

Befesa Medio Ambiente, S.A.
C/ Buen Pastor, s/n
48903 Luchana (Baracaldo)
Tel.: (34) 944970533
Fax: (34) 944970240

BEFESA

Comisión Nacional del Mercado de Valores

Area de Mercados. Dirección de
Supervisión.

c/ Miguel Angel, 11 -1^a

28010 – Madrid

Erandio, 16 April 2009

Re: Disclosure of Significant Event.

Dear Sirs:

In compliance with current legislation on disclosure of information for entities which issue exchange traded securities, and in relation to the documentation sent on 11 March 2009 regarding the notice of the shareholders' general meeting of this company, we hereby inform you of the following resolutions which were adopted by the general meeting, at first calling, on 15 April 2009:

1. Approval of the financial statements of Befesa Medio Ambiente, S.A. for 2008, comprising the balance sheet, income statement, statement of changes in equity, cash flow statement and notes and the proposed appropriation of earnings for the year.
2. Approval of the financial statements of the consolidated Group, comprising the consolidated balance sheet, income statement, statement of changes in equity, cash flow statement and notes)and the consolidated management report for 2008.
3. Approval of the appropriation of earnings of the total income after tax of €1.678.130 comprising €167.813 to the legal reserve and €1.510.317 to voluntary reserves.
4. Appointment of PriceWaterhouseCoopers, S.L. as auditor of the accounts for 2009, 2010 and 2011.

5. Reelection of Mr Jorge Guarner Muñoz as Independent Director, for a new period of 4 years and to election as new Directors, for the same period, of Mr. Alfonso Castresana Alonso de Prado, as internal Director and Mr. Antonio Marín Hita, as executive Director. Mr Castresana has also confirmed as Secretary of the Board for a period of 4 years.

As a result of the resolutions, the Board of Directors shall have ten members, who are identified below together:

Presidente:	D. Javier Molina Montes.
Vicepresidente:	D. Manuel Barrenechea Guimón.
Vocal:	D. Manuel Blanco Losada.
Vocal:	D. Rafael Escuredo Rodríguez.
Vocal:	D. Jorge Guarner Muñoz
Vocal:	D. Salvador Martos Hinojosa.
Vocal:	D ^a María José Rivero Menéndez.
Vocal:	D ^a Guadalupe Sundheim Losada.
Vocal:	D. Antonio Marín Hita
Vocal y Secretario:	D. Alfonso Castresana Alonso de Prado.

6. Approval of the Special Report of the Remuneration Policy of the Board of Directors.
7. Ratification of the authorisation given to the board of directors authorising the board to increase the Company's share capital, once or several times, up to a limit equivalent to 50% of the share capital, within the legal limits.
8. Authorisation to the board of directors to issue fixed income or equity based debentures or securities, within the legal limits.
9. Authorisation to the board of directors for derivative purchases of treasury stock, directly or indirectly through subsidiaries or investee companies, up to the maximum limit established under prevailing provisions.
10. To grant the board of directors, the Chairman, Vice-Chairman and Non-Executive Secretary the authority to formalise and execute the resolutions adopted.

Yours faithfully,

Signed: Antonio Marín Hita
Legal Counsel Director



Resolutions adopted
by the Shareholders General Meeting of
Befesa Medio Ambiente, S.A.
on 15 April 2009 in relation to the points on the
Agenda

One. Examination and approval, as appropriate, of the individual financial statements of Befesa Medio Ambiente, S.A. (balance sheet, income statement, statement of changes in equity, cash flow statement and notes), and the consolidated financial statements with their dependent companies (balance sheet, income statement, statement of changes in equity, cash flow statement and notes), as well as the individual and consolidated management reports, all corresponding to the year ending 31 December 2008 and the management carried out by the Board of Directors during the year.

“Approve the financial statements for 2008 (balance sheet at 31 December 2008, income statement, statement of changes in equity, cash flow statement and notes for 2008), as well as the management report for the year”.

