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Offering Circular dated January 9, 2013

ABENGOA

Abengoa, S.A.

(incorporated with limited liability in The Kingdom of Spain)

€400,000,000 6.25 per cent.
Senior Unsecured Convertible Notes due 2019

Abengoa, S.A., ("Abengoa") incorporated as a limited liability company (*sociedad anónima*) under the laws of The Kingdom of Spain, is offering (the "Offering") €400,000,000 6.25 per cent. Senior Unsecured Convertible Notes due 2019 (the "Notes").

We will pay interest on the Notes semi-annually on each January 17 and July 17, starting on July 17, 2013.

The Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of Abengoa ranking *pari passu* and rateably, without any preference among themselves, and, save as provided herein, equally with all of our other existing and future unsecured and unsubordinated indebtedness.

The Notes will, subject as provided herein, be convertible into fully paid Class B Shares of Abengoa currently with a par value of €0.01 (the "Class B Shares") at an initial conversion price of €3.2695 per Class B Share, subject to adjustment in certain circumstances as described herein. For the terms of the conversion rights, see "Terms and Conditions of the Notes — Conversion of Notes." On January 8, 2013 the last reported sale price of Class B Shares on the Automated Quotation System of the Spanish Stock Exchange was €2.581 per Class B Share.

The Notes and the Class B Shares issuable or deliverable upon conversion of the Notes have not been registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or with any securities regulatory authority of any jurisdiction and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (within the meaning of Regulation S under the Securities Act ("Regulation S")), unless they are registered under the Securities Act or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Offering comprises an offering to institutional investors who are not U.S. persons in offshore transactions outside the United States in reliance on Regulation S, and an offering in the United States to qualified institutional buyers ("QIBs") in reliance on Rule 144A under the Securities Act ("Rule 144A"). Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of these and certain further restrictions on offers, sales and transfers of the Notes and the Class B Shares issuable or deliverable upon conversion of the Notes, and the distribution of this Offering Circular, see "Form of Notes and Transfer Restrictions" and "Plan of Distribution."

The Notes will be issued in registered form in nominal amounts of €100,000. Notes which are offered and sold in reliance on Regulation S (the "Unrestricted Notes") will be represented by beneficial interests in a global Note (the "Unrestricted Global Note") in registered form without interest coupons attached and Notes that are offered and sold in reliance on Rule 144A (the "Restricted Notes") will be represented by beneficial interests in a global Note (the "Restricted Global Note" and, together with the Unrestricted Global Note, the "Global Notes") in registered form without interest coupons attached. The Global Notes will be registered in the name of a nominee for, and shall be deposited on or about January 17, 2013 (the "Closing Date") with, a common depositary for, and in respect of interests held through, Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream, Luxembourg"). Interests in the Restricted Global Note will be subject to certain restrictions on transfer. Beneficial interest in the Global Notes will be shown on, and definitive transfers thereof will be effected only through, records maintained by Euroclear and Clearstream, Luxembourg and their participants. Except as described herein, certificates will not be issued in exchange for beneficial interests in the Global Notes.

Application has been made to admit the Notes to the official list of the Luxembourg Stock Exchange (the "Official List") and to trading on the Luxembourg Stock Exchange's Euro MTF Market (the "Euro MTF Market"). The Euro MTF Market is not a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments. References in this Offering Circular to the Notes being "listed" (and all related references) shall mean that the Notes have been admitted to the Official List and admitted to trading on the Euro MTF Market.

Investors should read "Risk Factors" beginning on page 19 for a discussion of certain factors which should be considered before buying the Notes.

Issue Price of the Notes: 100 per cent.

Joint Lead Managers

CITIGROUP **DEUTSCHE BANK**

Co-Lead Manager

NATIXIS

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IMPORTANT INFORMATION ABOUT THE OFFERING

This Offering Circular constitutes a prospectus for the purposes of the Luxembourg Act dated July 10, 2005 relating to prospectuses for securities (as amended). This document does not constitute a prospectus for the purposes of Article 3 of Directive 2003/71/EC, as amended.

This Offering Circular may only be used for the purposes for which it has been published.

We have made all reasonable inquiries and we confirm that this Offering Circular contains all information with respect to us and our subsidiaries and affiliates taken as a whole (the "Group"), the Notes and the Class B Shares that is material in the context of the issue and offering of the Notes, that the information contained herein is true and accurate in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and have been reached after considering all relevant circumstances and are based on reasonable assumptions, that there are no other facts, the omission of which would, in the context of the issue and offering of the Notes, make this document as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect, and that all reasonable inquiries have been made by us to verify the accuracy of such information. We accept responsibility for the information contained in this Offering Circular accordingly.

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of us or Citigroup Global Markets Limited, Deutsche Bank AG, London Branch (the "Joint Lead Managers") or Natixis (the "Co-Lead Manager" and, together with the Joint Lead Managers, the "Managers") to subscribe for or purchase, any of the Notes or the Class B Shares in any jurisdiction in which such offer or invitation is not authorized or to any person to whom it is unlawful to make such offer or invitation. The distribution of this Offering Circular and/or the Offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by us and the Managers to inform themselves about and to observe any such restrictions. For a description of certain further restrictions on offers and sales of Notes and/or the Class B Shares and distribution of this Offering Circular, see "Form of Notes and Transfer Restrictions" and "Plan of Distribution."

Each of the Managers is acting for us and no one else in connection with the Offering and will not regard any other person (whether or not a recipient of this document) as its client in relation to the Offering and will not be responsible to anyone other than us for providing the protections afforded to clients of the Managers, or for providing advice in relation to the Offering, the contents of this document or any transaction or arrangement or other matter referred to in this document. This Offering Circular should be read and construed in conjunction with any documents incorporated herein by reference. See "Documents Incorporated by Reference" for further detail.

No person is authorized to give any information or to make any representation not contained in this Offering Circular in connection with the issue, offering or sale of the Notes and any information or representation not so contained must not be relied upon as having been authorized by or on behalf of us or the Managers or Deutsche Bank, S.A.E (the "Commissioner"). Neither the delivery of this Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in our affairs since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change in our financial position since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection with the Notes is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing such information.

To the fullest extent permitted by law, the Managers accept no responsibility whatsoever for the contents of this Offering Circular or for any other statement made or purported to be made by a Manager or on its behalf in connection with us or the issue and offering of the Notes. Each Manager accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement.

Investors must rely upon their own examination of the Group, the terms of the Offering and the financial information contained herein, in making an investment decision. Potential investors should consult their own professional advisors as needed to make their investment decision and to determine whether they are legally permitted to purchase the Notes under applicable laws and regulations.

In connection with this issue, each of the Managers and any of their respective affiliates acting as an investor for its own account may take up Notes and in that capacity may retain, purchase or sell for its own account such securities and any of our securities or related investments and may offer or sell such securities or other investments otherwise than in connection with this issue. Accordingly, references in this document to the Notes being issued, offered or placed should be read as including any issue, offering or placement of securities to the Managers and any of their affiliates acting in such capacity. The Managers do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

The Notes and the Class B Shares issuable or deliverable upon conversion of the Class B Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, any State securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of Notes or the Class B Shares issuable or deliverable upon conversion of the Class B Shares, or the accuracy or adequacy of this Offering Circular. Any representation to the contrary is a criminal offence in the United States.

We are relying on an exemption from registration under the Securities Act for offers and sales of the Notes in the United States that do not involve a public offering. By purchasing the Notes, you will be deemed to have made the acknowledgments, representations and warranties and agreements described under the heading "Form of Notes and Transfer Restrictions." Potential investors should understand that investors will be required to bear the financial risks of their investment for an indefinite period of time. The Notes and the Class B Shares issuable or deliverable upon conversion of the Notes have not been registered under the Securities Act or any State securities laws and, unless so registered, may not be offered or sold within the United States or to, or for the account or benefit of, a U.S. person except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

Until 40 days after the commencement of this Offering, an offer or sale of the Notes offered by this Offering Circular within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than pursuant to Rule 144A.

Neither we nor the Managers are offering to sell the Notes in any jurisdiction where the offer or sale of the Notes is not permitted.

We and the Managers reserve the right to reject any offer to purchase any of the Notes, in whole or in part, or to sell less than the number of Notes offered by this Offering Circular or for which any prospective purchaser has subscribed. We and the Managers may withdraw this offer at any time before the closing of the Offering. The Offering is specifically made subject to the terms described in this Offering Circular and in the subscription agreement described in "Plan of Distribution."

This Offering Circular is for distribution within the United Kingdom only to persons who (i) have professional experience in matters relating to investment falling within Article 19(5) of the Financial Services and Markets Act 2000 (the "FSMA") (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc.") of the Financial Promotion Order or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) in connection with the issue or sale of any Notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "Relevant Persons"). This document is directed only at Relevant Persons and must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which this document relates is available only to Relevant Persons and will be engaged in only with Relevant Persons.

NOTICE TO NEW HAMPSHIRE RESIDENTS

Neither the fact that a registration statement or an application for a license has been filed under chapter 421-B of the New Hampshire revised statutes annotated ("RSA 421-B") with the Secretary of State of New Hampshire nor the fact that a security is effectively registered or a person is licensed with the State of New Hampshire constitutes a finding by the Secretary of State that any document filed under RSA 421-B is true, complete and not misleading. Neither any such fact nor the fact that an exemption or exception is available for a security or a transaction means that the Secretary of State has passed in any way upon the merits or qualifications of, or recommended or given approval to, any person, security or transaction. it is unlawful to make, or cause to be made, to any prospective purchaser, customer or client, any representation inconsistent with the provisions of this paragraph.

ENFORCEABILITY OF JUDGMENTS

Abengoa is a limited liability company (*sociedad anónima*) corporation organized under the laws of the Kingdom of Spain. Most of the directors and executive officers of Abengoa are not resident in the United States, and a substantial portion of the assets of Abengoa and such persons are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon Abengoa or such persons or to enforce against any of them in the United States courts judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any State or territory within the United States.

FORWARD-LOOKING STATEMENTS

This Offering Circular includes forward-looking statements. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts contained in this Offering Circular, including, without limitation, those regarding our future financial position and results of operations, our strategy, plans, objectives, goals and targets, future developments in the markets in which we operate or are seeking to operate or anticipated regulatory changes in the markets in which we operate or intend to operate. In some cases, you can identify forward-looking statements by terminology such as "aim," "anticipate," "believe," "continue," "could," "estimate," "expect," "forecast," "guidance," "intend," "may," "plan," "potential," "predict," "projected," "should" or "will" or the negative of such terms or other comparable terminology.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and are based on numerous assumptions. Our actual results of operations, financial condition and the development of events may differ materially from (and be more negative than) those made in, or suggested by, the forward-looking statements. Investors should read "Risk Factors" and the description of our business in "Business" for a more complete discussion of the factors that could affect us. Important risks, uncertainties and other factors that could cause these differences include, but are not limited to changes in general economic, political, governmental and business conditions globally and in the countries in which Abengoa does business; difficult conditions in the global economy and in the global markets; changes in interest rates; changes in inflation rates; changes in prices, including increases in the cost of energy and oil and other operating costs; decreases in government expenditure budgets and reductions in government subsidies; changes to national and international laws and policies that support renewable energy sources; inability to improve competitiveness of our renewable energy services and products; decline in public acceptance of renewable energy sources; legal challenges to regulations, subsidies and incentives that support renewable energy sources and industrial waste recycling; extensive governmental regulation in a number of different jurisdictions, including stringent environmental regulation; our substantial capital expenditure and research and development requirements; management of exposure to credit, interest rate, exchange rate, supply and commodity price risks; the termination or revocation of our operations conducted pursuant to concessions; reliance on third-party contractors and suppliers; acquisitions or investments in joint ventures with third parties; unexpected adjustments and cancellations of our backlog of unfilled orders; inability to obtain new sites and expand existing ones; failure to maintain safe work environments; effects of catastrophes, natural disasters, adverse weather conditions, unexpected geological or other physical conditions, or criminal or terrorist acts at one or more of our plants; insufficient insurance coverage and increases in insurance cost; loss of senior management and key personnel; unauthorized use of our intellectual property and claims of infringement by us of others intellectual property; our substantial indebtedness; our ability to generate cash to service our indebtedness changes in business strategy and various other factors, including those factors discussed under "Risk Factors" herein.

Unless required by law, we undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or developments or otherwise.

PRESENTATION OF FINANCIAL INFORMATION

The financial information included in this Offering Circular as of and for each of the years ended December 31, 2011, 2010 and 2009 is derived from our Audited Consolidated Financial Statements and related notes, which are incorporated by reference into this Offering Circular and which are prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("IFRS-EU"). The financial information included in this Offering Circular as of September 30, 2012 and for the nine months ended September 30, 2012 and 2011 is derived from our Unaudited Consolidated Condensed Interim Financial Statements, prepared in accordance with IAS 34 and IFRS-EU, which are incorporated by reference into this Offering Circular. Abengoa produces annual, semi-annual and quarterly financial statements.

Certain numerical figures set out in this Offering Circular, including financial data presented in millions or thousands and percentages describing market shares, have been subject to rounding adjustments, and, as a result, the totals of the data in this Offering Circular may vary slightly from the actual arithmetic totals of such information. Percentages and amounts reflecting changes over time periods relating to financial and other data set forth in "Operating and Financial Review and Prospects" are calculated using the numerical data in our Audited Consolidated Financial Statements and in our Unaudited Consolidated Condensed Interim Financial Statements or the tabular presentation of other data (subject to rounding) contained in this Offering Circular, as applicable, and not using the numerical data in the narrative description thereof.

Non-GAAP Financial Measures

This Offering Circular contains non-GAAP financial measures and ratios, including Consolidated EBITDA, Corporate EBITDA, Gross Corporate Debt, and Net Corporate Debt that are not required by, or presented in accordance with, IFRS-EU.

- Consolidated EBITDA is calculated as profit for the year from continuing operations, after adding back income tax expense, share of (loss)/profit of associates, finance expense net and depreciation, amortization and impairment charges of Abengoa and its subsidiaries.
- Corporate EBITDA is calculated as profit for the year from continuing operations, after adding back income tax expense, share of (loss)/profit of associates, finance expense net, depreciation, amortization and impairment charges, and research and development costs of Abengoa and its subsidiaries less EBITDA from non-recourse activities net of eliminations. EBITDA from non-recourse activities net of eliminations is the EBITDA from non-recourse subsidiaries, as defined on page xiii, excluding intra-group operations.
- Gross Corporate Debt consists of our (i) long-term debt (debt with a maturity of greater than one year) incurred with credit institutions, plus (ii) short-term debt (debt with a maturity of one year or less) incurred with credit institutions, plus (iii) notes, obligations, promissory notes and any other such obligations or liabilities, the purpose of which is to provide finance and generate a financial cost for us, plus (iv) obligations relating to guarantees of third-party obligations (other than intra-Group guarantees), but excluding any non-recourse debt. Non-recourse debt is the debt corresponding to non-recourse subsidiaries, as defined on page xiii.
- Net Corporate Debt consists of Gross Corporate Debt, less total cash and cash equivalents, and short-term financial investments at the end of each period.

We present non-GAAP financial measures because we believe that they and other similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. The non-GAAP financial measures may not be comparable to other similarly titled

measures of other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results as reported under IFRS-EU. Non-GAAP financial measures and ratios are not measurements of our performance or liquidity under IFRS-EU and should not be considered as alternatives to operating profit or profit for the year or any other performance measures derived in accordance with IFRS-EU or any other generally accepted accounting principles or as alternatives to cash flow from operating, investing or financing activities.

Some of the limitations of these non-GAAP measures and ratios are:

- they do not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;
- they do not reflect changes in, or cash requirements for, our working capital needs;
- they do not reflect the significant interest expense, or the cash requirements necessary, to service interest or principal payments, on our debts;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often need to be replaced in the future and Consolidated EBITDA does not reflect any cash requirements that would be required for such replacements;
- some of the exceptional items that we eliminate in calculating Consolidated EBITDA reflect cash payments that were made or will be made in the future; and
- the fact that other companies in our industry may calculate Consolidated EBITDA, Gross Corporate Debt, and Net Corporate Debt differently than we do, which limits their usefulness as comparative measures.

In our discussion of operating results, we have included foreign exchange impacts in our revenue by providing constant currency revenue growth. The constant currency presentation is a non-GAAP financial measure, which excludes the impact of fluctuations in foreign currency exchange rates. We believe providing constant currency information provides valuable supplemental information regarding our results of operations. We calculate constant currency amounts by converting our current period local currency revenue using the prior period foreign currency average exchange rates and comparing these adjusted amounts to our prior period reported results. This calculation may differ from similarly titled measures used by others and, accordingly, the constant currency presentation is not meant to substitute for recorded amounts presented in conformity with GAAP nor should such amounts be considered in isolation.

Pro Forma Information

We present in this Offering Circular unaudited pro forma condensed consolidated financial information consisting of the unaudited pro forma condensed consolidated income statements of Abengoa and our subsidiaries for the nine months ended September 30, 2012 and the year ended December 31, 2011 (the "Unaudited Pro Forma Condensed Consolidated Financial Information"), which has been derived from, and should be read in conjunction with our Unaudited Consolidated Condensed Interim Financial Statements as of and for the nine months ended September 30, 2012 and accompanying notes and our Audited Consolidated Financial Statements as of and for the year ended December 31, 2011 and accompanying notes, in each case prepared in accordance with IFRS-EU, incorporated by reference into this Offering Circular.

We have included the Unaudited Pro Forma Condensed Consolidated Financial Information to illustrate, on a pro forma basis, the impact on our consolidated income statement of the Cemig Sales (as defined herein). Our pro forma consolidated income statements for the year ended December 31, 2011 and for the nine months

ended September 30, 2012 have been presented on a pro forma basis as if the Cemig Sales had occurred on January 1, 2011.

The Unaudited Pro Forma Condensed Consolidated Financial Information contains specific adjustments related to the Cemig Sales and does not purport to represent what our consolidated results of operations would have been if the Cemig Sales had occurred on the date indicated and is not intended to project our consolidated results of operations for any future period or date, nor is it necessarily indicative of future results of operations or financial condition.

Treatment of Telvent GIT, S.A.

As of December 31, 2010 and 2009 and during part of the year 2011 we held a 40% shareholding in Telvent GIT, S.A. and its subsidiaries ("Telvent"). Despite partially reducing our share ownership in Telvent during 2009, we remained the largest shareholder and our 40% shareholding, which along with our control of certain treasury shares held by Telvent, permitted us to exercise de facto control over Telvent and therefore Telvent's financial information was fully consolidated in our Consolidated Financial Statements as of and for the years ended December 31, 2010 and 2009 and during the period of 2011 in which we held control over Telvent. On June 1, 2011, we announced the sale of our investment in Telvent (the "Telvent Disposal"), in which we sold our 40% shareholding in Telvent to Schneider Electric S.A. ("SE"). Following the agreement to sell, SE launched a tender offer to acquire all Telvent shares at a price of $40 per share in cash, which valued the business at €1,360 million, or a premium of 36%, to Telvent's average share price over the previous 90 days prior to the announcement of the offer. On September 5, 2011, following completion of the customary closing conditions and the receipt of regulatory approvals, the transaction was completed. Our cash proceeds from the Telvent Disposal were €391 million and consolidated net debt reduction was €725 million. In addition, we recorded a gain which is included in the €91 million profit from discontinued operations as reflected on our income statement for the year ended December 31, 2011. As a result, taking into account the significance of Telvent to us, Telvent was treated as discontinued operations in accordance with IFRS 5, Non-Current Assets Held for Sale and Discontinued Operations. The results obtained from this sale are included under a single heading in the income statement and under separate line items in the cash flow statement of our Consolidated Financial Statements as of and for the year ended December 31, 2011, which include comparative financial information as of and for the year ended December 31, 2010 that has been restated to present Telvent as discontinued operations. Also in accordance with IFRS 5, the Consolidated Income Statement for the nine months ended September 30, 2011 includes the results generated by Telvent under the single heading of "Profit after tax from discontinued operations." The Telvent Disposal also resulted in the removal of our Information Technologies segment. For further information regarding the divestment of Telvent, see Note 7 to our Consolidated Financial Statements as of and for the year ended December 31, 2011 incorporated by reference into this Offering Circular.

Change in Segment Reporting

Beginning with our Audited Consolidated Financial Statements as of and for the year ended December 31, 2011, in order to focus our attention on our key markets, we organized our business into three activities: Engineering and Construction, Concession-Type Infrastructures and Industrial Production. Each activity is further broken into the following reporting segments: Engineering and Construction (which is both an activity and a segment); Transmission, Solar, Water and Co-generation segments within the Concession-Type Infrastructures activity and Biofuels, Industrial Recycling and Other within the Industrial Production activity. Prior to January 1, 2011, we organized our business according to five reporting segments: Engineering, Bioenergy, Information Technologies, Environmental Services and Solar.

Beginning with our Audited Consolidated Financial Statements as of and for the year ended December 31, 2011 we have presented segment information for the years ended December 31, 2011 and 2010 and for the nine months ended September 30, 2012 and 2011 based on the new eight segments reporting structure. Accordingly, the discussion of our results of operations for the years ended December 31, 2011 and 2010 and for the nine months ended September 30, 2012 and 2011 is presented in this Offering Circular under the new eight segments reporting structure. However, the discussion of our results of operations for the years ended December 31, 2010 and 2009 is presented under the previous five segment reporting structure. As a result, the results of operations of our activities and segments may not be easily comparable.

In connection with this organization, our financial information for our historical reporting by activity for the years ended December 31, 2011 and 2010 and for the nine months ended September 30, 2012 and 2011 is now provided after accounting for intercompany consolidation eliminations relating to revenue and EBITDA which arise in the normal course of business and are not allocated to other activities. Prior to January 1, 2011, our financial information by segment was provided before accounting for intercompany consolidation eliminations relating to revenue and EBITDA which arise in the normal course of business and are not allocated to other activities. In respect of the information relating to our annual historical reporting by segment for the years ended December 31, 2010 and 2009, such amounts are accounted for in the Corporate Activities and Intra Group Eliminations line item.

Application of IFRIC 12

The European Union endorsed IFRIC 12 "Service Concession Arrangements" ("IFRIC 12") on March 25, 2009, and this interpretation became mandatory for annual accounting periods commencing on or after that date. IFRIC 12 affects public-to-private service concession arrangements where the grantor of the concession governs what services the operator must provide using the infrastructure, to whom and at what price and also controls any significant residual interest in the infrastructure at the end of the term of the arrangement. When the operator of the infrastructure is also responsible for the engineering, procurement and construction of such asset, IFRIC 12 requires the separate accounting for the revenue and margins associated with the construction activities, which is not eliminated in consolidation between companies within the same consolidated group, and for the subsequent operation and maintenance of the infrastructure because such activities present a business nature significantly different from each other and have different business risks and rewards. In such cases, the investment in the infrastructure used in the concession arrangement cannot be classified as property, plant and equipment of the operator, but rather must be classified as a financial asset or an intangible asset, depending on the nature of the payment rights established under the contract. For the same reasons, revenue and associated margins realized by the operator during the construction of the asset are not eliminated in the consolidated accounts of the Group in accordance with this interpretation.

We began to apply this interpretation retrospectively as of January 1, 2010, as required by IFRS-EU, with no significant impact on our 2010 Consolidated Financial Statements since we had previously been applying a similar accounting policy to this interpretation, concurrently and in anticipation of the changes, for most of our concession assets, with the exception of our thermo-solar electricity generation plants in Spain. Based on the information available at the date of issuance of our Consolidated Financial Statements as of and for the year ended December 31, 2010, we were not in a position to conclude that our thermo-solar assets in Spain should be classified as service concession arrangements and thus be subject to IFRIC 12.

During 2011, we continued to analyze the application of IFRIC 12 and concluded, in September 2011, that we were required to apply IFRIC 12 prospectively from September 1, 2011 to our thermo-solar plants in Spain registered in the Pre-Allocation Registry, as defined in this Offering Circular in the section entitled "Regulation", based on newly available accounting and technical reports and other information. The application of IFRIC 12 to these assets resulted in an increase in our 2011 revenue and operating profits of

€649.0 million and €60.8 million, respectively, due to the recognition of revenue and margins in respect of the construction of such assets, as well as an increase in intangible assets of €1,644.6 million as of December 31, 2011, due to the reclassification of such assets from property, plant and equipment to intangible assets (to the extent that the operator has a right to charge for usage of the infrastructure). Furthermore, the application of IFRIC 12 to our thermo-solar plants in Spain registered in the Pre-Allocation Registry affected the comparability of our results of operations for the nine months ended September 30, 2012 to those for the nine months ended September 30, 2011, in particular with respect to the results of our Engineering and Construction and Industrial Production activities and our Spain geographic reporting segment. If we had applied IFRIC 12 to our thermo-solar plants in Spain registered in the Pre-Allocation Registry for the full nine month period ended September 30, 2011 (rather than solely in September 2011), we would have recorded an additional amount of €463.8 million in revenue for such period (resulting in revenue of €5.2 billion reflecting the application of IFRIC 12 compared to our actual historical revenue of €4.8 billion for the same period without the application of IFRIC 12 before September 1, 2011). Consequently, the increase in revenue in the nine months ended September 30, 2012, as compared to the corresponding period in the prior year, would have been €364.2 million or 6.9% without considering the impact in the nine months ended September 30, 2012 of applying IFRIC 12 during the full nine month period ended September 30, 2011 (as opposed to €828.0 million or 17.3% which is based on our actual results for the nine months ended September 30, 2011). For further discussion of IFRIC 12 and its application to our financial statements, see Note 2.1.1 to our Audited Consolidated Financial Statements as of and for the year ended December 31, 2011 presented elsewhere herein.

As mentioned above, the consolidated income statement and statement of financial position within our Consolidated Financial Statements as of and for the years ended December 31, 2011, 2010 and 2009 and our Consolidated Condensed Interim Financial Statements as of and for the nine months ended September 30, 2012 as well as the Unaudited Pro Forma Condensed Consolidated Financial Information as incorporated by reference hereto, have not been restated to retrospectively apply IFRIC 12 to our thermo-solar electricity generation plants in Spain for any period prior to September 1, 2011. For more information, see "Risk Factors – Risks Related to Our Business and Markets in which We Operate - The analysis of whether IFRIC 12 applies to certain contracts and activities, and the determination of the proper accounting treatment at each period end if it is determined that IFRIC 12 is to be applied, involves various complex factors and is significantly affected by legal and accounting interpretations. If the criteria for us to classify our thermo-solar plants in Spain as service concession agreements within the scope of IFRIC 12 do not continue to be met, or if we had to apply IFRIC 12 retrospectively rather than prospectively, our results of operations for the periods presented in this Offering Circular would be significantly different"

Sale of Brazilian Transmission Line Assets

We sold, in two portions pursuant to three share purchase agreements, 100% of certain Brazilian transmission line assets to Transmissão Aliança de Energia Elétrica S.A. ("TAESA"), an affiliate of Companhia Energetica de Minas Gerais S.A. ("Cemig").

On June 2, 2011, Abengoa Concessões Brasil Holding S.A. ("Abengoa Concessões") entered into an agreement with TAESA to sell 50% of its shareholding in a newly formed entity, named União de Transmissoras de Energia Elétrica Holding S.A. ("UNISA"), to which Abengoa Concessões contributed 100% of its interests in four project companies that it controls and that hold power transmission line concessions in Brazil. These four project companies are STE — Sul Transmissora de Energia S.A. ("STE"), ATE Transmissora de Energia S.A. ("ATE"), ATE II Transmissora de Energia S.A. ("ATE II") and ATE III Transmissora de Energia S.A. ("ATE III"). In addition, on June 2, 2011, Abengoa Concessões and Abengoa Construção Brasil Ltda. entered into an agreement with TAESA to sell 100% of the share capital of NTE

Nordeste Transmissora de Energia S.A. (“NTE”), another project company that holds a power transmission line concession in Brazil. The sales corresponding to the sale of 100% of the shareholding of NTE and 50% of the shareholding of UNISA are referred to herein as the “First Cemig Sale.” The First Cemig Sale closed on November 30, 2011 and, accordingly, is fully reflected in our historical audited financial statements as of and for the year ended December 31, 2011.

As consideration for the First Cemig Sale, upon closing we received the equivalent of approximately €479 million in net cash proceeds in Brazilian reais and reduced our net consolidated debt by approximately €642 million on our consolidated statement of financial position as of December 31, 2011. For the year ended December 31, 2011, we recorded a net gain from the sale of €45 million reflected in the “Other operating income” line item in our consolidated income statement (€43 million after taxes) resulting from the First Cemig Sale. The share purchase agreements for each of UNISA and NTE in respect of the First Cemig Sale provided for a post-closing price adjustment to be paid following the preparation of the audited financial statements of the relevant project companies taking into account, among other variables, changes in the share capital thereof and any dividends or distributions made between signing and closing. However, no such adjustments were required to be paid under the terms of the share purchase agreements with respect to the First Cemig Sale.

In addition to the First Cemig Sale, we signed an agreement with TAESA on March 16, 2012 to sell our remaining 50% interest in UNISA, thereby completing the divestment of certain Brazilian transmission line concession assets (STE, ATE, ATE II and ATE III) (the “Second Cemig Sale,” and collectively with the First Cemig Sale, the “Cemig Sales”). The Second Cemig Sale closed on June 30, 2012 resulting in the recognition of the proceeds as a receivable for €354 million equivalent classified as short-term financial investments on our balance sheet as of such date. On July 2, 2012, we received payment of €354 million in cash in respect of the receivable from the Second Cemig Sale. Our consolidated statement of financial position as of June 30, 2012 reflects the full divestment of UNISA and the reduction in our consolidated net debt of approximately €473 million. The gain from the Second Cemig Sale of €4.5 million is reflected in the “Other operating income” line item in our consolidated condensed interim income statement for the nine months ended September 30, 2012. The Second Cemig Sale includes a post-closing adjustment mechanism similar to that described above relating to First Cemig Sale, and we similarly do not expect any significant post-closing adjustment to be payable.

In the consolidated income statement for the year ended December 31, 2011 included in our 2011 Consolidated Financial Statements, the profits and losses of NTE and the four project companies we contributed to UNISA (STE, ATE, ATE II and ATE III) are fully consolidated until November 30, 2011. Following such date through June 30, 2012 when the Second Cemig Sale closed, we included our 50% share in the profits and losses of UNISA in the consolidated income statement for the six months ended June 30, 2012 following the proportional consolidation method. See “Unaudited Pro Forma Condensed Consolidated Financial Information”.

CURRENCY PRESENTATION AND DEFINITIONS

In this Offering Circular, all references to "euro" or "€" are to the single currency of the participating member states of the European Economic and Monetary Union of the Treaty Establishing the European Community, as amended from time to time, and all references to "U.S. dollars" and "U.S.$" are to the lawful currency of the United States.

Definitions

Unless otherwise specified or the context requires otherwise in this Offering Circular:

- references to "Abengoa," "we," "us" and "our" refer to Abengoa, S.A., together with its subsidiaries, unless the context otherwise requires;
- references to "backlog" refer principally to projects, operations and services for which we have signed contracts and in respect of which we have received non-binding commitments from customers or other operations within our Group, where the related revenues are not eliminated in consolidation. Commitments may be in the form of written contracts for specific projects, purchase orders, subscriptions or indications of the amount of time and materials we need to make available for customers' projects. Our backlog includes expected revenue based on engineering and design specifications that may not be final and could be revised over time, and also includes expected revenue for government and maintenance contracts that may not specify actual monetary amounts for the work to be performed. For these contracts, our backlog is based on an estimate of work to be performed, which is based on our knowledge of our customers' stated intentions or our historic experience. We do not include in backlog expected future sales from our concession activities, such as energy sales, transmission and water sales or commodity sales. Our definition of backlog may not necessarily be the same as that used by other companies engaged in activities similar to ours. As a result, the amount of our backlog may not be comparable to the backlog reported by such other companies;
- references to the "Cemig Sales" refer to (i) the sale by Abengoa of 100% of the shareholding of NTE Nordeste Transmissora de Energia S.A. (NTE) and 50% of the shareholding of União de Transmissoras de Energia Elétrica Holding S.A. (UNISA) to Transmissão Aliança de Energia Elétrica S.A., an affiliate of Cemig, which occurred on November 30, 2011 (the "First Cemig Sale") and (ii) the sale of our remaining 50% interest in UNISA, which occurred on June 30, 2012 (the "Second Cemig Sale"), which are described in more detail in Note 2 to the Unaudited Pro Forma Condensed Consolidated Financial Information and in "Business — History and Development of our Group — Cemig Sales";
- references to "Concession-Type Infrastructures" or "Concession-Type Infrastructures activity" refer to the operation by us of assets under long-term arrangements, such as "take or pay" contracts, feed-in and ad hoc tariffs or power or water purchase agreements;
- references to "Consolidated Condensed Interim Financial Statements" refer to the unaudited Consolidated Condensed Interim Financial Statements of Abengoa and its subsidiaries as of and for each of the nine month periods ended September 30, 2012 and 2011, prepared in accordance with IFRS-EU;
- references to "Audited Consolidated Financial Statements" refer to the Audited Consolidated Annual Accounts of Abengoa and its subsidiaries as of and for the years ended December 31, 2011, 2010 and 2009, prepared in accordance with IFRS-EU;

- references to “Engineering and Construction” or our “Engineering and Construction segment” refer to our traditional activity in engineering and construction in the energy and environmental sectors and where we are specialists in the execution of complex “turnkey” projects, including conventional power plants, thermo-solar power plants, hybrid gas-solar power plants, hydraulic infrastructures including, complex desalination plants, biofuel plants, electrical transmission lines, and critical control systems for infrastructures, among others;
- references to “Industrial Production” refer to our traditional activity in the development and production of biofuels, providing a variety of recycling services to industrial customers and various other activities mainly related to technology, including the development of solar-thermal technology, water management technology, and other innovative technologies;
- references to “non-recourse subsidiaries” refer to our subsidiaries through which we engage in projects involving the design, construction, financing, operation and maintenance of large-scale, complex operational assets or infrastructures, which are either owned by such subsidiaries or held under concession for a period of time. The projects undertaken by these non-recourse subsidiaries are initially financed through non-recourse, medium-term bridge loans and later by non-recourse project finance. The assets and liabilities, results of operations, and cash flows of our non-recourse subsidiaries are consolidated in our Audited Consolidated Financial Statements and Consolidated Condensed Interim Financial Statements;
- references to “Plan” refer to the senior management share purchase plan approved by the Board of Directors of Abengoa and by shareholders at an extraordinary shareholder meeting on October 16, 2005;
- references to “Plan Two” refer to the variable pay scheme for the senior management approved by the Board of Directors of Abengoa on July 24, 2006 and December 11, 2006;
- references to “Plan Three” refer to the variable pay scheme for directors approved by the Board of Directors of Abengoa on January 24, 2011;
- references to “R&D&i” refer to our research and development and innovation;
- references to “Telvent” are to Telvent GIT, S.A.;
- references to “t” and “tons” are to metric tons (one metric ton being equal to 1,000 kilograms or 2,205 pounds);
- references to “total net fixed assets” refer to the sum of intangible assets and property, plant and equipment, and fixed assets and projects, net of depreciation, amortization and provisions for impairment charges; and
- references to “Unaudited Pro Forma Condensed Consolidated Financial Information” refer to the Unaudited Pro Forma Condensed Consolidated Financial Information of Abengoa and its subsidiaries as of and for the year ended December 31, 2011 and for the nine months ended September 30, 2012.

PRESENTATION OF INDUSTRY AND MARKET DATA

In this Offering Circular, we rely on, and refer to, information regarding our business and the markets in which we operate and compete. The market data and certain economic and industry data and forecasts used in this Offering Circular were obtained from internal surveys, market research, governmental and other publicly available information, independent industry publications and reports prepared by industry consultants. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. We believe that these industry publications, surveys and forecasts are reliable but we have not independently verified them and cannot guarantee their accuracy or completeness.

Certain market share information and other statements presented herein regarding our position relative to our competitors are not based on published statistical data or information obtained from independent third parties, but reflect our best estimates. We have based these estimates upon information obtained from our customers, trade and business organizations and associations and other contacts in the industries in which we operate.

Elsewhere in this Offering Circular, statements regarding our Engineering and Construction, Concession-Type Infrastructures and Industrial Production activities, our position in the industries and geographies in which we operate, our market share and the market shares of various industry participants are based solely on our experience, our internal studies and estimates, and our own investigation of market conditions. The Managers do not make any representation or warranty as to the accuracy or completeness of these statements.

All of the information set forth in this Offering Circular relating to the operations, financial results or market share of our competitors has been obtained from information made available to the public in such companies' publicly available reports and independent research, as well as from our experience, internal studies, estimates and investigation of market conditions. Neither we nor the Managers have independently verified this information and cannot guarantee its accuracy.

All third-party information, as outlined above, has been accurately reproduced and, as far as we are aware and are able to ascertain, no facts have been omitted which would render the reproduced information inaccurate or misleading.

EXCHANGE RATE INFORMATION

The following table sets forth, for the periods set forth below, the high, low, average and period end Bloomberg Composite Rate expressed as U.S. dollars per €1.00. The Bloomberg Composite Rate is a "best market" calculation, in which, at any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications and the ask rate is set to the lowest ask rate offered by these banks. The Bloomberg Composite Rate is a mid-value rate between the applied highest bid rate and the lowest ask rate. The rates may differ from the actual rates used in the preparation of the Audited Consolidated Financial Statements and other financial information appearing in this Offering Circular. We do not represent that the U.S. dollar amounts referred to below could be or could have been converted into euro at any particular rate indicated or any other rate.

The average rate for a year means the average of the Bloomberg Composite Rates on the last day of each month during a year. The average rate for a month, or for any shorter period, means the average of the daily Bloomberg Composite Rates during that month, or shorter period, as the case may be.

The Bloomberg Composite Rate of the euro on January 9, 2013 was U.S.$1.3075 per €1.00.

	High	**Low**	**Average**	**Period End**
		(U.S.$ per €1.00)		
Year				
2008	1.5990	1.2452	1.4709	1.3953
2009	1.5094	1.2543	1.3944	1.4331
2010	1.4510	1.1952	1.3266	1.3366
2011	1.4874	1.2925	1.3924	1.2960
2012	1.3463	1.2053	1.2859	1.3197
2013 (through January 7, 2013)	1.3024	1.3049	1.3125	1.3117
Second quarter 2012	1.3321	1.2365	1.2832	1.2667
Third quarter 2012	1.3130	1.2061	1.2511	1.2860
Fourth quarter 2012	1.3245	1.2710	1.2975	1.3397
First quarter 2013 (through January 7, 2013)	1.3024	1.3049	1.3125	1.3117

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Each document incorporated herein by reference is current only as of the date of such document, and the incorporation by reference of such documents shall not create any implication that there has been no change in our affairs since the date thereof or that the information contained therein is current as at any time subsequent to its date. Any statement contained in any document incorporated herein by reference shall be deemed to be modified or superseded for the purposes of this Offering Circular to the extent that a statement contained herein modifies or supersedes that statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Circular.

The following documents are incorporated herein by reference:

(a) our Audited Consolidated Financial Statements prepared in accordance with IFRS-EU as of and for each of the financial years ended December 31, 2011, 2010 and 2009, which include the auditor's reports and the consolidated management reports (the "Management Reports");

(b) our unaudited Consolidated Condensed Interim Financial Statements prepared in accordance with IFRS-EU as of and for each of the nine month periods ended September 30, 2012 and 2011; and

(c) the fiscal, transfer and conversion agency agreement to be entered into on January 17, 2013 in relation to the Notes by us, Deutsche Bank AG, London Branch as fiscal agent and the other parties named therein (the "Fiscal Agency Agreement").

The following items appearing in the Audited Consolidated Financial Statements or in our unaudited Consolidated Condensed Interim Financial Statements are to be found on the following pages:

Unaudited Consolidated Condensed Interim Financial Statements of Abengoa for the nine month period ended September 30, 2012:

Consolidated Condensed Statements of Financial Position for the Nine-Month Periods ended September 30, 2012 and 2011 8

Consolidated Interim Income Statements for the Nine-Month Period ended September 30, 2012 and 2011 11

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Unaudited Consolidated Condensed Interim Financial Statements of Abengoa for the nine-month period ended September 30, 2011:

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The documents referred to in (a) and (b) above are English translations of the original Spanish versions. We confirm that each such translation is a free but nevertheless accurate translation of the original Spanish text.

Any documents themselves incorporated by reference in the documents incorporated by reference into this Offering Circular shall not form part of this Offering Circular. Those parts of the documents incorporated by reference into this Offering Circular which are not specifically incorporated by reference into this Offering Circular are either not relevant for prospective investors in the Notes or the relevant information is included elsewhere in this Offering Circular.

A copy of this Offering Circular and the documents incorporated by reference into this Offering Circular (including the Fiscal Agency Agreement) are available free of charge as long as the Notes are outstanding at the offices of the Paying, Transfer and Conversion Agents and the Registrar specified at the end of this Offering Circular. Written or oral requests for such documents should be directed to the specified offices of the Paying, Transfer and Conversion Agents and the Registrar. Such documents are also currently available for viewing on the website of the Luxembourg Stock Exchange (www.bourse.lu). The Audited Consolidated Financial Statements and the Consolidated Condensed Interim Financial Statements are available for viewing on the website of Abengoa (www.abengoa.com). Nothing else on the website of Abengoa is incorporated herein.

Pursuant to Spanish regulatory requirements, the Management Reports are required to accompany Abengoa's Audited Consolidated Financial Statements and the related auditors' report and are hereby incorporated by reference into this Offering Circular only in order to comply with such regulatory requirements. Investors are strongly cautioned that the Management Reports contain information as of various historical dates and do not contain a current description of our business, affairs or results. The information contained in the Management Reports has been neither audited nor prepared for the specific purpose of this offering. Accordingly, the Management Reports should be read together with the other portions of this Offering Circular, and in particular the sections "Risk Factors" and "Operating and Financial Review and Prospects". Any information contained in the Management Reports shall be deemed to be modified or superseded by any information elsewhere in the Offering Circular that is subsequent to or inconsistent with it. Furthermore, the Management Reports include certain forward-looking statements that are subject to inherent uncertainty (see "Forward-Looking Statements"). Accordingly, investors are cautioned not to rely upon the information contained in such Management Reports.

OVERVIEW

This summary highlights selected information about us and the Offering contained in this Offering Circular. This summary is not complete and does not contain all the information you should consider before investing in the Notes. The following summary should be read in conjunction with, and the following summary is qualified in its entirety by, the more detailed information included in this Offering Circular, including our Audited Consolidated Financial Statements and our Consolidated Condensed Interim Financial Statements. Any decision to invest in the Notes should be based on consideration of this Offering Circular as a whole by the investor and not just this summary. You should read carefully the entire Offering Circular to understand our business, the nature and terms of the Notes and the tax and other considerations which are important to your decision to invest in the Notes, including the risks discussed under the caption "Risk Factors."

Overview

We are a leading engineering and clean technology company with operations in more than 70 countries worldwide that provides innovative solutions for a diverse range of customers in the energy and environmental sectors. Over the course of our 70-year history, we have developed a unique and integrated business model that applies our accumulated engineering expertise to promoting sustainable development solutions, including delivering new methods for generating power from the sun, developing biofuels, producing potable water from seawater, efficiently transporting electricity and recycling industrial waste. A cornerstone of our business model has been investment in proprietary technologies, particularly in areas with relatively high barriers to entry. Our Engineering and Construction activity provides sophisticated turnkey engineering, procurement and construction ("EPC") services from design to implementation for infrastructure projects within the energy and environmental sectors. Our Concession-Type Infrastructures activity operates, manages and maintains infrastructure assets, usually pursuant to long-term concession agreements under Build, Own, Operate and Transfer ("BOOT") schemes, within four operating segments (Transmission, Solar, Water and Co-generation). Finally, our Industrial Production activity produces a variety of biofuels (ethanol and biomass), provides recycling services to industrial customers and engages in other related activities. For the nine-month period ended on September 30, 2012, our average number of employees was 25,645 people worldwide across our three business activities and, according to industry publications, we are among the market leaders in the majority of our areas of operation.

During the 2011 fiscal year, changes occurred in the organization of the Group that entailed, among other things, the re-definition of the activities and segments considered by the Group and the re-definition of its decision-making processes. As a result of these changes, and in order to focus our attention on our key markets, we organized our business into three activities: Engineering and Construction, Concession-Type Infrastructures and Industrial Production. Each activity is further broken into the following operating segments: Engineering and Construction (which is both an activity and a segment); Transmission; Solar; Water and Co-generation within the Concession-Type Infrastructures activity; and Biofuels, Industrial Recycling and Other within the Industrial Production activity. Our three activities are focused in the energy and environmental industries, and integrate operations throughout the value chain, including research and development and innovation ("R&D&i"), project development, engineering and construction, and the operation and maintenance of our own assets and those of third parties. Our activities are organized to capitalize on our global presence and scale, as well as to leverage our engineering and technological expertise in order to strengthen our leadership positions.

We have successfully grown our business, with a compound annual growth rate of our Consolidated EBITDA of 21% during the ten years ended December 31, 2011. We have also maintained double digit growth in our consolidated revenue and Consolidated EBITDA on a compound annual growth basis since our 1996 initial

public offering on the Spanish Stock Exchanges, where we are now a member of the IBEX 35 index of companies. As of December 31, 2012, we had a market capitalization of €1,263 million. As of September 30, 2012, our backlog was €6,639 million.

The total revenue, Consolidated EBITDA and net fixed assets of the Group and by segment for and as of the nine months ended September 30, 2012 and for and as of the year ended December 31, 2011 is set forth in the following table.

	For the nine months ended September 30, 2012	For the year ended December 31, 2011
	(unaudited)	
	(€ in millions)	
Revenue (total)	**5,612.1**	**7,089.2**
Engineering and Construction	**2,780.8**	**3,525.7**
Concession-Type Infrastructures	**389.3**	**427.6**
Solar	258.8	131.6
Transmission	71.9	237.6
Co-generation	31.3	37.4
Water	27.3	21.0
Industrial Production	**2,442.0**	**3,135.9**
Biofuels	1,585.3	2,225.0
Industrial Recycling	503.1	629.9
Other	353.6	281.0
Consolidated EBITDA (total, unaudited)	**897.2**	**1,102.5**
Engineering and Construction	**359.2**	**437.3**
Concession-Type Infrastructures	**264.5**	**298.9**
Solar	194.5	92.9
Transmission	49.6	193.2
Co-generation	1.2	2.5
Water	19.2	10.3
Industrial Production	**273.5**	**366.3**
Biofuels	26.3	152.1
Industrial Recycling	89.9	121.3
Other	157.3	92.9

	As of September 30,	As of December 31,
	2012	2011
	(unaudited) (€ in millions)	
Net Fixed Assets (total)	**12,117.2**	**10,395.9**
Engineering and Construction	**383.6**	**316.7**
Concession-Type Infrastructures	**7,614.0**	**6,098.0**
Solar	4,313.0	2,876.4
Transmission	2,205.3	2,207.7
Co-generation	652.8	587.7
Water	442.9	426.2
Industrial Production	**4,119.6**	**3,981.2**
Biofuels	2,881.5	2,883.0
Industrial Recycling	970.2	941.9
Other	267.9	156.3

Our three activities are as follows:

- *Engineering and Construction*

  We have over 70 years of experience in the Engineering and Construction activity in the energy and environmental sectors. We are responsible for all phases of the engineering and construction cycle, including project identification and development, basic and detailed engineering, construction and operation and maintenance.

  In the energy sector, we are dedicated primarily to renewable energy (solar, biofuel and biomass), as well as conventional (co-generation and combined-cycle) power plants and power transmission lines. In 2011, we were recognized by *ENR Magazine* as the leading international contractor in power transmission and distribution ("T&D") of electricity in terms of revenues, the second international contractor in power in terms of revenues and the leading international contractor in co-generation and solar in terms of revenues (source: ENR 2012).

  Within the environmental sector, we build water infrastructure, desalination and water treatment plants in Europe, the Americas, Africa and Asia. We are among the market leaders in the construction of water desalination plants through our projects in Algeria, China, India and Spain.

- *Concession-Type Infrastructures*

  By leveraging the expertise we have gained over the years in our Engineering and Construction activity and by selectively developing proprietary technologies, we have developed a portfolio of investments in concession-type infrastructures in the energy and environmental sectors where we seek to achieve attractive returns. Many such concessions are held pursuant to long-term agreements in which we operate and maintain assets that we initially constructed under BOOT schemes. There is limited or no demand risk as a result of arrangements such as feed-in and ad hoc tariff regimes, take-or-pay contracts and power or water purchase agreements, which are long-term contracts with utilities or other offtakers for the purchase and sale of the output of our concession assets. We believe our level of revenue visibility in this business to be very high given the nature of our assets, the long-term

arrangements under which they are operated, and the number of projects under construction where off-take remuneration is already in place.

Our Concession-Type Infrastructure activity includes four operating segments: Transmission, Solar, Water and Co-generation, which operate, respectively, our assets in power transmission, solar power generation (mostly in concentrated solar power technology ("CSP")), water desalination and co-generation. In each instance, we typically partner with leading international or local businesses or parastatals, such as E.ON AG ("E.ON"), Total S.A., Abu Dhabi Future Energy Company ("Masdar"), Centrais Eléctricas Brasileiras S.A. ("Eletrobrás"), General Electric Company ("General Electric"), Cemig, JGC Corporation, Itochu Corporation and Algérienne des Eaux (Algerian Water Authority). In a typical partnership, we make an equity contribution with our partners and then typically finance the infrastructure through non-recourse project financing.

As of September 30, 2012, the average remaining duration of operation of our concession contract portfolio was 26 years. The capacity of our solar, co-generation and water desalination plants and the scale of our power transmission line networks are each expected to approximately double as projects currently under construction are completed between 2013 and 2014.

We manage concession assets on five continents as diverse as power transmission lines in Brazil, Chile and Peru, thermo-solar plants in the United States and Spain, desalination plants in India, China, the Middle East and North Africa and co-generation plants in Spain and Mexico. We pursue a flexible asset rotation strategy through which we may divest certain assets from time to time on an opportunistic basis to maximize our overall investment returns.

- *Industrial Production*

Our Industrial Production activity includes three operating segments: Biofuels, Industrial Recycling and Other, in which we develop and produce biofuels and provide a variety of recycling services to industrial customers. These operations are conducted using our own assets and are focused on high growth markets. According to industry publications and our own estimates, we enjoy leadership positions in many of the markets in which we operate.

Biofuels

In terms of capacity, according to *Ethanol Producer Magazine* and the European Renewable Ethanol Association, our Biofuels segment is currently the European market leader in ethanol production and is the seventh largest ethanol producer in North America . We are the only operator with a significant presence in all of the three key biofuel markets: the United States, Europe and Brazil. We are also diversified in terms of revenue sources and, historically, we have benefited from the positive impact of successful hedging policies.

