

## Comisión Nacional del Mercado de Valores

Sevilla, March, 8, 2011

Subject: Relevant Events.

Notice of the General Shareholders' Meeting

In order to comply with what is established in article 13 of Royal Decree 291/1992, of 27<sup>th</sup> March, and the concurrent provisions, on the updating of information from companies that issue securities that are accepted for trading on Stock Exchanges, we herewith forward a copy of the following documentation:

1. Text of the notice of the Ordinary General Shareholders' Meeting.
2. Proposal of the resolutions proposed by the Board of Directors, to be reviewed and approved at the Ordinary General Shareholders' Meeting.

The abovementioned documentation will be submitted for approval at the Ordinary General Shareholders' Meeting called by the Board of Directors on February 23, 2011, which is foreseen to be held on the next 10<sup>th</sup> of April upon second calling.

The mandatory notice in a newspaper in the province and in the Official Mercantile Registry Newsletter will be published today.

Once the General Shareholders' Meeting has adopted the aforementioned resolutions you will also be informed of the same for the indicated effects.

Miguel Ángel Jiménez-Velasco Mazarío

General Counsel

# ABENGOA

The Board of Directors In a meeting held on February 23rd, 2011 agreed to call an Ordinary General Shareholders' Meeting to be held at the corporate address in Campus Palmas Altas, SUNP-GU-1 lot ZE-3, Seville, on April 9th, 2011 at 7 pm on first calling and, as required, on second calling the following day, April 10th, at the aforesaid time and place, to deal with the following Agenda:

**One.** Presentation and adoption, as appropriate, of the annual financial statements and management report of the Company and the Consolidated Group for the 2010 fiscal year, and of the management and remuneration of the Board of Directors during the aforesaid period.

**Two.** Presentation and adoption, as appropriate, of the proposed allocation of the 2010 financial results.

**Three.** Ratification, appointment or re-election, as appropriate, of office holders.

**Four.** Appointment or confirmation, as appropriate, of Auditors of the Company and the Consolidated Group for the 2011 fiscal year.

**Five.** Increase in corporate share capital by raising par value from 0.25 to 1 (one) euro per share, charged against voluntary reserves and with reference to the following amendment to the text of Article 6 of the Articles of Incorporation.

**Six.** Amendment to the Articles of Incorporation for the purpose of including:

a) amendments deriving from the capital increase by raising the par value of the shares mentioned in section Five above (Arts 6 and 21);

b) the creation of different classes of shares to include the following: these ordinary shares shall be denominated Class A shares, with the same rights, par value of one (1) euro and conferring one hundred (100) voting rights, and shall continue to constitute the Company's ordinary shares; Class B shares, with a par value of one cent (0.01) of an euro conferring one (1) voting right and certain financial privileges set forth in the proposed amendment; Class C, without voting rights, par value of 1 (one) euro and with the privileges and preferences set forth in the proposed amendment to the Articles of Incorporation (articles 6 and 8) .

c) the amendments required to harmonize the Articles of Incorporation with the new share classes mentioned in subsection b) of section Six (articles 6 and 8);

d) minor amendments updating legal references in the Articles of Incorporation in accordance with the Consolidated Text of the Capital Companies Act (articles 7, 15, 21, 22, 31, 33, 34, 37, 38, 50 and 53).

**Seven.** A special report on Directorship Remuneration Policy for consultative deliberation by the Annual General Meeting. Report relating to aspects of the provisions of Article 116 bis of the Security Market Act.

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**Eight.** Authorization in favor of the Board of Directors to increase corporate capital under the provisions of article 297.1.b) to the full extent allowed by law, with express delegation of the power of exclusion of the right of preference in compliance with article 506 of the Capital Companies Act, rescinding and rendering null and void the amounts pending as a result of previous delegations conferred by the General Meeting.

**Nine.** Authorization in favor of the Board of Directors to issue debentures and other similar securities of fixed or variable income, ordinary or guaranteed, convertible to shares or not, with express delegation of the power of exclusion of the right of preference in compliance with article 511 of the Capital Companies Act, directly or through group companies in accordance with currently applicable legislation and rendering null and void the amounts pending as a result of previous delegations conferred by the General Meeting.

**Ten.** Authorization in favor of the Board of Directors for derivative acquisition of own equity, directly or through group companies in accordance with currently applicable legislation and rendering null and void the amounts pending as a result of previous delegations conferred with the same purpose by the General Meeting.

**Eleven.** Delegation to the Board of Directors of the power to interpret, rectify, execute, legalize and register the agreements adopted.

**Twelve.** Approval of the minutes by any procedure in accordance with law.

Shareholders shall have the right to inspect the Annual Financial Statements and Management Report of the Company and its Consolidated Group to be subjected to the approval of the General Meeting at the corporate address, or may request a copy of the same free of charge, including the Auditors' Report, Remuneration Policy Report, the report relating to article 116 bis of the Security Markets Act and the agreements proposal, reports substantiating amendment of the Articles of Incorporation and any other mandatory report.

Said information shall likewise be available on the corporate website [www.abengoa.com](http://www.abengoa.com).

Shareholders holding 1,500 shares or more shall be entitled to attend the AGM, provided said shares are registered in the owner's name in the corresponding records of any of the bodies belonging to the Spanish Central Securities Depository (Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. [Iberclear]), which shall be accredited by means of an attendance card issued by said bodies to each shareholder. Persons holding fewer than 1,500 shares may form groups comprising at least the minimum number and appoint one shareholder to represent them. All shareholders intending to attend the Meeting in person are reminded of the obligation to present the aforesaid card or documents accrediting their identity and shareholding.

Any shareholder who is entitled to attend may be represented at the General Meeting through another shareholder.

Warning: Given the experience of previous occasions it is probable that the General Meeting will be held on second calling on April 10th, 2011 at 7 pm.

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Seville, March 5th, 2011  
Secretary to the Board of Directors.  
Miguel Ángel Jiménez-Velasco

## Agreement proposals submitted to the Ordinary General Meeting, 04/10/2011

### Agreement One

To approve:

1. The Annual Financial Statements (made up of Balance Sheet, Income Statement, Statement of Changes to Net Worth, Cash Flow Statement and Report) and the Management Report of Abengoa, S.A. for the 2010 fiscal year.
2. The Annual Financial Statements of the Consolidated Group (made up of Consolidated Balance Sheet, Income Statement, Statement of Changes to Net Worth, Cash Flow Statement and Report) and the Consolidated Management Report for the 2010 fiscal year.
3. Management of the Board of Directors for said fiscal year and the remuneration of its members, as reflected in the Annual Financial Statements.

### Agreement Two

1. To approve the following allocation of the outcome of the 2010 fiscal year, the dividend of which shall be distributed on or after July 5th, 2011.

	Euros
Balance of the Income Statement	111,117,766.56
Application:	
Against voluntary reserves	93,023,830.56
<u>Against Dividend</u>	<u>18,093,936.00</u>
Total	111,117,766.56

2. To grant such powers to Felipe Benjumea Llorente, José B. Terceiro, Manuel Sánchez Ortega and the Secretary of the Board of Directors Miguel Ángel Jiménez-Velasco Mazarío that they may severally or jointly deposit the Corporate Annual Financial Statements and Management Report with the Mercantile Registry as provided under law, identifying said documents with their signature and address of destination.

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## **Agreement Three: Ratification, appointment and re-election of directors, as appropriate.**

Due to expiry of the term of office of four years conferred by the 2007 Ordinary General Meeting, to re-elect as members of the Board of Directors on proposal by the Appointments and Remuneration Committee for a further term of four years:

Fernando Solís Martínez-Campos, member of the Board  
Ignacio Solís Guardiola, member of the Board  
María Teresa Benjumea Llorente, member of the Board  
Carlos Sundheim Losada, member of the Board  
Aplicaciones Digitales S.L. represented by José B. Terceiro Lomba, executive

To ratify the appointment of Manuel Sánchez Ortega as Chief Executive Officer, appointed by co-option by the Board of Directors on October 25th, 2010, for a term of four years.

Personal details:

Fernando Solís Martínez-Campos, date of birth: March 1st, 1956, Spanish citizen, married, lawyer, address: Avda. Carlos III, Nº 36-2ª izqda., Pamplona, holder of Spanish national identification number 15.799.697-P.

Ignacio Solís Guardiola, date of birth: August 7th, 1957, Spanish citizen, married, bank executive, address: Avda. de Manuel Siurot nº 10, Seville, holder of Spanish national identification number 28.560.056-J.

María Teresa Benjumea Llorente, of legal age, Spanish citizen, married, address: Calle Infante Don Carlos Nº 13, Seville, holder of Spanish national identification number 28.343.491-Q.

Carlos Sundheim Losada, date of birth: March 30th, 1951, Spanish citizen, married, industrial engineer, address: Calle Conde de Gálvez número 4-B, casa 4, Seville, holder of Spanish national identification number 28.302.692-L.

Aplicaciones Digitales S.L., registered address Calle Circe 12, Majadahonda, Madrid, registered tax number B81426066 (represented by José B. Terceiro Lomba, of legal age, married, economist, holder of Spanish national identification number 35.203.147-Z, address: c/ Circe 12, Majadahonda, Madrid).

Manuel Sánchez Ortega, married, date of birth: June 3rd, 1963, industrial engineer, address: 10415 Grey Fox Road, Potomac, MD 20854. Spanish citizen and holder of Spanish national identification number 2.601.273-L.  
If present they shall state express acceptance of the appointment, with declaration of compliance with the law in relation to conflicts of interest.

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## **Agreement Four: Ratification or appointment of the Company and Consolidated Group Auditors for the 2011 fiscal year.**

In accordance with article 264 of the Capital Companies Act, to appoint as Auditors of the Company and Consolidated Group for a period of one year including the 2011 fiscal year, Pricewaterhouse Coopers, S.L., holder of Spanish registered tax number B-79.031.290, registered address, Paseo de la Castellana, 43, Madrid, registered in the Mercantile Registry of Madrid, volume 9,267, sheet 8,054, under number 87,250, and in the Official Register of Chartered Accountants under number 50-242.

