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SACYR VALLEHERMOSO SA

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON REMUNERATION POLICY

I.- INTRODUCTION

The Board of the Spanish National Securities Commission (CNMV) approved the Unified Code of Good Corporate Governance, which establishes a set of optional recommendations for listed companies, under the principle of “comply or explain”. Companies may choose whether or not to implement each of the recommendations, the sole condition being that if they do not implement them they must explain why they do not think it advisable to follow them literally in view of the specific circumstances of each individual company.

However, Sacyr Vallehermoso SA has decided to implement most of these recommendations. This Board of Directors' Remuneration Policy Report has been written as a result.

More particularly, this Report is based on recommendation 34 of the Unified Code, which recommends that the remuneration policy approved by the Board refer to directors' fixed salaries and allowances for their involvement in the Board and Committees; their variable salaries; systems of planning, if such exist; and the nature of senior management contracts.

Recommendation 39 of the Unified Code recommends submitting a consultative report on director remuneration to the General Shareholders' Meeting for voting. It states that this report should concentrate particularly on the current year, detailing the main differences between it and the preceding year.

II.- CONTENT OF THE REPORT.

1. Remuneration for Board & Committee Activities

Internal remuneration policy is stated in article 43 of the bylaws, and articles 26 and 27 of the Board regulations. These stipulate the following:

- Members of the Board of Directors are entitled to total remuneration set by the General Shareholders' Meeting (which shall remain valid until the latter alters its original agreement). This remuneration may consist of a



fixed annual salary and a variable component (insurance, pension funds, etc.).

- This sum may not exceed 2.5% of the Company's net earnings for the year as stated in the consolidated annual accounts.
- The Board of Directors is to determine the exact amount to be paid within this limit, and how it is to be distributed among board members, according to their duties within the Board and its Committees.

The remuneration approved for the board members according to the foregoing regulations for their involvement in the Board and its Committees during **2007** is as follows:

Directors' Remuneration	Board of Directors	Executive Committee	Audit Committee	App. & Remun. Comm.	Total
Luis Fernando del Rivero Asensio	72,000.00	48,000.00			120,000.00
Manuel Manrique Cecilia	72,000.00	48,000.00			120,000.00
Nueva Compañía de Inversiones SA	350,000.00	48,000.00			398,000.00
Diogo Alves Diniz Vaz Guedes	72,000.00	48,000.00			120,000.00
Demetrio Carceller Arce	72,000.00	48,000.00		24,000.00	144,000.00
Prilou SL	72,000.00	48,000.00		24,000.00	144,000.00
Mutua Madrileña Automovilista	72,000.00				72,000.00
Participaciones Agrupadas SRL	72,000.00	48,000.00	24,000.00		144,000.00
Torreal SA	72,000.00		24,000.00		96,000.00
Grupo Satocan SA (until 10.01.2007)					0.00
Corporación Caixa Galicia SA (until 10.05.2007)	30,000.00	20,000.00		10,000.00	60,000.00
Matías Cortés Domínguez	72,000.00			24,000.00	96,000.00
Actividades Inmobiliarias y Agrícolas SA	72,000.00		24,000.00		96,000.00
Prilomi SL	72,000.00				72,000.00
Francisco Javier Pérez Gracia	72,000.00				72,000.00
José Luis Méndez López	42,000.00	28,000.00		14,000.00	84,000.00
Juan Miguel Sanjuan Jover	72,000.00		24,000.00		96,000.00
TOTAL	1,358,000.00	384,000.00	96,000.00	96,000.00	1,934,000.00



Remuneration for 2006 was as follows:

