

Report from the Board of Directors of Abengoa, S.A. pursuant to articles 286, 417 and 511 of the Corporations Act in relation to the proposal of conferment of authority on the Board of Directors to issue, on behalf of the Company, on one or several occasions, debentures and other similar fixed or variable income securities, simple or guaranteed, convertibles and non-convertibles into shares, exchangeable and non-exchangeable for shares, warrants on newly issued or circulating shares, with the specific conferment of authority to exclude the pre-emptive rights referred to in point tenth of the Agenda of the General Shareholders' Meeting convened for 28 and 29 March, 2015, in first and second calls respectively.

1. Purpose of the Report

The Board of Directors of Abengoa SA ("**Abengoa**" or the "**Company**") prepared this report in compliance with Articles 286, 417 and 511 of the Corporations Act ("**CA**") to justify the proposal of the decision Tenth of Abengoa's General Shareholders' Meeting in relation to the conferment of authority on the Board of Directors to, inter alia, issue, on one or several occasions, debentures, bonds and other similar fixed or variable income securities, simple or debt instruments of analogous nature, (including but not limited to promissory notes or warrants), as well as fixed-income or other kinds of securities (including warrants), convertible into shares of the Company and/or exchangeable for the shares of the Company or of other companies of the Company's group or outside of said group, including the authority to exclude pre-emptive rights in accordance with Articles 417 and 511 of the CA.

In conformity with the provision, by analogy, in Article 297.1 b) CA, with the prerequisites set forth for the amendment of the Bylaws in Article 286 CA and in relation, at the same time, to the stipulations of Articles 417 and 511 CA, the Board of Directors is bound to issue a written report giving reasons for the proposal.

2. Reasons for the Proposal

For the purpose of doing its business, the Company must retain appropriate levels of equities in comparison with the volume of its activities and its situation on the market.

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On the other hand, for its ordinary operation and running, the Company needs to equip itself with an instrument that may permit it to undertake fixed-income issuance at the times when market conditions advise it so.

One of the financial instruments regularly used to capture stable resources from elsewhere is the issuance of debentures in the various modalities: simple, subordinate, exchangeable, convertible, etc. In addition to the advantages of simple debentures, convertible or exchangeable debentures can entail additional relevant advantages. One aspect is that it can be favourable for the issuing company because it could be an efficient way of financing in terms of cost or issuance, possibly, of new capital. Likewise, necessarily convertible debt instruments that meet certain requirements enable the optimization of the equity structure.

Another aspect is that it can also be of interest to investors because it is a mixture between fixed and variable incomes since, in specific conditions, it includes the option of transformation into the Company's shares. These advantages to investors are those that can potentially determine that it is an attractive instrument for investment from the point of view of appropriate financial management.

The calculation of necessarily convertible debentures as principal, subject to specific conditions, makes this hybrid instrument a fundamental piece for undertaking swift equity recapitalization or reinforcement strategies.

Based on the above, the Board of Directors deems it highly advisable to have the conferment of authority admitted in the valid regulations to always be in the condition to capture funds, deemed necessary for an appropriate management of corporate interests, on primary securities markets.

The end purpose of the conferment is to grant the Company's management organ a margin to manoeuvre and the response capacity that is demanded in the competitive environment in which it moves, in which the success of a specific operation or a strategic initiative often depends on the possibility of prompt execution, without delays and costs that inevitably entails a new convening and holding of the General Shareholders' Meeting.

Thus, in the event it becomes necessary, the Company's Board of Directors shall be empowered to capture significant volumes of resources within a much reduced period of time.

It is for all of the above that the Board of Directors has decided to seek the General Shareholders' Meeting's approval of not only the access to equities

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through the authorized capital channel but also through debt and even hybrid instruments, that is, debt instruments that can become capital instruments –which would entail an increase in equity- by adding specific attraction to the latter given that it combines the advantages of some and others and offers special advantages both to the shareholders as well as to the investors in certain circumstances of the market.

