directors:

SÍ NO X

Age limit for Chairperson
Age limit for Managing Director
Age limit for director

B.1.21. Indicate if the bylaws or board regulation establish a term limit for independent directors:

SÍ NO X

Maximum term (years)	0
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B.1.22. Indicate whether there are formal processes for delegating votes in the Board of Directors. If so, give a brief description.

The Board Regulation establishes that directors must attend Board meetings although, as an exception, the Chairperson may authorise the participation of directors by videoconference, telephone or any other telecommunication media which enables unequivocal identification of the director and maintains the confidentiality of the discussions. In such cases, directors who so participate in the meeting are taken to be present.

When directors cannot attend in person, which must only occur for specially-justified reasons, and cannot attend via distance communication media, the director must grant a proxy to another member of the Board and, where possible, issue appropriate voting instructions. The proxy must be granted by letter or by any other written media which the Chairperson judges to be sufficient.

Regarding directors' attendance at meetings of the Board and Committees, see the note under section B.1.23, in section G, which fulfils the requirements of recommendation 19 of the Consolidated Code of Corporate Governance.

B.1.23. Indicate the number of Board of Directors meetings held in the year. Also, state the number of times that the Chairperson did not attend the Board meeting:

Number of Board meetings	9
Number of Board meetings without the presence of the Chairman	0

Indicate the number of meetings held by board committees in the year:

Number of executive or advisory committee meetings:	3
Number of meetings held by the Audit Committee	4
Number of meetings held by the Nomination and Remuneration Committee	3
Number of meetings held by the Strategy and Investment Committee	0
Number of meetings held by the Committee	0

B.1.24. Indicate whether the individual and consolidated financial statements that are presented for Board approval have been certified:

YES	NO	X
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Indicate any person that has certified the company's individual and consolidated financial statements for Board authorisation:

Name	Position

B.1.25. Detail whether the Board of Directors has established any mechanisms to ensure that the parent company and consolidated financial statements authorised by it are presented to the Shareholders' Meeting without audit qualifications.

The Board of Directors must draw up the financial statements in such a way as not to warrant qualification by the auditor. Nevertheless, when the Board deems that it must uphold its position, it must publicly explain the scope of any discrepancies.

B.1.26. Detail the measures adopted so that the information disseminated to the securities markets is transmitted on an equal and symmetrical basis.

The Board of Directors Regulation requires the Board to take such steps as may be necessary to ensure ACCIONA's transparency vis-à-vis the financial markets, by diligently and accurately reporting such events, decisions and circumstances as may be relevant to the share price. Accordingly, on its web site, ACCIONA provides shareholders and investors not just with the quarterly and half-yearly information required by the current legislation but also additional financial information (about the share, analysts' opinions) and regulatory disclosures by the company.

In accordance with the Board Regulation, when top executives of ACCIONA, S.A. give regular or occasional information to institutional investors, investment analysts and shareholder groups or committees, they must take care to ensure that this does not provide any advantage to shareholders or third parties who receive

this information. In any case, the Board of Directors must guarantee equal treatment of shareholders in its relations with them, avoiding any bias in the access to information.

The same guidelines used for relations with shareholders apply to relations with analysts, taking particular care to ensure simultaneous and symmetrical disclosure to the market of any data, estimates and plans which might affect the price of the share in the securities markets. Half-yearly, quarterly or any other financial information which it is deemed advisable to disclose to the market must be prepared in accordance with the same professional principles, criteria and practices used in the preparation of the Financial Statements and must endeavour to achieve comparable accuracy. That information is reviewed by the Audit Committee before it is released.

The Internal Code of Conduct with respect to the Securities Markets includes such measures as limiting the number of people who may have access to price-sensitive information, and monitoring share performance and media news that may affect ACCIONA. If there are abnormal oscillations in the share price or trading volume and there are signs that such performance is due to premature partial or distorted disclosure of the transaction, it is obligatory to make a regulatory disclosure providing clear, accurate information of the status of the transaction under way.

In compliance with the requirements of Royal Decree 1333/2005, the General Secretariat has implemented a procedure for supervision of insiders in order to preserve

the confidentiality of the studies, preparations and negotiations prior to the adoption of decisions that are classified as significant. That procedure involves keeping two separate records: a general one and a specific one for specific deals.

In 2006, ACCIONA issued 31 regulatory disclosures and made eight presentations on the company to analysts and investors. Those presentations were given on the following dates: 25 January (presentation on the acquisition of Ceatesalas, Cesa); 7 March (IV Iberian Conference London); 24 April (Investors Meeting The Netherlands & Germany Kepler Equities); 18 May (Investors Meeting Fidentis); 30 August (Investors Meeting Fidentis); 5 September (Investors Meeting Kepler Equities); 15 September; 25 September (acquisition of 10% of Endesa).

B.1.27. Is the board secretary a director?

YES		NO	X
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B.1.28. Indicate whether the company has established mechanisms to maintain the independence of auditors, financial analysts, investment banks and rating agencies.

The Audit Committee must establish a stable professional relationship with the external auditors while strictly respecting their independence. The Board of Directors must also publicly disclose, in the Notes to the Financial Statements, the overall fees paid to the external auditor and those paid for other services provided by professionals linked to the external auditor.

Regarding financial analysts, see section B.1.26.

B.1.29. Indicate whether the audit firm performs work for the company and/or its group other than auditing and, if so, state the fees received for such work and those fees as a percentage of total fees billed to the company and/or its group.

YES X NO

	Company	Group	Total
Fees for work other than auditing (thousands euros)	128	529	657
Fees for work other than auditing/Total fees billed by the audit firm (%)	47.900	18.610	21.120

B.1.30. Indicate the number of consecutive years that the current audit firm has been auditing the financial statements of the company and/or its group. Also, indicate the number of years audited by the current audit firm as a percentage of the total number of years in which the financial statements have been audited:

	Company	Group
Number of consecutive years	17	17
No. of years audited by the current audit firm/No. of years that the company has been audited (%)	100	100

B.1.31. Indicate the stakes owned by members of the company's Board of Directors in companies whose activity is the same, analogous or complementary to the corporate purpose of the company and its group that have been notified to the company. Also, indicate the positions they hold or the functions they perform in those companies:

NAME OF DIRECTOR	COMPANY NAME	STAKE (%)	POSITION OR FUNCTIONS
Entrecanales de Azcárate, Juan	Hef Inversora, S.A.	59.710	Chairman of the Board of Directors
Entrecanales de Azcárate, Juan	Nexotel Adeje, S.A.	0.001	Chairman of the Board of Directors
Lord Garel-Jones, Tristan	Iberia Líneas Aéreas de España, S.A.	0.000	Director
Gamazo de Hohenlohe, Germán	Golf Park Entertainment, S.A.	21.320	Director
Gamazo de Hohenlohe, Germán	La Plaza Del Golf, S.L.	20.150	Director
Gamazo de Hohenlohe, Germán	Jondal Veintiuno, S.L.	33.300	Chairman of the Board of Directors
Gamazo de Hohenlohe, Germán	Inmobiliaria Padilla, S.A.	25.000	Chairman of the Board of directors
Morrás Andrés, Esteban	Inversiones Corporativas Navarras Solares, S.L.	100.000	Sole administrator

NAME OF DIRECTOR	COMPANY NAME	STAKE (%)	POSITION OR FUNCTIONS
Morrás Andrés, Esteban	Inversiones Corporativas Navarra, S.L.	100.000	Sole administrator
Gamazo de Hohenlohe, Germán	Valdecasillas, S.L.	6.780	Chairman of the Board
Entrecanales Franco, Juan Ignacio	Hef Inversora, S.A.	2.210	Director
		0.000	See also section B.1.6 and the note to this section in section G.

B.1.32. Indicate whether there is a procedure for directors to engage external consultants and, if so, provide details.

YES X NO

Detail the procedure

1. The external directors may agree, by majority, to hire advisors in legal, accounting, financial or other matters at ACCIONA's expense in order to aid them in discharging their duties.
2. The hiring of such external advisors is limited to matters regarding specific significant and complex problems which arise in the course of the directors' duties.
3. The decision to engage advisors to aid external directors must be communicated beforehand to the Chairperson of the Board of Directors.
4. The engagement of advisors to aid external directors may be vetoed by an absolute majority of the Board of Directors where it deems that:
 - a) it is not necessary for the proper discharge of the duties entrusted to the external directors;
 - b) the cost is not reasonable in view of the scale of the problem;
 - c) the technical assistance that is required may be provided

appropriately by ACCIONA experts and technicians; or
 d) it may jeopardise the confidentiality of the data to be handled.

5. If the Chairperson of the Board of Directors convenes a Board meeting to decide whether or not to veto the engagement of advisors, the engagement is postponed until the meeting is held or the resolution adopted. The decision must not be delayed to such an extent as to render void the rights of external directors.
6. The engagement is arranged through the Secretary or the Vice-Secretary to the Board of Directors.

B.1.33. Indicate whether there is a procedure for directors to have the necessary information to prepare for the meetings of the governing bodies with sufficient time and, if so, provide details.

YES X NO

Detail the procedure

When Directors receive the notice of meeting, they also receive any written information available, except for confidential information that is considered to be sensitive for the company's interests. The Board Regulation

acknowledges that Directors have the broadest powers to gather information regarding any of ACCIONA, S.A.'s businesses or data and to examine the books, registers, documents, to the extent they deem necessary or appropriate in order to provide the best basis for the decisions. The right to be informed is only limited by the requirements of good faith and minimum disruption to the ordinary running of the company. The right to be informed must be exercised through the Chairperson or Secretary. Responses to requests for information are met by direct provision of the information or by arranging direct contact with the appropriate executives. If the Chairperson deems the request could jeopardise the interests of the company, the issue must be submitted to the Board of Directors for decision.

B.1.34. Indicate if the company's directors have third-party liability insurance.

