

[ENGLISH TRANSLATION FOR INFORMATION PURPOSES. SPANISH VERSION SHOULD PREVAIL]

Report from the Board of Directors of Abengoa, S.A. pursuant to articles 286, 297.1b) and 506 of the Corporations Act in relation to the proposal for the conferment of authority in the Board of Directors to increase the stock capital, with the specific authority of excluding pre-emptive right as referred to in point ninth of the Agenda of the General Shareholders' Meeting convened for 28 and 29 March 2015, on first and second calls respectively.

1. Purpose of the Report

This report is prepared by the Board of Directors of Abengoa, S.A. ("**Abengoa**" or the "**Company**") in compliance with the provisions of Articles 286, 296.1, 297.1 and 506 of the Corporations Act ("**CA**") in regard to the proposal for decision Ninth of Abengoa's General Shareholders' Meeting in relation to the conferment of authority upon the Board of Directors to increase the stock capital in accordance with the stipulations of Article 297.1 CA, including the conferment of authority to exclude pre-emptive rights pursuant to Article 506 CA.

Thus, Article 286 of the CA, regarding the amendment of the Bylaws, in relation to Article 297.1b), establishes the duty of the Directors to prepare a written report that may justify the proposed decision. Article 506 of the CA, in relation to the conferment of authority on the Directors to exclude pre-emptive rights on the shareholders in the event of the issuance of new shares, requires that from the convening of the General Shareholders' Meeting the directors issue a report to the shareholders justifying the proposed conferment of said authority.

2. Applicable standard

In conformity with Article 297.1 CA, the General Shareholders' Meeting, with the requirements set forth for the amendment of the Bylaws, may confer authority on the Board of Directors to decide on one or several occasions to increase the stock capital up to a specified figure, on the best time to do so and in the amount they may decide on, without prior consultation of the General Shareholders' Meeting. Said amounts of capital shall in no manner whatsoever be more than the legal limit set forth for the purpose at the time of the authorization and shall be done within the maximum of five years counting from the date of the Shareholders' decision. In accordance with Article 286 CA in relation to Articles 296.1 and 297.1 CA, the directors have prepared the written report in which they justify the conferment of the authority on the Board of Directors.

Article 506 CA also establishes that in traded or listed companies, when the General Shareholders' Meeting confer authority onto the Board of Directors to increase the stock capital, they may also grant them the authority to exclude pre-emptive rights in relation to the issuance of new shares object of the conferment, if the interest of the Company requires it as such. To the effect, in the call to convene the general shareholders' meeting in which the proposed conferment of authority on to the Board of Directors to increase the stock capital is indicated, should also specifically state the proposal to exclude pre-emptive rights. Likewise, as already indicated, from the call to convene the General Shareholders' Meeting a directors' report shall be made available to the shareholders justifying the proposal of the conferment of said authority. Equally so, each time a decision is taken to increase capital on the basis of this conferment, the directors' report and the accounts auditor's report required by Article 308 of the CA shall be in reference to each specific increase. Said reports shall be made available to the shareholders and the general meeting shall be informed thereof at the next meeting held after said decision to increase.

3. Justification of the proposed conferment of the authority to decide to increase stock capital

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.

The Board of Directors understands that the decision grants the Board an instrument that the valid corporations act authorizes and that, at any time and without the need to first convene and hold a General Shareholders' Meeting, it allows them to decide to increase the capital which, within the limits and under the terms, timeframes and conditions that may be decided by the General Shareholders' Meeting, may be deemed advisable for corporate interests. The dynamics of all trading companies and, especially, that of a large company, requires that its governing bodies and administration be at all times armed with the best instruments for providing appropriate response to the needs that the company itself may demand in each case, given the circumstances of the market. Its needs can include that of providing the Company with new resources, something that is normally instrumented through new contributions in concept of capital.

In that light, the recourse to conferment envisaged in Article 297.1 CA equips the Board of Directors with the appropriate degree of flexibility to answer, depending on the circumstances, to the needs of the Company.

[ENGLISH TRANSLATION FOR INFORMATION PURPOSES. SPANISH VERSION SHOULD PREVAIL]

This conferment is a decision usually among proposals regularly approved by the General Shareholders' Meeting, and similar conferment also exists among proposals of decisions submitted to general shareholders of the most significant entities on IBEX.

The requirements that the market imposes on trading companies and, especially, on listed companies, requires that its governing organs and administration be in the position to make use of the possibilities that the legal framework provides them to respond rapidly and efficiently to the needs that may arise in the economic traffic in which the large companies currently operate. Doubtlessly, these needs include that of providing the Company with new financial resources, something that is frequently coordinated through new contributions in concept of capital.

Notwithstanding, on many occasions it is possible to determine in advance what will be the needs of the Company in the matter of capital provision and to anticipate the delays and cost increases that could entail the natural appeal to the General Shareholders for a capital increase, making it difficult for the Company to provide swift and efficient response to the needs of the market. It is therefore recommended that the Board be in the position to use the authorized capital mechanism envisaged in our laws.

