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Informe Anual 2009

ABENGOA

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Audit Committee Activity Report

1. Introduction

Abengoa's Audit Committee was set up by the Board of Directors of Abengoa, S.A. on December 2, 2002 pursuant to Article 44 of the company's Bylaws, the aim being to incorporate the relevant provisions on Audit Committees as set forth in the Spanish Financial System Reform Act of 2002 (Ley 44/2002). Abengoa has likewise implemented a corporate governance system tailored at all times to applicable law and best practices.

In accordance with good governance practices, specialized committees are a must for companies wishing to ensure that their Boards of Directors function as efficiently as possible. These supporting committees help to distribute the workload and, in specific cases, can also ensure that proposals and resolutions start life in a highly specialized and independent body boasting specific professional knowledge and experience it can draw on to shape its decisions, thereby helping to guarantee that the resolutions adopted by the Board are objective and well founded.

On account of their independent nature, Audit Committees are able to oversee their company's actions and ensure ethical and responsible conduct. This responsibility is unquestionably the main function at present and will continue to be so in the future.

The Audit Committee is essentially the driving force behind this notion of corporate responsibility, reflecting this approach each year by publishing its Audit Committee Report. Its competencies, composition and internal regulations are set forth in the Regulations of the Board of Directors and in its own Internal Regulations. In general terms, the committee has been heavily involved in the issues entrusted to it since its inception, as set forth in the annual Corporate Governance Report the company publishes yearly.

The Audit Committee Report for 2010 was approved at the meeting held by the Audit Committee on January 26, 2010, as submitted to the Board of Directors at its meeting of February 24, 2010. The report is enclosed as part of Abengoa's Annual Report and is made available to company shareholders prior to the announcement of the General Shareholders' Meeting.

2. Composition, Appointments and Member Profiles

The Audit Committee is mainly comprised of non-executive members. The following table details its current membership and the date of appointment of each component member:

Chairman	Carlos Sebastián Gascón	Non-executive	February 23, 2009
Member	Daniel Villalba Vila	Non-executive	February 28, 2005
Member	José B. Terceiro Lomba (*)	Executive	February 24, 2003
Member	José J. Abaurre Llorente	Non-executive	February 24, 2003
Member	Mercedes Gracia Díez	Non-executive	December 12, 2005
Member	Miguel Martín Fernández	Non-executive	April 15, 2007
Secretary (non-member)	Miguel Angel Jiménez-Velasco	-	February 24, 2003

(*) On behalf of Aplicaciones Digitales, S.L.

On February 23, 2009, and in accordance with Art. 1 of the Internal Regulations of the Audit Committee, Mr Carlos Sebastián Gascón was appointed committee chairman, taking over from Mr Daniel Villalba following the end of his maximum term of office pursuant to applicable law.

Carlos Sebastián Gascón
A Professor of Introduction to Economic Analysis at Madrid's Universidad Complutense since 1984, Mr Gascón studied at the universities of Madrid, Essex (UK) and the London School of Economics. Outside his academic life, he has served as Director General for Planning attached to the Spanish Ministry of the Economy, director of the Fundación de Estudios de Economía Aplicada (FEDEA) and consultant and director of various private companies. He currently sits on the boards of Abengoa, S.A., Abengoa Bioenergía, S.A. and Gesif, S.A. He has written many articles and papers on macroeconomics, the workplace, economic growth and the institutional economy and is also a regular columnist for the Cinco Días economic newspaper.

Daniel Villalba Vila
Mr Villalba is professor of Business Structure at Madrid's Universidad Autónoma, and holds a doctorate in Economic and Business Sciences from the same university and a master's degree in Science in Operations Research from Stanford University. He has served as chairman of Inverban, Sociedad de Valores y Bolsa (securities and stock trading company), director of the Madrid Stock Exchange and chairman and director of various non-listed companies. He has had over 50 of his articles and books published to date.

José B. Terceiro Lomba
A professor of Applied Economics at Madrid's Universidad Complutense, Mr Terceiro sits on the board of the Prisa Group, Iberia Líneas Aéreas de España and Corporación Caixa Galicia. He has also been Undersecretary to the Spanish Cabinet Office (1981-82) and has been awarded the Economic Sciences Award from the Confederation of Spanish Employers (CEOE) and the Rey Jaime I Award for Economics.

José Joaquín Abaurre Llorente
Audiovisual engineer.

Mercedes Gracia Díez
Professor of Econometrics at Madrid's Universidad Complutense and at Centro Universitario de Estudios Financieros. She has had her scientific work published in the Journal of Business and Economic Statistics, Review of Labor Economics and Industrial Relations, Applied Economics and the Journal of Systems and Information Technology. She has also served as Director of Balance Sheet Management at Caja Madrid (1996-1999) and head of the Economics and Law Division of the Agencia Nacional de Evaluación y Prospectiva (1993-1996).

Miguel Martín Fernández
Mr Martín is currently chairman of the Asociación Española de Banca. He previously served as Deputy Governor and General Director of Credit Institution Oversight at the Spanish Central Bank, Deputy Secretary for the Spanish Ministry of Economy and Finance, Chairman of the Instituto de Crédito Oficial (ICO), Deputy Secretary for Budget and Public Spending and General Director of the Treasury for the Spanish Treasury Department. Prior to that, he was a member of the Economic and Financial Committee of the European Union and of the Monetary Committee of the European Union. He has also been awarded the prestigious honorary title "Gran Cruz de la Orden del Mérito Civil".

Miguel Ángel Jiménez-Velasco Mazarío
After earning his degree in law from the Universidad Autónoma de Barcelona (1989), he went on to secure his master's in Company Management and Finances from the Instituto Internacional de Empresas attached to Universidad de Deusto (1990-91). He has been Legal Director at Abengoa since 1996 and was appointed as Secretary and Legal Advisor to the Board of Directors in 2003.

3. Internal Regulations of the Audit Committee

The Internal Regulations of the Audit Committee were approved by the Board of Directors on February 24, 2003, and contain the following information:

Composition and Appointments

The Audit Committee will comprise at least three members at all times, at least two of whom must be non-executive members, thereby meeting the requirement that it must comprise a majority of non-executive members pursuant to the aforesaid Act 44/2002.

Chairman and Secretary

The Audit Committee shall initially elect one of its non-executive directors to act as Chairman.

The Secretary to the Board of Directors shall also act as Secretary to the Audit Committee.

Powers and Duties

The powers and duties of the Audit Committee are as follows:

1. Report on the annual accounts and half-yearly and quarterly financial statements that must be submitted to regulatory bodies and market monitoring bodies, making reference to the internal control systems, the control mechanisms to monitor implementation and compliance through internal audit procedures and, where appropriate, the accounting principles applied.

2. Inform the Board of Directors of any changes in accounting principles, balance sheet risk and off-balance sheet risk.

3. To report to the General Shareholders' Meeting on those matters requested by shareholders that fall within its remit.

4. To propose the appointment of the external financial auditors to the Board of Directors for subsequent referral on to the General Shareholders' Meeting.

5. To oversee the internal audit services. The Committee will have full access to the internal audit and will report during the process of selecting, appointing, renewing and removing the director thereof. It will likewise control the remuneration of the latter, and must provide information on the budget of the internal audit department.

6. To be fully aware of the financial information reporting process and the company's internal control systems.

7. To liaise with the external audit firm in order to receive information on any matters that could jeopardize the latter's independence and any others related to the financial auditing process.

8. To summon those Board members it deems appropriate to its meetings, so that they may report to the extent that the Audit Committee deems fit.

9. To prepare an annual report on the activities of the Audit Committee, which must be included as part of the annual accounts for the year in question.

Meetings and Notice

The Audit Committee shall meet as often as required for the exercise and discharge of the powers and duties established in the preceding article and, in all cases, at least once every quarter. As a general rule, meetings shall take place at the Company's registered office, although members may determine that a particular meeting be held elsewhere.

The Audit Committee shall also meet when a meeting is convened by the Chairman on his initiative or at the request of any of its members. Members may also ask the Chairman to include a certain item or items on the agenda of the next meeting. Notice of the meeting must be given in writing, including the agenda, no less than three days prior to the scheduled date. However, business can also be transacted at a meeting of the Audit Committee when all the members are present and agree to hold a meeting.

Quorum

There will be a quorum present at meetings of the Audit Committee when the majority of the members are present. Members may only appoint a non-executive director as their proxy.

