

Report prepared by the Board of Directors of Abengoa, S.A. under articles 286, 297.1b) and 506 of the Spanish Companies Act with regard to the proposal to delegate powers to the Board of Directors to increase the share capital, with the express power to exclude the pre-emptive rights, as referred to in item nine on the agenda for the General Meeting of Shareholders to be held on 29 or 30 June 2017, on first and second call respectively.

1. Purpose of the report and applicable regulations

This report has been prepared by the Board of Directors of Abengoa, S.A. ("**Abengoa**" or the "**Company**") in accordance with articles 286, 296. 1, 297.1 and 506 of the Spanish Companies Act ("**SCA**", in Spanish, Ley de Sociedades de Capital) and in answer to the nine motion proposed at the General Meeting of Shareholders of Abengoa, regarding the delegation of powers to the Board of Directors to increase the share capital by virtue of article 297.1 of the SCA, including the delegation of powers to exclude the pre-emptive rights under article 506 of the SCA.

Along these lines, article 286 of the SCA, referring to the amendment of Bylaws in connection with article 297.1b), sets forth the directors' duty to prepare a written report that justifies the motion proposed. Article 506 of the SCA, regarding the empowerment of directors to exclude the shareholders' pre-emptive rights in the event of a new issue, requires that, upon calling the General Meeting of Shareholders, the shareholders should be given access to a report prepared by the directors to justify the proposal to delegate such power.

2. Justification of the proposal to delegate the power to agree capital increases

The Company, in the course of its business, should keep the appropriate levels of equity compared to its turnover and position in the market.

The Board of Directors understands that the agreement provides the Board with an instrument authorized by the corporate laws in force and that, at any time and with no need to call and hold a General Meeting of Shareholders beforehand, enables the Board to agree such capital increases that, within the limits, terms and conditions and time frame determined by the General Meeting of Shareholders, are deemed convenient in the Company's interest. The dynamics of trade companies and, in particular, large companies, require that their governing and administration bodies always have the most appropriate instruments to optimally respond to any needs the Company may have at the time, in view of the market scenario. One of these needs may be providing the Company with new resources and this is usually realised through new capital contributions.

For this purpose, the Company resorts to the delegation of powers envisaged in article 297.1 of the SCA to the Board of Directors providing the appropriate flexibility required to address the Company's needs according to the circumstances.

This delegation is a customary agreement among the motions proposed that have been approved at previous General Meeting of Shareholders and there are other similar delegations to be found among the motions proposed at the general meetings of leading companies on the IBEX.

Market demands on trade companies and, especially, listed companies, mean that their governing and administration bodies should be able to make use of the options afforded

by the regulatory framework to respond swiftly and efficiently to needs that arise in the economic landscape where large companies currently operate. Clearly, one of these needs may be providing the Company with new financial resources and this is frequently realised through new capital contributions.

However, it is often not possible to determine the Company's needs regarding capital funding in advance or foresee the delays and increases in expenses that may lead to naturally resort to the General Meeting of Shareholders to increase capital, which makes it harder for the Company to respond efficiently and swiftly to market needs. For this reason, it is advisable that the Board of Directors has the means to employ the authorized capital mechanism as provided by our laws.

At present, the motion proposed herein is justified, on the one hand, by the need to continue to cover, this way and in the course of time, any potential funding needs that in the current economic and financial landscape may be required or needed and, on the other hand, by the suitability of renewing the current delegation that was approved at the Annual General Meeting of 29 March 2015 after the financial restructuring carried out by the Company and the changes made to the share capital as a result of such restructuring.

The delegation provided for by law in article 297.1.b) of the Spanish Companies Act is an appropriate and flexible mechanism for the Company to efficiently and swiftly adjust its equity to the additional needs that may arise at the time.

In view of the above, it is hereby proposed at the General Meeting of Shareholders that the Board of Directors be granted the power to agree a capital increase in the Company up to a maximum nominal amount of fifty per cent of the Company's share capital at the time of the authorization, and such power may be exercised one or more times.

Capital increases conducted by virtue of the power proposed, will be carried out by issuing and trading new shares that may be with or without the right to vote, ordinary or preferential, including redeemable shares, or any other kind, whose consideration will be monetary contributions.