In this manner, granting the Board of Directors the flexibility that the Law permits will be arming the Company with a fast and efficient financing mechanism with which to boost the Company's balance sheet, reinforcing its financial structure and, even, undertaking investment and growth initiatives that, given the current special economic circumstances, could be of strategic interests to the corporate interests.

This conferment together with the others subjected to the General Shareholders' Meeting for approval will grant the Company's administrative organ a margin to manoeuvre and the response capacity that is demanded in the competitive environment in which the Company operates, in which the success of a specific strategic initiative or financial transaction often depends on the possibility of prompt undertaking, without the delays and costs that inevitably leads to convening and holding of the General Shareholders' Meeting. Thus, in the event it becomes necessary, the Company's Board of Directors shall be empowered to capture significant volumes of resources within a much reduced period of time.

For that purpose, in accordance with the general regulations on the issuance of debentures set forth in Articles 401 and following of the CA and pursuant to the precautions of Article 319 of the Company Registration, the General Shareholders' Meeting is hereby presented with the proposed decision or resolution formulated under point Tenth of the Agenda in relation to conferment of authority on the Board of Directors to issue, on one or several occasions, debentures, bonds and other simple fixed-income securities or debt instruments of analogous nature, (including but not limited to certificates, promissory notes or warrants), as well as fixed-income or other kinds of securities (including warrants) convertible into the Company's shares and/or exchangeable for shares of the Company or other companies of the Company's group or outside it, within a period of five years, through monetary consideration.

The proposal sets forth the total maximum amount of the issuance or issuances of the securities to be issued by virtue of the conferment of Five Billion Euros (€5,000,000,000) or its equivalence in another currency.

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It is hereby stated that, pursuant to Article 111 bis of Law 24/1988, of 28th July, on the Stock Exchange, the limitation envisaged in Article 405 of the CA for non-listed corporations is not applicable to the Company in the issuance of debentures.

The proposal specifically confers the authority on the Board of Directors to issue on one or several occasions fixed-income or other kinds of securities (including warrants) convertible into the Company's shares and/or exchangeable into shares of the Company or of other companies of the Company's group or outside it which may grant the right to the subscription of newly issued shares of the Company or to the acquisition of the Company's shares already in circulation and to agree, if possible, to increase the capital necessary to meet the conversion or the exercise of call option, as long as such increase through conferment, by itself or together with the increases that, as the case may be, would have been decided upon by virtue of other authorizations granted to the Board of Directors by the General Shareholders' Meeting in accordance with Article 297 of the CA, does not surpass the half of the equity.

In the case of the issuance of convertible securities, the proposal also establishes the criteria for determining the bases and modalities of conversion even though it trusts the Board of Directors, if it decides to use the Meeting's authorization, to define some of said bases and modalities for each issuance within the limits and in accordance with the criteria established by the Shareholder's Meeting. Thus, the Board of Directors would have to determine the specific list of conversion, and shall, for that purpose, issue, when approving the issuance of convertible debentures pursuant to the authorization conferred by the Shareholders' Meeting, a report from the administrators detailing the specific bases and modalities of the conversion applicable to the indicated issuance, which shall likewise be object of the correlative report from the accounts auditors (different from the Company's auditor) referred to in Article 414 of the CA.

Specifically, the proposal that the Board of Directors submit to the General Shareholders' Meeting for approval envisages that the fixed-income securities issued by virtue thereof shall be evaluated by the nominal amount and the shares at the exchange rate specified in the decision of the Board of Directors in which this conferment is utilized, or at the exchange rate that may be set on the date or dates indicated in the very decision of the Board of Directors, and based on the value of the shares of the Company trading on the Spanish Stock Exchange on the date/s or period/s taken as reference in the same decision, with or without discount.

The Board of Directors deems that it is granted sufficient flexibility margin to set the value of the shares for the purpose of the conversion based on the conditions of the market and other applicable considerations, although it must be, at least,

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substantially equivalent to its market value at the time the Board of Directors decides to issue the fixed-income securities.