Resolutions shall be carried by a majority vote. In the event of an equality of votes, the Chairman shall have the casting vote.

4. Activities Performed

In order to fulfill its core function of providing support to the Board of Directors, the main activities dealt with and analyzed by the Audit Committee can be categorized into four different areas of competence:

Audit Committee

Main Areas of Oversight

Financial Reporting

- Periodic Information to CNMV
- Suitable Accounting Polices
- Other Requirements

Risk and Internal Control

- Analysis of Main Areas of Risk
- Efficiency of Control Systems
- Risk of Fraud

External Audit

- Appointment and Remuneration
- Scope of the Audit Work
- Independence Requirements
- Significant Audit Points
- Assessment of Performance of External Auditors.

Internal Auditing

- Bylaws, Responsibility and Resources
- Scope of the Audit Work
- Implement.of I.A. Recommendations.
- Effieicny of I.A. Function

Governance and Compliance

- Maintenance and Gauging the Effectiveness of Control Bodies
- Corporate Governance
- Oversight of Communication and Financial Reporting
- CSR Activities.
- Monitoring Compliance with Ethical Rules and Concerns
- Conflicts of Interest
- Related-Party

4.1. Financial Reporting

The Group's financial information essentially consists of the consolidated financial statements, drawn up quarterly, and the full consolidated annual accounts, drawn up on an annual basis.

This information is prepared on the basis of the data that all group companies are required to report.

The information sent in by each of the individual companies is verified by both the group's internal auditors as well as its external auditors, the aim being to ensure that the information is true and provides a fair view of the company.

Although over recent years Abengoa has striven to reduce the timeframes for reporting the group's financial information, we are continuing to develop new tools and information systems to cater to the constant updates and changes in the reporting obligations imposed on listed companies.

2009 witnessed completion of an Accounting Manual, which contains the main policies and interpretations of international accounting standards (IFRS and US GAAP), as adopted by the company and applied to the numerous group subsidiaries.

The company has likewise managed to streamline the information reporting processes of subsidiary companies, thereby cutting the average timeframe for preparing and sending their financial information. This enables us to spend more time on verifying and validating the financial information included within the consolidated annual accounts.

One of the most important recurring activities of the Audit Committee is to verify the economic and financial information prepared by the Group prior to its submission to the Board of Directors of Abengoa and the Spanish securities and exchange commission (Comisión Nacional del Mercado de Valores, hereinafter CNMV).

Furthermore, in connection with this task of reviewing the financial statements and the processes followed in preparing them, the committee has been duly informed of all relevant changes in international accounting and financial reporting standards.

4.2. Risks, Internal Control and Internal Auditing

The duties and functions of the Audit Committee include "supervision of internal auditing services" and "awareness and understanding of the company's financial information process, internal control systems and the corresponding risks to which the company is exposed".

In order to supervise the sufficiency, adequacy and efficient functioning of the internal control systems and risk management, the Head of Corporate Internal Auditing systematically kept the Committee informed over 2009 of the following aspects in relation to its activities:

- The Annual Internal Audit Plan and the extent to which it has been met.
- The extent to which the issued recommendations have been implemented.
- A description of the main areas reviewed and the most significant conclusions, which include all the risks that have been audited and sufficiently hedged against.
- Other more detailed explanations requested by the Audit Committee.

Audit Committee Activity Report

Over the course of 2009, the Audit Committee recorded and supervised a total of 590 missions performed by the Internal Audit Department (the Annual Audit Plan established a total of 570 for the year). The tasks not expressly envisaged in the plan mainly involved general audits of companies and projects that had not been included in the initial planning.

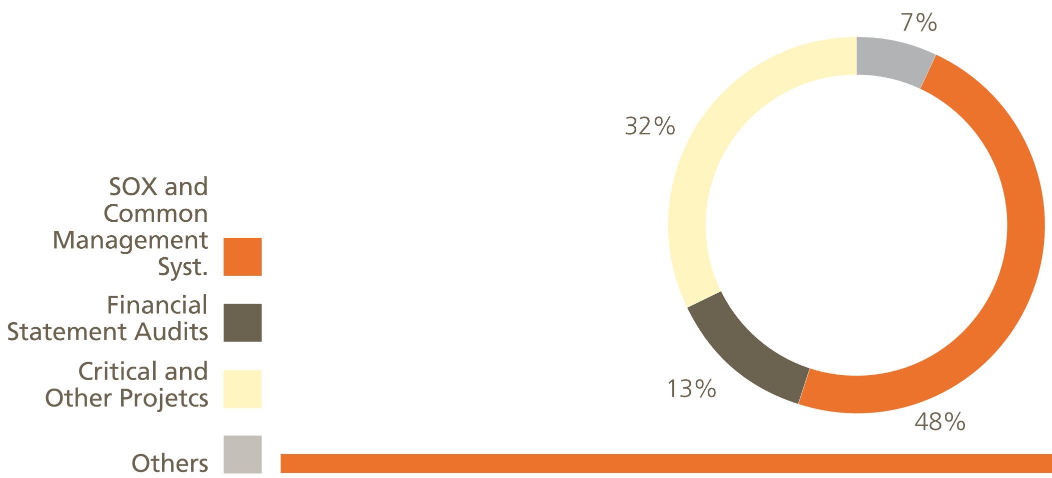
Throughout the year, the Audit Committee was kept regularly informed of the progress and conclusions regarding the completed internal auditing tasks. These essentially consisted of financial statement auditing tasks, SOX internal audit controls, Common Management System audits, audits of critical projects and works and audits of specific areas, among others.

As a consequence of these audit missions, 305 recommendations were issued, most of which were implemented at fiscal year-end.

A factor that had a decisive impact on the number of recommendations issued was the performance of internal control-compliance audits under PCAOB (Public Company Accounting Oversight Board) standards, pursuant to the requirements set forth in Section 404 of the Sarbanes-Oxley (SOX) Act.

The following table depicts the structure by business unit of the internal audits performed over 2009.

Internal Audit Missions 2009



	SOX and Common Management Syst.	Financial Statement Audits	Critical and Other Projects	Others
Solar	13	7	20	11
Ind. Engineering and Construction	25	14	49	7
Bioenergy	164	38	40	0
Information Technologies	59	2	37	3
Environmental Services	23	4	31	13
Corporate Services	2	10	13	5
Total	**286**	**75**	**190**	**39**

4.3. External Auditing

Among the duties of the Audit Committee is that of safeguarding the independence of the external auditor, proposing the appointment or renewal thereof to the Board of Directors, as well as approving fees.

Monitoring of Services:

- To review of the services rendered by the external auditor, audit team, their services and fees.
- To look into audit offers, focusing on services/ strategies, terms of procurement and fees.
- To review the independence of the auditor and its experience, including dealings with the auditor and assessment of its performance.

Planning of the External Audit

- To familiarize itself with the external audit plan.
- To understand what the company expects from the auditor: type of service, timeframes and information requirements.
- To examine the experience of the audit teams.
- To appreciate that the main areas of risk will be tackled during the audit.

Good Governance Practices

- **To be aware of the difficulties involved in conducting the audit - restrictions on access to information.**
- To be informed of deficiencies in internal control / fraud / unlawful conduct.
- To keep fully abreast of all issues affecting the indepdendence of the external auditor, including rotation plans for others to relieve the company's chief auditor.

Financial Reporting

- To review the audited financial statements.
- To be informed and even question the key audit findings, the main accounting policies / opinions stemming from the audit / quality of the financial information.
- To address any incident unearthed in relation tot the management.
- Stage separate meetings with the external auditor.

The auditor of Abengoa, S.A.'s individual and consolidated annual accounts is the firm PricewaterhouseCoopers, which is also the group's main auditor.

Nevertheless, Deloitte is the chosen auditor for a significant portion of the Group, essentially the Information Technologies (Telvent) Business Unit.

Towards the end of 2008, Abengoa's Audit Committee resolved, in accordance with its Internal Regulations, to initiate a selection process to appoint the financial auditor of Abengoa S.A. and its consolidated group for financial year 2009, with the "Big Four" audit firms all taking part in the tender.

As a result of the process, and on account of the highly competitive offer put forward by PricewaterhouseCoopers, coupled with its extensive knowledge of Abengoa and its impressive credentials, which were highly valued by the Audit Committee, the latter proposed the appointment of PricewaterhouseCoopers to the Board of Directors, for subsequent approval by the General Shareholders' Meeting.