“Approve the consolidated financial statements for Grupo Befesa for 2008 (balance sheet at 31 December 2008, income statement, statement of changes in equity, cash flow statement and notes for 2008), and the consolidated management report for the year”.

“Approve the management carried out by the Board of Directors during 2008”.

Two. Examination and approval, as appropriate, of the proposed appropriation of earnings for 2008.

“To approve the proposal for the appropriation of earnings for 2008 comprising the total income after taxes of €1.678.130 euros by allocating €167.813 euros, to the legal reserve, and €1.510.317 to the voluntary reserve.”

Three. Re-election and appointment, as appropriate, of the accounts auditor for the company and its consolidated group.

“Appoint the role of auditor for 2009, 2010 and 2011 to PriceWaterhouseCoopers Auditores, S.L., to review the company’s financial statements and management report as well as the

consolidated financial statements, pursuant to Article 204.1 of the Spanish Public Limited Companies Act, and following the proposal of the Audit Committee”.

Four. Re-election and appointment of new directors.

“The number of directors is increased by two in line with the limits in the bylaws. As a result the Board of Directors will now comprise ten members”.

“The following person is re-elected as a director of the company, who has held the position of Director to date and whose current four year term shall shortly be completed:

- Mr Jorge Guarner Muñoz

Mr Guarner is present and accepts the position of director, stating that he has no legal incompatibility with the position and agrees to carry out the role diligently, loyally and faithfully. His position is as an independent director.

Mr Guarner’s personal details are as follows: Engineer, resident in Barcelona, street Aribau, 185, and with D.N.I. 37.670.780-T

* Two new directors are elected, comprising the following people:

- Mr Alfonso Castresana Alonso de Prado
- Mr Antonio Marín Hita

In the case of Mr. Castresana the Board of Directors confirms him as Secretary and reelected him for a new period of 4 years.

The new directors are present and accept their positions, declaring that they have no legal incompatibility with these positions and agree to carry out their roles diligently, loyally and faithfully. The position of Mr Castresana is as internal Director and the position of Mr. Marin is as Executive Director.

Mr Castresana’s personal details are as follows: Lawyer, resident in Bilbao, Alameda Recalde, 27-1º and with D.N.I. 14.220.648-R.

Mr Marin’s personal details are: Lawyer, resident in Madrid, Paseo Castellana, 31-3 and with D.N.I. 23.769.356-Y.

“As a result of the aforementioned resolutions, the Board of Directors shall have ten members, who are identified below together with the positions they hold. Members are listed in alphabetical order:

Chairman:	Mr Javier Molina Montes.
Vice-chairman:	Mr Manuel Barrenechea Guimón.
Member:	Mr Manuel Blanco Losada.
Member:	Mr Rafael Escuredo Rodríguez.
Member:	Mr Jorge Guarner Muñoz.

Member: Mr Salvador Martos Hinojosa.
Member: Ms María José Rivero Menéndez.
Member: Ms Guadalupe Sundheim Losada.
Member: Mr Antonio Marín Hita
Secretary and Director: Mr Alfonso Castresana Alonso de Prado.

Five. Special report on the Remuneration Policy of the Board of Directors to be submitted to the Shareholders' General Meeting with a consulting character.

"To approve the Special report on the Remuneration Policy of the Board of Directors to be submitted to the Shareholders' General Meeting, for consultation purposes, drafted by the Appointments and Remuneration Committee and approved by it and the Board of Directors on February 23, 2009, as well as the report relating to Article 116 bis of the Securities Market Act".

Six. Authorisation to the board of directors to increase the capital stock foreseen in the article 153.1.b of the Spanish Public Limited Companies Act. within the limits of the law, without having to previously consult the shareholders' general meeting, with express permission to exclude preferential subscription rights, in accordance with article 159.2 of the Spanish Public Limited Companies Act.