**Agreement Five: To increase corporate share capital by raising par value from 0.25 to 1 euro per share, charged against voluntary reserves.**

To increase corporate equity, currently standing at twenty-two million six hundred and seventeen thousand four hundred and twenty euros (€22,617,420) represented by ninety million four hundred and sixty-nine thousand six hundred and eighty (90,469,680) shares, each with a par value of twenty-five euro cents (€0.25), of one sole class and series, by sixty-seven million eight hundred and fifty-two thousand two hundred and sixty euros (€67,852,260) by means of increasing the par value of each share to one (1) euro, charged against voluntary reserves, to reach a total of ninety million four hundred and sixty-nine thousand six hundred and eighty euros (€90,469,680) represented by ninety million four hundred and sixty-nine thousand six hundred and eighty (90,469,680) shares fully called and paid up of one sole class and series, numbered correlatively from one (1) to ninety million four hundred and sixty-nine thousand six hundred and eighty (90,469,680) inclusive, after which article 6 of the Articles of Incorporation shall read as set forth in Agreement Six below.

The balance sheet serving as the basis of this proposal under the provisions of article 303 of the Capital Companies Act is that adopted by the Ordinary Annual General Shareholders' Meeting called for the 9th and 10th of April 2011 on first and second calling respectively, in the first Item on the Agenda, and refers to a date (December 31st, 2010) within the six months immediately prior to this capital increase agreement, and has been verified by the Company auditors Pricewaterhouse Coopers.

To expressly empower Felipe Benjumea Llorente, José B. Terceiro, Manuel Sánchez Ortega and Miguel Ángel Jiménez-Velasco Mazarío, to jointly or severally, as special delegates of this Meeting, to appear before notary public granting all public deeds necessary and proceeding to inscription of those agreements so required under law in the Mercantile Registry, formalizing all documents required in compliance with said agreements, and especially to request and obtain, in the Spanish Central Securities Depository (Iberclear), registration of the shares in the records, and the procedures necessary for listing and validation of the new securities with the National Stock Exchange Commission and Stock Market companies.

## Agreement Six

1. To amend articles 6, 8, 22, and 50 of the of the Articles of Incorporation in order to place on adequate statutory record the capital increase carried out under Agreement Five above, and to create different share classes (A, B, and C) in the terms set forth below: class A composed of ninety million four hundred and sixty-nine thousand six hundred and eighty (90,469,680) shares, and classes B and C not having capital allocated until the competent body is in a position to adopt effective issue complying with the appropriate legal and statutory requirements.

Traded shares of the Company shall, without modification of the rights involved, form part of class A, composed of shares with a par value of one (1) euro per share, belonging to the same class and series, each share carrying one hundred (100) votes, and constituting the Company's ordinary shares under the terms of article 8 of the Articles of Incorporation.

Class B shares with a par value of one euro cent (0.01) per share, belonging to the same class and series, conferring one (1) vote per share and endowed with the privileges established in article 8 of the Articles of Incorporation.

Class C shares with a par value of one (1) euro per share, belonging to the same class and series, being shares without voting rights and endowed with the privileges established in article 8 of the Articles of Incorporation.

2. To modify articles 7, 15, 21, 31, 33, 34, 37, 38 and 53 in order to harmonize them with new provisions of Royal Legislative Decree 1/2010 dated July 2nd adopting the Consolidated Text of the Capital Companies Act and other legal provisions.

Pursuant to the above,

Article 6 of the Articles of Incorporation is amended to read henceforth as follows, in order to place the different classes of share into which corporate equity is divided on statutory record:

"Article 6. Shares and Corporate Capital

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Company capital stands at ninety million four hundred and sixty-nine thousand six hundred and eighty euros (€90,469,680) represented by ninety million four hundred and sixty-nine thousand six hundred and eighty (90,469,680) shares fully called and paid up, belonging to three different classes:

Ninety million four hundred and sixty-nine thousand six hundred and eighty (90,469,680) shares belonging to class A with a par value of one (1) euro, all of the same series and conferring one hundred (100) votes per share, constituting the ordinary Company shares (hereinafter "**class A shares**").

Zero (0) shares belonging to class B with a par value of one euro cent (0.01) per share, belonging to the same series, conferring one (1) vote each, with the privileges established in article 8 of the Articles of Incorporation ("**class B shares**"), and which form, together with class A, the "**Voting Shares**."

Zero (0) shares belonging to class C with a par value of one (1) euro per share, belonging to the same series which are non-voting shares, having the preference rights established in article 8 of these Articles of Incorporation ("**class C shares**"), and which form, together with the Voting Shares, the "**shares**."

The shares shall be represented by accounting entries and shall be governed by the provisions of the Stock Market Act and other applicable legal provisions."

To amend article 7 of the Articles of Incorporation which shall henceforth read as follows, in order to harmonize the denomination of the authority charged with Accounting registration of the shares, Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (Iberclear):

## "Article 7. Accounting Records

The authority charged with Accounting registration of the shares in the terms established in the currently applicable legislation is the Spanish Central Securities Depository (Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. [Iberclear])."

To amend article 8 of the Articles of Incorporation in order to harmonize the text with the existence of various classes of shares with the rights and obligations contained in the amended text, which shall henceforth read as follows:

## " Article 8. Shareholders' rights

### Class A shares

Class A shares, as ordinary shares, endow their owners with the rights established under law and in these Articles, with the following stipulations:

#### 1. Voting rights

Each class A share carries one hundred (100) voting rights.

#### 2. Pre-emptive rights and rights to free assignment of new shares

Except in the case of inexistence or exclusion of pre-emptive rights or of rights to free assignment or any similar pre-emptive rights, when class B and/or class C shares have been issued, successive capital increases or successive issues of convertible or exchangeable bonds or any other security or instrument which could give rise to subscription, conversion, exchange, acquisition or in any other way grants the right to receive Company shares shall be adopted by the Company with one of the following structures: simultaneous issue of class A shares, class B shares (if previously issued) and class C shares (if previously issued) in the proportion in which the number of shares of each share class represents on the total number of shares already issued in which corporate equity is divided at the time of their issuing or increase; ; issue of any security or instrument which may give rise to subscription, conversion, exchange, acquisition or that in any other way grants the right to receive class A, class B and class C shares in the proportion indicated.

Class A pre-emptive rights, rights to free assignment of shares and any other similar pre-emptive right shall be exercised only over class A shares, granting the holder the right to acquire, convert, subscribe or to receive class A shares in any other way, provided that the principle of proportionality set forth in the above paragraph is fully respected.

Capital increases using reserves or premiums obtained from the issuance of shares executed by increasing the nominal value of the shares issued, class A shares as a whole shall be entitled to a nominal value increase in a proportion similar to the total nominal value of the class A shares in circulation at the time of the execution of the agreement it represents with regards to the Company's stock capital represented by the class A shares and by the class B B shares (if they exist) and the class C share (if they exist) issued and circulating at such time.

#### 3. Other rights

Without prejudice to the provisions of section 2 above, each class A share confers the remaining rights, including the financial rights recognized under law and these Articles of Incorporation, and to which shareholders are entitled as partners in the Company.

## **Class B shares**

Class B shares endow their owners with the rights established under law and in these Articles, with the following stipulations:

### 1. Voting rights

Each class B share confers one (1) voting right.

### 2. Pre-emptive rights and rights to free assignment of new shares

With full guarantee of the principle of proportionality between the number of shares represented by classes A, B and C (if previously issued) on the total of company shares set forth above in relation to class A, pre-emptive rights and rights to free assignment of class B shares shall be exercised only over class B shares (or convertible or exchangeable bonds, warrants or other securities and instruments granting rights to subscription or acquisition of the same).

Capital increases using reserves or premiums obtained from the issuance of shares executed by increasing the nominal value of the shares issued, class B shares as a whole shall be entitled to a nominal value increase in a proportion similar to the total nominal value of the class B shares in circulation at the time of the execution of the agreement it represents with regards to the Company's stock capital represented by the class A shares and by the class B and class C (if they exist).

### 3. Other rights

Without prejudice to the provisions of sections 1 and 2 above, and to that established in the regulations in vigour, each class B share confers, in spite of having a lower par value, the same rights, including financial rights, as class A shares, and the Company shall grant class B shareholders the same treatment recognized for class A shareholders insofar as it does not contradict the stipulations of the regulations in vigour. In particular, each class B share grants its holder the right to receive the same dividend, the same liquidation quota, the same restitution of contributions in the event of capital reduction, distribution of reserves of any kind (including, as the case may be, premiums for attendance to the General Meeting), issuing premiums and any other allocations as class A shares, all the aforesaid in the same terms applied to class A shares.

In the event of capital reduction due to losses through the reduction of the nominal value of the shares, class A and class B shares shall be affected in proportion to their respective par values.

4. Separate voting in the event of modifications of bylaws or agreements and other operations that may negatively affect class B shares

Bylaw or agreement modifications that may directly or indirectly damage or negatively affect the pre-emptive rights or privileges of class B shares (including any modification of the precautionary bylaws relating to class B shares or to any agreement that may damage or negatively affect class B shares in comparison with class A shares, or that may benefit or favourably affect class A shares in comparison with class B shares) shall require, in addition to it being approved pursuant to the stipulations of these bylaws, an approval by a majority of class B shares in circulation at the time. For explanatory but by no means limiting purposes, said precaution shall entail as follows: the elimination or modification of the precaution set forth herein on the principles of proportionality between the number of shares representing class A shares, those of class B and those of class C (if previously issued) over the total of the company's shares in the issuance of new shares or securities or instruments that may give rise to conversion, exchange or acquisition, or in any other manner, that may suppose a right to receive the company's shares; the partial or total exclusion, of a non-egalitarian nature for shares of class A, class B and class C (as the case may be), of the pre-emptive and other analogous rights that may be applicable by Law and by these bylaws; the repurchase or acquisition of the company's own shares that may affect class A shares, class B shares and class C shares (as the case may be), in a non-identical manner, in their terms and conditions, price or in any other manner, and which may exceed that which is produced under the framework of ordinary operation of treasury stock or which may give rise to amortization of shares or to the reduction of capital in a non-identical manner for class A, class B or class C shares (as the case may be); the approval of the company's structural modification that does not amount to treatment identity in all of its aspects for class A and class B shares; the exclusion of the shares of the company from trading on any secondary stock exchange or securities market except through the presentation of an offer of acquisitions for the exclusion from trading as envisaged in the considerations for the class A, class B and class C shares (as the case may be); the issuance of class C or of any other class of preferred or privileged shares that may be created in future.