The final award was approved in 2009 by the Board of Directors and General Shareholders' Meeting of Abengoa, S.A. and likewise by the audit committees, governing bodies and general meetings of the corresponding group companies.

In addition, other firms had a role to play in the auditing process, particularly in small companies in Spain and abroad, although the scope of their work was not considered significant in relation to total group business.

The task of auditing SOX internal control mechanisms was also assigned to these same firms following the same criteria, as, in compliance with PCAOB regulations, the firm that issues an opinion on the financial statements must be the same firm that assesses the internal control involved in their preparation, given that they are a key factor in so-called integrated audits.

The policy of Abengoa is that all group companies be audited by external auditors, even when this is not required by law.

The following table displays the total amount of fees agreed upon with the external auditors for the 2009 audit, including the auditing of periodic information, the audit of the U.S. corporation under US GAAP criteria and the SOX audit and distribution:

	Firm	Fees	Companies
Spain	PwC	1,352,674	69
Spain	Deloitte (*)	545,620	10
Spain	Other firms	52,908	13
Overseas	PwC	1,108,323	90
Overseas	Deloitte	51,537	19
Overseas	Other firms	95,200	21
Total		3,670,261	222

(*) Includes, among other items, the fees charged for the quarterly audit of the North American listed subsidiary's financial statements pursuant to USA GAAP.

As a result of the audit firm selection process described above, the company has managed to cut audit fees by over 27% in comparison to the fees paid in 2008.

When entrusting different financial audit work to any of the "Big Four" audit firms, the company operates a prior verification procedure, the aim being to unearth the existence of possible incompatibilities with the entrusted work pursuant to the U.S. SEC (Securities Exchange Commission) or the Spanish ICAC (Instituto de Contabilidad y Auditoría de Cuentas) regulations.

The following table illustrates the total fees paid to the "Big Four" for different financial audit work performed in 2009:

Firm	Fees
PwC	1,453,442
Deloitte	501,501
Kpmg	1,187,195
Ernst & Young	512,660
Total	3,654,798

The Audit Committee is also responsible for monitoring the results of the work of the external auditors. Therefore, the committee is promptly informed of their conclusions and any incidents detected in the course of their work.

When required to do so, the external auditor attends Audit Committee meetings in order to report on the scope of its competencies, which basically encompass the following:

- Audit of the financial statements of the consolidated group and its individual companies and the issuance of an audit opinion thereon.

  Although auditors must issue their opinion on the financial statements ending December 31 of each year, the work they carry out in each of the companies includes an audit of a previous accounting period close date, which usually corresponds to the third quarter of the year in question (September), the aim being to anticipate any significant transactions or matters that may have arisen before such date.

  Since financial year 2008, and marking a voluntary move by the company, the half-yearly financial statements of Abengoa and its listed subsidiaries now include an interim audit report issued by the corresponding audit firm.

  Furthermore, the quarterly financial statements are audited to enable the company to submit the information required by official bodies.

  The consolidated financial statements for each of the five Business Units are likewise audited: Abeinsa, Befesa, Telvent GIT, Abengoa Bioenergy and Abengoa Solar.

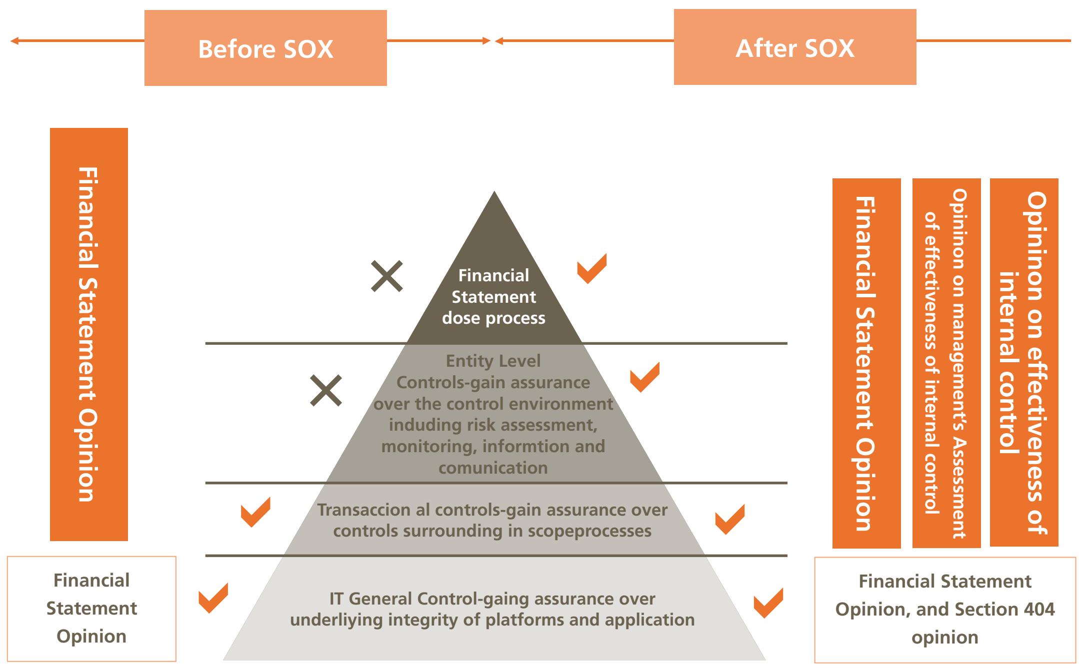
- Appraisal of the internal control system and issuance of an audit opinion thereon in accordance with PCAOB (SOX-compliance audit).

  An advanced approach to auditing practice involves a prior analysis of the company's internal controls in order to reduce the subsequent need to perform substantive testing procedures in areas in which controls are already appropriate.

  Although external auditors have already been following this approach, it has been further reinforced since 2007 following the implementation of SOX and the requirement for an internal control audit pursuant to PCAOB audit standards, which apply to listed companies in the United States (SEC registrants).

Specific PCAOB regulations require a series of additional auditing procedures. The SEC (Securities and Exchange Commission) delegates upon the PCAOB the task of creating and issuing the standards that external auditors must comply with when evaluating internal controls as part of an integrated audit.

In 2009, the external auditors performed an integrated audit following PCAOB standards and adapting their methodology to AS5 (Audit Standard Nº 5). As a result of this work, the external auditors also proceeded to issue a report detailing the conclusions of their appraisal of the internal control system. This opinion supplements the one issued in the audit report on the annual accounts, although the PCAOB allows both opinions to be included in one single document.



- Matters of special interest

For certain specific or significant matters or transactions, a preview of the auditors' opinion on the criteria adopted by the company is required so that a consensus can be reached.

- External Audit Reports

One of the cornerstones of the company's strategy is its unflinching commitment to transparency and rigor. To reflect and strengthen this undertaking, the company set itself an objective several years back to the effect that all the information that appears in the Annual Audit Report must have its corresponding external audit report.

Therefore, 2007 witnessed the first audit of the company's Corporate Social Responsibility Report. In 2008, this was extended to the Greenhouse Gas Emissions Report and in 2009, the Corporate Governance Report underwent an external audit process.

The company is not content with a moderate assurance audit report pursuant to ISAE 3000 standards, but rather aims to continue migrating towards a type of reasonable assurance audit report, which represents the most stringent kind of assurance a company can hope for.

In 2009, the company commissioned no less than 6 reports from its external auditors, all of which form an integral part of the Annual Report:

- Audit report on the consolidated accounts of the group, in accordance with applicable law.
- Voluntary audit report on internal control compliance under PCAOB (Public Company Accounting Oversight Board) standards, pursuant to the requirements imposed by section 404 of the Sarbanes-Oxley Act (SOX).
- Voluntary reasonable assurance audit report on the Corporate Governance Report, with Abengoa being the first listed company in Spain to obtain a report of this nature.
- Voluntary reasonable assurance audit report on the Corporate Social Responsibility Report.
- Voluntary audit report on the Greenhouse Gas (GHG) Emissions Inventory.
- Voluntary audit report on the design of the Risk Management System pursuant to ISO 31000 standards.