YES	X	NO	
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B.2. Board of Directors' Commissions

B.2.1. List the bodies:

Name of body	Nº. of members	Functions
Executive Committee	7	See section B.2.3
Audit Committee	3	See section B.2.3
Nomination and Remuneration Committee	3	See section B.2.3

B.2.2. Indicate all the Board of Directors committees and their members:

EXECUTIVE OR DELEGATE COMMITTEE	
Name	Position
Entrecanales Domecq, José Manuel	Chairman
Entrecanales Franco, Juan Ignacio	Chairman
Vega Penichet López, Jorge	Secretary (not a member)
Espinosa de los Monteros y Bernaldo de Quirós, Carlos	Director
Echevarría Busquets, Alejandro	Director
Garel-Jones, Tristan	Director
Montoya Moya, Valentín	Director
Urgoiti y López-Ocaña, Juan Manuel	Vocal
AUDIT COMMITTEE	
Name	Position
Urgoiti y López-Ocaña, Juan Manuel	Chairman
Gamazo De Hohenlohe, Germán	Director
Lord Garel-Jones, Tristan	Director
Vega Penichet López, Jorge	Secretary (not a member)
NOMINATION AND REMUNERATION COMMITTEE	
Name	Position
Urgoiti y López-Ocaña, Juan Manuel	Chairman
Espinosa de los Monteros y Bernaldo de Quirós, Carlos	Director
Echevarría Busquets, Alejandro	Director
Vega Penichet López, Jorge	Secretary (not a member)
STRATEGY AND INVESTMENT COMMITTEE	
Name	Position

B.2.3. Describe the rules that govern each Board Committee and their responsibility.

A) Organisation and functioning

Meetings must be held on the dates established by each Commission or Committee in its meetings schedule and whenever convened by its Chairperson, whether at his/her own initiative or at the request of two members.

The Audit Committee may be convened at the request of any of its members made to the Chairperson.

The notice of meeting must be communicated by the Chairperson or by the Secretary acting on the Chairperson's instructions.

In the event of the Chairperson's absence or incapacity, the notice of meeting is issued by the Secretary at the request of any of the members.

The Executive Committee or the Committee in question is quorate with the attendance in person or by proxy of at least half of its members.

Members may attend the meeting via videoconference, telephone or any other telecommunication media, and such members are considered to be present at the meeting.

The Executive Committee and the Committees must adopt resolutions by the absolute majority of the members in attendance, in person or by proxy. The Chairperson of the Audit Committee has a casting vote.

The minutes of each meeting of the Executive Commission, the Audit Committee, and the Nomination and Remuneration Committee are drafted by their respective Secretaries.

The Board of Directors may consult the minutes of the Executive Committee and of the Committees at any time.

The Executive Committee and the Committees may, by their own decision, by decision of the respective Chairperson or, in the case of the Executive Committee, by decision of the Managing Director, request the attendance at their meetings of any executive of ACCIONA or of the companies over which ACCIONA exerts a significant influence.

They may also request the attendance at meetings of external advisors or the auditors of ACCIONA or of the companies over which ACCIONA exerts a significant influence, with any costs involved to be borne by ACCIONA.

B) Composition

In accordance with the Bylaws, the Audit Committee will consist of at least three and at most five directors, a majority of them being external. The Chairman of the Audit Committee is appointed by the Board of Directors from among the members of the committee who are external directors. The Appointments and Remuneration Committee must consist of at least three and at most five members, all of them external directors. The proportion between proprietary and independent directors should be similar to that which obtains on the Board of Directors itself. In 2006, the Audit Committee and the Appointments and Remuneration Committee each consisted of three directors, all of them independent.

C) Responsibilities

C.1.) EXECUTIVE COMMITTEE

- All the powers of the Board of Directors, except those not delegable by law. The delegated powers are as follows, without limiting the broadest scope of delegation:
- Management and administration
- Disposition and administration of goods and rights
- Economic and financial powers
- Representation
- Delegation
- Decision-making and resolutions, and interpretation of powers

C.2.) AUDIT COMMITTEE

The basic duty of the Audit Committee is to serve as an instrument and support to the Board of Directors in the supervision of accounting and financial information, the internal and external audit services and corporate governance.

The Audit Committee will have the following powers for the discharge of its duties, without prejudice to any other powers which may be delegated to it by the Board of Directors:

- a) Inform the Shareholders' Meeting about the matters raised by shareholders within the scope of its functions.
- b) Propose to the Board of Directors, for submission to the Shareholders' Meeting, the appointment of the external auditors referred to in article 204 of the Spanish Corporations Law and the conditions of their appointment, the scope of their professional mandate and the revocation or extension of the mandate.

c) Supervise the internal audit units.

d) Be apprised of the process of financial reporting and the internal control systems and ensure compliance with legal requirements and the correct application of generally-accepted accounting principles.

e) Liaise with the external auditor to receive information regarding issues which might jeopardise the independence of same and any others involved in the audit process, and any other communications envisaged in the audit legislation and the technical standards for auditing.

f) Inform and advise the Board of Directors regarding compliance with corporate governance regulations and the codes of conduct applicable to the Company and its group.

In order to ensure optimum discharge of its duties, the Audit Committee has the following specific duties:

- a) Review the financial statements of ACCIONA and, as the case may be, of its group, before their publication;
- b) Serve as a communication channel between the Board of Directors and the external auditor, evaluate the results of each audit and the management team's response to any recommendations, act as mediator in the event of any dispute between the former and the latter regarding the accounting principles and criteria used to prepare the financial statements;
- c) Advise on the modifications suggested by management to the accounting principles and criteria;

- d) Oversee compliance with the auditing contract, seeking to ensure that the opinion regarding the financial statements and the principal content of the auditor's report are written in a clear and concise manner;
- e) Review the prospectuses, financial statements and periodic financial information supplied by ACCIONA to the financial markets and their supervisory bodies;
- f) Monitor the suitability and integrity of ACCIONA's internal control systems;
- g) Oversee the internal audit departments of ACCIONA and its group, approve the department's annual budget, be apprised of the internal audit plan, and supervise the selection and hiring systems used for internal audit personnel;
- h) Advise on the appointment of the head of the internal audit department;
- i) Gather information and, if necessary, issue a report regarding any disciplinary measures against members of ACCIONA's management team;
- j) Oversee compliance with the legal requirements applicable to the corporate organisation and operation of ACCIONA;
- k) Ensure compliance with the Board of Directors Regulation, the Shareholders' Meeting Regulation, the Internal Code of Conduct in matters relating to the Securities Market and, in general, with ACCIONA's governance

regulations, and make the necessary proposals for their improvement.

C.3.) APPOINTMENTS AND REMUNERATION COMMITTEE

The Appointments and Remuneration Committee has the following basic responsibilities, without prejudice to any other task assigned to it by the Board of Directors:

- a) Formulate and review the criteria to be employed regarding the composition of the Board of Directors and the selection of candidates;
- b) Advise on the director appointment proposals made by the Board of Directors to the Shareholders' Meeting and the director appointment resolutions made by the Board of Directors by co-optation;
- c) Advise on the appointment of the Secretary and the Vice-Secretary to the Board of Directors;
- d) Propose, to the Board, the directors to be designated as Chairperson, Managing Director and members of the Executive Committee and the other Committees;
- e) Formulate and review the criteria to be followed in appointing senior executives of ACCIONA;
- f) Advise on the appointment or dismissal of senior executives who report directly to the Board of Directors or the Executive Committee;

- g) Evaluate the annual remuneration system and amount paid to directors and senior executives;
- h) Periodically review the variable remuneration programmes, considering their suitability and results;
- i) Ensure transparency in remuneration;
- j) Be apprised of transactions which imply or may imply a conflict of interest under the terms envisaged in the Regulation, including operations with significant shareholders, directors, senior executives or persons related to any of the foregoing; and specifically to approve any transactions outside the normal course of business of ACCIONA or in which a company over which ACCIONA exerts a significant influence is involved, or any undertaken other than in arm's-length conditions.
- k) Establishment of guarantee or protection clauses for senior executives of ACCIONA or companies in its group for the event of unfair dismissal or a change in control must be submitted to the Appointments and Remuneration Committee and, if it deems pertinent, to the Board of Directors for formal authorisation.

B.2.4. Indicate each committee's powers to advise, consult and delegate:

Name of committee	Brief description
Executive Committee	see section B.2.3 (C.1)
Audit Committee	see section B.2.3 (C.1)
Appointments Committee	see section B.2.3 (C.1)

B.2.5. Indicate if there are any Board committee regulations, where they can be consulted, and amendments made in the year. Also, indicate if an annual report on each committee's activities has been drafted voluntarily.

There are no specific regulations for the board committees since it is considered that the Board of Directors Regulation is sufficient for their organisation and functioning.

B.2.6. If there is an Executive Committee, state the degree of delegation and the independence given to adopt resolutions on the company's administration and management.

The Executive Committee has been granted all the powers corresponding to the Board of Directors, except the powers whose delegation is prohibited by law, without prejudice to the fact that it must inform the Board of Directors of the issues and decisions made at the meetings.

B.2.7. Indicate if the Executive Committee's composition reflects the composition of the Board in terms of director type:

YES	X	NO	
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If not, detail the composition of the Executive Committee.