We believe we have identified a significant market opportunity in second-generation biofuels, which utilize biomass rather than cereal and other food crops as the primary raw material. We have invested continually in R&D&i over the past decade in this business and have developed our own proprietary processes and enzymes. Our pilot plant has been in operation in York (Nebraska, United States) since 2007 and a demonstration plant in Salamanca (Spain) since 2009. We commenced construction of our first second-generation commercial plant in Hugoton (Kansas, United States), for which we have been awarded a total of U.S.$132 million in loan guarantee financing and U.S.$97 million in grants from the U.S. Department of Energy since 2007. This plant is expected to start operations in the first quarter of 2014 and increase the number of opportunities for us to license our biomass technology to third parties. In addition, we believe that the plant will position our business for potential entry into the biomaterials and bioproducts industry. N-Butanol production on a commercial scale would allow us to diversify our

bioenergy business product range, reducing market volatility. A pilot plan for development and implementation of a catalytic technology for N-Butanol production is expected to by running by the second quarter of 2013.

Industrial Recycling

Within our Industrial Recycling segment, our most important markets are steel dust and aluminum salt slag recycling, both of which are highly regulated markets with significant barriers to entry. We estimate our market shares in the steel dust and salt slag markets in Europe to be 47% and 60% respectively, in terms of installed capacity, which positions us as a market leader in both markets. We intend to leverage our leadership position in these markets by commissioning new plants and expanding into new markets where regulation is developing in favor of recycling requirements.

Other

The Other segment includes activities related to the sale of thermo-solar equipment and licensing of solar-thermal related technology and water management technology, as well as innovative technology businesses such as hydrogen energy or the management of energy crops.

Our Strengths

Balanced, diversified and resilient earnings base and broad geographic diversification

Our business mix benefits us in several ways. It enables us to share knowledge gained from across our Group and implement best practices across our businesses and geographies, thereby increasing our competitiveness while allowing us to be less dependent on any single business or geography. Our Engineering and Construction activity provides a resilient earnings base and our Concession-Type Infrastructures activity provides predictable, recurring cash flows. Together with our Industrial Production activity, our Concession-Type Infrastructures activity also operates in high-growth sectors that offer a wide range of business opportunities. In addition, our business mix allows us to apply our engineering capabilities to create new technologies that are integral to our asset-owned operations and concession projects. The growth of our technological development capabilities enhances our engineering capabilities and increases the development of our asset-based operations.

Our activities also possess a combination of engineering, procurement and construction (“EPC”) prowess and concession revenue streams originating from a variety of both renewable and conventional technologies and markets with their own demand and supply dynamics. As a result, we are not overly reliant on any particular technology, market or customer. Furthermore, as we have operations on five continents, with 73% and 74% of our consolidated revenue generated outside of Spain for the years ended December 31, 2011 and 2010, respectively, our geographic diversification reduces our exposure to economic conditions in any single country or region. Due to our business and geographic diversification, we have a broad customer base consisting of private and public sector customers, including leading global utilities, blue chip industrial companies and national, regional and local governmental authorities. In 2011, no single customer accounted for over approximately 5% of our consolidated revenue, excluding work performed for our own assets.

Our broad geographic diversification with significant activities in Latin America (including Brazil), the United States and Europe, in particular, gives us deep regional insight and long-standing experience working with local governments, regulators, financial institutions and other partners that we believe assists us to obtain requisite equity and debt financing and conclude successful partnerships with leading international and local firms.

Technological leadership, resulting in leading international positions in key businesses

Our technological leadership is one of our central competitive advantages. Building on our experience in our Engineering and Construction activity of providing turnkey engineering solutions as well as on our resilient earnings base and sustained record of profitability, over the last decade we have focused on using our engineering expertise and know-how to develop leadership in technologies relating to sustainable development, particularly in technologies for markets with relatively high barriers to entry. This approach has enabled us to achieve an early advantage in some of our operations, including our solar and biofuels operations, and has allowed us to create a balanced portfolio of activities.

We have developed a leadership position in the energy sector in recent years, as highlighted by the following:

- in 2011, we were the leading international contractor in power transmission and distribution of electricity in terms of revenues, the second international contractor in power in terms of revenues, and the leading international contractor in co-generation and solar in terms of revenues (source: ENR December 2012);
- we are a global leader in solar CSP technology, having developed and built the first two commercial tower technology plants (PS10 and PS20) in Seville (Spain), the first integrated solar combined cycle ("ISCC") plant in the world in Ain-Beni-Mathar (Morocco) and the second ISCC plant in Hassi-R'Mel (Algeria) and continuing to work on two of the world's largest CSP plants under construction in Arizona (the Solana project) and California (the Mojave project); and
- we are a global leader in the biofuels industry, with plants in Europe, the United States and Brazil. We ranked first in Europe and seventh in the United States in first-generation bioethanol in terms of installed capacity (source: *Ethanol Producer Magazine* and ePURE) and enjoy a global leadership position in the development of technology for the production of second-generation bioethanol on a commercial scale.

We are also dedicating significant efforts to developing our market position in the environmental sector, specifically within the industrial waste recycling and water desalination industries, where we are a significant player globally, as illustrated below:

- we are the European leader in steel dust recycling and aluminum salt slag recycling, with market shares in the steel dust and salt slag markets of 47% and 60%, respectively, according to management estimates for the year ended December 31, 2011; and
- we are ranked within the top ten in reverse osmosis desalination technology in terms of capacity and we were awarded the distinction of "2010 Desalination Deal of the Year" for our water desalination project in Qingdao, China and we were additionally recognized as the "2009 Desalination Company of the Year" (source: *Global Water Intelligence* ("GWI")) and in 2012, as one of the top four Water Companies of the Year (source: GWI).

Integrated business model within the energy and environmental sectors

We operate an integrated business model in which we provide complete services from initial design, construction and engineering to operation and maintenance of infrastructure assets. The combination of our engineering and construction expertise with our track record of operating large and complex infrastructure facilities allows us to benefit from and leverage multiple operating efficiencies within our Group. We believe that our integrated business model allows us to prepare competitive bids for government concession tenders and complete and operate the project on a profitable and timely basis. Additionally, we have made significant investments in new technologies at the vanguard of renewable energies such as ISCC plants and

second-generation biofuels, which we believe may provide us with an advantage as their commercial application becomes more widespread.

Broad portfolio of concessions represents a stable and contracted source of cash flow growth

We have an established portfolio of long-term concession projects undertaken in conjunction with partners or on an exclusive basis, which we operate in the power transmission, energy, generation and water infrastructure and energy sectors, typically with terms of 20 to 30 years. Our revenue from concession projects is typically obtained during the term through a period tariff or price per unit payable in exchange for the operation and maintenance of the project. This revenue, which is normally adjusted for inflation, represents a stable and contracted source of cash flow generation for us. In addition, partnerships and non-recourse project finance limits our credit exposure and increases our ability to commit to multiple projects simultaneously. For large projects, we often share the equity contribution by teaming up with various international and local partners. Project finance borrowing allows us to finance the rest of the project through non-recourse debt and thereby insulate the rest of our Group from such credit exposure.

High revenue predictability driven by strong order backlog and contracted revenue stream

We have a developed portfolio of businesses focused on EPC and concession project opportunities in the attractive and growing markets of sustainable development in the infrastructure, environment and energy sectors, many of which are based on customer contracts or long-term concession projects. As of September 30, 2012, our backlog of projects and other operations pending execution stood at €6,639 million, which equaled approximately 20 months of revenue that our Engineering and Construction activity achieved in the previous 12 months. As of September 30, 2012, our concessions had an average remaining life of 26 years. The volume and timing of executing the work in our backlog is important to us in anticipating our operational and financing needs, and we believe our backlog figures reflect our ability to generate revenue in the near term.

Fully financed committed capital expenditure program backed by long-term fixed price customer contracts

We have a committed capital expenditure program focused on the construction of power transmission lines, solar power plants, cogeneration power plants and water infrastructure with closed financing agreements. As of September 30, 2012, our total committed capital expenditures were €2,982 million, with the significant majority of projects backed by off-take contracts and feed-in tariffs, for which long-term financing has been obtained. As a result, we believe that our capital expenditure program provides us with enhanced visibility on near-term growth in revenue and cash flow.

Solid capital structure and liquidity profile supported by access to a diverse range of funding sources

We have successfully grown our business while seeking to enforce strict financial discipline to maintain our strong liquidity position. As of September 30, 2012, we had cash and cash equivalents and short-term financial investments of €3,207.1 million, which we believe are sufficient to satisfy our short-term liquidity needs. This strong cash position also assists in bidding for large projects. The financing of our projects is executed at two levels: (i) non-recourse debt, which is used at the project company level to fund, as the case may be, the engineering and construction works, operation of the concession-type infrastructures and industrial production projects, and which insulates the rest of the Group from any credit risk; and (ii) corporate debt, which is used to fund the rest of our operations.

In addition, we have developed a strong network of relationships with international financial institutions and local banks, which have provided us with corporate and non-recourse financing. We have also obtained financial support from international and local development banks and government regulators such as the

European Investment Bank, the Inter-American Development Bank, the U.S. Department of Energy, *Banco Nacional de Desenvolvimento Econômico e Social* ("BNDES") in Brazil and *Banco Nacional de Obras y Servicios Públicos* ("Banobras") in Mexico. In addition, we have accessed the debt capital markets in different geographies and successfully raised funding through the issuance of bonds and convertible notes.

Strong and experienced management team with successful track record

Our senior management team holds a significant stake in our equity, has an average of 13 years of experience at our company and has led Abengoa through our significant growth and development, including periods of international expansion across all of our activities.

Our Strategy

Maintain focus on operational excellence and technological development

Given the importance of our technological leadership to our competitive advantage, we maintain this strength through significant investment in R&D&i which is undertaken by over 700 employees. We intend to maintain this effort to retain or enhance our market positions and cost competitiveness.

Maintain the mix of our business operations to operate a diversified business model

We have been careful to expand our business in a balanced manner, seeking to ensure that we are not over-reliant on any particular product or service, geography or technology.

Take advantage of opportunities for organic cash flow generation in our growth markets

We look to establish ourselves early in growth markets so that we can garner leadership positions in our businesses. We have significant experience in expanding into new and diverse markets with different regulatory regimes that allows us to adapt and to become familiar with new markets and technologies more quickly and helps us capitalize on future expansion opportunities in new markets.

Our business is positioned for growth through the development of both existing operations and new investments. We have strict "return on investment" criteria that attempt to ensure that our growth plans generate long-term, sustainable cash flows for our business. In addition, we maintain strict discipline towards the deployment of new non-committed capital expenditures, committing to such investments only when long-term funding has been secured.

Maintain our competitive position

We believe that we enjoy competitive advantages in many of our businesses due to factors such as our technological leadership position, know-how and scale, as well as the relatively high barriers to entry in certain key areas. We believe these are important factors in protecting our cash flows and profitability. We intend to continue to focus on efficiency measures and technology investments to seek to maintain our competitive advantages.

Asset rotation

We have a successful track record of monetizing certain of our investments, for example:

- in the fourth quarter of 2010, we completed the sale of our 25% interest in two power transmission lines in Brazil that resulted in €102 million of cash proceeds;
- in the third quarter of 2011, we completed the Telvent Disposal, which generated cash proceeds of €391 million;
- in the fourth quarter of 2011, we executed the First Cemig Sale which resulted in the equivalent of €479 million of net cash proceeds in Brazilian reais; and

- in the second quarter of 2012, we closed the Second Cemig Sale which resulted in the equivalent of €354 million of net cash proceeds in Brazilian reais.

We intend to continue to actively follow an asset rotation strategy whereby we periodically sell assets in order to seek to optimize investment returns and free up capital for new investments or debt reduction.

Strengthen and diversify our capital structure and gain financial flexibility

We are committed to maintaining a sound capital structure and a strong liquidity position. As such, we intend to extend the debt maturities of our existing corporate debt, prefund our cash needs and avoid committing to new projects unless we have first secured long-term financing. We aim to continue to access the global capital markets from time to time, as appropriate and subject to market conditions, in order to further diversify our funding sources.

Through the execution of the Telvent Disposal, the Cemig Sales and the investment by First Reserve Corporation ("First Reserve"), we reduced our Net Corporate Debt by €2,140 million as of September 30, 2012.

At the project company level, we are also working on diversifying our funding sources by continuing to partner with leading energy companies such as General Electric, Eletrobrás, Cemig and E.ON, to co-fund our new investments.

THE OFFERING

The following overview refers to certain provisions of the Terms and Conditions of the Notes and is qualified by more detailed information contained elsewhere in this Offering Circular. Prospective investors should read this Offering Circular in its entirety. Terms which are defined in "Terms and Conditions of the Notes" have the same meaning when used in this overview.

Issuer	Abengoa, S.A.
Notes	€400,000,000 6.25 per cent. Senior Unsecured Convertible Notes due 2019.
The Offering	The Notes are being offered by the Managers to institutional investors who are not U.S. persons in offshore transactions outside the United States in reliance on Regulation S and in the United States only to QIBs in reliance on Rule 144A.
Closing Date	January 17, 2013.
Issue Price	100 per cent. of the nominal amount of the Notes.
Final Maturity	Unless previously purchased and cancelled, redeemed or converted, the Notes will be redeemed on January 17, 2019 (the "Final Maturity Date") at their principal amount.
Form and Denomination	The Notes will be represented by a Restricted Global Note and an Unrestricted Global Note (together the "Global Notes"), without interest coupons, registered in the name of a nominee for, and shall be deposited on or about January 17, 2013 with, a common depositary for, and in respect of interests held through, Euroclear and Clearstream, Luxembourg. Each Note will have a minimum denomination of €100,000.
Interest	The Notes bear interest from and including the Closing Date at 6.25 per cent. per annum payable semi-annually in arrear in equal installments on January 17 and July 17 each year, commencing on July 17, 2013.
Status of the Notes	The Notes will constitute direct, unconditional, unsubordinated and (subject to "Terms and Conditions of the Notes−Negative Pledge") unsecured obligations of the Issuer ranking *pari passu* and rateably, without any preference among themselves, and, save as provided herein, equally with all the other existing and future unsecured and unsubordinated indebtedness of the Issuer.
Negative Pledge	So long as any of the Notes remain outstanding, the Issuer will not create or permit to subsist, and will ensure that none of its Material Subsidiaries will create or permit to subsist, any mortgage, charge, pledge, lien or other form of encumbrance or security interest upon the whole or any part of its property or assets present or future to secure any Relevant Indebtedness (as defined in "Terms and Conditions of the Notes — Definitions" and, in particular, excluding Non-Recourse Financing), except

	as provided herein. However, any Subsidiary acquired after the Closing Date may have an outstanding Security Interest (as defined in "Terms and Conditions of the Notes — Definitions") with respect to any Relevant Indebtedness so long as: (i) such Security Interest was outstanding on the date on which such Subsidiary became a Subsidiary and was not created in contemplation of such Subsidiary becoming a Subsidiary or in substitution for or to replace either such outstanding Security Interest; and (ii) the nominal amount of the Relevant Indebtedness is not increased after the date that such Subsidiary became a Subsidiary. See "Terms and Conditions of the Notes — Negative Pledge."
Cross Acceleration	The Notes will contain a cross-acceleration provision, subject to a threshold of €30,000,000, as further described in "Terms and Conditions of the Notes − Events of Default."
Other Events of Default	For a description of certain other events that will permit the Notes to become immediately due and payable at their principal amount, together with accrued interest, see "Terms and Conditions of the Notes − Events of Default." Events of default are limited only to events that occur in relation to the Issuer or its Material Subsidiaries, being Subsidiaries (other than Non-Recourse Subsidiaries (as defined in "Terms and Conditions of the Notes − Definitions")) whose total assets or EBITDA represent at least five per cent. of the consolidated assets or EBITDA of the Issuer and its Subsidiaries.
Redemption at the Option of the Issuer	The Notes may be redeemed at the option of the Issuer in whole (but not in part only) at the Optional Redemption Price as at the date fixed for redemption together with accrued interest to such date (i) at any time if, prior to the date on which the relevant notice of redemption is given to Noteholders, Conversion Rights shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 85 per cent. or more in nominal amount of the Notes originally issued, or (ii) at any time within the period of 90 days commencing on the calendar day following the end of the Put Period. See "Terms and Conditions of the Notes — Redemption, Purchase and Triggering Event Protections — Redemption at the Option of the Issuer."
Redemption at the Option of the Noteholders	Following the occurrence of a Tender Offer Triggering Event, the holder of each Note will have the right to require the Issuer to redeem that Note on the Put Date (as defined in Condition 7(d)(ii)) at the Put Price (as defined in "Terms and Conditions of the Notes — Redemption, Purchase and Triggering Event Protections — Redemption at the Option of Noteholders — Following a Trigger Event"), together with accrued interest to (but excluding) the Put Date. Following the occurrence of a Relevant Person Triggering

	Event, the holder of each Note will have the right to require the Issuer to redeem that Note on the Put Date at its principal amount together with accrued interest to (but excluding) the Put Date.
No Gross-up	All payments in respect of the Notes by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature, unless such withholding or deduction is required by applicable laws or regulations. If any such withholding or deduction is so required, the relevant payment shall be made subject to and after any such withholding or deduction and no additional amounts shall be payable by the Issuer in respect of any such withholding or deduction. See “Terms and Conditions of the Notes — Taxation” and “Taxation.”
Conversion Rights	The use of the word “conversion” (and related terms) in the following summary of the Terms and Conditions of the Notes shall be construed as encompassing the exchange of Notes for new and/or existing Class B Shares. At the date hereof Abengoa’s share capital is comprised of a total aggregate number of 85,619,507 Class A Shares in issue and 452,443,183 Class B Shares in issue. At the date hereof, the Class B Shares, represent at least 80% of the market capitalization of the Issuer, with an average daily trading volume since they were listed on the Spanish Stock Exchange on October 25, 2012 to the date hereof of 1.7 million Class B Shares. The average daily trading volume of the Class A Shares over the same period is 0.7 million Class A Shares. On October 11, 2012 the Advisory Committee of the Ibex 35 (Spain’s main stock index comprising the 35 most liquid Spanish stocks) decided to exclude the Class A Shares from the index and include instead the Class B Shares. Subject to the right of the Issuer to make a Cash Settlement Election (as defined in “Terms and Conditions of the Notes — Conversion of Notes — Cash Settlement”), unless previously redeemed or purchased and cancelled, each Note will be, at the option of the Noteholder, convertible into new and/or existing Class B Shares during the Conversion Period. The number of Class B Shares to be issued in respect of a Note will be determined by dividing the aggregate nominal amount of the Notes by the Conversion Price in effect on the relevant Conversion Date, and if necessary rounding down to the nearest whole number of Class B Shares. See “Terms and Conditions of the Notes — Conversion of Notes.” Conversion Notices will be acted upon by the Issuer only once a month on the first day of each month, or the following Madrid business day if the first day is not a Madrid business day. In order for the Conversion Notice to be acted upon on such day, it

	should have a "Conversion Date" (the business day following delivery) at least seven Madrid business days prior to such first day or, if applicable, the following Madrid business day. Any Conversion Notice in respect of which the Conversion Date falls after the seventh Madrid business day prior to the first day of a calendar month or if such day is not a Madrid business day, the following Madrid business day, will be acted upon on the first day of the immediately following calendar month or, if such day is not a Madrid business day, the following Madrid business day. Notwithstanding the provision of the previous paragraph, in the case of Conversion Notices delivered in respect of which the Conversion Date falls after the seventh Madrid business day prior to the month in which the Final Maturity Date falls or the Optional Redemption Date falls or the last day of the Relevant Person Triggering Event Period falls (as the case may be), the Issuer shall act upon any such Conversion Notice not later than the Madrid business day prior to the Final Maturity Date, Optional Redemption Date or last day of the Relevant Person Triggering Event Period (as the case may be).
Cash Settlement Election	Upon exercise of a Conversion Right by a Noteholder, the Issuer may make a Cash Settlement Election to satisfy the exercise of Conversion Rights by that Noteholder by (i) paying to the relevant Noteholder the Cash Settlement Amount (as defined in "Terms and conditions of the Notes — Conversion of Notes — Cash Settlement") and, if applicable, any Additional Cash Amounts due and/or (ii) delivering to the relevant Noteholder the Deliverable Shares (as defined in Condition 6(j)). If the Issuer shall make a Cash Settlement Election pursuant to "Terms and conditions of the Notes — Conversion of Notes — Cash Settlement" in respect of the exercise of a Conversion Right, it shall make the same exercise in respect of all exercises of Conversion Rights where the Conversion Date falls on the same day as the Conversion Date in respect of such exercise. See "Terms and Conditions of the Notes — Conversion of Notes — Cash Settlement."
Conversion Period	The period beginning on and including February 27, 2013 and, subject to adjustment for non-business days as provided herein, ending on and including the earlier to occur of: (i) the close of business on the date falling seven Trading Days prior to the Final Maturity Date, which date is expected to be January 8, 2019; and (ii) if the Notes shall have been called for redemption by the Issuer before the Final Maturity Date, the close of business on the seventh Trading Day before the date fixed for redemption, such as provided herein. See "Terms and Conditions of the Notes — Conversion of Notes."
Conversion Price	€3.2695 per Class B Share, subject to adjustment as provided herein. On January 8, 2013 the last reported sale price of Class B

	Shares on the Automated Quotation System of the Spanish Stock Exchange was €2.581 per Class B Share.
Conversion Price upon a Triggering Event	In the event of a Relevant Person Triggering Event only, the Conversion Price will be adjusted downwards for a specified 60-day period as described herein. See "Terms and Conditions of the Notes — Conversion of Notes."
Class B Shares	The Class B Shares to be delivered following conversion will be delivered credited as fully paid and will rank pari passu in all respects with all fully paid Class B Shares in issue on the relevant Registry Date, save as provided in "Terms and Conditions of the Notes."
Lock Up	The Issuer has, subject to customary exceptions, agreed not to issue or sell Class B Shares or certain related securities through March 31, 2013. See "Plan of Distribution."
Fiscal Agent	Deutsche Bank AG, London Branch
Paying, Transfer and Conversion Agents	Deutsche Bank AG, London Branch
Registrar	Deutsche Bank Luxembourg S.A.
Commissioner and Syndicate of Noteholders	Deutsche Bank, S.A.E.
	There will be no English law trustee appointed in relation to the Notes but rather a Spanish law "Comisario." Spanish company law requires that a representative (Commissioner) of the Noteholders be appointed and that a syndicate of Noteholders be established in relation to the issue of the Notes. The holders of the Notes shall meet in Madrid, in accordance with the regulations governing the Syndicate of Noteholders (the "Regulations of the Syndicate"). The Regulations of the Syndicate contain the rules governing the functioning of the Syndicate and the rules governing its relationship with the Company. For more information on the Regulations of the Syndicate, the duties and responsibilities of the Commissioner and Syndicate and additional timing and other requirements under Spanish law, see "Terms and Conditions of the Notes — Syndicate of Noteholders, Modification and Waiver" and "Regulations of the Syndicate of Noteholders."
	The Commissioner may require the Noteholders to indemnify it for any costs, losses or liabilities incurred by it when complying with the instructions received from the Noteholders stemming from a Noteholders' meeting.
Language	The legally binding language of this Offering Circular is the English language except for the Regulations of the Syndicate of the Noteholders where the legally binding language shall be the Spanish language. The English translation of the Regulations of the Syndicate of the Noteholders is included for information

	purposes only.
Governing Law and Jurisdiction	The Notes, and any non-contractual obligations arising out of or in connection with the Notes, will be governed by, and shall be construed in accordance with, English law, save that Condition 14 of the "Terms and Conditions of the Notes — Syndicate of Noteholders, Modification and Waiver" and Condition 1 (c) of the "Terms and Conditions of the Notes—Status of the Notes," which will be governed by Spanish law. The courts of England will have jurisdiction to settle and disputes which may arise out of or in connection with the Notes.
Listing and Trading	Application has been made for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and traded on the Euro MTF Market. The Issuer has undertaken to use reasonable endeavors to have any new Class B Shares (to be issued upon conversion of the Notes) listed on the Spanish Stock Exchanges.
Clearing	Each of the Restricted Notes and Unrestricted Notes have each been accepted for clearing by Euroclear and Clearstream, Luxembourg. The Notes have the following Common Codes and International Securities Identification Numbers ("ISIN"): **Restricted Notes** Common Code: 087562492 ISIN: XS0875624925 **Unrestricted Notes** Common Code: 087527581 ISIN: XS0875275819
Selling and Transfer Restrictions	There are restrictions on the offer, sale, delivery and transfer of the Notes, *inter alia*, in the United States, the United Kingdom, Spain and elsewhere in the EEA. See "Form of Notes and Transfer Restrictions" and "Plan of Distribution."

RISK FACTORS

Prospective investors should consider carefully the risks set out below and the other information contained in this Offering Circular prior to making any investment decision with respect to the Notes. Each of the risks highlighted below could have a material adverse effect on the business, operations, financial condition or prospects of Abengoa, which, in turn, could have a material adverse effect on the nominal amount and interest which investors will receive in respect of the Notes. In addition, each of the risks highlighted below could adversely affect the trading or the trading price of the Notes or the Class B Shares or the rights of investors under the Notes or the Class B Shares and, as a result, investors could lose some or all of their investment.

Prospective investors should note that the risks described below may not be the only risks that we face. We have described only those risks that we currently consider to be material and there may be additional risks that we do not currently consider to be material or of which we are not currently aware. Prospective investors should read the entire Offering Circular. Words and expressions defined in "Terms and Conditions of the Notes" or elsewhere in this Offering Circular have the same meanings in this section.

Risks Related to Our Business and the Markets in Which We Operate

Difficult conditions in the global economy and in the global capital markets have caused, and may continue to cause, a sharp reduction in worldwide demand for our products and services, and negatively impact our access to the levels of financing necessary for the successful development of our existing and future projects and the successful refinancing of our corporate indebtedness

Our results of operations have been, and continue to be, materially affected by conditions in the global economy and in the global capital markets. Concerns over inflation, energy costs, geopolitical issues, the availability and cost of credit, sovereign debt and the instability of the euro have contributed to increased volatility and diminished expectations for the economy and global capital markets going forward. These factors, combined with volatile oil prices, declining global business and consumer confidence and rising unemployment, have precipitated an economic slowdown and have led to a recession and weak economic growth. The economic instability and uncertainty may affect the willingness of companies to make capital expenditures and investment in the markets in which we operate. These events and continuing disruptions in the global economy and in the global capital markets may, therefore, have a material adverse effect on our business, financial condition and results of operations. Moreover, even in the absence of a market downturn, we are exposed to substantial risk of loss due to market volatility with certain factors, including consumer spending, business investment, government spending, the volatility and strength of capital markets, inflation affecting the business and economic environment and, ultimately, the amount and profitability of our business.

Generalized or localized downturns or inflationary pressures in our key geographical areas could also have a material adverse effect on the performance of our business. A significant portion of our business activity is concentrated in Spain, Brazil and the United States, and we are significantly affected by the general economic conditions in these countries. Spain has recently experienced negative economic conditions, including high unemployment and significant government debt which we believe could adversely affect our operations in the near future. We are a Spanish company and our share capital is denominated in euro. The effects on the European and global economy of any exit of one or more member states from the Eurozone (each a "Member State"), the dissolution of the euro and the possible redenomination of our share capital, financial instruments or other contractual obligations from euro into a different currency, or the perception that any of these events are imminent, are inherently difficult to predict and could give rise to operational disruptions or other risks of contagion to our business and have a material, adverse effect on our business, financial condition and results of operation. In addition, to the extent uncertainty regarding the European economic recovery continues to

negatively impact government or regional budgets or demand for our environmental services, our business and results of operations could be materially adversely affected. Moreover, many of our customers are continually seeking to implement measures aimed at greater cost savings, including efforts to improve cost efficiencies. These and other factors could therefore result in our customers reducing their budgets for spending on our products and services.

The global capital and credit markets have experienced periods of extreme volatility and disruption since the second half of 2008. Continued disruptions, uncertainty or volatility in the global capital and credit markets may limit our access to additional capital required to operate or grow our business, including our access to nonrecourse project finance which we use to fund many of our projects, even in cases where such capital has already been committed. Such market conditions may limit our ability to replace, in a timely manner, maturing liabilities and access the capital necessary to grow our business, or replace financing previously committed for a project that ceases to be available to it. As a result, we may be forced to delay raising capital, issue shorter-term securities than we prefer, or bear a higher cost of capital which could decrease our profitability and significantly reduce our financial flexibility. In the event that we are required to replace previously committed financing to certain projects that subsequently becomes unavailable, we may have to postpone or cancel planned capital expenditures or construction projects.

Decreases in government budgets, reductions in government subsidies and adverse changes in law may adversely affect our business and the development of existing and new projects

Economic instability and difficult economic conditions in Spain have resulted in a decline in tax revenue obtained by our public administration customers at a time of rising public sector deficits. In Spain, for example, reductions in government infrastructure budgets have had a significant impact on our results of operations as a substantial percentage of our revenue is derived from services we provide as a contractor or subcontractor on various projects with governmental entities, including state-owned companies. In the United States, a number of states and municipal authorities are experiencing severe fiscal pressures as they seek to address mounting budget deficits. These factors may adversely affect demand for our products and services by such customers and therefore the growth of our business.

Poor economic conditions have affected, and continue to affect, government budgets and threaten the continuation of government subsidies such as feed-in tariffs, tax benefits and other similar subsidies that benefit our business. Such conditions may also lead to adverse changes in law, such as the recent change in Spanish tax law affecting our ability to deduct finance costs. The reduction or elimination of such subsidies or adverse changes in law could have a material adverse impact on the profitability of our existing projects and the development of new projects undertaken in reliance on the continuation of such subsidies.

The revenue from the solar and biofuel projects that we undertake in our Concession-Type Infrastructures and Industrial Production activities, respectively, may be adversely affected if there is a decline in public acceptance and support of renewable energy

Certain people, associations and groups of people could oppose renewable energy projects, citing, for example, misuse of water resources, landscape degradation, land use, food scarcity or price increase and harm to the environment. Moreover, regulation may restrict the development of renewable energy plants in certain areas. In order to develop a renewable energy project, a solar power plant, or other infrastructure project, we are typically required to obtain, among other things, environmental impact permits or other authorizations and building permits, which in turn require environmental impact studies to be undertaken and public hearings and comment periods to be held during which any person, association or group may oppose a project. Any such opposition may be taken into account by government officials responsible for granting the relevant permits, which could result in the permits being delayed or not being granted or being granted solely on the condition that we carry out certain corrective measures to the proposed project.

As a result, we cannot guarantee that all of the renewable energy plants or infrastructure that we currently plan to develop or, to the extent applicable, are developing will ultimately be authorized or accepted by the local authorities or the local population. For example, the local population could oppose the construction of a renewable energy plant or infrastructure at the local government level, which could in turn lead to the imposition of more restrictive requirements.

In certain jurisdictions, if a significant portion of the local population were to mobilize against the construction of a renewable energy plant or infrastructure, it may become difficult, or impossible, for us to obtain or retain the required building permits and authorizations. Moreover, such challenges could result in the cancellation of existing building permits or even, in extreme cases, the dismantling of, or the retroactive imposition of changes in the design of, existing renewable energy plants or infrastructure.

A decrease in acceptance of renewable energy plants or infrastructure by local populations, an increase in the number of legal challenges, or an unfavorable outcome of such legal challenges could have a material adverse effect on our business, financial condition and results of operations.

We rely on certain regulations, subsidies and tax incentives which may be changed or legally challenged

We rely in significant part on environmental and other regulation of industrial and local government activities, including regulations mandating, among other things, reductions in carbon or other greenhouse gas emissions, minimum biofuel content in fuel or use of energy from renewable sources, and the recycling of industrial waste materials. If the businesses to which such regulations relate were deregulated or if such regulations were materially changed or weakened, the profitability of our current and future projects could suffer, which could in turn have a material adverse effect on our business, financial condition and results of operations.

Subsidy regimes for renewable energy generation have been challenged in the past on constitutional and other grounds (including that such regimes constitute impermissible European Union state aid) in certain jurisdictions. In addition, certain loan guarantee programs in the United States, including those which have enabled the U.S. Department of Energy to provide loan guarantees in respect of our Solana, Mojave and Hugoton projects, have been challenged on grounds of failure by the appropriate authorities to comply with applicable U.S. federal administrative and energy law. If all or part of the subsidy and incentive regimes for renewable energy generation in any jurisdiction in which we operate were found to be unlawful and, therefore, reduced or discontinued, we may be unable to compete effectively with conventional and other renewable forms of energy or we may be unable to complete certain ongoing projects.

The production from our renewable energy facilities is the subject of various tax relief measures or tax incentives in the jurisdictions in which they operate. These tax relief and tax incentive measures play an important role in the profitability of projects that we develop. In the future, it is possible that some or all of these tax incentives will be suspended, curtailed, not renewed or revoked. If this happens, the profitability of our current plants and our ability to finance future projects would be adversely affected, which could in turn have a material adverse effect on our business, financial condition and results of operations.

We are subject to extensive governmental regulation in a number of different jurisdictions and our inability to comply with existing regulations or requirements or changes in applicable regulations or requirements may have a negative impact on our business, results of operations or financial condition

We are subject to extensive regulation of our business in Spain, the United States and a significant number of the countries in which we operate. Such laws and regulations require licenses, permits and other approvals to be obtained in connection with the operations of our activities. This regulatory framework imposes significant actual, day-to-day compliance burdens, costs and risks on us. In particular, the power plants that we operate in our Concession-Type Infrastructures and Industrial Production activities are subject to strict international,

national, state and local regulations relating to their development, construction and operation (including, among other things, land acquisition, leasing and use, and the corresponding building permits, landscape conservation, noise regulation, environmental protection and environmental permits and energy power transmission and distribution network congestion regulations). Non-compliance with such regulations could result in the revocation of permits, sanctions, fines or even criminal penalties. Compliance with regulatory requirements, which may in the future include increased exposure to capital markets regulations, may result in substantial costs to our operations that may not be recovered. In addition, we cannot predict the timing or form of any future regulatory or law enforcement initiatives. Changes in existing energy, environmental and administrative laws and regulations may materially and adversely affect our business, products, services, margins and investments. Our business may also be subject to additional taxes imposed on our activities. For example, on December 27, 2012, a Spanish tax on, *inter alia*, electricity production was introduced, imposing a 7% levy on revenue received from power generation, including the revenues generated by our thermo-solar plants (see "Regulation — Spain — Law on Tax Measures for Energy Sustainability" for further information). The recently introduced Spanish tax on electricity production, and any additional taxes introduced in the future, may reduce the earnings generated by our affected subsidiaries which, in turn, may have a material adverse effect on our business, financial condition and results of operations. Furthermore, such changes in laws and regulations could increase the size and number of claims and damages asserted against us or subject us to enforcement actions, fines and even criminal penalties. In addition, changes in laws and regulations may, in certain cases, have retroactive effect and may cause the result of operations to be lower than expected. In particular, our activities in the energy sector are subject to regulations applicable to the economic regime of generation of electricity from renewable sources and to subsidies or public support in the benefit of the production of biofuels from renewable energy sources, which vary by jurisdiction, and are subject to modifications that may be more restrictive or unfavorable to us.

Our business is subject to stringent environmental regulation

We are subject to significant environmental regulation, which, among other things, requires us to perform environmental impact studies on future projects or changes to projects, obtain regulatory licenses, permits and other approvals and comply with the requirements of such licenses, permits and other approvals. There can be no assurance that:

- governmental authorities will approve these environmental impact studies;
- public opposition will not result in delays, modifications to or cancellation of any proposed project or license; or
- laws or regulations will not change or be interpreted in a manner that increases our costs of compliance or materially or adversely affects our operations or plants or our plans for the companies in which we have an investment or to which we provide our services.

We believe that we are currently in material compliance with all applicable regulations, including those governing the environment. On occasion, we have been found not to be in compliance with certain environmental regulations, and have incurred fines and penalties associated with such violations which to date have not been material in amount. We can give no assurance, however, that we will continue to be in compliance or avoid material fines, penalties, sanctions and expenses associated with compliance issues in the future. Violation of such regulations may give rise to significant liability, including fines, damages, fees and expenses, and site closures. Generally, relevant governmental authorities are empowered to clean up and remediate releases of environmental damage and to charge the costs of such remediation and cleanup to the owners or occupiers of the property, the persons responsible for the release and environmental damage, the producer of the contaminant and other parties, or to direct the responsible parties to take such action. These

governmental authorities may also impose a tax or other liens on the responsible parties to secure the parties' reimbursement obligations.

In Brazil, environmental liability applies to any individual or legal entity (whether public or private) that directly or indirectly causes, by action or omission, any damage to the environment. A sole fact may result in liability of three types (civil, administrative and criminal) independently or cumulatively. Brazilian courts may even lift the corporate veil in circumstances where a company is found to evade an environmental obligation to indemnify damage. When the veil of the corporation is lifted, the shareholders, rather than Abengoa itself, may be personally liable to redress the damage.

Environmental regulation has changed rapidly in recent years, and it is possible that we will be subject to even more stringent environmental standards in the future. For example, our activities are likely to be covered by increasingly strict national and international standards relating to climate change and related costs, and may be subject to potential risks associated with climate change, which may have a material adverse effect on our business, financial condition or results of operations. We cannot predict the amounts of any increased capital expenditures or any increases in operating costs or other expenses that we may incur to comply with applicable environmental, or other regulatory, requirements, or whether these costs can be passed on to customers through product price increases.

We face pressure to improve the competitiveness of our renewable energy services and products

To ensure our long-term future, we must be able to compete on a non-subsidized basis with conventional and other renewable energy sources. The current levels of government support for renewable energy are generally intended to grant the industry a "grace period" to reduce the cost per kilowatt-hour of electricity or per gasoline gallon equivalent generated through technological advances, cost reductions and process improvements. Consequently, and as generation or production costs decrease, this level of government support is likely to be gradually phased out for many critical projects in the future, although existing and commissioned projects will continue to benefit from feed-in tariffs or similar government incentives as already set. In the medium- to long-term, a gradual but significant reduction of the tariffs, premiums and incentives for renewable energy is likely. If these reductions continue and/or increase, market participants, including ourselves, may need to reduce prices to remain competitive against other alternatives. If cost reductions and product innovations do not occur, or occur at a slower pace than is required to achieve the necessary price reductions, this could have a material adverse effect on our business, financial condition and results of operations.

We also face significant competition from other renewable energy providers. We believe the solar industry may see significantly increased competition as a result of new market entrants and/or substitute renewable energy sources due to increased demand for renewable energy sources. Other contributing factors to this increased competition are lower barriers to entry in these markets due to the increased standardization of technologies, improved funding opportunities and increased governmental support. Although we endeavor to maintain our competitiveness, no assurance can be given that we will succeed. Our failure to compete successfully would negatively impact our ability to grow our business and generate revenue, which could have a material adverse effect on our business, financial condition and results of operations.

Increases in the cost of energy and gas could significantly increase our operating costs

Some of our activities require significant consumption of energy and gas, and we are vulnerable to material fluctuations in their prices. Although our energy and gas purchase contracts generally include indexing mechanisms, we cannot guarantee that these mechanisms will cover all of the additional costs generated by an increase in energy and gas prices, particularly for long-term contracts, and some of the contracts entered into by us do not include any indexing provisions. Significant increases in the cost of energy or gas, or shortages

of the supply of energy and/or gas, could have a material adverse effect on our business, financial condition and results of operations.

Our business has substantial capital expenditure requirements which require us to have access to the global capital markets for financing

We have significant capital expenditure requirements which requires continued access to the global capital markets, as well as R&D&i costs and extensive construction costs for power transmission lines, solar power plants and installations, co-generation power plants, infrastructure for the production of ethanol and desalination plants. Our capital expenditure and R&D&i requirements depend on the number and type of projects we undertake in the future. Under concessions and other agreements, we have committed to certain future capital expenditures (see "Operating and Financial Review and Prospects — Liquidity and Capital Resources — Capital expenditures"). Any recovery of our capital expenditures and R&D&i requirements, especially those made in respect of our concessions, will occur over a substantial period of time. Moreover, we may be unable to recoup our investments in these projects due to delays, cost overruns and general timing issues as to when revenue can be derived from these projects.

We must also continue to make significant expenditures on R&D&i in order to maintain and improve our competitive position. Furthermore, certain of our competitors may have substantially greater financial resources than we do. Any failure by us to react quickly and effectively to technological changes, or to obtain necessary financing to conduct appropriate R&D&i activities, could have a material adverse effect on our business, financial condition and results of operations.

Transactions with counterparties exposes us to credit risk which we must effectively manage to mitigate the effect of counterparty defaults

We are exposed to the credit risk implied by default on the part of a counterparty (a customer, provider, partner or financial entity), which could impact our business, financial condition and results of operations. Although we actively manage this credit risk through the use of non-recourse factoring contracts, which involves banks and third parties assuming a counterparty's credit risk, and credit insurance, our risk management strategy may not be successful in limiting our exposure to credit risk, which could adversely affect our business, financial condition and results of operations.

We may be subject to increased financing costs if we do not effectively manage our exposure to interest rate and foreign currency exchange rate risks

We are exposed to various types of market risk in the normal course of business, including the impact of interest rate changes and foreign currency exchange rate fluctuations. Some of our indebtedness bears interest at variable rates, generally linked to market benchmarks such as EURIBOR and LIBOR. Any increase in interest rates would increase our finance costs relating to our variable rate indebtedness and increase the costs of refinancing our existing indebtedness and issuing new debt (see "Operating and Financial Review and Prospects — Factors Affecting Our Results of Operations — Interest rates"). In addition, we conduct our business and incur costs in the local currency of the countries in which we operate. As we continue expanding our business into existing markets such as North America and Latin America, and into new markets such as the Middle East, North Africa, India, China and Australia, we expect that a large and increasing percentage of our revenue and cost of sales will be denominated in currencies other than our reporting currency, the euro. As a result, we will become subject to increasing currency translation risk, whereby changes in exchange rates between the euro and the other currencies in which we do business could result in foreign exchange losses.

We seek to actively manage these risks by entering into interest rate options and swaps to hedge against interest rate risk and future currency sale and purchase contracts and foreign exchange rate swaps to hedge against foreign exchange rate risk. If our risk management strategies are not successful in limiting our

exposure to changes in interest rates and foreign currency exchange rates, our business, financial condition and results of operations could be materially and adversely affected.

Our competitive position could be adversely affected by changes in technology, prices, industry standards and other factors

The markets in which our activities operate change rapidly because of technological innovations and changes in prices, industry standards, product instructions, customer requirements and the economic environment. New technology or changes in industry and customer requirements may render existing products or services obsolete, excessively costly or otherwise unmarketable. As a result, we must continuously enhance the efficiency and reliability of our existing technologies and seek to develop new technologies in order to remain at the forefront of industry standards and customer requirements. If we are unable to introduce and integrate new technologies into our products and services in a timely and cost-effective manner, our competitive position will suffer and our prospects for growth will be impaired.

The delivery of our products and services to our customers and our performance under our contracts with our customers may be adversely affected by problems related to our reliance on third-party contractors and suppliers

The supply of some of our contracts includes services, equipment or software which we subcontract to subcontractors, and some of our key products and services use items from third-party suppliers. The delivery of products or services which are not in compliance with the requirements of the subcontract, or the late supply of products and services, can cause us to be in default under our contracts with our customers. To the extent we are not able to transfer all of the risk or be fully indemnified by third-party contractors and suppliers, we may be subject to a claim by our customers as a result of a problem caused by a third party that could have a material adverse effect on our reputation, results of operations and financial condition.

We may be adversely affected by risks associated with acquisitions or investments in joint ventures with third parties

If we decide to make certain acquisitions or financial investments in order to expand or diversify our business, we may take on additional debt to pay for such acquisitions. Moreover, we cannot guarantee that we will be able to complete all, or any, such external expansion or diversification transactions that we might contemplate in the future. To the extent we do, such transactions expose us to risks inherent in integrating acquired businesses and personnel, such as the inability to achieve projected synergies; difficulties in maintaining uniform standards, controls, policies and procedures; recognition of unexpected liabilities or costs; and regulatory complications arising from such transactions. Furthermore, the terms and conditions of financing for such acquisitions or financial investments could restrict the manner in which we conduct our business, particularly if we were to use debt financing. These risks could have a material adverse effect on our business, financial condition and results of operations.

In addition, we have made significant investments in certain strategic development projects with third parties, including governmental entities and private entities. In certain cases, these projects are developed pursuant to joint venture agreements over which we only have partial or joint control. Investments in projects over which we have partial or joint control are subject to the risk that the other shareholders of the joint venture, who may have different business or investment strategies than us or with whom we may have a disagreement or dispute, may have the ability to block business, financial or management decisions, such as the decision to distribute dividends or appoint members of management, which may be crucial to the success of the project or our investment in the project, or otherwise implement initiatives which may be contrary to our interests. Our partners may be unable, or unwilling, to fulfill their obligations under the relevant joint venture agreements and shareholder agreements or may experience financial or other difficulties that may adversely impact our investment in a particular joint venture. In certain of our joint ventures, we may also be reliant on the

particular expertise of our partners and, as a result, any failure to perform our obligations in a diligent manner could also adversely impact the joint venture. If any of the foregoing were to occur, our business, financial condition and results of operations could be materially and adversely affected.

Our backlog of unfilled orders is subject to unexpected adjustments and cancellations and is therefore not a fully accurate indicator of our future revenue or earnings

As of September 30, 2012, our backlog was €6,639 million. Our backlog represents management's estimate of the amount of contract awards that we expect to result in future revenue. Backlog is calculated based on the same criteria for each of our activities. A project for which the related contract has been signed is included in the calculation of the project portfolio value. A signed contract represents a legally binding agreement, meaning a secure revenue source in the future. An exception is CSP (Concentrated Solar Power) plants for EPC (Engineering, Procurement and Construction) projects, which are considered in the amount of our backlog despite not having a contract signed, as they have been granted a feed-in tariff. Furthermore, we do not include in backlog predicted sales from our concession activities, such as energy sales, power transmission and water sales or commodity sales, or our industrial production activities, such as biofuel sales and steel dust and aluminum salt slag recycling. We do not include in our backlog calculations of predicted sales from our concession activities, such as energy sales, power transmission and water sales, or commodity sales businesses, which includes sales from biofuels and waste management. Our backlog does include expected revenue based on engineering and design specifications that may not be final and could be revised over time, and also includes expected revenue for government and maintenance contracts that may not specify actual monetary amounts for the work to be performed. For these contracts, our backlog is based on an estimate of work to be performed, which is based on our knowledge of our customers' stated intentions. See "Operating and Financial Review and Prospects — Factors Affecting Our Results of Operations — Backlog and Concessions" and "Business — Backlog" for more information. Furthermore, our ability to execute our backlog is dependent on our ability to meet our operational and financing needs, and if we are unable to meet such needs, our ability to execute our backlog could be adversely affected, which could materially affect our business, financial condition and results of operations.

There can be no assurance that the revenue projected in our backlog will be realized or, if realized, will result in profit. Because of project terminations or suspensions and changes in project scope and schedule, we cannot predict with certainty when, or if, our backlog will be actualized. We can provide no assurance that we will not receive additional cancellations, and, even where a project proceeds as scheduled, it is possible that the customer may default and fail to pay amounts owed to us. Material delays, cancellations or payment defaults could materially affect our business, financial condition and results of operations.

Our definition of backlog may not necessarily be the same as that used by other companies engaged in activities similar to ours. As a result, the amount of our backlog may not be comparable to the backlog reported by such other companies.

We have international operations, including in emerging markets, that could be subject to economic, social and political uncertainties

We operate our activities in a range of international locations, including Australia, China, India, North America, Latin America (including Brazil), the Middle East and North Africa, and expect to expand our operations into new locations in the future. Accordingly, we face a number of risks associated with operating in different countries that may have a material adverse impact on our business, financial condition and results of operations. These risks include, but are not limited to, adapting to the regulatory requirements of such countries, compliance with changes in laws and regulations applicable to foreign corporations, the uncertainty of judicial processes, and the absence, loss or non-renewal of favorable treaties, or similar agreements, with local authorities or political, social and economic instability, all of which can place disproportionate demands

on our management, as well as significant demands on our operational and financial personnel and business. As a result, we can provide no assurance that our future international operations will remain successful.

In addition, we conduct business in various emerging countries worldwide. Our activities in these countries involve a number of risks that are more prevalent than in developed markets, such as economic and governmental instability, the possibility of significant amendments to, or changes in, the application of governmental regulations, the nationalization and expropriation of private property, payment collection difficulties, social problems, substantial fluctuations in interest and exchange rates, changes in the tax framework or the unpredictability of enforcement of contractual provisions, currency control measures and other unfavorable interventions or restrictions imposed by public authorities. In recent months, political upheaval, civil unrest and, in some cases, regime change and armed conflict have occurred in certain countries in the Middle East and North Africa, including Egypt, Libya and Tunisia. Such events have increased political instability and economic uncertainty in certain countries in the Middle East and North Africa where we currently operate or may seek to operate. Although our activities in emerging markets are not concentrated in any specific country (other than Brazil), the occurrence of one or more of these risks in a country or region in which we operate could have a material adverse effect on our business, financial condition and results of operations.

Our growth may be limited by our inability to obtain new sites and expand existing ones

Our ability to maintain our competitive position and meet our growth objectives for our operations and, in particular, our Industrial Production activity and the Co-generation segment of our Concession-Type Infrastructures activity depend on our ability to upgrade existing sites or acquire or lease additional sites in strategically located areas. Our ability to obtain new sites and expand existing sites is limited by regulation and geographic considerations. Government restrictions, including environmental, public health and technical restrictions, limit where our facilities and plants can be located. The process of obtaining planning permission and licenses or permits to build, operate or expand our facilities and plants involve extended hearings and compliance with planning, environmental and other regulatory requirements. We may not be successful in obtaining the planning permissions, licenses or permits we require or such planning permissions, licenses or permits may contain onerous terms and conditions, which could have a material adverse effect on our business, financial condition and results of operations. Furthermore, objections from the public are capable of delaying, and even preventing, the proposed construction of a new or expanded facility or plant and the operation of a facility or plant. As a result, we may not be able to obtain extra site capacity where it is required. In some instances, it is also necessary for us to negotiate separate agreements with local authorities and third parties, such as landowners, who can make demands for additional obligations.

In addition, at some of our existing waste recycling facilities, planning permission is provided for a fixed period of time only, and we must therefore apply to the relevant governmental entity for an extension of planning permission in order to continue our operations. There is no guarantee that an extension will be granted, and, in such circumstances, we will have to close sites at which extensions are not obtained. We also lease some of our waste recycling facilities, landfill sites, transfer stations and other operating facilities. A majority of the leases for these sites include provisions allowing the landlord to terminate the lease if we fail to comply fully with the terms of any permission, permit or licenses obtained for the site. One or more of our landlords could seek to terminate a lease, claiming our non-compliance with the terms of a permission, permit or license. If termination actions sought were to prove successful and we were required to cease operations at one or more sites this could have a material adverse effect on our business, financial condition and results of operations.

Our solar power plants can only be constructed in locations with suitable weather conditions, sufficient levels of solar irradiation, access to water and suitable topographic features. Accordingly, the number of feasible sites available for solar power plants is limited in many countries, including Spain and the United States,

particularly as growth in the number of installed solar plants can restrict the number of sites available for additional plants; recent growth in the number of solar energy operators has increased competition for available sites. Moreover, although we undertake extensive studies before investing in the development of any particular site, the sites we choose to develop might not perform to our expectations. If these constraints on the establishment of solar power plants were to intensify, or if the sites we ultimately choose to develop do not perform as expected, this could have a material adverse effect on our business, financial condition and results of operations.