4.4. Governance and Compliance

In order to carry out the duties assigned to it, the Audit Committee has the following supervisory tools in place throughout the various hierarchical levels of the company:

Board of directors: Policies and Guidelines	Audit Committee:	Management: Design & Implementation	Rest of the company: Implementation
Control Environment	• Code of Conduct • Whistleblower channels for reporting incidents • Programs for training internal auditors • Training courses for the Audit Committee		
Risk Identification and Measurement	• Systems for identifying and managing risk (Risk Map) • Links with other risks (operational, reputation, legal, …)		
Information and Communication Systems	• Manual of accounting policies, updates and training • Department of accounting policies • Manual of internal processes and rules • Integrated information systems • Reporting systems		
Control Activities	• Processes and controls for all areas / processes • Closing procedures • Procedures relating to Information Systems (IT) • Collaboration with independent experts • Mechanisms for validating opinions, estimates and forecasts		
Oversight	• Independent internal audit unit • Global scope: All areas / procedures • Audits of all areas / processes / territories • Handling of weaknesses / recommendations		

The company's management has implemented a Code of Professional Conduct rooted in the notions of honesty, integrity and the sound judgment of employees, managers and directors, as reflected in Abengoa's Annual Corporate Governance Report, which details the company's administrative structure, its Risk Control Systems, the extent to which good governance recommendations have been followed and the information systems in place. It likewise illustrates the management's commitment to maintaining suitable internal control and risk management systems, good corporate governance and ethical conduct throughout the company and among all employees.

The Code of Conduct is available to all employees through Abengoa's Intranet and is updated periodically.

Abengoa's and the different Business Groups' Welcome Manual makes express reference to the Code of Professional Conduct.

All departments, chiefly Human Resources and Internal Auditing, oversee compliance with the Code and notify the management of any improper conduct they may observe, which is then addressed accordingly.

Abengoa and its various Business Groups have integrated a mechanism (officially implemented since 2007 pursuant to SOX requirements), whereby interested parties may report to the Audit Committee possible irregular practices concerning accounting, auditing and internal control over financial reporting. A register is kept of all communications received in relation to the whistleblower, subject to the necessary guarantees of confidentiality, integrity and availability of the information. The internal audit team conducts an inquiry into each claim received in accordance with the following flow chart:

Phase I: Assessment of Suspicions

- Examination of initial evidence
- Definition of type of problem

Phase II: Planning

- Definition of scope and Working Plan
- Assignment of working team

Phase III: Execution of field work

- Analysis of the information
- Use of IT tools
- Monitoring of source of irregularities
- Preservation of the integrity of the evidence

Phase IV: Report and conclusions

- Confidential in nature
- Presentation of conclusions

In cases that involve highly technical matters, the company secures the assistance of independent experts, thus ensuring at all times that it has the sufficient means of conducting a thorough investigation and guaranteeing sufficient levels of objectivity when performing the work.

4.5. Meetings of the Audit Committee in 2009

Over the course of 2009, the Audit Committee met on six occasions, with all members of the committee in attendance. Listed below are the different meetings and the main items included on the agendas:

1. February 23, 2009 Madrid

- Economic and financial information pertaining to FY2008.
- Presentation by the external auditor on conclusions of the 2008 audit.
- Summarized appraisal of Deficiencies in SOX Internal Control as conducted by the company.
- Approval of the 2009 Internal Audit Plan.
- Audit conclusions on the Corporate Social Responsibility Report.
- Validation Report on the GHG Inventory Preparation Process.
- Fees of the external auditor.
- Tender process to select the external auditors for 2009.
- Appointment of the committee's chairman due to the expiry of the former chairman's maximum legal term of office.

2. March 10, 2009 Madrid

- Analysis of offers received in relation to the tender to select the statutory auditor and motion thereon to be submitted to the Board of Directors, which will in turn present it before the next General Shareholders' Meeting.

3. May 6, 2009 Madrid

- Economic and financial information for the first quarter of 2009.

4. August 25, 2009 Madrid

- Economic information for the first half of 2009.
- Main conclusions of the external auditor on the limited audit up to 30/06/2009.
- Presentation by the external consultant on the conclusions of the project to improve the consolidation process.
- Tender to select the external audit firm for the CSR Report and GHG Inventory.
- Fees for consultancy services over 2009.

5. November 4, 2009 Madrid

- Economic information for the third quarter of 2009.
- Progress of the work to verify signs of impairment in project companies and goodwill.
- Program of Working and Training Days with the Audit Committee.
- Audit of the Corporate Governance Report.

6. December 14, 2009 Madrid

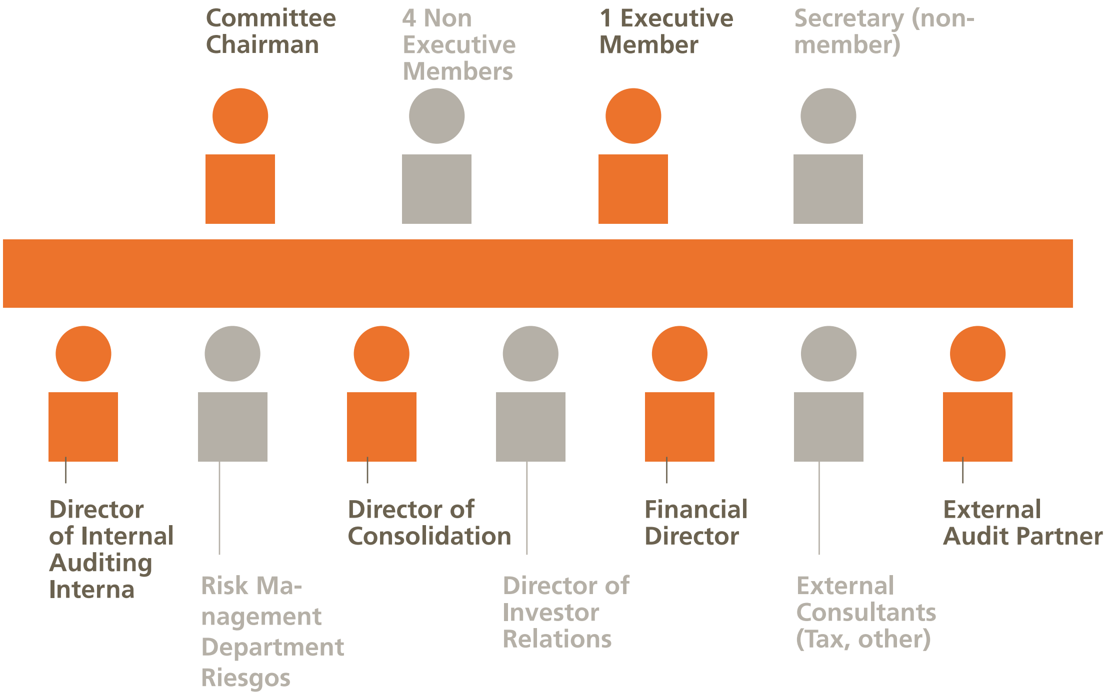
- Analysis of the process of acquiring a business branch of Telvent Outsourcing.

Audit Committee Activity Report

Moreover, the following recurring matters were addressed at each of the aforementioned Audit Committee meetings:

- Monitoring of the 2009 Internal Audit Plan
- Information on related-party transactions
- Compliance with Code of Conduct / Whistleblower Channel

The following persons attended the Committee meetings over 2009:



5. Abengoa's Risk Management Model

In a group the size of Abengoa, with more than 620 companies operating in 70 countries worldwide and boasting over 24,000 employees, a common business management system is an absolute necessity as it enables us to work effectively on a coordinated and consistent basis.

Abengoa manages its risks through the following model, which seeks to pinpoint potential risks within a business:

Strategic Risks		
Governance	Strategic R&D Projects	Mergers, acquisitions & disinvestments
Resource Planning and Assignment	Market Dynamics	Communication & Investor Relations
Operational Risks		
Sales	Human	Thereats or disasters
Supply Chain	Tangible Assets	Information Technologies
Financial Risks		
Markets	Accounting & Reporting	Capital Structure
Liquidity & Credit	Taxation	
Regulatory Risks		
Codes of Ethics and Conduct..	Legislation	Regulator

Our Risk Management model is composed of two fundamental elements:

Business Risks	Risks Associated with the Reliability of Financial Information
Coverage	Coverage
Common Management Systems	SOX
These mitigate the actual business risks of company activity through an internal communication and authorization system.	These mitigate the risks associated with the reliability of financial information through a combined monitoring procedure and activity system in key areas of the company.

Common Management Systems + SOX = Appropriate System of Internal Control

Both elements combine to form an integrated system that enables the company to manage risks and controls suitably throughout all levels of the organization.

