

Appointments and Remuneration Committee

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Introduction

The Appointments and Remuneration Committee was formed by the Board of the Directors of Abengoa on February 24, 2003, under Art. 29 of the Regulations of the Board of Directors, in order to include the recommendations on the Appointments and Remuneration Committee contained in Law 44/2002 (the Financial System Reform Act). At said meeting of the Board of Directors, the Committee's Internal Regime Regulations were likewise approved.

Composition

The current composition of the Committee, is as follows:

- Ignacio de Polanco Moreno Chairman. Independent Non-executive independent Director
- José B. Terceiro Lomba Member. Independent non-executive Director
- José Luis Aya Abaurre Member. Shareholder representative
- Carlos Sebastián Gascón (*) Member. Independent non-executive Director
- José Marcos Romero Non-director Secretary

(*) On June 26, 2005, the General Meeting of Shareholders appointed Mr. Carlos Sebastián Gascón as a member of the Board of Directors and he was co-opted to the Appointments and Remunerations Committee on December 12, 2005.

The holders of the positions of Chairman and Secretary were designated by the Appointments and Remuneration Committee on January 28, 2004 using the written procedure, which does not require a meeting be held.

Consequently, the Appointments and Remuneration Committee is fully formed by non-executive Directors, thus exceeding the requirements established in the Financial System Reform Act. In addition, Chairmanship of the Committee is held by a non-executive Director, which is compulsory under the provisions of Article 2 of the Committee's Internal Regulations.

Functions and Competences

The functions and competencies of the Appointments and Remuneration Committee are:

1. To inform the Board of Directors on appointments, renewals, resignations and remuneration of members and Board of Directors and the Advisory Board and the holders of specific posts thereon and on the general remuneration and incentive policy for these bodies and for senior management.
2. To inform, previously, on all the proposals that the Board of Directors submits to the General Meeting in relation to the appointment or resignation of Directors, including co-option by the Board of Directors itself.
3. To prepare an annual report on the activities of the Appointments and Remuneration Committee, which must be included in the Directors' Report.

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Meetings and notice thereof

The Appointments and Remuneration Committee shall meet on the occasions required to meet the functions described above, at least once every six months. It shall also meet whenever a meeting is called by the Chairman. A meeting will be valid when all the members are present and they agree to hold it.

During the 2005 fiscal year, the Committee has held six sessions, particularly on the occasion of the proposal of appointments and ratification of Directors, the designation of members of the Board of Directors, the Appointments and Remunerations Committee and the Audit Committee, appointments of positions and the proposal of a possible Stock Acquisition Plan for senior managers.

Quorum

The Committee shall be considered to have a valid quorum when a majority of its members are present. Attendance may only be delegated to a non-executive Director.

Its decisions will be validly adopted when the majority of the Committee members in attendance vote in favour. In the event of a tie, the Chairman shall have the casting vote.

The Company's Remuneration Manager attends the meetings of the Committee as the Secretary.

Information presented to the Committee

- Monitoring and evolution of remuneration of the members of the Board of Directors, the Board of Directors Advisory Committee and the Company's Senior Management.
- Proposal for remuneration to the members of the Board of Directors, the Board of Directors Advisory Committee and the Company's Senior Management.
- Preparation of the pertinent information to be included in the Annual Accounts.
- Proposed appointment of new Directors:
 - a) Submission to the General Meeting of Shareholders held on June 26, 2005 of the proposal to ratify Mr. Daniel Villalba Vilá as a member of the Board, a post to which he was co-opted (02.28.05) following the resignation presented by Corporación Caixa Galicia, S.A.U.
 - b) Submission to the General Meeting of Shareholders held on June 26, 2005 of the proposal to appoint Mr. Carlos Sebastián Gascón and Mr. Miguel Ángel Jiménez-Velasco Mazarío as members of the Board.
 - c) Submission to the General Meeting of Shareholders held on June 26, 2005 of the proposal to re-elect Mr. Felipe Benjumea Llorente, Mr. Javier Benjumea Llorente, Mr. José Luis Aya Abaurre and Mr. José Joaquín Abaurre Llorente as members of the Board for a term of four years.
 - d) Proposal for the appointment by co-opting of Ms. Mercedes Gracia Díez as a member of the Board, following the resignation presented by Mr. Miguel Ángel Jiménez-Velasco Mazarío.

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The aforesaid Directors are incorporated to the Board in their capacity as independent non-executive Directors on the basis of their professional careers and experience, and in accordance with the criteria stipulated in the Regulations of the Board of Directors of Abengoa and in its Articles of Association.

- Proposal to the Board of Directors for the appointment of Mr. José Luis Méndez López as a member of the Advisory Board to the Abengoa Board of Directors (and acceptance of the resignation by Mr. Daniel Villalba Vilá as a member of the Advisory Board on the occasion of his appointment as a Director) and for that of Mr. Álvaro Fernández-Villaverde de Silva in view of his special technical qualifications and marked professional independence.
- Proposal to the Board of Directors for the development of a possible Stock Acquisition Plan for Senior Managers on such terms, conditions and deadlines as the Board may freely determine.
- Reports on market studies conducted by independent experts and comparative remuneration studies.