B.2.8. If there is a Nomination Committee, indicate if all the members are external directors:

YES	X	NO	
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C. Related-party transactions

C.1. Detail significant transactions involving a transfer of funds or liabilities between the company or subsidiaries in its group and significant shareholders of the company:

Name of significant shareholder	Name of group company or entity	Type of transaction	Type of relationship	Amount (thousands euros)

C.2. Detail transactions involving a significant transfer of funds or liabilities between the company or subsidiaries in its group and directors or executives of the company:

Name of significant shareholder	Name of group company or entity	Type of transaction	Type of relationship	Amount (thousands euros)
Entity related to José Manuel Entrecanales Domecq	Medio Ambiente Dalmau, S.A.		Provision of services	160
Entity related to Juan Entrecanales e Hijos	ACCIONA Infrastructures, S.A.		Purchases of property, plant and equipment	6,822
Entity related to José María Entrecanales de Azcárate	Hijos de Antonio Barceló, S.A.		Sale of goods <i>(finished or unfinished)</i>	106
Esteban Morrás Andrés	ACCIONA Solar, S.A.		Sale of goods <i>(finished or unfinished)</i>	1,034
Alberto de Miguel Ichaso	ACCIONA Solar, S.A.		Sale of goods <i>(finished or unfinished)</i>	100
Fermín Gembero Ustarroz	ACCIONA Solar, S.A.		Sale of goods <i>(finished or unfinished)</i>	315
Entity related to Juan Entrecanales e Hijos	ACCIONA Infrastructures, S.A.		Provision of services	91
Entity related to José María Entrecanales de Azcárate	Hijos de Antonio Barceló, S.A.		Provision of services	44
Entity related to Juan Entrecanales de Azcárate	General de Servicios Integrales S.A.		Provision of services	1,178
Entity related to Juan M. Urgoiti López Ocaña	Bestinver Gestión, S.A.		Reception of services	1,727

C.3. Detail the significant transactions between the company and other companies in the group, except those that are eliminated in consolidation or do not form part of the company's normal operations with regard to their purpose and conditions:

Name of group entity	Brief description of transaction	Amount (thousand euro)

C.4. Identify any conflicts of interest of company directors, in accordance with article 127 of the Spanish Corporations Law.

Conflicts of interest arose on two specific occasions which were resolved by non-attendance at the meetings at which the issues in question were discussed. The Secretary of the Board of Directors did not attend the meeting on 13 January since it discussed the possibility of investing in a company where the Board Secretary was also Board Secretary of one of the selling companies. Lord Garel-Jones did not attend the Board of Directors meeting on 25 September, which discussed the possibility of acquiring a significant stake in the capital of Endesa, because of his relationship with UBS, which was advising Gas Natural on its bid for Endesa.

The Board also considers that the fact that Lord Garel-Jones is a non-executive director of Iberia, which competes with Ineuropa in the handling business, is not detrimental to Acciona's interests nor does it prevent him from discharging his duties with independence. The same applies to the holdings and positions of the directors in the companies listed in section B.1.31, which are involved basically in real estate and photovoltaic power.

C.5. Detail the mechanisms established for detecting, determining and resolving possible conflicts of interest between the company and/or its group, and its directors, executive or significant shareholders.

The Board of Directors Regulation regulates these matters in detail, especially:

Regarding directors:

- a) Directors must abstain from intervening in the debate, decision and execution of transactions in which they have a conflict of interest, whether direct or indirect, including decisions regarding their appointment or removal.
- b) Directors must not compete, as established in article 46 of the Regulation.
- c) Directors must not perform professional or commercial transactions with ACCIONA, S.A. or with companies over which ACCIONA, S.A. exerts a significant influence without prior notification of this to the Nomination and Remuneration Committee, as established in article 47 of the Regulation.

- d) Directors must abstain from dealing in securities of ACCIONA, S.A. or companies over which ACCIONA exerts a significant influence in the periods and under the circumstances established in article 51 of the Regulation.
- e) Directors must inform the Board of Directors, through the Secretary or Vice-Secretary, of any situation of conflict of interest in which they are involved.

Regarding significant shareholders:

Any material contractual agreement between ACCIONA, S.A. or companies over which it exerts a significant

influence must be disclosed to, and authorised by, the Board of Directors, which may generically authorise operations within the ordinary course of business, provided that they are undertaken in arm's-length conditions and notified to the Appointments and Remuneration Committee.

Regarding executives:

The current Internal Code of Conduct establishes the obligation to inform, sufficiently in advance, so that suitable decisions may be adopted about possible conflicts of interest that may arise as a result of their family relationships, their personal assets or any other reason.

D. Risk control systems

D.1. Describe the risk policy of the company and/or its group, detailing and assessing the risks covered by the system, and justify why those systems conform to each type of risk.

ACCIONA's corporate risk management policy basically follows the guidelines of the COSO report on internal control.

In a multisector group such as ACCIONA, risk control is applied to each company based on the features of the company itself and its sector, making it a key factor in the strategic focus and in setting the Group's objectives. Each business area exercises its own risk control and assessment policy, and the Group establishes the maximum risks that each

business can assume and coordinates them so that they are consistent and standardised with the Group's overall risk policy.

Risks may be due to external economic, production and/or mercantile factors or to the internal functioning of the organisation itself.

The first group includes risks derived from:

- Relations with third parties: customers, suppliers and other stakeholders.
- Relations with the physical environment: environmental and political risks.
- Relations with governments and regulatory authorities.

- Performance of the company's own activities: work, services and development of investment projects.

The second group of risks relates to the possible incorrect application of internal management systems.

Risk management is based on the overall management system and is part of the specific action procedures, whose objective is, firstly, to identify the risks and then to assess and select from among the possible responses: avoidance, mitigation, sharing and acceptance. In any event, a system of insurance coverage is established to ensure that the situations in which risks occur do not jeopardise the Group's financial solvency.

In 2006, the Audit Committee continued its work of conducting in-depth reviews of the various business areas. The detailed analysis of the various activities gave rise to a risk map for each line of business which provides more exhaustive insight into the Group's exposure to the various risks and facilitates effective, integrated responses to the inter-related impacts of those risks.

D.2. Indicate the control systems established to assess or reduce the main risks for the company and its group.

Risk management is inseparable from business, so risk control forms part of management responsibility; therefore, each organisational position must assume management responsibilities that include both the management and control of the activities under its charge.

For the purposes of this description, the control systems are divided into two large categories; the first one is based

on the management system itself and the second on how the organisation adapts to meet risk control needs.

GENERAL MANAGEMENT SYSTEM

a) Operational risk control systems

• Purchases:

There is a general purchasing policy that defines corporate purchases and purchases by operating units.

This policy and the corresponding procedures are aimed mainly at favouring competition, ensuring transparency and making sure that suppliers' non-performance does not become non-performance vis-à-vis customers or increase costs.

Purchase management forms part of the quality and environmental management system.

• Quality and environment:

ACCIONA views the application, monitoring and improvement of the risk management system and, in particular, of aspects relating to quality and the environment, as a risk control tool so as to attain sustainable profits with the required quality in our products and services, understood as complying with requirements, reducing costs and respecting the environment.

The management systems conforms to the ISO 9001 and ISO 14001 standards for quality and the environment,

respectively, in addition to other internal requirements. The management system has an eminently preventive approach, giving priority to planning and initial study of all the activities that form part of each process, with the goal of controlling each step while monitoring and overseeing the significant aspects.

Environmental risks are assessed in all operations in order to identify the most significant ones over which to establish the appropriate control actions.

Internal audits of the system are conducted at all production sites, covering all aspects of management, and specifically quality and the environment, so as to detect any deviations and take the appropriate corrective measures. In 2006, a total of 407 internal quality audits and 414 environmental audits were conducted.

To identify legal requirements in the environmental area and regulations governing quality, each line of business has data bases, provisions affecting our activity are analysed, the regulations that are to be complied with are selected, disseminated through the organisation and included in the management plans applied in the business lines, and compliance is verified regularly to avoid risks. By the end of 2006, close to 1,000 items of national, regional and local legislation in Spain had been analysed in this way.

- **Management system for personnel safety and integrity:** Depending on each business's characteristics and on the strictest national and international regulations, in their scope of action, the companies in the ACCIONA group

develop systems integrated into their management systems that address safety in their operating processes in terms of both the equipment and people involved in the processes.

- **Specific management systems:**

To ensure that each production unit envisages all the current internal and external regulations as a whole, specific systems have been established that include the requirements of business, quality and environmental management, operations, occupational safety, planning and economic control.

- b) Internal management control systems:**

- Investments
- Economic control
- Projections and costs (annual budgets)
- Guarantees and sureties
- Insurance

The Group has an overall economic and budgetary control system for each business, adapted to each activity, that provides the necessary information to management and enables it to control potential risks and adopt the most appropriate management decisions.

Before deciding to invest in a business, there is an initial control and assessment of risks based on the economic information projected for the business, which must be approved by the Investment Committee on the basis of certain parameters of business volume and profitability based on the associated risk.

There is also a short- and medium-term strategic plan for the business areas in which the group operates that enables it to project each activity's performance based on the top managers in each activity.

Economic and financial management information generated in each activity is periodically cross-checked with the projected data and indicators, the deviations in the business volume, profitability, cash flow and other key reliable parameters are assessed, and the pertinent corrective measures are adopted.

In connection with controlling interest rate risks, based on its estimates of interest rate trends and its target debt structure, ACCIONA arranges hedges using derivatives to mitigate those risks. The interest rate fluctuation risk is particularly significant in financing infrastructure projects under concession contracts and in building wind farms where project returns depend on variations in interest rates since they are directly related to project flows.

The Group operates internationally and, therefore, is exposed to exchange rate risk, particularly the US dollar. Managing this risk is the responsibility of the Group's CFO, using non-speculative criteria. In order to mitigate exchange rate risk, ACCIONA arranges currency derivatives and exchange insurance to hedge significant future transactions and cash flows based on acceptable risk limits.

Regarding the risk of non-payment, especially in the infrastructure business, an assessment is made prior to signing contracts with public and private clients that includes a

solvency study and a review of the contractual requirements from the standpoint of economic and legal certainty, and debt performance is monitored continuously during the construction work.

ACCIONA is exposed to the risk of procurement price fluctuation, mainly fuel for its shipping business. Procurement price fluctuation risk is managed basically in the short term (one year) by specific hedges, generally using derivatives, in order to maintain an economic balance in supply procurement.

As for liquidity risk, the Group applies prudent liquidity management by maintaining sufficient cash and tradeable securities, and by arranging credit facilities for an amount sufficient to cover projected needs.