The construction projects in our Engineering and Construction activity and the facilities we operate in our Concession-Type Infrastructures and Industrial Production activities are inherently dangerous workplaces at which hazardous materials are handled. If we fail to maintain safe work environments, we can be exposed to significant financial losses, as well as civil and criminal liabilities

The construction projects we undertake in our Engineering and Construction activity and the facilities we operate in our Concession-Type Infrastructures and Industrial Production activity often put our employees and others in close proximity with large pieces of mechanized equipment, moving vehicles, manufacturing or industrial processes and highly regulated materials. On most projects and at most facilities, we are responsible for safety and, accordingly, must implement safety procedures. If we fail to implement such procedures or if the procedures we implement are ineffective, our employees and others may become injured. Unsafe work sites also have the potential to increase employee turnover, increase the cost of a project to our customers or the operation of a facility, and raise our operating costs. Any of the foregoing could result in financial losses, which could have a material adverse impact on our business, financial condition and results of operations.

In addition, our projects and the operation of our facilities can involve the handling of hazardous and other highly regulated materials, which, if improperly handled or disposed of, could subject us to civil and criminal liabilities. We are also subject to regulations dealing with occupational health and safety. Although we maintain functional groups whose primary purpose is to ensure we implement effective health, safety, and environmental work procedures throughout our organization, including construction sites and maintenance sites, the failure to comply with such regulations could subject us to liability. In addition, we may incur liability based on allegations of illness or disease resulting from exposure of employees or other persons to hazardous materials that we handle or are present in our workplaces.

Our safety record is critical to our reputation. Many of our customers require that we meet certain safety criteria to be eligible to bid for contracts, and many contracts provide for automatic termination or forfeiture of some, or all, of its contract fees or profit in the event we fail to meet certain measures. As a result, our failure to maintain adequate safety standards could result in reduced profitability or the loss of projects or clients, and could have a material adverse impact on our business, financial condition and results of operations.

Our business may be adversely affected by catastrophes, natural disasters, adverse weather conditions, unexpected geological or other physical conditions, or criminal or terrorist acts at one or more of our plants, facilities and construction sites

If one or more of our plants, facilities or construction sites were to be subject in the future to fire, flood or a natural disaster, adverse weather conditions, terrorism, power loss or other catastrophe, or if unexpected geological or other adverse physical conditions were to develop at any of our plants, facilities or construction sites, we may not be able to carry out our business activities at that location or such operations could be significantly reduced. This could result in lost revenue at these sites during the period of disruption and costly remediation, which could have a material adverse effect on our business, financial condition and results of operations. In addition, despite security measures taken by us, it is possible that our sites relating to our Concession-Type Infrastructures and Industrial Production activities or other sites, could be affected by

criminal or terrorist acts. Any such acts could have a material adverse effect on our business, financial condition and results of operations.

Our insurance may be insufficient to cover relevant risks and the cost of our insurance may increase

Our business is exposed to the inherent risks in the markets in which we operate. Although we seek to obtain appropriate insurance coverage in relation to the principal risks associated with our business, we cannot guarantee that such insurance coverage is, or will be, sufficient to cover all of the possible losses we may face in the future. If we were to incur a serious uninsured loss or a loss that significantly exceeded the coverage limits established in our insurance policies, the resulting costs could have a material adverse effect on our business, financial condition and results of operations.

In addition, our insurance policies are subject to review by our insurers. If the level of premiums were to increase in the future, or certain types of insurance coverage were to become unavailable, we might not be able to maintain insurance coverage comparable to those that are currently in effect at comparable cost, or at all. If we were unable to pass any increase in insurance premiums on to our customers, such additional costs could have a material adverse effect on our business, financial condition and results of operations.

We may be subject to litigation and other legal proceedings

We are subject to the risk of legal claims and proceedings and regulatory enforcement actions in the ordinary course of our business and otherwise. The results of legal and regulatory proceedings cannot be predicted with certainty. We cannot guarantee that the results of current or future legal or regulatory proceedings or actions will not materially harm our business, financial condition and results of operations nor can we guarantee that we will not incur losses in connection with current or future legal or regulatory proceedings or actions that exceed any provisions we may have set aside in respect of such proceedings or actions or that exceed any available insurance coverage, which may have a material adverse effect on our business, financial condition or results of operations. See “Business — Legal Proceedings”.

Unauthorized use of our proprietary technology by third parties may reduce the value of our products, services and brand, and impair our ability to compete effectively

We rely across our business on a combination of trade secret and intellectual property laws, non-disclosure and other contractual agreements and technical measures to protect our proprietary rights. These measures may not be sufficient to protect our technology from third-party infringement and, notwithstanding any remedies available, could subject us to increased competition or cause us to lose market share. In addition, these measures may not protect us from the claims of employees and other third parties. We also face risks with respect to the protection of our proprietary technology because the markets where our products are sold include jurisdictions that provide less protection for intellectual property than is provided under the laws of the United States or the European Union. Unauthorized use of our intellectual property could weaken our competitive position, reduce the value of our products, services and brand, and harm our business, financial condition and results of operations.

Our business may suffer if we are sued for infringing upon the intellectual property rights of third parties

We are subject to the risk of adverse claims and litigation alleging our infringement of the intellectual property rights of others. In the future, third parties may assert infringement claims, alleging infringement by our current, or future, services or solutions. These claims may result in protracted and costly litigation, may subject us to liability if we are found to have infringed upon third parties’ intellectual property rights, and, regardless of the merits or ultimate outcome, may divert management’s attention from the operation of our business.

Our business will suffer if we do not retain our senior management and key employees or if we do not attract and retain other highly skilled employees

Our future success depends significantly on the full involvement of our senior management and key employees, who have valuable expertise in all areas of our business. Our ability to retain and motivate our senior management and key employees and attract highly skilled employees will significantly affect our ability to run our business successfully and to expand our operations in the future. If we were to lose one or more of our senior management or, for example, valuable local managers with significant experience in the markets in which we operate, we might encounter difficulty in appointing replacements. This could have an adverse impact on our business, financial condition and results of operations.

The analysis of whether IFRIC 12 applies to certain contracts and activities, and the determination of the proper accounting treatment at each period end if it is determined that IFRIC 12 is to be applied, involves various complex factors and is significantly affected by legal and accounting interpretations. If the criteria for us to classify our thermo-solar plants in Spain as service concession agreements within the scope of IFRIC 12 do not continue to be met, or if we had to apply IFRIC 12 retrospectively rather than prospectively, our results of operations for the periods presented in this Offering Circular would be significantly different

We account for certain of our Concession-Type Infrastructure assets as service concession agreements in accordance with the provisions of IFRIC 12. The infrastructures accounted for by us as service concessions under IFRIC 12 are mainly related to the activities concerning power transmission lines, desalination plants and thermo-solar electricity generation plants outside of Spain and (with prospective application from September 1, 2011) in Spain.

The analysis of whether IFRIC 12 applies to certain contracts and activities involves various complex factors and it is significantly affected by legal interpretation of certain contractual agreements or other terms and conditions with public sector entities. In particular, the application of IFRIC 12 requires a determination that the grantor of the concession governs what services the operator must provide using the infrastructure, to whom and at what price and also controls any significant residual interest in the infrastructure at the end of the term of the arrangement. When the operator of the infrastructure is also responsible for the engineering, procurement and construction of such asset, IFRIC 12 requires the separate accounting for the revenue and margins associated with the construction activities, which is not eliminated in consolidation even between companies within the same consolidated group, and for the subsequent operation and maintenance of the infrastructure. In such cases, the investment in the infrastructure used in the concession arrangement cannot be classified as property, plant and equipment of the operator, but rather must be classified as a financial asset or an intangible asset, depending on the nature of the payment rights established under the contract.

Therefore, the application of IFRIC 12 requires extensive judgment in relation to, among other factors, (i) the identification of certain infrastructures (and not contractual agreements) in the scope of IFRIC 12, (ii) the understanding of the nature of the payments in order to determine the classification of the infrastructure as a financial asset or as an intangible asset and (iii) the recognition of the revenue from construction and concessionary activity.

Changes in one or more of the factors described above may significantly affect our conclusions as to the appropriateness of the application of IFRIC 12 and, therefore, our results of operations or our financial position. As a result, if we determined that those assets were no longer within the scope of IFRIC 12, the revenue and associated margins realized by us during the construction phase of the affected assets would no longer be recognized in accordance with IFRIC 12 but rather would be eliminated in consolidation, resulting in a decrease in revenue and profits in our consolidated income statement for the period reported, and a reclassification from intangible assets to property, plant and equipment on the consolidated balance sheet. As

such, a determination that those assets ceased to be within the scope of IFRIC 12 would affect the comparability of our results of operations and our financial condition for the periods, and as of the dates, before and after the date on which we made that determination.

In addition, we began to apply IFRIC 12 retrospectively as of January 1, 2010, as required by IFRS-EU, for most of our concession assets, with the exception of our thermo-solar plants in Spain. For these assets, IFRIC 12 was applied from September 1, 2011, due to specific facts and circumstances which prevented us from applying IFRIC 12 upon its first adoption under IFRS-EU, and we applied IFRIC 12 prospectively from such date. Our results of operations for the periods presented in this Offering Circular and our period-to-period trends would have been significantly different if we had not applied IFRIC 12 prospectively as of September 1, 2011 to our thermo-solar plants in Spain or if we had applied IFRIC 12 with prospective effect at an earlier date or had to apply IFRIC 12 retrospectively as of September 1, 2011. For example, we estimate that retrospective application would have the effect of increasing revenues for the nine months ended September 30, 2011 and for the year ended December 31, 2011 compared with our historical results for such periods, while decreasing revenues and decreasing operating profit for the nine months ended September 30, 2012, such that we would have shown declines compared to the corresponding period of 2011. Any change in facts and circumstances as described above may also impact the application of IFRIC 12, and therefore affect the comparability of and trends shown in our results of operations and financial position.

Market perceptions concerning the instability of the euro, the potential re-introduction of individual currencies within the Eurozone, or the potential dissolution of the euro entirely could adversely affect our business or financial position

As a result of the credit crisis in Europe, in particular in Greece, Italy, Ireland, Portugal and Spain, the European Commission created the European Financial Stability Facility (the “EFSF”) and the European Financial Stability Mechanism (the “EFSM”) to provide funding to Eurozone countries in financial difficulties that seek such support. Throughout 2011, the EFSF and EFSM undertook a series of interventions to provide direct financing or other credit support to European governments. In March 2011, the European Council agreed on the need for Eurozone countries to establish a permanent stability mechanism, the European Stability Mechanism, which will be activated by mutual agreement, to assume the role of the EFSF and the EFSM in providing external financial assistance to Eurozone countries after June 2013. In July 2011, the European Council agreed to enlarge the EFSF capital guarantee from €440 billion to €780 billion, a decision which was ratified by all relevant national legislatures in October 2011. In October 2011, the European Council agreed to increase the ability of the EFSF to intervene in sovereign debt markets by granting it the ability to offer insurance to third parties purchasing Eurozone sovereign debt. Throughout 2012, certain Eurozone states announced austerity programs and other cost-cutting initiatives, and the EFSF was permitted to further expand its powers to provide direct loans to certain Eurozone financial institutions, including certain such institutions in Spain. Despite these measures, there can be no assurance that the recent market disruptions in Europe related to sovereign debt, including the increased cost of funding for certain governments and financial institutions, will not continue, nor can there be any assurance that future assistance packages will be available or, even if provided, will be sufficient to stabilize the affected countries and markets in Europe or elsewhere.

Uncertainty persists regarding the debt burden of certain Eurozone countries and regional governments and the solvency of certain European financial institutions and their respective ability to meet future financial obligations. The protracted adverse market conditions have created doubts as to the overall stability of the euro and the suitability of the euro as a single currency given the diverse economic and political circumstances in individual Member States. These and other concerns could lead to the re-introduction of individual currencies in one or more Member States, or, in more extreme circumstances, the possible dissolution of the euro entirely. Should the euro dissolve entirely, the legal and contractual consequences for

holders of euro-denominated obligations would be determined by laws in effect at such time. These potential developments, or market perceptions concerning these and related issues, could adversely affect our business or our financial position, as a significant principal amount of our outstanding debt securities, as well as the Notes, are denominated in euro.

The recoverability of our deferred assets depend on management estimates, which are subject to change

Our management assesses the recoverability of deferred tax assets on the basis of estimates of future taxable profit. These estimates are derived from the projections included in our five- and ten-year strategic plans, which are prepared on a yearly basis and reviewed twice a year for the accuracy of the assumptions used. As of September 30, 2012, a significant portion of our deferred tax assets are tax credits, which include mostly tax loss carryforwards in Brazil, the United States and Spain and tax credits relating to tax incentives principally generated in Spain from our investments in R&D&i and export activities. We also have a significant amount of deferred tax assets in the United States and Spain, whose recoverability depends mostly on our capacity to generate future taxable income in such countries. Based on our current estimates we expect to generate sufficient future taxable income to achieve the realization of our current tax credits and tax loss carryforwards, supported by our historical trend of business performance. However, our current and deferred income taxes may be impacted by events and transactions arising in the normal course of business as well as by special non-recurring items. Changes in the assumptions and estimates made by management may result in the recognition of a valuation allowance on these assets on our balance sheet, with a corresponding charge to income tax expense in the consolidated income statement, although there would be no impact on cash flows.

Risks Related to the Engineering and Construction Activity

Our current and future fixed-price contracts may result in significant losses if costs are greater than anticipated

Many of our EPC contracts are fixed-price contracts which contain inherent risks because we agree to the selling price of the project at the time we enter into the contract. The selling price is based on estimates of the ultimate cost of the contract and we assume substantially all of the risks associated with completing the project, as well as the post-completion warranty obligations. Most EPC contracts are fixed-price turnkey projects where we are responsible for all aspects of the work, from engineering through construction, as well as commissioning, all for a fixed selling price.

In addition, we assume a project's technical risk and associated warranty obligations on all of our projects, meaning that we must tailor products and systems to satisfy the technical requirements of a project even though, at the time the project is awarded, we may not have previously produced such a product or system. Warranty obligations can range from re-performance of engineering services to modification or replacement of equipment. We also assume the risks related to revenue, cost and gross profit realized on such contracts that can vary, sometimes substantially, from the original projections due to changes in a variety of other factors, including, but not limited to:

- engineering design changes;
- unanticipated technical problems with the equipment being supplied or developed by us, which may require that we spend our own money to remedy the problem;
- changes in the cost of components, materials or labor;
- difficulties in obtaining required governmental permits or approvals;
- changes in local laws and regulations;

- changes in local labor conditions;
- project modifications creating unanticipated costs;
- delays caused by adverse weather conditions; and
- project owners', suppliers' or subcontractors' failure to perform.

These risks may be exacerbated by the length of time between signing a contract and completing the project because most of the projects that we execute are long-term. In addition, we sometimes bear the risk of delays caused by unexpected conditions or events. We may be subject to penalties if portions of the long term, fixed-priced projects are not completed in accordance with agreed-upon time limits.

Failure by us to successfully defend against claims made against us by customers, suppliers or subcontractors, or failure by us to recover adequately on claims made against customers, suppliers or subcontractors, could materially adversely affect our business, financial condition and results of operations

Our projects generally involve complex engineering, procurement of supplies and construction management. We may encounter difficulties in the engineering, equipment delivery, schedule changes and other factors, some of which are beyond our control, that affect our ability to complete the project in accordance with the original delivery schedule or to meet the contractual performance obligations. In addition, we rely on third-party partners, equipment manufacturers and subcontractors to assist us with the completion of our contracts. As such, claims involving customers, suppliers and subcontractors may be brought against us, and by us, in connection with our project contracts. Claims brought against us include back charges for alleged defective or incomplete work, breaches of warranty and/or late completion of the project and claims for cancelled projects. The claims and back charges can involve actual damages, as well as contractually agreed upon liquidated sums. Claims brought by us against customers include claims for additional costs incurred in excess of current contract provisions arising out of project delays and changes in the previously agreed scope of work. Claims between us and our suppliers, subcontractors and vendors include claims like any of those described above. These project claims, if not resolved through negotiation, are often subject to lengthy and expensive litigation or arbitration proceedings. Charges associated with claims could materially adversely affect our business, financial condition and results of operations.

The performance of our Engineering and Construction activity is impacted by the growth of our Concession-Type Infrastructures activity

Our Engineering and Construction activity is our largest activity by revenue. A significant component of the revenue of our Engineering and Construction activity relates to works on owned assets and the construction of new infrastructure assets used in the Concession-Type Infrastructures activity, primarily power plants, power transmission lines and water infrastructure. As a result, revenue and profits from our Engineering and Construction activity are substantially dependent on global demand for new power plants, power transmission lines and water infrastructure, and the ability of our Concession-Type Infrastructures activity to win concession-type arrangements associated with such infrastructure. If we are unsuccessful in growing our Concession-Type Infrastructures activity and obtaining new concession-type arrangements, whether due to declines in global demand for new power plants, power transmission lines and water infrastructure or otherwise, revenue and profits from our Engineering and Construction activity will decline, which could materially adversely affect our business, results of operations and financial condition.

The nature of our Engineering and Construction activity exposes us to potential liability claims and contract disputes which may reduce our profits

Our Engineering and Construction activity engages in operations where failures in design, construction or systems can result in substantial injury or damage to third parties. In addition, the nature of our Engineering and Construction activity results in customers, subcontractors and vendors occasionally presenting claims against us for recovery of cost they incurred in excess of what they expected to incur, or for which they believe they are not contractually liable. We have been, and may in the future, be named as a defendant in legal proceedings where parties may make a claim for damages or other remedies with respect to our projects or other matters. These claims generally arise in the normal course of our business. When it is determined that we have liability, we may not be covered by insurance or, if covered, the financial amount of these liabilities may exceed our policy limits.

Risks Related to the Concession-Type Infrastructures Activity

Development, construction and operation of new projects may be adversely affected by factors commonly associated with such projects

The development, construction and operation of conventional power plants, renewable energy facilities, water infrastructure plants, power transmission lines and a number of our other projects can be time-consuming and highly complex. In connection with their development and financing, we must generally obtain government permits and approvals and sufficient financing, as well as enter into land purchase or leasing agreements, equipment procurement and construction contracts, operation and maintenance agreements, fuel supply and transportation agreements and any off-take arrangements. Factors that may affect our ability to construct new projects include, among others:

- delays in obtaining regulatory approvals, including environmental permits;
- shortages or changes in the price of equipment, materials or labor and related budget overruns;
- adverse changes in the political and/or regulatory environment in the jurisdictions in which we operate;
- adverse weather conditions or natural disasters, accidents or other unforeseen events; and
- the inability to obtain financing on satisfactory terms or at all.

Any of these factors may cause delays in commencement or completion of our projects and may increase the cost of projects. If we are unable to complete contemplated projects, the costs incurred in connection with such projects may not be recoverable, which may have an adverse effect on our business, financial condition and results of operations.

The concession agreements under which we conduct some of our operations are subject to revocation or termination

Certain of our operations are conducted pursuant to concessions granted by various governmental bodies. Generally, these concessions give us rights to provide services for a limited period of time, subject to various governmental regulations. The governmental bodies responsible for regulating these services often have broad powers to monitor our compliance with the applicable concession contracts and can require us to supply them with technical, administrative and financial information. Among other obligations, we may be required to comply with investment commitments and efficiency and safety standards established in the concession. Such commitments and standards may be amended in certain cases by the governmental bodies. Our failure to comply with the concession agreements or other regulatory requirements may result in concessions not being granted, upheld or renewed in our favor, or, if granted, upheld or renewed, may be on terms less favorable than those currently applicable. This could have a material adverse effect on our business, financial

condition and results of operations. For more information, see "Operating and Financial Review and Prospects — Factors Affecting our Results of Operations — Backlog and Concessions".

Revenue from our Concession-Type Infrastructures activity is significantly dependent on regulated tariffs or other long-term fixed rate arrangements that restrict our ability to increase revenue from these operations

The revenue that we generate from our Concession-Type Infrastructures activity is significantly dependent on regulated tariffs or other long-term fixed rate arrangements. Under most of our concession agreements, a tariff structure is established in such agreements, and we have limited or no possibility to independently raise tariffs beyond the established rates. Similarly, under a long-term power purchase agreement, we are required to deliver power at a fixed rate for the contract period, with limited escalation rights. In addition, we may be unable to adjust our tariffs or rates as a result of fluctuations in prices of raw materials, exchange rates, labor and subcontractor costs during the construction phase and the operating phase of these projects, or any other variations in the conditions of specific jurisdictions in which our concession-type infrastructure projects are located, which may reduce our revenue. Moreover, in some cases, if we fail to comply with certain pre-established conditions, the government or customer (as applicable) may reduce the tariffs or rates payable to us. In addition, during the life of a concession, the relevant government authority may unilaterally impose additional restrictions on our tariff rates, subject to the regulatory frameworks applicable in each jurisdiction. Governments may also postpone annual tariff increases until a new tariff structure is approved without compensating us for lost revenue. Furthermore, changes in laws and regulations may, in certain cases, have retroactive effect and expose us to additional compliance costs or interfere with our existing financial and business planning. In the case that any one or more of these events occur, this could have a material adverse effect on our business, financial condition and results of operations.

Our Water segment depends significantly on public spending on infrastructure-related water projects and services, and reduced government spending could adversely affect our business, financial condition and results of operations

During 2011, the majority of the revenue from the Water segment of our Concession-Type Infrastructures activity was generated from contracts with governmental entities. Many of these public entities with which we do business are municipalities with limited budgets that are susceptible to annual fluctuations from year to year. The budgets of such municipalities are often dependent on the collection of local taxes or national government grants. As a result, resources that may be available to municipalities for infrastructure-related projects and services may become limited, with little or no notice. In addition, measures aimed at correcting the current economic environment have increased budget deficits of many of the national, regional and local governments and public administrations with which we do business, and no assurance can be given that funding for infrastructure-related projects and services will remain available at previous levels. Furthermore, the competition from competitors for publicly funded works has become increasingly intense, which may affect our margins in the future. Our dependence on public spending, coupled with increasing competition, may lead to reductions in our water concession revenue, which could have an adverse effect on our business, financial condition and results of operations.

Revenue from our power generation facilities is partially exposed to market electricity prices

In addition to regulated incentives, revenue from certain of our projects partially depends on market prices for sales of electricity. Market prices may be volatile and are affected by various factors, including the cost of raw materials, user demand, and, if applicable, the price of greenhouse gas emission rights.

In several of the jurisdictions in which we operate, we are exposed to remuneration schemes which contain both regulated incentive and market price components. In such jurisdictions, the regulated incentive

component may not compensate for fluctuations in the market price component, and, consequently, total remuneration may be volatile.

There can be no assurance that market prices will remain at levels which enable us to maintain profit margins and desired rates of return on investment. A decline in market prices below anticipated levels could have a material adverse effect on our business, financial condition and results of operations.

Our solar projects will be negatively affected if there are adverse changes to national and international laws and policies that support renewable energy sources

Recently, Spain, our principal market, and the United States, a market that we believe will become increasingly important to us in the future, have enacted policies of active support for renewable energy. These policies have included feed-in tariffs and renewable energy purchase obligations (such as under Royal Decree 661/2007 of May 25, on the production of electricity under the special regime, "Royal Decree 661/2007"), mandatory quotas and/or portfolio standards imposed on utilities and certain tax incentives (such as the Investment Tax Credit in the United States). See "Regulation — United States Regulations."

Although support for renewable energy sources by governments and regulatory authorities in the jurisdictions in which we operate has been strong, and European authorities, along with the Spanish and United States governments, have reaffirmed their intention to continue such support, certain policies currently in place may expire, be suspended or be phased out over time, cease upon exhaustion of the allocated funding or be subject to cancellation or non-renewal, including as a result of austerity measures introduced in Spain. Accordingly, we cannot guarantee that such government support will be maintained in full, in part or at all.

Recently, the United States Congress reduced funding for a loan guarantee program that benefits, among other energy-related projects, solar power generation. If the governments and regulatory authorities in the jurisdictions in which we operate were to further decrease or abandon their support for development of solar energy due to, for example, competing funding priorities, political considerations or a desire to favor other energy sources, renewable or otherwise, the power plants we plan to develop in the future could become less profitable or cease to be economically viable. Such an outcome could have a material adverse effect on our business, financial condition and results of operations.

Lack of power transmission capacity availability, potential upgrade costs to the power transmission grid, and other systems constraints could significantly impact our ability to build photovoltaic ("PV") and CSP plants and generate solar electricity power sales

In order to deliver electricity from our PV and CSP plants to our customers, our projects need to connect to the power transmission grid. The lack of available capacity on the power transmission grid could substantially impact our projects and cause reductions in project size, delays in project implementation, increases in costs from power transmission upgrades, and potential forfeitures of any deposit we have made with respect to a given project. These power transmission issues, as well as issues relating to the availability of large systems such as transformers and switch gear, could significantly impact our ability to build PV and CSP plants and generate solar electricity sales.

Risks Related to Our Industrial Production Activity

The ability of our Industrial Production activity to operate at a profit is largely dependent on managing the spread among the prices of inputs (grain, sugarcane, natural gas and others) and outputs (ethanol, sugar, DGS and others), the prices of which are subject to significant volatility and uncertainty

The results of the Biofuels segment of our Industrial Production activity are highly impacted by commodity prices, including the spread between the cost of inputs that we must purchase and the price of outputs that we

sell. Prices and supplies are subject to, and determined by, market forces over which we have no control, such as weather, domestic and global demand, shortages, export prices, and various governmental policies in the United States, Europe, Brazil and around the world. As a result of price volatility for these commodities, the operating results of the Biofuels segment of our Industrial Production activity may fluctuate substantially. Increases in input or decreases in output prices may make it unprofitable to operate our plants. In the last quarter of 2011 and the first nine months of 2012, our Biofuels segment was adversely affected by rising raw materials costs of grains and sugar resulting from drought conditions in the United States and heavy rainfall in Brazil, respectively, as well as low gasoline demand that depressed ethanol prices. No assurance can be given that we will be able to purchase corn, sugarcane and natural gas at, or near, favorable prices and that we will be able to sell ethanol, sugar or distillers grains at, or near, favorable prices. Consequently, our results of operations and financial position may be adversely affected by increases in the price of inputs or decreases in the price of outputs.

Our revenue may decrease, and operating costs may increase, if we do not effectively manage our exposure to commodity prices and supply risks through our hedging arrangements and other strategies

We are exposed to fluctuations in the price and supply of commodities in the Biofuels segment of our Industrial Production activity. The Biofuels segment of our Industrial Production activity competes with the food market for the supply of grain, such as wheat, barley, corn, sorghum, and sugar. Consequently, any increases in the cost of grains increase our costs of ethanol production. The prices of zinc, steel dust and aluminum also have a significant impact on our Industrial Production activity, as our aluminum recycling waste operations purchase aluminum scraps to produce secondary aluminum alloys, and our steel waste recycling and galvanization operations are paid to collect steel dust which, once treated through various pyro- and hydro-metallurgical processes, generates Waelz oxide, which is then sold to smelters to be used in zinc production. We use hedging arrangements, including future sale and purchase contracts and options listed on organized markets, as well as over-the-counter contracts, to mitigate these risks. Such arrangements, however, do not fully eliminate our exposure to commodity prices and supply risk, which could materially and adversely affect our business, financial condition and results of operations.

The price of ethanol from sugarcane is directly correlated to the price of sugar and is becoming closely positively correlated to the price of oil, so that a decline in the price of sugar will adversely affect our revenue from the sale of ethanol and a decline in the price of oil may adversely affect our revenue from the sale of ethanol

The price of ethanol, generally, is closely associated with the price of sugar, and, to some degree, is increasingly correlated to the price of oil. A significant portion of our ethanol production in Brazil is produced at sugarcane mills that produce both ethanol and sugar. Because sugarcane millers are able to alter their product mix in response to the relative prices of ethanol and sugar, this results in the prices of both products being directly correlated, and the correlation between ethanol and sugar may increase over time. In addition, sugar prices in Brazil are determined by prices in the global market, so that there is a strong correlation between Brazilian ethanol prices and global sugar prices.

Because flex-fuel vehicles allow consumers to choose between gasoline and ethanol at the fuel pump, ethanol prices are now becoming increasingly positively correlated to gasoline prices and, consequently, oil prices. We believe that the positive correlation between these products will increase over time. Accordingly, a decline in sugar prices will have an adverse effect on the financial performance of our ethanol and sugar businesses, and a decline in oil prices may have a material adverse effect on our business, financial condition and results of operations. However, biofuels are not the only alternative fuel for the transportation sector currently under development in the market. Future demand for fuel will depend on the relative attractiveness of other technologies, such as electric vehicles, synthetic fuels and other fossil fuels such as methane or liquid

petroleum gas. Certain of these technological initiatives receive public support from governments. If biofuels do not remain an attractive alternative fuel competitive with gasoline and other emerging technologies, such occurrence may have an adverse effect on our business, financial condition and results of operations.

We rely on third-party distribution agreements for our products which we may not be able to maintain

We currently have several long-term contracts for the distribution of ethanol and biodiesel for a number of our plants. If these long-term contracts were not renewed, or were renewed on terms less favorable to us, it may have an adverse effect on our business, financial condition and results of operations.

The Biofuels segment of our Industrial Production activity may be adversely affected due to a change in the public opinion regarding the use of grain and sugar for the production of ethanol

We may face adverse public opinion to the use of grain and sugar for the production of ethanol. Governments responding to public pressure may put in place measures to divert the supply of grain and sugar away from ethanol production and towards the food market, thereby inhibiting our current ethanol production activities or our plans for future expansion, which could have a material adverse effect on our business, financial condition and results of operations.

Our revenue from the Biofuels segment of our Industrial Production activity may be affected by adverse weather conditions, disease, government programs, competition, government regulation and various factors beyond our control

Adverse weather conditions, disease, plantings, government programs and policies, competition and changes in global demand are factors that have historically caused damage to, and affected related prices in, grain and sugar cane crops, reducing our pool of supply for ethanol production, which may have a material adverse effect on our business, financial condition and results of operations. In addition, government regulation of biofuels, including the elimination of existing subsidies for biofuels in some of the markets in which we operate, may have the result of changing consumer preferences or the prices by which we produce and market such biofuels.

Our waste recycling business is highly dependent on industrial production

Our Industrial Production activity's Industrial Recycling segment is dependent on the availability of steel, steel dust, salt slag, aluminum residues and industrial waste. Historically, in periods of recession or periods of slowing economic growth, the waste recycling business industry has been materially and adversely affected. For example, during recessions or periods of slowing economic growth, the steel and secondary aluminum industries, which produce steel dust and salt slag residues recycled by us, typically experience major cutbacks in production, resulting in decreased production of such products recycled by us. In addition, during recessions or periods of slowing economic growth, less aluminum scrap is available in the market. Furthermore, the zinc smelters, which are significant consumers of Waelz oxide (output from the recycling process of the steel dust), typically experience cutbacks in production due to a decline in demand from the automotive and construction industries. This may lead to significant declines in demand for and pricing of our products.

Volatility in the prices of Waelz oxide and aluminum has a material adverse effect on our Industrial Production activity's financial condition and results of operations

Our Industrial Production activity's Industrial Recycling segment produces primarily Waelz oxide, an oxide used mainly in the production of zinc and aluminum alloys. The prices of zinc and aluminum (and hence the price of Waelz oxide and aluminum produced by it) are volatile, and the global demand for zinc and aluminum has historically been cyclical. Prices are sensitive to trends in cyclical industries, such as the automotive, construction, industrial, appliance, machinery, equipment and transportation industries, which are the significant markets for our industrial recycling products. These industries have been characterized

historically by cyclical fluctuations in overall demand for their products, which have resulted in corresponding fluctuations in demand for its products. In the past, substantial price decreases during periods of economic weakness have not always been offset by commensurate price increases during periods of economic strength. Our Industrial Production activity uses zinc and aluminum futures and swaps to hedge a portion (for example, in excess of approximately 60 per cent. of estimated volume for the year) of our production capacity of Waelz oxide containing zinc and aluminum, respectively, but such hedges do not cover all of our production capacity, may not be successful and expose us to the credit risk of our counterparties. Although prices of zinc and aluminum have risen in the past year, the extent and length of the ongoing price recovery cannot be predicted. A prolonged recovery in prices will likely depend on a broad recovery from the current global economic downturn, although the length and nature of business cycles affecting the zinc and aluminum industries have historically been unpredictable in the short-term, and we cannot assure you that a recovery will occur. A downturn in zinc and aluminum prices would decrease the price of Waelz oxide and aluminum alloys produced by us, which, in turn, could have a material adverse effect on our Industrial Production activity's financial condition and results of operations. See "Operating and Financial Review and Prospects — Factors Affecting our Results of Operations — Commodity Prices" for more information.

Our Industrial Production activity is subject to an increasingly demanding level of governmental regulations and environmental legislation

Our Industrial Production activity is subject to an increasingly demanding level of governmental regulations. Among other things, these laws and regulations impose comprehensive local, state, municipal, foreign and supranational statutory and regulatory requirements concerning, among other matters, the treatment, acceptance, identification, storage, handling, transportation and disposal of industrial by-products, hazardous and solid waste materials, air emissions and soil contamination. In particular, there are risks associated with certain products used in the Industrial Recycling segment of our Industrial Production activity, such as steel dust, salt slag and aluminum residues. We can give no assurance that we will be successful in continuing to handle hazardous contaminants or that higher charges for waste handling and disposal will be avoided. In addition, environmental liability in Brazil is strict and joint. As a result, we may be held liable for damages caused to the environment by third parties hired by us for waste disposal and other services. There can be no assurance that potential liabilities, expenditures, fines and penalties associated with environmental laws and regulations will not be imposed on us in the future or that such liabilities, expenditures, fines or penalties will not have a material adverse effect on our business, financial condition and results of operations.

The public may react negatively to industrial waste management facilities

In the future, the environmental services portion of our Industrial Production activity may face adverse public opinion to its waste recycling near inhabited areas, the expansion of such existing facilities or the construction of new facilities. Governments responding to public pressure may restrict our current activities or plans for future expansion, which could adversely affect our business, financial condition and results of operations.

Risks Related to Our Indebtedness

We operate with a high amount of indebtedness and we may incur significant additional debt

Our operations are capital-intensive and we operate with a significant amount of indebtedness, which, as of September 30, 2012, totaled €11,567.5 million, of which €5,290.9 million was corporate financing and €6,276.6 million was non-recourse financing. Our indebtedness may increase, from time to time, in the future for various reasons, including fluctuations in operating results, capital expenditures and potential acquisitions or joint ventures. Our substantial indebtedness could have important consequences for you. For example, it could:

- make it more difficult for us to successfully refinance upcoming maturities;

- make it more difficult for us to satisfy our obligations with respect to our outstanding debt obligations, including the Notes;
- increase our vulnerability to general adverse economic and industry conditions;
- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, R&D&i and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and the market in which we operate;
- place us at a competitive disadvantage compared to our competitors that have less debt; and
- limit our ability to borrow additional funds.

If operating cash flows and other resources (for example, any available debt or equity funding or the proceeds of asset sales) are not sufficient to repay obligations as they mature or fund liquidity needs, we may be forced to do one or more of the following:

- delay or reduce capital expenditures;
- forgo business opportunities, including acquisitions; or
- restructure or refinance all, or a portion, of our debt on or before maturity,

any or all of which could have a material adverse effect on our business, financial condition and results of operations and, therefore, on the ability of the obligors under that debt to perform their respective obligations in respect of our debt, including the Notes.

If we were to fail to satisfy any of our debt service obligations or to breach any related financial or operating covenants, the lender could declare the full amount of the indebtedness to be immediately due and payable and could foreclose on any assets pledged as collateral. Furthermore, certain of our financing arrangements contain cross-default provisions such that a default under one particular financing arrangement could automatically trigger defaults under other financing arrangements. Such cross-default provisions could, therefore, magnify the effect of an individual default. As a result, any default under any indebtedness to which we are a party could result in a substantial loss to us or could otherwise have a material adverse effect on our and our subsidiaries' ability to perform our and their respective obligations in respect of any of our debt obligations, including the Notes.

Despite our significant current leverage, the terms of the indentures and other agreements governing our outstanding indebtedness will permit us and our subsidiaries, joint ventures and associates to incur substantial additional debt, including secured debt, in the future. If we incur additional debt, the related risks we now face could intensify.

Our operating flexibility may be reduced by restrictive covenants in the agreements governing our indebtedness and other financial obligations

The agreements governing our indebtedness and other financial obligations applicable to us and certain of our subsidiaries contain various negative and positive covenants, including the requirement to maintain certain specified financial ratios. Depending on the agreement, these covenants reduce our operating flexibility as they limit our and certain of our subsidiaries' ability to, among other things: incur additional indebtedness; make distributions, loans, and other types of restricted payments; liquidate or dissolve the applicable companies; enter into any spin-off, transformation, merger, or acquisition, subject to certain exceptions set forth in the applicable agreement; and change the nature or scope of the lines of business. If we or any of our

applicable subsidiaries violate any of these covenants, a default may result, which, if not cured or waived, could result in the acceleration of our debt and could limit the ability of our subsidiaries to make distributions to us.

To service our indebtedness, we will require a significant amount of cash. We have generated significant negative cash outflows in the last three fiscal years and our liabilities at the end of each of those years have exceeded our tangible assets. Our ability to generate cash depends on many factors beyond our control

As a result of the substantial investments we have made in our activities in the nine months ended September 30, 2012 and years ended December 31, 2011, 2010 and 2009, we have generated a significant amount of negative cash outflows during each of those periods, and our liabilities at each respective period end have exceeded our tangible assets.

Our ability to make payments on, and to refinance, our indebtedness, and fund planned capital expenditures and R&D&i initiatives will depend on our ability to generate cash in the future. In addition, a substantial part of the non-recourse financing of our project companies is fully amortized over the term of such debt, and we rely on cash flows from such operating companies to meet our payment obligations thereunder. Our cash flow, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. Based on our current level of operations, we believe our cash flow from operations, available cash and available borrowings under our credit facilities will be adequate to meet our future liquidity needs for at least 12 months. We cannot assure you, however, that our business will generate sufficient cash flow from operations, that ongoing cost savings and operating improvements will be realized on schedule, or that future borrowings will be available to us under our credit facilities in an amount sufficient to enable us to pay our indebtedness, including the Notes, or to fund our other liquidity needs. We may need to refinance all, or a portion, of our indebtedness, including the Notes, on or before maturity. We cannot assure you that we will be able to refinance any of our indebtedness, including the Notes, on commercially reasonable terms, or at all.

We may not be able to raise the funds necessary to finance a mandatory prepayment of amounts outstanding under certain of our credit facilities in the event of a change of control if so required by a majority of the lenders or a change of control offer required by the indentures governing our outstanding debt securities

Under the terms of certain of our credit facilities, the majority of the lenders (as defined in each such facility) under each such facility have the right to require early repayment of all outstanding borrowings under such facility, together with accrued interest and all accrued commissions and expenses, upon a person or entity other than our current controlling shareholder gaining control of us. Under the terms of our outstanding debt securities, we are required to offer to repurchase such debt securities if Abengoa experiences a change of control as defined in the indentures governing such debt securities. We may be unable to raise sufficient funds at the time of a change of control to make such mandatory repayment of all outstanding borrowings under those credit facilities or repurchase such debt securities.

Existing and potential future defaults by subsidiaries, joint ventures or associates pursuant to non-recourse indebtedness could adversely affect us

We attempt to finance certain of our projects and significant investments, including capital expenditures typically relating to concessions or fixed tariff take-or-pay agreements, primarily under loan agreements and related documents which, except as noted below, require the loans to be repaid solely from the revenue of the project being financed thereby, and provide that the repayment of the loans (and interest thereon) is secured solely by the shares, physical assets, contracts and cash flow of that project company. This type of financing is usually referred to herein as “non-recourse debt” or “project financing.” As of September 30, 2012, we had

€11,567.5 million of outstanding indebtedness on a consolidated basis, of which €6,276.6 million was non-recourse debt.

While the lenders under our non-recourse project financings do not have direct recourse to us or our subsidiaries (other than the project borrowers under those financings), defaults by the project borrowers under such financings can still have important consequences for us and our subsidiaries, including, without limitation:

- reducing our receipt of dividends, fees, interest payments, loans and other sources of cash, since the project company will typically be prohibited from distributing cash to us and our subsidiaries while any default is occurring;
- causing us to record a loss in the event the lender forecloses on the assets of the project company; and
- the loss or impairment of investor's and project finance lenders' confidence in us.

Any of these events could have a material adverse impact on our financial condition and results of operations.

Any future credit rating downgrade may impair our ability to obtain financing and may significantly increase our cost of indebtedness

Credit ratings affect the cost and other terms upon which we are able to obtain financing (or refinancing). Rating agencies regularly evaluate us and their ratings of our default rate and existing capital markets debt are based on a number of factors, including the credit rating of the Kingdom of Spain, where we are incorporated. On April 26, 2012, Standard & Poor's Rating Services ("S&P") downgraded the debt of Spain from "A" to "BBB+", citing concerns related to the negative economic growth and the capital adequacy of certain Spanish financial institutions. This was followed by rating downgrades by Fitch Ratings, Inc. ("Fitch") on June 7, 2012, which lowered Spain's rating from "A" to "BBB" with a negative outlook and Moody's Investors Service, Inc. ("Moody's") on June 13, 2012, which likewise lowered Spain's rating from "A3" to "Baa3." S&P announced on October 10, 2012 that it had further lowered its long-term sovereign credit rating of the Kingdom of Spain to "BBB-" from "BBB+" and the short-term sovereign credit rating to A-3 from A-2, with a negative outlook on the long-term rating.

Partially as a result of the downgrade of Spain, where we are incorporated, on July 17, 2012, Moody's downgraded our corporate family rating and probability of default rating from "Ba3" to "B1" with a stable outlook. Concurrently, Moody's downgraded the rating on certain of our existing high-yield notes from "Ba3" to "B1." On November 30, 2012 Moody´s changed to negative from stable the outlook on the B1 rating of our corporate family and such high-yield notes. On December 27, 2012 S&P changed the perspective of the B1 rating from stable to watch negative of our corporate family and such high yield notes.

In addition, on July 25, 2012, Fitch downgraded our long-term issuer default rating from "BB" to "B+" with a stable outlook.

Any future downgrade of the Kingdom of Spain, our corporate family or of our outstanding debt securities may impede our ability to obtain financing on commercially acceptable terms, or at all, or it may interfere with our ability to implement our corporate strategy. There can be no assurance that further credit ratings downgrades, either of Spain or our Group, will not occur. The occurrence of any of these events could have a material adverse effect on our business, financial condition and results of operations.

Risks related to the Exercise of Conversion Rights

Prospective investors should be aware that the Notes, because they are convertible into Class B Shares, bear certain additional risks. The value of the Class B Shares may decline and be substantially lower than when

the Notes were initially purchased. In addition, the value of the Class B Shares to be delivered may vary substantially between the date on which Conversion Rights are exercised and the date on which such Class B Shares are delivered. See "Terms and Conditions of the Notes — Conversion of Notes."

Noteholders have no shareholder rights before conversion and the payment of cash and delivery of our Class B Shares issuable or deliverable upon conversion could be significantly delayed

Prior to conversion, a Noteholder will not be a holder of the Class B Shares for which the Notes may be converted. Any pecuniary rights with respect to the Class B Shares and, in particular, the entitlement to dividends, shall only arise, and the exercise of voting rights and rights related thereto with respect to any Class B Shares is only possible, after the date on which, following conversion, as a matter of Spanish law the relevant Class B Shares are issued or transferred and the person entitled to the Shares is registered as a shareholder in Iberclear (or its participant entities) in accordance with the provisions of, and subject to the limitations provided in, our By-laws. Therefore, any failure to issue, or effect the registration of, the Class B Shares after the exercise of Conversion Rights will result in the exercising Noteholder not receiving any benefits related to the holding of the Class B Shares and, on a liquidation, dissolution or winding-up of Abengoa, the claim of any such Noteholders will be in an amount equal to that which holders of the number of Class B Shares into which the Notes held by such Noteholder should have been converted at the then Conversion Price would receive.

However, holders of the Notes will be subject to all changes affecting our Class B Shares. For example, if an amendment is proposed to our By-laws requiring shareholder approval and the record date for determining the shareholders of record entitled to vote on the amendment occurs prior to the relevant settlement date, such holder will not be entitled to vote on the amendment, although such holder will nevertheless be subject to any changes affecting our Class B Shares.

Under Spanish law, the allotment and issuance of new Class B Shares, or the transfer of existing Class B Shares, in connection with conversions of Notes must be given effect by our Board of Directors, directly or through delegation to its members. Any request by an investor to convert its Notes into Class B Shares in accordance with the Terms and Conditions of the Notes will be acted upon by our Board of Directors or any of its members only on the first Madrid business day of each calendar month. Furthermore, if the Conversion Date relating to any such request falls after the seventh Madrid business day prior to the first day of a calendar month, such request will be acted upon only on the first Madrid business day of the immediately following calendar month with a consequential delay in the registration of the investor as a holder of Class B Shares. See "Terms and Conditions of the Notes — Conversion of Notes." As a result, any delivery of our Class B Shares issuable or deliverable upon conversion could be significantly delayed.

There is a limited period for the exercise of Conversion Rights

A Noteholder will, as more fully described herein under "Terms and Conditions of the Notes", have the right to convert his or her Notes for Class B Shares. Conversion Rights may be exercised, as provided herein, at any time on or after February 27, 2013 up to the close of business (at the place where such Note is deposited for conversion) on a day which is expected to be January 8, 2019. If the Conversion Rights are not exercised by Noteholders during the Conversion Period, the Notes will be redeemed at their nominal amount, together with accrued but unpaid interest to such date, unless the Notes are previously purchased and canceled or redeemed in accordance with the Terms and Conditions of the Notes.

Noteholders have limited anti-dilution protection

The Conversion Price at which the Notes may be converted into Class B Shares will be adjusted in certain events, but only in the situations and only to the extent provided under "Terms and Conditions of the Notes − Conversion of Notes." There is no requirement that there should be an adjustment for every corporate or other

event that may affect the value of the Class B Shares. Events in respect of which no adjustment is made may adversely affect the value of the Class B Shares and, therefore, adversely affect the value of the Notes.

Shares to be delivered upon conversion of the Notes will be delivered through Iberclear

The Notes will be delivered and traded in Euroclear and/or Clearstream, Luxembourg. Class B Shares to be delivered upon conversion of the Notes will be delivered in uncertificated form through the dematerialized securities trading system operated by Iberclear and its participating entities. Accordingly, in the event of conversion of Notes into Class B Shares to be delivered in uncertificated form, Noteholders will be required to specify in their Conversion Notice details of the Iberclear account and the name or names in which the Class B Shares are to be registered. If Noteholders do not timely present a duly completed and valid Conversion Notice, including such identifying information, they may not receive Class B Shares on the conversion of the Notes or their receipt of Class B Shares may be delayed.

We may not be able to settle conversions of the Notes in cash or repurchase the Notes for cash when required by the holders, including following a Triggering Event

Noteholders have the right to require us to repurchase the Notes prior to maturity upon the occurrence of a Triggering Event, as described under "Terms and Conditions of the Notes — Redemption, Purchase and Triggering Event Protections." In addition, upon conversion of the Notes, unless we elect to deliver solely our Class B Shares to settle such conversion (other than cash in lieu of any fractional shares), we may elect to make cash payments in respect of the Notes being converted as described under "Terms and Conditions of the Notes — Conversion of Notes — Cash Settlement." We would also be required to pay Additional Cash Amounts in cash in the circumstances described under "Terms and Conditions of the Notes — Conversion of the Notes — Cash Settlement." We may not have sufficient funds or be able to arrange necessary financing on acceptable terms at the time to make the required repurchase, to settle the conversion in cash or to pay Additional Cash Amounts, if required. In addition, our ability to repurchase the Notes in cash, to pay cash upon conversion or to pay Additional Cash Amounts may be limited by law or the terms of other agreements relating to our debt outstanding at the time, which could limit our ability to repurchase the Notes for cash, to pay cash upon conversion or to pay Additional Cash Amounts in certain circumstances. If we fail to repurchase the Notes in cash as required by the Terms and Conditions of the Notes, to pay any cash payable on future conversions of the Notes as required by the Terms and Conditions of the Notes, or to pay Additional Cash Amounts, in each case, as required by the Terms and Conditions of the Notes, it would constitute an event of default under the Notes.

The adjustment to the Conversion Price upon the occurrence of a Relevant Person Triggering Event may not adequately compensate Noteholders for the lost option value of their Notes as a result of such Relevant Person Triggering Event

If a Relevant Person Triggering Event (as defined herein) occurs, we may be required to adjust the conversion rate of the Notes to increase the number of Class B Shares issuable or deliverable upon conversion. The number of additional Class B Shares to be added to the conversion rate will be determined based on the formula described in "Terms and Conditions of the Notes — Redemption, Purchase and Triggering Event Protections — Conversion Price and Protection in relation to a Relevant Person Triggering Event." Although this adjustment is designed to compensate Noteholders for the lost option value of their Notes as a result of the Relevant Person Triggering Event, the adjustment is only an approximation of such lost value based upon assumptions made on the date of this Offering Circular and may not adequately compensate Noteholders for such loss. In addition, our obligation to adjust the Conversion Price upon the occurrence of a Relevant Person Triggering Event could be considered a penalty, in which case the enforceability thereof would be subject to general principles of reasonableness of economic remedies, which could result in our obligation to adjust the Conversion Price not being enforceable by Noteholders.

Upon conversion of the Notes, Noteholders may receive less valuable consideration than expected because the value of our Class B Shares may decline after the exercise of Conversion Rights

Upon conversion, we have the option to pay or deliver, as the case may be, cash, our Class B Shares or a combination thereof. If we elect to satisfy our conversion obligation in cash or a combination of cash and Class B Shares, the amount of consideration that Noteholders will receive upon conversion of their Notes will be determined by reference to the volume weighted average price of our Class B Shares during the 15 trading-day Cash Averaging Period. Accordingly, if the market price of our Class B Shares decreases during this period, the amount and/or value of consideration Noteholders receive will be adversely affected. In addition, if the market price of our Class B Shares at the end of such period is below any volume weighted average price of our Class B Shares during such period, the value of any Class B Shares that Noteholders will receive in satisfaction of our conversion obligation will be less than the value used to determine the number of Class B Shares that they will receive.

If we elect to satisfy our conversion obligation solely in our Class B Shares upon conversion of the Notes and the price of our Class B Shares decreases during the period between the Conversion Date and the Registry Date, the value of the Class B Shares Noteholders receive will be adversely affected and would be less than the value of our Class B Shares underlying the Notes on the Conversion Date.

Risks Related to Ownership of the Class B Shares

Because Inversión Corporativa, as the direct and indirect holder of 59.22% of our Class A Shares, will control the majority of the voting power of our outstanding share capital, other shareholders will be unable to affect the outcome of shareholder votes with respect to most events.