5. Rights of Redemption for class B Shares

In the suppositions in which offers are tendered and accepted for the acquisition of the entire shares of the company, following which the offeror, together with persons cooperating with it, (i) manage to directly or indirectly acquire voting rights in the company amounting or equal to 30 percent, except if another person, individually or jointly together with persons cooperating with it, already held a percentage of voting rights equal to or above that of the offeror after the offer, or better still (ii) having acquired shareholding below 30 percent, appoints a number of board members who, united, as the case may be, with those already appointed previously, may represent more than half of the members of the Company's Administrative organ, each class B shares holder shall be entitled to a redemption by the company except if the holders of the class B shares had already held the rights to participate in this offer and that its shares may have been acquired in the same manner and under the same terms and conditions and, whatever the case may be, for the same consideration, as the holders of class shares (each offer that meets the characteristics described above, a "**Supposition of Redemption**").

## Redemption Procedure

In the event of a Supposition of Redemption, for the purpose of information and within seven (7) calendar days from the date of either the liquidation of the offer, or offeror's appointment of board members who, united, as the case may be, with those it may already have appointed, representing more than half of the Company's administrative organ, the Company shall be obliged to publish an announcement informing class B shares holders of the process for the exercise of redemption rights in relation to such offer in the Company Registry's Official Gazette, in Official Gazettes of Spanish Stock Exchange of Securities Markets, on the Webpage of the company and in a national Daily that is widely circulated.

Each class B holder may exercise its redemption rights within two months from the date of the last of the announcements mentioned in the paragraph above, by notifying the Company. The Company remains bound to ensure that said notice for the exercise of the redemption rights may be issued through the systems established for that purpose by Iberclear SA, the Securities Registration, Compensation and Liquidation Management Company.

The redemption price that the Company shall immediately pay for each class B share redeemed shall be equal to the considerations paid in the offer to class A shares holders, increased by the legal interest rate on the aforementioned amount counting from the date of the issuance of notice of the exercise of the redemption rights until the date of the actual payment is made to the holder of the shares exercising the redemption rights. The Company administrators hereby remain empowered to undersign the agreements and take the actions that may be necessary or appropriate to ensure the complete and

satisfactory execution of the redemption rights mentioned in this section.

The reference market value of any non-monetary considerations whatsoever met in the offer, on the date of the first liquidation of the offer, shall be considered as the Euro amounts. Said evaluation must be accompanied by a report issued by an independent expert appointed by the company, selected from audit firms of international repute.

Restrictions on dividends sharing until payment is made to holders of redeemed shares

From the moment the offer is tendered until the fully payment of the redemption price including, as the case may be, the applicable interests of the class B shares with regards to those for which redemption rights is exercised, the Company may not pay, distribute or share any dividends whatsoever to its shareholders, regardless of whether such dividends, distribution or sharing are paid in money, securities of the Company or of any of its subsidiaries, or in any other securities, properties or rights.

## **Class C shares**

Class C shares endow their owners with the rights established under law and in these Articles, with the following stipulations:

### 1. Voting rights

Class C shares do not carry voting rights.

### 2. Preferential dividend

2.1. Each class C share confers on its holder the right to receive an annual minimum preferential dividend charged against ordinary distributable profits for the fiscal year in question at the end of which the class C share exists, of one euro cent (0.01 €) per class C share (Preferential Dividend).

2.2. The Company is bound to adopt the Preferential Dividend allocation and pay class C shareholders before paying out any dividend whatsoever to holders of Voting Shares charged against the ordinary distributable profits obtained by the Company in each fiscal year.

2.3. The Preferential Dividend corresponding to class C shares must be paid within the nine (9) months following closure of the fiscal year in question, up to the amount at which the aggregate sum of said Preferential Dividend for class C shares does not exceed the sum of distributable profits obtained by the Company in said fiscal year.

In the event that the Company fails to obtain sufficient distributable profits for full payment of the Preferential Dividend for all class C shares existing at the close of the fiscal year in question, said dividend shall not be paid out and the part of the aggregate sum of said Preferential Dividend exceeding the distributable profit obtained by the Company during the fiscal year constituting the corresponding calculation period shall not accumulate as a dividend to be paid out in the future.

2.4. Total or partial failure to pay out the Preferential Dividend due to failure to obtain sufficient distributable profits for full payment of the Preferential Dividend corresponding to the fiscal year in question shall not entail recovery of voting rights by class C shares.

### 3. Other dividends and allocations

Each class C share confers the right of the holder to receive, in addition to the Preferential Dividend, the same dividend, the same liquidation quota, the same restitution of contributions in the event of capital reduction, distribution of reserves of all kinds or the issuance premium and whatsoever other allocations and distributions as Voting Shares, all in the same terms and conditions that correspond to Voting Shares.

### 4. Preferential liquidation right

4.1. Each class C share confers on holders the right to receive, in the event the Company is wound up and liquidated, an amount (the **Preferential Liquidation Quota**) equivalent to the paid up value of class C shares.

4.2. The Company shall pay out the Preferential Liquidation Quota for class C shares before satisfying any amount whatsoever to holders of Voting Shares. Regarding the rest of the liquidation quota that may correspond to them, they shall be entitled to the same rights as Shares with voting rights.

### 5. Rights of Redemption for class C Shares

Each class C shares entitles its holder to redemption pursuant to the procedure established for the possible redemption of class B shares in the event that an offer of acquisition is tendered and (partly or wholly) liquidated (each offer meeting what follows, a "**Supposition of Redemption**") for part or all of the shares of the Company except if the class C shares holders had already held the rights to participate in that offer and that their shares were acquired in this same manner and under the same terms and conditions and, whatever the case may be, for the same considerations, as the holders of class A Shares.

Notwithstanding the above, with regards to the total of the class C shares circulating at the time of the tendering of the acquisition offer that gives rise to the Supposition of Redemption in question, class C shares redeemed as consequence of a specific Supposition of Redemption may not represent a percentage above that representing the sum of class A shares and (as the case may be) class B shares (i) for which the offer giving rise to such Supposition of Redemption is tendered, (ii) of which the offeror of said offer is holder and (iii) of which the holders are persons cooperating with offeror or persons who signed agreements with offeror in relation to the offer, with regards to all of the class A shares and (as the case may be) class B shares circulating at the time of the tendering of the acquisition offer that gives rise to the Supposition of *Redemption*. In the event that, as a result of applying the limitations set forth above, the redemption of all of class C shares, for which the rights of redemption have been exercised in this Supposition of Redemption, is deemed inadmissible, the class C shares to be redeemed from each class C shares holder shall be reduced, in proportion with the number of class C shares for which the rights of redemption have been exercised, making sure not to exceed the limit in question.

## 6. Other rights

### 6.1. Pre-emptive rights.

With regards for the principle of proportionality between the number of shares representing class A shares, those of class B (if already issued previously) and those of class C over the total number of shares of the company, previously enunciated in relation to class A shares, the pre-emptive and free assignment rights of class C shares shall solely be aimed at class C shares (or convertible or exchangeable bonds or debentures, warrants or other securities and instruments that may give rise to subscription or acquisition rights)

Capital increases using reserves or premiums obtained from the issuance of shares executed by increasing the nominal value of the shares issued, class C shares as a whole shall be entitled to a nominal value increase in a proportion similar to the total nominal value of the class C shares in circulation at the time of the execution of the agreement it represents with regards to the Company's stock capital represented by the class A shares, by the class B shares (if they exist) and class C circulating at such time.

### 6.2 Separate voting in the event of modifications of bylaws or agreements and other operations that may negatively affect class C shares

Notwithstanding Article 103 of the Stock Corporations Act, bylaw or agreement modifications that may directly or indirectly damage or negatively affect the pre-emptive rights or privileges of class C shares (including any modification of the precautionary bylaws relating to class C shares or to any agreement that may damage or negatively affect class C shares in comparison with class A and/or class B shares, or that may benefit or favourably affect class A and/or class B shares in comparison with class C shares) shall require, in addition to approval pursuant to the stipulations of these bylaws, approval by a majority of class C shares in circulation at the time. For explanatory but by no means limiting purposes, said precaution shall entail as follows: the elimination or modification of the precaution set forth herein on the principles of proportionality between the number of shares representing class A shares, those of class B (if previously issued) and those of class C over the total of the company's shares in the issuance of new shares or securities or instruments that may give rise to conversion, exchange or acquisition, or in any other manner, that may suppose a right to receive the company's shares; the partial or total exclusion, of a non-egalitarian nature for shares of class A and/or class B and class C of pre-emptive and other analogous rights that may be applicable by Law and these bylaws; the repurchase or acquisition of the company's own shares that may affect class A and/or class B shares with regards to class C shares, in a non-identical manner, in their terms and conditions, price or in any other manner, and which may exceed that which is produced under the framework of ordinary operation of treasury stock or which may give rise to amortization of shares or to reduction of capital in a non-identical manner for class A, class B (as the case may be) and class C shares; the approval of the company's structural modification that does not amount to treatment identity in all of its aspects for class A, class B shares (as the case may be) with regards to class C; the exclusion of the shares of the company from trading on any secondary stock exchange or securities market except through the presentation of an offer of acquisitions for the exclusion from the trading as envisaged in the considerations for the class A, (class B as the case may be) and class C shares; the issuance of any other class of preferred or privileged shares that may be created in future.

Notwithstanding the provisions of article 293 of the Capital Companies Act, any agreement by the Company to increase capital by any method and under any formula whatsoever entailing the first issue of class C shares shall also require approval, in accordance with the legal provisions and the provisions of article 30 of these Articles of Incorporation, of the majority of class B shares in circulation."