ORGANISATIONAL MEASURES

The control system has been developed in the group's organisation through specialist corporate units that are responsible for coordinating and spreading the aforementioned corporate policies to all the group's divisions and companies, without prejudice to the leadership that the corporate sphere exercises over initiatives that foster the integration of the quality and environmental and occupational safety management systems into a single overall management system.

D.3. In the event that some of the risks that affect the company and/or its group have materialised, indicate the circumstances that caused this and if the control systems worked.

The various incidents in the business activity were resolved in accordance with the established procedures, so no significant risks materialised that led to a significant equity or financial loss.

D.4. Indicate if there is a committee or other body in charge of establishing and supervising those control measures, and detail their functions.

The Audit Committee is responsible for assessing the internal control systems and their suitability and integrity.

To perform its functions, the Audit Committee is supported by the Internal Audit Unit, and the larger companies have their own Internal Audit Unit that reports to the Corporate Unit.

D.5. Identify and describe the processes for compliance with the various regulations that affect the company and/or its group.

Each management level is responsible for complying with the regulations and internal procedures applicable to its activity.

Their effectiveness is assessed periodically by the technical services of the production units and by the planned audits so that they cover all the operational and administrative phases of the various businesses. They are checked by each company's internal services and the Corporate Internal Audit Unit.

The Corporate Internal Audit Department contributes to managing the risks that the Group faces in meeting its targets and in preventing and controlling fraud by continu-

ally analysing the control procedures and systems of each company in the group in the various business lines.

The corresponding conclusions and recommendations are notified to the group's management and to those responsible for the companies that have been assessed. Subsequently, the implementation of the actions set out in those recommendations is monitored in detail.

To perform its functions, the Corporate Internal Audit Department has professionals with the necessary knowledge and experience who are independent of the production lines and are assisted by external advisors.

E. Shareholders' Meeting

E.1. List the quorums for the Shareholders' Meeting established in the bylaws. Describe how they differ from the minimum requirements envisaged in the Spanish Corporations Law.

- (I) The Shareholders' Meeting must have a quorum of sixty-seven per cent (67%) of the subscribed fully-paid capital with voting rights at first call or sixty-two per cent (62%) at second call in order to resolve the following matters:
 - a) Amendments to the Bylaws, excluding the change of registered office, capital increases, broadening of the corporate purpose, and, where required by law, capital reductions.
 - b) Changes of corporate form, mergers, spin-offs, liquidation and dissolution of the Company, except where dissolution is required by law.
- (II) For a change of registered offices, capital increases (including the authorisation given to the Board of Directors' to resolve this issue), the issuance of non-convertible, convertible or exchangeable debentures or bonds, the issuance of warrants or options (on their own or tied to debentures) and of preference shares and, where required by law, capital reductions, dissolution and liquidation, it is sufficient for the Shareholders' Meeting to have a quorum of sixty-seven per cent (67%) of the subscribed fully-paid capital with voting rights at first call or fifty per cent (50%) at second call.

- (III) Other than the aforementioned cases, Shareholders' Meetings are declared quorate, at first call, when the shareholders present or represented by proxy own at least twenty-five per cent (25%) of the subscribed fully-paid capital with voting rights. At second call, the Meeting is quorate regardless of the percentage of capital in attendance.

The Meeting quorums indicated in paragraphs (i) and (ii) differ from those established in the Spanish Corporations Law in that they are higher than those established in the law (50% at first call and 25% at second call).

E.2. Describe the system for adopting corporate resolutions. Describe how they differ from the provisions of the Spanish Corporations Law.

The adoption of Shareholders' Meeting resolutions is established in article 27 of the Bylaws:

Each share gives one vote.

Resolutions must be adopted by the majority of the votes corresponding to shares with voting rights present at the Shareholders' Meeting.

Once an item has been voted, the Chairperson must announce the result and, where applicable, declare the resolution approved.

Therefore, the system is that established in the Spanish Corporations Law, i.e. the shareholders decide on matters relating to the Shareholders' Meeting by majority.

The Shareholders' Meeting Regulation establishes the following voting system for adopting resolutions

- a) With regard to proposals relating to matters on the Agenda, all the shares present or represented are understood to vote in favour of the proposed resolution being voted upon, except for the votes corresponding to shares whose owners or representatives inform the Secretary or the notary, as the case may be, by means of a personal statement, or prior to the Shareholders' Meeting by means of a vote by mail, e-mail or any other means of distance communication provided for in this Regulation, which are cast against, or blank, or abstain in relation to the proposal. In the event that there are several proposals relating to the same subject, the proposal by the Board of Directors must be voted on initially, followed by the other proposals in the chronological order in which they were communicated to the Company.

- b) With regard to proposals on matters that are not included in the Agenda, all the shares present or represented at the Meeting are considered to vote against the proposal, except for the votes corresponding to shares whose owners or representatives inform the Secretary or the notary, as the case may be, by means of a personal statement, or prior to the Shareholders' Meeting by means of a vote by mail, e-mail or any other means of distance

communication provided for in this Regulation, which are cast in favour of the proposal. In the event that there are several proposals relating to the same subject, proposals are voted in the chronological order in which they were communicated to the Company.

Exceptionally, depending on the circumstances, the Shareholders' Meeting Platform may decide to depart from the system for adopting resolutions defined in the preceding paragraph and to replace it with another system which provides evidence that the necessary votes in favour for approval have been obtained and enables the outcome of the vote to be entered in the Minutes.

Resolutions are adopted by a majority, The majority is understood to have been reached when the votes in favour represent over half of the shares with voting rights that are in attendance according to the attendance list drawn up when the Meeting was constituted.

E.3. Detail shareholders' rights in relation to shareholders' meetings that differ from those established in the Spanish Corporations Law.

Shareholders' rights in relation to Shareholders' Meetings are those established in the Spanish Corporations Law. Those rights are clearly stated in the Bylaws and in the current Shareholders' Meeting Regulation, which was filed with the Mercantile Registry and posted on the Company's web site.

The main shareholders' rights in relation to the Company's Shareholders' Meetings are as follows:

RIGHT TO BE INFORMED

1) Information requested by shareholders:

Shareholders may request any reports or clarifications they deem fit regarding the following:

- (a) the items on the Agenda of the Shareholders' Meeting; or,
- (b) the information accessible to the public that ACCIONA has filed with the National Securities Market Commission since the date of the last Shareholders' Meeting, in the terms established by law.

Requests may be made up until the seventh day prior to the date on which the Shareholders' Meeting is scheduled to be held at first call.

Requests for information may be made as follows:

- (a) in writing, delivered to the Investor Relations Department at the registered office; or
- (b) by post, accrediting the identity of the applicant and their status as shareholder or, as appropriate, their capacity as proxy for the shareholder, as deemed sufficient by the Company; or
- (c) by e-mail or by any other means of distance written communication, to the address indicated by ACCIONA for such purposes, provided that:
 - a. the communication provides sufficient guarantees of its author's identity, in accordance with the systems envisaged in article 13 of the Regulation; and,
 - b. the shareholder accredits his/her identity in accordance with article 11 of the Regulation, unless the Board of Directors or its delegate bodies decide, at their discretion, that the status of shareholder is accredited by the

mere fact that the shareholder requesting information appears as a shareholder in the most recent information available to the Company.

The Board of Directors and, by delegation, the Managing Director must provide the information in writing up until the day on which the Shareholders' Meeting is held.

The information may also be provided by the Chairperson of the Board of Directors, the Secretary of the Board, the Audit Committee and its Chairperson, acting in coordination with the Managing Director.

ACCIONA is not bound to provide:

- (a) information whose disclosure would, in the opinion of the Chairperson of the Board of Directors, jeopardise the Company's interests, unless the request for information is supported by shareholders representing at least one quarter of share capital;
- (b) information that does not refer to matters included in the Agenda, or information which ACCIONA has submitted to the National Securities Market Commission (CNMV) and which is accessible to the public;
- (c) information or clarification which is not necessary to form an opinion on the matters submitted to the Shareholders' Meeting or which is considered excessive for any reason.

The information must be communicated in writing. It must be delivered to the shareholder in hand at the registered office, by mail or by the same means through which the request was received, at the Company's choice, except where the shareholder has indicated a preferred

method, provided that it is suitable for the transmission of the information in question.

The information provided in response to a request by a shareholder which, in the opinion of the Board of Directors or its delegate bodies, may be of general interest to all shareholders, must be posted on the Company's web site and, if appropriate, must be communicated to the National Securities Market Commission as regulatory disclosure.

2) Information available to all shareholders:

Relevant information for shareholders regarding the Shareholders' Meeting must be posted on ACCIONA's web site and it must be accessible by distance means from the date of publication of the notice of Meeting until at least the date on which the Meeting is scheduled to be held.

The information must also be available in printed format in the cases envisaged by the law and the Regulation.

The information must include:

- (a) the full text of the notice of Meeting, including the Agenda;
- (b) proposed resolutions to be submitted to the Meeting, approved by the Board of Directors before the date on which the Shareholders' Meeting is scheduled to be held;
- (c) reports by the Board of Directors, as required;
- (d) the financial statements to be submitted for consideration by the Shareholders' Meeting;
- (e) the auditors' report, when financial statements that must be, or have been, audited are submitted to the Shareholders' Meeting;

- (f) an independent expert's report, when required by law;
- (g) any other information that the law requires to be placed at the disposal of shareholders in relation to the Shareholders' Meeting or that the Board of Directors or its delegate bodies have decided to make available; and,
- (h) contact details of the Investor Relations Department (including, at least, the postal and e-mail addresses) through which shareholders may request information or make suggestions or proposals, in accordance with the law, the Bylaws or the Regulation.

3) Right to participate:

All shareholders attending the Shareholders' Meeting are entitled to participate in the debate on the items of the Agenda.

Shareholders may intervene to request information, make any proposals that are legally admissible, or to make any other statement.