"To ratify the authorisation given to the board of directors agreed in the last general meeting held on 21 June 2005 which authorises the board, in accordance with article 153-1-b) of the Consolidated Text of the Spanish Public Limited Companies Act, to increase the capital stock, on one or multiple occasions, up to an amount equivalent to fifty percent (50%) of the capital stock at the time of this authorisation, by means of paid-in capital, with or without share premium, within a maximum period of five years commencing from the resolution of the shareholders' general meeting, when and for the amount that the board determines, without prior consultation of the shareholders' general meeting. Likewise, article 159, section 2 of the Consolidated Text of the Spanish Public Limited Companies Act ratifies the authorisation to the board of directors to exclude or include the right to preferential subscription in relation to capital increases that could arise from this resolution, when the circumstances established under section 1 of the aforementioned article occur and when it is in the interest of the Company to do so, provided that, in the case of exclusion, the nominal value of the shares to be issued plus the amount of the share premium, if appropriate, corresponds to the real value recorded in auditors' report of the company's financial statements, requested by the board of directors for such purpose. Furthermore, the board of directors is authorised to redraft articles 5 and 6 of the company's bylaws in relation to the capital stock, once the increase has been carried out, based on the quantities actually subscribed and paid in.

Similarly, to ratify the authorisation given to the board of directors to apply to the governing corporation of the stock exchange

(CNMV) to list the aforementioned securities for trading on any of the stock exchanges, when it deems it necessary, and to manage that listing with the intervention of any stockbroker or securities company, under prevailing legislation, in relation to the shares that are issued in accordance with the aforementioned adopted resolutions.”

The statements of shareholders regarding this resolution shall be recorded in the minutes in accordance with article 27 of the Official Stock Exchanges Regulation.

Seven. Authorisation to the board of directors to issue fixed income or equity based debentures or other marketable securities directly or through Group companies, which are simple or guaranteed, convertible or non-convertible into shares, in accordance with prevailing legislation, not affecting the existing and unused authorisation conferred by the last shareholders’ general meeting.

“To authorise and instruct the board of directors to establish subsidiaries or branches in Spain or abroad and to agree on the issue by any new or existing entities or by the Company itself, of securities that recognise or create a debt or a capital increase, with the conversion, exchange, interest rate, redemption and formalisation clauses that are customary in the national and international markets. Furthermore, the board of directors is authorised to provide the guarantee or collateral of Befesa Medio Ambiente, S.A. to such issues, without affecting the existing and unused authorisation conferred by the last shareholders’ general meeting. Authorisations to the board of directors will be exercised with full discretion within the legal limits that apply in each case and taking into account the circumstances and conditions of the market.

Similarly, to authorise the board of directors to apply to the governing corporation of the stock exchange (CNMV) to list the aforementioned securities for trading on any of the stock exchanges, when it deems it necessary, and to manage that listing with the intervention of any stockbroker or securities company, under prevailing legislation, in relation to the shares and securities that are issued in accordance with the aforementioned adopted resolutions on the authorisation to issue convertible and non-convertible securities.”

Eight. Authorisation to the board of directors for derivative purchases of treasury stock, directly or through Group companies, in accordance with prevailing legislation, not affecting the existing and unused authorisation conferred by the last shareholders’ general meeting.

“To authorise the board of directors to acquire shares in the Company through derivatives and trading, either directly or through subsidiaries or investee companies up to the maximum limit specified in the prevailing provisions at a minimum price of one (1) euro and a maximum price of one hundred (100) euros per share. This authorisation is valid for a period of eighteen (18) months from this date and subject to Section Four of Chapter IV of the Consolidated Text

of the Spanish Public Limited Companies Act, not affecting the existing and unused authorisation conferred by the last shareholders' general meeting".

Nine. To grant the board of directors the authority, with the right to substitute, to interpret, correct, clarify, execute, formalise and register, as appropriate, the resolutions adopted by the shareholders' general meeting.