Our Class A Shares have 100 votes per share, and our Class B Shares have one vote per share. Inversión Corporativa directly and indirectly owns 59.22% of our issued and outstanding Class A Shares and 44.82% of our Class B Shares, representing 58.49% of the combined voting power of our aggregate issued and outstanding Class A and Class B Shares and 47.11% of the economic interest in our outstanding Class A and Class B Shares. In the event that all holders of Class A Shares other than Inversion Corporativa convert their Class A Shares to Class B Shares, Inversión Corporativa would hold 94.9% of the total combined voting power of our aggregate issued and outstanding Class A and Class B Shares (subject to its agreement entered into on August 27, 2012 with us not to exercise voting rights attached to Class A Shares representing more than the 55.93% of the aggregate voting power in Abengoa). Accordingly, Inversión Corporativa has and is expected to maintain the ability to determine the outcome of shareholder votes with respect to most events that may require shareholder approval, including:

- mergers, consolidations and other business combinations;
- election or non-election of directors;
- removal of directors; and
- amendments to our By-laws.

As a result, Inversión Corporativa may be able to effectively approve or prevent a merger, consolidation or other business combination, elect or not elect directors, approve or prevent the removal of a director and approve or prevent amendments to our By-laws. Inversión Corporativa's interests in any of these matters may be contrary to the interests of the rest of the holders of our Class B Shares.

On September 30, 2012, the Extraordinary General Shareholders' Meeting approved a modification of the By-laws to enable the holders of Class B Shares to enforce certain minority protection rights afforded by Spanish corporate laws to holders of shares representing specified percentages of Abengoa's share capital, including

among others the right to request the calling of an extraordinary general meeting of shareholders, to add items to the agenda of any general shareholders meeting and to challenge resolutions passed by the board of directors. Notwithstanding this, holders of Class B Shares will not, in practice, be able to appoint directors by virtue of the proportional representation mechanism (*representación proporcional*), which is only available to holders of at least 5% of Abengoa's share capital.

For more information regarding the shareholdings of Inversión Corporativa, see "Major Shareholders."

Our dual-class share structure with different voting rights could discourage others from pursuing any change of control transactions that holders of our Class B Shares may view as beneficial

We have two classes of voting shares. Holders of Class A Shares are entitled to 100 votes per share, while holders of Class B Shares are entitled to one vote per share. Inversión Corporativa directly and indirectly owns 59.22% of our issued and outstanding Class A Shares, representing 58.49% of the combined voting power of our aggregate issued and outstanding Class A and Class B Shares and 47.11% of the economic interest in our outstanding Class A and Class B Shares.

Due to the disparate voting rights attached to our Class A and Class B Shares, holders of our Class A Shares and, in particular, Inversión Corporativa will have significant voting power over matters requiring shareholder approval, including election of directors and significant corporate transactions, such as a merger or sale of our company or our assets. Because this concentrated control could discourage others from pursuing any potential merger, takeover or other change of control transactions that holders of Class B Shares may view as beneficial, the market price of our Class B Shares could be adversely affected. See "Description of the Shares".

In addition, holders of Class B Shares may not have the same protections as the Class A Shares in the event of a takeover bid by a third-party offeror for all of the outstanding voting shares of Abengoa. Under Spanish tender offer legislation, it is not clear whether in such an event the offeror would be obligated to offer to holders of Class B Shares the same price per share that it offers to holders of our Class A Shares. Our By-laws will provide holders of Class B Shares with the right to have their shares redeemed under certain circumstances for consideration equal to the price per share offered to holders of the Class A Shares in a takeover bid launched for 100% of the voting shares not providing the same treatment for holders of Class A Shares and of Class B Shares. Because the inclusion of this redemption right in our By-laws may discourage others from pursuing a voluntary takeover bid that holders of our Class B Shares may view as beneficial, the market price of our Class B Shares could be adversely affected. See "Description of the Shares".

While our Class B Shares have similar economic rights to our Class A Shares, they may trade at different prices from our Class A Shares

While our Class B Shares have different voting rights from our Class A Shares, the two classes of shares are similar in terms of the economic rights that attach to them. In particular, each Class B Share grants its holder, among other things, the rights to receive the same dividend, the same payment on liquidation, the same restitution of contributions in the event of any capital reduction, the same distribution of reserves of any kind or of the issue premium and any other allocations as the Class A Shares. Moreover, in the event of any capital increase, holders of the Class A Shares and Class B Shares are both entitled to pre-emptive subscription rights allowing them, upon exercise of such rights, to maintain their respective percentage ownership interest in the share capital of Abengoa (see "Description of the Shares").

Despite having similar economic rights, however, the Class A Shares and the Class B Shares may trade at different prices from each other. We cannot provide you with any assurance that the trading price of the Class B Shares will be correlated with the trading price of the Class A Shares.

Holders of the Class B Shares in the U.S. may not be able to participate in offerings of rights, warrants or similar securities to holders of our Class B Shares

In the event that we offer rights, warrants or similar securities to the holders of our Class B Shares, holders of our Class B Shares in the United States may not be able to participate in the offering in the same manner as holders of Class B Shares outside the United States. We would generally be required to register any public offering of rights, warrants or other securities made to our Class B with the SEC unless an exemption from the registration requirements of the U.S. securities laws is available. Registering such an offering with the SEC can be a lengthy process which may be inconsistent with the timetable for a global capital raising operation. Consequently, we may in the future elect not to make such an offer in the United States, including to holders of our Class B Shares in the United States and rather only conduct such an offering in an "offshore" transaction in accordance with Regulation S. Therefore, there can be no assurance that holders of our Class B Shares in the United States will be able to participate in such an offering in the same manner as holders of Class B Shares outside the United States.

Risks Related to the Notes

The Notes may not be a suitable investment for all investors

Each prospective investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference into this Offering Circular or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;
- understand thoroughly the terms of the Notes and be familiar with the behavior of financial markets in which they participate; and
- be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

There is currently no active trading market for the Notes and the liquidity of the Class B Shares could be limited

The Notes are new securities which may not be widely distributed and for which there is currently no active trading market. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions, our financial condition and results of operations and the market price of the Class B Shares. Although application has been made for the Notes to be admitted to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF Market, there is no assurance as to the development or liquidity of any trading market for the Notes.

In addition, as and to the extent that Noteholders exercise their Conversion Rights during the Conversion Period, this may result in a reduction in the liquidity of the Notes.

In addition, there can be no assurance that there will be an active trading market for the Class B Shares issuable or deliverable upon conversion of the Notes. As of September 30, 2012, our two largest shareholders, Inversión Corporativa and First Reserve, owned (directly and indirectly) 45.30% and 19.15% of our

outstanding Class B Shares. Consequently, a significant portion of our Class B Shares may not be traded frequently, if at all.

We may redeem the Notes prior to maturity

In accordance with the Terms and Conditions of the Notes, we may redeem the Notes in certain limited circumstances at times when prevailing interest rates may be relatively low. See "Terms and Conditions of the Notes — Redemption, Purchase and Trigger Event Protections — Redemption at the Option of the Issuer". In such circumstances, Noteholders may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Notes and/or may forgo a capital gain in respect of the Notes that would have otherwise arisen but for such redemption.

Noteholders will bear the risk of any fluctuation in the price of the Class B Shares

The market price of the Notes is expected to be affected by fluctuations in the market price of the Class B Shares and it is impossible to predict whether the price of the Class B Shares will rise or fall. Trading prices of the Class B Shares will be influenced by, among other things, our financial position and results of operations, as well as and political, economic, financial and other factors. Any decline in the price of the Class B Shares may have an adverse effect on the market price of the Notes.

The future issue or sale of Class B Shares by us, sales of Class B Shares by Inversión Corporativa, the availability of such Class B Shares for future issue or sale or the perception that such issues or sales may occur may significantly affect the trading price of the Notes and Class B Shares. The future issue or sale of other equity or equity-related securities of Abengoa, or the availability of such securities for future issue or sale or the perception that such issues or sales may occur may significantly affect the trading price of the Class B Shares and, in turn, the trading price of the Notes. Subject to certain exceptions described under "Plan of Distribution", Abengoa has agreed to certain restrictions on its ability to issue or, as the case may be, dispose of Class A Shares or Class B Shares or related securities through March 31, 2013. There can be no assurance that we will not issue Class A or Class B Shares or that Inversión Corporativa will not sell Class A Shares or Class B Shares in the future.

Because the Global Notes are held by or on behalf of Clearstream, Luxembourg and Euroclear, Noteholders will have to rely on their procedures for transfer, payment and communication with us

The Notes will be represented by the Global Notes. The Global Notes will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in certain limited circumstances described in the Global Notes, investors will not be entitled to receive Notes in definitive form. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by the Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

Our payment obligations under the Notes will be discharged by making payments to the common depositary for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in any Global Notes must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. We have no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Our ability to pay amounts due on the Notes will depend on dividends and other payments received from our Subsidiaries

Our results of operations and financial condition are substantially dependent on the operating and financial performance of other members of the Group. Our ability to pay amounts due on the Notes will depend upon the level of distributions, interest payments and loan repayments, if any, received from our operating subsidiaries and associated undertakings, any amounts received on asset disposals and the level of cash

balances. Certain of our operating Subsidiaries and associated undertakings are and may, from time to time, be subject to restrictions on their ability to make distributions and loans including as a result of restrictive covenants in loan agreements, foreign exchange and other regulatory restrictions and agreements with the other shareholders of such Subsidiaries or associated undertakings.

Many of our subsidiaries, joint ventures and associates are obliged, pursuant to financing agreements, to satisfy certain restrictive payment covenants or other conditions before they may make distributions to us. In addition, the payment of dividends or the making of loans, advances or other payments to us may be subject to other contractual, legal or regulatory restrictions. Business performance and local accounting and tax rules may limit the amount of retained earnings that may be distributed to us as a dividend. Subsidiaries in certain jurisdictions may also be prevented from distributing funds to us as a result of relevant regulations restricting the repatriation of funds or the conversion of currencies.

The claims of Noteholders are structurally subordinated, particularly to creditors of Non-Recourse Finance

The operations of the Group are principally conducted through our subsidiaries. Accordingly, we are and will be dependent on our subsidiaries' operations to service our payment obligations in respect of the Notes. The Notes will be structurally subordinated to the claims of all holders of debt securities and other creditors, including trade creditors, of our subsidiaries, and to all of our secured creditors. In the event of an insolvency, bankruptcy, liquidation, reorganization, dissolution or winding-up of the business of any of our subsidiaries, creditors of such subsidiary generally will have the right to be paid in full before any distribution is made to us.

In addition, the claims of Noteholders are structurally subordinated to claims made by creditors of Non-Recourse Financing (as defined herein). Our Audited Consolidated Financial Statements include, as assets, our equity interests in entities which have raised Non-Recourse Financing and the Group usually grants security over these equity interests in favor of the relevant creditors. As of September 30, 2012, we had €6,276.6 million of outstanding indebtedness from Non-Recourse Financings. If these creditors were to enforce this security, the Group's assets would be depleted by the value attributable to such equity interests and we would no longer be entitled to the revenues or distributions generated by such assets.

Some significant restructuring transactions may not constitute a Triggering Event, in which case we would not be obligated to offer to repurchase the Notes

Upon the occurrence of a Triggering Event, Noteholders have the right to require us to offer to repurchase the Notes in accordance with the Terms and Conditions of the Notes. However, the provisions relating to Triggering Events will not afford protection to Noteholders in the event of certain transactions. For example, transactions such as leveraged recapitalizations, refinancings, restructurings or acquisitions initiated by us would not constitute a Triggering Event. In the event of any such transaction, the Noteholders would not have the right to require us to repurchase the Notes, even though each of these transactions could increase the amount of our indebtedness, or otherwise adversely affect our capital structure or any credit ratings, thereby adversely affecting the holders of the Notes.

Certain provisions of the Notes could discourage an acquisition of us by a third party

Certain provisions of the Notes could make it more difficult or more expensive for a third party to acquire us. Upon the occurrence of certain transactions constituting a Triggering Event, Noteholders will have the right, at their option, to require us to repurchase their Notes. We may also be required to increase the Conversion Price by a number of additional shares upon conversion in the event of a Relevant Person Triggering Event (as defined under "Terms and Conditions of the Notes").

There are securities law restrictions on the resale and conversion of the Notes and the resale of the Class B Shares issuable or deliverable upon the conversion of the Notes which may impact the purchasers' ability to sell the Notes

The Notes and the Class B Shares issuable or deliverable upon conversion of the Notes have not been registered under the Securities Act, any state securities laws or the securities laws of any other jurisdiction. We are offering and selling the Notes only to qualified institutional buyers inside the United States in reliance on Rule 144A and to institutional investors who are not U.S. persons outside the United States in reliance on Regulation S. Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Future resales of the Notes and the Class B Shares issuable or deliverable upon conversion of the Notes may only be made pursuant to an exemption from, or in a transaction not subject to, the registration requirements under the Securities Act and applicable state laws or pursuant to an effective registration statement. It is the Noteholder's obligation to ensure that any offers and sales of the Notes within the United States and other countries comply with applicable securities laws. See "Plan of Distribution."

The restrictions on the resale and conversion of the Notes may impact the ability of Noteholders to sell the Notes and may adversely affect the value of the Notes.

The accounting method for the Notes could have a material adverse effect on our reported financial results

The accounting treatment of convertible debt instruments (such as the Notes) that may be settled entirely or partially in cash upon conversion is complex. The manner in which we account for the debt component of the Notes could result in the effective interest rate reported in our consolidated statements of income being in excess of the stated interest rate on the Notes. As a result, we will be required to record a greater amount of non-cash interest expense in 2013 and in subsequent periods as a result of the amortization of the discounted carrying value of the Notes to their face amount over the term of the Notes. This effect, together with changes in the fair value of the conversion option accounted for as an embedded derivative under IFRS as adopted by the European Union, could result in important non-cash adjustments to our financial expense, which could materially impact our reported net income in 2013 and subsequent periods.

The value of the Notes may be affected by changes in market interest rates

Investment in fixed rate notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

Decisions adopted by the Syndicate may affect certain Noteholders' interests, and the Term and Conditions of the Notes may otherwise be modified, waived or substituted in detriment to certain Noteholders' interests

Spanish company law requires that a representative (Commissioner) of the Noteholders be appointed and that a syndicate of Noteholders be established in relation to the issue of the Notes. The holders of the Notes shall meet in Madrid, in accordance with the Regulations of the Syndicate, and shall exercise their rights through the Syndicate. The Terms and Conditions of the Notes and the Regulations of the Syndicate of Noteholders (as defined herein) contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting, and Noteholders who voted in a manner contrary to the majority. The Terms and Conditions of the Notes also provide that we may, with the consent of the Fiscal Agent and Commissioner but without the consent of Noteholders, amend the Terms and Conditions of the Notes insofar as they apply to the Notes to correct a manifest error or where the amendments are of a formal, minor or technical nature or to comply with mandatory provisions of law.

There may be a change in the law governing the Notes

The Terms and Conditions of the Notes (with the exception of Condition 14, "Terms and Conditions of the Notes — Syndicate of Noteholders, Modification and Waiver" and Condition 1(c), "Terms and Conditions of the Notes—Status of the Notes"), are governed by English law in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Offering Circular.

Condition 18 of the Terms and Conditions of the Notes, states that the Regulations of the Syndicate of Noteholders and the ranking of the Notes are governed by Spanish law in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to Spanish law or administrative practice after the date of this Offering Circular.

Investors may be subject to exchange rate fluctuations and the risk that authorities in jurisdictions in which investors are located impose or modify exchange controls

Payment obligations, including, but not limited to, interest payments, under the Notes will be satisfied in euros. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than euros. These include the risk that exchange rates may significantly change (including changes due to devaluation of euros or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to euros would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the underlying Class B Shares and (iii) the Investor's Currency-equivalent market value of the Notes.

In addition, in the event of any exit of one or more Member States from the Eurozone or the dissolution of the euro, Noteholders may be subject to the risk of redenomination of our financial instruments and other contractual obligations, including the Notes, from euro into a different currency. See also "*Risk Factors — Difficult conditions in the global economy and in the global capital markets have caused, and may continue to cause, a sharp reduction in worldwide demand for our products and services, and negatively impact our access to the levels of financing necessary for the successful development of our existing and future projects and the successful refinancing of our corporate indebtedness.*"

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market and additional factors discussed above, and other factors may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Judgments of U.S. courts may not be enforceable against us

Judgment of U.S. courts, including those predicated on the civil liability provisions of the federal securities laws of the U.S. may not be enforceable in courts in Spain. As a result, persons who obtain a judgment against us in the U.S. may not be able to require us to pay the amount of the judgment.

There are limitations on enforceability of civil liabilities under U.S. federal securities laws

We are a Spanish company headquartered in Spain. Most of our officers and directors are residents of Spain and not the United States. It may be difficult or impossible to serve legal process on persons located outside the United States and to force them to appear in a U.S. court. It may also be difficult or impossible to enforce a judgment of a U.S. court against persons outside the United States, or to enforce a judgment of a foreign court against such persons in the United States. We believe that there may be doubt as to the enforceability against persons in Spain, whether in original actions or in actions for the enforcement of judgments of

U.S. courts, of civil liabilities predicated solely upon the laws of the United States, including its federal securities laws. We are not subject to rules under the United States Securities Exchange Act of 1934 (the "Exchange Act") that under certain circumstances would require directors and officers to forfeit to us any "short-swing" profits realized from purchases and sales, as determined under the Exchange Act and the rules thereunder, of our equity securities. However, under Spanish listing rules, our directors must not deal in any of our securities on considerations of a short-term nature.

Individual shareholders of a Spanish company (including U.S. persons) have the right under Spanish law to bring lawsuits on their own behalf against the company, in certain limited circumstances. Spanish law does not permit class action lawsuits by shareholders, except in limited circumstances.

Risks Related to Certain Taxation Matters

As discussed in "Taxation — Certain U.S. Federal Income Tax Considerations", holders cannot use the tax summary below for purpose of avoiding penalties that may be asserted against the holders under the Internal Revenue Code of 1986, as amended.

A U.S. Holder may be subject to tax upon an adjustment to the conversion rate of the notes even though the holder may not receive a corresponding cash distribution

The conversion ratio of the notes is subject to adjustment in certain circumstances. These adjustments may be treated as a distribution subject to U.S. federal income tax as a dividend if a U.S. holder's proportionate interest in our earnings and profits or assets is increased as a result of the adjustment. Furthermore, the failure to adjust the conversion ratio to reflect certain events can, in some circumstances, give rise to deemed dividend income to U.S. holders. In addition, if the conversion ratio is adjusted as a result of a distribution that is taxable to our ordinary shareholders, U.S. holders will be deemed to have received for U.S. federal income tax purposes a taxable distribution without the receipt of any cash. See "Taxation — Certain U.S. Federal Income Tax Considerations."

Income in respect of the Notes may be subject to withholding tax

Under Spanish law, if we do not receive certain documentation from the Paying Agent in a timely manner, Spanish withholding tax will apply, currently at the rate of 21%, in relation to interest payments as well as income derived from the conversion in whole or in part for cash of the Notes in certain cases or the redemption of the Notes (See "Risk Factors — Risks Related to Procedure for Collection of Certain Documentation from the Paying Agent" and "Taxation — Spanish Tax Considerations"). We will not gross up payments in respect of any such withholding tax (See "Taxation — Spanish Tax Considerations — Compliance with Certain Requirements in Connection with Income Payments" and "Taxation — Spanish Tax Considerations — Refund by the State").

Risks Related to Procedures for Collection of Certain Documentation from the Paying Agent

Under the new regulations established by Royal Decree 1065/2007, of July 27, as amended by Royal Decree 1145/2011, of July 29, income paid in respect of the Notes will not be subject to withholding tax in Spain provided certain requirements are met, including that the Paying Agent provides us, in a timely manner, with a duly executed and completed Payment Statement. See "Taxation — Spanish Tax Considerations — Compliance with Certain Requirements in Connection with Income Payments."

The Paying Agent is expected to follow certain procedures we have set up therewith to facilitate the timely provision by the Paying Agent to us of a duly executed and completed Payment Statement in connection with each payment of income under the Notes. A description of those procedures is set out in a schedule to the Fiscal Agency Agreement and should be read together with "Taxation — Spanish Tax Considerations." If the

procedures are not followed, we will withhold at the then applicable rate (currently at the rate of 21%) from any interest payment in respect of the Notes, as well as from any income or gain derived from the conversion of the Notes in whole or in part for cash in certain cases or the redemption of the Notes. Such procedures may be revised from time to time in accordance with changes in the applicable Spanish laws and regulations or administrative interpretations thereof. While the Notes are represented by Global Notes, Noteholders must rely on such procedures in order to receive payments under the Notes free of any Spanish withholding tax, if applicable. Prospective investors should note that none of Abengoa, the Paying Agent or the Managers accept any responsibility relating to compliance by the Paying Agent with the procedures established for the timely provision by the Paying Agent of a duly executed and completed Payment Statement in connection with each payment of income under the Notes. Accordingly, neither we nor the Managers will be liable for any damage or loss suffered by any beneficial owner who would otherwise be entitled to an exemption from Spanish withholding tax but whose payments are nonetheless paid net of Spanish withholding tax (currently at the rate of 21%) because of the Paying Agent's failure to comply with these procedures. Moreover, we will not pay any additional amounts with respect to any such withholding. If a payment of income in respect of the Notes is not exempt from Spanish withholding tax, including due to any failure by the Paying Agent to deliver a duly executed and completed Payment Statement, beneficial owners may have to apply directly to the Spanish tax authorities for any refund to which they may be entitled.

The EU Savings Directive imposes certain informational and withholding requirements, which are subject to change

Under European Council Directive 2003/48/EC on the taxation of savings income (the "Savings Directive", each Member State is required to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State; except that Austria and Luxemburg will instead impose a withholding system for a transitional period (subject to a procedure whereby, on meeting certain conditions and disclosing certain information, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period they elect otherwise.

The European Commission has proposed certain amendments to the Savings Directive, which may, if implemented, amend or broaden the scope of requirements described above.

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a person within their jurisdiction to, or collected by such a person for, an individual resident in another Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such person for, an individual resident in one of those territories.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither we nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Notes as a result of the imposition of such withholding tax. If a withholding tax is imposed on payment made by a Paying Agent, we will be required to maintain a paying and conversion agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Directive.

A change of law may subject Noteholders to withholding tax or other taxes

No assurance can be given as to the impact of any possible judicial decision or change to Spanish tax laws or any other applicable law or administrative practice (including, for example, any future implementation of a withholding tax or financial transaction tax) after the date of this Offering Circular. If a change in law leads to

a mandatory imposition of a withholding tax or any other tax relating to the sale, transfer or disposition or any other transaction related to the Notes and/or the Class B Shares, the value of the Notes and/or Class B Shares may decline.

Risks Related to the Insolvency Law

Spanish insolvency laws may not be as favorable to Noteholders as bankruptcy laws in certain other jurisdictions and may preclude Noteholders from recovering payments due on the Notes

We are established under the laws of Spain. Any insolvency proceedings would most likely be based on, and governed by, Spanish insolvency laws. The insolvency laws of Spain may not be as favorable to the interests of Noteholders as creditors as the laws of certain other jurisdictions and certain provisions of Spanish insolvency law could affect the ranking of the Notes or claims relating to the Notes on the insolvency of Abengoa.

The Spanish Insolvency Law (Law 22/2003), as amended, regulates court insolvency proceedings, as opposed to out-of-court liquidation (which is only available when the debtor has sufficient assets to meet its liabilities). The insolvency proceedings, which are called "*concursos de acreedores*", are applicable to all persons or entities. These proceedings may lead either to the restructuring of the business or to the liquidation of the debtor's assets.

A debtor (and, in the case of a company, its directors) is required to apply for insolvency proceedings when it is generally not able to meet its current debt obligations on a general basis, and is entitled to apply when it expects that it will be unable to meet its current obligations in the near future. Insolvency proceedings are available as a type of legal protection that the debtor may request in order to avoid the attachment of its assets by its creditors.

A judge's insolvency order contains an express request for creditors to declare debts owed to them within one month of the commencement of the insolvency proceedings. Based on the documentation provided by the creditors and documentation held by the debtor, the court receivers draw up a list of acknowledged claims and classify them according to the categories established under law, which are as follows: (i) claims benefiting from special privileges, (ii) claims benefiting from general privileges, (iii) ordinary claims and (iv) subordinated claims.

- Claims benefiting from special privileges, representing security on certain assets (essentially *in rem* security): These claims may entail separate proceedings, and are subject to certain restrictions related to a mandatory waiting period that may last up to one year. Privileged creditors are not subject to arrangements (*convenios*), unless they give their express support by voting in favor of an arrangement (*convenio*). In the event of liquidation, they are the first to collect payment against the secured assets.
- Claims benefiting from general privileges, including, among others, labor debts and those with public administrations: Debts with public administrations corresponding to tax debts and social security obligations are recognized as privileged for half of their amount, and debts held by the creditor applying for the corresponding insolvency proceedings, to the extent such application has been approved, up to a maximum of 50% of the amount of such debt. The holders of general privileges are not to be affected by a debt restructuring if they do not agree to the arrangement (*convenio*) and, in the event of liquidation, they are the first to collect payment (in the order established under law).
- Ordinary claims (non-subordinated and non-privileged claims): They will be paid on a pro-rata basis.
- Subordinated claims (which are thus classified by virtue of an agreement or pursuant to law): Subordinated claims include, among others, those held by parties in special relationships with the

debtor. In the case of individuals, this includes relatives. In the case of a legal entity, this includes administrators, group companies and any shareholders holding over 5% (for companies that have issued securities listed on an official secondary market) or 10% (for companies which have not issued securities listed on an official secondary market) of the entity's share capital. Claims related to accrued and unpaid interest are subordinated. Subordinated creditors are second-level creditors; they may not vote on an arrangement (*convenio*) and have very limited chances of collection.

Notwithstanding the above, claims against the debtor's estate (i.e. certain debts incurred by the debtor following the declaration opening the insolvency proceedings) will be payable when due according to their own terms.

As a general rule, insolvency proceedings are not compatible with other enforcement proceedings. When compatible, in order to protect the interests of the debtors and creditors, the law extends the jurisdiction of the court dealing with insolvency proceedings, which is, then, legally authorized to handle any enforcement proceedings or inferring measures affecting the debtor's assets (whether based upon civil, labor or administrative law).

Creditors holding security *in rem*, which have traditionally been allowed to enforce their claims against secured assets notwithstanding the initiation of insolvency proceedings, are also subject to certain restrictions in order to initiate separate enforcement proceedings (or to continue with such proceedings, if they were being carried out), when the secured asset is necessary for the debtor's activities. Enforcement by the creditor is subject to a delay of a maximum of one year.

Pursuant to the Spanish Insolvency Law, early termination provisions due to the insolvency of one of the parties to a contract will be treated as not included. In addition, the declaration of insolvency determines that interest accrual is suspended, except credit rights secured with an *in rem* right, in which case interest accrues up to the value of the security.

Transactions that are considered detrimental to the insolvency estate may be set aside if entered into by the insolvent company within two years before the date of the declaration of insolvency. Transactions taking place earlier than two years before insolvency has been declared are subject to the general regime of rescission. Pursuant to the Spanish Insolvency Law, "detrimental" does not refer to the intention of the parties, but to the consequences of the transaction on the debtor's interests. In any case, the following transactions are considered detrimental by virtue of the Spanish Insolvency Law: (a) disposals made other than for valuable consideration and (b) cancellation of obligations falling due after the declaration of insolvency (unless they are secured by an *in rem* security interest). The following transactions are also presumed (unless proven to the contrary) to be detrimental pursuant to the Spanish Insolvency Law: (a) disposals made for valuable consideration to a "specially-related" party, (b) creation of security interests to secure existing obligations or new obligations assumed in replacement thereof and (c) the cancellation of obligations secured by an *in rem* security interest falling due after the declaration of insolvency. Transactions that do not fall into any of the categories described above can be set aside as long as the party seeking rescission provides sufficient evidence of actual detriment caused to the insolvency estate.

If an insolvency action is successful, restoration of the assets that are the subject of the transaction, together with the proceeds and interest, will be ordered by the courts. If the assets cannot be restored to the debtor, the counterparty to the insolvent debtor must pay an amount in cash equal to the value of the assets at the time of their disposal, plus interest. If the presiding judge rules that the transaction has been conducted in bad faith, the liable party will be obliged to indemnify the debtor for loss and damages suffered as its claim will be classified as subordinated. If the judge does not conclude that the transaction was conducted in bad faith, the person who entered into the agreement with the debtor will settle its credit simultaneously with the restoration of the assets and rights to the insolvency estate.

USE OF PROCEEDS

The net proceeds of the issue of the Notes are estimated at €388,500,000 after paying estimated base expenses of €11.5 million with respect to the Offering and related transactions. We expect to use the proceeds of the Offering (i) to purchase for cash, subject to our sole discretion, outside the United States, €99.9 million in principal amount of our outstanding €200,000,000 6.875%. Senior Unsecured Convertible Notes due 2014 (the "2014 Notes") for an estimated aggregate consideration of €108 million, (ii) to repay €208 million of syndicated bank debt maturing in 2013 and (iii) to repay other short-term corporate debt, thereby extending the maturity profile of our corporate debt.

CAPITALIZATION AND INDEBTEDNESS

The following table sets forth our cash and cash equivalents, short-term financial investments and total capitalization as of September 30, 2012: (i) on a historical basis; and (ii) as adjusted to give effect to the issuance of the Notes and the application of the proceeds of the Offering as described under "Use of Proceeds", including the purchase €99.9 million in aggregate principal amount of our outstanding 2014 Notes. The data under the "historical" column have been derived from our unaudited Consolidated Condensed Interim Financial Statements as of and for the nine months ended September 30, 2012 prepared in accordance with IFRS-EU incorporated by reference into this Offering Circular.

This table should be read in conjunction with "Operating and Financial Review and Prospects", the Audited Consolidated Financial Statements as of and for the years ended December 31, 2011, 2010 and 2009 and the accompanying notes and the Consolidated Condensed Interim Financial Statements as of and for the nine months ended September 30, 2012 and 2011 and the accompanying notes incorporated by reference into this Offering Circular. Except as set forth below, there have been no other material changes to our capitalization since September 30, 2012. The below table includes short-term corporate financing in addition to long-term corporate financing as capitalization.

	Historical as of September 30, 2012	**As adjusted for issuance of the Notes**[1]
	(€ in millions) *(unaudited)*	
Cash and cash equivalents[2]	2,493.1	2,493.1
Short-term financial investments[3]	714.0	714.0
Total cash and cash equivalents and short-term financial investments	3,207.1	3,207.1
Corporate financing (short- and long-term):		
Notes offered hereby	—	400.0
Loans with financial entities	3,330.5	3,050.0
Notes and bonds[4]	1,703.2	1,603.3
Liabilities for finance lease	38.8	38.8
Other non-current liabilities	218.4	218.4
Total corporate financing (short- and long-term)	5,290.9	5,310.5
Non-recourse financing (short- and long-term)	6,276.6	6,276.6
Total financing (short- and long-term)	11,567.5	11,587.1
Total shareholders' equity[5]	1,860.9	1,860.9
Total capitalization	13,428.4	13,448.0

Notes:

(1) We have prepared the information presented in the "adjusted" columns for illustrative purposes only. Such information addresses a hypothetical situation and, therefore, does not represent our actual financial position or results. Consequently, such information may not be indicative of our total capitalization as of the date of this Offering Circular. Investors are cautioned not to place undue reliance on this hypothetical information.

(2) Cash and cash equivalents include cash on hand, bank deposits and other short-term investments which are highly liquid in nature with an original term of three months or less.

(3) Short-term financial investments primarily constitute short-term fixed income securities as well as any shares of companies listed on any stock exchange. In most of our corporate indebtedness, our leverage ratio is based on net indebtedness which offsets short-term financial investments as well as cash and cash equivalents against gross corporate indebtedness.

(4) Reflecting the €99.9 million in aggregate principal amount of our outstanding 2014 Notes to be repurchased as described in "Use of Proceeds".

(5) For simplification purposes, the effect of the fees and expenses of the Offering, including any premium payable in connection with the repurchase of the 2014 Notes, has not been included in the calculation of shareholders' equity.

SELECTED FINANCIAL INFORMATION

Selected Financial Data

The following tables present selected consolidated financial and business level information for Abengoa and its subsidiaries as of and for each of the years ended December 31, 2011, 2010 and 2009 and as of and for each of the nine month periods ended September 30, 2012 and 2011.

The selected financial information as of and for the years ended December 31, 2011, 2010 and 2009 is derived from, and qualified in its entirety by reference to, our Audited Consolidated Financial Statements and related notes, prepared in accordance with IFRS-EU, which are incorporated by reference into this Offering Circular. The selected financial information as of and for the nine months ended September 30, 2012 and 2011 is derived from our unaudited Consolidated Condensed Interim Financial Statements, prepared in accordance with IFRS-EU, which are incorporated by reference into this Offering Circular.

The selected consolidated financial information as of and for the years ended December 31, 2011, 2010 and 2009 and as of and for the nine months ended September 30, 2012 and 2011 is also not intended to be an indicator of our financial condition or results of operations in the future.

The following tables should be read in conjunction with "Capitalization and Indebtedness" and "Operating and Financial Review and Prospects", and our Audited Consolidated Financial Statements and related notes, and our Consolidated Condensed Interim Financial Statements and related notes, incorporated by reference into this Offering Circular.

Treatment of Telvent GIT, S.A.

As of December 31, 2010 and 2009 and during part of the year 2011 we held a 40% shareholding in Telvent GIT, S.A. and its subsidiaries ("Telvent"). Despite partially reducing our share ownership in Telvent during 2009, we remained the largest shareholder and our 40% shareholding, which along with our control of certain treasury shares held by Telvent, permitted us to exercise de facto control over Telvent and therefore Telvent's financial information was fully consolidated in our Consolidated Financial Statements as of and for the years ended December 31, 2010 and 2009 and during the period of 2011 in which we held control over Telvent. On June 1, 2011, we announced the sale of our investment in Telvent (the "Telvent Disposal"), in which we sold our 40% shareholding in Telvent to Schneider Electric S.A. ("SE"). Following the agreement to sell, SE launched a tender offer to acquire all Telvent shares at a price of $40 per share in cash, which valued the business at €1,360 million, or a premium of 36%, to Telvent's average share price over the previous 90 days prior to the announcement of the offer. On September 5, 2011, following completion of the customary closing conditions and the receipt of regulatory approvals, the transaction was completed. Our cash proceeds from the Telvent Disposal were €391 million and consolidated net debt reduction was €725 million. In addition, we recorded a gain which is included in the €91 million profit from discontinued operations as reflected on our income statement for the year ended December 31, 2011. As a result, taking into account the significance of Telvent to us, Telvent was treated as discontinued operations in accordance with IFRS 5, Non-Current Assets Held for Sale and Discontinued Operations. The results obtained from this sale are included under a single heading in the income statement and under separate line items in the cash flow statement of our Consolidated Financial Statements as of and for the year ended December 31, 2011, which include comparative financial information as of and for the year ended December 31, 2010 that has been restated to present Telvent as discontinued operations. Also in accordance with IFRS 5, the Consolidated Income Statement for the nine months ended September 30, 2011 includes the results generated by Telvent under the single heading of "Profit after tax from discontinued operations." The Telvent Disposal also resulted in the removal of our Information Technologies segment. For further information regarding the divestment of Telvent, see Note 7 to

our Consolidated Financial Statements as of and for the year ended December 31, 2011 incorporated by reference into this Offering Circular.

Application of IFRIC 12

The European Union endorsed IFRIC 12 "Service Concession Arrangements" on March 25, 2009, and this interpretation became mandatory for annual accounting periods commencing on or after that date. IFRIC 12 affects public-to-private service concession arrangements where the grantor of the concession governs what services the operator must provide using the infrastructure, to whom and at what price and also controls any significant residual interest in the infrastructure at the end of the term of the arrangement. When the operator of the infrastructure is also responsible for the engineering, procurement and construction of such asset, IFRIC 12 requires the separate accounting for the revenue and margins associated with the construction activities and for the subsequent operation and maintenance of the infrastructure because such activities present a business nature significantly different from each other and have different business risks and rewards. In such cases, the investment in the infrastructure used in the concession arrangement cannot be classified as property, plant and equipment of the operator, but rather must be classified as a financial asset or an intangible asset, depending on the nature of the payment rights established under the contract. For the same reasons, revenue and associated margins realized by the operator during the construction of the asset are not eliminated in the consolidated accounts of the Group in accordance with this interpretation.

We began to apply this interpretation retrospectively as of January 1, 2010, as required by IFRS as adopted by the European Union, with no significant impact on our 2010 Consolidated Financial Statements since we had previously been applying a similar accounting policy to this interpretation, concurrently and in anticipation of the changes, for most of our concession assets, with the exception of our thermo-solar electricity generation plants in Spain. Based on the information available at the date of issuance of our 2010 Consolidated Financial Statements, we were not in a position to conclude that our thermo-solar assets in Spain should be classified as service concession arrangements and thus be subject to IFRIC 12.

During 2011, we continued to analyze the application of IFRIC 12 and concluded, in September 2011, that we were required to apply IFRIC 12 prospectively, from September 1, 2011, to our thermo-solar plants in Spain registered in the Pre-Allocation Registry, as defined in this Offering Circular in the section entitled "Regulation", based on newly available accounting and technical reports and other information. The application of IFRIC 12 to these assets resulted in an increase in our 2011 revenue and operating profits of €649.0 million and €60.8 million, respectively, due to the recognition of revenue and margins in respect of the construction of such assets, as well as an increase in intangible assets of €1,644.6 million as of December 31, 2011, due to the reclassification of such assets from property, plant and equipment to intangible assets (to the extent that the operator has a right to charge for usage of the infrastructure). Furthermore, the application of IFRIC 12 to our thermo-solar plants in Spain registered in the Pre-Allocation Registry affected the comparability of our results of operations for the nine months ended September 30, 2012 to those for the nine months ended September 30, 2011, in particular with respect to the results of our Engineering and Construction and Industrial Production activities and our Spain geographic reporting segment. For further discussion of IFRIC 12 and its application to our financial statements, see Note 2.1.1 to our Consolidated Financial Statements as of and for the year ended December 31, 2011 presented elsewhere herein.

As mentioned above, the consolidated income statement and statement of financial position within our Consolidated Financial Statements as of and for the years ended December 31, 2011, 2010 and 2009 and our Consolidated Condensed Interim Financial Statements as of and for the nine months ended September 30, 2012 and 2011 as well as the Unaudited Pro Forma Condensed Consolidated Financial Information as presented elsewhere herein, have not been restated to retrospectively apply IFRIC 12 to our thermo-solar electricity generation plants in Spain for any period prior to September 1, 2011. (For more information, see

"Risk Factors – Risks Related to Our Business and the Markets in which We Operate - The analysis of whether IFRIC 12 applies to certain contracts and activities, and the determination of the proper accounting treatment at each period end if it is determined that IFRIC 12 is to be applied, involves various complex factors and is significantly affected by legal and accounting interpretations. If the criteria for us to classify our thermo-solar plants in Spain as service concession agreements within the scope of IFRIC 12 do not continue to be met, or if we had to apply IFRIC 12 retrospectively rather than prospectively, our results of operations for the periods presented in this Offering Circular would be significantly different").

Change in Segment Reporting

Beginning with our Consolidated Financial Statements as of and for the year ended December 31, 2011, in order to focus our attention on our key markets, we organized our business into three activities: Engineering and Construction, Concession-Type Infrastructures and Industrial Production. Each activity is further broken into the following reporting segments: Engineering and Construction (which is both an activity and a segment); Transmission, Solar, Water and Co-generation segments within the Concession-Type Infrastructures activity and Biofuels, Industrial Recycling and Others within the Industrial Production activity. Prior to January 1, 2011, we organized our business according to five reporting segments: Engineering, Bioenergy, Information Technologies, Environmental Services and Solar.

Beginning with our Consolidated Financial Statements as of and for the year ended December 31, 2011 we have presented segment information for the years ended December 31, 2011 and 2010 and for the nine months ended September 30, 2012 and 2011 based on the new eight segments reporting structure. Accordingly, the discussion of our results of operations for the years ended December 31, 2011 and 2010 and for the nine months ended September 30, 2012 and 2011 is presented in this Offering Circular under the new eight segments reporting structure. However, the discussion of our results of operations for the years ended December 31, 2010 and 2009 is presented under the previous five segment reporting structure. As a result, the results of operations of our activities and segments may not be easily comparable.

In connection with this organization, our financial information for our historical reporting by activity for the year ended December 31, 2011 and 2010 and for the nine months ended September 30, 2012 and 2011 is now provided after accounting for intercompany consolidation eliminations relating to revenue and EBITDA which arise in the normal course of business and are not allocated to other activities. Prior to January 1, 2011, our financial information by segment was provided before accounting for intercompany consolidation eliminations relating to revenue and EBITDA which arise in the normal course of business and are not allocated to other activities. In respect of the information relating to our annual historical reporting by segment for the years ended December 31, 2010 and 2009, such amounts are accounted for in the Corporate Activities and Intra Group Eliminations line item.

Sale of Brazilian Transmission Line Assets

We sold, in two portions pursuant to three share purchase agreements, 100% of certain Brazilian transmission line assets to Transmissão Aliança de Energia Elétrica S.A. ("TAESA"), an affiliate of Cemig.

On June 2, 2011, Abengoa Concessões Brasil Holding S.A. ("Abengoa Concessões") entered into an agreement with TAESA to sell 50% of its shareholding in a newly formed entity, named União de Transmissoras de Energia Elétrica Holding S.A. ("UNISA"), to which Abengoa Concessões contributed 100% of its interests in four project companies that it controls and that hold power transmission line concessions in Brazil. These four project companies are STE — Sul Transmissora de Energia S.A. ("STE"), ATE Transmissora de Energia S.A. ("ATE"), ATE II Transmissora de Energia S.A. ("ATE II") and ATE III Transmissora de Energia S.A. ("ATE III"). In addition, on June 2, 2011, Abengoa Concessões and Abengoa

Construção Brasil Ltda. entered into an agreement with TAESA to sell 100% of the share capital of NTE Nordeste Transmissora de Energia S.A. ("NTE"), another project company that holds a power transmission line concession in Brazil. The sales corresponding to the sale of 100% of the shareholding of NTE and 50% of the shareholding of UNISA are referred to herein as the "First Cemig Sale." The First Cemig Sale closed on November 30, 2011 and, accordingly, is fully reflected in our historical audited financial statements as of and for the year ended December 31, 2011.

As consideration for the First Cemig Sale, upon closing we received the equivalent of approximately €479 million in net cash proceeds in Brazilian reais and reduced our net consolidated debt by approximately €642 million on our Consolidated Statement of Financial Position as of December 31, 2011. For the year ended December 31, 2011, we recorded a net gain from the sale of €45 million reflected in the "Other operating income" line item in our consolidated income statement (€43 million after taxes) resulting from the First Cemig Sale. The share purchase agreements for each of UNISA and NTE in respect of the First Cemig Sale provided for a post-closing price adjustment to be paid following the preparation of the audited financial statements of the relevant project companies taking into account, among other variables, changes in the share capital thereof and any dividends or distributions made between signing and closing. However, no such adjustments were required to be paid under the terms of the share purchase agreements with respect to the First Cemig Sale.

In addition to the First Cemig Sale, we signed an agreement with TAESA on March 16, 2012 to sell our remaining 50% interest in UNISA, thereby completing the divestment of certain Brazilian transmission line concession assets (STE, ATE, ATE II and ATE III) (the "Second Cemig Sale," and collectively with the First Cemig Sale, the "Cemig Sales"). The Second Cemig Sale closed on June 30, 2012 resulting in the recognition of the proceeds as a receivable for €354 million equivalent classified as short-term financial investments on our balance sheet as of such date. On July 2, 2012, we received payment of €354 million in cash in respect of the receivable from the Second Cemig Sale. Our Consolidated Statement of Financial Position as of September 30, 2012 reflects the full divestment of UNISA and the reduction in our consolidated net debt of approximately €473 million. The gain from the Second Cemig Sale of €4.5 million is reflected in the "Other operating income" line item in our consolidated condensed interim income statement for the nine months ended September 30, 2012. The Second Cemig Sale includes a post-closing adjustment mechanism similar to that described above relating to First Cemig Sale, and we similarly do not expect any significant post-closing adjustment to be payable.

In the consolidated income statement for the year ended December 31, 2011 included in our 2011 Consolidated Financial Statements, the profits and losses of NTE and the four project companies we contributed to UNISA (STE, ATE, ATE II and ATE III) are fully consolidated until November 30, 2011. Following such date through June 30, 2012 when the Second Cemig Sale closed, we included our 50% share in the profits and losses of UNISA in the consolidated income statement for the six months ended June 30, 2012 following the proportional consolidation method. See "Unaudited Pro Forma Condensed Consolidated Financial Information".

Consolidated Income Statement Data

	Nine months ended September 30,		Year ended December 31,			
	2012	2011	2011	2010 restated(1)	2010	2009
	(unaudited)			(unaudited)		
			(€ in millions)			
Consolidated Income Statement Data						
Revenue	5,612.1	4,784.1	7,089.2	4,859.8	5,566.1	4,147.3
Changes in inventories of finished goods and work in progress	33.4	39.3	64.7	27.4	27.3	(23.7)
Other operating income	426.2	758.7	858.5	792.3	841.6	1,275.6
Raw materials and consumables used	(3,831.3)	(3,650.8)	(5,172.6)	(3,558.4)	(3,752.7)	(3,057.7)
Employee benefit expense	(574.2)	(502.6)	(697.1)	(586.0)	(865.3)	(736.0)
Depreciation, amortization and impairment charges	(285.0)	(188.6)	(258.3)	(264.0)	(320. 6)	(319.4)
Research and development costs	(2.5)	(20.4)	(29.0)	(37.4)	(52.1)	(51.1)
Other operating expenses	(766.5)	(664.2)	(1,011.2)	(685.2)	(822.5)	(804.0)
Operating profit	612.2	555.5	844.2	548.5	621.8	431.0
Finance income	64.4	80.2	108.2	80.6	73.0	14.1
Finance expense	(468.1)	(475.5)	(625.5)	(391.4)	(410.9)	(213.1)
Net exchange differences	(16.6)	(18.9)	(30.2)	(18.2)	(19.1)	67.8
Other financial income/(expense) net	(84.7)	(68.3)	(147.5)	(18.6)	(11.4)	(50.2)
Finance expense, net	(505.0)	(482.5)	(695.0)	(347.6)	(368.4)	(181.4)
Share of (loss)/profit of associates	2.4	3.2	4.2	9.0	9.5	11.2
Profit before income tax	109.6	76.2	153.4	209.9	262.9	260.8
Income tax benefit/(expense)	42.7	57.7	28.8	5.5	0.4	(58.1)
Profit for the year from continuing operations	152.3	133.9	182.2	215.4	263.3	202.7
Profit for the year from discontinued operations, net of tax	—	91.5	91.5	47.9	—	—
Profit for the year	152.3	225.4	273.7	263.3	263.3	202.7
Profit attributable to non-controlling interest from continuing operations	(35.2)	(14.5)	(16.3)	(30.2)	(56.1)	(32.4)
Profit attributable to non-controlling interest from discontinued operations	—	—	—	(25.9)	—	—
Profit for the year attributable to the parent company	117.1	210.9	257.4	207.2	207.2	170.3
Weighted average number of ordinary shares outstanding (thousands)(2)	538,063	452,349	107,613	90,470	90,470	90,470
Basic earnings per Share from continuing operations (€ per share)	0.22	0.26	1.54	2.05	2.29	1.88
Basic earnings per Share from discontinued operations (€ per share)	—	0.20	0.85	0.24	—	—
Basic earnings per share attributable to the parent company (€ per share)	0.22	0.46	2.39	2.29	2.29	1.88
Weighted average number of ordinary shares outstanding (thousands)(2)	538,063	452,349	107,613	90,470	90,470	90,470

	Nine months ended September 30,		Year ended December 31,			
	2012	2011	2011	2010 restated(1)	2010	2009
	(unaudited)			(unaudited)		
			(€ in millions)			
Warrants adjustments (average weighted number of shares outstanding since issue)(2) .	20,022	—	670	—	—	—
Diluted earnings per Share from continuing operations (€ per share)	0.21	n/a(*)	1.53	n/a(*)	n/a(*)	n/a(*)
Diluted earnings per Share from discontinued operations (€ per share)	—	n/a(*)	0.85	n/a(*)	n/a(*)	n/a(*)
Diluted earnings per share attributable to the parent company (€ per share)	0.21	n/a(*)	2.38	n/a(*)	n/a(*)	n/a(*)
Dividend paid per share (€ per share)(3)	0.070	0.040	0.20	0.19	0.19	0.18

(*) Diluted earnings per share equals basic earnings per share for these periods.