It is essentially a living system that requires constant updates to keep it in line with the business reality.

Business Risks

The procedures aimed at eliminating business risks are channeled through the so-called Common Management Systems (CMS).

The CMS serve to identify not only the risks included in the current model, but also the monitoring activities used to mitigate them. They therefore put the internal rules for action into practice and represent a shared culture in the management of Abengoa's businesses.

There are currently eleven internal rules, which, in turn, consist of 28 subsections, which define exactly how each of the potential risks included in Abengoa's risk model should be managed.

The CMS incorporate a host of specific procedures covering any action that could lead to a risk for the company, whether economic or non-economic.
The Common Management Systems are available to all employees electronically, regardless of territory or job category.

For such purpose, they contain, among other things, a raft of authorization forms, which must be completed and filed so as to obtain official approval for any actions that may affect the company's finances, or acts associated with any other kind of indirect risk (image, investor relations, press releases, information systems, access to applications, etc). All forms that are submitted follow a cascading approval system as they flow through the company's approval bodies, business groups, corporate departments, with ultimate approval resting with the Chairman's Office.

Similarly, the CMS contain specific appendices to provide further clarification on how to proceed in specific cases. They tackle an wide range of aspects, ranging from models for analyzing and evaluating investments to rules governing corporate identity.

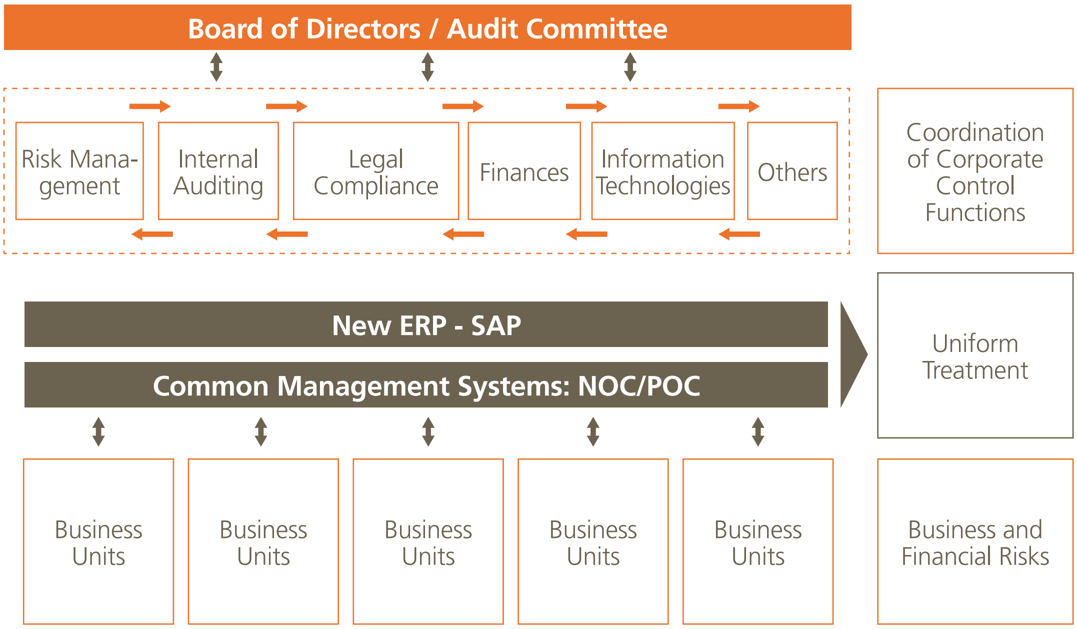
Through the Common Management Systems, the company can also:

- Streamline day-to-day management, applying procedures geared towards financial efficiency, cutting costs and standardizing and ensuring the compatibility of information and management systems.
- Promote synergies and value creation throughout Abengoa's different business units.
- Reinforce corporate identity, with all Abengoa companies adhering to the shared values.
- Attain growth through strategic development, seeking innovation and new options in the medium and long term.

The Systems extend to the entire organization on three levels:

- All Business Units and areas of activity.
- All levels of responsibility.
- All types of transactions.

Meeting the provisions of the Common Management Systems is compulsory throughout the entire organization and, therefore, such provisions must be known to all the members thereof. Any possible exemptions from the duty to comply with the Systems must be communicated to the party concerned and duly authorized through the corresponding authorization forms.



The Common Management Systems are submitted to an ongoing process of updating, which allows best practices to be incorporated into each of their fields of action. To enhance awareness, successive updates are immediately notified throughout the company via electronic channels.

The CMS mitigate the risks associated with company business (business risks) throughout all possible levels.

Abengoa has appointed heads for each of the rules that make up the CMS, who ensure at all times that the procedures encompassing all the actions to be carried out in their respective areas are fully implemented, the aim being to hedge against any aspects that could give rise to an economic or non-economic risk for Abengoa. These heads are the people in charge of updating the CMS on a permanent basis and making them available to the entire company.

Furthermore, those responsible for each of the rules that make up the Common Management Systems must verify and certify compliance with said rules. Official certification for each year is issued and presented to the Audit Committee in January of the following year.

Risks Associated with the Reliability of Financial Information

In 2004, Abengoa began the process of adapting its structure of internal control over financial information to the requirements set forth in Section 404 of the SOX Act. This process of alignment was completed in 2007, although it continues to be implemented in new company acquisitions as they occur every year.

The SOX Act was passed in the United States in 2002 in order to ensure transparency in management and the accuracy and reliability of the financial information published by companies listed on the U.S. stock market (SEC registrants). This law makes it mandatory for these companies to submit their internal control system to a formal audit by their financial auditor, which must also issue an independent opinion on the control system in place.

According to the instructions of the Securities and Exchange Commission (SEC), SOX Act compliance is mandatory for companies and groups that are listed on the U.S. stock markets. Even though only one of its Business Units - Information Technologies (Telvent) - is subject to SOX-compliance, Abengoa considers it necessary to comply with these requirements not only in the case of this Nasdaq-listed subsidiary, but for all Group companies, as these requirements complement the risk control model employed by the company.

At Abengoa, we have always viewed this legal requirement as an opportunity for improvement. Far from limiting ourselves to the bare minimum required by law, we have striven to optimize our internal control structures, control procedures and the assessment procedures applied.

The initiative arose in response to the group's rapid growth over the last few years, coupled with our anticipated future growth. The purpose is to be able to continue ensuring investors that our financial reports are accurate, timely and complete.

With the aim of complying with the requirements under Section 404 of the SOX Act, Abengoa's internal control structure has been redefined using a "top-down" approach based on risk analysis.

This risk analysis encompasses a preliminary identification of significant risk areas and an assessment of the company's controls over them, starting with top-level executives - corporate and supervisory controls – and subsequently moving down to the operational controls in place in each process.

Our focus is as follows:

- A top-down approach to risk assessment, helping us to identify the areas of greater risk.
- Integration of financial statement audits and internal control reviews, paying special attention to the company's General Control Environment (GCE).
- A focus that combines SOX Section 404 with the Internal Auditing work being performed.
- A working plan that identifies the most relevant business areas and the most significant accounts in a way that ensures satisfactory coverage of the associated risks involved.
- Internal auditing teams made up of professionals with experience and expertise in the sector.
- Use of experienced experts to support the internal auditing teams as and when needed.

Our work encompasses the following aspects:

Processes	Understanding the process of generating financial information
Risks	Identifying potential areas of risk associated with financial information
General Control Environment	Identifying control systems employed by the management to mitigate risk
Assessment of control design	Ensuring that control design is effective in mitigating risk
Testing	Validating the operational efficiency and proper functioning of the controls
Conclusion	Conclusion on the degree of confidence in the controls and assessment of the impact associated with the generation of financial information on the need to conduct further testing

In this regard, the company has defined 53 Management Processes, which are pooled together in Corporate Cycles and Cycles Common to Business Groups.

Corporate Processes	
Entity Level Control Cycle	Legal Services Cycle
Central Treasury Cycle	Derivatives Cycle
Human Resources Cycle	Information Systems Cycle
Identified Processes	
Procurement and Expenditure Cycle	Legal Services Cycle
Fixed Assets Cycle	R&D Cycles
Payroll and Personnel Cycle	General Processes
Sales Cycle	Closing Processes
Treasury Management Cycle	Financial Reporting & Information Preparation Processes
Financial Management Cycle	Financial Assurance Process

These processes identify and perform a host of control activities (manual, automatic, configurable and inherent) that ensure the integrity of the financial information prepared by the company.