To amend article 21 of the Articles of Incorporation in order to harmonize the minimum number of shares required to attend the General Meeting with

the new share classes, with reference to par value. The amended text shall henceforth read as follows:

## "Article 21. Attendance

Every three hundred and seventy-five (375) class A shares or thirty-seven thousand five hundred (37,500) class B shares or a combination of both share classes with a par value equivalent to Every three hundred and seventy-five (375) euros shall entail the right of the holder to attend Shareholder's Meetings, provided that ownership is accredited before the Meeting by means of the corresponding nominative attendance card, which shall state the number, class and series of the shares held and the number of votes these are entitled to cast. This card is issued by the Accounting Records body in favor of the holder of shares duly registered with the same five days before the date of the Meeting in question on first calling."

Amendment of articles 15, 22, 24, 31, 33, 34, 37, 50 and 53 of the Articles of Agreement in order to adapt references to the Limited Liabilities Act to the Capital Companies Act currently in force and concordant items. The text of these articles shall henceforth read as follows:

## "Article 15. Acquisition of Treasury Stock

The Company may acquire treasury stock under the circumstances and within the limits established under section IV Chapter VI of the Capital Companies Act."

## "Article 22. Representation

Any shareholder who is entitled to attend may be represented at the General Meeting through another natural person who must be a shareholder entitled to attend in his or her own right.

Said representation must be granted specifically in writing for each Meeting.

Juridical persons, minors and persons disqualified for civil acts may attend through their legal representatives who shall accredit their powers before the Chair of the meeting, without prejudice to representation by family members and granting of general powers of attorney, as provided under article 187 of the Consolidated Text of the Capital Companies Act."

## "Article 24. Calling of Meetings

Both ordinary and extraordinary General Meetings shall be called by the Board of Directors, at least one month before the date scheduled for the

meeting, by publishing an announcement in the Official Gazette of the Mercantile Registry and in one of the most widely distributed newspapers in the province of Seville, or by any other means of public notice including the corporate website, provided that the guarantees necessary to ensuring due effect and accordance with law are observed.

The content of the call for Meetings shall comply with wording required by the Act.

The announcement may also indicate the date on which the Meeting shall be held on second call for quorum, if required. At least twenty-four hours must elapse between the first and second callings."

#### "Article 31. Place of Meeting and Extension

General Meetings shall be held in Seville on the day designated in the notice calling them. Sessions however may be extended during one or more consecutive days.

Said extensions may be agreed on request by the Board of Directors or by partners holding at least twenty-five percent (25%) of the equity present or represented at the Meeting in question.

An attendance list shall be drawn up in order to establish the quorum of each Meeting in accordance with article 192 of the Capital Companies Act."

#### "Article 33. Right to Information

The right to information granted to shareholders under article 197 of the Capital Companies Act may be suspended permanently or temporarily by the Chairperson of the Board of Directors if said suspension is requested by shareholders representing at least twenty-five percent of paid up capital and disclosure of the information concerned could, in their view, cause prejudice to corporate interests.

When all shares are registered, the governing body may, in those instances permitted under the Act, supplement legally established publication by a written notice to each shareholder or stakeholder, always acting in compliance with the provisions of the Act."

#### "Article 34. Minute Book

Issues debated and agreements adopted in General Meetings shall be recorded in the Minute Book, which may be composed of loose sheets previously legalized by the Mercantile Registry, and in which shall appear, at least, the circumstances and requirements established both by the Capital Companies Act and the regulations of the Mercantile

Registry. The minutes, adopted according to article 178 of the Capital Companies Act, shall be signed by persons designated under articles 202 and 203 of the aforesaid Act."

## "Article 37. Objections

General Meeting or, as appropriate, Board of Directors agreements or decisions in conflict with these Articles of Incorporation or which prejudice corporate interests may be challenged in accordance with the provisions of the Capital Companies Act."

## "Article 50. Allocation of Outcome

Net profits shown on the balance sheet at the end of each fiscal year shall be allocated, safeguarding in all respects the rights set forth in article 8, according to proposals made for approval of the General Shareholders' Meeting by the Board of Directors in the following way, once general expenses and applicable amortization, provisions for statutory reserves in compliance with article 274 of the Capital Companies Act and those for other mandatory reserve funds have been deducted:

1. From the first remainder a sum equal to four percent of paid up capital will be deducted and allocated to shareholders as the minimum dividend corresponding to their respective holdings.
2. From the amount then remaining a minimum of five percent and a maximum of ten percent shall be deducted and distributed among the members of the Board of Directors, as agreed by the General Meeting, as remuneration for their respective services.
3. The Board of Directors may propose to the General Meeting, against the remainder, either allocation of part or the whole as a complementary dividend, the establishment of special reserves or funds, or transfer to the following fiscal year as new account balance."

## "Article 53. Liquidation

If the General Meeting decides to dissolve the Company, it shall in the same act appoint a receiver or receivers, always an odd number, with the legally established powers and any others which may have been granted by the General Meeting on approval of the appointment.

Members of the Board may be appointed as receivers.

The General Meeting, on proposal of the Board, may also appoint friendly arbiters to resolve the issues or conflicts arising during liquidation transactions.

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The liquidation agreement shall be registered with the Mercantile Registry and published in accordance with article 369 of the Capital Companies Act

All specific legal provisions shall be observed during the liquidation period, especially those established in section two of chapter nine of said Act."

**Agreement Seven: Approval of the Directors' Remuneration special report relating to article 116 bis of the Stock Markets Act.**

Separate file: Report on Directors' Remuneration

Separate file: Report relating to aspects of the provisions of Article 116 bis of the Security Market Act.

## **Agreement Eight: General Meeting authorizations in favor of the Board of Directors**

To delegate to the Board of Directors, with express power of assignment to any of its members and in accordance with article 297 of the Capital Companies Act, power to increase corporate equity on one or various occasions up to the sum of forty-five million two hundred and thirty-four thousand eight hundred and forty euros (€45,234,840) the equivalent of fifty percent (50%) of corporate equity at the time of this authorization, by means of issue of and trading in new shares which may be ordinary or preferential, including those with voting rights or not, and redeemable or other types of shares permitted under law, the consideration for which shall be monetary contributions, with or without issue premiums, as and when deemed appropriate, to the amount to be decided by the Board without the need for prior consultation of the General Meeting. Likewise, in accordance with article 506 of the aforesaid Act the power to exclude or not, as appropriate, the right of preemptive subscription is hereby delegated to the Board of Directors respecting capital increases which could be adopted under this agreement when the circumstances of corporate interest concur and provided that, in the event of exclusion, the par value of the shares to be issued plus, as appropriate, the amount of the issue premium, corresponds to the fair value set forth in the report of the Company auditors drawn up for the purpose on request of the Board of Directors. The Board of Directors is also hereby authorized to amend article 6 of the Articles of Incorporation on Company capital, once the increase has been executed, according to the amounts actually called and paid up.

Likewise, to authorize the Board of Directors, in relation to the shares issued under the previously adopted agreements and at the time said Board deems appropriate, to request and formalize before the National Securities Commission, Governing Body of the Stock Exchange and with the mediation of any securities agent or broker, admission of the aforesaid securities to trading on any Stock Market under their jurisdiction, observing all currently applicable legal requirements.

In accordance with article 27 of the Regulations of the Official Stock Exchanges the observations of the shareholders on this agreement shall be placed on record in the minutes.

2. To request admission of the shares which may be issued under this agreement to trading on national and foreign Stock Markets on which the Bank's shares are traded at the time of each capital increase, with prior fulfillment of the applicable regulations, hereby empowering the Board of Directors, with express power of assignment to any of its members or to the Secretary, to issue documents and carry out procedures for this purpose, including the required procedures before the competent authorities of the

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United States of America for admission to trading of the shares represented by American Depositary Shares or before any other competent authority.

## **Agreement Nine: General Meeting authorizations in favor of the Board of Directors**

In accordance with article 319 of the Regulations of the Mercantile Registry and the general regulations on issue of securities, delegation for a period of five years, and with express power to delegate the powers herein granted to any of its members, of the power to issue, on one or more occasions, any fixed income securities or similar debt instruments (including but not limited to certificates, promissory notes or warrants), fixed income or other types of securities convertible to and/or exchangeable for shares in the Company or in other companies belonging to the Company group or outside the same, for the maximum sum of five billion euros (€5,000,000,000). Delegation, with express power to delegate the same to members of the Board, of the power to set criteria for definition of the structure and features of the conversion, swap or exercise of the power to increase the Company's capital to the extent necessary to attend the corresponding applications for conversion or execution, and of the power to exclude the right of preemptive subscription, in accordance with article 511 of the Corporations Act and other applicable legislation.

The aforesaid delegation of powers to the Board of Directors of the Company shall be carried out in compliance with the following conditions:

Securities which may be issued. The securities to which this delegation of powers refers may be debentures, bonds and other fixed income securities or debt instruments of a similar nature in any form permitted under law, including but not limited to certificates, promissory notes or warrants or other similar instruments which may entail direct or indirect rights to subscribe to or acquire newly-issued shares in the Company or those already available on the markets, redeemable by direct cash exchange or debt compensation/offset between partners. This delegation of powers also embraces fixed income securities and warrants convertible to and/or exchangeable for shares in the Company or other companies belonging to the Company group or outside the same.

Term. Securities may be issued on one or various occasions during a maximum period of five (5) years from the date on which this agreement is adopted.

Maximum amount delegated. The total maximum amount of five billion euros (€5,000,000,000) or the equivalent in other currencies is hereby established for issue or issues of securities under this delegation of power.

For the purposes of calculation of this limit, in the case of warrants the sum of premiums and execution price of the warrants of each issue adopted

under this agreement shall be taken into account. In the case of fixed income securities, said limit shall be calculated on the active balance of the instruments issued under the terms of this agreement.

It is hereby placed on record that, in compliance with article 510 of Corporations Act, the limitation placed on unlisted limited liability companies with respect to issue of debentures or other securities recognizing or creating debt under article 405.1 of the Corporations Act does not apply to Abengoa S.A.