The right to intervene is subordinate to the measures which the Chairperson may establish to ensure that the debate is conducted in a fair, flexible and relevant manner while respecting the rights of those present.

The information requested while exercising the right to participate must be provided during the Shareholders' Meeting by the Board of Directors or by the Audit Committee if the matters fall under its scope of competence. If the answer cannot be provided at the time, the information must be provided in writing within seven days from the end of the Shareholders' Meeting. Requests for information that is not

covered by the shareholder's right to information, or that the Chairperson of the Board of Directors considers would damage the company's interests if published, will not be entertained during or after the Shareholders' Meeting.

Right to request a supplement to the notice of Meeting.

Under article 97 of the Spanish Corporations Law as amended by the final provision of Law 19/2005, and under article 14 of the Bylaws and article 8 of the Shareholders' Meeting Regulation, shareholders representing at least five per cent (5%) of capital may request the publication of a supplement to the notice of a Shareholders' Meeting so as to add one or more items to the agenda. This right may be exercised by certifiable notice to be received at the company's registered offices within the five days following the publication of the notice of meeting.

The supplement to the meeting notice must be published at least fifteen days prior to the scheduled date of the Shareholders' Meeting. Failure to publish the supplement by the legally-established deadline renders the Shareholders' Meeting null and void.

E.4. Indicate any measures adopted to encourage shareholders to participate in shareholders' meetings.

The ordinary Shareholders' Meeting on 10 May 2006 adopted two measures to encourage shareholders to participate in shareholders' meetings. Those measures consisted of:

- a) Eliminating the requirement that one own at least

- 60 shares in order to be able to attend the Meeting; for Shareholders' Meetings to be held from that date, ownership of one share gives entitlement to attend.
- b) Each share carries one vote, and the bylaw clause that established that ten shares carried one vote was amended.

At that Shareholders' Meeting, shareholders were able to vote using means of distance communication prior to the meeting, using mail or the internet (by visiting ACCIONA's web site). However, no votes were cast either by postal mail or via the internet. Attendance at the 2006 Shareholders' Meeting was lower than in 2005: 74.76% in 2006 vs. 77.53% in 2005.

All the relevant information regarding the Shareholders' Meeting was posted on the web site, making it accessible by telematic means from the date of publication of the notice of Meeting.

ACCIONA's web site enables shareholders to communicate with the Company by e-mail and access the information contained on the site.

E.5. Indicate if the position of Chairperson of the Shareholders' Meeting coincides with that of the chairperson of the Board of Directors. Detail any measures adopted to guarantee the independence and smooth transaction of the Shareholders' Meeting

YES	X	NO	
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Detail the measures

The Board of Directors engages a notary to attend the Shareholders' Meeting and draft the notarial minutes, which serve as the Meeting's minutes. Therefore, the notary certifies shareholders' statements, the transaction of the Shareholders' Meeting, and the voting outcome.

E.6. Indicate any amendments to the Shareholders' Meeting regulation in the year.

The Shareholders' Meeting on 10 May 2006 made a number of amendments to the Shareholders' Meeting Regulation so as to adapt it to the Bylaw amendments approved by that same Meeting. Those amendments addressed the following issues:

- a) Amendment of Article 8 relating to the notice of Shareholders' Meeting to indicate that it must be published at least one month before the date sched-

uled for the Meeting at first call. And to include the possibility that shareholders representing at least 5% of capital stock may request a supplement to the Meeting notice adding one or more items to the agenda.

- b) Amendment of Article 15. Entitlement to the attend, so as to specify that no minimum number of shares is required in order to attend the Shareholders' Meeting.
- c) Amendment of Article 19. Quorum of the Shareholders' Meeting, in order to to adapt its content to the amendment of Article 17 of the Bylaws.
- d) Amendment of Article 27. Form of adoption of resolutions by the Shareholders' Meeting so as to reflect, in the same terms as in Article 27 of the Bylaws, that each share carries one vote.

All the amendments were registered with the Mercantile Registry.

E.7. Indicate the attendance of the shareholders' meetings held in the year of this report:

ATTENDANCE				
Date of shareholders' meeting	% of attendance	% by proxy	% distance vote	Total %
10-05-2006	60.127	146.630	0.000	74.757

E.8. Briefly indicate the resolutions adopted by the Shareholders' Meetings held in the year of this report and the percentage of votes that approved each resolution.

Only one Shareholders' Meeting was held in 2006, on 10 May, at which the following resolutions were adopted:

One. Approval of the individual financial statements of ACCIONA, S.A. and of the consolidated financial statements of the group of which it is the parent company for the year 2005.

Voting: Approved: votes in favour (99.633%), votes against (0), and abstentions (0.367).

Two. Examination of ACCIONA, S.A.'s individual management report and the consolidated management report of the Group of which it is the parent company, corresponding to 2005 and, as appropriate, approve the conduct of business.

Voting: Approved: votes in favour (99.625%), votes against (0) and abstentions (0.348).

Three Distribution of the 2005 income, including the payment of a 2.32 euros per share dividend, of which 88 cents were distributed as an interim dividend in January 2006 and 1.44 euros were paid as a supplementary dividend on 1 June 2006.

Voting: Approved: votes in favour (99.995%), votes against (0%) and abstentions (0.005%).

Four. Amendment of the Bylaws, articles 14 (notice of Shareholders' Meeting), 17 (quorum for Shareholders' Meeting), 18 (entitlement to attend Shareholders' Meetings), 27 (form of adoption of resolutions by the Shareholders' Meeting) and 31 (director remuneration).

Voting: Approved: votes in favour (99.995%), votes against (0%) and abstentions (0.005%).

Five. Amendment of the Shareholders' Meeting Regulation, articles 8 (notice of Shareholders' Meeting), 15 (entitlement to attend Shareholders' Meeting), 19 (quorum for Shareholders' Meeting) and 27 (form of adoption of resolutions by the Shareholders' Meeting).

Voting: Approved: votes in favour (99.995%), votes against (0%) and abstentions (0.005%).

Six. Approval of a remuneration plan for the group's senior management, including the Directors of ACCIONA, S.A. with executive functions, consisting of paying part of their variable remuneration in the form of shares of ACCIONA, S.A. Voting: Approved: votes in favour (99.990%), votes against (0.004%) and abstentions (0.006%).

Seven. Authorisation to acquire, on the market, own shares of ACCIONA, S.A. or of companies in its group, revoking the authorisation granted by the Ordinary Shareholders' Meeting in 2005, and to allocate some or all of shares already acquired or to be acquired under this authorisation to the remuneration plan consisting of delivering shares to group senior management.

Voting: Approved: votes in favour (99.992%), votes against (0.003%) and abstentions (0.005%).

Eight. To appoint Ms. Belén Villalonga Morenés as a director of ACCIONA and establish the number of members of the Board of Directors at twelve.

Voting: Approved: votes in favour (99.948%), votes against (0.047%) and abstentions (0.005%).

Nine. Reappointment of Deloitte, S.L. as auditor of ACCIONA, S.A. and of its group for the audit of the parent company and consolidated financial statements for 2006.

Voting: Approved: votes in favour (99.989%), votes against (0.006%) and abstentions (0.005%).

Ten. Empowerment of the Board of Directors to elaborate on, interpret, remedy and execute Shareholders' Meeting resolutions.

Voting: Approved: votes in favour (99.995%), votes against (0%) and abstentions (0.005%).

E.9. Indicate the number of shares required to attend the Shareholders' Meeting and if there is a bylaw restriction regarding this.

In accordance with article 18 of the Bylaws, at least 60 shares were required to attend the Shareholders' Meeting held in 2006. However, at Shareholders' Meetings to be held after 10 May 2006, ownership of one share will suffice to attend.

E.10. Indicate and explain the company's policy on delegating votes in the Shareholders' Meeting.

The Company does not have defined policies on proxies in Shareholders' Meetings. When a delegation is received without identifying the proxy, the Company assigns the proxy to the Chairperson of the Board of Directors, who follows the instructions indicated by the shareholder in the proxy document and, in all cases, respects the Bylaws, the Shareholders' Meeting Regulation and the Spanish Corporations Law (articles 106 to 108).

E.11. Indicate if the company is aware of the institutional investors' policy of participation in company decisions:

YES		NO	X
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Describe the policy

E.12. Indicate the web site and the way in which to access corporate governance content on the company's web site.

The home page is at www.acciona.es. That page contains a link to the Corporate Governance section.

F. Degree of compliance with corporate governance recommendations

Indicate the degree of compliance or non-compliance with existing corporate governance recommendations. In the event of not complying with some recommendations, detail the recommendations, regulations, practices or criteria applied by the company.

If the single document referred to by Economy Ministry Order ECO/3722/2003, dated 26 December, has not been drafted, the recommendations of the Olivencia Report and Aldama Report should be used as reference to complete this section.

The CNMV approved the Unified Code of Corporate Governance as a single document containing the corporate governance recommendations for the purposes of section of Order ECO/3722/2003, establishing that references to that code must be made in the Annual Report on Corporate Governance for 2007; accordingly, this section is drawn up on the basis of the recommendations in the Olivencia and Aldama reports.

Recommendation 1. Functions of the Board of Directors
"The Board of Directors should expressly assume the general supervisory function as its core mission, exercise the corresponding responsibilities exclusively and indelegably and establish a formal catalogue of the matters which are its exclusive competence." (Olivencia Code).

This is complied with. The Board of Directors Regulation establishes that the Board must exercise its function by

focusing on the supervision and oversight of managers and, where they exist, the executive Chairperson, the Managing Director and the Executive Committee.

The internal organisation of the Company, decisions regarding management of its businesses, and representation of the Company before third parties must be delegated by the Board of Directors to the Chairperson and, if they exist, to the Managing Director and to one or more Vice-Chairpersons. All of the aforementioned may, in turn, delegate the powers and authority to the executives and committees which make up the management structure of ACCIONA and of the group (including directors who hold executive posts). The Board of Directors may also allocate and assign powers and authority directly to the management structure.