At this moment, this decision proposal is justified by the need to continue covering, in this manner and through out the time, the potential financing needs that could be required or necessary in the current economic and financial climate.

The conferment that the legal ordinance acknowledges in Article 297.1.b) of the Corporations Act is an appropriate and flexible mechanism for the Company to always, swiftly and more efficiently, be able to adjust its own resources to the additional needs that may arise.

For all of the above, this General Shareholders' Meeting is presented with the proposal to confer authority onto the Board of Directors to decide on one or on several occasions to increase the Company's capital up to a maximum nominal amount equal to half of the Company's stock capital or equity at the time the authorization is granted.

Capital increases that may be performed pursuant to the proposed conferment shall be through the issuance and circulation of new shares, ordinary or privileged, even redeemable, with or without voting rights, or any other condition permissible by Law, and with the exchange value that shall be monetary contributions.

The authority thus conferred shall also include the setting of the various specific terms and conditions of each stock capital increase and of the characteristics of the shares to be issued, including to establish that, in the event of incomplete subscription, the capital shall be increased in the amount of the successful subscriptions, in accordance with Article 311 of the CA, as well as to rewrite the aspect of the bylaw relevant to the stock capital and to request the listing of the new shares to trade.

The conferment proposed to the Shareholders' Meeting shall be valid for five years counting from the date the Meeting is held.

4. Justification of the proposed conferment to exclude pre-emptive rights

As permissible in Article 506 of the CA for listed companies, in the event that the General Shareholders' Meeting confers authority on the directors to increase stock capital in conformity with the stipulations in Article 297.1 CA referred to previously, it may also include the authority to exclude pre-emptive rights in relation to the issuance of shares object of the conferment if the Company's interest so demands, even though, for that purpose, said proposal of exclusion must be clearly stated in the call to convene the General Shareholders' Meeting and the directors shall issue a report to the shareholders justifying the proposal. This does not imply that, necessarily, each time capital is increased pursuant to this conferment, it shall be executed with the exclusion of pre-emptive rights, as it is perfectly possible to increase capital with pre-emptive rights pursuant thereof.

Thus, it is stated that the conferment of authority onto the Board of Directors to increase capital as contained in the proposal referred to in this report also includes, as permissible in Article 506 CA, the conferment of the authority onto the directors to partially or completely exclude the pre-emptive rights of the shareholders, if so dictated by the Company's interested and as long as the nominal value of the shares to be issued plus, as the case may be, the amount of the issuance premium correspond to the fair value indicated in the report of the accounts auditor appointed by the relevant Company Registry, all pursuant to the terms and conditions in the same Article 506 CA.

The Board of Directors deems that this additional possibility, which noticeably increases the manoeuvring margin and the response capacity offered by the simple conferment of authority to increase stock capital under the terms and conditions of Article 297.1 CA, can be justified, on the one hand, by the flexibility and swiftness with which it may sometimes be necessary to act on current financial markets in order to take advantage of the moments in which market conditions

are more favourable and, on the other, a relative reduction in the costs associated with the operation (including, especially, the commissions payable to financial entities participating in the issuance) in comparison to an issuance with pre-emptive rights, and at the same time it has less effect of distortion on the trading of the Company's shares during the issuance period, which is often shorter than in an issuance with rights. As already explained, in order for the Board of Directors to make efficient use of the conferment of authority to increase capital, speed and the selection of the origin of resources is important in many cases such that, due to the immediate but temporally limited availability, it can be necessary, for meeting the goals of the capital increase operation, to exclude pre-emptive rights of partners, otherwise the objective of creating value for shareholders, considered by the Board of Directors as fundamental, will be diminished.

Likewise, the exclusion can be necessary if the objective is to rather capture the financial resources on the international markets or through the use book-building or demand prospecting techniques.

Be what the case may, as already mentioned, it is specifically stated that the partial or complete exclusion of the pre-emptive rights is only an authority that the General Shareholders' Meeting may confer on the Board but its exercise shall depend on whether the Board itself decides as such, given the circumstances in existence in each case and with regards to the legal requirements. Only the board of Directors may at each time deem whether the measure to suppress the pre-emptive right is proportionate with the benefits that the Company may end up obtaining and therefore said suppression shall be effected because the corporate interest demands it as such. Nevertheless, the Board of Directors shall at all times comply with in this case with the substantive prerequisites established in the law.

If in the use of the authority, the Board decides to eliminate the pre-emptive rights over a specific capital increase which it may eventually decide upon pursuant to the authorization granted by the General Shareholders' Meeting, when deciding on the increase, 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 referred to in the Article 506 of the CA. Both reports shall be made available to shareholders and shall be mentioned at the very next General Shareholders' Meeting held after the decision to increase, in conformity with the provisions of the aforementioned legal precept.