Scope of the delegated powers. The powers delegated under this agreement shall be as wide as permitted under law with respect to the definition of the various aspects and conditions of each issue. In particular, these powers include but are not limited to determining and establishing: the amount of each issue within the total limit herein established; place (domestic or foreign) and currency of issue, and equivalence in euros in the case of foreign currencies; denomination as bonds or debentures or any other category allowed under law (including subordinated securities); date or dates of issue; in the case of non-convertible securities, the option of total or partial swap for pre-existing shares in the Company or other companies belonging to the Company group or outside the same; the option that said securities may be necessarily or voluntarily convertible or exchangeable, and, if voluntarily, as an option by the holder or by the Company, or including acquisition or subscription rights to said shares; the interest rate, coupon dates and payment procedures; indefinite or maturing nature and in the latter case the maturity date; the remuneration rate, premiums and allotments and guarantees including mortgages; the method of representation by deeds or notes on account; the number of securities and their par value which, in the case of convertible and/or exchangeable securities shall not be less than the par value of the shares; preemptive subscription rights, as appropriate, and subscription scheme; applicable domestic or foreign legislation; requesting, as appropriate, admission to trading on official or unofficial, domestic or foreign, organized or non-organized secondary markets of securities issued in compliance with the applicable regulations and, in general, any other condition of the issue and, as appropriate, designating the commissioner of the corresponding syndicate of holders of the securities thus issued and approving the fundamental rules to govern the juridical relationship between the Company and said syndicate in the event that it exists.

This delegation to the Board of Directors likewise includes the power to decide on the amortization conditions of the securities issued under the same, limited only by the provisions of the Corporations Act. Likewise, the Board of Directors is hereby empowered to amend, as deemed necessary, the terms and conditions of securities issued under this agreement, provided that all required official permits and the approval of the assemblies of the corresponding holders' syndicates is obtained.

Conversion structure and features. In the case of issue of fixed income securities convertible to shares (in the Company and/or in other companies belonging to the Company group or outside the same) and for the purposes

of defining the conversion structure and features, the following criteria are hereby established:

Securities issued under this agreement may be converted to shares in the Company and/or in other companies belonging to the Company group or outside the same, according to a fixed (determined or determinable) or variable conversion ratio. The Board of Directors is hereby empowered to decide if they shall be convertible, and if said conversion shall be mandatory or voluntary and in the latter case as an option of the holder or the Company, with the periodicity and for the term established in the issue agreement and which may not exceed fifteen (15) years from the corresponding date of issue.

For the purposes of conversion, fixed income securities shall be valued at par and the shares at a fixed rate to be determined by the Board of Directors in the agreement by which it makes use of the powers delegated, or at the rate determinable at the date(s) indicated in said Board's agreement, and according to the trading price on the Spanish Stock Exchange of the Company's shares at the date(s) or during the period(s) taken as reference in the aforesaid agreement, with or without discount.

Convertible fixed income securities may also be issued at a variable conversion ratio. In this case, the share price for conversion purposes shall be the mathematical average of the closing prices of Company shares on the Automated Quotation System during a period to be set by the Board. The premium or discount may be different for each conversion and/or swap date of each issue (or, as applicable, each stage of an issue).

The Board of Directors, in the event that the securities object of the corresponding issue are convertible, may establish that the Company reserves the right to opt at any time between conversion to new Company shares, defining the nature of the shares to be allocated at the time of the conversion or swap, or allocating a combination of new Company shares and those already existing.

When conversion is applicable, the fractions of a share which may be allocated to the holder of the securities shall be rounded down to the next whole number, and the holder may receive in cash, if the Board of Directors so decides, the difference, if any, produced by this measure.

In no instance may the value of shares for the purposes of conversion of bonds to shares be less than par value. Likewise, in compliance with article 415 of the Corporations Act, convertible fixed income securities may not be issued at a value below par, nor may said securities be converted into shares when the par value of the former is below the par of the latter.

On adopting an issue of convertible securities under the terms authorized by the Meeting, the Board of Directors shall draw up a report explaining and defining, in accordance with the criteria set forth above, the structure and features of the conversion specifically applicable to said issue, which shall be accompanied by the corresponding auditors' report (by an auditor different

from the Company auditor) in accordance with article 511 of the Corporations Act. Once issued shares of class B, the issue of convertible security will have to realize with full respect initially of proportionality between the shares class A and the shares class B that establishes the article 8 of the Bylaws.

Rights of holders of convertible and exchangeable securities. Once conversion to and/or swap of the securities for shares is possible, the holders of the same shall enjoy all the rights recognized under the currently applicable legislation.

Capital increase and exclusion of preemptive subscription rights of convertible securities. The delegation of powers to the Board of Directors herein set forth also embraces but is not limited to the following powers:

The power of the Board of Directors under article 511 of the Corporations Act to fully or partially exclude shareholders' preemptive subscription rights when this is necessary for the capture of financial resources on international markets, to employ market prospecting methods or for any other reason in the interests of the Company. At all events, if the Board of Directors decides to exclude the preemptive subscription rights of a particular issue of convertible securities made under this authorization, in compliance with article 511 of the Corporations Act it shall issue at the same time a report explaining the particular reasons why said measure is in the interests of the Company, and this report shall be subject to the corresponding auditors' report established under said article. These reports shall be made available to shareholders and notified to the first General Meeting to be held after the agreement to increase capital.

In compliance with 297.1 and 302 of the Corporations Act the power to increase corporate equity by the amount necessary to attend the corresponding applications for conversion of convertible securities issued under this authorization. Said power may only be used to the extent that the Board of Directors does not exceed, with these increases, counting any other capital increases which may have been put into effect under other delegations of power to increase capital which said Board may hold, the limit of one half of the amount of Company capital as defined in article 297.1 of the Corporations Act, calculated at the time of this authorization. This authorization to increase corporate equity includes the power to issue, on one or more occasions, shares representing the same necessary for conversion purposes and also, in accordance with article 297.2 of the Corporations Act, to amend the text of the Articles of Incorporation referring to the amount of corporate equity and, as required, to annul the proportion of said capital increase not required for conversion of securities to shares. In accordance with article 304.2 of the Corporations Act, shareholders shall not have preemptive subscription rights to shares representing capital issued to cover said applications for conversion.

The power to develop and define the structure and features of the conversion and/or swap, taking into account the criteria established in section 5 above and, in general and in the widest terms, determination of all aspects and conditions necessary or appropriate for the issue of securities. The Board of Directors shall notify the shareholders at subsequent General

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Meetings of the use to which it may have put the delegation of powers to issue fixed income securities for conversion or swap.

Warrants: the rules set forth in sections 0 to 0 above shall be applied, *mutatis mutandi*, in the event of issue of warrants or other analogous securities which may grant direct or indirect subscription rights to new or pre-existing Company shares, embracing delegation of the widest powers with the same scope as in previous sections, to decide on all questions deemed appropriate in relation to said category of securities

Admission to trading. The Company shall request as required admission of the securities issued under this delegation of powers to trading on official or unofficial, organized or non-organized, domestic or foreign secondary markets, empowering the Board of Directors to carry out the proceedings and activities required for admission to trading before the competent authorities of the Stock Markets involved.

Guarantee of fixed income securities issued by group companies. The Board of Directors is hereby empowered to guarantee, in the name of the Company and within the limits mentioned above, new issues of securities (including those convertible or exchangeable) which may be put into effect by group companies during the term of this agreement

Power of delegation, substitution and granting of powers. The Board of Directors is hereby authorized to delegate in turn those delegable powers granted under this agreement to any of the members of the same and/or to the Secretary of said Board, and to grant to appropriate employees of the Company the powers required for performance of the delegated functions.

## **Agreement Ten: General Meeting authorizations in favor of the Board of Directors**

To authorize the Board of Directors to engage in stock buyback and to trade treasury stock either directly or through subsidiaries or holdings, up to the maximum legal limit and at prices between a minimum of one euro cent (0.01) and a maximum of sixty (60) euros, and, with express power to delegate the same to members of the Board, to make use of this power for a period of eighteen (18) months from the date first written above, complying with the stipulations of article 144 et seq of the Capital Companies Act.

To these ends the authorization granted to the Board of Directors for the same purposes by agreement of the Ordinary General Meeting held on April 11th, 2010 is expressly revoked.

## **Agreement Eleven: Powers delegated to the Board of Directors.**

To expressly empower Felipe Benjumea Llorente, José B. Terceiro, Manuel Sánchez Ortega and Miguel Ángel Jiménez-Velasco Mazarío, to jointly or severally, as special delegates of this Meeting, appear before notary public granting all public deeds necessary and proceeding to inscription of those agreements so required under law in the Mercantile Registry, formalizing all documents required in compliance with said agreements.

Likewise, to authorize the Board of Directors, with express power of delegation to any of its members, to interpret, apply and develop the agreements adopted, including correction and completion of the texts of the same, the power to draft, in due form, any rectifying or complementary document necessary to correct erratum, defects or omissions in the texts of the agreements which could impede placing the same on public record, and to fulfill all legal requirements necessary for full entry into force of the agreements herein set forth.

## Annex 1 Report on the Policy on Remuneration of Administrators

### 1.- 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.

### 2.- 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

### 3.- 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.

4.- 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	Remuneration as Board of Director	Remuneration as board member of other	Remuneration for Top Management executives	Other remunerations	Total

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		s Commit tee member s	compan ies of the Group	ve board membe r duties		
Felipe Benjumea Llorente	93	-	-	3,390	-	3,483
Aplidig SL (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 Vilá	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	200	100	-	-	-	300
José Luis Aya Abaurre	110	44	-	-	-	154
José J. 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 Sundheim 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.

## 5.- 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.

## 6.- Approval of this Report

This Report was approved by the Board of Directors of Abengoa SA in its session held on 22nd February 2011, on the proposal of the Appointments and Remunerations Committee.

## Annex 2

### I. Company shareholding structure

#### i.1) Significant shareholdings

The share capital of Abengoa, SA is recorded and monitored by the Spanish securities depository Iberclear (Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, SA), and is divided into 90,469,680 dematerialized shares, each of a nominal value of 0.25 euros, all of the same class and series and equivalent to 22,617,420 euros of share capital. Since 29 November 1996, all company shares have been officially listed and traded on the Madrid and Barcelona Stock Exchanges and via the Spanish Stock Market Interconnection System ("Sistema de Interconexión Bursátil Español") (continuous market).