Directors' Remuneration	Board of Directors	Executive Committee	Audit Committee	App. & Remun. Comm.	Total
Luis Fernando del Rivero Asensio	72,000.00	48,000.00			120,000.00
Manuel Manrique Cecilia	72,000.00	48,000.00			120,000.00
Nueva Compañía de Inversiones SA	350,000.00	48,000.00			398,000.00
Diogo Alves Diniz Vaz Guedes	72,000.00	48,000.00			120,000.00
Demetrio Carceller Arce	72,000.00	48,000.00		24,000.00	144,000.00
Prilou SL	72,000.00	48,000.00		24,000.00	144,000.00
Mutua Madrileña Automovilista	18,000.00				18,000.00
Participaciones Agrupadas SRL	72,000.00	48,000.00	24,000.00		144,000.00
Torreal SA	72,000.00		24,000.00		96,000.00
Grupo Satocán SA	72,000.00		24,000.00		96,000.00
Corporación Caixa Galicia SA	72,000.00	12,000.00		24,000.00	108,000.00
Matías Cortés Domínguez	72,000.00			24,000.00	96,000.00
Actividades Inmobiliarias y Agrícolas SA	72,000.00		6,000.00		78,000.00
Prilomi SL	72,000.00				72,000.00
Francisco Javier Pérez Gracia	66,000.00				66,000.00
Vicente Benedito Francés	30,000.00				30,000.00
José Seixas e Queirós Vaz Guedes.	6,000.00				6,000.00
TOTAL	1,334,000.00	348,000.00	78,000.00	96,000.00	1,856,000.00

2. Remuneration of Executive Directors

Article 43 of the bylaws states that directors with executive functions are entitled to remuneration consisting of a) a fixed basic remuneration, b) a variable component, c) a component dependent on attendance, and d) an indemnity for dismissal unrelated to the director's performance. The sums paid are to be determined by the Board of Directors, after receiving a report issued by the Appointments and Remuneration Committee. This decision must be based on market conditions and the responsibilities and commitments of each director. Lastly, this remuneration must be submitted to the General Shareholders' Meeting for ratification.



Executive directors' remuneration during 2007 has been approved by SyV's Board of Directors, and will be submitted to the General Shareholders' Meeting for approval. It is as follows:

Luis Fernando del Rivero Asensio:

Basic:	€2,000,000
Variable:	--
Total:	€2,000,000

Manuel Manrique Cecilia:

Basic:	€564,599.98
Variable:	€423,721.00
Total:	€988,320.98

Diogo Alves Diniz Vaz Guedes:

Basic:	€362,950.00
Variable:	€50,813.00
Total:	€413,763.00

Francisco Javier Pérez Gracia:

Basic:	€253,599.98
Variable:	€188,031.00
Total:	€423,630.98

Executive directors' remuneration during 2006, as approved by the Board and the General Shareholders' Meeting, was as follows:

Luis Fernando del Rivero Asensio:

Basic:	€1,250,000.00
Variable:	--
Total:	€1,250,000.00

Manuel Manrique Cecilia:

Basic:	€537,726.00
Variable:	€376,408.46
Total:	€914,134.46

Diogo Alves Diniz Vaz Guedes:

Basic:	€362,950.00
Variable:	€254,055.00
Total:	€617,005.00

Francisco Javier Pérez Gracia:

Basic:	€224,378.00
Variable:	€157,064.00
Total:	€381,442.00



3. Description of Additional Systems of Planning

There are no additional health and insurance benefits for directors. Executive directors hold only a health insurance policy and a €72,000 life insurance policy, as do many Company and Group employees.

4. Contract conditions for senior management

There is no homogeneous criterion for senior management contracts, as each contract is negotiated according to the specific nature of the director in question.

There are no agreements between the Company and its directors or employees entitling them to compensation if they resign or are wrongfully dismissed due to a takeover bid.

Executive directors are not entitled to compensation if they are dismissed for causes for which they are culpable.

5. Role of the Appointments and Remuneration Committee

The Company's remuneration policy for 2007 was approved by the Board of Directors, after a favourable report by the Appointments and Remuneration Committee at its meetings of 7 February and 7 March 2007. The Committee received assistance from the General Resource Management group and the Human Resources Dept. within it.