"To expressly and indistinctly grant the widest possible authority to the board of directors and Mr Javier Molina Montes, Mr Manuel Barrenechea Guimón and Mr Alfonso Castresana Alonso de Prado, Chairman, Vice-Chairman and Non-Executive Secretary of the board of directors respectively, to formalise and execute the resolutions adopted by this shareholders' meeting, signing those public or private documents that may be necessary or appropriate for their full effect, with authorisation to correct, rectify, modify or complete the resolutions adopted by this shareholders' meeting".

**Report on the Remuneration Policy
of the Board of Directors
of Befesa Medio Ambiente, S.A.**

1. Introduction

This report is prepared in accordance with Article 27 of the Regulations of the Board of Directors and Article 3 of the Appointments and Remuneration Committee.

It includes the remuneration policy of the members of the Board of Directors of Befesa Medio Ambiente, S.A., setting the remuneration of the executive directors separately, who hold senior management positions at the Company and are covered by the Company's general remuneration policy applicable to all employees, from the non-executive directors.

2. The Appointments and Remuneration Committee. Background

The Appointments and Remuneration Committee was created by resolution of the Board of Directors in its meeting of 24 April 2003, with the name Appointments and Remuneration Committee. The Board also approved the internal regulations for the committee.

The Regulations of the Committee were amended on 28 February 2005 in order to substitute the annual rotational nature of its chairmanship with the same statutory appointment period for directors (four years) and, more recently, on 18 December 2007, the Board of Directors amended the regulations to adapt them to the recommendations established in the Unified Code of Good Governance, approved by the Board of Directors of the Comisión Nacional del Mercado de Valores (CNMV) of 22 May 2006.

The Committee supports the Board in issues relating to the appointment of directors and on issues of remuneration, and it ensures that the remuneration policy established by the Company is adhered to.

Composition

The composition of the Appointments and Remuneration Committee as at 31 December 2008 was the following:

Mr Jorge Guarnier Muñoz. Chairman.	Chairman	Independent, non-executive director
Mr Manuel Blanco Losada.	Member	Independent, non-executive director
Mr Rafael Escuredo Rodríguez	Member	Independent, non-executive director
Mr Juan Albizu Etxebarria.	Secretary, non-	--

	director	
--	----------	--

As a result, the Appointments and Remuneration Committee is currently comprised of three independent, non-executive directors, which complies with the requirements under the *Ley de Reforma del Sistema Financiero*. The Chairman of the Committee must be held by a non-executive director.

Responsibilities and duties

The responsibilities of the Appointments and Remuneration Committee are established in Article 27 of the Regulations of the Board of Directors and in Article 3 of the Regulation of this Committee.

The basic responsibilities and duties of the Committee are the following, in accordance with this internal regulation:

A. Appointment and removal of directors and designation of roles on the Board of Directors and its Committees. Especially,

- (i) to notify the Board of Directors about the proposals to be made to the General Shareholders' Meeting regarding appointments, re-elections and removals from the Board, including in the event that the Board of Directors co-opts other individuals, as well as proposals relating to the Secretary of the Board;
- (ii) to propose the appointments, re-elections and removals of independent directors, to the Board, including cases of co-optation;
- (iii) to evaluate the skills, knowledge and experience required by the Board; to define the abilities and functions required by candidates to cover vacancies; and to assess the time and dedication required by Board members to fully carry out their duties.

B. Succession of the Chairman

The Committee is responsible for examining and organising the succession of the Chairman and the CEO.

C. Senior Management of the Company.

The Committee is responsible for notifying the appointments and removals of senior managers proposed by the CEO to the Board.

D. Remuneration.

- a) The Appointments and Remuneration Committee, proposes to the Board
 - (i) The remuneration policy for directors and senior managers;
 - (ii) The individual remuneration of directors and the approval of the contracts that the company signs with each executive director;

(iii) The basic conditions of the contracts for senior managers.

b) The Committee ensures that the remuneration policy established by the Company is followed.

E. Annual verification of directors' character

The Committee verifies the character of the directors on an annual basis, reporting its findings to the Board and which are published in the Annual Corporate Governance Report.