In December 2007, Abengoa was selected by the "Comité Técnico Asesor" (technical advisory committee) of Ibex35 to enter and form part of this index as of 2 January 2008, a listing which maintained intact throughout 2009. The inclusion was the result of the periodic review of listed companies as undertaken by the committee, which measures not only company capitalisation, but also turnover and the sector in which the business operates. The Ibex 35 is the leading index in Spain followed by national and international investors alike. The index tracks the thirty-five Spanish companies with the greatest stock market capitalization capital and levels of trading.

The most recent change to the company's share capital was agreed upon at the General Shareholders' Meeting held on 24 June 2001 and concerned a stock split, which brought the value down from 1 euro to 0.25 euros per share. As a result, the number of shares in circulation effectively increased from 22,617,420 to the current volume of 90,469,680. This change required that Articles 6 and 21 of the Articles of Association be amended to reflect the new volume and nominal value of the shares, and, simultaneously, the cancellation of the existing shares and official listing of the new shares.

Date of last modif.	Share capital (EUR)	Number of shares
24/06/2001	22,617,420	90,469,680

As the company's share capital is represented by dematerialized shares, there is no actual shareholder register other than the disclosures of participant shareholdings and the list (X-25) provided by Iberclear at the time each General Shareholders' Meeting is held. In accordance with information received (i.e. the list of shareholders valid as of 11 April 2010 as sent by Iberclear, and notification of significant shareholders), the situation at that time was as follows:

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- Inversión Corporativa, I. C., S. A.: 50.00 %
- Finarpisa, S. A. (Grupo Inversión Corporativa): 6.04 %

There were 11,338 shareholders registered on occasion of the ordinary General Shareholders' Meeting held on 11 April 2010.

The company has no record of shareholder arrangements or agreements through which shareholders pool their voting rights to adopt a common corporate management policy, or to ensure that they exercise significant influence within the company.

In accordance with Article 19 et seq. of the Articles of Association, there are no limits on the voting rights of shareholders in relation to the number of shares they hold. Entitlement to attend General Meetings is limited, however, to shareholders that possess over 1,500 shares, without prejudice to the rights of representation by proxy and share pooling enjoyed by all shareholders.

## i.2) Quorum

On first call, 25 % of the share capital, while on second call, the pertinent percentages are those prescribed by the Spanish Company Act, LSC, The quorum is likewise that envisaged at law for those situations described under Article 194 of the Spanish Company Act-

## i.3) Quorum for adopting resolutions

By simple majority of the votes cast by those present or represented by proxy at the General Meeting. The quorum is prescribed by law for those cases envisaged under Article 194 of the LSC.

## i.4) Shareholder rights

Shareholders are entitled to receive information in accordance with the regulatory provisions in effect; to receive documents relating to the General Meeting free-of-charge; to vote in proportion to their holding, with no maximum limit; to attend General Meetings, insofar as they hold at least 1,500 shares; economic rights (to dividends, as and when paid, and to their share in company assets); to be represented by proxy and to delegate powers; to pool holdings and to institute any legal proceedings that may be available.

## i.5) Measures to foster shareholder involvement

All documentation relating to the General Meeting is sent to shareholders free-of-charge and similarly published on the company's website at the time the meeting is announced. Shareholders may delegate powers and vote remotely by completing the attendance cards in the prescribed manner. Pursuant to Article 528.2 of the Spanish Enterprise Act, Abengoa has approved the Electronic Shareholders Forum Regulations ("Reglamento del Foro Electrónico de Accionistas") so as to facilitate communication among shareholders at the time each General Shareholders Meeting is announced and subsequently held. Prior to the staging of each meeting, shareholders may send:

Proposals on business or items they wish to be added to the agenda published as part of the announcement for the meeting.

Standard forms for adhering to these proposed items.

Initiatives to attain the required percentage for exercising a minority right.

Requests for voluntary representation.

The Articles of Association place no restriction on the maximum number of votes that can be cast by a single shareholder, nor do they contain any restriction making it more difficult to gain control of the company through the acquisition of shares.

The motions to be put before the General Meeting are published at the time the meeting is announced and are likewise included on the website of the company and the Spanish CNMV (Spanish Securities and Exchange Commission).

Items on the agenda deemed substantially different are voted on separately at the General Meeting, such that voters may vote differently on the various items. This is particularly important when voting on the appointment or ratification of directors or when making amendments to the Articles of Association.

In the case of financial intermediaries representing more than one shareholder, the company allows such representatives to split their votes accordingly so that they can vote in accordance with the individual instructions received from each shareholder whom they represent.

There are currently no agreements in effect between the company and its executive officers, managers or employees entitling the latter to severance pay or benefits if they resign or are wrongfully dismissed, or if the employment relationship comes to an end by reason of a public tender offer.

## i.6) Treasury stock

The ordinary General Shareholders' Meeting held on 11 April 2010 passed a resolution authorizing the Board of Directors to buy back company shares, either directly or via subsidiaries or other investee companies, up to the limit stipulated in the regulations in force, and at a price of between six euro cents (0.06 euros) and one hundred and twenty euros and sixty cents (120.60 euros) per share. This power may be exercised over a period of eighteen (18) months as of said date, in accordance with the provisions of Articles 134 et seq. of the Spanish Enterprise Act 2010.

On 19 November 2007, the Company entered into a contract with Santander Investment Bolsa, S.V. with a view to improving the liquidity of company shares, ensuring more regular trading activity and avoiding any fluctuations that are not caused by market patterns, without this interfering with the normal functioning of the market and all the foregoing in strict compliance with stock exchange regulations. Although this contract does not reflect the conditions set forth in CNMV Circular 3/2007 of 19 December, Abengoa has been voluntarily complying with the reporting requirements of the same Circular. All transactions performed under this contract have been disclosed on a quarterly basis to the Spanish CNMV and published on the company's website.

As of 31 December 2010, treasury stock amounted to 225,250.

With regards to transactions undertaken during the year, Abengoa acquired 10,276,598 in treasury stock and disposed of 10,196,803, with the net result of such transactions standing at € -1,144,175.71.

## i.7) Details of the most recent General Shareholders' Meetings

The ordinary General Shareholders' Meeting of Abengoa was held on 11 April 2010 with the concurrence of 59,725,210 shares, representing 66,016% of the total share capital and held by 407 shareholders (60 present and 347 represented by proxy) of a total of 11,338 registered shareholders.

The following resolutions were all adopted through the affirmative vote of all share capital present or represented by proxy:

Resolution One - Approval of:

1. The Annual Accounts (comprising the Balance Sheet, Income Statement and Annual Report) and the Management Report of Abengoa, S.A., all pertaining to

financial year 2009.

2. The Annual Accounts for the consolidated Group (comprising the consolidated Balance Sheet, Income Statement and Annual Report) and the consolidated Management Report, all pertaining to financial year 2009.

3. The management of the Board of Directors for the year in question and the remuneration of its members, as stipulated in the Annual Accounts.

Resolution Two:

1. To approve the following appropriation of earnings for financial year 2009, with the dividend to be distributed from 6 July 2010:

	Euros
Income Statement balance .....	48,988,795.40
Appropriation:	
To voluntary reserves .....	31,799,556.20
To dividend .....	17,189,239.20
Total .....	48,988,795.40

2. To authorize Felipe Benjumea Llorente, José B. Terceiro and the Secretary to the Board of Directors, Miguel Ángel Jiménez-Velasco Mazarío, such that any of them may file the Annual Accounts and Management Report for both the company and the group with the pertinent Companies Registry in accordance with applicable law, duly identifying such documents by signing them and specifying their intended purpose.

Resolution Three: Ratification, appointment and, where appropriate, re-election of directors.

a) Following expiry of the four-year term of office agreed upon at the 2006 General Shareholders' Meeting, to reappoint, for a further four-year term, Mercedes Gracia Diez as independent director, following a proposal to such effect from the Appointments and Remuneration Committee.

b) To ratify the appointment, via the co-optation procedure, of Jose Borrell Fontelles as independent director for a four-year term of office, following a proposal to such effect from the Appointments and Remuneration Committee.

Resolution Four: Reappointment or appointment of the financial auditor for the company and its consolidated business group for fiscal year 2010.

Appointment of Pricewaterhouse Coopers, SL as financial auditor for the company and its business group for the 2010 fiscal year, pursuant to the provisions of Article 204 of the Spanish Corporations Act, such audit firm having registered office at Paseo de la Castellana, 43, Madrid, tax identification number (Spanish C.I.F.) B-79031290, and duly filed with the Companies Registry of Madrid under volume 9,267, folio 8,054, number 87,250, and likewise with the Official Registry of Financial Auditors under number 50-242.

Resolution Five: Approval of the special report on the remuneration policy for directors and the report concerning Article 116 bis of the Spanish Securities Market Act (“Ley de Mercado de Valores”).

Resolution Six: Powers vested in the Board of Directors by the General Shareholders’ Meeting.

To ratify, in compliance with Article 153-1-b) of the Consolidated Text of the Spanish Corporations Act, the vesting of powers in the Board of Directors to increase share capital on one or more occasions, up to the ceiling of eleven million three hundred and eight thousand seven hundred and ten euros (€ 11,308,710), equivalent to fifty percent (50 %) of the share capital at the time of this authorization, through monetary contributions, and with or without issue premium. Such vesting of powers was agreed upon at the ordinary General Shareholders’ Meeting held on 5 April 2009, and entitles the Board to increase capital as often as required and for the amount it deems necessary without the need for any prior consultation with the General Meeting. Likewise, and in accordance with the provisions of Article 159.2 of the Consolidated Text of the Spanish Corporations Act, to ratify the vesting of powers in the Board of Directors to remove, where applicable, the pre-emptive rights with regards to any capital increases that may be agreed upon under this resolution, insofar as the circumstances envisaged under section 1 of the aforementioned Article relating to corporate interests materialize, and provided that, in the event that the rights are indeed removed, the nominal value of the shares to be issued plus, as the case may be, the amount of the issue premium, corresponds with the actual value listed in the report of the company’s financial auditors specially prepared for such purpose upon the request of the Board of Directors. Likewise, to authorize the Board of Directors to amend Article 6 of the company’s Articles of Association relating to share capital, following completion of the capital increase and in order to reflect the amounts actually subscribed and disbursed.

