

pag

Backgrounds	129
Core Principles	129
Remuneration Structure for Director	130
Total Board Remuneration	132
Benchmark Parameters and Grounds for the Annual Variable Remuneration (or Bonus) systems	133
Approval of this Report	133

Backgrounds

The Appointments and Remuneration Committee has drawn up this Report on Directors' Remuneration Policy for the 2009 financial year in accordance with Article 28 of the Regulations of the Board of Directors of Abengoa, S.A.

The report sets forth the remuneration policy pursued by Abengoa, S.A. for members of its Board of Directors, subject to the principles of transparency and full access to information. It defines and singles out the compensation payable to non-executive Board members and to executive directors, who form part of the company's senior management team and whose remuneration is based on the general remuneration policy applicable to the entire workforce.

Core Principles

Abengoa attaches enormous importance to the need for policies that help to forge lasting professional careers within the group. Throughout the various lines of business of the company, which operates in a highly competitive environment, the ability to attain its targets largely depends on the quality, working capacity, dedication and business know-how of the people who occupy key posts at the helm of the company.

It is precisely these premises that lie at the heart of the remuneration policy for the group in general and, in particular, for Board members, especially executive ones, in that the company must be able to attract and retain the very best in human capital.

With the foregoing in mind, the remuneration policy for directors is geared towards the following aims:

- In the case of remuneration payable for performance of core duties stemming from Board membership, the remuneration must be sufficient to compensate the dedication, expertise and responsibility required to hold office.
- When addressing the remuneration payable to executive directors for performance of their executive functions:
 - The overall remuneration package and the structure thereof must be competitive with other international companies and in line with our desired position of leadership.
 - There must be a variable annual component pegged to the attainment of specific and quantifiable targets that reflect the interests of shareholders.

Remuneration Structure for Directors

The remuneration structure for company directors complies with applicable law (essentially Article 130 of the Spanish Public Limited Companies Act - Ley de Sociedades Anónimas), with the Bylaws (Article 39) and with the Regulations of the Board of Directors, and encompasses the following items:

- **Remuneration payable for Non-executive Functions as Director**

Board membership is remunerated pursuant to Article 39 of the Bylaws. Remuneration may consist of a fixed amount agreed upon at the General Shareholders' Meeting, which may vary among Board members. Similarly, directors may receive an interest in the company's earnings of between 5% and 10% of the annual profit for the year in question, once the dividend has been deducted. Directors are likewise compensated for any travel expenses incurred on account of duties assigned to the Board of Directors.

This remuneration is pegged to PAT (profit after tax), and memberships of Board committees and, where applicable, appointments as chairman are subject to separate remuneration.

- **Remuneration for Performance within the Company of Functions other than those Attached to the Post of Director**

These include the remuneration of Board members for performance of those functions, whether as executive or other kinds of director, insofar as these are different to the duties of oversight and decision-making exercised jointly on the Board of Directors or on its committees.

This kind of remuneration may be paid in addition to any other benefits pursuant to the Bylaws and attendance allowances to which the directors may be entitled by reason of their membership of the Board.

Remuneration packages for performance of executive functions feature the following core elements:

- Fixed remuneration

The amount must be in line with market comparables and reflect Abengoa's goal of market leadership. When determining fixed remuneration, the company analyzes market studies commissioned from external consultants. Fixed remuneration comprises the following concepts:

1) Salary Rank: The pre-set monthly base salary pertaining to each job category or rank.

2) Additional Responsibility Bonus (ARB): A monthly bonus determined freely by the company's management. Entitlement to this bonus corresponds, and is therefore pegged to, and conditional on performance of a specific function or responsibility.

- Variable annual remuneration (bonus)

The variable annual remuneration (or bonus) of executive directors is essentially pegged to the attainment of targets, which are linked to Gross Cash Flow/ EDITDA for certain directors, and to Profit After Tax (PAT) for others. Based on these criteria, at the start of the year the company estimates the minimum and maximum total variable remuneration that may be paid to executive directors for the year in question.

As a result, fixed remuneration comprises the total amounts stemming from the Salary Rank and Additional Responsibility Bonus payable monthly, whereas variable remuneration relates to the annual bonus and is paid once a year.

Total Board Remuneration

Total remuneration of Board members for FY2009 was as follows:

Name	Attendance allowances and other remuneration for Board membership	Remuneration for membership of Board committees	Remuneration for directorships in other group companies	Remuneration for senior management functions – executive directors	Total
Felipe Benjumea Llorente	102	-	-	3,390	3,492
Aplidig, S.L. (1)	180	-	-	2,804	2,984
Miguel A. Jiménez-Velasco Mazarío (2)	-	-	-	113	113
José B. Terceiro Lomba	-	-	25	-	25
Carlos Sebastián Gascón	183	116	32	-	336
Daniel Villalba Vila	183	121	32	-	331
Mercedes Gracia Díez	121	55	-	-	176
Miguel Martín Fernández	110	55	-	-	165
Alicia Velarde Valiente	121	44	-	-	165
José Borrell Fontelles (3)	150	-	-	-	150
José Luis Aya Abaurre	121	44	-	-	165
José Joaquín Abaurre Llorente	121	55	-	-	176
Maria Teresa Benjumea Llorente	78	-	24	-	102
Javier Benjumea Llorente	78	-	-	-	78
Ignacio Solís Guardiola	86	-	-	-	86
Fernando Solís Martínez-Campos	86	-	-	-	86
Carlos Sundheim Losada	86	-	-	-	86
Total	1,806	490	113	6,307	8,716

(1) Represented by José B. Terceiro Lomba / (2) Up until 26/07/09 / (3) From 27/07/09

The Appointments and Remuneration Committee, in furtherance of the functions entrusted to it, conducts periodical reviews of the remuneration policy applicable to the Board of Directors and submits to the latter the policies it considers appropriate in terms of remuneration concepts and the amounts thereof.

Benchmark Parameters and Grounds for the Annual Variable Remuneration (or Bonus) systems

In relation to the year in progress, the process of calculating the variable remuneration payable to executive directors is founded on the following parameters:

- Market references, based on the information provided by leading international remuneration consultancy firms.
- When determining the specific amount of yearly variable remuneration, the main reference points will be the performance of Profit After Tax (PAT) and Gross Cash Flow/EBITDA, either general performance for Abengoa as a whole, or, in the case of executive directors with specific responsibilities, weighted with the performance of such indicators for their specific area of responsibility.
- Along with this basic element for quantifying variable remuneration, other qualitative elements come into play at the close of the year. These may vary from one year to the next and effectively allow the company to adapt its final decision on the actual amount of variable remuneration payable at such time.

Approval of this Report

This report was approved by the Board of Directors of Abengoa, S.A. at a meeting held on February 24, 2010, upon a proposal formulated by the Appointments and Remuneration Committee.

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