F. Preparation of reports

The Committee is responsible for drafting an annual report on its activities, as well as an annual report on the remuneration policy of the directors of the Company.

Organisation and functioning.

To carry out its duties, the Appointments and Remuneration Committee will meet when necessary and at least once every six months.

It shall be considered as validly constituted when the majority of its members are present. Attendance may only be delegated to another non-executive director.

The resolutions adopted shall be valid when the majority of the Committee's members, present or represented, vote in favour. In the event of a tie, the Chairman shall have the casting vote.

3. Basic principles of the remuneration policy for Company directors

On the basis that the achievement of objectives largely depends on the work capacity, quality, business knowledge, dedication and experience of the people that hold the positions of responsibility of the Company, and taking into account the reciprocal generation of value for these people and the Company, in line with shareholders' interests, the remuneration policy of Befesa Medio Ambiente, takes into account the following basic principles:

(i) Compensate the level of responsibility and the achievement of results.

(ii) Attract and retain the most outstanding professionals.

(iii) Monitor external competitiveness.

(iv) Carry out a reference analysis using reputable companies in the human resources consultancy sector.

4. Structure of directors' remuneration

The Company's remuneration system applies to all employees, based on each job position and its inherent responsibilities. The individual characteristics of the roles of the Board of Directors are taken into account.

The Company's remuneration policy for members of the Board of Directors therefore differentiates between the remuneration system for executive directors and non-executive directors.

A. Remuneration for the position of director

In accordance with Article 17 of the Company's bylaws, the position of director is paid, without differentiating between executive and non-executive directors. Directors are paid a fixed amount agreed by the General Shareholder's Meeting in addition to other payments allowed under prevailing legislation, such as remuneration systems based on the provision of shares in the company and/or stock options, which will also be agreed by the General Shareholder's Meeting under the terms permitted by law. Each director's remuneration may differ. Independent of this remuneration, travel expenses for actions that are the responsibility of the Board are also paid.

B. Remuneration policy applicable to executive directors

The remuneration policy for executive directors corresponds to the general remuneration policy of the company, applicable to employees that hold duties with a high level of responsibility.

Befesa Medio Ambiente has a remuneration system that allows for the highest degree of incentivisation possible and fairly reflects the activity carried out by each employee at any given time.

This remuneration policy is structured around the following concepts:

(a) Fixed remuneration

The amount is set in line with market comparables, and reflects the leadership position to which the company aspires. Market studies from external consultants are taken into account in its calculation.

Fixed remuneration comprises the following concepts:

- 1) Salary level. Defined as the basic fixed salary received on a monthly basis, corresponding to each category and level.
- 2) Extra responsibility payment. This is a supplementary amount freely set by the company's management, paid monthly and therefore based on, linked to and conditional upon performance of a specific function or responsibility.

(b) Annual variable remuneration (bonus)

The annual variable remuneration or bonus of executive directors is primarily linked to meeting objectives. These objectives are linked to the Company's gross revenues/EBITDA for certain directors or to profit after tax for others. The range of the variable remuneration of the executive directors is set at the beginning of each year based on these criteria.

The fixed remuneration is therefore comprised of the sum of the amounts corresponding to the salary level and the extra responsibility payment payable

monthly.

The variable remuneration corresponds to the annual bonus and is paid in a single payment.

(c) Retention plans

The remuneration policy of Befesa Medio Ambiente also contains two retention or seniority plans for managers, also applicable to executive directors.

(i) Share acquisition plan in the parent company Abengoa, S.A.

This is based on meeting Befesa's objectives and linked to the company's strategic plan.

The duration of the plan is five (5) years, beginning in 2006 and ending in 2010. It is paid in the first half of 2011 through the sale of shares.

Each individual must meet the annual targets set in order to receive the annual bonus as well as remaining in the company for the duration of the plan.

(ii) Plan Dos. This consists of an extraordinary variable remuneration.

This plan is based on recognition by the company of certain managers (beneficiaries) through a specific or calculable and extraordinary payment.