Furthermore, in relation to the shares issued in accordance with the preceding adopted resolutions, to vest powers in the Board of Directors entitling it, at any time deemed fit, to issue and process an application before the Spanish CNMV, the stock exchange governing body, and through any trading company or agency, in order to list the shares in question on any number of stock markets, while meeting any such requirements or formalities as may apply.

Pursuant to Article 27 of the Spanish Regulations on Official Stock Exchanges, minutes shall be taken of the declarations made by shareholders in relation to this resolution.

Resolution Seven: Powers vested in the Board of Directors by the General Shareholders' Meeting.

Pursuant to Article 319 of the Spanish Companies Registry Regulations ("Reglamento del Registro Mercantil") and the general framework governing the placement of debt instruments, the General Meeting agrees to vest powers in the Board of Directors, for the term of five (5) years and including the express power to sub-delegate such powers to any Board members, entitling it to issue, on one or more occasions, any fixed income securities or analogous debt instruments (including, but not limited to, debentures, promissory notes or warrants), as well as fixed income or other securities (including warrants) that can be converted into company shares and/or exchanged for shares in the company or any other companies belonging to or falling outside the company's business group, all the foregoing subject to a ceiling of five million euros (€ 5,000 M). The Board is likewise authorized, with express powers to delegate such authorization to any Board member, to establish the criteria for determining the relevant bases and conversion and exchange procedures, and for exercising the power to effect capital increases in the amount necessary to cater to the corresponding conversion or exercise requests. This includes the power to exclude the pre-emptive subscription right of shareholders in accordance with Article 293.3 of the Spanish Corporations Act and other applicable law.

Resolution Eight: Powers vested in the Board of Directors by the General Shareholders' Meeting.

The General Shareholders' Meeting hereby authorizes the Board of Directors to buy back treasury stock, either directly or through its subsidiaries or investee companies, up to the maximum limit set forth in the provisions in force, and at a price of between six euros (€ 6.00) per share as a minimum and sixty euros (€ 60.00) per share as a maximum. This power may be exercised within the period of eighteen (18) months running from today's date, subject to the stipulations of Section Four of Chapter IV of the Consolidated Text of the Spanish Corporations Act.

For such purposes, the General Meeting expressly revokes the authorization previously conferred upon the Board of Directors for the same aforementioned purposes by virtue of resolution adopted at the ordinary General Shareholders' Meeting held on 5 April 2009.

## Resolution Nine: Powers vested in the Board of Directors.

To expressly authorize Felipe Benjumea Llorente, José B. Terceiro and Miguel Ángel Jiménez-Velasco Mazarío, such that any of them may, indistinctly and as special representative of this General Shareholders' Meeting, appear before notary public, execute any such public instruments as may be required or deemed salient and, where applicable, file with the pertinent Companies Registry any corporate resolutions that requiring such filing, thereby signing any such documents as may be required in fulfilment of such resolutions.

Likewise, to vest powers in the Board of Directors, including the power to sub-delegate, so that it may freely interpret, apply, execute and carry out the resolutions adopted, including the power to rectify and perform them, and similarly to confer powers upon any Board member to execute any such instruments to correct or expand upon such resolutions as may be necessary in order to remedy any error, defect or omission that could prevent the registration and filing of any resolution, thereby complying with any such requirements as may be legally prescribed in order for aforementioned resolutions to take effect.

With the aim of enhancing the transparency of Spanish companies limited by shares, and subject to the exception described below, members of the Board of Directors have not held shares in the capital of companies directly engaged in activities that are analogous, complementary or the same as the objects comprising the corporate purpose of the parent company since 19 July 2003, the validity date of Act 26/2003, which introduced amendments to Spanish Securities Market Act 24/1988 of 28 July, and the Consolidated Text of the Spanish Corporations Act. Likewise, company directors have not, and are not engaged in activities that are the same, analogous or complementary to the corporate purpose of Abengoa, SA, whether on their own or another's behalf. Furthermore, there were no companies in 2010 subject to horizontal consolidation, as governed by Article 42 of the Spanish Commercial Code ("Código de Comercio").

Below is a list of board members that sit on the boards of other listed companies:

Personal or corporate name of the director	Corporate name of the group entity	Post
Aplicaciones Digitales SL	Iberia Línea Aéreas de España S.A.	Member
Aplicaciones Digitales SL	Promotora de Informaciones, S.A.	Member
Daniel Villalba Vilá	Vueling Airlines S.A.	Member

Pursuant to the register of significant shareholdings kept by the company in accordance with the provisions of the Internal Code of Stockmarket Conduct, the percentage of shares that directors hold in the capital of the company as at 31 December 2010 was as follows:

Personal or corporate name of shareholder	Nº of direct voting rights	Nº of indirect voting rights	% of total voting rights
Felipe Benjumea Llórente		814,111	0.899
Javier Benjumea Llorente	3,888	0	0.004
Manuel Sánchez Ortega	108,800	0	0.120
José Joaquín Abaurre Llorente	1,900	0	0.0021
José Luis Aya Abaurre	55,076	0	0.061
Aplicaciones Digitales S.L.	925,814	0	1.023
Alicia Velarde Valiente	400	0	0.0004
Daniel Villalba Vilá	13,630	0	0.015
Carlos Sebastián Gascón	13,000	12,000	0.028
Mercedes Gracia Díez	500	0	0.0005
M <sup>a</sup> Teresa Benjumea Llorente	12,390	0	0.013
Ignacio Solís Guardiola	25,336	0	0.0280
Fernando Solís Martínez Campos	50,832	34,440	0.092
Carlos Sundheim Losada	47,027	0	0.051
Jose Borrell Fontelles	1,000	0	0.0011

## II. Company governance structure

### i) The Board of Directors

## i.1) Composition -number and members

Following the amendments made to Article 39 of the company's Articles of Association, following an agreement to such effect adopted at the ordinary General Meeting held on 15 April 2007, the maximum number of members of the Board of Directors has been set at fifteen, in contrast to the previous nine. This amendment has strengthened the structure of the governing body by introducing a new number of directors that ensures a more diversified composition, while improving the delegation and adoption of resolutions with minimum attendance, thereby ensuring a solid and well-diversified presence on the Board of Directors.

Maximum number of directors	15
Minimum number of directors	3

In accordance with the recommendations contained within the CNMW Unified Code of Good Governance for Listed Companies ("Código Unificado de Buen Gobierno de las Sociedades Cotizadas"), the composition of the Board of Directors reflects the company's capital structure. This enables the Board to consistently represent the highest possible percentage of share capital and ensures that the general interests of the company and shareholders alike are duly protected. The Board also has a sufficient number of independent directors in keeping with the practices and professional needs of all companies. Its current composition is as follows:

Abaurre Llorente,	José Joaquín
Aya Abaurre,	José Luis
Benjumea Llorente,	Felipe
Benjumea Llorente,	Javier
Benjumea Llorente,	M <sup>a</sup> Teresa
Borrell Fontelles,	José
Gracia Díez,	Mercedes
Sánchez Ortega	Manuel
Sebastián Gascón,	Carlos
Solís Guardiola,	Ignacio
Solís Martínez-Campos,	Fernando
Sundheim Losada,	Carlos
Terceiro Lomba,	José B. (on behalf of Aplicaciones Digitales, SL)
Velarde Valiente,	Alicia
Villalba Vilá,	Daniel
Jiménez-Velasco Mazarío	Miguel A. (non-Board member Secretary)

The total number of directors is considered sufficient to ensure the required levels of representation and effective functioning of the Board.

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Without prejudice to the fact that independence is a condition that must be met by all directors, irrespective of their origin or appointment, and with their status as director being dependent on their reliability, integrity and professionalism, in accordance with the guidelines envisaged in Act 26/2003 ("Ley 26/2003"), in Ministerial Order 3722/2003 ("O.M. 3722/2003") and in the Unified Code of Good Governance for Listed Companies, the Board currently comprises the following members:

Felipe Benjumea Llorente	- Executive (Chairman)
José B. Terceiro	(on behalf of Aplicaciones Digitales SL) Executive (Vice-Chairman) Member of the Audit Committee Member of the Appointments and Remuneration Committee
Manuel Sánchez Ortega	Executive (Chief Executive Officer)
José Joaquín Abaurre Llorente	- Non-executive, proprietary Member of the Audit Committee
José Luis Aya Abaurre -	- Non-executive, proprietary Member of the Appointments and Remuneration Committee
Javier Benjumea Llorente	- Non-executive, proprietary
M. <sup>a</sup> Teresa Benjumea Llorente	- Non-executive, proprietary
José Borrell Fontellés	- Independent
Mercedes Gracia Díez	- Independent - Member of the Audit Committee
Carlos Sebastián Gascón	- Independent Member of the Appointments and Remuneration Committee
Ignacio Solís Guardiola	-Non-executive, proprietary
Fernando Solís Martínez-Campos	- Non-executive, proprietary
Carlos Sundheim Losada	- Non-executive, proprietary
Daniel Villalba Vilá	- Independent - Chairman of the Audit Committee

- Member of the Appointments and Remuneration Committee

Alicia Velarde Valiente

- Independent Member of the Appointments and Remuneration Committee

The Board of Directors therefore comprises a majority of non-executive directors.

## i.2) Rules governing organization and functioning

The Board of Directors is governed by the Rules and Regulations of the Board of Directors, the Articles of Association and the Internal Code of Stockmarket Conduct. The Rules and Regulations of the Board of Directors were initially approved at the Board meeting held on 18 January 1998, and were aimed at ushering in the current model of good governance and effective internal regulation. The most recent significant update took place on 29 June 2003 in order to introduce the measures relating to the Audit Committee envisaged under the Financial System Reform Act (“Ley de Reforma del Sistema Financiero”).