Consolidated Statement of Financial Position Data

	As of September 30,	As of December 31,		
	2012	2011	2010	2009[4]
				(restated)
	(unaudited)			unaudited
		(€ in millions)		
Consolidated Statement of Financial Position Data				
Non-current assets:				
Intangible assets	1,460.3	1,290.5	1,793.5	1,490.9
Property, plant and equipment	1,485.7	1,502.9	1,640.3	1,864.2
Fixed assets in projects	9,171.3	7,602.5	5,744.8	3,623.3
Financial investments	466.3	462.7	486.3	343.2
Deferred tax Assets	1,082.7	991.9	885.7	672.1
Total non-current assets	13,666.3	11,850.5	10,550.6	7,993.7
Current assets:				
Inventories	505.7	384.9	385.0	345.6
Clients and other receivables	1,999.2	1,806.3	2,141.4	2,002.2
Financial investments	714.0	1,013.9	913.6	482.0
Cash and cash equivalents	2,493.1	3,738.1	2,983.2	1,546.4
Total current assets	5,712.0	6,943.2	6,423.2	4,376.2
Total assets	19,378.3	18,793.7	16,973.8	12,369.9
Total equity	1,860.9	1,726.2	1,630.3	1,171.1
Non-current liabilities:				
Long-term non-recourse project financing	5,833.5	4,983.0	3,558.0	2,748.0
Long-term corporate financing	4,555.5	4,149.9	4,441.7	2,662.0
Other liabilities	1,209.2	1,028.2	952.1	747.7
Total non-current liabilities	11,598.2	10,161.1	8,951.8	6,157.7
Current liabilities:				
Short-term non-recourse project financing	443.2	407.1	492.1	185.4
Short-term corporate financing	735.4	918.8	719.9	637.5
Other liabilities	4,740.6	5,580.5	5,179.7	4,218.2
Total current liabilities	5,919.2	6,906.4	6,391.7	5,041.1
Total liabilities	17,517.4	17,067.5	15,343.5	11,198.8

Business and Geographic Activity Data

	Nine months Ended September 30,		Year ended December 31,	
	2012	2011	2011	2010 (restated)[1]
	(unaudited)			(unaudited)
	(€ in millions)			
Consolidated Revenue by Activity and Segment				
Engineering and Construction	2,780.8	2,156.1	3,525.7	2,301.9
Concession-Type Infrastructures	389.3	321.6	427.6	307.6
Solar	258.8	98.7	131.6	58.5
Transmission	71.9	184.6	237.6	202.5
Water	27.3	13.1	21.0	15.2
Co-generation	31.3	25.2	37.4	31.4
Industrial Production	2,442.0	2,306.4	3,135.9	2,250.3
Biofuels	1,585.3	1,629.0	2,225.0	1,575.2
Industrial Recycling	503.1	477.0	629.9	561.6
Other	353.6	200.4	281.0	113.5
Total revenue	5,612.1	4,784.1	7,089.2	4,859.8

	Year ended December 31,	
	2010	2009
	(€ in millions)	
Consolidated Revenue by Segment		
Engineering	2,895.2	2,681.0
Bioenergy	1,575.1	1,010.0
Information Technologies	741.8	759.0
Environmental Services	833.9	722.8
Solar	168.1	115.9
Corporate Activities and Intra-Group Eliminations	(648.0)	(1,141.4)
Total	5,566.1	4,147.3

	Nine months ended September 30,		Year ended December 31,			
	2012	2011	2011	2010 (restated)	2010	2009
	(unaudited)			(unaudited)		
	(€ in millions)					
Consolidated Revenue by Geography						
Spain	1,630.5	1,138.6	1,932.8	1,123.9	1,430.3	1,296.4
United States	1,206.9	853.3	1,346.0	591.4	884.3	576.9
Europe (excluding Spain)	943.2	874.6	1,082.8	891.9	873.5	641.5
Brazil	771.4	1,142.7	1,471.7	1,052.7	1,098.5	462.1

	Nine months ended September 30,		Year ended December 31,			
	2012	2011	2011	2010 (restated)	2010	2009
	(unaudited)			(unaudited)		
			(€ in millions)			
Latin America (excluding Brazil)	724.4	472.0	771.0	779.4	813.4	697.8
Other countries	335.7	302.9	484.9	420.5	466.1	472.6
Total revenue	5,612.1	4,784.1	7,089.2	4,859.8	5,566.1	4,147.3

Non GAAP Financial Data

	Nine months ended September 30,		Year ended December 31,	
	2012	2011	2011	2010 (restated)[1]
		(unaudited)		
		(€ in millions)		
Consolidated EBITDA by Activity and Segment				
Engineering and Construction	359.2	263.9	437.3	259.4
Concession-Type Infrastructures	264.5	230.8	298.9	207.7
Solar	194.5	77.8	92.9	42.9
Transmission	49.6	144.2	193.2	150.5
Water	19.2	7.2	10.3	10.2
Co-generation	1.2	1.6	2.5	4.1
Industrial Production	273.5	249.4	366.3	345.4
Biofuels	26.3	111.2	152.1	212.0
Industrial Recycling	89.9	85.2	121.3	107.7
Other	157.3	53.0	92.9	25.7
Consolidated EBITDA[5]	897.2	744.1	1,102.5	812.5

	Year ended December 31,	
	2010	2009
	(unaudited)	
	(€ in millions)	
Consolidated EBITDA by Segment		
Engineering	359.4	322.3
Bioenergy	212.0	123.4
Information Technologies	129.4	172.7
Environmental Services	129.7	119.6
Solar	70.2	21.6
Corporate Activities and Intra-Group Eliminations	41.7	(9.2)
Consolidated EBITDA[5]	942.4	750.4

	Nine months ended September 30,		Year ended December 31,			
	2012	2011	2011	2010 (restated)[1]	2010	2009
	(unaudited)			(unaudited)		
			(€ in millions)			
Reconciliation of profit for the year from continuing operations to Consolidated EBITDA						
Profit for the year from continuing operations	152.3	133.9	182.2	215.4	263.3	202.7
Income tax expenses/(benefits)	(42.7)	(57.7)	(28.8)	(5.5)	(0.4)	58.1
Share of loss/(profit) of associated companies	(2.4)	(3.2)	(4.2)	(9.0)	(9.5)	(11.2)
Net finance expenses	505.0	482.5	695.0	347.6	368.4	181.4
Operating profit	612.2	555.5	844.2	548.5	621.8	431.0
Depreciation, amortization and impairment changes	285.0	188.6	258.3	264.0	320.6	319.4
Consolidated EBITDA (unaudited) [5]	897.2	744.1	1,102.5	812.5	942.4	750.4
Reconciliacion of Last Twelve Months Consolidated EBITDA to Last Twelve Months Corporate EBITDA:						
Last Twelve Months Consolidated EBITDA (unaudited) [7]	1,255.6	1,030.0	1,102.5	812.5	942.4	750.4
Last Twelve Months non-recourse EBITDA (unaudited) [7] [8]	419.3	462.0	385.8	336.7	336.7	116.9
Last Twelve Months Corporate EBITDA (unaudited) [6] [7]	836.3	568.0	716.7	475.8	605.7	633.5

The following table sets forth a reconciliation of Consolidated EBITDA to our Net cash generated or used by operating activities:

	Nine-month period ended September 30,		Year ended December 31,			
	2012	2011	2011	2010 (restated)[1]	2010	2009
	(unaudited)			(unaudited)		
			(€ in millions)			
Reconciliation of Consolidated EBITDA to Net cash generated or used from operating activities						
Consolidated EBITDA (unaudited) [5]	897.2	744.1	1,102.5	812.5	942.4	750.4
(Profit)/loss from sale of subsidiaries and property, plant and equipment	(4.5)	—	—	(68.9)	(68.9)	(56.3)
Other cash finance costs and other	(342.3)	(31.7)	(153.5)	(115.4)	(107.9)	47.1
Variations in working capital	(279.7)	542.2	846.5	424.6	320.7	205.9
Income tax (paid)	(33.8)	(60.0)	(67.6)	(36.2)	(36.2)	(39.9)
Interests (paid)/received	(344.1)	(288.2)	(406.6)	(280.7)	(280.7)	(181.3)
Discontinued operations	—	31.5	31.5	38.4	—	—
Net cash generated or used from operating activities	107.2	937.9	1,352.8	774.3	769.4	725.9

Notes:

(1) The historical financial information for the year ended December 31, 2010 has been restated to present Telvent as discontinued operations for comparison purposes. As of December 31, 2010 and 2009, and during part of 2011, we held a 40% shareholding in Telvent GIT, S.A. and its subsidiaries ("Telvent"). Despite partially reducing our share ownership in Telvent during 2009, we remained the largest shareholder and our 40% shareholding, along with our control of certain treasury shares held by Telvent, permitted us to exercise de facto control over Telvent. Therefore, Telvent's financial information was fully consolidated in our Audited Consolidated Financial Statements as of and for the years ended December 31, 2010 and 2009 and during the period 2011 in which we held control over Telvent. On June 1, 2011, we announced the sale of our investment in Telvent to Schneider Electric S.A. ("SE") and on September 5, 2011 the transaction was completed. As a result, and taking into account the significance of Telvent to us, Telvent was treated as discontinued operations in accordance with IFRS 5, "Non-Current Assets Held for Sale and Discontinued Operations." The results obtained from this sale are included under a single heading in the Consolidated Income Statement and under separate line items in the Consolidated Cash Flow Statement of our Audited Consolidated Financial Statements as of and for the year ended December 31, 2011, which include comparative financial information for the year ended December 31, 2010 that has been restated to present Telvent as discontinued operations. Also in accordance with IFRS 5, the Consolidated Income Statement for the nine months ended September 30, 2011 includes the results generated by Telvent under the single heading of "Profit after tax from discontinued operations." For further information regarding the divestment of Telvent, see Note 7 to our Audited Consolidated Financial Statements as of and for the year ended December 31, 2011 incorporated by reference into this Offering Circular.

(2) The number of shares considered for the period ended September 30, 2012 is after the increase in Class B Shares distributed for no consideration approved by the Extraordinary General Shareholders' Meeting on September 30, 2012 and considered effective on October 2, 2012 as described in "Business — History and Development of our Group" and Note 21 to the Consolidated Condensed Interim Financial Statements as of and for the nine months ended September 30, 2012. The number of shares and basic and diluted earnings per share information for the nine month period ended September 30, 2011 has been restated for comparative purposes and corresponds to the comparative financial information as of September 30, 2011 included in the Consolidated Condensed Interim Financial Statements as of and for the nine months ended September 30, 2012.

(3) Dividends paid per share for the period ended September 30, 2012 have been calculated considering the post-split number of shares, restating the period ended for the nine months ended September 30, 2011 for comparative purposes.

(4) The historical financial information with respect to our Consolidated Cash Flow Statement and Consolidated Statement of Financial Position as of and for the year ended December 31, 2009 has been restated to reflect the application of IFRIC 12 to all of our concession assets with the exception of our thermo-solar power plants in Spain as if it has applied throughout the period or as of the period end.

(5) Consolidated EBITDA is calculated as profit for the year from continuing operations, after adding back income tax expense, share of (loss)/profit of associates, finance expense net and depreciation, amortization and impairment charges of Abengoa and its subsidiaries. Consolidated EBITDA is not a measurement of performance under IFRS-EU and you should not consider Consolidated EBITDA as an alternative to operating income or consolidated profits as a measure of our operating performance, cash flows from operating, investing and financing activities as a measure of our ability to meet our cash needs or any other measures of performance under generally accepted accounting principles. We believe that Consolidated EBITDA is a useful indicator of our ability to incur and service our indebtedness and can assist securities analysts, investors and other parties to evaluate us. Consolidated EBITDA and similar measures are used by different companies for different purposes and are often calculated in ways that reflect the circumstances of those companies. Consolidated EBITDA may not be indicative of our historical operating results, nor are meant to be predictive of potential future results. See "Presentation of Financial Information — Non-GAAP Financial Measures."

(6) Corporate EBITDA is calculated as profit s from continuing operations, after adding back income tax expense, share of (loss)/profits of associates, finance cost net, depreciation, amortization and impairment charges less EBITDA from non-recourse activities net of eliminations. Corporate EBITDA is not a measurement of performance under IFRS-EU and you should not consider Corporate EBITDA as an alternative to operating income or consolidated profits as a measure of our operating performance, cash flows from operating, investing and financing activities as a measure of our ability to meet our cash needs or any other measures of performance under generally accepted accounting principles. We believe that Corporate EBITDA is a useful indicator of our ability to incur and service our indebtedness and can assist securities analysts, investors and other parties to evaluate us. Corporate EBITDA and similar measures are used by different companies for different purposes and are often calculated in ways that reflect the circumstances of those companies. Corporate EBITDA may not be indicative of our historical operating results, nor are meant to be predictive of potential future results. See "Presentation of Financial Information — Non-GAAP Financial Measures."

(7) For the twelve month periods ending September 30, 2012 and 2011, the reconciliation has been done as follows: the unaudited financial information for the twelve months ended September 30, 2012 has been prepared by subtracting the unaudited condensed consolidated income statement for the nine months ended September 30, 2011 from the unaudited consolidated income statements for the year ended December 31, 2011 as presented in the Consolidated Financial Statements as of and for the year ended December 31, 2011and then adding the total to the unaudited condensed consolidated income statement for the nine months ended September 30, 2012. The unaudited financial information for the twelve months ended September 30, 2011 has been prepared by subtracting the unaudited condensed consolidated income statement for the nine months ended September 30, 2010 from the unaudited consolidated income statements for the year ended December 31, 2010 as presented in the Consolidated Financial Statements as of and for the year ended December 31, 2010and then adding the total to the unaudited condensed consolidated income statement for the nine months ended September 30, 2011. The unaudited consolidated financial information for the last twelve months has been prepared for illustrative purposes only and it is not intended to be an indicator of our financial results of operations in the future.

(8) Non-recourse EBITDA refers to EBITDA from non-recourse activities net of eliminations, as defined on page xiii.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The following Unaudited Pro Forma Condensed Consolidated Financial Information sets forth the unaudited pro forma condensed consolidated income statements of Abengoa and its subsidiaries for the year ended December 31, 2011 and for the nine months ended September 30, 2012, which have been derived from, and should be read in conjunction with, our Audited Consolidated Financial Statements as of and for the year ended December 31, 2011 and our unaudited Consolidated Condensed Interim Financial Statements as of and for the nine months ended September 30, 2012, together with the respective accompanying notes, prepared in accordance with IFRS-EU, incorporated by reference into this Offering Circular.

We have included the Unaudited Pro Forma Condensed Consolidated Financial Information to illustrate, on a pro forma basis, the impact on our consolidated income statements for the year ended December 31, 2011 and for the nine months ended September 30, 2012 of:

- the sale of 100% of the shareholding of NTE and 50% of the shareholding of UNISA (each as defined in Note 2 below) to Transmissora Aliança de Energia Elétrica S.A. ("TAESA"), an affiliate of Cemig, which occurred on November 30, 2011 (the "First Cemig Sale"); and
- the sale of our remaining 50% interest in UNISA, which occurred on June 30, 2012 (the "Second Cemig Sale").

Both sales are herein referred to the "Cemig Sales" and they are described in more detail in Note 2 below.

We have not presented an unaudited pro forma condensed consolidated statement of financial position as of September 30, 2012 because the historical financial information at that date already reflects the impact of the Cemig Sales.

The Unaudited Pro Forma Condensed Consolidated Financial Information is presented only through "Profit for the year from continuing operations" and includes specific adjustments related to the Cemig Sales. The Unaudited Pro Forma Condensed Consolidated Financial Information does not include in the historical column the line "Profit (loss) from discontinued operations, net of tax," which appears in the historical consolidated income statements for the year ended December 31, 2011 and for the nine months ended September 30, 2012.

The Unaudited Pro Forma Condensed Consolidated Financial Information is presented for illustrative purposes only and reflects estimates and certain assumptions made by Abengoa's management that are considered reasonable by it under the circumstances as of the date of this Offering Circular and which are based on the information available at the time of the preparation of the Unaudited Pro Forma Condensed Consolidated Financial Information. Actual adjustments may differ materially from the information presented herein.

The Unaudited Pro Forma Condensed Consolidated Financial Information does not purport to represent what Abengoa's consolidated results of operations would have been if the Cemig Sales had occurred on the date indicated and is not intended to project Abengoa's consolidated results of operations for any future period or date, nor is it necessarily indicative of future results of operations.

Unaudited Pro Forma Condensed Consolidated Income Statement For The Nine Months Ended September 30, 2012

	Historical Abengoa, S.A. Consolidated[(3)]	Pro Forma adjustments for the Second Cemig Sale[(4)]	Pro Forma Adjustments for the Gain from the Second Cemig Sale[(5)]	Pro Forma Consolidated
		(unaudited) *(€ in millions)*		
Revenue	5,612.1	(43.2)	—	5,568.9
Changes in inventories of finished goods and work in progress	33.4	—	—	33.4
Other operating income	426.2	—	(4.5)	421.7
Raw materials and consumables used	(3,831.3)	—	—	(3,831.3)
Employee benefit expense	(574.2)	0.1	—	(574.1)
Depreciation, Amortization and impairment charges	(285.0)	7.2	—	(277.8)
Research and development costs	(2.5)	—	—	(2.5)
Other operating expenses	(766.5)	5.6	—	(760.9)
Operating Profit	**612.2**	**(30.3)**	**(4.5)**	**577.4**
Finance income	64.4	(3.6)	—	60.8
Finance expense	(468.1)	6.9	—	(461.2)
Net exchange differences	(16.6)	8.6	—	(8.0)
Other financial income/(expense) net	(84.7)	(0.1)	—	(84.8)
Finance expense net	**(505.0)**	**11.8**	**—**	**(493.2)**
Share of (Loss)/Profit of Associates	**2.4**	**—**	**—**	**2.4**
Profit before Income Tax	**109.6**	**(18.5)**	**(4.5)**	**86.6**
Income tax Benefit	42.7	4.7	1.8	49.2
Profit for the period from continuing operations[(*)]	**152.3**	**(13.8)**	**(2.7)**	**135.8**
Profit attributable to non-controlling interest from continuing operations	(35.2)	—	—	(35.2)
Profit for the period attributable from continuing operations to the Parent Company[(*)]	**117.1**	**(13.8)**	**(2.7)**	**100.6**
Weighted average number of ordinary shares outstanding (millions)	538.1	—	—	538.1
Basic earnings per share from continuing operations (€ per share)	0.22	—	—	0.19
Basic Earnings per share attributable to the parent company (€ per share)	**0.22**	**—**	**—**	**0.19**
Weighted average number of ordinary shares affecting the diluted earnings per share (millions)	558.1	—	—	558.1

	Historical Abengoa, S.A. Consolidated[(3)]	Pro Forma adjustments for the Second Cemig Sale[(4)]	Pro Forma Adjustments for the Gain from the Second Cemig Sale[(5)]	Pro Forma Consolidated
		(unaudited) *(€ in millions)*		
Diluted earnings per share from continuing operations (€ per share)	0.21	—	—	0.18
Diluted earnings per share attributable to the parent company (€ per share)	**0.21**	**—**	**—**	**0.18**

Unaudited Pro Forma Condensed Consolidated Income Statement For The Year Ended December 31, 2011

	Historical Abengoa, S.A. Consolidated[(3)]	Pro Forma Adjustments for the First Cemig Sale[(6)]	Pro Forma Adjustments for the Second Cemig Sale[(7)]	Pro Forma Adjustments for the Gain from the First Cemig Sale[(8)]	Pro Forma Consolidated
			(unaudited) *(€ in millions)*		
Revenue	7,089.2	(111.4)	(76.3)	—	6,901.5
Changes in inventories of finished goods and work in progress	64.7	—	—	—	64.7
Other operating income	858.5	0.3	—	(44.9)	813.9
Raw materials and consumables used	(5,172.6)	—	—	—	(5,172.6)
Employee benefit expense	(697.1)	0.6	0.1	—	(696.4)
Depreciation, Amortization and impairment charges	(258.3)	17.5	14.5	—	(226.3)
Research and development costs	(29.0)	—	—	—	(29.0)
Other operating expenses	(1,011.2)	24.8	18.4	—	(968.0)
Operating Profit	**844.2**	**(68.2)**	**(43.3)**	**(44.9)**	**687.8**
Finance income	108.2	(8.2)	(7.6)	—	92.4
Finance expense	(625.5)	17.2	14.0	—	(594.3)
Net exchange differences	(30.2)	8.9	12.4	—	(8.9)
Other financial income/(expense) net	(147.5)	(0.4)	(0.1)	—	(148.0)
Finance expense net	**(695.0)**	**17.5**	**18.7**	**—**	**(658.8)**
Share of (Loss)/Profit of Associates	**4.2**	**—**	**—**	**—**	**4.2**
Profit before Income Tax	**153.4**	**(50.7)**	**(24.6)**	**(44.9)**	**33.2**
Income tax Benefit	28.8	7.3	3.5	1.3	40.9
Profit for the year from continuing operations[(*)]	**182.2**	**(43.4)**	**(21.1)**	**(43.6)**	**74.1**
Profit attributable to non-controlling interest from continuing operations	(16.3)	—	—	—	(16.3)
Profit for the Year attributable from continuing operations to the Parent Company[(*)]	**165.9**	**(43.4)**	**(21.1)**	**(43.6)**	**57.8**
Weighted average number of ordinary shares outstanding (millions)[(1)]	466.6	—	—	—	466.6

	Historical Abengoa, S.A. Consolidated[3]	Pro Forma Adjustments for the First Cemig Sale[6]	Pro Forma Adjustments for the Second Cemig Sale[7]	Pro Forma Adjustments for the Gain from the First Cemig Sale[8]	Pro Forma Consolidated
Basic earnings per share from continuing operations (€ per share)	0.35	—	—	—	0.12
Basic Earnings per share from continuing operations attributable to the Parent Company (€ per share)	**0.35**	**—**	**—**	**—**	**0.12**
Weighted average number of ordinary shares affecting the diluted earnings per share (millions)	470.0	—	—	—	470.0
Diluted earnings per share from continuing operations (€ per share)	0.35	—	—	—	0.12
Diluted earnings per share from continuing operations attributable to the parent company (€ per share)	**0.35**	**—**	**—**	**—**	**0.12**

(*) Excludes non-recurring profits and losses, see Note 1 to the Unaudited Pro Forma Consolidated Financial Information.

(1) The weighted average number of ordinary shares presented in this Unaudited Pro Forma Condensed Consolidated Income Statement for the year ended December 31, 2011 for both the historical and pro forma information of Abengoa has been calculated assuming the increase in Class B shares distributed for no consideration approved by the Extraordinary General Shareholders' Meeting held on September 30, 2012 and effective on October 2, 2012 (see "Business – History and Development of our Group"). Hence, the historical weighted average number of ordinary shares does not coincide with the same number as presented in our Audited Consolidated Financial Statements as of and for the year ended December 31, 2011 incorporated by reference into this Offering Circular.

Notes to the Unaudited Pro Forma Consolidated Financial Information

1 Basis of preparation

The Unaudited Pro Forma Condensed Consolidated Financial Information has been prepared in accordance with the requirements of Regulation from the European Union included in the Comission Regulation (EC) No 809/2004 of April 29, 2004 and with the content of the Recommendation from the CESR (Commitee of European Securities Regulators), now ESMA (European Securities and Market Authority) for the implementation of the mentioned regulation (CESR/05-054b).

The unaudited pro forma adjustments give effect to events that are directly attributable to the Cemig Sales, factually supportable and are expected to have a continuing impact.

Material non-recurring profits and losses that result directly from the Cemig Sales have not been included in the unaudited pro forma condensed consolidated income statements for the year ended December 31, 2011 and for the nine months ended September 30, 2012. The gain directly attributable to the First Cemig Sale that closed on November 30, 2011 described below is reflected in our historical consolidated income statement for the year ended December 31, 2011 and the gain directly attributable to the Second Cemig Sale that closed on June 30, 2012 is reflected in our historical consolidated income statement for the nine months ended September 30, 2012. These gains are presented as pro forma adjustments and are excluded from the unaudited pro forma condensed consolidated income statements for the year ended December 31, 2011 and for the nine months ended September 30, 2012, respectively.

In preparing the Unaudited Pro Forma Condensed Consolidated Financial Information we have assumed that the Cemig Sales occurred on January 1, 2011 for the purpose of presenting the unaudited pro forma condensed consolidated income statements for the year ended December 31, 2011 and for the nine months ended September 30, 2012. During the six months ended June 30, 2012 the First Cemig Sale had already occurred, therefore the historical consolidated income statement for the period ended September 30, 2012 already reflects such transaction.

2 Description of the Cemig Sales

On June 2, 2011, Abengoa Concessões Brasil Holding S.A. ("Abengoa Concessões") entered into an agreement with Transmissora Aliança de Energia Elétrica S.A. ("TAESA"), an affiliate of Cemig, to sell 50% of its shareholding in a newly formed entity, currently named União de Transmissoras de Energia Elétrica Holding S.A. - UNISA ("UNISA"), to which Abengoa Concessões contributed 100% of its interests in four project companies that it controlled and that hold power transmission line concessions in Brazil. These four project companies are STE — Sul Transmissora de Energia S.A., ATE Transmissora de Energia S.A., ATE II Transmissora de Energia S.A. and ATE III Transmissora de Energia S.A. In addition, also on June 2, 2011, Abengoa Concessões and Abengoa Construção Brasil Ltda. entered into an agreement with TAESA to sell 100% of the share capital of NTE Nordeste Transmissora de Energia S.A. ("NTE"), another project company that holds a power transmission concession in Brazil. The sale closed on November 30, 2011. These transactions are referred to as the "First Cemig Sale" elsewhere in this Offering Circular. The gain from the First Cemig Sale of €45 million is reflected in the "Other Operating Income" line item of our historical consolidated income statement for the year ended December 31, 2011.

As a result of the closing of the sale on November 30, 2011, we received the equivalent of €479 million in net cash proceeds in Brazilian reais and reduced our net consolidated debt by €642 million, which is reflected in our Audited Consolidated Financial Statements for the year ended December 31, 2011.

Additionally, on March 16, 2012, Abengoa Concessões signed a new share purchase agreement with TAESA to sell the remaining 50% of its shareholding in UNISA (the "Second Cemig Sale," and, collectively with the First Cemig Sale, the "Cemig Sales"). The Second Cemig Sale closed on June 30, 2012, and we recognized the proceeds as a receivable for €354 million equivalent classified as short-term financial investments which was subsequently converted into cash and cash equivalents on July 2, 2012, following receipt of payment. The gain from the Second Cemig Sale of €4.5 million is reflected in the "Other operating income" line item in our historical consolidated condensed interim income statement for the nine months ended September 30, 2012.

As a result of the Second Cemig Sale, we reduced consolidated net debt by approximately €473 million. The transaction includes a post-closing price adjustment mechanism similar to the First Cemig Sale that will involve a limited review of the financial statements of UNISA, taking into account, among other variables, changes in the share capital thereof and any dividends or distributions made between signing and closing. We do not expect any significant adjustment to the price to be payable.

In the historical consolidated income statement for the year ended December 31, 2011, the results of operations of NTE and the four project companies we contributed to UNISA (STE, ATE, ATE II and ATE III) are fully consolidated until November 30, 2011. Following such date through June 30, 2012, when the Second Cemig Sale closed, we included our 50% share in the results of operations of UNISA in the consolidated income statement. As a result, our historical condensed consolidated income statement for the nine months ended September 30, 2012 includes our 50% share in the profits and losses of UNISA for the six months ended June 30, 2012 up to the date of the sale, following the proportional consolidation method.

3 Historical Abengoa, S.A. Consolidated

These columns are derived from the historical Audited Consolidated Financial Statements as of and for the year ended December 31, 2011 and the Unaudited Consolidated Condensed Interim Financial Statements as of and for the nine months ended September 30, 2012 of the Group, incorporated by reference into this Offering Circular.

4 Pro forma adjustments for the Second Cemig Sale for the unaudited pro forma condensed consolidated income statement for the nine months ended September 30, 2012

Pro forma adjustments for the Second Cemig Sale to the unaudited pro forma condensed consolidated income statement for the nine months ended September 30, 2012 are necessary to reflect our results of operations, excluding the remaining 50% of the operations of UNISA and including the recognition of recurring transactions between UNISA and the Group under existing commercial agreements which have been assumed to continue in the future.

The most significant adjustments reflect the impact on Operating Profit of the elimination of the remaining 50% of the operations of UNISA due to the Second Cemig Sale, net of the effect of the recognition of the proceeds from certain recurring maintenance services, not significant in amount, between the Group and the Brazilian power transmission lines, which have been assumed to continue in the future.

5 Pro forma adjustments for the Gain from the Second Cemig Sale for the unaudited pro forma condensed consolidated income statement for the nine months ended September 30, 2012

This pro forma adjustment reflects the elimination of the non-recurring gain of €4.5 million directly attributable to the Second Cemig Sale which is reflected in our historical consolidated condensed interim financial statements for the nine months ended September 30, 2012 in the line item “Other operating income.”

6 Pro forma adjustments for the First Cemig Sale for the unaudited pro forma condensed consolidated income statement for the year ended December 31, 2011

Pro forma adjustments for the First Cemig Sale to the Unaudited Pro Forma Condensed Consolidated Income Statement for the year ended December 31, 2011 are necessary to reflect our results of operations, excluding the operations of the 100% of NTE and of the 50% of UNISA and including the recognition of recurring transactions between UNISA and the Group under existing commercial agreements which have been assumed to continue in the future.

The most significant adjustments reflect the impact on Operating Profit of the elimination of the operations of 100% of NTE and of 50% of UNISA due to the First Cemig Sale, net of the effect of the recognition of the proceeds from certain recurring maintenance services, not significant amount, between the Group and the Brazilian power transmission lines, which have been assumed to continue in the future.

7 Pro forma adjustments for the Second Cemig Sale for the unaudited pro forma condensed consolidated income statement for the year ended December 31, 2011

Pro forma adjustments for the Second Cemig Sale to the Unaudited Pro Forma Condensed Consolidated Income Statement for the year ended December 31, 2011 are necessary to reflect our results of operations, excluding the remaining 50% of the operations of UNISA and including the recognition of recurring transactions between UNISA and the Group under existing commercial agreements which have been assumed to continue in the future.

The most significant adjustments reflect the impact on Operating Profit of the elimination of the remaining 50% of the operations of UNISA due to the Second Cemig sale, net of the effect of the recognition of the proceeds from certain recurring maintenance services, not significant in amount, between the Group and the Brazilian power transmission lines, which have been assumed to continue in the future.

8 Pro forma adjustments for the Gain from the First Cemig Sale for the unaudited pro forma condensed consolidated income statement for the year ended December 31, 2011

This adjustment reflects the elimination of the non-recurring gain of €45 million directly attributable to the First Cemig Sale which closed on November 30, 2011 and that is reflected in our historical consolidated income statement for the year ended December 31, 2011 in the line item “Other operating income.”

OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion should be read together with, and is qualified in its entirety by reference to, our Consolidated Condensed Interim Financial Statements as of and for the nine months ended September 30, 2012 and 2011 and accompanying notes and our Audited Consolidated Financial Statements as of and for the three years ended December 31, 2011, 2010 and 2009 and the related notes thereto, incorporated by reference into this Offering Circular, which have been prepared in accordance with IFRS-EU. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs, which are based on assumptions we believe to be reasonable. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this Offering Circular, particularly in "Risk Factors" and "Forward- Looking Statements."

Overview

We are a leading engineering and clean technology company with operations in more than 70 countries worldwide that provides innovative solutions for a diverse range of customers in the energy and environmental sectors. Over the course of our 70-year history, we have developed a unique and integrated business model that applies our accumulated engineering expertise to promoting sustainable development solutions, including delivering new methods for generating power from the sun, developing biofuels, producing potable water from seawater, efficiently transporting electricity and recycling industrial waste. A cornerstone of our business model has been investment in proprietary technologies, particularly in areas with relatively high barriers to entry. Our Engineering and Construction activity provides sophisticated turnkey engineering, procurement and construction ("EPC") services from design to implementation for infrastructure projects within the energy and environmental sectors. Our Concession-Type Infrastructures activity operates, manages and maintains infrastructure assets, usually pursuant to long-term concession agreements under Build, Own, Operate and Transfer ("BOOT") schemes, within four operating segments (Transmission, Solar, Water and Co-generation). Finally, our Industrial Production activity produces a variety of biofuels (ethanol and biomass), provides recycling services to industrial customers and engages in other related activities. For the nine-month period ended September 30, 2012, the average number of employees was 25,645 worldwide across our three business activities and, according to industry publications, we are among the market leaders in the majority of our areas of operation.

During the 2011 fiscal year, the changes that occurred in the organization of the Group entailed, among other things, the re-definition of the activities and segments considered by the Group and the re-definition of its Chief Operating Decision Maker into the separate roles of Chairman and CEO of Abengoa in line with applicable accounting standards. In order to focus our attention on our key markets, we organized our business into three activities: Engineering and Construction, Concession-Type Infrastructures and Industrial Production. Each activity is further broken into the following reporting segments: Engineering and Construction (which is both an activity and a segment); Transmission, Solar, Water and Co-generation segments within the Concession-Type Infrastructures activity; and Biofuels, Industrial Recycling and Other within the Industrial Production activity. Previously, we organized our business according to five reporting segments: Engineering; Bioenergy; Information Technologies; Environmental Services; and Solar.

Our three activities are focused in the energy and environmental industries, and integrate operations throughout the value chain, including R&D&i, project development, engineering and construction, and the operation and maintenance of our own assets and those of third parties. Our activities are organized to capitalize on our global presence and scale, as well as to leverage our engineering and technological expertise in order to strengthen our leadership positions.

We have successfully grown our business, with a compound annual growth rate of our Consolidated EBITDA of 21% during the last ten years ended December 31, 2011. We have also maintained double-digit growth in our consolidated revenue and Consolidated EBITDA on a compound annual growth basis since our 1996 initial public offering on the Spanish Stock Exchanges, where we are now a member of the IBEX 35 index of companies. As of December 31, 2012, we had a market capitalization of €1,263 million. As of September 30, 2012, our backlog was €6,639 million.

Our revenue, Consolidated EBITDA and net fixed assets of the Group and by segment for and as of the nine months ended September 30, 2012 and for and as of the year ended December 31, 2011 is set forth in the following table.

	For the Nine Months ended September 30, 2012	**For the Year ended December 31, 2011**
	(unaudited)	
	(€ in millions)	
Revenue (total)	**5,612.1**	**7,089.2**
Engineering and Construction	**2,780.8**	**3,525.7**
Concession-Type Infrastructures	**389.3**	**427.6**
Solar	258.8	131.6
Transmission	71.9	237.6
Co-generation	31.3	37.4
Water	27.3	21.0
Industrial Production	**2,442.0**	**3,135.9**
Biofuels	1,585.3	2,225.0
Industrial Recycling	503.1	629.9
Other	353.6	281.0
Consolidated EBITDA (total) (unaudited)	**897.2**	**1,102.5**
Engineering and Construction	**359.2**	**437.3**
Concession-Type Infrastructures	**264.5**	**298.9**
Solar	194.5	92.9
Transmission	49.6	193.2
Co-generation	1.2	2.5
Water	19.2	10.3
Industrial Production	**273.5**	**366.3**
Biofuels	26.3	152.1
Industrial Recycling	89.9	121.3
Other	157.3	92.9

	As of September 30, 2012	As of December 31, 2011
	(unaudited)	
	(€ in millions)	
Net Fixed Assets (total)	**12,117.2**	**10,395.9**
Engineering and Construction	**383.6**	**316.7**
Concession-Type Infrastructures	**7,614.0**	**6,098.0**
Solar	4,313.0	2,876.4
Transmission	2,205.3	2,207.7
Co-generation	652.8	587.7
Water	442.9	426.2
Industrial Production	**4,119.6**	**3,981.2**
Biofuels	2,881.5	2,883.0
Industrial Recycling	970.2	941.9
Other	267.9	156.3

Factors Affecting the Comparability of our Results of Operations

Application of IFRIC 12

The European Union endorsed IFRIC 12 "Service Concession Arrangements" on March 25, 2009, and this interpretation became mandatory for annual accounting periods commencing on or after that date. IFRIC 12 affects public-to-private service concession arrangements where the grantor of the concession governs what services the operator must provide using the infrastructure, to whom and at what price and also controls any significant residual interest in the infrastructure at the end of the term of the arrangement. When the operator of the infrastructure is also responsible for the engineering, procurement and construction of such asset, IFRIC 12 requires the separate accounting for the revenue and margins associated with the construction activities, which is not eliminated in consolidation even between companies within the same consolidated group, and for the subsequent operation and maintenance of the infrastructure because such activities present a business nature significantly different from each other and have different business risks and rewards. In such cases, the investment in the infrastructure used in the concession arrangement cannot be classified as property, plant and equipment of the operator, but rather must be classified as a financial asset or an intangible asset, depending on the nature of the payment rights established under the contract. For the same reasons, revenue and associated margins realized by the operator during the construction of the asset are not eliminated in the consolidated financial statements of the Group in accordance with this interpretation.

We began to apply this interpretation retrospectively as of January 1, 2010, as required by IFRS-EU, with no significant impact on our 2010 Audited Consolidated Financial Statements as of and for the year ended December 31, 2010 since we had previously been applying a similar accounting policy to this interpretation, concurrently and in anticipation of the changes, for most of our concession assets, with the exception of our thermo-solar electricity generation plants in Spain. Based on the information available at the date of issuance of our 2010 Audited Consolidated Financial Statements, we were not in a position to conclude that our thermo-solar assets in Spain should be classified as service concession arrangements and thus be subject to IFRIC 12.

During 2011, we continued to analyze the application of IFRIC 12 and concluded, in September 2011, that we were required to apply IFRIC 12 prospectively, from September 1, 2011, to our thermo-solar plants in Spain registered in the Pre-Allocation Registry, as defined in this Offering Circular in the section entitled "Regulation", based on newly available accounting and technical reports and other information. The application of IFRIC 12 to these assets resulted in an increase in our 2011 revenue and operating profits of €649.0 million and €60.8 million, respectively, due to the recognition of revenue and margins in respect of the construction of such assets, as well as an increase in intangible assets of €1,644.6 million as of December 31, 2011, due to the reclassification of such assets from property, plant and equipment to intangible assets (to the extent that the operator has a right to charge for usage of the infrastructure). Furthermore, the application of IFRIC 12, to our thermo-solar plants in Spain registered in the Pre-Allocation Registry, affected the comparability of our results of operations for the nine months ended September 30, 2012 and the nine months ended September 30, 2011, in particular with respect to the results of our Engineering and Construction and Industrial Production activities and our Spain geographic reporting segment. If we had applied IFRIC 12 to our thermo-solar plants in Spain registered in the Pre-Allocation Registry to the full nine month period ended September 30, 2011 (rather than solely in September 2011), we would have recorded an additional amount of €463.8 million in revenue for such period (resulting in revenue of €5.2 billion reflecting the application of IFRIC 12 compared to our actual historical revenue of €4.8 billion for the same period without the application of IFRIC 12 before September 1, 2011). Consequently, the increase in revenue in the nine months ended September 30, 2012, as compared to the corresponding period in the prior year, would have been €364.2 million or 6.9% without considering the impact in the nine months ended September 30, 2012 of applying IFRIC 12 during the full nine month period ended September 30, 2011 (as opposed to €828.0 million or 17.3% which is based on our actual results for the nine months ended September 30, 2011). For further discussion of IFRIC 12 and its application to our financial statements, see Note 2.1.1 to our Consolidated Financial Statements as of and for the year ended December 31, 2011 presented elsewhere herein.

As mentioned above, the consolidated income statement and statement of financial position within our Audited Consolidated Financial Statements as of and for the years ended December 31, 2011, 2010 and 2009 and our Consolidated Condensed Interim Financial Statements as of and for the nine months ended September 30, 2012 and 2011 as well as the Unaudited Pro Forma Condensed Consolidated Financial Information as presented elsewhere herein, have not been restated to retrospectively apply IFRIC 12 to our thermo-solar electricity generation plants in Spain for any period prior to September 1, 2011. For more information, see "Risk Factors – Risks Related to Our Business and the Markets in which We Operate - The analysis of whether IFRIC 12 applies to certain contracts and activities, and the determination of the proper accounting treatment at each period end if it is determined that IFRIC 12 is to be applied, involves various complex factors and is significantly affected by legal and accounting interpretations. If the criteria for us to classify our thermo-solar plants in Spain as service concession agreements within the scope of IFRIC 12 do not continue to be met, or if we had to apply IFRIC 12 retrospectively rather than prospectively, our results of operations for the periods presented in this Offering Circular would be significantly different."

Change in Group Organizational Structure and Reporting

In order to focus our attention on our key markets, starting in financial year 2011 we undertook a new method of presenting our results of operations and implemented new reporting business lines ("activities"). Our new activities are: Engineering and Construction, Concession-Type Infrastructures and Industrial Production. Each activity is further broken into the following reporting segments: Engineering and Construction (which is both an activity and a segment); Solar, Transmission, Co-generation and Water segments within Concession-Type Infrastructures; and Biofuels, Industrial Recycling and Other within Industrial Production. In the Consolidated Financial Statements as of and for the years ended December 31, 2009 and 2010, we organized our business according to five segments: Engineering, Bioenergy, Information Technologies, Environmental Services and

Solar. With the exception of our Information Technologies business (which substantially comprised Telvent, our subsidiary which we sold in September 2011, as of the date of this Offering Circular, we continue to be active in all of our previous business lines which are now organized within one or more of our three activities.

Our Engineering and Construction activity, which also constitutes a segment, includes activities which were previously grouped within our Solar, Environmental Services, Information Technologies and Engineering segments. This activity employs our design, engineering and construction expertise and specialist EPC services to develop complex infrastructure assets that involve, inter alia, the renewable energy, conventional energy and water sectors. Our Concession-Type Infrastructures activity comprises all activities connected with the management and operation of infrastructure assets in a variety of industries which we operate under long-term concessions (many pursuant to Build, Own, Operate and Transfer "BOOT" schemes); such activities were previously organized by industry, in our Solar, Environmental Services and Engineering segments. Our Industrial Production activity manufactures certain commodities (ethanol, sugar, biodiesel, DGS, plastics and sulfuric acid) and provides services related to industrial waste management and recycling; such activities were previously housed in our Bioenergy (ethanol and other commodities) and Environmental Services (waste management, recycling, plastics and sulfuric acid) segments.

To facilitate comparison of our results of operations, we have included comparative information for the year ended December 31, 2010 within our Consolidated Financial Statements as of and for the year ended December 31, 2011 in the new three activities reporting structure. Accordingly, the discussion of our results of operations for the years ended December 31, 2011 and 2010 and for the nine months ended September 30, 2012 and 2011 is presented in this Offering Circular under the new three activities reporting structure. However, the discussion of our results of operations for the years ended December 31, 2010 and 2009 is presented under the previous five segment reporting structure. As a result, the results of operations of our activities and segments may not be easily comparable. The following tables and related footnotes present a reconciliation of the reporting segmentation of the Group for the year ended December 31, 2010.

	For the Year ended December 31, 2010					
	Solar	**Bioenergy**	**Environmental Services**	**Information Technologies[1]**	**Engineering**	**Total**
	(€ in millions)					
Revenue						
Engineering and Construction	110.6	—	255.9[3]	741.8	2,012.5[6]	**3,120.8**
Concession-Type Infrastructures	57.5[2]	—	15.3[4]	—	235.8[7]	**308.6**
Industrial Production	—	1,575.2	561.5[5]	—	—	**2,136.7**
Total Revenue	**168.1**	**1,575.2**	**832.7**	**741.8**	**2,248.3**	**5,566.1**

	For the Year ended December 31, 2010					
	Solar	**Bioenergy**	**Environmental Services**	**Information Technologies[1]**	**Engineering**	**Total**
	(€ in millions)					
EBITDA						
Engineering and	27.3	—	18.9	129.4	247.6	**423.3**

Construction						
Concession-Type Infrastructures	42.9	—	10.1	—	154.7	**207.7**
Industrial Production	—	212.0	99.4	—	—	**311.4**
Total Consolidated EBITDA	**70.2**	**212.0**	**128.4**	**129.4**	**402.4**	**942.4**

Notes:

(1) Telvent was operated as part of our Group for the years ended December 31, 2010 and December 31, 2009, whereas for a portion of the year ended December 31, 2011, until September 5, 2011, when the sale of Telvent became effective, it was classified as discontinued operations in accordance with IFRS 5, Non-Current Assets Held for Sale and Discontinued Operations.

(2) Includes revenue from the operation and maintenance of solar plants pursuant to long-term concessions or feed-in tariffs.

(3) Includes revenue from the engineering and construction activity for water projects.

(4) Includes revenue from the operation and maintenance of water projects.

(5) Includes our industrial waste management and recycling segments.

(6) Includes revenue generated from infrastructure construction contracts, engineering services and maintenance services of electrical, mechanical and industrial infrastructures.

(7) Includes revenue from operation and maintenance of power transmission lines, co-generation plants and others.

Acquisitions and divestments

As discussed in Note 6.2 to our Audited Consolidated Financial Statements as of December 31, 2011 and for the years ended December 31, 2011 and 2010 and Note 7 and Notes 6.2 and 6.3 to our Consolidated Condensed Interim Financial Statements as of September 30, 2012 and for the nine months ended September 30, 2012 and 2011 and during the periods under consideration, certain acquisitions and divestments impacted our scope of consolidation and, therefore, our results of operations, including principally the following transactions.

Sale of Brazilian transmission line assets

We sold, in two portions pursuant to three share purchase agreements, 100% of certain Brazilian transmission line assets to TAESA, an affiliate of Cemig.

On June 2, 2011, Abengoa Concessões entered into an agreement with TAESA to sell 50% of its shareholding in a newly formed entity, named UNISA, to which Abengoa Concessões contributed 100% of its interests in four project companies that it controls and that hold power transmission line concessions in Brazil. These four project companies are STE, ATE, ATE II and ATE III. In addition, on June 2, 2011, Abengoa Concessões and Abengoa Construção Brasil Ltda. entered into an agreement with TAESA to sell 100% of the share capital of NTE, another project company that holds a power transmission line concession in Brazil. The sales corresponding to the sale of 100% of the shareholding of NTE and 50% of the shareholding of UNISA are referred to herein as the “First Cemig Sale.” The First Cemig Sale closed on November 30, 2011 and,

accordingly, is fully reflected in our historical statement of financial position as of and for the year ended December 31, 2011.

As consideration for the First Cemig Sale, upon closing, we received the equivalent of approximately €479 million in net cash proceeds in Brazilian reais and reduced our net consolidated debt by approximately €642 million on our statement of financial position as of December 31, 2011. For the year ended December 31, 2011, we recorded a net gain from the sale of €45 million reflected in the "Other operating income" line item in our consolidated income statement (€43 million after taxes) resulting from the First Cemig Sale. The share purchase agreements for each of UNISA and NTE in respect of the First Cemig Sale provided for a post-closing price adjustment to be paid following the preparation of the audited financial statements of the relevant project companies taking into account, among other variables, changes in the share capital thereof and any dividends or distributions made between signing and closing. No such adjustments were required to be paid under the terms of the share purchase agreements with respect to the First Cemig Sale.

In addition to the First Cemig Sale, we signed an agreement with TAESA on March 16, 2012 to sell our remaining 50% interest in UNISA, thereby completing the divestment of certain Brazilian transmission line concession assets (STE, ATE, ATE II and ATE III) (the "Second Cemig Sale," and, collectively with the First Cemig Sale, the "Cemig Sales"). On June 30, 2012, all the conditions necessary to close the transaction were fulfilled, and, on July 2, we received €354 million of cash proceeds corresponding to the total price agreed for the shares. The gain from the Second Cemig Sale of €4.5 million is reflected in the "Other operating income" line item in our Consolidated Condensed Interim Income Statement for the nine months ended September 30, 2012. The Second Cemig Sale includes a post-closing adjustment mechanism similar to that described above relating to the First Cemig Sale, and we similarly do not expect any significant post-closing adjustment to be payable.

In the consolidated income statement for the year ended December 31, 2011 included in the 2011 Audited Consolidated Financial Statements, the profits and losses of NTE and the four project companies we contributed to UNISA (STE, ATE, ATE II and ATE III) are fully consolidated until November 30, 2011. Following such date through June 30, 2012 when the Second Cemig Sale closed, we included our 50% share in the profits and losses of UNISA following the proportional consolidation method. See "Unaudited Pro Forma Condensed Consolidated Financial Information" for further discussion.

Business combination of the Rioglass Group

Rioglass Group ("Rioglass") was incorporated in 2006 as a joint venture between Abengoa and its former shareholders. Rioglass manufactures and sells parabolic trough mirrors for solar thermal plants, with the use of an exclusive technology developed internally.

Since the incorporation of Rioglass, solar-thermal energy has experienced a strong development worldwide. Global installed capacity has reached 1,560 MW in operation, mainly in Spain and the United States. Recently, we have experienced a significant international expansion in other geographies, with plants in construction in the Middle East, Africa and India and with ambitious plans to develop new solar thermal plants in several countries such as South Africa, Australia, China, India, Saudi Arabia and Chile.

During the first six months of 2012, Abengoa Solar, S.A. signed an agreement with Rioglass Laminar, S.L. to acquire an additional share of Rioglass Holding, S.A. With this acquisition, and once the agreement's closing conditions have been fulfilled, we will have become the majority shareholder of Rioglass and have obtained control of the management of the group, a business which is key to our strategy of international expansion. As a result, Rioglass, which was previously consolidated proportionally, began to be fully consolidated as of January 1, 2012.

Since the business combination was achieved in stages according to IFRS 3, we have re-measured our previously held equity interest in the acquiree at our acquisition-date fair value. This consists primarily in the value of committed sales from Rioglass for the use of technology and mirrors linked to existing relationships and contracts existing with clients in the construction of solar thermal plants in Spain, the United States, South Africa, Mexico and India. This valuation has represented a gain of €85,247 thousand. The difference between the fair value of the stake acquired in Rioglass and the fair value of the identifiable assets and liabilities acquired, amounting to €38,919 thousand, has been recorded as goodwill.

Additionally, according to IFRS 3, we are in the process of evaluating the identifiable assets and liabilities acquired in order to perform the purchase price allocation, considering all identifiable fixed and intangible assets, liabilities and contingent liabilities to the extent they are subject to recognition according to IFRS-EU. Among the assets identified, higher values have been assigned to technology and customer relationships. See Note 6.3 to our Consolidated Condensed Interim Financial Statements as of and for the nine months ended September 30, 2012.

Divestment of Telvent GIT, S.A.

As of December 31, 2010 and 2009, we held a 41.09% (including treasury shares) shareholding in Telvent. Despite partially reducing our share ownership in Telvent during 2009 through the sale of 7,768,844 ordinary shares, we remained the largest shareholder. Our 41.09% (including treasury shares) shareholding, along with our control of certain treasury shares held by Telvent, permitted us to exercise *de facto* control over Telvent and, as a result, Telvent's financial information was fully consolidated in our Audited Consolidated Financial Statements for the years ended December 31, 2010 and 2009. On June 1, 2011, we announced the sale of our investment in Telvent (the "Telvent Disposal"), in which we sold our 40% shareholding in Telvent to Schneider Electric S.A. ("SE"). Following the agreement to sell, SE launched a tender offer to acquire all of the remaining Telvent shares. Concurrently with the signing of the acquisition agreement between SE and Telvent, we entered into an irrevocable undertaking agreement with SE under which we agreed to tender our 40% shareholding in Telvent pursuant to the tender offer. SE launched the tender offer to acquire all Telvent shares at a price of U.S.$40 per share in cash, which valued the business at €1,360 million, or a premium of 36%, to Telvent's average share price over the previous 90 days prior to the announcement of the offer. On September 5, 2011, following completion of the customary closing conditions and the receipt of regulatory approvals, the transaction was completed. Our cash proceeds from the Telvent Disposal were €391 million and consolidated net debt reduction was €725 million. In addition, we recorded a gain which is included in the €91 million profit from discontinued operations reflected on our income statement for the year ended December 31, 2011. As a result, taking into account the significance of Telvent to us, Telvent was treated as discontinued operations in accordance with IFRS 5, "Non-Current Assets Held for Sale and Discontinued Operations", and the results obtained from this sale are included under a single heading in the consolidated income statement of our Audited Consolidated Financial Statements as of and for the year ended December 31, 2011 which includes comparative financial information as of and for the year ended December 31, 2010 that has been restated to present Telvent as discontinued operations. Also in accordance with IFRS 5, the Consolidated Income Statement for the nine months ended September 30, 2011 includes the results generated by Telvent under the single heading of "Profit for the year from discontinued operations, net of tax." The Telvent Disposal also resulted in the removal of our Information Technologies segment.

Projects becoming operational

The comparability of our results of operations is significantly influenced by the volume of projects that become operational during a particular year. The number of projects becoming operational and the length of projects under construction significantly impact our revenue and operating profit, as well as our consolidated profit after tax during a particular period, which makes the comparison of periods difficult.

The following table sets forth the principal projects that commenced operations during each of the years ended December 31, 2011, 2010 and 2009, including the quarter in which operations began as well as such principal projects which commenced operations during the nine months ended September 30, 2012.

