





6

Background

This report on the Policy on Remuneration of Administrators for the 2010 financial year was prepared by the Appointments and Remunerations Committee pursuant to the stipulations of Article 28 of the Regulations governing the Board of Directors of Abengoa SA.

This report includes Abengoa SA's remuneration policy for the members of its Board of Directors. It is subject to the principles of transparency and information, and it fixes the salaries of the company's Top Management executive board members separate from the salaries of the non-executive board members, incorporated in the general remuneration policy applicable to the whole staff.

Basic Principles

Abengoa deems it crucial to maintain policies geared towards proposing long-term professional careers in the Group. Given the extremely competitive nature of Abengoa's sphere of activities, the achievement of its goals and objectives greatly depends on the quality of the persons holding key posts and leading the organization, their work capacity, dedication to, and knowledge of, the business.

These premises determine the group's policy of remuneration in general, that of the Board Members in particular, and especially that of the executives, and it should make it possible to attract and retain the best amongst the professionals.

Consequently, the aim of the policy of Remuneration of Board Members is as follows:

- Remuneration for the performance of mere board-member duties that is appropriate enough to reward the necessary dedication, qualification, and responsibility required for the correct performance of such post.
- For Executive Board Members, for the performance of executive duties, it ensures that:
 - (i) The overall remuneration package and its structure are competitive in comparison with the international sector and compatible with our vocation of leadership.
 - (ii) The maintenance of an annual variable component linked to the achievement of specific and quantifiable objectives that are in line with the interests of shareholders

Structure of Board Members Remuneration

The structure of board members remuneration, adapted to comply with the stipulations of the Law (specifically, articles 217 and following of the Corporations Act), the Bylaws (article 39) and the Regulations of the Board of Directors, is comprised of the following elements:

■ Remuneration for non-executive board member post

The post of board member is remunerated following the stipulations of article 39 of the Bylaws. The salary may consist of a fixed amount set by the General Assembly, not necessarily equal amounts for all members. It could also be an allotment of a share in the Company's profits, between 5 and 10 percent maximum of the annual profit after subtracting the dividend, for the financial year at hand, plus reimbursement of duty and Board-related travel expenses.

This remuneration is linked to EAT (Earnings After Tax); it may also include rewards for belonging to Board of Directors Committees and, as the case may be, for Chairmanship.

■ **Remunerations for the performance of other non-board member Company duties**

These include remunerations to board members for performing duties, as executive board members or otherwise, other than those of supervision and decisions executed on the Board or on its Committees.

These remunerations are compatible with the perception of the bylaws and per diems they may be paid for their mere condition as members of the Board of Directors.

Executive-duty salary packages include the following basic elements:

(a) Fixed Remuneration

This amount must be competitive in comparison to those on the market in line with the leadership position Abengoa strives for. It must be determined through market studies by external consultants. The fixed salary consists of the following:

- 1) Salary Level. This is the basic fixed monthly salary, stipulated for each category or level.
- 2) Special Responsibility Allowance (SRA). This complement is freely set by the Company's Management and paid on monthly basis, and it is therefore linked to and conditioned by the exercise of a specific duty or the performance of a given responsibility.

(b) Variable annual remuneration (bonus)

Variable annual remuneration (or bonus) for executive board members is basically linked to the fulfilment of objectives. Said objectives are in reference to gross cash flows / ebitda for some board members or to earnings after tax (EAT) for others. Based on these criteria, a range of total variation of the variable remuneration of executive board members is estimated at the start of financial year.

The fixed remuneration therefore includes the salary level amount and the special responsibility allowance, payable monthly.

The variable remuneration is the annual bonus payable in bulk.

Total remuneration of the Board of Directors for the 2010 financial year

The total remuneration of board members for the 2010 financial year follows:
(Amount in thousands of Euros)

Name	Per diem and other remunerations as board member	Remun. as Board of Directors Committee members	Remun. as board member of other companies of the Group	Remun. for Top Manag. executive board member duties	Other remunerations	Total
Felipe Benjumea Llorente	93	-	-	3,390	-	3,483
Aplidig, S.L. (1)	180	-	-	2,804	-	2,984
Manuel Sánchez Ortega (2)	19	-	-	107	-	126
José B. Terceiro Lomba	-	-	25	-	-	25
Carlos Sebastián Gascón	166	110	34	-	-	310
Daniel Villalba Vila	166	110	34	-	-	310
Mercedes Gracia Díez	110	44	-	-	-	154
Miguel Martín Fernández	121	33	-	-	-	154
Alicia Velarde Valiente	110	44	-	-	-	154
José Borrell Fontelles (3)	200	100	-	-	-	300
José Luis Aya Abaurre	110	44	-	-	-	154
José Joaquín Abaurre Llorente	110	44	-	-	-	154
María Teresa Benjumea Llorente	78	-	24	-	-	102
Javier Benjumea Llorente	78	-	-	-	190	268
Ignacio Solís Guardiola	78	-	-	-	-	78
Fernando Solís Martínez-Campos	78	-	-	-	-	78
Carlos Sundhein Losada	78	-	-	-	-	78
Total	1,775	529	117	6,301	190	8,912

((1) Represented by José B. Terceiro Lomba

(2) From 25/10/10

The Appointments and Remunerations Committee, in the exercise of the duties conferred thereupon, periodically reviews the policy of remunerations of the Board of Directors, updating it with policies deemed relevant both with regards to concepts as well as to amounts.

Reference Benchmarks and Bases for the Annual Variable Remuneration System (or Bonus)

As regards the ongoing financial year, the criteria for determining the variable part of the remuneration for executive board members will be based on the following:

- Market references based on the information provided by top world consultants on remuneration.
- The essential reference for the variable annual remuneration will be the evolution of earnings after tax (EAT) and gross cash flows / ebitda, whether for Abengoa in general or, for executive board members holding non-general responsibilities, commensurate with the degree of responsibility.
- When the financial year ends, other qualitative elements, which may vary from one year to another, and which may allow the modulation of the decision on the actual amount of the variable remuneration at that moment, will be considered together with this basic quantitative element.

Approval of this Report

This Report was approved by the Board of Directors of Abengoa SA in its session held on 23rd February 2011, on the proposal of the Appointments and Remunerations Committee.

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