ABENGOA

Report prepared by the Board of Directors of Abengoa, S.A. with regard to item two on the agenda of the Extraordinary General Meeting of Shareholders to be held on 27 or 28 March 2019, on first and second call respectively, regarding the changes to the Directors' Remuneration Policy to be applied in the 2019-2020 periods.

1. Introduction Purpose of the Report

Article 529 novodecies of the Spanish Companies Act, as worded by Law 31/2014 of 3 December, sets forth that the directors' remuneration policy will conform to the remuneration system provided in the bylaws and will be agreed at the General Meeting of Shareholders at least once every three years as a separate item on the agenda.

Furthermore, section two of such article requires that the proposal of the directors' remuneration policy be reasoned and accompanied by a special report by the Appointments and Remuneration Committee. Both documents should be made available to the shareholders upon calling the General Meeting of Shareholders.

Lastly, section 3 of such article sets forth that the agreed directors' remuneration policy will be valid for three years and any changes thereto or replacements thereof while it is still in force should be previously agreed at the General Meeting of Shareholders in accordance with the procedure set for such purposes, in other words, with a report that justifies such changes.

Pursuant to section 3 in the aforementioned article, the Board of Directors of Abengoa, S.A. has drawn up this report on the proposal to change the Directors' Remuneration Policy to be applied in the 2019 and 2020 periods to be presented before the Company's Extraordinary General Meeting of Shareholders.

2. Remuneration Policy 2018-2020

The objectives and principles of the Remuneration Policy, as well as the entire scheme and remunerative conditions established for directors and executive directors, remain in full force and unaltered.

3. Amendment Proposal for the Remuneration Policy 2018-2020

In response to the interest shown by the Company shareholders and financial creditors (condition precedent in the Restructuring Agreement), the Board of Directors, pursuant to a report from the Appointments and Remuneration Committee, has proposed to establish a new long-term incentive plan for the 2019-2024 years (**New Management Incentive Plan I 2019-2024 -New MIP I-**) to link Abengoa's executive director (Executive Chairman) and key management team with the creation of value for the Company through the attainment of its strategic plan for said period.

Following said interest above and in conformity with recommendation no. 61 of the Good Governance Code of Listed Companies (*Código de Buen Gobierno de las Sociedades Cotizadas*), the receipts expected under this new plan will be accrued as shares, distributing their total amount as follows:

- Abengoa's Class A shares.

- Abenewco shares.

The New MIP I is conditioned upon the creation of value both in Abengoa and in Abenewco1, in such manner that, upon compliance with the tenure requirement for the 2019-2024 period (except as provided in the plan itself), beneficiaries will only be entitled to receive the incentive if:

- in the part linked to Abengoa's revalorization, the value of Class A shares reaches a minimum of €0.25 (approximately ten times their current value).
- in the part linked to Abenewco1's revalorization, it is based on the recovery of the SOM (Senior Old Money) debt value, and accrual starts when the SOM debt value reaches 15%, being arranged in a series of tranches that increase by 5% up to 40% (15-20%; 20-25%, etc.).

With the following limits:

- As for the part referring to Abengoa, a value limit of €0.50 has been set for Class A shares (approximately 20 times their current value) and the amount of this part of the Plan will freeze after this value.
- As for the part referring to Abenewco1, a maximum limit of €58 million has been set for the plan for the purposes thereof.

Both parts will be measured separately, and hence will be independently valuated and payable.

The executive director (Executive Chairman) will receive, upon compliance with the requirements and conditions of the Plan, the following:

i) For the part related to Abengoa, a maximum number of of Class A shares of 1,630,000 (with the threshold limits and conditions explained above).

ii) For the tranche assigned to Abenewco1, a maximum amount of approximately 20% the accrued amount.

The plan will mature on December 24, 2024 and will accrue, nonetheless, in two tranches: 2/3 will be accrued in the first tranche, at December 31, 2023, while the remaining 1/3 will remain for December 24, 2024, unless a liquidity event occurs that would accelerate the maturity thereof.

A liquidity event will be, for said purposes, any of the three cases below:

(a) Take-over by a third party, either individually or collectively, by the acquisition of a direct or indirect stake in Abenewco1, whereby it has an interest of over 50% the voting rights in Abenewco1 or a lower interest that entitles said third party to appoint the majority of members of Abenewco1's board of directors.

(b) Admission to trade Abenewco1 shares (IPO), notwithstanding the conditions agreed-upon herein.

(c) Admission to trade Abenewco2bis shares following a conversion event of the SOM at maturity.

In the event that the Plan is terminated without assigning its amount to any beneficiary for any of the possible causes, said remaining amount will be distributed among the beneficiaries of the plan who have met, upon termination, the conditions required in the proportion established at the beginning of the plan.

Upon exhaustion of the Plan for any of the reasons, Abengoa's Board of Directors will determine whether there has been compliance with the Plan or not and, in the event of compliance, will determine the revalorization achieved in each of its parts, establishing and communicating the definitive amount of the Plan for each of the beneficiaries.

For information purposes, it should be notified that the Company will implement another Plan -New MIP II - for the same period, for the Company's key management team with a maximum of 100 employees, which will not include the executive director (Executive Chairman) or any of the New MIP I beneficiaries but that is equally necessary to ensure the business goals.

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

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This report was prepared and approved by the Board of Directors at its meeting on February 25, 2019.

Annex 1

Motion

Two.- Approval of amendments to the remuneration policy applicable to the 2019-2020 periods

The remuneration policy for Abengoa directors applicable to the 2018, 2019 and 2020 periods and, hence, currently in force, was approved by the General Meeting of Shareholders held on June 30, 2017.

In response to the interest shown by the Company shareholders and also in compliance with the commitments undertaken by the Company to its financial creditors within the Restructuring Operation framework to which reference is made int the first agreement above, the Company Board of Directors', at its meeting on February 25, 2019 and as proposed by the Appointments and Remuneration Committee, agreed to submit to the General Meeting, for approval, an amendment to the Remuneration Policy for directors applicable to the 2019 and 2020 periods (inclusive) by which said Policy will include, as multi-year variable remuneration of the board members for their performance of their executive duties and for the aforesaid periods, the amounts accrued under a new long-term incentive plan for 2019-2024 with the goal of engaging the executive board member (Executive Chairman) and the Company's key executive team (up to a maximum of 25 directors) with the creation of value for the Company through the observance of its strategic plan for said period. For the purposes of the provisions set forth in the second paragraph of article 529 novodecies, the Appointments and Remuneration Committee drafted a specific report on this regard.

The amounts accrued under said incentive plan will constitute multi-year variable remuneration for the Executive Chairman and remaining beneficiaries and will be payable in shares both of the Company (Class-A shares) and of its subsidiary, Abengoa Abenewco 1, S.A.U., in the event that the Plan requirements and conditions which are linked, among other matters, to the Abengoa and SOM (Senior Old Money) debt market price revalorization, are met. Should said requirements and conditions be met, the Executive Chairman will receive:

- For the part related to Abengoa, a maximum amount of1,630,000 Class A shares (with the threshold limits and conditions explained above)

- For the tranche assigned to Abenewco1, a maximum amount of approximately 20% the accrued amount.

A copy of this Remuneration Policy for directors, as it would be novated by virtue of this agreement, has been furnished to shareholders following publication of the notice convening the General Meeting.

To approve, pursuant to the provisions of Article 529 novodecies of the Spanish Capital Companies Law, section 3, the amendment to the Remuneration Policy for directors applicable to the 2019-2020 periods (inclusive).