

Report by the Board of Directors of Abengoa, S.A. for the purposes provided by Section 318.1 in relation to Section 286 of the Capital Companies Act regarding the rationale for the proposed reduction in share capital referred to in item one of the agenda for the Extraordinary General Shareholders' Meeting called to be held on October 10 and 11, 2015, on first and second call, respectively.

1. Purpose of the Report

This report is formulated by the Board of Directors of Abengoa, S.A. ("**Abengoa**" or the "**Company**") pursuant to the provisions of Section 318.1 in relation to Section 286 of the restated text of the Capital Companies Act approved by Royal Legislative Decree 1/2010 of July 2 (the "**Capital Companies Act**") to provide a rationale for the proposed resolution regarding a capital reduction through a reduction in the par value of Class A and Class B shares in order to create a voluntary restricted reserve and the corresponding bylaw amendment, which is submitted for the approval of the shareholders at the Extraordinary General Shareholders' Meeting of the Company called to be held on October 10, 2015, at 12:00 a.m., on first call, and the next day, October 11, 2015, at the same time, on second call (the "**Extraordinary General Shareholders' Meeting**"), under item one on the agenda thereof.

Section 318.1 in relation to section 286 of the Capital Companies Act requires the formulation of a written report by the directors giving the reasons for the proposed bylaw amendment being submitted for approval at the Extraordinary General Shareholders' Meeting. To facilitate the shareholders' understanding of the reasons for the proposed amendment being submitted for their approval, an explanation of the purpose and rationale for such amendment is offered, including the proposed resolution being submitted for approval at the Extraordinary General Shareholders' Meeting.

2. Applicable Legal Provisions

Pursuant to the provisions of Section 318 of the Capital Companies Act (*Ley de Sociedades de Capital*), the share capital must be approved at the general shareholders' meeting with the requirements for amending the bylaws. In turn, as established by Section 286 of the Capital Companies Act in relation to Section 318 of the Capital Companies Act, the directors must prepare a written report in which they provide a rationale for the resolution.

3. Rationale for the Proposal

According to the Company's announcement on August 3, 2015, the Company's Board of Directors has proposed to the shareholders at the Extraordinary General Shareholders' Meeting, under item two on the agenda thereof, to increase the share capital of Abengoa in the amounts and upon the terms contained in such proposed resolution, with express recognition of the shareholders' pre-emptive rights, through the issuance and placement into circulation of a certain number of Class A and Class B shares with a par value of two hundredths (0.02) of a euro and two ten-thousandths (0.0002) of a euro, respectively, with the consideration for the new shares consisting of monetary contributions (the "**Capital Increase**"). Pursuant to the provisions of such proposed resolution, the issue prices for the new Class A and Class B shares shall be determined by the Board of Directors by reference to the listing price of the Company's

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shares, and based on market conditions at the time of implementation of the resolution, and may include a discount on such listing price.

Therefore, in view of the current listing price of the Class A and Class B shares, and given that Section 59.2 of the Capital Companies Act does not allow shares to be issued below their par value, in order to be able to issue the new Class A and Class B shares and implement the Capital Increase with respect thereto, it will be necessary, prior to the adoption of the Capital Increase resolution, to reduce the share capital by means of a reduction in the par value of the Class A and Class B shares in order to give the Board maximum flexibility to set the issue price of the new shares based on the surrounding circumstances at the time of implementation of such resolution.

Based on the foregoing, in order to provide flexibility in implementing the capital increase such that the Board of Directors can determine the issue price of the new shares with the widest margin possible, there must be a prior reduction in the share capital of the Company through a reduction of the par value of each outstanding Class A share from 1 euro to 0.02 euro par value each and in the par value of each outstanding Class B share from 0.01 euro to 0.0002 euro par value each. Therefore, it is proposed to reduce share capital from the current 91,972,941.21 euros to 1,839,458.83 euros (rounded to the nearest cent in accordance with the provisions of Law 46/1998, on euro introduction), by means of a reduction in the par value of each of the 83,600,707 Class A shares of the Company from the current par value of 1 euro per share to 0.02 euro per share, and a reduction in the par value of each of the 837,223,421 Class B shares of the Company from 0.01 euro per share to 0.0002 euro per share. Pursuant to the provisions of the Bylaws, this resolution to reduce share capital affects all Class A and Class B shares making up the capital of the Company in proportion to the par value thereof.

As this is a capital reduction without a return of contributions, it is appropriate to fund a restricted reserve in the same amount as the reduction, i.e., in the amount of 90,133,482.3858 euros, in accordance with Section 335.(c) of the restated text of the Capital Companies Act. Therefore, pursuant to the provisions above, it may only be used with the same requirements legally required to reduce share capital, for which reason there will be no return of contributions to the shareholders or any withdrawal of capital in favor thereof. Thus, pursuant to Section 335.(c) of the Companies Act, the creditors' right to object shall not apply.

For purposes of the capital reduction proposed herein, the individual balance sheet corresponding to the financial statements ended at June 30, 2015 and verified by the Company's auditor, Deloitte, S.L. shall be submitted for approval at the Extraordinary General Shareholders' Meeting and shall serve as the basis for adopting the proposed capital reduction proposal.