Segment	Project	2009	2010	2011	2012[(1)]
Transmission	ATE IV(Brazil)		3rd quarter		
	ATE V (Brazil)		4th quarter		
	ATE VI (Brazil)		1st quarter		
	ATE VII (Brazil)	3rd quarter			
	ATN			4th quarter	
Biofuels	San Roque (Spain)—Biodiesel plant	2nd quarter			
	Indiana & Illinois (USA)—Ethanol plants		1st quarter		
	Rotterdam (Netherlands) —Ethanol plant		3rd quarter		
	Co-generation plants (Brazil)		3rd quarter		
Water	Skikda plant (Algeria)	3rd quarter			
	Chennai plant (India)		2nd quarter		
	Tlemcem-Honaine Plant (Algeria)			4th quarter	
Solar	Casaquemada, Las Cabezas and Linares (Spain)	1st quarter			
	PS20 (Spain)	2nd quarter			
	Solnova 1 (Spain)		2nd quarter		
	Solnova 3 (Spain)		2nd quarter		
	Solnova 4 (Spain)		3rd quarter		
	Solar Power Plant One (Algeria)			3rd quarter	
	Helioenergy 1 (Spain)			3rd quarter	
	Helioenergy 2 (Spain)				1st quarter
	Solacor 1 (Spain)				1st quarter
	Solacor 2 (Spain)				1st quarter
	Helios 1 (Spain)				2nd quarter
	Solaben 3 (Spain)				3rd quarter
	Solaben 2 (Spain)				3rd quarter
	Helios 2 (Spain)				3rd quarter

Notes:

(1) Information presented herein only reflects projects that commenced in the nine months ended September 30, 2012.

Factors Affecting Our Results of Operations

Commodity prices

Our Industrial Production activity is particularly sensitive to commodity price changes. The Biofuels segment of our Industrial Production activity is affected by the availability of supply of grains such as wheat, barley, corn and sorghum, as well as sugar. We acquire grain and sugar as raw materials to produce ethanol and distillers, grains and solubles ("DGS"). Consequently, any increase in the cost of such grains increases our

cost of ethanol production. Our Biofuels segment is exposed to, among other factors, fluctuations in the cost of grain caused by meteorological conditions, such as droughts or excessive rainfall. Furthermore, the output price of ethanol is exposed to regional changes in price. Ethanol prices fluctuate in response to domestic and international prices, competition, governmental policies and regulations, meteorological conditions, market demand for gasoline and market demand for ethanol as an alternative or additive to gasoline. To mitigate these effects, when acquiring raw materials for the production of ethanol, we engage in commodity hedging transactions so as to ensure that there is a sufficient margin between the costs of our raw materials and the price of ethanol sold, which is known in the industry as a "crush margin." Furthermore, in Brazil, we also grow our own sugarcane, which partially insulates us against any extreme price fluctuations in Brazil and allows our ethanol production plants to remain properly supplied.

The industrial recycling segment of our Industrial Production activity produces secondary Waelz oxide and aluminum alloys through its aluminum waste recycling and steel waste recycling and galvanization operations. Waelz oxide is sold to zinc smelters. The prices of zinc, aluminum and steel are volatile as global demand has historically been cyclical due to trends in the automotive, construction, industrial, appliance, machinery, equipment and transportation industries. These industries have been characterized historically by cyclical trends in overall demand for their products, which result in corresponding fluctuations in demand for our products.

In addition, our Engineering and Construction and Industrial Production activities and the Solar segment of our Concession-Type Infrastructures activity require significant consumption of energy, predominantly electricity and natural gas. We are, therefore, exposed to fluctuations in their price. Although our energy consumption costs account for a relatively small portion of our total operating expenses, the price of energy is volatile and shortages can occur, leading to unexpected price increases. To mitigate this risk, some of our energy and gas contracts include mechanisms to limit price increases such as caps, indexing any cost increase to an increase in output price or permitting a pass-through of the cost increase to the customer. Significant increases in energy or oil costs or shortages in supply can have an adverse effect on our business. However, we also benefit from increases in energy prices through our Biofuels segment and our Engineering and Construction activity when plants are not subject to the fixed tariff regime. As the Solar segment of our Concession-Type Infrastructures activity generates revenue from the sale of electricity produced, increases in energy prices may increase our revenue generated by our solar power plants and, in the Biofuels segment of our Industrial Production activity, our biofuel process plants in Europe and Brazil contain co-generation units that produce excess electricity which is sold to public utilities such as Eletrobrás in Brazil.

To mitigate certain risks of variation in market prices of commodities, we seek to hedge our exposure through the use of forward sale and purchase contracts and options listed on organized markets, as well as over-the-counter contracts with financial entities. Nevertheless, our actions may not be successful and such arrangements expose us to the credit risk of our counterparties.

Regulation

We operate in a significant number of regulated markets and our Engineering and Construction and Industrial Production activities and the transmission and solar segment of our Concession-Type Infrastructures activity are, in particular, subject to extensive regulation by governmental agencies in a number of the countries in which we operate. The degree of regulation that each one of our reporting segments is subject to varies among different countries. In a number of the countries in which we operate, regulation is carried out by national regulatory authorities. In some countries, such as the United States, Brazil and, to a certain degree, Spain, there are various additional layers of regulation at the state, regional and/or local level. In countries such as these, the degree of state, regional and/or local regulation may also be materially different for reporting segments within the particular country, if the reporting segments are located in different states and/or localities.

Renewable energies

Demand for a number of our products and services from our operations, including our Engineering and Construction and Industrial Production activities and the Solar segment of our Concession-Type Infrastructures activity, depends significantly on government legislation, regulation, incentives and subsidies aimed at promoting greater use of renewable energies and sustainable products and services. This governmental action has been driven by political change largely precipitated from public perception of climate change and desired action from the government, particularly in the United States and Europe.

In our Solar segment, various key jurisdictions, including the United States and Europe, have introduced or bolstered regulation concerning the use of solar and other renewable energies. The United States unveiled legislative changes, and the European Union passed the new Renewable Energies Directive (RED) and the Fuel Quality Directive (FQD) in April 2009, both of which, among other things, impose renewable energy targets for 2020. The new RED covers energy consumption as a whole, including for heating and cooling, and lays down legally binding rather than indicative national targets such as that the EU, as a whole, must achieve a 20% share of renewable energy by 2020. The FQD establishes a 10% renewable energy in transport target by 2020. In our Biofuels segment, we have benefited from regulation which has facilitated the development of new technologies and enabled biofuel producers to operate profitably. Our operations in the environmental sector are also benefitting from increased regulation, and we believe the industrial waste recycling market will continue to grow, spurred by increasing legislative and environmental pressure.

Certain government policies may expire or be phased out over time, cease due to lack of funding or upon exhaustion of the allocated funding or be subject to cancellation or non-renewal by the applicable authority, including in Spain as a result of austerity measures introduced in recent years. As we cannot guarantee that such government support will be maintained in full, in part or at all, the market for our products and services and our corresponding results of operations could be materially adversely affected.

Research, development and innovation

Under Spanish law, our expenditures associated with technological innovation activities are entitled, among other things, to a deduction in corporate tax of between 8% and 42%, according to the technological level of the project, for the fiscal year in which they were incurred, provided that such expenditures were incurred in accordance with cost accounting and were specifically undertaken in connection with identified projects. These deductions may be applied in assessments of tax periods that end in the 18 years subsequent to the tax period in which they were generated, provided that they comply with the other requirements of the corporate income tax regulations. In addition to these deductions, which can be generated during the period of creation of an intangible asset, Spanish law allows the application of another tax incentive during the period of utilization of certain intangible assets. Pursuant to Article 23 of the Revised Text of the Spanish Income Tax Act, we may apply for tax incentives for the use of intangible assets. Such incentives are provided through a direct deduction from taxable income of 50% of the revenue generated by the use of such intangible assets (e.g. licensing revenue or royalties). The generation of these tax incentives is expected to be recurring over the coming years.

In the United States, we participate in loan guarantee programs with the DOE that are aimed at promoting the rapid deployment of renewable energy and electric power transmission projects. The programs provide loan guarantees to renewable energy projects, related manufacturing facilities and electric power transmission projects. As part of these programs, in June 2011, the DOE offered us a conditional commitment for a U.S.$1,202 million loan guarantee to support the construction and start-up of our Mojave solar project, a 280 MW CSP solar plant in the Mojave Desert, California. In addition, on December 21, 2010, the DOE announced a final commitment for a U.S.$1,450 million loan guarantee to support the construction and start-up of one of the largest CSP power plants in the world (Solana), which we are constructing pursuant to a power purchase agreement with Arizona Public Service. Furthermore, our Solar and Biofuels segments have

also received DOE research grants of U.S.$145.8 million and, in 2010, our Biofuels segment signed a four-year U.S.$35.5 million contract to develop technology for advanced biorefining of distillers, grain and corn blends.

Environmental

Our business is subject to significant environmental regulation, which, among other things, requires us to perform environmental impact studies on future projects, obtain and periodically renew regulatory licenses, permits and other approvals and to comply with the requirements of such licenses, permits and approvals. Over recent years, environmental regulation has increased and changed rapidly and has caused a corresponding increase in our cost of compliance and has impacted our financial condition. Furthermore, if we fail to be in compliance, we may become subject to significant liability, including fines, penalties, damages, fees and expenses and closures.

Spanish export tax credit

Through our increasing international presence and a corresponding increase in our exports, we have claimed tax benefits provided under Article 37, Export Tax Credit (*Deducción por actividades de exportación*) of the Spanish Corporate Income Tax law, in connection with our overseas investments and exports of goods and services from Spain. Export tax credit provided in connection with overseas investments is calculated as a percentage of investments through the acquisition of interest in foreign companies or the incorporation of subsidiaries established abroad. This percentage, which was initially set at 25%, has been reduced since 2007 to reach 3% in 2010. We accumulated these tax incentives but did not claim them over a period of several years, and in 2008 chose to claim these credits for the tax period ended December 31, 2008 and for certain prior years. The claiming of this export tax credit during 2008 for that tax period and prior periods had a significant impact on our income tax expense in that year. We also claimed the export tax credit in 2009 and in 2010, but only for the corresponding fiscal year, as a result of which the amount of such tax credit in each such year was substantially less than the tax credit claimed in 2008 in respect of 2008 and prior years. A portion of the export tax credit claimed in 2008, 2009 and 2010 was treated as government grants and recognized in Other Operating Income in those periods. The Export Tax Credit was repealed from January 1, 2011; however, tax incentives generated in prior years not yet utilized can still be claimed in the future, subject to the applicable limitations imposed under the Spanish Corporate Income Tax law as to the amount and the time frame for the applicability of such tax credit. As we have recognized only part of the Export Tax Credits generated through 2010, future recognition derived from changes in the estimation of the amounts recoverable will have an impact in our income tax expense up to the limit of the total amount of tax incentives generated.

Backlog and Concessions

We believe that our backlog is a significant indicator of the growth of our E&C business and provides useful trend information and revenue visibility based on our activities over the previous two years. Backlog serves to measure the total euro value of work to be performed on contracts awarded in progress and customer subscription, but does not include estimated revenue streams from the operating phase of any of our concession-based projects, which are reported in a different operating segment. Our backlog consists principally of projects, operations and services for which we have signed contracts and in respect of which we have received non-binding commitments from customers or other operations within our Group, where the related revenues are not eliminated upon consolidation. Commitments may be in the form of written contracts for specific projects, purchase orders, or indications of the amount of time and materials we need to make available for customers' anticipated projects. New bookings and ultimately the amount of backlog of unfilled orders are largely a reflection of broad global economic trends. The volume and timing of executing the work in our backlog is important to us in anticipating our operational and financing needs and our ability to execute our backlog is dependent on our ability to meet such operational and financing needs. Our work to be

performed in our backlog is typically completed within 12 to 24 months. Backlog is provided on a net basis after accounting for intra-Group eliminations. As of September 30, 2012 and December 31, 2011, 2010 and 2009, our backlog (excluding intra-Group sales) was approximately €6,639 million, €7,535 million, €6,253 million and €5,017 million, respectively.

In recent years, our backlog has grown significantly on a year-on-year basis across our activities and we expect that our backlog will drive our results of operations in the near term as we undertake projects and operations, primarily as a result of heightened contracting activity across different sectors during recent years that created new opportunities for the division. While our backlog has increased in recent years, it has fluctuated on a quarter-to-quarter basis due to the signing of new contracts, more of which have historically tended to be executed as the year progresses as customers make purchases under their capital budgets, as well as the pace of execution of existing contracts. As a result of the changes in our backlog, whether due to the signing of new contracts or commitments, the pace of execution of our contracts or otherwise, our results of operations for certain of the financial periods discussed in this Offering Circular may not be directly comparable with our results of operations for other financial periods discussed herein or future financial periods. See "Risk Factors — Risks Related to Our Business and the Markets in Which We Operate — Our backlog of unfilled orders is subject to unexpected adjustments and cancellations and is therefore not a fully accurate indicator of our future revenue or earnings."

As of September 30, 2012, the average remaining life of our concessions and concession-type agreements was approximately 26 years. We believe that the average life of our concessions and concession-type agreements is a significant indicator of our forecasted revenue streams and the growth of our business. Concessions consist of long-term projects awarded to and undertaken by us (in conjunction with other companies or on an exclusive basis) typically over a term of 20 to 30 years. Such projects typically include both the construction phase as well as future provisions associated with the operation and maintenance services provided during the concession period. In order to maintain or grow our business, we must obtain extensions to our current concessions and concession-type agreements or secure new concessions to replace our concessions as they expire. Furthermore, the revenue that we generate from our concession projects is significantly dependent on regulated tariffs. Under most of our concession agreements, there is an established tariff structure that provides us with limited or no possibility to adjust our tariffs as a result of fluctuations in prices of raw materials, exchange rates, labor and subcontractor costs or any other variations in the conditions of specific jurisdictions in which our concessions are located.

Capital expenditures

Our business has significant capital expenditure requirements, including construction, as well as R&D&i costs. Our capital expenditure requirements include asset and concession construction costs of power transmission lines, solar power plants and co-generation power plants, as well as infrastructure for the production of ethanol and desalination plants. We finance these capital projects primarily through non-recourse debt issued by a project finance company, along with debt incurred at the corporate level. Consequently, a significant part of our business is capital-intensive and our new assets under construction are highly leveraged. Over the last few years, the costs associated with our requirements have increased significantly, largely due to our increased business activity. See "— Liquidity and Capital Resources — Capital Expenditures." As a result, these increases have resulted in an increase of our non-recourse debt and related increased service costs, resulting in significantly reduced available cash flow from our project finance companies. As of September 30, 2012, our total corporate debt was €5,290.9 million and our total non-recourse debt was €6,276.6 million.

Interest rates

We incur significant indebtedness during the course of our operations. The interest rate risk arises mainly from indebtedness with variable interest rates. To mitigate the interest rate risk, we primarily use interest rate swaps and interest rate options which, in exchange for a fee, offer protection against a rise in interest rates. Our results of operations can be affected by changes in interest rates with respect to the unhedged portion of our indebtedness that bears interest at floating rates, which typically bears a spread over EURIBOR, LIBOR and *Taxa de Juros de Longo Prazo* ("TJLP"), for our Brazilian operations.

If the EURIBOR interest rates had risen by 25 basis points on December 31, 2011, while the rest of the variables remained constant, the effect on the income statement for the year that ended December 31, 2011 would have been a profit of €15,923 thousand, on a net basis and giving effect to the cost of the hedged position, mainly due to the fair value increase due to the time value of the interest rate caps designated as hedges, and the effect in equity as of such date would have been an increase of €44,077 thousand in other reserves as a result of the fair value increase of interest rate swaps and caps designated as hedges.

A significant increase in interest rates could also reduce the profitability of our projects in the development stage for which we have not yet secured financing and make it more costly for us to submit bids for concessions or third-party construction contracts. In addition, while the financing costs of our subsidiaries tend to be high during the early years of a relevant concession or construction contract, during which the cash flows from the assets support a significant amount of debt in relation to relatively low revenue, we may have opportunities to refinance such debt as such concessions or construction contracts become more mature and their revenue, cash flow and debt coverage ratios improve.

Exchange rates

Our functional currency is the euro, but our revenue and expenses are denominated in the local currency of the jurisdictions in which we operate. As we have globally expanded our business, a large and increasing percentage of our revenue is now derived from countries outside of the Eurozone. For the year ended December 31, 2011, 57.5% of our consolidated revenue was derived from countries outside of the Eurozone, principally the United States and Latin America (primarily Brazil).

As a result, fluctuations in the value of foreign currencies relative to the euro impact our operating results. Impacts associated with fluctuations in foreign currency are discussed in more detail under "Quantitative and Qualitative Disclosures about Market Risk — Foreign Exchange Rate Risk." In countries with currencies other than the euro, assets and liabilities are translated into euro using end-of-period exchange rates; revenue, expenses and cash flows are translated using average rates of exchange. The following tables illustrate the average rates of exchange used.

Period	**Euro average per U.S. dollar**
Year ended December 31, 2011	0.718857
Year ended December 31, 2010	0.755149
Year ended December 31, 2009	0.719596

Period	Euro average per Brazilian reais
Year ended December 31, 2011	0.430230
Year ended December 31, 2010	0.429109
Year ended December 31, 2009	0.362361

Period	Euro average per U.S. dollar
Nine-month period ended September 30, 2012	0.780183
Nine-month period ended September 30, 2011	0.711185

Period	Euro average per Brazilian reais
Nine-month period ended September 30, 2012	0.408077
Nine-month period ended September 30, 2011	0.436101

As a result, we are exposed to foreign exchange rate fluctuations principally between the euro and our Brazilian real denominated revenue, as well as our U.S. dollar denominated debt. In order to mitigate these exchange risks, we enter into forward exchange contracts and currency options which hedge the fair value of our future cash flows.

If the exchange rate of the U.S. dollar had risen (decreased) by an average of 10% against the euro throughout the year ended December 31, 2011, while the rest of the variables remained constant, the effect in the profit and loss accounts would have been a decrease (increase) in profit of €1,206 thousand, mainly due to our U.S. dollar unhedged net liability position in companies with euro functional currency, and an increase in other reserves of €3,338 thousand, as a result of the cash flow hedging effects on highly-probable future transactions.

In the event that the exchange rate of the U.S. dollar had risen (decreased) by an average of 10% against the Brazilian real throughout the year ended December 31, 2011, with the rest of the variables remaining constant, the effect in the unhedged profit and loss accounts would have been a profit (loss) of €9,273 thousand, mainly due to our U.S. dollar unhedged net asset position in companies with Brazilian real functional currency, and an increase of €10,069 thousand in other reserves as a result of the cash flow hedging effects on highly probable future transactions. In addition, we are generally exposed to foreign currency exchange translation risk with respect to our subsidiaries whose reporting currency is other than the euro. The contribution of these subsidiaries to our Audited Consolidated Financial Statements is significantly affected by the fluctuations in exchange rate between their reporting currency and the euro. Our primary foreign exchange translation risk results from our Brazilian and U.S. subsidiaries.

In our discussion of operating results, we have included foreign exchange impacts in our revenue by providing constant currency revenue growth. The constant currency presentation is a non-GAAP financial measure, which excludes the impact of fluctuations in foreign currency exchange rates. We believe providing constant currency information provides valuable supplemental information regarding our results of operations. We calculate constant currency amounts by converting our current period local currency revenue using the prior period foreign currency average exchange rates and comparing these adjusted amounts to our prior period reported results. This calculation may differ from similarly titled measures used by others and, accordingly, the constant currency presentation is not meant to substitute for recorded amounts presented in conformity with GAAP, nor should such amounts be considered in isolation.

Key Drivers of Operating Performance

In addition to the factors described above, we closely monitor the following key drivers of our businesses' operating performance to plan for our current needs, and to adjust our expectations, financial budgets and forecasts appropriately.

	As of September 30,	**As of December 31,**		
	2012	**2011**	**2010**	**2009**
Key Performance Indicator				
Engineering and Construction				
Backlog	6,639	7,535	6,253	5,017
Concession-Type Infrastructure				
Solar				
MW under development	—	250	2,325	1,500
MW under construction	910	910	930	450
MW in operation	743	493	193	43
Total MW	1,653	1,653	3,448	1,993
Power transmission				
Km of transmission under construction or development	5,218	4,928	4,820	1,044
Km of transmission in operation	1,771	3,903	4,413	4,156
Total Km	6,989	8,831	9,233	5,200
Water				
Capacity of desalination (m3/day)	560,000	560,000	375,000	275,000
Industrial Production				
Industrial waste treated (Mt/Yr)	1.6	2.2	2.2	1.48
Biofuels production (ML/Yr)	1,801	2,758	2,553	1,374

The global economy

Our results of operations have been and continue to be affected by conditions in the global economy. Concerns over inflation, energy costs, geopolitical issues, sovereign debt and government austerity programs

and the availability and cost of credit have contributed to increased volatility and diminished expectations for the economy going forward. These factors, combined with volatile oil prices, declining global business and consumer confidence and increased unemployment, have precipitated an economic slowdown which has been followed by inconsistent signs of growth. For example, in our Engineering and Construction activity, the global downturn resulted in a significant decline in investment and current projects under negotiation or in progress slowed down significantly. These declines were largely driven by reduced spending by governments, public administrations and utility companies and a resultant increase in competition for remaining projects. In our Industrial Production activity, we are dependent on the European automotive and steel industries. A decline in the automotive industry in 2009 resulted in a decline in secondary aluminum alloys produced in our aluminum waste recycling business. In addition, our steel waste recycling business was affected by a decline in steel production and hence in the volume of steel dust collected and treated. However, during 2010 increased industrial activity in Europe resulted in a corresponding recovery of the aluminum waste recycling operations and in our steel waste recycling activities. Additionally, a significant increase in zinc prices contributed to our increasing revenue. Through 2011 and the third quarter of 2012, we continued to see a recovery in both steel production and the automotive industry in Europe, continuing a trend that began in 2010.

Notwithstanding conditions in the global economy generally, some operations within our segments have experienced positive effects due to increased government spending in certain sectors as part of stimulus measures to combat weak economic conditions. For example, there has been recent increased public spending in infrastructure, renewable energies and the water desalination sectors in certain countries. In addition, a significant part of our business is regulated or benefits from long-term offtake contracts, which provide some protection from the global economic downturn.

Engineering and Construction

The revenue and profitability of our Engineering and Construction activity is determined by the demand for our services with respect to new infrastructure, mainly in the energy sector. We primarily monitor the amount of our backlog as a significant indicator of our forecasted revenue streams and the growth of that activity. The margins we are able to achieve with respect to the services we provide in our Engineering and Construction activity drive that activity's revenue and profitability.

Concession-Type Infrastructures

The revenue of our Concession-Type Infrastructures activity is determined by the amount of MW capacity under operation in our thermo-solar and co-generation plants, the number of kilometers available and operating in our power transmission lines and the volume (in cubic meters) of water treated in our desalination plants. We are currently making significant investments in the development of such assets (as of September 30, 2012 we had €7,614.0 million of net fixed assets (of which €3,704.0 million were under construction or development) and are continuously looking for new opportunities in the area of public-private concession agreements (examples include the Solana and Mojave projects in the United States, the CSP projects in South Africa, the new power transmission lines in Peru and Chile and the co-generation plant in Tabasco (Mexico), which are all in the pre-construction or construction phases) that will contribute to our Concession-Type Infrastructures activity's revenue in the future.

Industrial Production

The profitability of our Industrial Production activity is mainly affected by zinc and aluminum prices, the volume of waste treated, the volume (in ML) of bioethanol produced, crush margin, which is determined by the commodity input price (mainly for corn, sugarcane and natural gas) and output prices (mainly prices for ethanol and sugar), and prices for the byproducts sold, such as electricity or DGS.

Critical Accounting Policies and Estimates

The preparation of the Audited Consolidated Financial Statements and the Consolidated Condensed Interim Financial Statements in conformity with IFRS-EU requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. We base our estimates on historical experience and on various other assumptions we believe to be reasonable under the specific circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

An understanding of the accounting policies for these items is important to understand the Audited Consolidated Financial Statements and the Consolidated Condensed Interim Financial Statements. The following discussion provides more information regarding the estimates and assumptions used for these items in accordance with IFRS-EU and should be considered in conjunction with the Audited Consolidated Financial Statements and the Consolidated Condensed Interim Financial Statements.

The most critical accounting policies, which reflect significant management estimates and judgment to determine amounts in the Audited Consolidated Financial Statements and the Consolidated Condensed Interim Financial Statements, are as follows:

- Impairment of intangible assets and goodwill
- Consolidation through de facto control
- Revenue from construction contracts
- Income taxes and recoverable amount of deferred tax assets
- Share-based payments
- Derivative financial instruments
- Concession agreements

Some of these accounting policies require the application of significant judgment by management to select the appropriate assumptions to determine these estimates. These assumptions and estimates are based on our historical experience, advice from experienced consultants, forecasts and other circumstances and expectations as of the close of the financial period. The assessment is considered in relation to the global economic situation of the industries and regions where the Group operates, taking into account future development of our businesses. By their nature, these judgments are subject to an inherent degree of uncertainty; therefore, actual results could materially differ from the estimates and assumptions used. In such cases, the carrying values of assets and liabilities are adjusted.

Although these estimates and assumptions are being made using all available facts and circumstances, it is possible that future events may require management to amend such estimates and assumptions in future periods. Changes in accounting estimates are recognized prospectively, in accordance with IAS 8, in the Consolidated Income Statement of the year in which the change occurs. The Group significant accounting policies are more fully described in Note 2 to the Audited Consolidated Financial Statements for the year ended December 31, 2011 incorporated by reference into this Offering Circular.

If we change the assumptions we utilize in preparing our financial statements, or if the applicable accounting standards or interpretations we apply change, whether due to changes in the applicable standard or in our or a regulator's interpretation thereof, our reported financial performance could be adversely affected. If this were to occur, our ability to satisfy the financial covenants included in our indebtedness could be adversely

affected. If we are unable to satisfy such covenants, it could result in a default under our indebtedness, which would have a material adverse effect on our business and financial condition.

Impairment of intangible assets and goodwill

Goodwill and intangible assets which have not yet come into operation or that have an indefinite useful life are not amortized and are tested for impairment on an annual basis or whenever there is an impairment indicator. Goodwill is tested for impairment within the Cash-Generating Unit to which it belongs. Other intangible assets are tested individually, unless they do not generate cash flows independently from other assets, in which case they are tested within the Cash-Generating Unit to which they belong.

For those cash generating units with high growth potential, we use cash flow projections for a period of 10 years based on the cash flows identified in the Group's strategic plans, which are reviewed and approved every six months by the management of the Group. The residual value is calculated based on the cash flows of the latest year projected using a steady or nil growth rate. The use of a 10 year period is based on the consideration that this is the minimum period that needs to be used in order to appropriately reflect all the potential growth of these cash generating units. In addition, 10 years projections are prepared based on the historical experience within the Group in preparing long-term strategic plans, which are considered reliable and are prepared on the basis of the Group's internal control system. These cash flows are considered reliable since they can easily adapt to the changes of the market and of the business segment to which cash generating units belong, based on the Group's past experience on cash flows and margins and on future expectations.

For other cash generating units we use cash flows projections based on a period of five years, calculating the residual value based on the cash flows of the latest year projected, using a growth rate which does not exceed the long-term rate for the market in which the cash generating units operates.

Projected cash flows are discounted using a discount rate (see Note 8.4 to the Audited Consolidated Financial Statements as of and for the year ended December 31, 2011) based on the Weighted Average Cost of Capital, adjusted for the specific risks associated to the business unit to which the cash generating unit belongs.

Based on the calculations of value in use in accordance with the assumptions and hypotheses described above and in Note 8 to the Audited Consolidated Financial Statements as of and for the years ended December 31, 2011, 2010 and 2009 the recoverable amount of the cash generating units to which goodwill was assigned was significantly in excess of their carrying amount, even after having performed certain sensitivity analyses on discount rates and residual values.

During the years 2011, 2010 and 2009 and for the nine months ended September 30, 2012, there were no intangible assets with indefinite useful life or intangible assets not yet in use that were impaired.

On a quarterly basis, Abengoa reviews its property, plant and equipment, intangible assets with finite and indefinite useful life and goodwill to identify any indicators of impairment. In case any indicator of impairment is identified, Abengoa reviews the particular asset to determine whether there has been any impairment.

To establish whether there has been any impairment of an asset, it is necessary to calculate the asset's recoverable amount. In the event that the recoverable amount of an asset is lower than its carrying value, an impairment charge for the difference between the recoverable amount and the carrying value of the asset is recorded in the consolidated income statement under the item "Depreciation, amortization and impairment charges". With the exception of goodwill, impairment losses recognized in prior periods which are later deemed to have been recovered are credited to the same income statement heading.

Consolidation through de facto control

During 2009, through two different transactions, Abengoa sold part of its investment in Telvent equivalent to 22.79%, maintaining an interest of 41.09% (including treasury shares) in Telvent at the 2009 year end and until the exit of Telvent from the consolidation after the sale of its shares during 2011. Although Abengoa's investment was less than 50%, Telvent was a Group subsidiary, since Abengoa was the principal shareholder with full de facto control over Telvent.

Telvent was fully consolidated within the Group as a consequence of the framework of the relationship between Abengoa and Telvent through which Abengoa had the power to direct Telvent's financial and operating policies in order to obtain profits from its activities, as stated in International Accounting Standard 27, Audited Consolidated Financial Statements and Accounting for Investments in Subsidiaries ("IAS 27"). De facto control describes the situation where an entity owns less than 50% of the voting shares in another entity, but is deemed to have control for reasons other than potential voting rights, contract or the By-laws. This conclusion was based on judgment of the Abengoa Management on the basis of the following facts and circumstances, which were evaluated and assessed at each year end:

- the substantial control over Telvent's management and control systems.
- agreement amongst Telvent's Shareholders that evidenced and confirmed the support to Abengoa's proposals as a result of exercising de facto control over Telvent.
- the profile of the other shareholders of Telvent and their activity in the market, together with their strategy and communications which were not aimed at obtaining control of Telvent.
- Telvent's free float, the daily trading volume of its shares and the percentage of interest held by Abengoa.
- the absence of agreements between other shareholders.
- the behavior of other investors in line with that of Abengoa at the General Shareholders' Meeting.
- the composition of the Board of Directors and the analysis of its voting results.
- the structure of the financing and guarantees that Abengoa provided to Telvent.

Judgment was required in applying the control concept to assess whether de facto control existed.

Revenue from construction contracts

Revenue from construction contracts is recognized using the percentage-of-completion method for contracts whose outcome can be reliably estimated and it is probable that they will be profitable. When the outcome of a construction contract cannot be reliably estimated, revenue is recognized only to the extent it is probable that contract costs incurred will be recoverable.

The percentage of completion is determined at the date of every Consolidated Statement of Financial Position based on the actual costs incurred as a percentage of total estimated costs for the entire contract. Costs incurred in the period which relate to future project activities are not included when establishing the percentage of completion. Prepayments and certain other assets are recognized as inventories, depending upon their specific nature.

Revenue recognition using the percentage-of-completion method involves the use of estimates of certain key elements of the construction contracts, such as total estimated contract costs, allowances or provisions related to the contract, period of execution of the contract and recoverability of the claims. We have established, over the years, a robust project management and control system, with periodic monitoring of each project. This system is based on the long-track experience of the Group in constructing complex infrastructures and

installations. As far as practicable, we apply past experience in estimating the main elements of construction contracts and rely on objective data such as physical inspections or third parties confirmations. Nevertheless, given the highly tailored characteristics of the construction contracts, most of the estimates are unique to the specific facts and circumstances of each contract.

Although estimates on construction contracts are periodically reviewed on an individual basis, we exercise significant judgments and not all possible risks can be specifically quantified.

It is important to point out that, as stated in Note 2.3.2 to the Audited Consolidated Financial Statements as of and for the year ended December 31, 2011, on the measurement of property, plant and equipment, in the internal asset construction projects outside the scope of IFRIC 12 on Service Concession Arrangements, the totality of the revenues and profits between group companies is eliminated, meaning that said assets are shown at their acquisition cost, whereas in the internal asset construction projects within the scope of IFRIC 12 on Service Concession Arrangements, the revenue and profits between group companies is not eliminated in consolidation.

Income taxes and recoverable amount of deferred tax assets

The current income tax provision is calculated on the basis of relevant tax laws in force at the date of the Statement of Financial Position in the countries in which the subsidiaries and associates operate and generate taxable income. Subsidiaries which are not included in the consolidated income tax returns filed in Spain file income tax returns in numerous tax jurisdictions around the world.

Determining income tax payable requires judgment in assessing the timing and the amount of deductible and taxable items, as well as the interpretation and application of tax laws in different jurisdictions. Due to this fact, contingencies or additional tax expenses could arise as a result of tax inspections or different interpretations of certain tax laws by the corresponding tax authorities.

As of December 31, 2011, a significant portion of our deferred tax assets are tax credits, which include mostly tax loss carryforwards in Brazil, the United States and Spain and tax credits relating to tax incentives principally generated in Spain from our investments in R&D&i and export activities. The carryforwards in Brazil, the United States and Spain result mainly from losses generated by projects in an early stage of development or operation. We have tax loss carryforwards in Brazil of approximately €88 million. Such credits do not expire in Brazil but we must generate a significantly greater amount of taxable income in Brazil in order to realize these tax credits. In the United States, we have tax loss carryforwards amounting to approximately €48 million as of December 31, 2011. We expect to utilize these tax losses in part through the generation of future taxable income in our U.S. subsidiaries (we would need to generate approximately €132 million) and in part through the tax equity investor regime applicable to some of our investments. Our U.S. tax loss carryforwards expire in 20 years. In Spain, we have over €581 million in tax credits and tax loss carryforwards, of which €118 million represent tax loss carryforwards. These tax credits and tax loss carryforwards expire over a period ranging from 10 to 18 years, and their recoverability is based on our ability to generate taxable income of €2.6 billion from our Spanish subsidiaries over this time period. We expect to generate this taxable income from our Engineering and Construction business, which has been growing consistently year-after-year, from our Spanish solar business, from which we continue to bring new assets into operation, and from the contribution of our recurring Spanish recycling and biofuels businesses, although this is no guarantee we will be able to do so.

Our management assesses the recoverability of deferred tax assets on the basis of estimates of future taxable profit. These estimates are derived from the projections included in our five- and ten-year strategic plans, which are prepared on a yearly basis and reviewed twice a year for the accuracy of the assumptions used. Based on our current estimates we expect to generate sufficient future taxable income to achieve the

realization of our current tax credits and tax loss carryforwards, supported by our historical trend of business performance.

In assessing the recoverability of our deferred tax assets, our management also considers the foreseen reversal of deferred tax liabilities and tax planning strategies. To the extent management relies on deferred tax liabilities for the realization of our deferred tax assets, such deferred tax liabilities are expected to reverse in the same period and jurisdiction and are of the same character as the temporary differences giving rise to the deferred tax assets. There are no significant tax planning strategies on which we are counting for the realization of our current deferred tax assets.

Our current and deferred income taxes may be impacted by events and transactions arising in the normal course of business as well as by special non-recurring items. Assessment of the appropriate amount and classification of income taxes is dependent on several factors, including estimates of the timing and realization of deferred tax assets and the timing of income tax payments.

Actual collections and payments may materially differ from these estimates as a result of changes in tax laws as well as unforeseen future transactions impacting the income tax balances.

Share-based payments

We maintain various share-based incentive plans for some of our managers and employees at parent and subsidiary companies levels. The most significant of these plans was offered in 2005 to 99 members of Abengoa’s management, and was linked to the achievement of certain business objectives. Based on its specific conditions, the share-based plan is considered a cash-settled share-based payment, by means of which we reward the services provided by the managers, incurring a liability for an amount based on the value of the shares. Note 29 of the Audited Consolidated Financial Statements as of and for the year ended December 31, 2011, reflects the information detailing the expenses incurred from employee benefits.

The fair value of the services received in exchange for the granting of the option is recognized as a personnel expense using the Black-Scholes valuation model. Certain inputs are used in the Black-Scholes model to generate variables such as the share price, the estimated return per dividend, the expected life of the option (5 years), the interest rates and the share market volatility, as appropriate.

The total amount charged to expenses during the vesting period is determined by reference to the fair value of a hypothetical option to sell (“put”) granted by Abengoa to the managers, excluding the effect of the vesting conditions that are not market conditions, and including in the hypotheses only the number of options that are expected to become exercisable. In this regard, the number of options it is expected will become exercisable is considered in the calculation.

The determination of the fair value of the services requires the use of estimates and certain assumptions. At the end of each financial year, we revise the estimates of the number of options that are expected to become exercisable and recognize the impact of this revision of the original estimates, where appropriate, in the Consolidated Income Statement. Changes in the estimates and assumptions used in the valuation model could impact the results of operations.

The fair value of options granted during 2011 calculated using the Black-Scholes valuation model was €26.8 million (€18.9 million in 2010 and €20.6 million in 2009).

Derivatives and hedging

We use derivatives in order to mitigate risks arising from foreign exchange, interest rates and changes in the prices of assets and commodities purchased and sold (principally zinc, aluminum, grain, ethanol, sugar and gas). Derivatives are initially recognized at fair value on the date that the derivative contract is entered into, and are subsequently re-measured at fair value at each reporting date.

The basis of recognizing the resulting gain or loss depends upon whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group documents at the inception of the transaction the relationship between the hedging instrument and the hedged item as well as its risk management objectives and strategy for undertaking various transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in the fair value of or cash flows of the hedged items.

The changes in the fair value of a fair value hedging instrument are recorded in the Consolidated Income Statement, together with any changes in the fair value of the asset or liability that is being hedged. The changes in the fair value of a cash flow hedging instrument are recorded in equity for the effective portion and in the Consolidated Income Statement for the ineffective portion. Hedges of net investments in a foreign business operation, including the hedging of a monetary item considered part of a net investment, are accounted for similarly to cash flow hedges. Changes in the fair value of derivative instruments which do not qualify for hedge accounting are recognized immediately in the Consolidated Income Statement.

Contracts held for the purposes of receiving or making payment of non-financial elements in accordance with expected purchases, sales or use of goods (own-use contracts) of the Group are not recognized as financial derivative instruments, but as executory contracts. In the event that such contracts include embedded derivatives, they are registered separately to the original contract, if the economic characteristic of the embedded derivative is not closely related to the economic characteristics of the original host contract. The contracted options for the purchase or sale of non-financial elements which may be cancelled through cash outflows are not considered to be "own-use contracts."

During 2009 and 2010, the Group issued some convertible bonds to qualified investors and institutions for the amount of €450 million, maturing between five and seven years. In accordance with the terms and conditions of the issuances, the bonds qualify as hybrid instruments which are bifurcated into a liability component and an embedded derivative. Embedded derivatives are recognized initially at fair value and at each closing date they are remeasured at fair value, with the change in fair value being recorded in the Consolidated Income Statement. The liability component is initially determined as the difference between the nominal value of the liability less the fair value of the embedded derivative. Subsequently, the liability component is measured at amortized cost. Note 20.3 to the Audited Consolidated Financial Statements as of and for the year ended December 31, 2011 reflects the information on the parent company convertible bonds.

The inputs used to calculate fair value of our derivatives are based on prices observable on not quoted markets, either based on direct prices or through the application of valuation models (Level 2). The valuation techniques used to calculate fair value of our derivatives include discounting estimated future cash flows, using assumptions based on market conditions at the date of valuation or using market prices of similar comparable instruments, amongst others. The valuation of derivatives and the identification and valuation of embedded derivatives and own-use contracts requires the use of considerable professional judgment. These determinations were based on available market information and appropriate valuation methodologies. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

Concession agreements

Service concession agreements are recorded in accordance with the provisions of IFRIC 12. IFRIC 12 affects public-to-private service concession arrangements where the grantor of the concession governs what services the operator must provide using the infrastructure, to whom and at what price and also controls any significant residual interest in the infrastructure at the end of the term of the arrangement. When the operator of the infrastructure is also responsible for the engineering, procurement and construction of such asset, IFRIC 12

requires the separate accounting for the revenue and margins associated with the construction activities, which is not eliminated in consolidation even between companies within the same consolidated group and for the subsequent operation and maintenance of the infrastructure. In such cases, the investment in the infrastructure used in the concession arrangement cannot be classified as property, plant and equipment of the operator, but rather must be classified as a financial asset or an intangible asset, depending on the nature of the payment rights established under the contract. The infrastructures accounted for by us as service concessions under IFRIC 12 are mainly related to the activities concerning power transmission lines, desalination plants and thermo-solar electricity generation plants outside of Spain and (with effect from September 1, 2011) in Spain.

The analysis on whether the IFRIC 12 applies to certain contracts and activities involves various complex factors and it is significantly affected by legal interpretation of certain contractual agreements or other terms and conditions with public sector entities.

Therefore, the application of IFRIC 12 requires extensive judgment in relation with, amongst other factors, (i) the identification of certain infrastructures (and not contractual agreements) in the scope of IFRIC 12, (ii) the understanding of the nature of the payments in order to determine the classification of the infrastructure as a financial asset or as an intangible asset and (iii) the recognition of the revenue from construction and concessionary activity.

Changes in one or more of the factors described above may significantly affect the conclusions as to the appropriateness of the application of IFRIC 12 and, therefore, the results of operations or our financial position. See "— Factors Affecting the Comparability of our Results of Operation — Application of IFRIC 12" and Notes 2.1.1 and 10.1 to the Audited Consolidated Financial Statements for the year ended December 31, 2011 for further information. In the event that one or more elements of this regulatory framework might change, the requirements of IFRIC 12 would not be met and we would no longer be able to conclude that our thermo-solar assets in Spain should be classified as service concession agreements and thus within the scope of IFRIC 12. As a result, from the date on which we determined that those assets were no longer within the scope of IFRIC 12, the revenue and associated margins realized by us during the construction phase of the affected assets would no longer be recognized in accordance with IFRIC 12 but rather would be eliminated in consolidation, resulting in a decrease in revenue and profits in our consolidated income statement for the period reported. The impact on our consolidated balance sheet of our determining that the assets were no longer within the scope of IFRIC 12 would be a decrease in intangible assets as a result of the reclassification of such assets to property, plant and equipment (see Note 10.1 to the Audited Consolidated Financial Statements for the year ended December 31, 2011). In addition, our determination that those assets ceased to be within the scope of IFRIC 12 would affect the comparability of our results of operations and our financial condition for the periods and as of the dates before and after the date on which we made that determination. (For more information, see "Risk Factors – Risks Related to Our Business and the Markets in which We Operate - The analysis of whether IFRIC 12 applies to certain contracts and activities, and the determination of the proper accounting treatment at each period end if it is determined that IFRIC 12 is to be applied, involves various complex factors and is significantly affected by legal and accounting interpretations. If the criteria for us to classify our thermo-solar plants in Spain as service concession agreements within the scope of IFRIC 12 do not continue to be met, or if we had to apply IFRIC 12 retrospectively rather than prospectively, our results of operations for the periods presented in this Offering Circular would be significantly different").

Explanation of Income Statement Items

Revenue

Revenue consists of the fair value of consideration received for the sale of goods or services, excluding any related charges resulting from operations, before any discounts or returns and excluding intra-Group

transactions. Revenue from the sale of goods is recognized when we deliver the goods to the client, the client accepts them and it is reasonably certain that the related receivables will be collectible. Revenue from the sale of services is recognized in the period in which the service is provided, using the percentage of completion method based on the specific contractual terms and conditions of each service agreement, when the revenue of the service contract and the associated costs, as well as the percentage of completion, can be estimated reliably and when it is reasonably certain that the related receivables will be collectible. When one or more of such elements of the service contract cannot be estimated reliably, ordinary income from the sale of service is recognized only to the extent of the expenses recognized that are recoverable. In addition, revenue by the construction and operation of our concession projects is recognized in accordance with IFRIC 12 as described under "— Critical Accounting Policies and Estimates — Concession agreements" and "−Factors Affecting the Comparability of our Results of Operation – Application of IFRIC 12" for further information. Revenue in each of our business activities is generated as follows:

Engineering and Construction. Revenue is generated primarily from infrastructure construction contracts, engineering services and maintenance services of electrical, mechanical and industrial infrastructures.

Concession-Type Infrastructures. Revenue is generated primarily from the management and operation of our infrastructure related to power transmission lines, thermo-solar plants, water treatment plants and co-generation plants which are all regulated through long-term sale agreements.

Industrial Production. Revenue is generated primarily from the production and sale of biofuel products including ethanol, sugar, biodiesel, distillers, grains and solubles, and electricity from co-generation plants. Revenue is also generated from the collection and recycling of steel dust, salt slag and aluminum products.

Changes in inventories of finished goods and work in progress

Changes in inventories include the result of changes in inventories of finished products and work in progress during the year.

Other operating income

Other operating income includes income from government grants, income from work performed on our own assets, and capitalized and all other income not captured within any other income line item, including income for various services.

Raw materials and consumables used

Raw materials consumed include the purchase and consumption of raw materials and changes in inventories of raw materials and other inventories. Primary raw materials include energy in all businesses, wheat, barley, corn, sorghum and sugarcane in our Biofuels segment, steel dust and aluminum in our Industrial Recycling segment, as well as steel and iron in our Engineering and Construction activity.

Employee benefit expense

Employee benefit expense includes wages and salaries, social security costs and costs associated with our employee stock option plans, along with other employee retributions.

Depreciation, amortization and impairment charges

This line item includes the depreciation of tangible assets, amortization of intangible assets with a finite useful life, charges for the impairment of assets related to the value of goodwill, and tangible and intangible assets which have been reduced at period end in the event that their book value is lower than their recoverable amount.

Research and development costs

Research and development costs include our research and innovation expenses and development costs which are not capitalized as an intangible asset.

Other operating expenses

Other operating expenses include external services, including expenses for leases, repairs and maintenance, expenses for independent professional services, such as accounting, banking, consultancy, legal and other advisory fees and commissions, expenses for transportation and supplies, taxes for external services and other management and general expenses.

Operating profit

Operating profit consists of revenue, changes in inventories, other operating income, raw materials consumed, employee benefit expenses, depreciation, amortization and impairment charges, research and development costs and other operating expenses.

Finance income

Finance income includes income earned from cash deposited with financial institutions and changes in the fair value of some interest rate derivative financial instruments.

Finance expenses

Finance expenses includes expenses due to interest and similar expenses, including interest on our outstanding corporate and non-recourse indebtedness and changes in the fair value of some interest rate derivative financial instruments.

Net exchange differences

Net exchange differences include gains and losses originating from exchange differences related to assets and liabilities denominated in foreign currencies and changes in the fair value of exchange rate derivatives.

Other net finance income/expenses

Other net finance income/expenses includes changes in the fair value of the embedded derivative component of our existing convertible bonds, net of changes in fair value of call options on Abengoa's own shares contracted to hedge the change in fair value of the convertible bonds, bank fees and commissions, financial guarantees, letters of credit, costs related to wire transfers, cost of outsourcing payments to suppliers, dividend income from equity instruments, disposals and changes in the fair value of financial investments and changes in the fair value of some commodity derivatives.

Finance expense net

Finance expense net represents the total of finance income, finance expenses, net exchange differences and other net finance income/expenses.

Share of (loss)/profit of associates

Share of (loss)/profit of associates includes the results of companies accounted for using the equity method over which we exercise a significant influence, but which are neither subsidiaries nor jointly controlled entities.

Profit before income tax

Profit before income tax represents our profit before the payment of corporate income tax.

Income tax benefit/(expense)

Income tax benefit/(expense) includes all current and deferred taxes, as calculated in accordance with the relevant tax laws in force in the jurisdictions in which we operate.

Profit for the year from continuing operations

Profit for the year from continuing operations represents the profit before income taxes after the deduction of corporate income tax, generated by the continuing operations of the Group.

Profit/(loss) from discontinued operations, net of tax

Profit/(loss) from discontinued operations, net of tax represents the profit before income taxes after the deduction of corporate income tax generated by the discontinued operations of the Group plus any gain or loss, net of tax, from the disposal of discontinued operations of the Group.

Profit for the year

Profit for the year represents the total of profit for the year from continuing operations plus profit/(loss) from discontinued operations, net of tax.

Profit attributable to non-controlling interest

Profit attributable to non-controlling interest represents profit for the year from continuing operations that is allocated to non-controlling interests in accordance with their percentage of the ownership of the affected subsidiaries.

Profit for the year attributable to the Parent Company

Profit for the year attributable to the Parent Company represents profit for the year after the deduction of corporate income tax and profit attributable to non-controlling interests.

Operating Results

The tables below illustrate our results of operations for the nine months ended September 30, 2012 and 2011 and the years ended December 31, 2011, 2010 and 2009.

	For the nine months ended September 30,			
	2012		**2011**	
	(unaudited) *(€ in millions, except percentages)*			
		% of revenue		**% of revenue**
Consolidated Income Statements Data				
Revenue	5,612.1	100.0%	4,784.1	100.0%
Changes in inventories of finished goods and work in progress	33.4	0.6%	39.3	0.8%
Other operating income	426.2	7.6%	758.7	15.9%
Raw materials and consumables used	(3,831.3)	(68.3)%	(3,650.8)	(76.3)%
Employee benefit expense	(574.2)	(10.2)%	(502.6)	(10.5)%
Depreciation, amortization and impairment charges	(285.0)	(5.1)%	(188.6)	(3.9)%
Research and development costs	(2.5)	—	(20.4)	(0.4)%
Other operating expenses	(766.5)	(13.7)%	(664.2)	(13.9)%

	For the nine months ended September 30,			
	2012		2011	
	(unaudited)			
	(€ in millions, except percentages)			
Operating profit	**612.2**	**10.9%**	**555.5**	**11.6%**
Finance income	64.4	1.1%	80.2	1.7%
Finance expense	(468.1)	(8.3)%	(475.5)	(9.9)%
Net exchange differences	(16.6)	(0.3)%	(18.9)	(0.4)%
Other financial income/(expense) net	(84.7)	(1.5)%	(68.3)	(1.4)%
Finance expense net	**(505.0)**	**(9.0)%**	**(482.5)**	**(10.1)%**
Share of (Loss)/Profit of Associates	2.4	—	3.2	0.1%
Profit before income tax	**109.6**	**2.0%**	**76.2**	**1.6%**
Income tax benefit/(expense)	42.7	0.8%	57.7	1.2%
Profit for the period from continuing operations	**152.3**	**2.7%**	**133.9**	**2.8%**
Profit for the period from discontinued operations, net of tax	**—**	**—**	**91.5**	**1.9%**
Profit for the period	**152.3**	**2.7%**	**225.4**	**4.7%**
Profit attributable to non-controlling interest	(35.2)	(0.6)%	(14.5)	(0.3)%
Profit for the period attributable to the parent company	**117.1**	**2.1%**	**210.9**	**4.4%**

	For the year ended December 31,							
	2011		2010[1] (restated)		2010		2009	
			(unaudited)					
	(€ in millions, except percentages)							
		% of revenue		% of revenue		% of revenue		% of revenue
Consolidated Income Statements Data								
Revenue	7,089.2	100.0%	4,859.8	100.0%	5,566.1	100.0%	4,147.3	100.0%
Changes in inventories of finished goods and work in progress	64.7	0.9%	27.4	0.6%	27.3	0.5%	(23.7)	(0.6)%
Other operating income	858.5	12.1%	792.3	16.3%	841.6	15.1%	1,275.6	30.8%
Raw materials and consumables used	(5,172.6)	(73.0)%	(3,558.4)	(73.2)%	(3,752.7)	(67.4)%	(3,057.7)	(73.7)%
Employee benefit expense	(697.1)	(9.8)%	(586.0)	(12.1)%	(865.3)	(15.5)%	(736.0)	(17.7)%
Depreciation, amortization and impairment charges	(258.3)	(3.6)%	(264.0)	(5.4)%	(320.6)	(5.8)%	(319.4)	(7.7)%
Research and development costs	(29.0)	(0.4)%	(37.4)	(0.8)%	(52.1)	(0.9)%	(51.1)	(1.2)%
Other operating expenses	(1,011.2)	(14.3)%	(685.2)	(14.1)%	(822.7)	(14.8)%	(804.0)	(19.4)%
Operating profit	844.2	11.9%	548.5	11.3%	621.8	11.2%	431.0	10.4%
Finance income	108.2	1.5%	80.6	1.7%	73.0	1.3%	14.1	0.3%

	For the year ended December 31,							
	2011		2010[(1)] (restated)		2010		2009	
			(unaudited)					
	(€ in millions, except percentages)							
		% of revenue		% of revenue		% of revenue		% of revenue
Finance expense	(625.5)	(8.8)%	(391.4)	(8.1)%	(410.9)	(7.4)%	(213.1)	(5.1)%
Net exchange differences	(30.2)	(0.4)%	(18.2)	(0.4)%	(19.1)	(0.3)%	67.8	1.6%
Other financial income/(expense) net	(147.5)	(2.0)%	(18.6)	(0.4)%	(11.4)	(0.2)%	(50.2)	(1.2)%
Finance expense net	(695.0)	(9.8)%	(347.6)	(7.2)%	(368.4)	(6.6)%	(181.4)	(4.4)%
Share of (Loss)/Profit of Associates	4.2	0.1%	9.0	0.2%	9.5	0.2%	11.2	0.3%
Profit before income tax	153.4	2.2%	209.9	4.3%	262.9	4.7%	260.8	6.3%
Income tax benefit/(expense) .	28.8	0.4%	5.5	0.1%	0.4	0.1%	(58.1)	(1.4)%
Profit for the year from continuing operations	182.2	2.6%	215.4	4.4%	263.3	4.7%	202.7	4.9%
Profit for the year from discontinued operations, net of tax	91.5	1.3%	47.9	1.0%	—	0%	—	0.0%
Profit for the year	273.7	3.9%	263.3	5.4%	263.3	4.7%	202.7	4.9%
Profit attributable to non-controlling interests	(16.3)	(0.2)%	(56.1)	(1.2)%	(56.1)	(1.0)%	(32.4)	(0.8)%
Profit for the year attributable to the parent company...............................	257.4	3.6%	207.2	4.3%	207.2	3.7%	170.3	4.1%

Note:

(1) The historical financial information for the year ended December 31, 2010 has been restated to present Telvent as discontinued operations for comparison purposes.