The power delegated thereby will be similarly extended to establishing the different terms and conditions of each capital increase and the characteristics of the shares to be issued, also establishing, in the event of an incomplete subscription, that the capital be increased in proportion to the subscriptions made in accordance with article 311 of the Spanish Companies Act, and rewrite the article in the bylaws for the share capital and request the admission of the new shares to trading.

The delegation proposed at the General Meeting of Shareholders will be valid for five years from the date of the General Meeting.

3. Justification of the proposal to delegate the power to exclude pre-emptive rights

Pursuant to article 506 of the SCA for listed companies, when the General Meeting of Shareholders delegates the power to the directors to increase the share capital by virtue of the aforementioned article 297.1 of the SCA, the directors may also be empowered to exclude pre-emptive rights with regard to the issue of shares subject to the delegation when it is in the Company's interest. However, for such purposes, such proposal to exclude pre-emptive rights must be stated on the General Meeting's notice and the shareholders will have access to the report prepared by the directors to justify such proposal. This does not necessarily mean that each capital increase performed by virtue of such delegation of powers should be accompanied by the exclusion of pre-emptive rights. It may be perfectly possible to conduct a capital increase with pre-emptive rights under such delegation.

In that respect, it is hereby informed that the proposal referred to in this report to empower the Board of Directors to increase the share capital also includes, by virtue of article 506 of the SCA, granting the directors the power to exclude, either totally or partially, the shareholders' pre-emptive rights, if so required in the Company's interest, provided that the nominal value of the shares to be issued, plus the amount (if any) of the relevant share premium corresponds to the fair value stipulated in the report drawn up by the auditor assigned by the relevant Companies Registry, all this under the provisions of article 506 of the SCA. In such cases of capital increases with exclusion of pre-emptive rights, the maximum amount of the increases may not exceed twenty per cent of the Company's share capital at the time of this authorisation.

The Board of Directors deems that this additional option, which significantly broadens the room for manoeuvre and the response power by simply delegating the power to increase the share capital under the provisions of article 297.1 of the SCA, is justified, on the one hand, by the flexibility and agility that is occasionally required in the current financial markets in order to make the most of the times when market conditions are most favourable and, on the other hand, by a relative reduction of the expenses linked to the operation (including, in particular, the fees paid to financial institutions involved in the issue) compared to an issue with pre-emptive rights, and also has a lower distortion effect on the Company's share trading during the issue, that is usually shorter than for an issue with pre-emptive rights. As mentioned above, in order to allow the Board of Directors to exercise the power to increase the share capital efficiently, the speed and choice of the source of the resources are frequently important. The immediate and temporarily limited availability of the resources may require, with a view to meeting the goals of the capital increase operation, to exclude the shareholders' pre-emptive rights. Otherwise, the aim of creating value for the shareholders, which is essential to the Board of Directors, may be adversely affected.

Likewise, such exclusion may be necessary when the capital raising is to be carried out in international markets or by book building.

In any case, as mentioned above, the exclusion, whether total or partial, of the pre-emptive rights is only a power that the General Meeting of Shareholders grants to the Board of Directors who will be the one to decide whether it is exercised depending on the circumstances of each case and in compliance with the laws. Only the Board of Directors may determine at the time whether excluding the pre-emptive rights is proportionate to the profits that the Company would ultimately realise and, therefore, such exclusion

would be carried out in the Company's interest. Nevertheless, the Board of Directors will always act in compliance with the substantive requirements established by law.

If, exercising such powers, the Board of Directors decided to exclude the pre-emptive rights for a specific capital increase by virtue of the authorization given at the General Meeting of Shareholders, the Board will prepare, at the time when the Board agrees to the capital increase, a report detailing the specific reasons that justify such measure in the Company's interest and such report will be subject to the auditor's relevant report referred to in article 506 of the SCA. Both reports will be made available to the shareholders and announced at the first General Meeting held after agreeing the capital increase, in accordance with the provisions of such order.

Lastly, this authorisation will render null and void the previous authorisation given to the Board of Directors approved at the Company's Annual General Meeting on 29 March 2015.

The full text of the motion proposed to the Annual General Meeting is available in the **Annex** to this report.

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This report was prepared and approved by the Board of Directors of Abengoa at a meeting on 24 May 2017.

Annex

Text of the motion proposed as item nine on the agenda of the Annual General Meeting of Abengoa.