Its accrual depends on the personal achievement of the objectives set in the Befesa Medio Ambiente strategic plan.

The plan is cumulative, in addition to any other variable remuneration accrued or to be accrued by the beneficiary and is not exclusive.

The remuneration is accrued and consolidated at the end of a five year period (5 years), commencing in 2007 and ending in 2012. It is paid in the first half of 2013 upon verification of completion of the personal objectives by the corresponding audit report.

2) Remuneration policy applicable to non-executive directors

The remuneration system corresponding to non-executive directors is based on remuneration for attendance of the meetings of the Board and the Committees (Audit and/or Appointments and Remuneration).

The expenses paid for attendance approved by the corresponding corporate bodies, applicable to each meeting of the Board of Directors and its Committees is €3,500 for independent directors and €1.370 for the other directors.

In 2007 the Board of Directors and its committees met with the following

frequency:

Board of Directors	10
Audit Committee	5
Appointments and Remuneration Committee	3

5. Total remuneration of the Board in 2007 and future policy

The remuneration policy established by the Company for members of the Board of Directors corresponds to the resolutions adopted by the corresponding corporate bodies and is applicable to 2007.

The total remuneration of the directors in 2008 was the following:

(Figures in € thousands)

Name	Expense s for attendan ce and other paid expense s as director	Remun eration as memb er of Commi tee	Remuner ation received as a director of other compani es in the Group	Remunerat ion for senior managem ent duties (Exec. directors)	Totals
Mr Javier Molina Montes	12.33	--	--	711.02	723.35
Mr Manuel Barrenechea Guimón	12.33	--	--	293.00	305.33
Mr Manuel Blanco Losada	31.50	24.50	--	--	56.00
Mr Rafael Escuredo Rodríguez	31.50	24.50	--	--	56.00
Mr Jorge Guarner Muñoz	28.00	10.50	--	--	38.50
Ms. María José Rivero Menéndez	31.50	14.00	--	--	45.50
Ms. Guadalupe Sundheim Losada	17.50	--	--	--	17.50
Mr Salvador Martos Hinojosa	12.33	--	--	--	12.33
Total	176.99	73.50	--	711.02	1,254.51

The Appointments and Remuneration Committee periodically reviews the remuneration policy of the Board of Directors, during the course of its duties, proposing the policies that it considers appropriate to the Board in relation to concepts and amounts.

6. Reference and Fundamental Parameters of the Annual Variable Remuneration Systems (bonus)

The criteria for determining the variable remuneration of executive directors in 2008 will be based on the following parameters:

- Market references based on the information provided by reputable external consultants in relation to remuneration.
- In terms of the specific calculation of the annual variable remuneration, the essential reference will be the evolution in income after tax and gross revenues/EBITDA, either of the Group in general, or in the case of executive directors with specific responsibilities, weighted for their area of responsibility.

- In addition to this basic quantitative element, at the end of the year, other quantitative elements will be taken into account, which may vary from one year to another, and that allow the decision on the real amount of variable remuneration at that time to be adjusted.

7. Approval of this report

This report has been approved by the Board of Directors of Befesa Medio Ambiente, S.A. at its meeting of 23 February 2009, at the proposal of the Appointments and Remuneration Committee.

Befesa Medio Ambiente, S.A.

Report drafted by the Board of Directors of Befesa Medio Ambiente, S.A. according to Article 116 bis of the Consolidated Text of the Spanish Securities Market Act

The Board of Directors of Befesa Medio Ambiente, S.A. has prepared this report, pursuant to Article 116 bis of Law 24/1988 of 28 July on the securities market, for its presentation to the General Shareholder's Meeting.

a) Capital structure

As at 31 December 2008, the capital stock of Befesa Medio Ambiente is represented by book entries managed by Iberclear (Sociedad de Gestión de los Sistemas de Registro, Comparación y Liquidación de Valores, S.A.), comprising 27,113,479 shares of €3.01 nominal unit value of the same class and series, representing €81,611,571.79 of capital stock. All these shares have been admitted for official trading on the Madrid and Bilbao stock exchanges and on the Spanish Stock Exchange Interconnection System (Continuous Market) since July 1998.