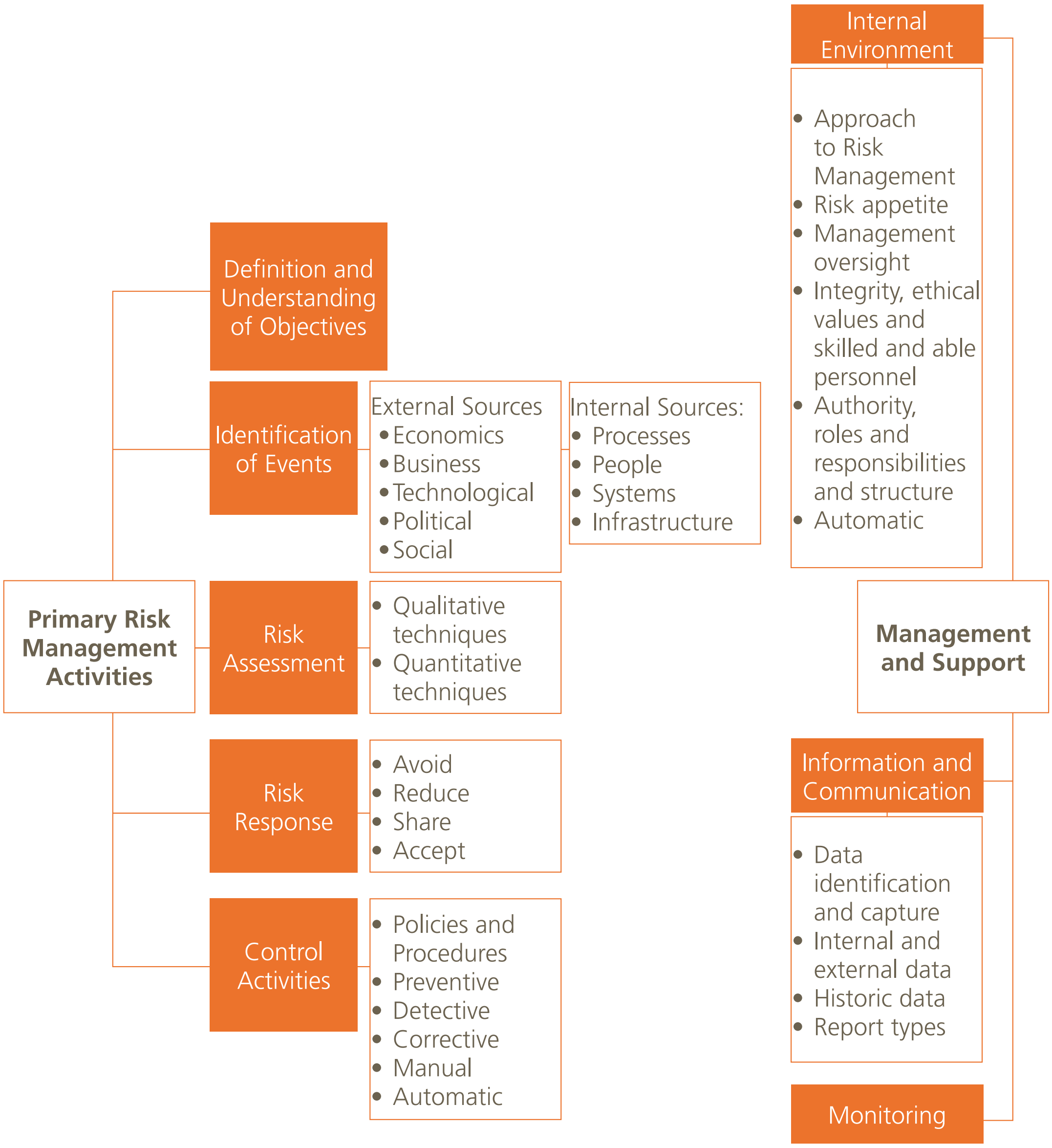
These controls have likewise been set up in the areas of System Changes, Transactions and Security and in Separation of Duties, which complement the

Information Security Management System by providing applications with a high level of security.

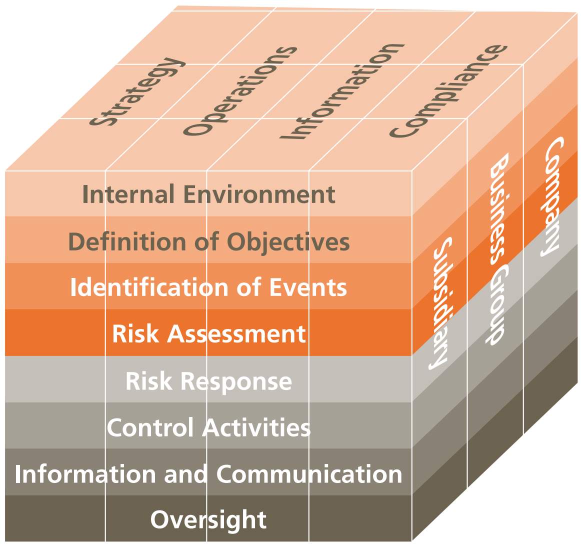
These processes and their 450-plus associated control activities, which have been tagged as relevant, are subject to both internal and external audits.

Our Internal Control Model

Abengoa believes that an appropriate internal control system must ensure that all relevant financial information is reliable and known to the management. We therefore believe that the model developed in line with the SOX requirements complements and forms part of our Common Management Systems, the main purpose of which is to control and mitigate business risks.



Our chosen conceptual reference framework is the COSO model, because it is most similar to the approach required under SOX. This model has also been presented to the Audit Committee. Under this model, internal control is defined as the process carried out in order to provide a reasonable degree of security in relation to the attainment of objectives, such as compliance with laws and regulations, reliability of financial information and operational effectiveness and efficiency.



- **Internal environment:** this is essentially the basis for all the other components of risk management as it provides discipline and structure. The internal environment influences the strategy and targets in place by effectively structuring business activities and pinpointing, assessing and interpreting risks. Put differently, the internal environment affects the functioning of the control activities, information, communication systems and the oversight functions.
- **Definition of objectives:** Within the context of mission and vision, the management defines strategic objectives. These objectives must be in place before the management is able to identify the events potentially capable of frustrating attainment thereof. Risk management enables the management to have a process whereby objectives can be harmonized with the company's mission and vision, and to ensure that these are compatible with the degree of accepted risk.
- **Identification of events:** The company must be vigilant of events that could have a positive or negative bearing on the company. Negative impacts require assessment and an appropriate response from the management. When identifying possible events, the management must pay due heed to both internal and external factors.
- **Risk assessment:** Risk assessment allows the company to address potential events that could affect its ability to reach its objectives. The approach to assessing risks involves a combination of qualitative and quantitative techniques.
- **Risk response:** When faced with significant risks, the management must generate potential responses. After having created a risk response, the management must calibrate the new risk to the residual basis. There will always be a residual risk, not only because resources are limited, but also because of future uncertainties and limitations inherent in other activities.
- **Control activities:** These are the policies and procedures that help to ensure that the company's response to risk is correctly implemented. Control activities take place throughout all levels and functions of the company structure.
- **Information and communication:** Information, both internal and external, must be identified, secured and communicated in due time and form if we are to be able to assess risks and provide an appropriate response. Given that information is generated from different sources (internal, external) and has different characteristics (quantitative, qualitative), the company must be sure to secure the most relevant information, which must be processed and conveyed such that it reaches all relevant sectors, thereby allowing us to assume responsibilities.
- **Oversight:** Risk management must be supervised, and this oversight may be conducted in real time or a posteriori, the former proving the most effective means.

Oversight and control of the Risk Management Model

Abengoa's oversight and control of the risk management model is structured around the Joint Audit Services. These bring together the audit teams of the companies, Business Units and corporate services, which coordinate their actions and are ultimately accountable to the Audit Committee of the Board of Directors.