They may also decide to issue fixed-income securities convertible with a variable conversion rate. In this case, the price of the shares for the purpose of conversion shall be the arithmetic mean of the closing prices of the Company's shares on the Electronic Market during a period to be specified by the Board of Directors. The bonus or discount may be different for each date of conversion and/or exchange of each issuance (or, if appropriate, each tranche of issuance).

Again, the Board of Directors deems that such provides them with a sufficient margin of manoeuvre to set the variable conversion list depending on the circumstances of the market and the remaining considerations that the Board of Directors must fulfil.

In any case, pursuant to Article 415 of the CA, as the absolute minimum limit, it is hereby established that the share value, for the purpose of listing the conversion of the debentures into shares, shall in no manner whatsoever be lower than its nominal value.

Likewise, the authorization for the issuance of fixed-income securities convertible into the Company's newly issued shares include the authority of the Board of Directors, pursuant to Articles 417 and 511 of the CA, to partially or totally exclude the pre-emptive rights of the shareholders, if it is a prerequisite for capturing financial resources on the international market, to use market research techniques of demand or any other manner that may be justified by the interest of the Company.

The Board of Directors deems that this additional possibility which extensively widens the margin of manoeuvre and the response capacity offered by the simple conferment of authority to issue convertible debentures is justified by the flexibility and agility with which it is necessary to act in the current financial markets in order to be able to take advantage of the times when market conditions become more favourable. This justification is also permissible in the event that the aim is to capture financial resources on the international market, where it is possible to dynamically and rapidly capture a high volume of funds in very favourable conditions as long as it is possible to issue on said markets at the most opportune times that a priori may not be determined. The suppression of the pre-emptive rights may be necessary if the intention is to capture the resources by employing demand prospecting or book-building techniques or if justified by the interest of the Company by any other means. Finally, the suppression of pre-emptive rights allows a relative reduction of the financial cost of the loan and the costs associated

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with the operation in comparison to an issuance with pre-emptive rights, and at the same time bearing little effect of distortion in negotiating the Company's shares during the period of issue.

Whatever the case may be, should the Board of Directors decide to eliminate the pre-emptive rights over a specific issuance of convertible securities which it may eventually decide to issue pursuant to this authorization, upon approving the issuance, and in conformity with the stipulations of Article 417 of the CA, it shall issue a report giving the specific reasons of corporate interest justifying said measure, which shall be object of the correlative report from the Accounts Auditor (other than the Company's auditor) referred to in the article cited above. Said reports shall be made available to the shareholders and the General Assembly shall be informed thereof at the next meeting held after said issuance.

In addition, the proposal indicate that the regulations envisaged in relation to the issuance of convertible fixed-income securities shall be applicable mutatis mutandi in the event of the issuance of warrants or other analogous securities that may directly or indirectly grant rights to the subscription of the Company's newly issued shares, with the conferment entailing the most extensive powers, with the same scope as previous sections, to decide on whatsoever it deems advisable in relation to said class of securities.

It is likewise envisaged that the securities issued by virtue of this conferment can be admitted to trading in any secondary market deemed appropriate, organized or not, official or not, national or foreign.

On other occasions, it may be advisable to issue securities by virtue of the proposal, through a subsidiary company with the guarantee of the Company. Consequently, it is of interest to the General Shareholders' Meeting to authorize the Board of Directors to act as guarantee, on behalf of the Company, within the limits pointed out above, the new issuance of convertible and/or exchangeable fixed-incomes or warrants that may be issued by the dependent companies during the validity of this decision, as a way of granting the Board of Directors the maximum flexibility to structure the issuance of securities so that it may be more convenient based on the circumstances.

Finally, the proposal contemplates the specific possibility that the permissible authorities of all nature that may be conferred on the Board of Directors may also be legally conferred on any of its members and/or the secretary of the Board of Directors by said organ.

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Finally, this authorization annuls the previous authorization granted to the Board of Directors by the resolution adopted by the Ordinary General Shareholders' Meeting of April 6, 2014.