In December 2007, at the request of the Company, *Sociedad de Bolsas* issued a favourable report on the change of listing from the New Market segment to General Trading, effective from 2 January 2008, and since this date Befesa's shares have been listed on the General Trading segment.

During the exercise 2008, significant movements have not taken place in the social capital of the Company.

The number of registered shareholders as at the date of the General Shareholder's Meeting on 17 April 2008 was 1,536.

All shares are ordinary of a single series and grant the same rights and obligations.

b) Any restriction on the transferability of shares.

There is no statutory precept that restricts or limits the free transferability of the Company's shares.

In accordance with Article 8 of the Company's bylaws, the shares are freely transferable in accordance with applicable legislation.

c) Significant direct or indirect shareholdings in the capital.

Since the capital is represented by book entry, there is no share register other than the communications of significant shareholdings and the X-25 list provided by Iberclear for the purpose of each General Shareholder's Meeting.

According to the information received (the list of shareholders as at 14 April 2008 issued by Iberclear and the notification of significant shareholdings), the situation is as follows:

Proyectos de Inversiones Medioambientales....	22.597.338 acciones	83,344 %
Abengoa, S.A.	3.805.639 acciones	14,036 %
Total	26.402.977 acciones	97,380 %

d) Any restriction on the right to vote.

In accordance with Article 7 of the Company's bylaws, all shares confer the condition of shareholder on the legitimate holder, and according to Article 15, each share of the same nominal value grants the right to one vote. There are therefore no restrictions on the right to vote.

e) Shareholder agreements.

The Company is not aware of the existence of any shareholder agreements between its shareholders or any prevailing syndication agreements.

f) Rules applicable to the appointment and substitution of members of the Board of Directors and modification of the Company's bylaws.

Appointment, re-election and ratification.

The General Shareholder's Meeting, or the Board of Directors if appropriate, is the competent body to appoint, re-elect and ratify the members of the Board of Directors, within its legally established powers and limits. Appointments apply to those people that have the recognized abilities and possess the knowledge, reputation and professional references appropriate for carrying out such duties, in addition to meeting the legally established requirements.

Directors shall hold their positions for a maximum period of four years, notwithstanding their possible renewal or re-election.

Dismissal or removal

In accordance with Article 12 of the Internal Regulation of the Board of Directors, directors shall step down from the position after the period for which they were appointed has elapsed and in all other cases in accordance with the law, the bylaws and the aforementioned regulation.

Directors must surrender their position to the Board of Directors and formalise the corresponding resignation, if deemed appropriate, in the following cases:

- a) When they may be involved in any of the legally established cases of incompatibility or prohibition.

- b) When they are significantly sanctioned by a public authority for having infringed their obligations as a director.
- c) When it is proposed by the director him/herself for having infringed his/her obligations as a director.

Once this period has been completed or upon termination of the position for any other cause, the person may not provide his/her services to another competing entity for a period of two years, except if the Board of Directors agrees to waive this obligation and reduces the duration.

g) Powers of members of the Board of Directors and especially those relating to the possibility to issue or repurchase shares.

Powers of members of the Board of Directors.

In addition to the legally and statutory established duties, the Chairman holds the position of Chief Executive of the Company, and its effective management is therefore his/her responsibility, always in accordance with the decisions and criteria established by the General Shareholder's Meeting and the Board of Directors. Likewise, he/she must implement the resolutions of the Board of Directors that he/she permanently represents with the most extensive powers.