Objectives of the Internal Auditing Function

Among its strategic objectives, we would highlight the following:

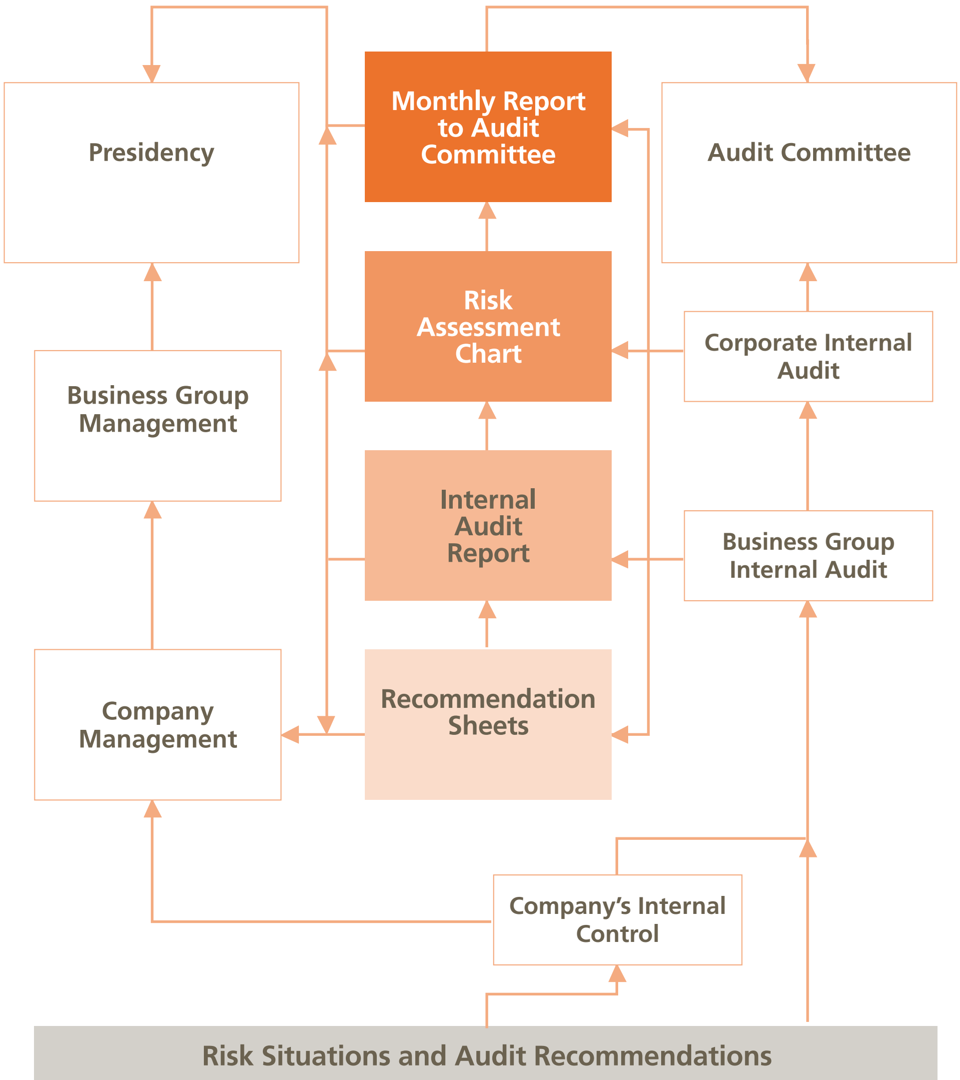
- Forestalling the audit risks to which group companies, projects and activities are exposed, such as fraud, capital losses, operational inefficiencies and, in general, any risks that may affect the healthy running of the business.
- Controlling the manner in which the corporate Common Management Systems are applied.
- Promoting the creation of rules and procedures geared towards efficient management.
- Creating value for Abengoa by fostering the need to create synergies and monitor optimal management practices.
- Aligning criteria and working approaches with the external auditors, while seeking the highest level of efficiency and profitability in both functions.
- Following our decision to adopt the Sarbanes-Oxley Act requirements as described above, the internal audit team must ensure the security and reliability of the financial information by checking the controls in place for such purpose and making sure they work as intended.

In order to fulfill these strategic objectives, the Joint Audit Services have the following specific objectives:

- Assessing the audit risk of Abengoa companies and projects by following an objective procedure.
- Defining standard internal auditing and internal control working regulations in order to develop the pertinent work plans, with the scope thereof suited to each situation. This methodology, which is based on assessing audit risk, allows us to determine the work plans we need to perform.
- Guiding and coordinating the process of planning the audit and internal control work of the companies and Business Groups, defining a suitable procedure for providing notice of such work and communicating with the parties involved, and establishing a coding system for the work, so that it can be appropriately controlled and monitored.
- Defining the process for communicating the results of each audit work, along with the affected parties and the format of the documents employed for such purpose.
- Reviewing application of the plans, appropriate performance and supervision of the work, prompt distribution of the results and monitoring of the recommendations and the implementation thereof.
- Reviewing the proper operation of the manual and automatic controls identified in the processes, together with evidence of control in order to ensure security when obtaining financial information.

Following the doctrine of The Institute of Internal Auditors and its Spanish branch, the Instituto de Auditores Internos, the ultimate aim of this structure is to provide the management of Abengoa and of each of its Business Units with an extra "control" flow of information, running parallel to the normal hierarchical flow, but with permanent horizontal information channels in place between each of the hierarchical levels of the companies and business units and the pertinent Internal Audit services, all applying clear and transparent criteria and safeguarding the confidential information involved.

This structure is illustrated in the following diagram:



6. Internal Control Environment in Information Systems

Abengoa's information systems are intended to support the company's own general control environment. Management of Abengoa information systems is based on the various reference frameworks described below.

Common Management Systems: IT Resource Management

The Common Management Systems contain internal regulations regarding IT Resource Management. These rules are intended to fulfill four objectives:

- To report on the main characteristics of the corporate information systems.
- To standardize, through the definition of technological norms, the necessary features of the hardware and software utilized at Abengoa, and to define the operational procedure to be followed in order to obtain them.
- To standardize and ensure appropriate service levels for Abengoa's IT systems and communications, and to increase the availability, performance, security and development of the underlying technological infrastructures.
- To heighten security (understood in terms of confidentiality, integrity and availability) of the technological infrastructures involved, as well as their performance and efficiency.

Information Systems

In relation to internal control of the Information Systems, the most relevant aspects are the automatic control activities and the Information System Management process, all of which have been reinforced as a product of SOX implementation.

The automatic control activities are control mechanisms belonging to the numerous applications that make up Abengoa's Information Systems. They minimize and prevent errors in data entry, approvals, etc. The automatic controls help to ensure the integrity and reliability of our financial information.

The Computer System Management process centers on more specific aspects of the information systems. Based on management frameworks and best market practices, such as Cobit and ITIL (Information Technology Infrastructure Library), it meets the control requirements stipulated under SOX regarding program development, program modification, operations within computer environments and system and data access.

The process involves a combination of manual and automatic activities throughout all Systems areas, including project management and control, development, support, incident management, supplier and client management, physical security, logical security and business continuity.

Information Security Management System (ISMS)

With the aim of managing security measures for Abengoa's communications and corporate information systems, the company has an Information Security Management System (ISMS), which acts as a tool enabling us to fulfill our security-related objectives, with security understood to include:

- Confidentiality: Only authorized individuals may access the information;
- Integrity: The information and its processing methods are accurate and complete;
- Availability: Authorized users have access to information whenever they need it.

This system, which is certified under ISO 27001 criteria, encompasses a policy on security, risk analysis, security controls in 11 areas, and a cycle of continuous improvement for integrating security into the work-related duties of all company employees.

The management reviews the ISMS on an annual basis, and risk analysis is repeated in each review, taking any changes to the computer environment into consideration, as well as any new threats to the information systems.

The security controls cover 11 general areas: administrative (policy on security, asset classification, security in relationships with third parties, security aspects involved in human resources), technical (physical security, security in operations and communications, access control, software development, acquisition and maintenance), operational (incident management, continuity management), and regulatory (compliance with legal requirements and provisions).

The ISMS continuous improvement cycle makes full use of corporate tools for preventive and corrective actions, thereby further integrating the system into the business.

Control Applications – "SDA"

In addition to the previously described management framework, Abengoa has a raft of applications in place to support this control environment, noteworthy among which is the Separation of Duties Application (SDA).

This system has the following objectives:

- To ensure that system access is limited to authorized individuals only.
- To provide a framework for defining any incompatible duties in processes that have an impact on the generation of financial information.
- To establish a secure framework for granting access to systems, ensuring that there is due separation of duties in the tasks performed by each user.