Nine.- Authorisation to the Board of Directors to increase the share capital through the issue of new shares of any Class A and/or B and/or C shares, pursuant to the provisions of Article 297.1 b) of the Corporate Enterprise Law, within the confines of the law, with express powers to delegate the exclusion of preferential subscription rights in accordance with the provisions of Article 506 of the Corporate Enterprise Law, revoking and rendering null and void the amount pending which emerged from previous delegations of authority by the General Meeting. Delegation of powers to the Board of Directors, with express authorisation for substitution, to establish the conditions for the share capital increase. Application to the competent bodies in Spain and abroad to enable the new shares to be admitted for trading on any securities market.

1. To delegate authority to the Board of Directors, with the broadest and most effective scope permitted in law and pursuant to the provisions of Article 297.1.b) of the Corporate Enterprise Law, to increase the share capital, on one or more occasions, when and as the needs of the Company so require in the opinion of the Board of Directors, within the legal timeline of five years from the date of this General Meeting, with no need to convene or seek the subsequent agreement of the General Meeting, up to a maximum amount equivalent to fifty per cent of the Company's share capital at the date of this authorisation, through the issue of shares of any of the classes stipulated in the Bylaws, against cash contributions, with or without a share premium, with the express stipulation of the possibility of incomplete subscription of the shares issued pursuant to the provisions of Article 311 of the Corporate Enterprise Law, at the times and in the amount determined by the Board, with no need for any prior consultation of the General Meeting. In relation to each increase, the Board of Directors shall be empowered to decide whether the new shares to be issued are ordinary, preferential or redeemable shares, with no votes attached, or any other kind of shares that are permitted by law and by the Bylaws. For all aspects not stipulated in this agreement, the Board of Directors may establish the terms and conditions of the share capital increases and the characteristics of the shares, and freely offer unsubscribed new shares over the period or periods of exercise of preferential subscription rights.

Moreover, pursuant to the stipulations of Article 506 of the aforesaid Law, expressly authorise the Board of Directors with powers, as applicable, to grant or not to grant either total or partial exclusion of preferential rights in relation to any share capital increases that may be agreed pursuant to this resolution, when the circumstances stipulated in said article concerning the corporate interest have been fulfilled, provided that, in the event of exclusion, the nominal value of the shares to be issued plus, where applicable, the amount of the share premium, matches the fair value emerging from the auditor's report referred to in Article 506.3 of the Corporate Enterprise Law, drawn up for this purpose at the behest of the Board of Directors. In such cases of share capital increases with exclusion of preferential subscription rights, the maximum

amount of the increases may not exceed twenty per cent of Company capital at the date of this authorisation.

It is also proposed to authorise the Board of Directors to establish the various aspects and conditions of each issue, as per the characteristics of each operation that is decided pursuant to the authorisation referred to in this agreement, including the power to reword Article 6 of the Bylaws concerning share capital, when the increase has been agreed and carried out, depending on the amounts actually subscribed and paid up in accordance with the provisions of Article 311 of the Corporate Enterprise Law.

It is also proposed to authorise the Board of Directors, with express powers of substitution of any of its members, its secretary, vice-secretary or any representatives determined in order to, in relation to the shares issued pursuant to the agreements previously adopted, at the time the Board of Directors deems it appropriate, make all the necessary arrangements to apply for and administer vis-à-vis the Spanish Securities Market Commission, the Stock Market Governing Body or other competent bodies, in accordance with procedures established by each and mediation by any company and securities agency, admittance of the aforesaid shares for trading on any of the Stock Exchanges, with any of the requisites demanded by current regulations.

2. Apply for admittance for trading of any shares that may be issued by virtue of this agreement on Stock Markets in Spain or abroad on which the Company shares are listed at the time of implementation of each capital increase, in due compliance with any regulations applicable, empowering the Board of Directors to this end, with express powers of substitution of any of its members, its secretary, vice-secretary or any representatives determined, to issue any documents and take any action that may be necessary to this end, including, if applicable, any action, declarations or arrangements vis-à-vis any competent authority.
3. The Board of Directors is expressly authorised to, in turn, delegate to any of its members, the Secretary to the Board of Directors, the Vice-Secretary to the Board or any representatives that may be determined, the authority conferred by virtue of this agreement that may be legally delegated, and to grant any powers to any Company employees it may deem appropriate to exercise these delegated powers.

This authorisation renders null and void the previous authorisation to the Board of Directors approved by the Company's General Shareholders' Meeting on 29 March 2015.