In all, the globalization of financial markets as well as the speed and swiftness with which they operate therein requires that the Board of Directors be equipped with suitable and flexible instruments to give appropriate response to the demands that may at all times be dictated by the corporate interest. The aforementioned

[ENGLISH TRANSLATION FOR INFORMATION PURPOSES. SPANISH VERSION SHOULD PREVAIL]

conferment of authority on the Board of Directors to exclude, as the case may be, pre-emptive rights, must be embedded in this strategy.

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

5. Proposal of Decision

Below is the entire text of the proposed decision of conferment of authority on the Board of Directors to decide to increase the stock capital and to decide to exclude pre-emptive rights, pursuant to the provisions of Articles 297.1.b) and 506 of the Corporations Act, submitted for approval to the General Shareholders' Meeting:

" Ninth: Delegation, to the Board of Directors, of the authority to increase the share capital by issuing new shares in any of the Class A and/or Class B and/or Class C shares, in accordance with Article 297.1 b), within the limits of the law, with express authority to decide to exclude pre-emptive rights pursuant to Article 506 of the Corporations Act, withdrawing and nullifying any outstanding amounts from authorizations previously granted by the General Shareholders' Meeting. Delegation of authorizations to the Board of Directors with express powers of sub-delegation, to determine the conditions of the capital increase. Request the competent national and foreign organizations to admit the new shares to trading on any stock exchange.

1. To delegate to the Board of Directors, in the most broad and efficient way admitted in Law and pursuant to Article 297.1.b) of the Capital Companies Act, the authority to increase the share capital, once or several times, when the needs of the Company so require at the discretion of the Board of Directors, within the legal period of five years starting from the date of this General Shareholders' Meeting and without the need of an ulterior calling nor resolution from the General Shareholders' Meeting, up to a maximum amount equivalent to fifty per cent of the share capital of the Company at the time of this authorization, by issuing shares of any of the classes established in the Company's bylaws, with or without a share premium, charged against monetary contributions, expressly providing for the incomplete subscription of the shares issued in accordance with article 311 of the Companies Act, at the time and for the amount that the Board may decide and without the need for prior consultation of the General Shareholders' Meeting. The Board of Directors may decide, in relation to each increase, if the new shares to be issued are ordinary, preference, redeemable, with or without voting rights or any other type allowed, according to the law and the Company's bylaws. For all other aspects, the Board of

[ENGLISH TRANSLATION FOR INFORMATION PURPOSES. SPANISH VERSION SHOULD PREVAIL]

Directors may define the terms and conditions of the capital increases and the characteristics of the shares, as well as to freely offer the new shares that are not subscribed during the exercise period or periods of the preferential subscription rights.

Likewise, in accordance with Article 506 of the aforementioned law, to expressly grant the Board of Directors with the authority to exclude preferential rights, if appropriate, either totally or partially, in relation to the capital increases that may be agreed as a result of this resolution, when the circumstances in the aforementioned article arise, in the Company's interests, and provided that, in the case of exclusion, the nominal value of the shares to be issued, plus the amount of the share premium, if appropriate, corresponds to the fair value as stated in the report of the accounts auditor referred to in Article 506.3 of the Capital Companies Act, drafted for this purpose at the request of the Board of Directors.

Equally, it is proposed to authorize the Board of Directors to determine the different aspects and conditions of each issue, following the characteristics of each transaction carried out following the authorization granted in this resolution, including the redrafting of Article 6 of the Company's bylaws in relation to its share capital, once the increase has been carried out, based on the amounts actually subscribed and paid up in accordance with Article 311 of the Capital Companies Act.

Likewise, it is proposed to authorize the Board of Directors, with express authority to appoint any of its members, its secretary or any other person that may be determined, to carry out, in connection with the shares issued in accordance with the preceding resolutions and when the Board of Directors deems appropriate, any necessary acts before the Spanish Securities Market Commission, the governing body of the Stock Exchange or the competent entities, in accordance with their procedures and with the intervention of any stockbroker or securities company, to apply for the listing of the aforementioned securities for trading on any stock exchange.

2. To request the admission to trading of the shares that may be issued by virtue of this resolution on the national and foreign stock exchanges on which the Company's shares are listed at the time of each capital increase, having complied with the applicable legislation, granting the Board of Directors for these purposes the express authority to appoint any of its members, its secretary or any other person that may be determined in order to execute any documents and to perform those actions that may be necessary for such purposes, including any actions, statements or procedures with the competent authorities of the United States of America for the admission to trading of the shares represented by American Depositary Shares, or with any other competent authority.

[ENGLISH TRANSLATION FOR INFORMATION PURPOSES. SPANISH VERSION SHOULD PREVAIL]

3. To expressly authorize the Board of Directors to, at the same time, delegate in favour of any of its members and/or the Secretary of the Board of Directors, all powers granted to it by the General Shareholders' Meeting under this resolution that can be legally delegated, and to grant in favour of the employees of the company that it may deem appropriate the powers it deems necessary to develop such delegated powers.

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."

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