The position of Chief Executive is held by the Chairman and is granted with extensive powers. The following measures have been adopted to prevent the accumulation of powers:

- Pursuant to Article 22 and subsequent articles of the Company's bylaws, the Board of Directors created the Audit Committee and the Appointments and Remuneration Committee in its meetings of 18 December 2002 and 24 April 2003 respectively.
- These committees may not delegate their inherent powers appointed to them by law and by the Company's bylaws and its respective internal regulations, and are constituted as bodies for control and supervision of the issues within their mandate.
- Both committees currently comprise three non-executive, independent directors and the Chairman of each committee is therefore an independent director.
- Furthermore, at the proposal of the Appointments and Remuneration Committee, the meeting of the Board of Directors of 18 December 2007 created the position of Coordinator Director, granting the powers to call meetings of the Board and to include new points on its agenda. The Coordinator Director shall be the Chairman of the Audit Committee.

Powers relating to the possibility to issue shares

The General Shareholder's Meeting of 17 April 2008 agreed to delegate to the Board of Directors, pursuant to Article 153.1.b) of the Consolidated Text of the Spanish Public Limited Companies Act, the power to increase the capital, once or several times, up to an amount equivalent to fifty percent (50%) of the capital stock at the time of the authorisation, through monetary contributions, with or

without a share premium, within the maximum period of five years commencing from the agreement of the General Meeting, on the occasions and for the amount determined by the Board.

Likewise, in accordance with Article 159, Section 2 of the Consolidated Text of the Spanish Public Limited Companies Act, the General Shareholder's Meeting delegated the power to the Board of Directors to decide, if appropriate, to include or exclude pre-emptive rights in relation to the increase that they may agree pursuant to the aforementioned agreement and subject to the corresponding legal provisions.

The General Shareholder's Meeting also authorised the Board of Directors to request and manage the admission to trading of the aforementioned shares on any of the stock exchanges of the aforementioned shares, to the Spanish Securities Market Commission, the governing entity of the Stock Exchange and with the mediation of any stock broking company or agency, in relation to the shares that are issued pursuant to the resolutions adopted, when the Board deems it appropriate, pursuant to those requirements under prevailing regulations.

Powers relating to the possibility to repurchase shares

The General Shareholder's Meeting of 17 April 2008 agreed to authorise the Board of Directors to make derivative trading acquisitions of shares in the Company, either directly or through subsidiary or investee companies, up to the maximum limit established in the prevailing regulations, at a price between a minimum of €1 and a maximum of €100 per share, this authorisation being effective for a period of eighteen months (18) from this same date, and subject to Section 4, Chapter 4 of the Consolidated Text of the Spanish Public Limited Companies Act.

The Board of Directors has not made use of this authorisation to date.

Modification of the Company's bylaws

The procedure for modifying the Company's bylaws is established in Article 144 of the Spanish Public Limited Companies Act and requires the approval of the General Shareholder's Meeting.

In order for an Ordinary or Extraordinary Shareholder's Meeting to validly agree any modification to the bylaws, at least 50% of the issued capital with the right to vote must agree to the modification, which must be represented by shareholders that are either present or represented at the meeting, at first call, in accordance with Article 13 of the Company's bylaws. At the second call, at least 25% of the issued capital must be in favour.

h) Significant agreements that the company may have signed and that may become effective may be modified or terminated in the event of a change of control of the Company as a result of a public tender offer.

The company has signed no significant agreements that may become effective, which may be modified or terminated in the event of a change of control of the Company as a result of a public tender offer.

i) Agreements between the Company and its directors, managers or employees to compensate them in the event of their resignation or wrongful dismissal, or upon conclusion of the labour relationship due to a public tender offer.

There is no recognised compensation in the event of resignations or wrongful dismissals or upon conclusion of the labour relationship due to a public tender offer, in relation to executive directors and members of the management team of Befesa Medio Ambiente.

Employees' employment contracts do not contain compensation clauses for termination of the labour relationship. Employees will have the right to the corresponding compensation applicable under employment legislation.

In witness thereof, the Board of Directors of Befesa Medio Ambiente, S.A., whose members sign this document, hereby issues this report according to Article 116 bis of Law 24/1988 of 28 July on the securities market, on 23 February 2009.