The following powers are reserved exclusively to the Board of Directors to ensure better performance of its general function of supervision and control of managers:

- a) Approval of ACCIONA's general strategies;
- b) Approval of corporate and financial transactions which are of particular significance to ACCIONA;
- c) Appointment, remuneration and, if necessary, dismissal of members of the senior management of ACCIONA and the other companies in its group;
- d) Oversight of management;
- e) Evaluation of executives;

- f) Identification of the main risks to ACCIONA, and implementation and monitoring of the appropriate internal control and information systems;
- g) Establishment of the policy of reporting and disclosure to shareholders, the markets and the general public, including the information to be provided on the web site;
- h) Establishment of the treasury stock policy within the framework determined by the Shareholders' Meeting, if any; and,
- i) Any other powers specifically envisaged in the Board of Directors Regulation.

Recommendation 2. Independence of the Board of Directors

"The Board of Directors should include a reasonable number of independent directors who are prestigious professionals with no links to the management team or the significant shareholders." (Olivencia Code).

This is complied with. Six of the current twelve directors are independent.

Article 10.5 of the Regulation establishes that the following cannot be independent directors:

- parties who hold or who have held in the two years prior to their appointment a significant relationship, whether employment or commercial or contractual, either directly or indirectly, with ACCIONA, its significant shareholders, its senior management, its proprietary directors or its group companies;
- parties who represent the ownership interests of ACCIONA's significant shareholders, of credit institutions that play an impor-

- tant role in financing ACCIONA or its group, or of organisations that receive significant subsidies from ACCIONA or its group;
- parties who are directors or executives of another listed company which was involved in the appointment of proprietary directors at ACCIONA;
- parties who have a family connection up to the fourth degree with any executive director, proprietary director, significant shareholder (direct or indirect) or member of ACCIONA's senior management;
- individuals who have directly or indirectly made or received significant payments to/from ACCIONA that might compromise their independence; or
- individuals who hold or have held other relationships with ACCIONA which the Nomination and Remuneration Committee deems might jeopardise their independence.

Recommendation 3. Composition of the Board of Directors

"In the composition of the Board of Directors, the non-executive directors (both proprietary and independent) should have an ample majority over executive directors and, within non-executive directors, there must be a very large proportion of independent directors, considering the company's ownership structure and the capital represented on the Board." (Olivencia Code).

This is complied with. There are more non-executive directors (8) than executive directors (4). Additionally, six of the external directors are independent. See section B.1.3.

Recommendation 4. Size of the Board of Directors

"The Board of Directors must have a reasonable number of members to ensure its viability and the work of each

director, who must have access to the necessary resources to improve and make their functions more efficient, including the ability to communicate with the parties responsible for the different business and services areas and, if appropriate, to be assisted by professionals and external experts.” (Aldama Code).

This is complied with. The current number of twelve directors is considered to be appropriate for effective, participatory operation of the Board.

Article 9.2 of the Regulation establishes that “the Board of Directors considers that the ideal number of directors for its optimum operation as a collegiate body is between ten and fifteen”.

Recommendation 5. Separation of powers

“If the Board chooses to combine the offices of Chairman and Managing Director in the same person, it should adopt the necessary safeguards to mitigate the risks of concentrating power in a single person.” (Olivencia Code).

The existence of an executive committee with two co-chairpersons and the fact that certain decisions correspond to the Board and the Committees in accordance with the Regulation are considered to be adequate measures to limit the risks of a single person accumulating power.

Recommendation 6. Regulatory guarantee

“The figure of Secretary to the Board should be made more important and given more independence and stability, and his/her function of ensuring the formal and mate-

rial legality of the Board’s actions should be highlighted.” (Olivencia Code).

This is complied with. The Secretariat of the Board of Directors continued to perform its functions on an independent basis through the services of an external adviser until March 2006; since then, the function has been performed by the Company Secretary. The Secretary’s mission is to ensure efficient operation of the Board of Directors, guarantee the formal and material legality of its actions, ensure that its procedures and governance rules are respected, and duly enter the business transacted by the Board in the minutes, and issue certificates of same.

The Vice-Secretary assists the Secretary to the Board and, in the latter’s absence, incapacity or vacancy, takes his/her place.

Recommendation 7. Composition of the Executive Committee

“The composition of the Executive Committee, if there is one, should reflect the same balance as in the Board between the various classes of director, and the relations between the two bodies should be inspired by the principle of transparency so that the Board of Directors has full knowledge of the matters discussed and the decisions made in the Executive Committee.” (Olivencia Code).

“The Board of Directors decides the composition of this Committee and it is recommended that, when the Executive Committee assumes all or most of the Board’s powers, its composition should be similar to that of the Board itself in

terms of the percentage of the different types of directors.” (Aldama Code).

This is complied with. The Executive Committee comprises four external independent directors, two proprietary executive directors, and one executive director. See section B.2.2.

Recommendation 8. Board of Directors’ Commissions

“The Board of Directors should create sub-Committees for control purposes, composed exclusively of non-executive directors, to deal with matters of accounting information and control (Audit Committee), the selection of directors and senior executives (Nomination Committee), the determination and review of remuneration policies (Remuneration Committee) and the evaluation of the governance system (Compliance Committee).” (Olivencia Code).

This is complied with. The Board of Directors has created an Executive Committee, with delegated functions of decision and representation, and two Committees (Audit Committee and Nomination and Remuneration Committee). The Audit Committee and the Nomination and Remuneration Committee comprise only external independent directors. See section B.2.2.

Recommendation 9. Directors’ information

“The necessary measures should be adopted to ensure that directors have sufficient specifically-prepared and oriented information sufficiently in advance to prepare for Board meetings, and the importance or confidentiality of the information may not justify breaches of this recommendation except in exceptional circumstances.” (Olivencia Code).

This is partially complied with. See section B.1.33.

Recommendation 10. Frequency of Board of Directors meetings

“To ensure the good working of the Board, it should meet as often as necessary to fulfil its mission; the Chairperson should encourage all directors to participate and take positions; particular care should be taken in drafting the minutes; and the quality and efficiency of the Board’s work should be evaluated at least once per year.” (Olivencia Code).

This is complied with in terms of the frequency, transaction and minutes of Board meetings. The Chairman ensures and fosters the participation of all the directors in the discussions, and arranges attendance by any senior managers when this is deemed necessary or appropriate by the Chairman in order to provide information on the matters under consideration.

This is partially complied with regarding the Board’s assessment of its own working and the quality of its work. The Board did not hold a meeting specifically for that assessment. The Board receives an annual written report from the Audit Committee (which is responsible for supervising corporate governance) about its working and the degree of compliance with corporate governance recommendations.

Recommendation 11. Nomination policy

“The Board’s participation in the selection and re-election of its members should conform to a formal, transparent procedure based on reasoned proposals from the Nomination Committee.” (Olivencia Code).

This is complied with: Prior to the Board of Directors' approval of the proposal to the Shareholders' Meeting or an appointment by co-optation, it must request and consider, but need not abide by, the opinion of the Nomination and Remuneration Committee. If the Board departs from a Committee's recommendations, it must justify its decision and place this on record in the minutes.

The Appointments and Remuneration Committee must be consulted on proposals to re-appoint directors, and it must assess the quality of the director's work and his/her dedication to the position during his/her term.

In 2006, the committee recommended the appointment of Ms. Belén Villalonga Morenés as a member of the Board of Directors.

Recommendation 12. Non-removal of external directors

"Once the Shareholders' Meeting has appointed the proprietary and independent external directors, the Board should not propose their removal before they comply with the period of office as provided in the Bylaws, except for exceptional and justified causes approved by the Board of Directors, based on a report by the Nomination Committee." (Aldama Code).

This is complied with. Article 17.3 of the Board of Directors Regulation establishes that the Board may not propose the removal of proprietary or independent directors before the end of the legal term for which they were appointed, except in the cases envisaged in

section 17.2 (see section B.1.15) or in exceptional and justifiable circumstances which, after consultation with the Nomination and Remuneration Committee, the Board of Directors deems to be of sufficient importance.

Recommendation 13. Resignations

"Companies should establish in their regulations the obligation for directors to resign where they may have a detrimental impact on the working of the Board of Directors or on the company's prestige and reputation." (Olivencia Code).

This is complied with. See section B.1.15. In particular, directors must tender their resignation to the Board of Directors when they are penalised by the Audit Committee for a serious breach of their obligations as directors and when their presence on the Board might affect the credit or reputation of ACCIONA and its group in the market or jeopardise their interests in any other way. The Regulation obliges directors to disclose to ACCIONA all legal, administrative or other claims which, due to their importance, might seriously endanger ACCIONA's reputation.

Recommendation 14. Directors' age

"The company which adopts a policy on directors' age limits must state this clearly in its internal regulations." (Aldama Code).

ACCIONA has not adopted a rule on directors' age limits in its internal regulations.

Recommendation 15. Appropriate information and advice

"The right of every director to request and obtain the necessary information and advice to enable him/her to fulfil his/her supervisory functions should be formally recognised, and the appropriate channels for exercising this right should be established, including the possibility of engaging external experts in special circumstances." (Olivencia Code).

This is complied with. See section B.1.32.

Recommendation 16. Directors' remuneration

"The director remuneration policy, whose proposal, evaluation and review should be assigned to the Remuneration Committee, should conform to criteria of moderation, be commensurate with the company's performance and be disclosed in detail on an individual basis." (Olivencia Code).

The recommendations as to moderation and detailed disclosure are complied with. The remuneration is not tied to the Company's profitability although the Bylaws do permit this, and for an amount considerably larger than what is actually paid. The Board prefers moderation to linking remuneration to Company earnings. See section B.1.11.

Recommendation 17. Directors' loyalty

"The company's internal regulations should detail the obligations arising from the directors' general duties of diligence and loyalty, with particular attention being given to conflicts of interest, the duty of confidentiality, and the use of the company's business opportunities and assets." (Olivencia Code).