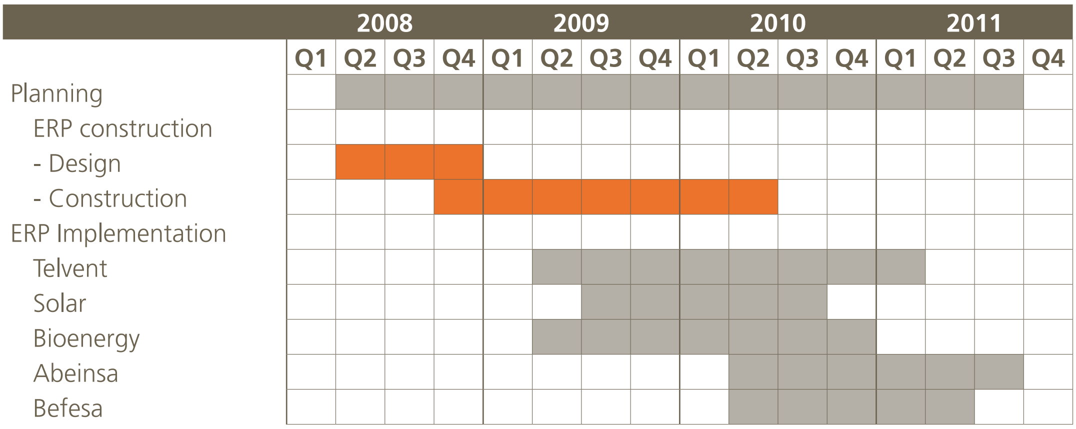
The system thus ensures that when assigning an individual to a workstation, he or she will not perform duties that are mutually incompatible. In other words, SDA provides an efficient and effective system for managing users and company access.

Process of implementing the new Enterprise Resource Planning (ERP) - SAP

The company made significant inroads over 2009 in implementing the new ERP (SAP), with notable milestones including:

- Design and construction of 90% of the corporate processes and specific processes for the Information Technologies, Bioenergy and Solar Business Groups.
- Design work underway on the concessionaire model.
- 80% of the budget model designed and constructed.
- The foregoing implemented in the following companies:
    - Telvent Portugal, Telvent Energía, Telvent Medio Ambiente.
    - Bioetanol Galicia, Abengoa Bioenergy France, Eco-Carburantes, Abengoa Bionergy Nebraska (in progress).
    - Abengoa Solar and Solar PV.

The schedule for implementation of the new ERP throughout the group is as follows:



7. Main Challenges for 2010

True to Abengoa's commitment to transparent management, good governance and best practices in terms of internal control and risk management, 2009 witnessed the start of a process of reviewing and updating Abengoa's Risk Map, leading to a matrix that includes detailed information on all the main risks that could have a potential impact on the group's different business concerns.

This "Universe of Abengoa Risks" is structured around four major risk areas (Strategic, Operational, Financial and Regulatory). Each of these is, in turn, divided into 20 different categories, which host a grand total of over 130 different risks.

Variants per Category

Strategic

- Corporate Governance
- Planning and Resource Assignment
- Strategic R&D Projects
- Mergers, Acquisitions and Disinvestments
- Market dynamics
- Communication Relations and investor

Operational

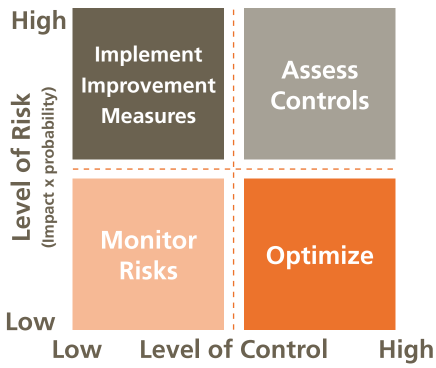
- Sales
- Supply Chain
- Human Resources
- Information Technologies
- Thereatsor Disasters
- Tangible Assets

Financial

- Market
- Liquidity and Credit
- Accounting and Reporting
- Taxation
- Capital Structure

Compliance

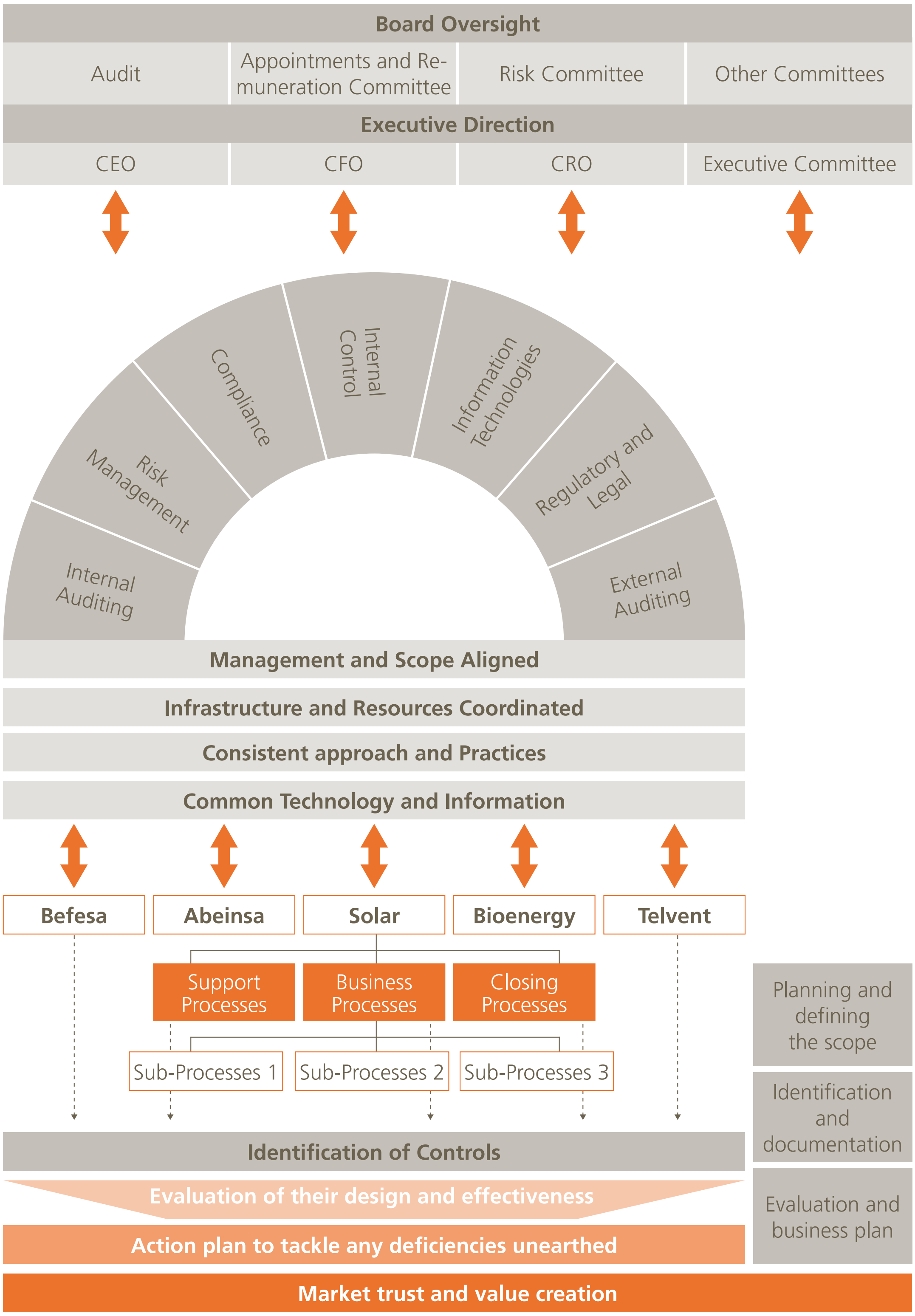
- Codes of Ethics and Conduct
- Legislation
- Regulation



For each of these risks, a range of mechanisms have been designed and developed to hedge against or mitigate them within the company.

The Abengoa Risk Map was created from a graphic representation of this Risk Universe and constitutes a living control tool that is updated periodically to ensure that it reflects corporate reality at all times.

We expect to wrap up this review and update process over the first few months of 2010.



Other challenges facing the company in 2010 stem from the process of implementing the new ERP (SAP) throughout the entire group. This requires us to tailor our internal control structure to the new IT requirements.