The text integrated into the proposed decision is as follows:

" Tenth: Delegation to the Board of Directors of the authority to issue, in the name and on behalf of the Company, in one or more occasions, debentures or similar fixed or variable income securities or equities, that are simple or guaranteed, convertible or non-convertible into shares, exchangeable or not for shares, warrants over newly issued or existing shares, with the express authority to exclude preferential rights in accordance with Article 511 of the Capital Companies Act, directly or through Group companies, pursuant to current legislation, nullifying the amount outstanding from authorizations previously granted by the General Shareholders' Meeting. Determination of the Bases and methods of the conversion. Delegation of powers. Guarantee of issuances of subsidiaries.

Delegate to the Board of Directors of the Company, in accordance with Article 319 of the Regulations of the Mercantile Register, article 297.1 b) of the Companies Act and the general procedure for issuing debentures contained in articles 401 and subsequent, 417 and 511 of the Companies Act, for a period of five (5) years as of the date on which this resolution is approved, and with express authority to appoint any of its members, of the authority to issue, on one or more occasions, any fixed income securities or similar debt instruments (including but not limited to bonds, promissory notes or warrants), as well as fixed income or other types of securities (including warrants) that are convertible into shares of the Company and/or exchangeable for shares in the Company, in both cases of any class of shares foreseen in the Company's bylaws, or in other companies of the Company's group or outside the group, for a maximum amount of five thousand million euros (€5,000 million). Delegation of the authority, with express permission to appoint any of its members, to establish the criteria to determine the bases and methods for conversion, exchange or for exercising the authority to increase the share capital by the amount necessary in order to meet the corresponding requests for conversion or exercise, as well as authorization to exclude shareholders' preferential subscription rights in accordance with Article 511 of the Capital Companies Act and any other applicable legislation.

This delegation of authority to the Company's Board of Directors will be made in accordance with the following conditions:

Securities subject to issue. The securities referred to in this delegation may be debentures, bonds and other fixed income securities or debt instruments of a similar type in any of the forms admitted by law, including but not limited to bonds, promissory notes or warrants or other similar securities that directly or indirectly grant the right to subscribe or acquire the Company's shares, whether newly issued or already in circulation, of any class of shares foreseen in the Company's bylaws, settled by means of physical delivery or differences. This delegation also includes debentures, bonds and other fixed income securities and warrants that are convertible into the Company's shares and/or exchangeable into shares of the Company or other companies of the group or outside of the group.

Term. The securities may be issued once or several times, at any given time, within the maximum period of five (5) years starting from the date that this resolution is adopted.

Maximum amount of the delegation. The maximum amount of the issue or issues of securities to be made under this delegation of powers will be five thousand (5,000) million euros or the equivalent amount in another currency.

For the purposes of calculating the above limit for warrants, the sum of the premiums and exercise prices of the warrants of each issue approved by virtue of these powers, will be taken into account. In the case of fixed income securities, the outstanding balance of the securities issued by virtue of this delegation will be calculated for the purposes of the aforementioned limit.

It should be noted that, in accordance with Article 111 bis of Law 24/1988 of 28 July on the Securities Market and Article 510 of the Capital Companies Act, the limitation established in the Capital Companies Act in relation to the issue of debentures and other securities that recognize or create debt, does not apply to the Company.

Scope of the delegation. The delegation referred to by this resolution shall include determining the different aspects and conditions of each issue, and shall be as extensive as required by law. In particular, the Company's Board of Directors shall determine the following aspects for each issue, among others, always within the global quantifiable limits expressed: the location of the issue (whether in Spain or abroad) and the currency, and if abroad, the equivalent value in euros; the type, whether bonds or debentures or any other type permitted by law (including subordinated); the date or dates of the issue; when the securities are not convertible, the possibility that they are partially or fully exchangeable for existing shares in the Company, of any class of shares foreseen in the Company's bylaws, or in other