This is complied with. The Board Regulation regulates:

- Duty of confidentiality. (art. 43)
- Duty of loyalty. (art. 44)
- Duty to abstain in the event of conflicts of interest. (art. 45)
- Duty of non-competition. (art. 46)
- Transactions between directors and ACCIONA or companies over which ACCIONA exerts a significant influence. (art. 47)
- Use of corporate assets. (art. 48)
- Use of business opportunities and information which is not public. (art. 49)
- Taking advantage of status as director. (art. 50)
- Duty to abstain from dealing in securities of ACCIONA or companies over which ACCIONA exerts a significant influence. (art. 51)
- Notification of transactions by related parties. (art. 52)
- Holdings in the capital of ACCIONA and transactions in financial derivatives on underlying securities issued by ACCIONA. (art. 53)

Recommendation 18. Extension of the duties of loyalty to significant shareholders

"The Board of Directors should foster the adoption of appropriate measures to extend the duties of loyalty to the significant shareholders and, in particular, establish safeguards covering transactions between significant shareholders and the company." (Olivencia Code).

This is complied with. Article 55 of the Board Regulation establishes the following:

1. All material contractual agreements between ACCIONA or the companies over which ACCIONA exerts a significant

influence and any of their significant shareholders or third parties who are known to act on behalf of significant shareholders must be disclosed to and authorised by the Board of Directors.

2. The Board of Directors may generically authorise significant shareholders to undertake operations within the ordinary course of business of ACCIONA or of the companies over which it exerts a significant influence, provided that they are undertaken in arm's-length conditions. Operations so authorised must be reported to, and supervised by, the Nomination and Remuneration Committee.
3. The Nomination and Remuneration Committee must ascertain whether the operations fall under a generic authorisation of the Board of Directors and fulfil the requirements.

Where there is no such generic authorisation, it must issue a report to the Board of Directors evaluating the operation from the viewpoint of equal treatment of shareholders and considering whether arm's-length conditions apply.

4. ACCIONA's management must not authorise or execute any transaction which it knows to be subject to this Article without submitting it to the mandatory prior control, and must communicate all those it plans to execute to the Chairperson of the Nomination and Remuneration Committee through the Secretary or the Vice-Secretary of the Board of Directors.

Recommendation 19. Shareholders' Meeting

"On the occasion of Shareholders' Meetings, and from the time they are convened, the company must disclose the full content of all the motions to be submitted to the Meeting on its own web

site, regardless of other procedures for this purpose established by law or implemented voluntarily by the company." (Aldama Code).

This is complied with. From the publication of the notice of the Shareholders' Meeting (6 April), the motions submitted by the Board of Directors to the Shareholders' Meeting on each item of the agenda were available to shareholders.

Recommendation 20. Shareholders' Meeting and Board Regulations

"All companies should have a number of corporate governance rules or criteria that include at least the Regulations of the Shareholders' Meeting and of the Board of Directors." (Aldama Code).

This is complied with. The Board Regulation has existed since 2000 and the text that is currently in force is the one approved on 23 March 2004. The Shareholders' Meeting Regulation was approved on 26 April 2004 and partly amended on 10 May 2006. The content of the amendment is set out in section E.6. Both regulations were filed with the Mercantile Registry and are available for consultation on the company's web site.

Recommendation 21. Transparency

"Measures should be taken to provide greater transparency in the mechanism of proxies and to promote communication between the company and its shareholders, particularly institutional investors." (Olivencia Code).

This is complied with. The Board of Directors, as the link between ownership and management, takes adequate

measures to have knowledge of proposals by shareholders with regard to the management of ACCIONA; in this respect, ACCIONA's web site enables shareholders to communicate with the Company by e-mail and access the information contained on the site telematically.

Recommendation 22. Broad information

"The Board of Directors should go beyond the reporting requirements of the current legislation and undertake to provide the markets with fast, accurate and reliable information, particularly with regard to the shareholder structure, substantial modifications in the rules of governance, related-party transactions of particular importance and transactions with own shares." (Olivencia Code).

This is complied with. In its Corporate Governance reports, ACCIONA provides all the relevant information on its corporate governance. There were no transactions with shareholders or executives in 2006 that were so significant as to merit disclosure. ACCIONA, S.A. includes data in its periodical financial information that exceeds the requirements of current regulations.

Recommendation 23. Corporate governance information

"The disclosure duty with regard to corporate governance structures and practices should be extended and, in general, that measures should be adopted to ensure greater information quality, combining into a single text to be published for the general knowledge of shareholders and investors." (Aldama Code).

This is complied with. Since 2000, ACCIONA has approved and published an annual report on its corporate governance practices.

Recommendation 24. Periodical financial information

"All the periodical financial information, in addition to the annual report, which is released to the markets should be drafted under the same professional principles and practices as the annual accounts and should be verified by the Audit Committee before release." (Olivencia Code).

This is complied with. Article 60.3 of the Board Regulation establishes that half-yearly, quarterly and any other financial information which is deemed advisable to disclose to the market must be prepared in accordance with the same professional principles, criteria and practices used in the preparation of the Financial Statements and must endeavour to achieve comparable accuracy. Periodic financial disclosures are reviewed by the Audit Committee prior to its publication.

Recommendation 25. Information via the Internet

"A company should have a web site through which it informs its shareholders, investors and the market in general about economic events and any other significant events that take place in connection with the company, as well as enabling shareholders to exercise their right to information and any other shareholder rights." (Aldama Code).

This is complied with. The "Information for Shareholders and Investors" section of ACCIONA's web site has regulatory disclosures, stock market data, financial information and the contact address. Also, the sections on Corporate Governance, Shareholders' Meeting and Shareholder Rights have a form for requesting information via e-mail.

The content of the web site conforms substantially to Economy Ministry Order Eco/3722/2003, dated 26 December, and CNMV Circular 1/2004.

Recommendation 26. Independence of external auditors

"The Board of Directors and the Audit Committee should monitor situations which might jeopardise the independence of the company's external auditors and, specifically, they should verify the percentage of the audit firm's total revenues represented by the fees paid to it under all headings, and professional services other than auditing should be publicly disclosed." (Olivencia Code).

This is complied with. The Audit Committee serves to support the Board of Directors in the supervision of external audit services and, therefore, maintains relations with external auditors in order to receive information about matters that may jeopardise their independence. The Audit Committee specifically checks and evaluates the amounts paid to external auditors to ascertain whether their independence might be in jeopardy.

In both the notes to financial statements and in this report, the Board of Directors publicly discloses the overall fees paid for non-audit services.

Recommendation 27. Accounting quality

"The Board of Directors should endeavour to ensure that the accounts drafted by it and submitted to the Shareholders' Meeting should be free of audit qualifications and, where this is not possible, both the Board and the auditors should explain clearly the content and scope of

the discrepancies to the shareholders and the markets." (Olivencia Code).

This is complied with. See section B.1.25.

Recommendation 28. Continuity

"The Board of Directors should include information about its rules of governance in the annual report, and justify any departures from the recommendations of this Code." (Olivencia Code).

This is complied with. ACCIONA, S.A. has disclosed information about its governance rules in its annual public report since 2000.

G. Other information of interest

If you believe that a significant principle or item relating to corporate governance practices applied by your company has not been disclosed in this report, provide information.

This section can include any other information, clarification or qualification related to the aforementioned sections of this report provided that they are significant and are not repetitive.

Specifically, indicate if the company is subject to corporate governance legislation other than Spain's and, if so, include the obligatory disclosures that differ from those required in this report.

Note to section A.5. In addition to the disclosures in that section, ACCIONA Real State owns one-third of the company Nexotel Adeje, which is also owned one-third by Grupo Vincci and one-third by a number of parties who are also shareholders of Grupo Entrecanales.

Note to section A.6 and A.7. The Company is not aware of the existence of any shareholders' agreements notified to it or to the National Securities Market Commission (CNMV). Grupo Entrecanales, S.A. has notified that there are no agreements among its shareholders that restrict or constrain the transfer of shares or regulate the exercise of voting rights at Shareholders' Meeting other than those set out in the Bylaws.

All the direct and indirect shareholders of Grupo Entrecanales are members of the family comprising the descendants of José Entrecanales Ibarra.

The shares of Grupo Entrecanales owned by the family group comprising José María Entrecanales de Azcarate and his children were grouped in a newly-created company.

The shares owned by the family group comprising Juan Entrecanales de Azcarate and his children were grouped in a newly-created company.

Each of those companies owns 41.4% of Grupo Entrecanales.

Note to section B.1.6. The list of Board members who are directors or executives in other companies reflects the situation at 31 December 2006.

Note to section B.1.8. The director Esteban Morrás Andrés has signed a participation account contract with ACCIONA Energía, S.A. which gives him the right to 1.3904% of that company's gains or losses; the amount contributed by the participant is 1,943,658.22 euros. He has granted usufruct to part of the yields to his children. In 2006, 156,125.07 euros were collected under that heading, corresponding to 2004, and 225,333.44 euros corresponding to 2005. The participation account will remain in force so long as ACCIONA Energía, S.A. continues its business activity or until it is reduced to zero as a result of adverse results.

Once ten years have elapsed from the date of establishment of the participation account (27 December 1996), the participant may apply to ACCIONA Energía, S.A. for early termination, in which case ACCIONA Energía, S.A. must pay the participant the percentage of participation applied to the market value of the company, referenced to the average profit in the previous three years, to the valuation rules under the provincial personal income tax regulations, or to the market value if ACCIONA Energía, S.A. is listed.

ACCIONA Energía, S.A. has granted a loan of 125,212.55 euro to Esteban Morrás Andrés at an interest rate referenced to Euribor.

Note to section B.1.9. and B.1.11. Below are set out the main features of the plan for delivering shares to senior management.