Comparison of Nine-Month Periods Ended September 30, 2012 and September 30, 2011

Revenue

Revenue increased by 17%, to €5,612.1 million for the nine months ended September 30, 2012, from €4,784.1 million for the nine months ended September 30, 2011. On a constant currency basis, revenue for the nine months ended September 30, 2012 would have been €5,608.9 million, representing an increase of €824.8 million, or 17%, compared to the same period of the previous year. If we had applied IFRIC 12 to our thermo-solar plants in Spain for the full nine-month period ended September 30, 2011 (rather than solely during September 2011), we would have recorded an additional amount of €463.8 million in revenue for such period and, as a result, revenue for the nine months ended September 30, 2012 would have increased by €364.2 million, or 6.9%, compared to the same period of the previous year without considering the impact in the nine months ended September 30, 2012 of applying IFRIC 12 during the full nine months ended September 30, 2011. Abengoa achieved growth in all of our activities. The increase was primarily attributable to increased business in our Engineering and Construction activity, most notably through the ongoing construction of various projects such as several concession thermo-solar plants in the United States (the 280 MW Solana solar plant in Arizona and the 280 MW Mojave solar plant in California), Spain (CSP plants currently registered in the Pre-Allocation Registry in accordance with the application of IFRIC 12 since September 1, 2011), Mexico (the combined- cycle electricity power plant in Morelos) and power

transmission lines in Latin America. Our Concession-Type Infrastructures activity has continued its growth path showing a 21% increase period over period, mainly due to our Solar segment, with a 162% increase, partially offset by a decrease of 61% in our Transmission segment due to the Cemig Sales. The increase in the Solar segment was due to the increase in revenue with new solar plants in Spain which entered operations in the third quarter of 2011 (Helioenergy 1) and in the first nine months of 2012 (Helioenergy 2, Solacor 1 and 2, Helios 1 and 2 and Solaben 2 and 3), as well as a larger contribution from the combined cycle Solar Power Plant One ("SPP1") in Hassi R'Mel (Algeria), which entered into operation in the third quarter of 2011. Revenue from our Industrial Production activity also increased in the nine months ended September 30, 2012 when compared to the same period of the previous year. Industrial Recycling has shown further growth in the nine months ended September 30, 2012 with a 5.5% increase with respect to the same period of the previous year. On the other hand, revenue in our Biofuels segment decreased by 2.7%. Margins have decreased significantly in our Biofuels segment due to an increase in corn prices and low ethanol prices. In order to preserve cash flows, we have temporarily stopped production in three plants in the United States as of September 30, 2012. The rest of our Industrial Production activity performed well with revenue increasing by €153.2 million in the first nine months of 2012. This increase was due in part to the sale of solar components, such as technology and mirrors, used in the construction of the Solana and Mojave solar plants in the United States and several solar plants in Spain.

Revenue by geographic regions

The following table sets forth our revenue for the nine months ended September 30, 2012 and 2011 by geographic region.

	For the nine months ended September 30,			
	2012		2011	
	(unaudited)			
	(€ in millions, except percentages)			
		% of revenue		% of revenue
Revenue				
Spain	1,630.5	29.1%	1,138.6	23.8%
United States	1,206.9	21.5%	853.3	17.8%
Europe (excluding Spain)	943.2	16.8%	874.6	18.3%
Latin America (excluding Brazil)	724.4	12.9%	472.0	9.9%
Brazil	771.4	13.7%	1,142.7	23.9%
Other (remaining overseas markets)	335.7	6.0%	302.9	6.3%
Total	**5,612.1**	**100.0%**	**4,784.1**	**100.0%**

Revenue from our international operations (all activities outside of Spain) increased by 9.2% to €3,981.6 million for the nine months ended September 30, 2012, compared to the same period in the previous year. Our international operations accounted for 70.9% of revenue, with the Americas (Latin America and the United States) representing 48.1% of total revenues and the United States representing the largest geographic region (outside of Spain) with 21.5% of revenue.

Spain

Revenue increased by 43.2% to €1,630.5 million for the nine months ended September 30, 2012, from €1,138.6 million for the nine months ended September 30, 2011. The increase in revenue was primarily due to

the recognition of revenue associated with the construction of concession thermo-solar plants in Spain (CSP plants currently registered in the Pre-Allocation Registry in accordance with the application of IFRIC 12 since September 1, 2011), mainly through our Engineering and Construction activities. If we had applied IFRIC 12 to our thermo-solar plants in Spain for the full nine-month period ended September 30, 2011 (rather than solely during September 2011), we would have recorded an additional amount of €463.8 million in revenue for such period (from actual revenue of €1,138.6 million to revenue of €1,602.4 million) and, as a result, revenue for the nine months ended September 30, 2012 would have increased by €28.1 million or 1.7%, compared to the same period of the previous year, without considering the impact in the nine months ended September 30, 2012 of applying IFRIC 12 during the full nine months ended September 30, 2011. The increase was also caused by the new solar plants in Spain which came into operation throughout the third quarter of 2011 (Helioenergy 1) and in the first nine months of 2012 (Helioenergy 2, Solacor 1 and 2, Helios 1 and 2, and Solaben 2 and 3).

United States

Revenue increased by 41.4% to €1,206.9 million for the nine months ended September 30, 2012, from €853.3 million for the nine months ended September 30, 2011. The increase in revenue was primarily attributable to the construction of the Solana and Mojave solar power plants, which began in the first and third quarters of 2011, respectively, and the recognition of revenue associated with the sale of solar components.

Europe (excluding Spain)

Revenue increased by 7.8% to €943.2 million for the nine months ended September 30, 2012, from €874.6 million for the nine months ended September 30, 2011. The increase in revenue was primarily attributable to ethanol sales throughout Europe, as a result of expanded ethanol production capacity of the Rotterdam plant and to increased revenue from our steel and aluminum waste recycling businesses, due to increased activity by our industrial customers during the period.

Latin America (excluding Brazil)

Revenue increased by 53.5% to €724.4 million for the nine months ended September 30, 2012, from €472.0 million for the nine months ended September 30, 2011. The increase in revenue was primarily attributable to revenue from the construction of the combined-cycle electricity power plant in Morelos (Mexico).

Brazil

Revenue decreased by 32.5% to €771.4 million for the nine months ended September 30, 2012, from €1,142.7 million for the nine months ended September 30, 2011. The decrease in revenue was primarily attributable to the Cemig Sales. This decrease was partially offset by the construction of other power transmission lines in Brazil.

Other (remaining overseas markets)

Revenue increased by 10.8% to €335.7 million for the nine months ended September 30, 2012, from €302.9 million for the nine months ended September 30, 2011. The increase in revenue was primarily attributable to the entry into production in the third quarter of 2011 of the combined cycle SPP1 Plant in Hassi R'Mel (Algeria) and from the entry into operation in the last quarter of 2011 of the desalination plant in Honaine (Algeria).

Other operating income

	For the nine months ended September 30,	
	2012	2011
	(unaudited)	
	(€ in millions)	
Other operating income		
Income from capitalized costs and other	358.7	627.0
Grants	11.0	49.5
Income from various services	56.5	82.2
Total	**426.2**	**758.7**

Other operating income decreased by 43.8% to €426.2 million for the nine months ended September 30, 2012, from €758.7 million for the nine months ended September 30, 2011. This decrease was mainly due to a lower amount of costs capitalized during the construction of thermo-solar plants in Spain, due to the application of IFRIC 12 since September 1, 2011 and to lower construction works performed for our own assets. These effects were partially offset by an €85 million gain included in "Income from capitalized costs and other" in the nine months ended September 30, 2012, arising from the business combination of Rioglass, where we have achieved control by increasing our ownership in stages; and by a €4.5 million gain included in "Income from various services" arising from the Cemig Sales.

Raw materials consumed

Raw materials consumed increased by 4.9% to €3,831.3 million for the nine months ended September 30, 2012, from €3,650.8 million for the nine months ended September 30, 2011 due to the increase in revenue in our three activities. Raw materials consumed decreased as a percentage of revenue from 76.3% for the nine months ended September 30, 2011 to 68.3% for the nine months ended September 30, 2012. This decrease was due to lower levels of operations in our Biofuels segment, which is the most sensitive to increases in raw materials costs; and to a larger contribution in our revenue mix from our concessions, which have a lower level of consumption of raw materials.

Employee benefit expense

Employee benefit expense increased by 14.2% to €574.2 million for the nine months ended September 30, 2012, from €502.6 million for the nine months ended September 30, 2011. This was due to an increase in employee headcount (excluding the effect of the sale of Telvent) with significant growth largely attributable to our increased construction operations. In addition, the commencement of operations of the new solar plants in Spain which came into operation in the first nine months of 2012 (Helioenergy 2, Solacor 1 and 2, Helios 1 and 2, Solaben 2 and 3), and the combined cycle SPP1 plant in Algeria which entered into operation in the second quarter of 2011 have also increased our employee benefits expenses in our Solar segment. Employee benefit expenses have remained stable as a percentage of revenue at 10.2% for the nine months ended September 30, 2012, compared to 10.5% in the same period of 2011.

Depreciation, amortization and impairment charges

Depreciation, amortization and impairment charges increased by 51.1% to €285.0 million for the nine months ended September 30, 2012, from €188.6 million for the nine months ended September 30, 2011. Depreciation and amortization charges also increased as a percentage of revenue from 3.9% in the first nine months of 2011

to 5.1% in the same period of 2012. The net increase is mainly due to a large amount of amortization and depreciation in our Solar activity, as a result of the beginning of the amortization of the solar plants in Spain that entered into operation in the third quarter of 2011 (Helioenergy 1) and in the first nine months of 2012 (Helioenergy 2, Solacor 1 and 2, Helios 1 and 2 and Solaben 2 and 3). The increase was also due to the full consolidation of the Rioglass plants after we assumed full control and to the amortization of intangible assets identified in this business combination. In addition, our depreciation expenses also increased in our biofuels business in Brazil due to an increase in our property, plant and equipment resulting from an investment in new machinery.

Research and development costs

Research and development costs have decreased by 87.7% from €20.4 million for the nine months ended September 30, 2011 to €2.5 million for the nine months ended September 30, 2012, driven by an increase in the capitalization of our research and development costs resulting from more of our projects being at mature stages, allowing for better visibility as to their future economic feasibility, and therefore permitting capitalization rather than expense treatment. Part of our efforts in research and development are capitalized and then amortized over the useful life of the identified projects. Our total investment in R&D&i including both capitalized and expensed costs amounted to €55.4 million in the nine months ended September 30, 2012, which represents a decrease of 0.4% with respect to the €57.7 million invested in the nine months ended September 30, 2011. We continue to increase our efforts in research and development despite the crisis in the global economy, as we believe such investment requires continuity to achieve technological advances. Furthermore, we have reinforced our presence, and in some cases our leadership, in different public and private institutions and forums in which we routinely cooperate and collaborate with other large technology companies and where the short and long-term future of R&D&i is decided.

Other operating expenses

The following table below sets forth our other operating expenses for the nine months ended September 30, 2012 and 2011.

	For the nine months ended September 30,			
	2012		**2011**	
	(unaudited)			
		% of revenue		**% of revenue**
	(€ in millions, except percentages)			
Other operating expenses				
Leases and fees	76.4	1.4%	60.1	1.3%
Repairs and maintenance	63.1	1.1%	62.1	1.3%
Independent professional services	261.3	4.7%	210.5	4.4%
Transportation	67.6	1.2%	60.3	1.3%
Supplies	93.2	1.7%	98.3	2.1%
Other external services	118.4	2.1%	68.8	1.4%
Taxes	38.5	0.7%	53.5	1.1%
Other management expenses	48.0	0.9%	50.6	1.1%
Total	**766.5**	**13.7%**	**664.2**	**13.9%**

Other operating expenses increased by 15.4% to €766.5 million for the nine months ended September 30, 2012, from €664.2 million for the nine months ended September 30, 2011. This increase is primarily due to increases in operations across all of our activities. As a percentage of revenue, other operating expenses remained stable.

Operating profit

Operating profit increased by 10.2% to €612.2 million for the nine months ended September 30, 2012, from €555.5 million for the nine months ended September 30, 2011. This increase was primarily attributable to an increase in revenue across all of our activities during the first nine months of 2012. Operating profit has decreased slightly as a percentage of revenues, from 11.6% in the first nine months of 2011 to 10.9% in the nine months ended September 30, 2012 mainly due to a decrease in operating margins in our Biofuels segment due to extremely adverse market conditions, which was not fully offset by solid margins maintained in our other segments.

Finance income

The following table below sets forth our finance income for the nine months ended September 30, 2012 and 2011.

	For the nine months ended September 30,	
	2012	**2011**
	(unaudited)	
	(€ in millions)	
Finance income		
Income from loans and debts	56.4	72.3
Gains from interest-rate derivatives: cash flow hedges	7.9	5.9
Gains from interest-rate derivatives: non-hedging	0.1	2.0
Total	**64.4**	**80.2**

Finance income decreased by €15.8 million for the nine months ended September 30, 2012, from €80.2 million for the nine months ended September 30, 2011 to €64.4 million for the nine months ended September 30, 2012. The decrease was primarily due to lower income from loans and debts from our short-term deposits in Brazil due to the Cemig Sales.

Finance expenses

The following table below sets forth our finance expenses for the nine months ended September 30, 2012 and 2011.

	For the nine months ended September 30,	
	2012	**2011**
	(unaudited)	
	(€ in millions)	
Finance expenses		
Expenses due to interest:		

	For the nine months ended September 30,	
	2012	2011
	(unaudited)	
	(€ in millions)	
— Loans from credit entities	217.2	235.2
— Other debts	172.0	136.7
Losses from interest-rate derivatives: cash flow hedges	76.1	102.7
Losses from interest-rate derivatives: non-hedging	2.8	0.9
Total	**468.1**	**475.5**

Finance expenses decreased by 1.6% to €468.1 million for the nine months ended September 30, 2012, from €475.5 million for the nine months ended September 30, 2011.

The decrease in finance expenses was primarily due to lower losses from our interest rate derivatives. Losses from cash flow hedge interest rate derivatives for the nine months ended September 30, 2012 and 2011 are mainly due to transfers from equity to financial expense when the hedged item is impacting the consolidated income statement (€55.3 million and €50.6 million, respectively) and to a decrease in time value of the interest rate options (€19.8 million and €51.7 million, respectively). In order to hedge our long term debt, some of the interest rate options contracted have long term maturities, which causes their time value to be considerably sensitive to changes in interest rates. In the nine-month period ended September 30, 2012, losses from interest rate cash flow hedges include a loss of €19.8 million resulting from a decrease in time value of the interest rate options, mainly due to a significant decrease in the swap curve during the period. Transfers from equity to finance expenses have also resulted in a loss during the period because most of the interest rate options have a strike higher than current variable interest rates. Similarly, most of our swaps have a fixed rate higher than current variable interest rates.

On the other hand, decreases in variable interest rates have resulted in lower interest expenses accrued by our financing, which offsets the negative impact of our derivatives.

An increase in interest from other debts is mainly due to a larger volume in our non-recourse factoring arrangements.

Net exchange differences

The following table below sets forth our exchange differences for the nine months ended September 30, 2012 and 2011.

	For the nine months ended September 30,	
	2012	2011
	(unaudited)	
	(€ in millions)	
Net exchange differences		
Gains and losses from foreign exchange transactions, net	4.0	(25.5)
Gains and losses from foreign exchange contracts: cash flow hedges, net	(20.5)	5.8

	For the nine months ended September 30,	
	2012	2011
	(unaudited)	
	(€ in millions)	
Gains and losses from foreign exchange contracts: non-hedging, net	(0.1)	0.8
Total	**(16.6)**	**(18.9)**

Net exchange differences decreased to a net foreign exchange loss of €16.6 million for the nine months ended September 30, 2012, from a net foreign exchange loss of €18.9 million for the nine months ended September 30, 2011. In general, we use exchange rate derivatives to hedge our foreign exchange operations. As a result, most of our exchange rate differences are offset by the effect of our cash-flow hedge derivatives. Net exchange differences that subsist for the nine months ended September 30, 2012 are primarily due to the loss from the sale of a foreign currency purchase options designated as fair value hedges of Brazilian subsidiaries' U.S. dollar denominated debt financings.

Other net finance income/expenses

	For the nine months ended September 30,	
	2012	2011
	(unaudited)	
	(€ in millions)	
Other finance income		
Profits from the sale of financial assets	—	1.0
Income on financial assets	0.9	0.1
Other finance income	36.3	28.3
Total	**37.2**	**29.4**
Other finance expenses		
Losses from sale of financial assets	(0.1)	—
Other finance expenses	(121.4)	(78.3)
Loss from commodities forward contracts: cash-flow hedge	(0.4)	(19.4)
Total	**(121.9)**	**(97.7)**
Other net finance income/expenses	**(84.7)**	**(68.3)**

Other net finance expenses increased to €84.7 million for the nine months ended September 30, 2012, from €68.3 million for the nine months ended September 30, 2011.

Other finance expenses corresponds primarily to bank fees and commissions, financial guarantees, letters of credit and costs related to wire transfers, as well as the cost of outsourcing payments to suppliers.

We outsource the payment to suppliers through different financial institutions, which handle the administration of invoices payable and agree to settle them at predefined dates with our suppliers. Abengoa in

turn directly settles the invoices with the financial institutions, generally 180 days after the invoice date, reporting the balance in accounts payable until paid. Suppliers have the option to anticipate the collection of their invoices at an earlier date from the financial institutions, which also charges them a discount fee.

In the nine months ended September 30, 2012, the increase in other finance expenses was partially offset by a gain of €26.1 million classified in "Other finance income", corresponding to the change in fair value of derivatives embedded in the convertible bonds issued, net of the change in fair value of call options on Abengoa's own shares. The change in fair value of both instruments is primarily due to the decrease in Abengoa's share price, which is a principal variable in the valuation of the embedded derivatives and the options. For the nine months ended September 30, 2011, the net effect of the change in fair value of derivatives embedded in the convertible bonds issued and the change in fair value of call options on Abengoa's own shares resulted in a net loss of €21 million classified in "Other finance expenses."

In addition, for the nine months ended September 30, 2011, other net finance expenses include non-recurring losses on commodities forward contracts due to the sale of derivatives when hedging is discontinued because the transaction hedged is no longer expected to occur.

Finance expense net

Finance expense net increased by 4.7% to €505.0 million for the nine months ended September 30, 2012, from €482.5 million for the nine months ended September 30, 2011. The increase in "Finance expense, net" was attributable to the aforementioned change in finance income, finance expense, net exchange differences and other net finance income/expenses.

Profit before income tax

Profit before income tax increased by 43.8% period-over-period to €109.6 million for the nine months ended September 30, 2012, compared to €76.2 million for the nine months ended September 30, 2011. This increase was attributable to the aforementioned results of the period.

Income tax benefit/expense

We had an income tax benefit of €42.7 million for the nine months ended September 30, 2012, compared to an income tax benefit of €57.7 million for the nine months ended September 30, 2011. For the nine months ended September 30, 2012, the income tax benefit corresponded primarily to the recognition of certain Spanish Export Tax Incentives related to the export of goods and services from Spain and tax benefits that we generated from the application of a new tax incentive for granting the use of intangible assets, as specified in Article 23 of the Revised Text of the Spanish Income Tax Act. This benefit has resulted in a direct deduction from taxable income of 50% of the revenue generated from granting the use of the certain related intangible assets (i.e. licensing revenue, etc.).

Profit from discontinued operations, net of tax

In the nine months ended September 30, 2012, there were no discontinued operations. In the nine months ended September 30, 2011 and according to IFRS 5, Non-Current Assets Held for Sale and Discontinued Operations, we present the results from Telvent, amounting to €91.5 million profit net of tax as discontinued operations.

Profit attributable to non-controlling interests

Profit attributable to non-controlling interests increased to €35.2 million for the nine months ended September 30, 2012, from €14.5 million for the nine months ended September 30, 2011. The increase is mainly due to the positive net income of Rioglass that we have started to fully consolidate after taking control of Rioglass and to the net income of an engineering and construction project company in Brazil in which we hold a 51% interest.

Profit attributable to the parent company

Profit attributable to the parent company decreased by 44.5% to €117.1 million for the nine months ended September 30, 2012, compared to €210.9 million for the nine months ended September 30, 2011. This decrease was attributable to the results explained above.

Comparison of Years Ended December 31, 2011 and December 31, 2010

Revenue

Revenue increased by 46% to €7,089.2 million for the year ended December 31, 2011, from €4,859.8 million for the year ended December 31, 2010. On a constant currency basis, revenue for the year ended December 31, 2011 would have been €7,145.5 million, representing an increase of €2,285.7 million, or 47%, compared to the year ended December 31, 2010. The increase in revenue was due in part to the prospective application of IFRIC 12 from September 1, 2011 to our thermo-solar plants in Spain registered in the Pre-Allocation Registry (see "Operating and Financial Review and Prospects – Factors Affecting Comparability of Our Results of Operations). The increase in revenue was primarily attributable to increased business in our Engineering and Construction activity, most notably through the commencement of construction and completion of various projects (Solana and the CSP plant in Abu Dhabi (United Arab Emirates), power transmission lines in Latin America and the co-generation plant in Tabasco (Mexico)), along with the contribution for the entire period from assets in the Concession-Type Infrastructures activity that entered into operation through 2010 (Solnova 1, Solnova 3, Solnova 4, three thermal-solar plants in Spain of 50 MW each) and, in the Industrial Production segment, a full year of operations of the ethanol plants located in Rotterdam (the Netherlands) and Indiana and Illinois (both the United States). In addition, revenue for the year ended December 31, 2011 increased by €649.0 million due to the application, from September 1, 2011 of IFRIC 12 to our thermo-solar plants in Spain due to an increase in ethanol volumes sold in the Biofuels segment, achieved after we expanded our capacity in the United States and Europe (new plants entering into operation throughout 2010 in Rotterdam (the Netherlands), and Indiana and Illinois (both the United States) and higher volumes sold across all of our Industrial Recycling segment. Finally, the impact of foreign exchange of €56.3 million resulted mostly from the net effect of depreciation of the Brazilian real with respect to the euro and the appreciation of the U.S. dollar with respect to the euro in 2011, compared to 2010.

Revenue by geographic regions

The following table sets forth our revenue for the years ended December 31, 2011 and December 31, 2010 by geographic region.

	For the year ended December 31,			
	2011		2010	
		% of Revenue	(unaudited)	% of Revenue
	(€ in millions, except percentages)			
Revenue				
Spain	1,932.8	27.3%	1,123.9	23.1%
United States	1,346.0	19.0%	591.4	12.2%
Europe (excluding Spain)	1,082.8	15.3%	891.9	18.4%
Latin America (excluding Brazil)	771.0	10.9%	779.4	16.0%
Brazil	1,471.7	20.8%	1,052.7	21.7%
Other (remaining overseas markets)	484.9	6.7%	420.5	8.6%

	For the year ended December 31,			
	2011		2010	
		% of Revenue	(unaudited)	% of Revenue
	(€ in millions, except percentages)			
Total	**7,089.2**	**100.0%**	**4,859.8**	**100.0%**

Our commitment to geographic diversification remains one of the key factors behind our continued growth in revenue during the year ended December 31, 2011. Revenue from our international operations (all activities outside of Spain) increased by 38% to €5,156.4 million for the year ended December 31, 2011, compared to the same period in the previous year. Our international operations accounted for 73% of revenue, with the Americas (Latin America and the United States) representing 51% of total revenues and Brazil representing the largest geographic region (outside of Spain) with 21% of revenue.

Spain

Revenue increased by 72% to €1,932.8 million for the year ended December 31, 2011, from €1,123.9 million for the year ended December 31, 2010. The increase in revenue was due to the application from September 1, 2011 of IFRIC 12 to our thermo-solar plants in Spain, the impact of a full year of operations of the Solnova 1, Solnova 3 and Solnova 4 solar power plants (which entered in operation into the second and third quarters of 2010), as well as the increased volumes of industrial waste treated and increases in ethanol and biodiesel prices during the year ended December 31, 2011, compared to the year ended December 31, 2010.

United States

Revenue increased by 128% to €1,346.0 million for the year ended December 31, 2011, from €591.4 million for the year ended December 31, 2010. The increase in revenue was primarily attributable to the commencement of operations of the new bioethanol plants in Indiana and Illinois (both the United States), during the first quarter of 2010, and revenue recognized under service concession agreements related to the construction of the Solana solar power plant, which began in the first quarter of 2011.

Europe (excluding Spain)

Revenue increased by 21% to €1,082.8 million for the year ended December 31, 2011, from €891.9 million for the year ended December 31, 2010. The increase in revenue was primarily attributable to ethanol sales throughout Europe, as a result of expanded ethanol production capacity due to the entry into production of the Rotterdam plant in the third quarter of 2010, increased revenue from our salt slag and aluminum waste recycling businesses, due to increased activity by our industrial customers during the period, and a significant increase in zinc prices during the year ended December 31, 2011, compared to the year ended December 31, 2010.

Latin America (excluding Brazil)

Revenue decreased by 1% to €771.0 million for the year ended December 31, 2011, from €779.4 million for the year ended December 31, 2010. The variation in revenue was primarily attributable to decreased revenue recognized under service concession agreements related to decreased construction activity of power transmission lines in Peru due to the partial entry into operation of ATN, a 572 km power transmission line, partially offset by the continued construction according to schedule of a 300 MW co-generation plant and 45 km power transmission line in Tabasco (Mexico).

Brazil

Revenue increased by 40% to €1,471.7 million for the year ended December 31, 2011, from €1,052.7 million for the year ended December 31, 2010. The increase in revenue was primarily attributable to increased revenue recognized under service concession agreements related to significant progress on the construction of power transmission lines in Brazil, including the Manaus, Linha Verde and the Norte Brasil projects. Also contributing to the increase in revenue was the commencement of operations of the two co-generation plants in São Paulo (Brazil) in the third quarter of 2010 and the ATE IV-VII power transmission lines in the second quarter of 2010.

Other (remaining overseas markets)

Revenue increased by 15% to €484.9 million for the year ended December 31, 2011, from €420.5 million for the year ended December 31, 2010.

Other operating income

	For the year ended December 31,	
	2011	**2010**
		(unaudited)
	(€ in millions)	
Other operating income		
Income from capitalized costs and other	648.4	571.8
Grants	77.9	90.4
Income from various services	132.2	130.1
Total	**858.5**	**792.3**

Other operating income increased by 8% to €858.5 million for the year ended December 31, 2011, from €792.3 million for the year ended December 31, 2010. This increase was attributable to increased construction activity of our own assets, most notably of Spanish thermo-solar plants constructed pursuant to the Royal Decree 661/2007, of May 25, and recorded in the pre-assignment register in November 2009, and additional income from export activity deductions amounting to €50.0 million, in cases where these investment tax credits are considered grants under IAS 20. Additionally, a €45 million gain has been included in "Income from various services" arising from the sale of the 50% shares in the companies STE, ATE, ATE II and ATE III, and 100% in NTE, all of them transmission power line concessions in Brazil.

Raw materials consumed

Raw materials consumed increased by 45% to €5,172.6 million for the year ended December 31, 2011, from €3,558.4 million for the year ended December 31, 2010. The increase in raw materials and consumables used was primarily attributable to the continued growth of our operations, as well as the commencement of operations of certain projects, including the ethanol plants in Rotterdam (the Netherlands), Indiana and Illinois (both in the United States) and the ISCC plant in Hassi R'Mel (Algeria), and the construction/execution on concessional assets, including power transmission lines in Brazil and Peru and the construction of a 300 MW co-generation plant and 45 km power transmission line in Tabasco (Mexico). Raw materials and consumables used, as a percentage of revenue, remained stable at 73% for the year ended December 31, 2011.

Employee benefit expense

Employee benefit expense increased by 19% to €697.1 million for the year ended December 31, 2011 from €586.0 million for the year ended December 31, 2010. This was primarily due to an increase in employee headcount across all three activities with significant growth largely attributable to increased construction operations, the commencement of operations of ethanol plants in Indiana and Illinois (both the United States) and Rotterdam (the Netherlands), as well as four solar power plants in Spain (Solnova 1, Solnova 3, Solnova 4 and Helioenergy 1) and an ISCC plant in Hassi R'Mel (Algeria) all becoming operational. As a percentage of revenue, employee benefit expenses declined from 12% to 10% for the year ended December 31, 2010 and 2011, respectively, mainly due to larger contributions to revenues from the Biofuels segment, which has a lower proportion of personnel expenses with respect to other segments, and to the fact that we carried out more work through subcontractors in our Engineering and Construction activity, which in turn increased the independent professional services expenses as a percentage of revenues.

Depreciation, amortization and impairment charges

Depreciation, amortization and impairment charges decreased by 2% to €258.3 million for the year ended December 31, 2011, from €264.0 million for the year ended December 31, 2010. The net change is due to the decrease for reversal of impairment on the Mojave project and the Cemig Sales which is partially offset by the increase in depreciation and amortization, primarily attributable to the commencement of operations of the Solnova 1, Solnova 3 and Solnova 4 solar power plants, our ethanol plant in Rotterdam, our co — generation plants in Brazil and the ATE IV, V, VI and VII power transmission lines in Brazil.

Research and development costs

Research and development costs decreased by 22% to €29.0 million for the year ended December 31, 2011, from €37.4 million for the year ended December 31, 2010. This decrease was primarily due to the termination of a biomass project which was partially offset by continued efforts made in research and development projects throughout 2011 in the Solar, Biofuels and Water segments.

Other operating expenses

The following table below sets forth our other operating expenses for the years ended December 31, 2011 and December 31, 2010.

	For the year ended December 31,			
	2011		2010	
		% of Revenue	(unaudited)	% of Revenue
	(€ in millions, except percentages)			
Other operating expenses				
Leases and fees	84.1	1.2%	67.7	1.4%
Repairs and maintenance	82.6	1.2%	63.9	1.3%
Independent professional services	323.1	4.6%	139.0	2.9%
Transportation	82.4	1.2%	65.3	1.3%
Supplies	147.0	2.1%	132.2	2.7%
Other external services	143.6	2.0%	87.8	1.8%
Taxes	68.3	1.0%	61.1	1.3%
Other management expenses	80.1	1.1%	68.2	1.4%
Total	**1,011.2**	**14.3%**	**685.2**	**14.1%**

Other operating expenses increased by 48% to €1,011.2 million for the year ended December 31, 2011, from €685.2 million for the year ended December 31, 2010, primarily due to increases in independent professional services and other external services, supplies related to the continued growth of our operations, as well as increased construction activity and the commencement of operations of certain projects included mostly in the Solar segment of our Concessions-Type Infrastructure activity.

As a percentage of revenue, most of the items included in "Other operating expenses" remained stable. Independent professional services increased mainly due to the fact that we did more work through subcontractors in our Engineering and Construction activity, especially in the construction of the bioethanol plant in Hugoton, Kansas and the Mojave Solar plant in California (both in the United States) and in projects in Chile and Mexico.

Operating profit

Operating profit increased by 54% to €844.2 million for the year ended December 31, 2011, from €548.5 million for the year ended December 31, 2010. This increase was primarily attributable to the aforementioned results for the period.

Finance income

The following table below sets forth our finance income for the year ended December 31, 2011 and December 31, 2010.

	For the year ended December 31,	
	2011	**2010**
		(unaudited)
	(€ in millions)	
Finance income		
Income from loans and debts	87.9	48.8
Gains from interest-rate derivatives: cash flow hedges	17.2	30.1
Gains from interest-rate derivatives: non-hedging	3.1	1.7
Total	**108.2**	**80.6**

Finance income increased by 34% to €108.2 million for the year ended December 31, 2011, from €80.6 million for the year ended December 31, 2010. The increase in finance income was primarily due to an increase in the average outstanding balance of short term financial investments in Brazil, where we benefit from higher interest rates.

Finance expenses

The following table below sets forth our finance expenses for the year ended December 31, 2011 and December 31, 2010.

	For the year ended December 31,	
	2011	2010
		(unaudited)
	(€ in millions)	
Finance expenses		
Expenses due to interest:		
—Loans from credit entities	298.5	207.8
—Other debts	194.0	111.0
Losses from interest-rate derivatives: cash flow hedges	132.0	69.0
Losses from interest-rate derivatives: non-hedging	1.0	3.6
Total	**625.5**	**391.4**

Finance expenses increased by 60% to €625.5 million for the year ended December 31, 2011, from €391.4 million for the year ended December 31, 2010. The increase in finance expenses was primarily due to interest expense payable on a higher average amount of indebtedness during the year ended December 31, 2011 and interest expenses accrued on debt from project companies entering into operation during 2011, as interest expenses is capitalized during the construction period. The main non-recourse projects that entered into operation during the year 2011 were Helioenergy 1 solar-thermal plant in Spain (with €78 million debt as of December 31, 2011), Solar Power Plant One ("SPP1") in Algeria (with €244 million debt as of December 31, 2011), the desalination plant in Honaine (Algeria) (with €155 million debt as of December 31, 2011) and the ATN power transmission lines in Peru (with €54 million debt as of December 31, 2011). All these projects were in construction as of December 31, 2010, so their interest expenses during 2010 were capitalized.

On the other hand, losses from interest rate derivatives designated as cash flow hedges, for an amount of €132.0 million are due to transfers from equity to financial expenses when the hedged item is impacting the consolidated income statement (€67.5 million) and to a decrease in time value of the interest rate options (€64.3 million). In order to hedge our long term debt, some of the interest rate options contracted have long term maturities, which causes their time value to be considerably more sensitive to changes in interest rates. In the year ended December 31, 2011, losses from resulting from a decrease in time value of the interest rate options, mainly due to a significant decrease in the swap curve during the period. Transfers from equity to finance expenses have also resulted in a loss during the period because most of the interest rate options have a strike higher than current variable interest rates. Similarly, most of our swaps have a fixed rate higher than current variable interest rates. Contracted fixed rates are disclosed under "Quantitative and Qualitative Disclosure About Market Risk — Market Risk — Interest Rate Risk." On the other hand, decreases in variable interest rates have resulted in lower interest expenses accrued by our financing, which offsets the negative impact of our derivatives.

Net exchange differences

The following table below sets forth our exchange differences for the year ended December 31, 2011 and December 31, 2010.

	For the year ended December 31,	
	2011	2010
		(unaudited)
	(€ in millions)	
Net exchange differences		
Gains and losses from foreign exchange transactions, net	(32.3)	11.7
Gains and losses from foreign exchange contracts: cash flow hedges, net	(5.5)	—
Gains and losses from foreign exchange contracts: fair value hedges, net	7.6	(18.2)
Gains and losses from foreign exchange contracts: non-hedging, net	—	(11.7)
Total	**(30.2)**	**(18.2)**

Negative net exchange differences increased to a €30.2 million loss for the year ended December 31, 2011, from a €18.2 million loss for the year ended December 31, 2010. In general, as discussed in "Quantitative and Qualitative Disclosures About Market Risk" we use exchange rate derivatives to hedge our foreign exchange operations. As a result, most of our exchange rate differences are offset by the effect of our cash flow hedge derivatives. Net exchange differences that subsist for the year ended December 31, 2011 are primarily due to the negative impact of foreign exchange transactions, for an amount of €32.3 million, due to the unfavorable changes of the Brazilian real-U.S. dollar exchange rate related to the U.S. dollar-denominated debt financings of our Brazilian subsidiaries. The U.S. dollar denominated debt of our Brazilian subsidiaries outstanding as of December 31, 2011 and 2010 amounts to €229.9 million and €340.3 million, respectively. We have hedged €68.1 million and €136.8 million with derivative instruments as of December 31, 2011 and 2010, respectively.

Net losses from foreign exchange contracts designated as cash flow hedges, for an amount of €5.5 million, are primarily related to foreign exchange forward purchase contracts designated by subsidiaries whose functional currency is the euro as cash flow hedges of purchases denominated in U.S. dollars.

Other net finance income/expenses

	For the year ended December 31,	
	2011	2010
		(unaudited)
	(€ in millions)	
Other finance income		
Profits from the sale of financial assets	1.2	3.8
Income on financial assets	0.3	0.1
Other finance income	50.2	62.5
Gains from commodities forward contracts: cash-flow hedges	—	2.0
Total	**51.7**	**68.4**
Other finance expenses		
Losses from sale of financial assets	(0.4)	—

	For the year ended December 31,	
	2011	2010
		(unaudited)
	(€ in millions)	
Other finance expenses	(179.7)	(86.4)
Loss from commodities forward contracts: cash-flow hedge	(19.1)	(0.6)
Total	**(199.2)**	**(87.0)**
Other net finance income/expenses	**(147.5)**	**(18.6)**

Other net finance expense increased to €147.5 million for the year ended December 31, 2011, from a net finance expense of €18.6 million for the year ended December 31, 2010.

The increase in other net finance expenses was primarily attributable to the net loss from changes in the fair value of the embedded derivatives of our convertible bonds in prior years and the changes in the fair value of call options over our shares, for a combined total net amount of €30.0 million classified in "Other finance expenses" compared to the gain for an amount of €44.6 million for the year ended December 31, 2010 classified in "Other finance income" (mainly due to the decrease in the share price of Abengoa, which represents a key variable in the valuation of the derivative and the call options).

In addition, for the year ended December 31, 2011, Other net finance expenses include certain non-recurring losses on commodities forward contracts amounting to €19.1 million due to the sale of derivatives when hedging is discontinued, with no corresponding losses in the previous year.

Finance expense net

Finance expense net increased by 100% to €695.0 million for the year ended December 31, 2011, from €347.6 million for the year ended December 31, 2010. The increase in finance expense net was attributable to the aforementioned changes in finance income, finance expense, net exchange differences and other net finance income/expenses.

Profit before income tax

Profit before income tax decreased by 27% to €153.4 million for the year ended December 31, 2011, compared to €209.9 million for the year ended December 31, 2010. This decrease was attributable to the aforementioned results for the period.

Income tax benefit/expense

We had an income tax benefit of €28.8 million for the year ended December 31, 2011, compared to an income tax benefit of €5.5 million for the year ended December 31, 2010 (although the amount of income tax actually paid increased from €36.2 million in 2010 to €67.6 million in 2011). The fluctuation in income tax benefit was mainly attributable to the deduction originated by the reinvestment of Telvent's sale proceeds and the recognition of certain Spanish Export Tax Incentives related to the export of goods and services from Spain due to our increased export activity, mainly to Latin America, for an amount of €34.3 million in 2011, compared to €28.8 million for the year ended December 31, 2010. The application of these Spanish tax incentives is expected to be recurring in the coming years. Additionally, the tax benefit in December 31, 2011 is also explained by the recognition of tax incentives related to overseas investment tax incentives provided under Article 37 of the Revised Text of the Spanish Income Tax Act with an effect in 2011 of a tax benefit of €29.5 million, compared to €22.0 million for the year ended December 31, 2010. The recognition of these tax

incentives is expected to be reduced over the next two years, as the incentive is scheduled to be gradually eliminated in Spain. This percentage, which was initially set at 25%, has been reduced since 2007 to reach 3% in 2010. However, tax incentives generated in prior years not yet utilized can still be claimed in the future. As we have recognized only part of the tax deductions generated through 2010, future recognitions derived from changes in the estimation of the amounts recoverable will have an impact in our income tax expense up to the limit of the total amount of tax incentives generated.

Profit from discontinued operations, net of tax

Profit from discontinued operations, net of tax, increased by 91% to €91.5 million for the year ended December 31, 2011, compared to €47.9 million for the year ended December 31, 2010. The increase is primarily due to the gain realized on the sale of Telvent.

Profit attributable to non-controlling interests from continuing operations

Profit attributable to non-controlling interests decreased by 71% to €16.3 million for the year ended December 31, 2011, from €56.1 million for the year ended December 31, 2010. The decrease is primarily the result of the sale of our 40% stake in Telvent.

Profit attributable to owners of the parent

Profit attributable to owners of the parent increased by 24% to €257.4 million for the year ended December 31, 2011, compared to €207.2 million for the year ended December 31, 2010. This increase was attributable to the aforementioned results for the period.

Comparison of Years Ended December 31, 2010 and December 31, 2009

Revenue

Revenue increased by 34.2% to €5,566.1 million for the year ended December 31, 2010, from €4,147.3 million for the year ended December 31, 2009. On a constant currency basis, revenue as of December 31, 2010 would have been €5,328.2 million, representing an increase of €1,180.9 million, or 28.5%, compared to the year ended December 31, 2009. The currency impact of €237.9 million resulted mostly from the appreciation of the Brazilian real and the U.S. Dollar in 2010 compared to 2009. Excluding the impact of currency, the increase in revenue was primarily attributable to revenue recognized under service concession agreements and construction contracts relating to significant progress in the construction of power transmission lines in Brazil and Peru; the construction of a co-generation plant and 45 km power transmission line in Tabasco (Mexico); and the construction of hybrid thermo-solar power plants in Algeria and Morocco. In addition, revenue was favorably impacted by the commencement of operations of our new CSP plants in Spain (Solnova 1, 3 and 4). Other factors included increased ethanol sales in the United States and Europe, due to an increase in production capacity in Spain, the Netherlands and the United States and a general increase in industrial waste volumes treated in Europe.

Revenue by geographic regions

The following table sets forth our revenue for the years ended December 31, 2010 and December 31, 2009 by geographic region.

	For the year ended December 31,			
	2010		2009	
	(€ in millions, except percentages)			
		% of Revenue		% of Revenue
Revenue				
Spain	1,430.3	25.7%	1,296.4	31.3%
United States and Canada	884.3	15.9%	576.9	13.9%
Europe (excluding Spain)	873.5	15.7%	641.5	15.5%
Latin America (excluding Brazil)	813.4	14.6%	697.8	16.8%
Brazil	1,098.5	19.7%	462.1	11.1%
Other (remaining overseas markets)	466.1	8.4%	472.6	11.4%
Total	5,566.1	100.0%	4,147.3	100.0%

Our commitment to geographic diversification remained one of the key factors behind our continued growth in revenue during the year ended December 31, 2010. Our international operations (all operations outside of Spain) increased by 45.1% to €4,135.8 million during the year ended December 31, 2010, compared to the same period in the previous year, accounting for 74% of revenue, with a significant presence in the United States, Latin America and Europe (excluding Spain).

Spain

Revenue increased by 10.3% to €1,430.3 million for the year ended December 31, 2010, from €1,296.4 million for the year ended December 31, 2009. The increase in revenue was primarily attributable to increased volumes of industrial waste treated and increased ethanol sales due to the acquisition in September of 2009 of the remaining 50% shareholding of our plant in Salamanca (Spain), which allowed us to consolidate 100% of the plant's revenue in 2010, compared to only 50% during the first nine months of 2009, and the commencement of operations of the Solnova 1, Solnova 3 and Solnova 4 solar power plants during 2010.

United States and Canada

Revenue increased by 53.3% to €884.3 million for the year ended December 31, 2010, from €576.9 million for the year ended December 31, 2009. The increase in revenue was primarily attributable to increased sales as a result of increased capacity due to our ethanol plants in Indiana and Illinois becoming operational during the first quarter of 2010.

Europe (excluding Spain)

Revenue increased by 36.2% to €873.5 million for the year ended December 31, 2010, from €641.5 million for the year ended December 31, 2009. The increase in revenue was primarily attributable to increased ethanol sales throughout Europe, as a result of increased ethanol capacity due to the entry into production of the Rotterdam plant in the third quarter of 2010, the successful integration of the German salt slag plants acquired in 2009, increased revenue from the aluminum waste recycling business due to increased industrial activity during the period, and a significant increase in zinc prices during the year ended December 31, 2010, compared to the year ended December 31, 2009.

Latin America (excluding Brazil)

Revenue increased by 16.6% to €813.4 million for the year ended December 31, 2010, from €697.8 million for the year ended December 31, 2009. The increase in revenue was primarily attributable to increased revenue recognized under service concession agreements related to significant progress on: the construction of ATN, a 670 km power transmission line in Peru; and the construction of a 300 MW co-generation plant and 45 km power transmission line in Tabasco (Mexico).

Brazil

Revenue increased by 137.7% to €1,098.5 million for the year ended December 31, 2010, from €462.1 million for the year ended December 31, 2009. The increase in revenue was primarily attributable to increased revenue recognized under service concession agreements related to significant progress on the construction of power transmission lines in Brazil, including the ATE IV-VII, Manaus, Linha Verde and the Norte Brasil projects.

Other (remaining overseas markets)

Revenue decreased by 1.4% to €466.1 million for the year ended December 31, 2010, from €472.6 million for the year ended December 31, 2009. Revenue generally remained in line with that of the prior year, with a slight decrease as a result of a decrease in works performed for a hybrid thermo-solar plant in Morocco as the plant was commissioned.

Other operating income

	For the year ended December 31,	
	2010	2009
	(€ in millions)	
Other operating income		
Income from capitalized costs and other	606.8	999.3
Grants	109.7	43.9
Gains from bargain purchase prices	—	51.9
Income from various services	125.1	180.5
Total	841.6	1,275.6

Other operating income decreased by 34% to €841.6 million for the year ended December 31, 2010, from €1,275.6 million for the year ended December 31, 2009. This decrease was primarily attributable to reduced construction activity for the year ended December 31, 2010 as a result of the completion of construction projects for our own assets, including two ethanol plants in Indiana and Illinois (United States), one ethanol plant facility in Rotterdam, the Netherlands and three solar power plants in Spain (Solnova 1, 3 and 4). In addition, we benefited from gains as a result of bargain purchase prices of businesses acquired during 2009 for a lower cost than their fair value. Furthermore, other operating income earned during 2010 includes a capital gain of €69 million from the sale of our interest in two power transmission lines in Brazil, while operating income in 2009 included the capital gain of €56.3 million from the partial divestment of our ownership interest in Telvent. See "— Factors Affecting the Comparability of our Results of Operations — Acquisitions and Divestments — Divestment of Telvent GIT, S.A.".

Raw materials consumed

Raw materials consumed increased by 22.7% to €3,752.7 million for the year ended December 31, 2010, from €3,057.7 million for the year ended December 31, 2009. The increase in raw materials and consumables used was primarily attributable to the continued growth of our operations, as well as the commencement of operations of certain projects, including ethanol plants in Indiana and Illinois (United States) and in Rotterdam, the Netherlands, the construction of project concessions, including power transmission lines in Brazil and Peru, as well as the construction of a 300 MW co-generation plant and 45 km power transmission line in Tabasco (Mexico). Nevertheless, our increase of revenue from concessions, which have a lower level of consumption of raw materials, resulted in raw materials and consumables used, as a percentage of revenue, declining by seven percentage points to 67% for the year ended December 31, 2010 from 73% in the same period in the prior year.

Employee benefit expense

The following table sets forth our employee benefit expense for the years ended December 31, 2010 and December 31, 2009.

	For the year ended December 31,			
	2010		2009	
	(€ in millions, except percentages)			
		% of revenue		% of revenue
Employee benefit expense				
Wages	694.2	12.5%	607.3	14.6%
Social security costs	152.7	2.7%	126.4	3.0%
Stock plans and other employee benefits	18.4	0.3%	2.3	0.1%
Total employee benefit expenses	865.3	15.5%	736.0	17.7%

Employee benefit expenses increased by 17.6% to €865.3 million for the year ended December 31, 2010, from €736.0 million for the year ended December 31, 2009. This was primarily due to an increase in employee benefit expenses across all three activities with significant growth largely attributable to increased construction and ethanol plants in Indiana and Illinois (United States) and Rotterdam (the Netherlands) becoming operational. These factors resulted in an increase of 16% in average headcount to 26,128 employees for the year ended December 31, 2010, compared to an average headcount of 23,323 for the year ended December 31, 2009. As a percentage of revenue, employee benefit expenses declined from 18% to 15% for the years ended December 31, 2009 and 2010, respectively.

In addition, there was an impact attributable to the increase in fair value recognized in 2010 under the employee stock option plans of all segments as compared to 2009.

Depreciation, amortization and impairment charges

Depreciation, amortization and impairment charges increased by 0.4% to €320.6 million for the year ended December 31, 2010, from €319.4 million for the year ended December 31, 2009. The change is due to an increase in depreciation and amortization primarily attributable to the commencement of operations of the Solnova 1, 3 and 4 solar power plants, our ethanol plants in Indiana and Illinois and Rotterdam, and the ATE IV, V, VI and VII power transmission lines in Brazil, partially offset by a reversal of the €28 million impairment recognized in 2009 on the carrying value of the real property acquired in the United States

in relation to the Solana project, where, in 2010, the U.S. Government granted us a conditional commitment to issue a federal guarantee, which is an important step towards obtaining the financing and a decrease in impairment charges to a net impairment reversal of €10.1 million for the year ended December 31, 2010 from the impairment charge of €115.2 million for the year ended December 31, 2009. The main impairment charges recognized in the 2010 financial year relate to the development of the Mojave project for an additional amount of €11 million due to, as was the case in 2009, continued delays in obtaining financing for the development of that project.

Research and development costs

Research and development costs increased by 2% to €52.1 million for the year ended December 31, 2010, from €51.1 million for the year ended December 31, 2009. This increase was primarily due to continued efforts made in research and development projects during 2010 in the Bioenergy, Environmental Services and Engineering segments, partially offset by a slight decrease in research and development costs in the Solar and Information Technology segments.