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companies of the Company's group, and the circumstances to make them automatically or voluntarily convertible or exchangeable, and in the case of the latter, whether this is the choice of the holder of the securities or the Company, or to incorporate a purchase or subscription option for the aforementioned shares; ant dilution mechanisms and clauses; as the case may be, subordination clauses; the interest rate, dates and coupon payment procedures; the perpetual or redeemable nature of the securities, and in the case of the latter, the redemption period and the maturity date; the type of redemption, premiums and lots, and guarantees, including mortgage guarantees; the type of representation by means of certificates or book entries; 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; preferential subscription rights, if appropriate, and the subscription method; possibility of incomplete subscription; the applicable legislation, whether national or foreign; to request, if appropriate, the admission to trading of the securities that are issued, on official and non-official, organized or otherwise, national or foreign secondary markets, with the requirements applicable in each case according to the prevailing legislation; and in general, any other condition of the issue, as well as, if applicable, to appoint a trustee of the corresponding syndicate of holders of the securities that may be issued and to approve the fundamental rules that must govern the legal relationships between the Company and this syndicate, if it should exist.

The delegation also includes attributing the Board of Directors with the authority to decide on the redemption conditions of the securities issued under this authorization, being able to apply any of those established under the Capital Companies Act. Likewise, the Board of Directors has been authorized so that, when it deems it appropriate, and conditional on obtaining the official authorizations that may be necessary and, if appropriate, the agreement by the meetings of the corresponding syndicates of holders of the relevant securities that may be issued by virtue of this authorization, it may modify the terms and conditions of such securities.

Bases and methods of the conversion. In the case of issues of fixed income securities that are convertible into shares (which may be shares in the Company, of any class of shares foreseen in the Company's bylaws, or shares in companies belonging to the Company's group, or outside of the group) and for the purposes of determining the bases and methods of the conversion by the Board of Directors, it is agreed to establish the following criteria:

The securities that are issued by virtue of this resolution may be convertible into newly issued shares in the Company or into shares of companies of the Company's group or to companies outside of this group, according to a fixed (determined or determinable) or variable conversion ratio, authorizing the Board of Directors to decide whether they are convertible, as well as whether they are automatically or voluntarily convertible, and in the case of voluntary, then whether this is the choice

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of the holders of the securities or the Company, with the frequency and during the period established in the resolution relating to the issue and which may not exceed fifteen (15) years from the corresponding issue date.

For the purposes of the conversion, fixed income securities shall be valued at their par value and shares at the fixed conversion ratio determined in the resolution of the Board of Directors for which this delegation of power is used, or at the conversion ratio determined on the date or dates stated in the resolution of the Board of Directors, and depending on the price of the Company's shares in the Spanish stock exchanges on the date(s) or period(s) that are taken as a reference in the same resolution, with or without a discount. It may also agree to issue the convertible fixed income securities with a variable conversion ratio. In this case, the price of the shares for the purposes of the conversion will be the arithmetic average of the closing prices of the Company's shares on the Continuous Market during a period to be determined by the Board of Directors. The premium or discount may be different for each conversion date of each issue (or, as applicable, each tranche of an issue).

In case of exchange for shares of another company, the same rules referred to above shall apply, to the extent they are applicable and with any necessary amendments, but referred to the price of that company's shares in the corresponding stock exchanges

When the securities of the corresponding issue are convertible, the Board of Directors can establish that the Company reserves the right to choose at any given time between converting into new Company shares, specifying the type of shares to be delivered at the time of the conversion or exchange, or delivering a combination of newly issued and existing Company shares. In any case, the Company must respect equal treatment to all holders of securities that convert or exchange on the same day.

When the conversion occurs, fractions of shares that may have to be delivered to the holder of the securities will be rounded down to the nearest whole number by default and each holder may receive the difference in cash, if agreed by the Board of Directors.

Under no circumstances shall the value of the share be less than its par value, for the purposes of the ratio for converting the securities into shares. Likewise, in accordance with the Capital Companies Act, the convertible fixed income securities may not be issued for an amount that is less than their par value, nor may these securities be converted into shares when the par value of the securities is lower than the par value of the shares.

