

Report by the Board of Directors of Abengoa, S.A. regarding the rationale for the amendment of the Regulations of the General Shareholders' Meetings relating to item five of the agenda for the Extraordinary General Shareholders' Meeting called to be held on October 10, 2015 and October 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 512 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 the amendment of the "Regulations of the General Shareholders' Meetings" of Abengoa (the "**Regulations**"), 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, under item five on the agenda thereof.

Section 512 of the Capital Companies Act provides that the shareholders acting at a general shareholders' meeting of a corporation (*sociedad anónima*) with shares admitted to trading on an official secondary securities market shall approve specific regulations for the general shareholders' meeting. In these regulations, all matters dealing with the General Shareholders' Meetings can be complemented, respecting what is set forth in the law and the Company's by-laws. The Board of Directors has prepared this report for such purposes, and in order for the shareholders to be able to exercise their right to vote on the proposed amendment of the Regulations on the basis of an informed decision.

To facilitate the shareholders' understanding of the changes giving rise to the proposed amendment being submitted for their approval, an explanation of the rationale and scope of such amendment is offered, including the proposed resolution being submitted for approval at the General Shareholders' Meeting.

2. Rational for the Proposal

Within the strategic and corporate governance strengthening plan assumed by the Company, the Board of Directors has resolved, among other measures, to limit capex investments in new projects, also contemplating that the shareholders at the General Shareholders' Meeting may give instructions to the Board of Directors regarding these issues pursuant to the provisions of Section 161 of the Capital Companies Act.

Based on the foregoing, the Board of Directors has submitted for approval of the shareholders under the preceding item on the agenda a number of bylaw

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amendments, including an amendment of article 20 of the Bylaws to remove the bylaw-mandated restriction contained therein against the shareholders giving instructions to the board of directors regarding certain management issues.

Due to such bylaw amendment, it is necessary to amend the Regulations of the General Shareholders' Meeting in order to conform article 2 thereof to the bylaw amendment described above, removing the restriction that is also contained in such article of the Regulation against the shareholders giving instructions to the board of directors regarding certain management issues.

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

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

Five.- Amendment of article 2 of the Regulations of the General Shareholders' Meeting in order to conform it to the amendments of the Bylaws proposed under item four above.

In order conform the text of the Regulations of the General Shareholders' Meeting to the amendments to the Bylaws proposed under the preceding item four of the agenda, and particularly the amendment of article 20 of the Bylaws, which is proposed to allow the shareholders acting at a General Shareholders' Meeting of the Company to be able to give instructions to the Board of Directors or to submit for its approval the adoption of decisions or resolutions regarding certain management issues, upon the terms of the provisions of Section 161 of the Capital Companies Act, it is hereby resolved to approve the amendment of the text of article 2 of the Regulations of the General Shareholders' Meeting to remove the regulation-mandated prohibition against intervention in management issues by shareholders at a General Shareholders' Meeting contained in the last paragraph of such article, which shall hereafter read as follows:

"Article 2.- Powers and duties of the General Shareholders' Meeting.

The General Shareholders' Meeting of the Company shall deliberate and decide on matters attributed to it by law, the Company's Bylaws or these Regulations, and in particular, regarding the following:

- (a) Approval of the annual financial statements, the appropriation of earnings and approval of the management of the company.
- (b) The appointment and dismissal of directors, administrators and, if appropriate, the accounts auditors, as well as bringing any shareholder derivative actions against any of these persons.
- (c) Amendment of these Bylaws.
- (d) Approval and amendments of the Regulations of the General Shareholders' Meeting.

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- (e) Capital increases or reductions.
- (f) Exclusions or restrictions of pre-emptive rights.
- (g) The acquisition or divestment of essential assets or their contribution to another company. Essential assets are defined as those in which the amount of the transaction exceeds 25% of the value of the assets that appear in the latest approved balance sheet.
- (h) The transformation, merger, split or full assignment of assets and liabilities, as well as transferring the company's registered address abroad.
- (i) Liquidation of the Company.
- (j) Approval of the final liquidation balance sheet.
- (k) The transfer of essential activities carried out by the company, to subsidiary entities, even though the company retains full control over them. Activities and operating assets shall be defined as essential when the volume of the transaction exceeds 25% of the total assets on the balance sheet.
- (l) Operations that are equivalent to winding up the Company.
- (m) The directors' remuneration policy.

The General Shareholders' Meeting shall also decide on any matter that is put to it by the Board of Directors, or by shareholders in the cases established by law, or those that are its responsibility in accordance with the law and these Bylaws."

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