4. Proposed Resolution to be Submitted to the Shareholders at the Extraordinary General Shareholders' Meeting

The proposed resolution submitted for approval at the Extraordinary General Shareholders' Meeting is as follows:

One: Capital reduction in the amount of 90,133,482.3858 euros by means of a reduction in the par value of the Class A and Class B shares of the Company in the amount of 0.98 euro for each Class A share and in the amount of 0.0098 euro for each Class B share, by means of the creation of a restricted reserve in accordance with the provisions of Section 335 c) of the Capital Companies Act, and amendment of article 6 of the Bylaws. Approval of the individual balance sheet of Abengoa, S.A. at June 30, 2015 that is to serve as the basis for the capital reduction.

- (A) Approval of the individual balance sheet of Abengoa, S.A. at June 30, 2015 that is to serve as the basis for the capital reduction.

To approve the individual balance sheet of Abengoa, S.A. (hereinafter, "**Abengoa**" or the "**Company**") at June 30, 2015, formulated by the Company's Board of Directors at its meeting of August 12, 2015, which has been verified by the Company's auditor, which has issued the corresponding audit report dated August 13, 2015. Such balance sheets and audit report are attached to the minutes of this Extraordinary General Shareholders' Meeting.

- (B) Capital reduction

To reduce share capital by the amount of 90,133,482.3858 euros, i.e., from the current 91,972,941.21 euros to 1,839,458.83 euros (rounded to the nearest cent in accordance with the provisions of Law 46/1998, on euro introduction), by means of a reduction in the par value of each of the 83,600,707 Class A shares of the Company from the current par value of 1 euro per share to 0.02 euro per share, and a reduction in the par value of each of the 837,223,421 Class B shares of the Company from 0.01 euro per share to 0.0002 euro per share. Pursuant to the provisions of the Bylaws, this resolution to reduce share capital affects all shares making up the capital of the Company in proportion to the par value thereof.

The purpose of the capital reduction is too give greater flexibility to the Board of Directors for the implementation of the capital increase provided for in resolution two, such that it has a greater margin to determine the effective issue price of the new shares. As this is a capital reduction without a return of contributions, it is appropriate to fund a restricted reserve in the same amount as the reduction, i.e., in the amount of 90,133,482.3858 euros, in accordance with Section 335.(c) of the restated text of the Capital Companies Act, approved by Royal Legislative Decree 1/2010 of July 2 (hereinafter, the "**Capital Companies Act**"). The Company has sufficient free reserves for these purposes. Therefore, pursuant to the provisions of such statute, the creditors do not have the right to object to this capital reduction.

This reduction in the par value of the shares does not result in the generation of a surplus of assets over liabilities that must be allocated to the legal reserve.

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(C) Amendment of article 6 of the Bylaws

To amend article 6 of the Bylaws, which shall hereafter read as follows:

"Article 6.- Shares and Share Capital."

Abengoa's share capital is one million eight hundred thirty-nine thousand four hundred and fifty-eight and eight three (1,839,458.83) euros, represented by nine hundred twenty million eight hundred twenty-four thousand one hundred twenty-eight (920,824,128) shares, fully subscribed and paid up, belonging to two different share classes:

– Eighty-three million six hundred thousand seven hundred and seven (83,600,707) shares belonging to Class A with a par value of two-hundredths (0.02) of a euro each, belonging to the same class and series, which confer one hundred (100) votes each and which are the Class A shares (the "Class A shares").

– Eight hundred thirty-seven million two hundred twenty-three thousand four hundred and twenty-one (837,223,421) shares belonging to Class B with a par value of two ten-thousandths (0.0002) of a euro each, belonging to the same class and series, which confer one (1) vote each and which are shares with the privileged financial rights specified in article 8 of these bylaws (the "Class B shares," and together with the Class A shares, the "Voting Shares").

The shares shall be represented by book entries and shall be governed by the provisions of the Spanish Securities Market Act and other applicable legal provisions."

(D) Delegation of powers to the Board of Directors

To expressly authorize the Board of Directors, as broadly as possible under law, with powers of substitution to any of its members, and without prejudice to any existing delegations or representative powers, to take any actions and steps that are necessary or merely appropriate for the implementation and successful outcome of the capital reduction, and particularly, by way of example only, the following:

- (i) To appear before a Notary and to execute the relevant instrument of reduction in share capital and take all appropriate steps until it is registered with the Commercial Registry, including any required remedies or corrections.
- (ii) To draft, sign, execute and, if applicable, certify, any kind of documents relating to the implementation of the capital reduction in order to ensure the successful outcome thereof.
- (iii) To draft and publish any announcements that are necessary or appropriate with respect to this reduction in share capital.
- (iv) To make or take any request, action, declaration or step necessary before the National Securities Market Commission ("**CNMV**"), the Governing Bodies of the Stock Exchanges, Sociedad de Bolsas, and Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (hereinafter, "**Iberclear**"), the U.S. Securities and Exchange Commission, the

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NASDAQ market, and any other body, entity or registry, whether public or private, and whether domestic or foreign, and to draft and process the relevant documents so that it, if appropriate, the reduction in the par value of the shares for purposes of the above entities may be duly recorded.

This report has been formulated and approved by the Board of Directors at its meeting of September 23, 2015.