- The ACCIONA 2006 Senior Management Remuneration Plan (the "Plan") aims to remunerate senior management of the companies controlled by ACCIONA, S.A. so as to encourage attainment of objectives and to retain executives.
- The Plan, whose initial duration is 6 years, is based on delivery of common stock each year in the first three years (2006-2008).
- The application of the Plan was approved, at the proposal of the Board of Directors, by the Company's Ordinary Shareholders' Meeting on 10 May 2006.
- At the proposal of the Nomination and Remuneration Committee, the Company's Board of Directors may amend the Plan at any time to ensure compliance with its goals of remunerating, motivating and retaining the group's senior management or, as the case may be, to adjust it to the legal and tax requirements applying at any time in Spain and other jurisdictions.
- The Plan is aimed at those persons who, at any given time, hold the position of Director-General Manager, General Manager or Area Manager of the ACCIONA Group at the time it is decided to assign the Shares under this Plan. The Company's Board of Directors may, based on a favourable report by the Nomination and Remuneration Committee, extend the Plan to other executives of ACCIONA Group companies on the basis of the importance of their function, even though they do not fall under any of the aforementioned categories.
- Qualifying persons to whom a specific number of shares have been assigned by the Board of Directors, subject to approval by the Shareholders' Meeting, as appropriate, will be Beneficiaries of the Plan if they accept the Regulation in writing and consent in writing to the obligations imposed on them by the Regulation.
- The delivery of Shares, acceptance of the payment on account of the beneficiary's direct taxation by the Company or other ACCIONA group entity, and any other benefits deriving from the Plan will not be considered to be vested rights.
- The invitation to participate in the Plan or joining the Plan does not grant the recipients or beneficiaries any right to the assignment of shares under the Plan, or to the assignment being made in specific conditions other than those

decided upon freely by the Board of Directors from time to time, nor to be beneficiaries of subsequent plans that may be established by the ACCIONA Group.

- The Beneficiary's rights will be strictly those which the Board of Directors determines with regard to each assignment of shares to him/her. In each of the first three years of the Plan (2006, 2007 and 2008), the Board of Directors may assign to all or only some of the beneficiaries a number of outstanding shares of the Company (hereinafter the "Share Bonus") as part of the Beneficiary's variable remuneration.
- The number of shares comprising each Beneficiary's Share Bonus will be determined by the Board of Directors at the proposal of the Nomination and Remuneration Committee within the first three months of each year.
- Where Beneficiaries are Directors of the Company or, as the case may be, general managers or similar of the Company, as provided in Additional Provision Four of the Consolidated Corporations Law, their Share Bonus will be subject to approval by the Shareholders' Meeting.
- The shares are valued at the opening price on the first stock market session of the calendar year in which the shares are delivered.
- Each Beneficiary's Share Bonus in a single year may not exceed (a) 100,000 euro or (b) 50% of the annual variable remuneration in cash that the beneficiary is to collect for his/her dedication to the ACCIONA Group during all or part of the preceding calendar year or, in the case of newly-hired executives, of the

maximum variable remuneration agreed upon for the current year. As an additional limit, the highest Share Bonus assigned to a Beneficiary under the Plan, expressed as a number of shares, may not exceed three (3) times the lowest Share Bonus assigned to other Beneficiaries in that year.

- As a general rule, unless the Board of Directors decides otherwise based on a prior report by the Nomination and Remuneration Committee, the Share Bonus assigned to all Beneficiaries of a given category (Director-General Manager, General Manager, Area General Manager, respectively) will be the same, either in terms of the value of the share bonus or in terms of the percentage which that value represents of the annual variable remuneration in cash that the Beneficiary is to collect for his/her dedication to the ACCIONA Group during all or part of the preceding calendar year, at the discretion of the Board of Directors.
- The maximum number of shares that can be delivered to Beneficiaries under the Plan in the first three years (2006, 2007 and 2008) as a whole will be 50,000 shares.
- For a Beneficiary to be entitled to receive the Shares assigned to him/her as a Share Bonus under the Plan, the Beneficiary must still be a Director-General Manager, General Manager or Area Manager of the ACCIONA Group on the date on which the Share Bonus is to be delivered, or must be on special leave granted in the interests of the ACCIONA Group to fill an executive position at a company not in the Group's consolidation scope.

- Beneficiaries may not dispose of, encumber or otherwise assign the Shares in any way (except mortis causa) or establish any option rights other than that granted to the Company before 31 March of the third year following the delivery of the shares to the Beneficiary as payment of the bonus.
- By joining the Plan, the Beneficiary irrevocably authorises the Company, in his/her name and on his/her behalf, to apply to the entity in charge of record-keeping of ACCIONA shares to issue and, as appropriate, renew the certificates of ownership, which the Company may retain in its position so as to ensure, if it wishes, that the Shares are immobilised during the aforementioned period.
- The Beneficiary grants the Company a call option on the shares delivered to him/her each year under the Plan in the following conditions:
 - A) Exercise period: Until 31 March of the third year following the year of delivery of the Shares as a Bonus to the Beneficiary.
 - B) Strike price: one euro cent (0.01) per share.
 - C) Conditions of exercise: The Company may only exercise the Option if the employment, civil- or mercantile-law relationship under which the Beneficiary provides services to the Company or a subsidiary (or a company that was subject to a Change of Control) is terminated as a result of serious breach of the duties of diligence and

others inherent to the position (if the Beneficiary is a Director-General Manager) or, in the case of Beneficiaries who are not directors, as a result of a cause attributable to the Beneficiary.

In execution of this share delivery plan, in 2006 a total of 8,871 shares were granted, 423 to each of the four Executive Directors and to each of the five General Managers, and 211 to each Area General Manager.

Note to section B.1.9. Of the thirty-five executives listed in the section, six departed during the year. The figure of total remuneration for senior management includes the termination indemnities of those six executives.

The remuneration for senior management is reviewed each year by the Nomination and Remuneration Committee.

Note to section B.1.10. The establishment of guarantee or protection clauses for senior executives of ACCIONA or companies in its group for the event of unfair dismissal or a change in control must be submitted to the Appointments and Remuneration Committee and, if it deems pertinent, to the Board of Directors for formal authorisation.

The amounts of the guarantee clauses referred to in section B.1.10 apply generally to cases of unfair dismissal, at the instances of the employer or of the executive, in the terms of Royal Decree 1382/1985. The amount of those clauses is as follows: Two clauses for an amount of two years' full remuneration, two clauses for an amount of two years' fixed remuneration, one clause for the amount of one year's

remuneration, one clause establishing six months' advance notice, and one clause for the amount of four years' annual remuneration.

Note to section B.1.17. When urgency so requires, the Chairperson may propose and the Board may approve, providing no directors object, the adoption of resolutions in writing without holding a meeting, by asking directors to vote via letter, fax, e-mail or any other written media which adequately guarantees, under the responsibility of the Secretary or the Vice-Secretary, the identity of the sender and the authenticity of its content.

Note to section B.1.23. In addition to Board meetings, the Board adopted resolutions in writing without a meeting once in 2006.

The directors' attendance at Board and Committee meetings in 2006 was as follows:

José Manuel Entrecanales Domecq: Board of Directors 9/9; Executive Committee 3/3.

Juan Ignacio Entrecanales Franco: Board of Directors 9/9; Executive Committee 3/3.

Juan Manuel Urgoiti y López-Ocaña: Board of Directors 9/9; Executive Committee 3/3. Audit Committee 6/6. Nomination and Remuneration Committee 3/3.

José María Entrecanales de Azcárate: Board of Directors 9/9.

Juan Entrecanales de Azcárate: Board of Directors 9/9.

Alejandro Echevarría Busquets: Board of Directors 7/9; Executive Committee 2/3. Nomination and Remuneration Committee 2/3.

Carlos Espinosa de los Monteros y Bernaldo de Quiros: Board of Directors 7/9. Executive Committee 2/3. Nomination and Remuneration Committee 2/3.

Germán Gamazo y Hohenlohe: Board of Directors 7/9. Audit Committee 6/6.

Tristan Garel-Jones: Board of Directors 8/9; Executive Committee 3/3. Audit Committee 6/6.

Valentín Montoya Moya: Board of Directors 9/9; Executive Committee 3/3.

Esteban Morrás Andrés: Board of Directors 9/9.

Belén Villalonga Morenés: Board of Directors 5/6.

Note to section B.1.31. The Regulation considers that the following are competing activities: construction and engineering; real estate development; urban services; sea and road transport and ancillary transport services; and wind power.

Note to section C.1 and C.2. There were no transactions outside the Company's or Group's ordinary business that were not performed on an arm's-length basis. Nevertheless, section C.2 provides a breakdown of the largest transactions conducted by the Directors and Executives included in section B.1.9 of this report. Those transactions are basically as follows:

- A) Facility upkeep and maintenance services
- B) Purchase of photovoltaic installations at the Milagro (Navarra) solar garden.

In 2006, ACCIONA Infrastructures, S.A. and General de Servicios Integrales, S.A. billed Nexotel Adeje, S.A. 6.822 million euros and 1.178 million euros for the construction and outfitting of a hotel, and Banco Gallego whose chairman is Juan Manuel Urgoiti brokered the sale of mutual funds managed by Bestinver and collected 1.727 million euros as commissions for those services.

Note to section C.3. The transactions between the Company and its dependent companies, which are related parties and form part of its normal business as regards purpose and conditions, were eliminated in consolidation. The transactions between the Group and its associated companies are disclosed below.

At 31 December 2006, the debit and credit balances with associated companies were as follows:

Debit balances/Expenses	--
Credit balances/revenues 2006	--
Trade and other accounts receivable	1.697
Trade and other accounts payable	--
Revenues and expenses	--

The balances with Group companies relate mainly to logistics and transport services provided by companies in the ACCIONA Trasmediterranea subgroup, and services provided by ACCIONA Infrastructures to various associated companies. Those transactions were conducted on an arm's-length basis.

This annual corporate governance report was approved by the company's Board of Directors on 22 March 2007.

Indicate the directors who voted against, or abstained from approving, this report.







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