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When a convertible securities issue is approved by virtue of the authorization granted by the General Shareholders' Meeting, the Board of Directors shall issue a report describing and specifying the conversion bases and methods, based on the aforementioned criteria, which specifically apply to the aforementioned issue, accompanied by the corresponding report from the accounts auditors, as required by the Capital Companies Act in both cases.

Rights of holders of convertible and exchangeable securities. Holders of securities that have been issued that can be converted and/or exchanged for shares shall have the rights recognized by prevailing legislation.

Capital increase, exclusion of preferential subscription rights in convertible securities. The delegation of powers to the Board of Directors established herein, also includes but is not limited to, the following powers:

The authority so that the Board of Directors, pursuant to the Capital Companies Act, may partially or fully exclude shareholders' preferential subscription rights when this is required to raise funds in international markets, in order to use book-building techniques or any other method as justified by the interests of the Company. In all cases, if the Board of Directors decides to exclude the preferential subscription rights in relation to a specific issue of convertible securities that it may decide to make, by virtue of this authorization, it shall issue a report detailing the specific reasons why it is in the Company's interest and that justifies this action, which will be subject to the corresponding report by the accounts auditor referred to in the aforementioned article, at the same time as it approves the issue and in accordance with the Capital Companies Act. These reports will be made available to shareholders and presented to the first General Shareholders' Meeting that is held following the corresponding resolution to make the issue.

The authority to increase the share capital by the necessary amount in order to meet conversion requests of convertible securities issued by virtue of this delegation, in accordance with the Capital Companies Act. This authority may only be exercised by the Board of Directors up to a limit of half of the share capital at the time of this authorization, in conjunction with any other capital increases that may be made by virtue of other authorizations held by the Board to increase the share capital. This authorization to increase the share capital includes the right to issue and put into circulation, once or several times, the shares representing the share capital that may be necessary to carry out the conversion, as well as authorization to redraft the article relating to the Company's share capital in its bylaws, and if appropriate, to cancel the part of this capital increase that may not have been necessary for the conversion into shares. There will be no preferential subscription rights of the Company's shareholders in capital increases that the Board of Directors carries out to meet such conversion requests, in accordance with the Capital Companies Act.

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The authority to develop and specify the bases and methods of the conversion and/or exchange, taking into account the criteria established above and, in general and in the widest possible terms, the determination of those terms and conditions that may be necessary or appropriate for the issue. In successive General Shareholders' Meetings, the Board of Directors shall inform shareholders of the use that may have been made of the delegation of powers, as applicable, up to that moment, to issue convertible and/or exchangeable fixed income securities.

Warrants: The rules established in the above sections shall apply, *mutatis mutandi*, in the case of issues of warrants or other similar securities that may directly or indirectly grant the right to subscribe newly issued shares in the Company or shares already in circulation, consisting of the delegation of the widest possible powers, with the same scope as the previous sections, in order to decide everything deemed relevant in relation to these types of securities.

Admission to trading. The Company shall request, when applicable, the admission to trading of the securities that are issued by virtue of this delegation of powers, on official and non-official, organized or otherwise, national or foreign secondary markets, authorizing the Board of Directors to carry out the procedures and actions necessary for the admission to trading, with the competent organizations of the various national and foreign stock exchanges.

Guarantee of issues of fixed income securities carried out by group companies. The Company's Board of Directors shall also be authorized to guarantee on behalf of the Company, within the aforementioned limits, new issues of securities (including convertible or exchangeable) that may be made by companies belonging to its group during the effective period of this resolution.

Powers of delegation and appointment and granting of powers. The Board of Directors is authorized so that, in turn, it may delegate the powers that may be legally delegable granted by virtue of this resolution, to any of its members and/or the Secretary of the Board of Directors, and may grant the relevant powers to implement these delegated authorizations, to the employees of the Company that it deems appropriate.

The authorization granted to the Board of Directors for these purposes by the resolution adopted by the Ordinary General Shareholders' Meeting of April 6, 2014 is hereby expressly annulled."

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This report was prepared and approved by the Board of Directors in its session dated February 23, 2015.