

Directors' Remuneration Policy Report

1.- Background

In executing the provisions of article 29 of the Abengoa, S.A. Board of Directors Regulations, the Appointments and Remunerations Committee has compiled this report regarding the Directors' Remuneration Policy corresponding to the financial year 2007.

Covered in this report is the Abengoa, S.A. remuneration policy for members of the Board of Directors, subject to the transparency and information principles, separately setting the remuneration of Executive Directors carrying out the duties of Company Senior Management, incorporated into the general remuneration policy applicable to all staff, of that of non-Executive directors.

2.- Basic principles

At Abengoa it is crucial to maintain policies geared towards proposing long-term professional careers in the group. In the activities carried out by Abengoa, which operates in a highly competitive sector, the attainment of objectives depends, to a large extent, on quality, ability to do one's job, dedication and business knowledge by persons in key positions and running the organisation.

These premises determine the remuneration policy of the group generally, and specifically that of the Directors, especially executives, which is there to make it possible to attract and retain professionals of the highest calibre.

As a result, the aim of the Directors' remuneration policy is:

- In the case of remuneration for the carrying out of straightforward Director's duties, for it to be sufficient recompense for the dedication, qualifications and responsibilities demanded for performing the duties of the position.
- As far as remuneration of Executive Directors is concerned, for the carrying out of their executive duties:
 - (i) To ensure that the overall remuneration package and its structure are competitive with the entire international sector and compatible with our commitment to leading the market.
 - (ii) To maintain an annual variable component which is comparable to the fixed component, linked to the attainment of specific objectives, quantifiable and aligned with shareholder interests

3.- Directors' Remuneration Structure

The Directors' remuneration structure, adjusted to the provisions of the Law (basically, article 130 of the Public Limited Companies Act), in the Company byelaws (article 39) and in the Board Regulations, is made up of the following elements:

- Remuneration for duties as a straightforward Director

The post of Director is paid in accordance with the provisions laid down in article 39 of the Company Byelaws. The payment may consist of a fixed amount agreed at the General Meeting, which does not have to be the same for each one. Similarly, they may receive a share in the profits of the Company of a maximum of between 5 and 10% of the annual profits once the dividend corresponding to the financial year in question has been paid out, together with compensation for travel expenses related to work entrusted by the Board.

- Payment for carrying out duties in the Company other than those of a Director

They include Directors' remuneration for carrying out duties, whether as Executive or other types of Director, other than supervision and decision-making exercised jointly on the Board or its Committees.

These payments are compatible with receiving payment as set forth in the byelaws and allowances which they may be due in their condition as straightforward members of the Board of Directors.

Remuneration packages for carrying out executive duties incorporate the following basic elements:

(a) Fixed remuneration

Its amount must be in line with comparable amounts on the market, in accordance with the position as a market leader aspired to by Abengoa. In order to determine this, it is necessary to take into account market studies by external consultants. Fixed remuneration is formed of the following concepts:

- 1) Salary Level. Basic salary remuneration is taken to mean of a fixed nature and received monthly, corresponding to each category or level.
- 2) Special Responsibility Bonus (SRB). It involves a supplement set freely by the Company Management, paid monthly and which is therefore linked to and conditioned by the carrying out of specific duties or responsibilities.

(b) Annual variable remuneration (bonus)

Annual variable remuneration (or bonus) for Executive Directors is fundamentally linked to the fulfilment of objectives. These objectives refer to Gross Flows / Ebitda for specific Directors or to After Tax Profit (ATP) for others. Depending on these criteria, a range of total variation of variable remuneration of Executive Directors is estimated at the beginning of the financial year.

Therefore, fixed remuneration is made up of the sum of amounts corresponding to the Salary Level and the Special Responsibility Bonus, paid monthly.

Variable remuneration corresponds with the bonus of an annual nature and is paid out just once.

4.- Total Director remuneration during the 2007 financial year

Total remuneration for Directors in the 2007 financial year was as follows:

(Amount in thousands of euros)

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

(*) As members of the Advisory Board of the Board of Directors, they have received in its entirety the sum of 109 thousand euros. The Advisory Board was disbanded by resolution of the General Meeting of 15 April 2007.

(**) Voluntary resignation as director in October 2007.

The Appointments and Remuneration Committee, in carrying out the duties assigned to it, periodically reviews Board of Director payments, bringing to its attention policies which it deems appropriate both concerning concepts and the amounts thereof.

5.- Reference Settings and Bases of the Annual Variable Remuneration (or Bonus) Systems

Regarding the current financial year, the criteria for determining variable remuneration of Executive directors will be based on the following settings:

- Market references based on the information provided by the main world consultants in terms of remuneration.
- Regarding the specific establishing of annual variable remuneration, the essential reference will be the evolution of After Tax Profit (ATP) and Gross Flows / Ebitda, whether general to the Group or, in the case of Executive Directors with specific responsibilities, weighted according to their area of responsibility.
- Together with this basic quantitative element, other qualitative elements will be considered at the end of the financial year. These may vary between years, and make it possible to modulate the decision on the actual amount of the variable remuneration at that time.

6.- Approval of this Report

This Report has been approved by the Board of Directors of Abengoa, S.A., at their meeting held on 25 February 2008, at the request of the Appointments and Remuneration Committee.