## i.3) Structure

The Board of Directors currently comprises fifteen members. The Board Rules and Regulations cover the composition of the Board, along with its duties and internal structuring. In addition, the company has an Internal Code of Stockmarket Conduct, the scope of which extends to the Board of Directors, the senior management team and any other employees the code may affect due to their specific post or duties. The Rules and Regulations of the General Meeting cover the formal internal aspects of the General Meeting. Finally, the Board is supported by the Audit Committee and the Appointments and Remuneration Committee, which in turn are subject to their own respective Internal Regulations. All such rules, included within the revised Internal Corporate Governance Rules, are available on the company’s website: [www.abengoa.com](http://www.abengoa.com).

Since its inception, the Appointments and Remuneration Committee has been analysing the structure of the company’s governing bodies and working to align

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them with good governance recommendations, focusing in particular on the historical and current configuration of such governing bodies within Abengoa. Consequently, in February 2007 the committee recommended creating the position of coordinating director and eliminating the Advisory Committee to the Board of Directors. The first recommendation was intended to align the company with the latest corporate governance recommendations issued in Spain in 2006, while the second stemmed from the belief that the advisory committee had already completed the role for which it was originally set up, and that its ongoing coexistence with the other governing bodies could create a potential conflict of duties. Both proposals were approved by the Board of Directors in February 2007 and by the General Shareholders' Meeting held on 15 April of the same year.

Finally, in October 2007 the committee recommended the Board to accept the resignation tendered by Javier Benjumea Llorente as Vice-Chairman, thus including the revocation of all powers previously vested in him, and to appoint a new natural person to represent Abengoa, or the Focus-Abengoa Foundation, on the boards of associate entities or companies.

The committee therefore decided to reevaluate the number and status of the Vice-Chairman to the Board of Directors within the current structure of the company's governing bodies.

The findings of the committee were essentially that the Vice-Chairman of Abengoa should enjoy the powers conferred by the Spanish Corporations Act ("Ley de Sociedades Anónimas") so as to afford him full organic representation of the company and also so that he can act as counterweight to the functions of the Chairman of the Board. On this basis, the committee believed that a coordinating director – with the functions assigned to that position by the resolutions of the Board of Directors (February 2007) and the General Shareholders' Meeting (April 2007) – would be the ideal figure, given the corporate governance recommendations and the structure of the company, as well as the composition and diversity of its directors. The coordinating director has already been entrusted with the task of coordinating the concerns and wishes of the other directors, and as such has the power to request that a Board meeting be convened and that new items be included on the agenda. In its role as the visible head of directors' interests, it has, more de facto than de jure, a certain representative nature on the Board, and it therefore seemed appropriate to confirm and expand this representation by making the post both institutional and organic.

For the reasons outlined above, the committee put forward Aplicaciones Digitales, SL (Aplidig, represented by José B. Terceiro Lomba), the current coordinating director, as the new Vice-Chairman to the Board of Directors. In addition, and in relation to organic representation, the current Vice-Chairman, jointly with the Chairman of the Board, was put forward as the natural person representative of Abengoa in its capacity as Chairman of the Board of Trustees of the Focus-

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Abengoa Foundation, and similarly in relation to any other foundations or institutions in which the company is or must be represented.

In view of the above, on December 10, 2007 the Board of Directors agreed to appoint Aplicaciones Digitales, SL (represented by José B. Terceiro Lomba), the current coordinating director, as executive Vice-Chairman of the Board of Directors, with the unanimous consent of the independent directors for the company to continue acting as coordinating director in spite of its new status as executive director. In addition, and within the functions of organic representation (conferred by means of a power of attorney granted by the Board of Directors on July 23, 2007), the Vice-Chairman, jointly with the Chairman of the Board of Directors, has been put forward as the natural person representative of Abengoa, in its capacity as Chairman of the Board of Trustees of the Focus-Abengoa Foundation, and similarly in relation to any other foundations or institutions in which the company is or must be represented.

The Chairman of the Board, as the company's most senior executive, is afforded the broadest possible powers, save for those that the Board cannot confer pursuant to applicable law, this without prejudice to Board-attributed powers and responsibilities. In turn, the Vice-Chairman, also an executive role, is vested with the same powers through power of attorney.

Upon a proposal to such effect issued by the Appointments and Remuneration Committee on 25 October 2010, and after the director Miguel Martín Fernández had stepped down from office due to escalating work commitments, the Board agreed by co-option to appoint Manuel Sánchez Ortega as Chief Executive Officer for a four-year term of office. The executive arm of the company is currently helmed by Mr Sánchez Ortega and Mr Benjumea Llorente.

## i.4) Responsibilities

The role of the Board of Directors is to act as necessary in order to accomplish the company's corporate objectives. It is responsible for defining the economic goals of the company, agreeing upon the strategies needed to meet them, after receiving proposals from the senior management, ensuring the future viability and competitiveness of the company, encompassing sound leadership and management, and overseeing corporate business.

## i.5) Appointments

The General Meeting, or when applicable the Board of Directors, subject to the powers and limits prescribed by law, is responsible for appointing members of the Board. Potential candidates must not only meet the necessary legal requirements, but must also be of recognized standing and possess the required know-how, renown and professional references so as to undertake the functions of director.

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Directors are appointed for a maximum four-year term of office, although they may be re-elected or have their post renewed.

## i.6) Removal

Directors shall stand down from office upon completion of their term of office and in any other situations envisaged at law. They must likewise tender their resignation to the Board in the event of incompatibility, prohibition, serious disciplinary proceedings or breach of their obligations as director.

## i.7) Meetings

In accordance with Article 42 of the company's Articles of Association, the Board of Directors will meet as often corporate interests dictate and, as a bare minimum, three times a year, with the first meeting to be held during the first quarter. In 2010, the Board met a total of fifteen times, in addition to a working meeting between the Board of Directors and the senior management team.

## i.8) Duties of the directors

Directors are charged with overseeing and controlling the company's management with a view to maximising its shareholder value. All directors must work with the diligence and care of a loyal and dedicated businessman, guided by the company's interests, acting with full independence and defending and protecting the interests of all shareholders.

By virtue of their appointment, directors must:

- Prepare and be sufficiently and properly informed for each job.
- Attend and actively participate in meetings and decision-making processes.
- Avoid potential conflicts of interest and, should any arise, communicate them to the company through the Secretary to the Board of Directors.
- Not to hold office in competing companies.
- Not to use company information for personal ends.
- Not to use the company's business opportunities for their own interest.
- Maintain the full confidentiality of any information received by virtue of their status as director.
- Refrain from voting on motions that effect them.

## i.9) The Chairman

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The Chairman, in addition to the functions envisaged under the company's Articles of Association and at law, is the most senior executive within the company and as such is effectively responsible for the management of the company, always in strict accordance with the criteria and decisions of the General Meeting and the Board of Directors. The Chairman is responsible for implementing the resolutions adopted by the company's governing body on account of the permanent powers delegated to the Board of Directors, which he represents in all aspects. The Chairman also casts the deciding vote within the Board of Directors.

The Chairman is vested with all the powers of the Board of Directors, save for those that cannot be delegated pursuant to applicable law.

The Chairman is also the most senior executive within the company. The following measures are in place to prevent an accumulation of power:

In accordance with Article 44 bis of the company's Articles of Association, the Board of Directors created the Audit Committee and the Appointments and Remuneration Committee on 2 December 2002 and 24 February 2003, respectively.

These two committees control and oversee those matters that fall within their remit and are vested with non-delegable powers enabling them to perform the duties and responsibilities assigned to them under applicable law, the company's Articles of Association and their Internal Regulations.

Both are chaired by a non-executive independent director and are comprised of a majority of non-executive independent directors.

## i.10) The Secretary

The Secretary to the Board of Directors is responsible for those duties prescribed by law. Currently the post of Secretary and that of Legal Counsel to the Board is vested in the same person, who is responsible for ensuring that meetings are correctly convened and resolutions properly adopted by the governing body. In particular, the Secretary advises Board members on the legality of motions and on compliance with the company's internal corporate governance regulations, effectively meaning that he or she guarantees the procedural and material legality of the actions of the Board.

The Secretary's Office, as a specialised body responsible for guaranteeing the procedural and material legality of Board actions, enjoys the full support of the Board itself in discharging its duties under its own independent criteria. It is similarly responsible for safeguarding internal rules of corporate governance.

## i.11) Resolutions

Resolutions are carried by a simple majority of those directors in attendance at each meeting (present or represented by proxy), subject to the exceptions envisaged at law.

## II. Remuneration and other perks

### i.1) Remuneration

The remuneration of directors is set forth in Article 39 of the company's Articles of Association. Remuneration may consist of a fixed amount as agreed at the General Meeting, and need not be the same for all directors. Furthermore, directors may share in between 5 % and 10 % of the company's annual profits after the dividend for the year in question has been deducted. Directors may also claim reimbursement of their travel expenses, insofar as these are incurred from their status as director.

Remuneration paid over 2010 to all members of the Board of Directors for their status as such amounted to € 8,912,000, encompassing fixed and variable pay and allowances (2.2 % up on 2009) and € 190,000 for other concepts.

Furthermore, remuneration paid to the company's senior management team in 2010 in their capacity as such, in accordance with the following table (members of the senior management that are not executive Board members, specifying the total remuneration accruing in their favor over the year), amounted to € 7,216,000 for all fixed and variable pay items.

Name	Attendance allowance and other remuneration as director	Remuneration as member of Board committees	Remuneration as Board member of other group companies	Remuneration as senior management – executive board members	Other remuneration	Total
Felipe Benjumea Llorente	93	-	-	3,390	-	3,483
Aplidig, SL <b>(1)</b>	180	-	-	2,804	-	2,984
Manuel Sánchez Ortega <b>(2)</b>	19	-	-	107	-	126
José B. Terceiro Lomba	-	-	25	-	-	25
Carlos Sebastián Gascón	166	110	34	-	-	310
Daniel Villalba Vilá	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	200	100	-	-	-	300
José Luis Aya Abaurre	110	44	-	-	-	154
José J. 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
<b>Total</b>	<b>1,775</b>	<b>529</b>	<b>117</b>	<b>6,301</b>	<b>190</b>	<b>8,912</b>

**(1)** Represented by José B. Terceiro Lomba

**(2)** Since 25/10/10