Other operating expenses

The following table below sets forth our other operating expenses for the years ended December 31, 2010 and December 31, 2009.

	For the year ended December 31,			
	2010		2009	
	(€ in millions, except percentages)			
		% of revenue		% of revenue
Other operating expenses				
Leases and fees	93.4	1.7%	84.7	2.0%
Repairs and maintenance	68.5	1.2%	60.2	1.5%
Independent professional services	189.1	3.4%	202.8	4.8%
Transportation	66.5	1.2%	39.7	1.0%
Supplies	148.1	2.7%	97.6	2.4%
Other external services	114.6	2.1%	144.5	3.5%
Taxes	73.4	1.3%	51.6	1.2%
Other management expenses	68.9	1.2%	122.9	3.0%
Total	822.5	14.8%	804.0	19.4%

Other operating expenses increased by 2.3% to €822.5 million for the year ended December 31, 2010, from €804.0 million for the year ended December 31, 2009, due to increased business activity affecting mainly supplies, transportation and leases. As a percentage of revenue, other operating expenses decreased by three percentage points from the year ended December 31, 2009 to December 31, 2010. These expenses increased at a lower rate than our revenue, primarily due to a decrease in expenses for independent professional services, other external services in relation to revenue and the decrease in other management expenses.

Operating profit

Operating profit increased by 44.3% to €621.8 million for the year ended December 31, 2010, from €431.0 million for the year ended December 31, 2009. The increase was primarily attributable to the aforementioned results for the period.

Finance income

The following table below sets forth our finance income for the years ended December 31, 2010 and December 31, 2009.

	For the year ended December 31,	
	2010	**2009**
	(€ in millions)	
Finance income		
Income from loans and debts	40.1	5.9
Gains from interest-rate derivatives: cash flow hedges	31.2	3.2
Gains from interest-rate derivatives: non-hedging	1.7	5.0
Total	73.0	14.1

Finance income increased by 417.7% to €73.0 million for the year ended December 31, 2010, from €14.1 million for the year ended December 31, 2009. The increase in finance income was primarily due to higher interest income from loans and debts, consisting of short-term cash deposits of high balances of excess cash. In addition, we benefited from a €31.2 million gain from interest rated derivatives designated as cash flow hedges, which were reclassified from equity to the consolidated income statement. As these interest rate derivative contracts were entered into by Abengoa with fixed rates lower than the floating rates applied to the financings hedged, we recorded a gain on the corresponding derivative contracts.

Finance expenses

The following table below sets forth our finance expenses for the years ended December 31, 2010 and December 31, 2009.

	For the year ended December 31,	
	2010	**2009**
	(€ in millions)	
Finance expenses		
Expenses due to interest:		
– Loans from credit entities	(220.1)	(152.7)
– Other debts	(117.8)	(34.5)
Losses from interest-rate derivatives: cash flow hedges	(69.0)	(0.2)
Losses from interest-rate derivatives: non-hedging	(4.0)	(25.7)
Total	(410.9)	(213.1)

Finance expenses increased by 92.8% to €410.9 million for the year ended December 31, 2010, from €213.1 million for the year ended December 31, 2009. The increase in finance expenses was primarily due to interest expense payable on a higher average amount of indebtedness during the year ended December 31, 2010, interest expense associated with projects entering into operation (interest expense is capitalized during the construction period) and losses from interest rate derivatives designated as cash-flow hedges, for an amount of €69 million. These losses are mainly due to transfers from equity to financial expenses when the hedged item is impacting the consolidated income statement (€48.6 million) and to a decrease in time value of the interest rate options (€18.5 million).

In order to hedge our long term debt, some of the interest rate options contracted have long term maturities, which causes their time value to be considerably more sensitive to changes in interest rates. In the year ended December 31, 2010, losses from interest rate cash flow hedges include a loss of €18.5 million resulting from a decrease in time value of the interest rate options, mainly due to a significant decrease in the swap curve during the period. Transfers from equity to finance expenses have also resulted in a loss during the period because most of the interest rate options have a strike higher than current variable interest rates. Similarly, most of our swaps have a fixed rate higher than current variable interest rates. Fixed rates are disclosed under "Quantitative and Qualitative Disclosure About Market Risk — Market Risk — Interest Rate Risk." Floating rates from the corresponding loans are mainly referenced to one-month and three-month EURIBOR rates which for 2010 were between 0.40% and 0.85% and between 0.63% and 1.05%, respectively. On the other hand, decreases in variable interest rates have resulted in lower interest expenses accrued by our financing, which offsets the negative impact of our derivatives.

Net exchange differences

The following table sets forth our net exchange differences for the years ended December 31, 2010 and December 31, 2009.

	For the year ended December 31,	
	2010	**2009**
	(€ in millions)	
Net exchange differences		
Gains and losses from foreign exchange transactions, net	10.7	72.1
Gains and losses from foreign exchange contracts: cash flow hedges, net	(4.2)	(3.2)
Gains and losses from foreign exchange contracts: fair value hedges, net	(18.3)	(1.1)
Gains and losses from foreign exchange contracts: non-hedging, net	(7.3)	—
Total	(19.1)	67.8

Net exchange differences changed to a net foreign exchange loss of €19.1 million for the year ended December 31, 2010, from a net foreign exchange gain of €67.8 million for the year ended December 31, 2009. In general, as discussed in "Quantitative and Qualitative Disclosures about Market Risk" we use exchange rate derivatives to hedge our foreign exchange operations. As a result, most of our exchange rate differences are offset by the effect of our cash-flow hedge derivatives. The net foreign exchange gain in 2009 was mostly due to the appreciation of the Brazilian real against the U.S. dollar, which caused a decrease in the U.S. dollar denominated debt of the subsidiaries with a Brazilian real functional currency. We do not hedge

against appreciation of the Brazilian real against the U.S. dollar. The U.S. dollar-denominated debt of the Brazilian subsidiaries outstanding as of December 31, 2010 and 2009 amounts to €340.3 million and €325.8 million, respectively. We have hedged €136.8 million and €120.6 million with derivative instruments as of December 31, 2010 and 2009, respectively. The net foreign exchange loss for the year ended December 31, 2010 is primarily due to: the impact of foreign exchange derivative contracts, for an amount of €7.3 million, for which we did not seek to apply hedge accounting; and losses from foreign currency purchase options designated as fair value hedges of Brazilian subsidiaries' U.S. dollar denominated debt financings, which are entered into to hedge against a depreciation of the Brazilian real against the U.S. dollar, for an amount of €18.3 million.

Other financial income/(expenses) net

	For the year ended December 31,	
	2010	**2009**
	(€ in millions)	
Other finance income		
Income on financial assets	—	0.1
Other finance income	84.0	72.9
Gains from commodities forward contracts: cash-flow hedges	2.0	—
Total	86.0	73.0
Other finance expenses		
Losses from sale of financial assets	(2.1)	(24.1)
Other finance expenses	(94.8)	(85.9)
Loss from commodities forward contracts: cash-flow hedge	(0.5)	—
Loss from commodities forward contracts: Non-hedge	—	(13.2)
Total	(97.4)	(123.2)
Other financial income/(expenses) net	(11.4)	(50.2)

"Other net finance expenses" decreased by 77.3% to €11.4 million for the year ended December 31, 2010, from €50.2 million for the year ended December 31, 2009. The decrease in other net finance expense was primarily attributable to significantly reduced losses from the sale of financial assets as well as a gain from the changes in the fair value of the embedded derivatives of the convertible bonds issued by Abengoa in 2010 and 2009 (mainly due to the decrease in the share prices of Abengoa, which represent a key variable in the valuation of the derivative) compared to a loss recognized in 2009 in other finance expenses, which was partially offset by a gain from the sale of derivative financial instruments in Brazil.

"Other finance expense" correspond primarily to bank fees and commissions, financial guarantees, letters of credit and costs related to wire transfers, as well as the cost of outsourcing payments to suppliers. We outsource the payment to suppliers through different financial institutions, which handle the administration of invoices payable and agree to settle them at predefined dates with our suppliers. Abengoa in turn settles directly the invoices with the financial institutions, generally 180 days after the invoice date, reporting the balance in accounts payable until paid. Suppliers have the option to anticipate the collection of their invoices at an earlier date from the financial institutions, which also charges them a discount fee.

In addition, in 2010, other finance expenses were higher as a result of an increase in finance expenses from an impairment of €11 million related to a financial receivable, which was deemed to be uncollectible at year-end, after the obligor under this receivable filed for bankruptcy. This receivable arose in 2008 and was originally due in 2009.

Finance expense net

Finance expense net increased by 103.1% to €368.4 million for the year ended December 31, 2010, from €181.4 million for the year ended December 31, 2009. The increase in finance expense net was attributable to aforementioned changes in finance income, finance expense, net exchange differences and other net finance expenses.

Profit before income tax

Profit before income tax increased by 0.8% between the periods to €262.9 million for the year ended December 31, 2010, compared to €260.8 million for the year ended December 31, 2009. This increase was attributable to the aforementioned results for the period.

Income tax benefit/(expense)

We had an income tax benefit of €0.4 million for the year ended December 31, 2010, compared to an income tax expense of (€58.1) million for the year ended December 31, 2009. Our effective tax rate for the year ended December 31, 2010 was (0.1)% compared to 22.3% for the year ended December 31, 2009. This decrease in income tax expense was attributable, in part, to tax benefits of €25.7 million that were generated in the year 2010 from the application of a new tax incentive for granting the use of intangible assets, as specified in Article 23 of the Revised Text of the Spanish Income Tax Act. This benefit results in a direct deduction from taxable income of 50% of the revenue generated from granting the use of the certain related intangible assets (i.e. licensing revenue, etc.). We expect to continue benefiting from this tax incentive in Spain in the coming years, based on our continuous development of technology. The decrease in the effective tax rate in the year 2010 is also due to the recognition of tax incentives related to overseas investment tax incentives provided under Article 37 of the Revised Text of the Spanish Income Tax Act with an effect in the 2010 income tax expense of €22 million compared to €4.9 million for the year ended December 31, 2009. These tax credits are calculated as a percentage of the investments, which are effectively made in the acquisition of interests in foreign companies or the incorporation of subsidiaries established abroad, and which are direct reductions to taxable income. The benefit relating to a percentage of investments, which was initially at 25%, has been gradually reduced since 2007 to reach 3% in 2010. Finally, the decrease in the effective tax rate in the year 2010 is also due to the recognition of certain Spanish Export Tax Incentives related to export of goods and services from Spain with a tax effect of €28.8 million in 2010, compared to €35.1 million for the year ended December 31, 2009.

Finally, there are differences between nominal and effective tax rates due to differences in tax rates from each tax jurisdiction

Profit attributable to non-controlling interests from continuing operations

Profit attributable to non-controlling interests increased by 73.1% to €56.1 million for the year ended December 31, 2010, from €32.4 million for the year ended December 31, 2009. The increase is primarily the result of almost 60% of Telvent's profit (discontinued operation) for the year 2010 being attributable to non-controlling interests following the partial divestment during 2009 and, to a lesser extent, to the higher result in the Industrial Recycling business in which we own a 97.38% interest.

Profit attributable to owners of the parent

Profit attributable to owners of the parent increased by 21.7% to €207.2 million for the year ended December 31, 2010, compared to €170.3 million for the year ended December 31, 2009. This increase was attributable to the aforementioned results for the period.

Segment Reporting

We organize our business into the following three activities—Engineering and Construction, Concession-Type Infrastructures and Industrial Production, which in turn comprise eight operating segments:

- *Engineering and Construction:* relates to our traditional engineering activities in the energy and environmental sectors, with more than 70 years of experience in the market. Abengoa is specialized in carrying out complex turn-key projects for solar-thermal plants, solar-gas hybrid plants, conventional generation plants, biofuels plants and water infrastructures, as well as large-scale desalination plants and transmission lines, among others. This activity coincides with an operating segment;

- *Concession-Type Infrastructures:* groups together our proprietary concession assets that generate revenues governed by long term sales agreements, such as take-or-pay contracts, tariff contracts or power purchase agreements. This activity includes the operation of electric (solar, co-generation or wind) energy generation plants, transmission lines and water plants. These assets generate low demand risk and we focus on operating them as efficiently as possible.

  This activity is currently composed of four operating segments:

  - Solar—Operation and maintenance of solar energy plants, mainly using solar-thermal technology;

  - Transmission—Operation and maintenance of high-voltage power transmission line infrastructures;

  - Water—Operation and maintenance of facilities aimed at generating, transporting, treating and managing water, including desalination and water treatment and purification plants;

  - Co-generation—Operation and maintenance of conventional electricity plants; and

- *Industrial Production:* covers our businesses with a high technological component, such as biofuels, industrial waste recycling or the development of solar technology. We hold an important leadership position in these activities in the geographical markets in which it operates.

  This activity is composed of three operating segments:

  - Biofuels—Production and development of biofuels, mainly bioethanol for transport, which uses cereals, sugar cane and oil seeds (soya, rape and palm) as raw materials;

  - Industrial Recycling—Industrial waste recycling, principally steel dust and aluminum salt slag recycling; and

  - Other—This segment includes those activities related to the development of solar-thermal technology, water management technology and innovative technology businesses such as hydrogen energy or the management of energy crops.

Comparison of Nine Months Ended September 30, 2012 and September 30, 2011

Revenue by activity

The following table sets forth our revenue for the nine months ended September 30, 2012 and 2011 by our three activities and eight segments.

	For the nine months ended September 30,			
	2012		**2011**	
	(unaudited)			
	(€ in millions, except percentages)			
		% of revenue		**% of revenue**
Revenue				
Engineering and Construction (activity and segment)	**2,780.8**	**49.6%**	**2,156.1**	**45.1%**
Concession-Type Infrastructures	**389.3**	**6.9%**	**321.6**	**6.7%**
Solar	258.8	4.5%	98.7	2.1%
Transmission	71.9	1.3%	184.6	3.8%
Co-generation	31.3	0.6%	25.2	0.5%
Water	27.3	0.5%	13.1	0.3%
Industrial Production	**2,442.0**	**43.5%**	**2,306.4**	**48.2%**
Biofuels	1,585.3	28.2%	1,629.0	34.0%
Industrial Recycling	503.1	9.0%	477.0	10.0%
Other	353.6	6.3%	200.4	4.2%
Total	**5,612.1**	**100.0%**	**4,784.1**	**100.0%**

Engineering and Construction

Revenue increased by 29% to €2,780.8 million for the nine months ended September 30, 2012, from €2,156.1 million for the nine months ended September 30, 2011. If we had applied IFRIC 12 to our thermo-solar plants in Spain for the full nine month period ended September 30, 2011 (rather than solely during September 2011), we would have recorded an additional amount of €376.6 million in revenue for that period in the Engineering and Construction activity (from actual €2,156.1 million to €2,532.7 million) and, as a result, revenue for the nine months ended September 30, 2012 would have increased by €248.1 million or 9.8%, compared to the same period of the previous year, without considering the impact in the nine months ended September 30, 2012 of applying IFRIC 12 during the full nine months ended September 30, 2011. The first nine months of 2012 represented a period of intense execution activity in our Engineering and Construction activity. The most relevant projects in terms of revenue in the nine months ended September 30, 2012 have been the ongoing execution of several concession thermo-solar plants in the United States (the 280MW Solana solar plant in Arizona and the 280MW Mojave solar plant in California), Spain, the combined-cycle electricity power plant in Morelos (Mexico) and several power transmission lines in Latin America.

Concession-Type Infrastructures

Revenue increased by 21.1% to €389.3 million for the nine months ended September 30, 2012, from €321.6 million for the nine months ended September 30, 2011. Our concession business has continued its growth due to new assets entering into operation and a strong performance of assets already in operation.

- ***Solar***

  Revenue increased by 162.2% to €258.8 million for the nine months ended September 30, 2012, from €98.7 million for the nine months ended September 30, 2011. The increase was mainly attributable to solar plants in Spain which entered into operation in the third quarter of 2011 (Helioenergy 1) and in the first nine months of 2012 (Helioenergy 2, Solacor 1 and 2, Helios 1 and 2, Solaben 2 and 3), as well as a larger contribution from the combined cycle SPP1 plant in Hassi R'Mel (Algeria), which entered into operation in the third quarter of 2011.

- ***Transmission***

  Revenue decreased by 61.1% to €71.9 million for the nine months ended September 30, 2012, from €184.6 million for the nine months ended September 30, 2011. The decrease was primarily attributable to the sale of transmission line concessions in Brazil (Cemig Sales) in the fourth quarter of 2011 and second quarter of 2012.

- ***Co-generation***

  Revenue increased by 24.2% to €31.3 million for the nine months ended September 30, 2012, from €25.2 million for the nine months ended September 30, 2011, mainly due to higher tariffs.

- ***Water***

  Revenue increased by 108.4% to €27.3 million for the nine months ended September 30, 2012, from €13.1 million for the nine months ended September 30, 2011. The increase was primarily attributable to the entry into operation in the last quarter of 2011 of the desalination plant in Honaine (Algeria).

Industrial Production

Revenue increased by 5.9% to €2,442.0 million for the nine months ended September 30, 2012, from €2,306.4 million for the nine months ended September 30, 2011. If we had applied IFRIC 12 to our thermo-solar plants in Spain in the full nine month period ended September 30, 2011 (rather than solely during September 2011), we would have recorded an additional amount of €87.2 million in revenue for that period in the Industrial Production activity (from actual €2,306.4 million to €2,393.6 million) due to in part the sale of solar components, such as technology and mirrors, used in the construction of solar plants in USA and in Spain (CSP plants currently registered in Pre-Allocation Registry in accordance with the application of IFRIC 12 since September 2011) and, as a result, revenue for the nine months ended September 30, 2012 would have increased by €48.4 million or 2.0%, compared to the same period of the previous year, without considering the impact in the nine months ended September 30, 2012 of applying IFRIC 12 during the full nine months ended September 30, 2011. The increase was primarily attributable to the sale of solar components included in our Other segment, partially offset by the lower activity in our Biofuels segment.

- ***Biofuels***

  Revenue decreased by 2.7% to €1,585.3 million for the nine months ended September 30, 2012, from €1,629.0 million for the nine months ended September 30, 2011. Our Biofuels segment is experiencing high pressure on costs and margins, which is leading to an erosion of profitability both in the United States and, to a lesser extent, in Europe and Brazil. Given the difficult market conditions, and in order to preserve cash flows, three plants have been temporarily idled in the United States, which significantly contributed to the decrease in revenue over the first nine months of 2012 compared to the corresponding period in 2011.

- ***Industrial Recycling***

  Revenue increased by 5.5% to €503.1 million for the nine months ended September 30, 2012, from €477.0 million for the nine months ended September 30, 2011 with stable margins year-over-year as a consequence of our successful business model and prudent hedging strategy.

- ***Other***

  Revenue increased by 76.4% to €353.6 million for the nine months ended September 30, 2012, from €200.4 million for the nine months ended September 30, 2011 mainly due to the full consolidation of the Rioglass plants after we assumed full control of the group. The increase was also attributable to an increase in the sale of solar components, such as technology and mirrors, used in the construction of the Solana and Mojave solar plants in the United States as well as in the construction of several solar plants in Spain.

Consolidated EBITDA by activity

The following table sets forth our Consolidated EBITDA for the nine months ended September 30, 2012 and 2011 by our three activities.

	For the nine months ended September 30,	
	2012	**2011**
	(unaudited) *(€ in millions)*	
Consolidated EBITDA		
Engineering and Construction (activity and segment)	**359.2**	**263.9**
Concession-Type Infrastructures	**264.5**	**230.8**
Solar	194.5	77.8
Transmission	49.6	144.2
Co-generation	1.2	1.6
Water	19.2	7.2
Industrial Production	**273.5**	**249.4**
Biofuels	26.3	111.2
Industrial Recycling	89.9	85.2
Other	157.3	53.0
Total	**897.2**	**744.1**

Engineering and Construction

Consolidated EBITDA increased by 36.1% to €359.2 million for the nine months ended September 30, 2012, from €263.9 million for the nine months ended September 30, 2011. Consolidated EBITDA margin has remained stable as a percentage of revenue, 12.9% for the nine months ended September 30, 2012, compared to 12.2% in the same period of 2011. Increase in EBITDA in Engineering and Construction was due in part to the prospective application of IFRIC 12 from September 1, 2011 to our thermo-solar plants in Spain

registered in the Pre-Allocation Registry (see "Operating and Financial Review and Prospects—Factors affecting the comparability of our Results of Operations").

Concession-Type Infrastructures

Consolidated EBITDA increased by 14.6% to €264.5 million for the nine months ended September 30, 2012, from €230.8 million for the nine months ended September 30, 2011. Consolidated EBITDA margin in these activities decreased to 67.9% for the nine months ended September 30, 2012, compared to 71.8% in the same period of 2011. The decrease was primarily attributable to the Cemig Sales, transmission lines that had a higher level of EBITDA than other assets.

- ***Solar***

  Consolidated EBITDA increased by 149.8% to €194.5 million for the nine months ended September 30, 2012, from €77.8 million for the nine months ended September 30, 2011. The increase was primarily attributable to plants that have entered into operation in the third quarter of 2011 (Helioenergy 1) and in the first nine months of 2012 (Helioenergy 2, Solacor 1 and 2, Helios 1 and 2, Solaben 2 and 3). However, the EBITDA margin declined to 75.2% for the nine months ended September 30, 2012 from 78.8% for the nine months ended September 30, 2011. This decline is due to the facts that during the first nine months of 2012 six thermo-solar plants (Solacor 1 and 2, Helios 1 and 2, Solaben 2 and 3) have entered into operation and have started to generate EBITDA. During the initial stage of operation of any thermo-solar plant the EBITDA margin tends to be lower because of the start — up costs are incurred during the first months.

- ***Transmission***

  Consolidated EBITDA decreased by 65.6% to €49.6 million for the nine months ended September 30, 2012, from €144.2 million for the nine months ended September 30, 2011, mainly due to the sale of the power transmission lines in Brazil (see "Business — History and Development of our Group"), which had higher operating margins than the average for the segment.

- ***Co-generation***

  Consolidated EBITDA decreased by 25% to €1.2 million for the nine months ended September 30, 2012, from €1.6 million for the nine months ended September 30, 2011, mainly due to higher costs of operation and maintenance in the nine months ended September 30, 2012 when compared to the nine months ended September 30, 2011, caused by periodical maintenance stops in our plants required in 2012.

- ***Water***

  Consolidated EBITDA increased by 167.4% to €19.2 million for the nine months ended September 30, 2012, from €7.2 million for the nine months ended September 30, 2011. The increase was primarily attributable to the increase in revenue due to the desalination plant in Honaine (Algeria) that has entered into operation in the last quarter of 2011.

Industrial Production

Consolidated EBITDA increased by 9.7% to €273.5 million for the nine months ended September 30, 2012, from €249.4 million for the nine months ended September 30, 2011. The Consolidated EBITDA margin in these segments has increased slightly to 11.2% for the nine months ended September 30, 2012 when compared to 10.8% in the same period of 2011. The increase was primarily attributable to the effect of the acquisition in stages of Rioglass and its full consolidation after we took control, which was partially offset by a decrease in margins in our Biofuels segment. Increase in EBITDA in Industrial Production was due in part

to the prospective application of IFRIC 12 from September 1, 2011 to our thermo-solar plants in Spain registered in the Pre-Allocation Registry (see "Operating and Financial Review and Prospects—Factors affecting the comparability of our Results of Operations").

- ***Biofuels***

  Consolidated EBITDA decreased by 76.3% to €26.3 million for the nine months ended September 30, 2012, from €111.2 million for the nine months ended September 30, 2011. The decrease was primarily attributable to extremely adverse market conditions, especially in the United States resulting in heavy margin erosions and to the lack of improved performances of the European and Brazilian markets. The reasons for these low margins were the severe drought in the Midwest in the United States, which caused an increase in corn prices to over U.S.$7.0 per bushel, and the decline in gasoline consumption, which in turn led to low ethanol prices. In Europe the third quarter has shown signs of recovery in margins. European crush margins for the last quarter stood at an average of approximately €180 per cubic meter compared to less than €130 per cubic meter for the nine months ended September 30, 2012.

- ***Industrial Recycling***

  Consolidated EBITDA increased by 5.5% to €89.9 million for the nine months ended September 30, 2012, from €85.2 million for the nine months ended September 30, 2011. This segment has maintained solid margins of 18% thanks to its strategy of hedging zinc prices for periods over 12 months.

- ***Other***

  Consolidated EBITDA increased by 196.8% to €157.3 million for the nine months ended September 30, 2012, from €53.0 million for the nine months ended September 30, 2011. The increase was primarily attributable to the impact from the acquisition of Rioglass, of which we already had a 50% equity interest. The transaction is a business combination achieved in stages and according to IFRS 3, we have remeasured our previously held equity interest in the acquiree at its acquisition date fair value and we have recorded a profit amounting to €85.0 million in other operating income.

Comparison of Years Ended December 31, 2011 and December 31, 2010

Revenue by activity

The following table sets forth our revenue for the years ended December 31, 2011 and December 31, 2010 by our three activities and eight segments.

	For the year ended December 31,			
	2011		2010	
			(unaudited)	
	(€ in millions, except percentages)			
		% of Revenue		% of Revenue
Revenue				
Engineering and Construction (activity and segment)	**3,525.7**	**49.7%**	**2,301.9**	**47.4%**
Concession-Type Infrastructures	**427.6**	**6.0%**	**307.6**	**6.3%**
Solar	131.6	1.9%	58.5	1.2%
Transmission	237.6	3.3%	202.5	4.2%
Co-generation	37.4	0.5%	31.4	0.6%

	For the year ended December 31,			
	2011		2010	
			(unaudited)	
Water	21.0	0.3%	15.2	0.3%
Industrial Production	**3,135.9**	**44.3%**	**2,250.3**	**46.3%**
Biofuels	2,225.0	31.4%	1,575.2	32.4%
Industrial Recycling	629.9	8.9%	561.6	11.6%
Other	281.0	4.0%	113.5	2.3%
Total	**7,089.2**	**100.0%**	**4,859.8**	**100.0%**

Engineering and Construction

Revenue increased by 53% to €3,525.7 million for the year ended December 31, 2011, from €2,301.9 million for the year ended December 31, 2010. The increase in revenue was primarily attributable to the construction revenue from the 280 MW CSP Solana plant in Arizona and the 280 MW CSP Mojave plant in California (both in the United States) (construction started at the end of 2010 and mid-2011, respectively), the 100 MW CSP plant in Abu Dhabi (United Arab Emirates), the co-generation plant in Tabasco (Mexico) and the power transmission lines in Manaus and Rio Madeira (Brazil). In addition, the impact of the application of IFRIC 12 with respect to our thermo-solar plants in Spain from September 1, 2011 also contributed to this increase.

Concession-Type Infrastructures

Revenue increased by 39% to €427.6 million for the year ended December 31, 2011, from €307.6 million for the year ended December 31, 2010. The increase was primarily attributable to the commencement of operations of plants under service concession agreements.

- ***Solar***

  Revenue increased by 125% to €131.6 million for the year ended December 31, 2011, from €58.5 million for the year ended December 31, 2010 due to the startup of Solnova 1, Solnova 3 and Solnova 4 solar power plants, in the second and third quarters of 2010, as well as an integrated solar-combined cycle plant in Hassi R'Mel (Algeria) in the nine months ended September 30, 2011 and a thermo-solar plant of 50 MW (Helioenergy 1) in the third quarter of 2011.

- ***Transmission***

  Revenue increased by 17% to €237.6 million for the year ended December 31, 2011, from €202.5 million for the year ended December 31, 2010. The increase was primarily attributable to the commencement of operations of the power transmission lines ATE IV-VI, Brazil, during the first nine months of 2010 and to the progressive entry into operation throughout 2011 of power transmission line ATN in Peru.

- ***Co-generation***

  Revenue increased by 19% to €37.4 million for the year ended December 31, 2011, from €31.4 million for the year ended December 31, 2010 primarily due to higher tariffs.

- ***Water***

  Revenue increased by 38% to €21.0 million for the year ended December 31, 2011, from €15.2 million for the year ended December 31, 2010. The increase was primarily attributable to the entry into operation in the last quarter of 2011 of the desalination plant in Honaine (Algeria).

Industrial Production

Revenue increased by 39% to €3,135.9 million for the year ended December 31, 2011, from €2,250.3 million for the year ended December 31, 2010. The increase in revenue was primarily attributable to the revenue growth of the three segments of this activity. In addition, the impact of the application of IFRIC 12 with respect to our thermo-solar plants in Spain from September 1, 2011 in Industrial Production also contributed to this increase (see "Operating and Financial Review and Prospects—Factors affecting the comparability of our Results of Operations").

- ***Biofuels***

  Revenue increased by 41% to €2,225.0 million for the year ended December 31, 2011, from €1,575.2 million for the year ended December 31, 2010. The increase was mainly attributable to the full year of operations of the new bioethanol plants in Rotterdam (The Netherlands) and in Indiana and Illinois (both the United States) in the year ended December 31, 2011 and to the increases in ethanol and biodiesel prices during the year ended December 31, 2011, compared to the year ended December 31, 2010.

- ***Industrial Recycling***

  Revenue increased by 12% to €629.9 million for the year ended December 31, 2011, from €561.6 million for the year ended December 31, 2010. The increase was primarily attributable to the increased volumes of industrial waste treated.

- ***Other***

  Revenue increased by 148% to €281.0 million for the year ended December 31, 2011, from €113.5 million for the year ended December 31, 2010, primarily due to the development of new solar and water plants.

Consolidated EBITDA by activity

The following table sets forth our Consolidated EBITDA for the year ended December 31, 2011 and December 31, 2010 by our three activities and eight segments.

	For the year ended December 31,	
	2011	**2010**
	(unaudited)	
	(€ in millions)	
Consolidated EBITDA		
Engineering and Construction (activity and segment)	**437.3**	**259.4**
Concession-Type Infrastructures	**298.9**	**207.7**
Solar	92.9	42.9
Transmission	193.2	150.5
Co-generation	2.5	4.1
Water	10.3	10.2
Industrial Production	**366.3**	**345.3**
Biofuels	152.1	212.0

	For the year ended December 31,	
	2011	2010
	(unaudited)	
	(€ in millions)	
Industrial Recycling	121.3	107.7
Other	92.9	25.6
Total	**1,102.5**	**812.5**

Engineering and Construction

Consolidated EBITDA increased by 69% to €437.3 million for the year ended December 31, 2011, from €259.4 million for the year ended December 31, 2010. Consolidated EBITDA margins increased to 12.4%, compared to 11.3% for the year ended December 31, 2010. Margins for the year ended December 31, 2011 were positively affected by the development of projects with technological innovation. The increase in Consolidated EBITDA was primarily attributable to the increase in revenue from the construction of the 280 MW CSP Solana plant in Arizona and the 280 MW CSP Mojave plant in California (both in the United States) and the 100 MW CSP plant in Abu Dhabi (United Arab Emirates), and to the progress in the construction of the co-generation plant in Tabasco (Mexico) and the power transmission lines in Manaus and Rio Madeira (Brazil). EBITDA margins as a percentage of revenues increased due to the fact that many of these projects, in particular those related to the construction of solar plants, include the deployment of new technology, which is priced above average for the segment.

Concession-Type Infrastructures

Consolidated EBITDA increased by 44% to €298.9 million for the year ended December 31, 2011, from €207.7 million for the year ended December 31, 2010. The Consolidated EBITDA margin in these activities was 69.9% for the year ended December 31, 2011, compared to 67.5% in the same period of 2010. The increase was primarily attributable to the higher level of performance of assets already in operation.

- ***Solar***

  Consolidated EBITDA increased by 117% to €92.9 million for the year ended December 31, 2011, from €42.9 million for the year ended December 31, 2010. The increase was primarily attributable to the entry into operation during 2011 of a thermo-solar plant of 150 MW (Solar Power Plant One) and a 50 MW plant (Helioenergy 1) versus the entry into operation in 2010 of only three thermo-solar plants of 50 MW each. However, the EBITDA margin has declined to 70.6% for the year ended December 31, 2011 from 73.3% for the year ended December 31, 2010, as margins are lower during the initial stage of operation of any thermo-solar plant because of the start-up costs incurred during the first months.

- ***Transmission***

  Consolidated EBITDA increased by 28% to €193.2 million for the year ended December 31, 2011, from €150.5 million for the year ended December 31, 2010 due to increased operational efficiency throughout 2011 of power transmission lines in Brazil.

- ***Co-generation***

  Consolidated EBITDA decreased by 39% to €2.5 million for the year ended December 31, 2011, from €4.1 million for the year ended December 31, 2010. In 2010, the reversal of a provision no longer required generated a one-time income that caused a decrease in EBITDA in 2011, which was partially offset by higher tariffs in 2011.

- ***Water***

  Consolidated EBITDA increased by 1% to €10.3 million for the year ended December 31, 2011, from €10.2 million for the year ended December 31, 2010. EBITDA generally remained in line with that of the prior year.

Industrial Production

Consolidated EBITDA increased by 6% to €366.3 million for the year ended December 31, 2011, from €345.3 million for the year ended December 31, 2010. Despite the increase in revenue and Consolidated EBITDA, the Consolidated EBITDA margin decreased to 11.7% in the year ended December 31, 2011, compared to 15.3% in the same period of 2010 primarily due to lower margins in the Biofuels segment with respect to the previous year.

- ***Biofuels***

  Consolidated EBITDA decreased by 28% to €152.1 million for the year ended December 31, 2011, from €212.0 million for the year ended December 31, 2010. The decrease was primarily attributable to increased prices for raw materials (primarily grains) used in biofuel production, which were not sufficiently offset by increases in ethanol prices.

- ***Industrial Recycling***

  Consolidated EBITDA increased by 13% to €121.3 million for the year ended December 31, 2011, from €107.7 million for the year ended December 31, 2010. The increase was primarily attributable to increased volumes of waste treated.

- ***Other***

  Consolidated EBITDA increased by 263% to €92.9 million for the year ended December 31, 2011, from €25.7 million for the year ended December 31, 2010. The increase was primarily attributable to higher technological sales mostly relating to thermo-solar in the energy sector.

Comparison of Years Ended December 31, 2010 and December 31, 2009

Revenue by segment

The following table sets forth our revenue for the years ended December 31, 2010 and December 31, 2009 by the five segments we had until December 31, 2010.

	For the year ended December 31,			
	2010		2009	
	(€ in millions, except percentages)			
		% of Revenue		% of Revenue
Revenue				
Engineering	2,895.2	52.0%	2,681.0	64.6%
Bioenergy	1,575.1	28.3%	1,010.0	24.4%
Information Technologies	741.8	13.3%	759.0	18.3%
Environmental Services	833.9	15.0%	722.8	17.4%
Solar	168.1	3.0%	115.9	2.8%
Corporate Activities and Intra-Group Eliminations	(648.0)	(11.6)%	(1,141.4)	(27.5)%
Total	5,566.1	100.0%	4,147.3	100.0%

Engineering

Revenue increased by 8% to €2,895.2 million for the year ended December 31, 2010, from €2,681.0 million for the year ended December 31, 2009. The increase in revenue was primarily attributable to revenue recognized due to advanced progress being made on concession projects and construction contracts relating to the construction of power transmission lines in Brazil and Peru (primarily the Manaus and ATN power transmission lines), the construction of a 300 MW co-generation plant, a 45 km power transmission line in Tabasco (Mexico) and the construction of CSP plants in Spain, Algeria, and Morocco.

Bioenergy

Revenue increased by 56% to €1,575.1 million for the year ended December 31, 2010, from €1,010.0 million for the year ended December 31, 2009. The increase in revenue was primarily attributable to increased ethanol sales. In Europe, ethanol sales for the year ended December 31, 2010 totaled 973 Ml (million liters), growing by 35.8%, compared to 716.5 Ml during the same period in 2009. In the United States, ethanol sales for the year ended December 31, 2010 totaled 329.8 Mgal (million gallons), growing by 95.6%, compared to 168.6 Mgal during the same period in 2009. The increase in revenue in Europe was driven primarily by the completion of the acquisition during the last quarter of 2009 of the remaining 50% shareholding of our ethanol plant in Salamanca (Spain), which allowed us to consolidate 100% of the plant's revenue in 2010, compared to only 50% of the revenue in the first nine months of the prior year, in addition to the entry into production of the ethanol plant in Rotterdam (The Netherlands) in the third quarter of 2010. In the United States, the increase in revenue was driven primarily by increased sales as a result of increased capacity due to our ethanol plants in Indiana and Illinois (United States) becoming operational during the first quarter of 2010.

Information Technologies

Revenue decreased by 2% to €741.8 million for the year ended December 31, 2010, from €759 million for the year ended December 31, 2009. When adjusted for the sale to Abengoa on January 1, 2010 of Simosa IT S.A., our internal IT outsourcing business, our Information Technologies segment experienced a slight increase in revenue compared to the same period in the prior year. This growth in sales was primarily due to the strong performance of the energy sector, for both electricity and oil and gas, combined with good results in the environment, agriculture and global services sectors. Every sector recorded organic growth, except transport,

which was affected by budget pressures by the majority of public sector clients as a result of the general global economic slowdown. In addition to higher sales, operating margins also improved, making Telvent a more profitable and efficient company.

Environmental Services

Revenue increased by 15% to €833.9 million for the year ended December 31, 2010, from €722.8 million for the year ended December 31, 2009. The increase in revenue was primarily attributable to increased revenue from the aluminum waste recycling business, due to increased industrial activity during the period, increased capacity due to the successful integration of the German salt slag plants acquired in 2009, and the continued construction of desalination plants in India and China. Furthermore, general increases occurred in the industrial waste volume treated across all other areas of the segment, water sales from a newly operational desalination plant in Skikda (Algeria), and the prices of zinc and aluminum during the year ended December 31, 2010, compared to the year ended December 31, 2009.

Solar

Revenue increased by 45% to €168.1 million for the year ended December 31, 2010, from €115.9 million for the year ended December 31, 2009. The increase in revenue was primarily attributable to the sale of solar energy from 193 MW of capacity in operation using both thermo-solar and photovoltaic technology, knowledge transfers to third parties and solar developments and the sale of technology components. As a result of the CSP plants Solnova 1, 3 and 4 in Spain coming into operation during 2010, 150 MW of this capacity was only operational for part of the year.

Consolidated EBITDA by segment

The following table sets forth our Consolidated EBITDA for the years ended December 31, 2010 and December 31, 2009 by the five segments we had until December 31, 2010.

	For the year ended December 31,	
	2010	**2009**
	(unaudited)	
	(€ in millions)	
Consolidated EBITDA by Segment		
Engineering	359.4	322.3
Bioenergy	212.0	123.4
Information Technologies	129.4	172.7
Environmental Services	129.7	119.6
Solar	70.2	21.6
Corporate Activities and Intra-Group eliminations	41.7	(9.2)
Total	942.4	750.4

Engineering

Consolidated EBITDA increased by 12% to €359.4 million for the year ended December 31, 2010, from €322.3 million for the year ended December 31, 2009. In general terms, the increase in

Consolidated EBITDA was primarily attributable to an increased level of construction and concession project activity. The increase was primarily due to advanced progress being made on concession projects and construction contracts relating to the construction of power transmission lines in Brazil and Peru (primarily the Manaus and ATN power transmission lines), the construction of a 300 MW co-generation plant and 45 km power transmission line in Tabasco (Mexico) and the construction of CSP plants in Spain, Algeria, and Morocco and from the sale of two power transmission lines in Brazil.

Bioenergy

Consolidated EBITDA increased by 72% to €212.0 million for the year ended December 31, 2010, from €123.4 million for the year ended December 31, 2009. The increase in Consolidated EBITDA was largely attributable to the increase in production capacity, primarily due to the consolidation of 100% of the revenue of the Salamanca (Spain) ethanol plant following acquisition of the remaining 50% shareholding in the fourth quarter of 2009, compared to 50% of the revenue in the first nine months of the previous year, in addition to the entry into production of the ethanol plant in Rotterdam (the Netherlands) in the third quarter of 2010 and the increase in the United States attributable to the commencement of production from the ethanol plants in Indiana and Illinois, which were still under construction in 2009. Average ethanol prices were also higher in 2010 than in 2009, rising from U.S.$1.74/gal in 2009 to U.S.$1.83/gal in 2010.

Information Technologies

Consolidated EBITDA decreased by 25% to €129.4 million for the year ended December 31, 2010, from €172.7 million for the year ended December 31, 2009. In 2009, Consolidated EBITDA was affected by the capital gain from the sale of a minority stake in Telvent for €56.3 million. If this capital gain is excluded, Consolidated EBITDA growth would be 11%, while the Consolidated EBITDA/Sales ratio would have increased by 2.1 points. This growth was primarily due to the strong performance of the energy sector, both for electricity and oil and gas, combined with good results in the environment, agriculture and global services sectors.

Environmental Services

Consolidated EBITDA increased by 8% to €129.7 million for the year ended December 31, 2010, from €119.6 million for the year ended December 31, 2009. The increase in Consolidated EBITDA was primarily attributable to the recovery of the aluminum waste recycling business, due to increased industrial activity in Europe during the period, increased capacity due to the successful integration of the German salt slag plants acquired during 2009, and the continued construction of desalination plants in India and China. Furthermore, general increases occurred in the industrial waste volume treated across all other areas of the business, water sales from a newly operational desalination plant in Skikda (Algeria), and prices of zinc and aluminum during the year ended December 31, 2010, compared to the year ended December 31, 2009.

Solar

Consolidated EBITDA increased by 225% to €70.2 million for the year ended December 31, 2010, from €21.6 million for the year ended December 31, 2009. The increase in Consolidated EBITDA was primarily attributable to sales of solar technology and solar developments as new assets became operational during 2010 (our CSP plants Solnova 1, 3 and 4, in Spain).

Liquidity and Capital Resources

We believe that our existing liquidity and cash flow will be sufficient to meet our requirements and commitments for the foreseeable future. However, we are leveraged and have significant debt service obligations. Our actual financing requirements will depend on a number of factors, many of which are beyond our control.

We utilize a combination of corporate debt and non-recourse debt to finance our cash needs and the growth of our business. Our primary source of liquidity has historically been cash generated from our operations and financing activities.

Cash generated by operations includes mostly the EBITDA generated in the period as well as cash flow generated from working capital. We use the following tools that have allowed us to generate cash flows from working capital in the past: (i) we outsource payment to suppliers through financial institutions that process payments 180 days after approval of invoices; (ii) we use non-recourse factoring for many of our receivables (see "Quantitative and Qualitative Disclosures About Market Risk — Credit Risk") and (iii) we attempt to negotiate advances from customers related to construction works we perform in our Engineering and Construction segment. The use of these tools allows certain of our projects to be cash flow positive throughout their life. Non-recourse factoring allows us to collect on invoices as soon as they are certified by our customers (based on percentage of completion milestones agreed to in our contracts). Our outsourcing of payables implies suppliers are paid through a financial institution 180 days after the invoices are internally approved, having the option to collect in advance with a discount. Therefore, in quarters of high execution and invoicing, we can generate significant cash flows from collections, whereas payments on work performed are generally made in the subsequent two quarters. This causes certain seasonality in our cash flows, with cash typically generated towards the end of the year, and payments made in the first half of the year.

At September 30, 2012 we had €5,164 million of Gross Corporate Debt and €2,250 million of cash and cash equivalents and short-term financial investments, excluding cash and cash equivalents and short-term financial investments held by our non-recourse subsidiaries. As of September 30, 2012, we had €735 million of short-term Corporate Debt, representing 14% of our total Corporate Debt.

We have historically refinanced or renewed our bilateral credit agreements and other indebtedness coming due at or prior to maturity, and in 2012 we refinanced the remaining amounts due under our 2010 Forward Start Facility and certain of our other syndicated facilities with the signing on April 27, 2012 of a new forward start facility agreement with a group of lenders (the "2012 Forward Start Facility"), with final maturity on July 20, 2016. The original aggregate principal amount under the 2012 Forward Start Facility was €1,566 million; however, following two increases of the aggregate principal amount on May 22, 2012 and July 11, 2012 of €47 million and €50 million, respectively, the 2012 Forward Start Facility provides for borrowings up to €1,663 million divided into Tranche A and Tranche B amounting to €1,350.7 million and €312.5 million, respectively. Drawdowns under Tranche A are designated as July 20, 2012 under Sub--Tranches A1, A2 and A3, and July 20, 2013 under Sub-Tranche A4 which correspond to payment or maturity dates of our other syndicated finance facilities. Drawdowns under Tranche B are designated as July 20, 2012 under Sub-Tranches B3 and B4 and July 20, 2013 under Sub-Tranche B2, which correspond to payment or maturity dates of existing indebtedness. The drawdown date for Sub-Tranche B1 is available after July 2, 2012. The terms and conditions of the 2012 Forward Start Facility are broadly in line with those of our existing 2010 Forward Start Facility. As of September 30, 2012, borrowings under the 2012 and 2010 Forward Start Facility amounted to €589 million and €1,282 million respectively. The remaining €1,073 million to be drawn under the 2012 Forward Start Facility will be used solely to refinance existing indebtedness, which has no impact on our leverage ratios. The 2010 Forward Start Facility is fully drawn.

Our principal liquidity and capital requirements consist of the following:

- capital expenditures for existing and new plants and operations;
- debt service requirements on our existing and future debt;
- costs and expenses relating to the operation of our businesses; and

- acquisitions of new companies to expand our existing product and service lines and geographic presence.

We proactively manage our cash needs by preparing an annual financial plan, which is approved by the Board of Directors, and continually monitoring the provisions of our liquidity reserve (which includes credit facilities and cash and cash equivalents), based on expected cash flows. We fund in advance disbursements for major cash requirements, such as capital expenditures and debt repayments. In addition, as a general rule, we do not commit our own equity in projects until the associated long term financing is obtained.

As of September 30, 2012, our known material future commitments in the short-term and long-term with recourse and without recourse were €5,291 million and €6,277 million, respectively. For further discussion of our contractual obligations, see "— Non-Recourse Debt", "— Corporate Debt and "Description of Other Indebtedness."

In addition, as of September 30, 2012, our committed capital expenditures for 2012 through 2014, broken down between our Concession-Type Infrastructures and Industrial Production activities (we do not have any committed capital expenditures in our Engineering and Construction activity), are as follows:

	Total	**2012**	**2013**	**2014**
		(unaudited) *(€ in millions)*		
Activity				
Concession-Type Infrastructures	2,755	730	1,568	457
Industrial Production	227	32	185	10
Total	**2,982**	**762**	**1,753**	**467**

To finance our committed capital expenditures plan, we have secured €1,572 million of non-recourse debt and obtained commitments from our partners in these projects for €171 million, with the remaining €477 million to be contributed by us as equity. We intend to finance our equity contribution to these projects through cash on hand, cash flows generated from operating activities and cash from the corporate financing arrangements we have in place. The table that follows breaks down the amounts to be raised from these sources of capital by year for 2013 through 2014:

	Total	**2013**	**2014**
		(unaudited) *(€ in millions)*	
Source of Capital			
Equity from Abengoa	477	406	71
Partners	171	133	38
Non-Recourse Debt	1,572	1,214	358
Total	**2,220**	**1,753**	**467**

In the last three years, due to the increase in capital expenditures incurred to develop our portfolio of segments in power transmission, solar plants, biofuels and water desalination plants, we have invested €2,913 million, €2,094 million and €2,022 million in 2011, 2010 and 2009, respectively, which has resulted in negative cash flow. These projects are developed over long periods of time, many of which are over 12-month periods. As a result, a high amount of our fixed or intangible assets are still under construction

(€3,183 million at December 31, 2011, or 52% of total tangible and intangible assets) and therefore are not yet generating cash flow from operations. However, as these projects become operational, during 2013 and 2014, they will start contributing to the operating result under the concession segment and therefore will generate cash flow from operations.

The expected start-up date of the most significant assets under construction is as follows:

Description of assets	Location	Capacity	Abengoa (Equity Ownership %)	Expected start up
Solar				
Solana	USA	280 MW	100.0%	Q3 2013
Mojave	USA	280 MW	100.0%	Q2 2014
Solaben 1-6	Spain	50 MW x 2	100.0%	Q3-Q4 2013
South Africa Through	South Africa	100 MW	51.0%	Q4 2014
South Africa Tower	South Africa	50 MW	51.0%	Q4 2014
Water				
Tenes	Algeria	200 ML/day	51.0%	Q3 2014
Qingdao	China	100 ML/day	92.0%	Q1 2013
Ghana	Ghana	60 ML/day	51.0%	Q1 2015
Zapotillo	Mexico	3,8 m3/sec	100.0%	Q4 2015
Co-generation and other				
Cog.Pemex	Mexico	300 MW	60.0%	Q1 2013
Uruguay wind	Uruguay	50 MW	50.0%	Q4 2013
Transmission				
Manaus	Brazil	586 km	50.5%	Q1 2013
Norte Brasil	Brazil	2,375 km	51.0%	Q3 2013
Linha Verde	Brazil	987 km	50.5%	Q3 2013
ATS	Peru	900 km	100.0%	Q4 2013
ATE VIII	Brazil	108 km	100.0%	Q2 2013
Quadra I	Chile	80 km	100.0%	Q3 2013
Quadra II	Chile	50 km	100.0%	Q3 2013
Biofuels				
Hugoton	USA	95 ML	100.0%	Q1 2014
Recycling				
Adana & Izmir	Turkey	220,000 t	100.0%	Q4 2014

As of September 30, 2012, our cash and cash equivalents were €2,493 million and short-term financial investments were €714 million. Of the aggregate amount of €3,207 million in cash, cash equivalents and short-term financial investments, approximately €957 million was held by our non-recourse subsidiaries,

which are subject to legal, contractual or other restrictions that may prevent distributions or transfers of cash held by our non-recourse subsidiaries to Abengoa under certain circumstances.

We aim to maintain our strong liquidity position, extend the debt maturities of our existing corporate loans and bonds, continue to access the capital markets from time to time, as appropriate, and further diversify our funding sources. We aim to continue to raise equity funding at the project company level through partnerships.

We continue to explore additional investment opportunities, managing an uncommitted capital expenditures plan that consists of investment opportunities that will require equity contributions from Abengoa of approximately €770 million. We only intend to engage in those opportunities after financing has been committed.

This offering is part of Abengoa's long-term strategic plan to reduce its leverage and strengthen its balance sheet in the near term. Pursuant to this plan Abengoa aims to continue to diversify its access to the global capital markets, such as through its proposed U.S. listing, and continue, as appropriate and subject to prevailing market conditions and other factors, to opportunistically access the global capital markets from time to time. Our liquidity plans are subject to a number of risks and uncertainties, some of which are outside of our control. Macro-economic conditions could limit our ability to successfully execute our business plans and, therefore, adversely affect our liquidity plans. See "Risk Factors."

Cash Flow

The following table sets forth consolidated cash flow data for the nine months ended September 30, 2012 and 2011.

	For the nine months ended September 30,	
	2012	**2011**
	(unaudited)	
	(€ in millions)	
Profit for the period from continuing operations	152.3	133.9
Non-monetary adjustments	398.1	578.4
Variations in working capital and other items	(657.6)	225.6
Net cash (used in)/generated by operating activities	**(107.2)**	**937.9**
Investments	(2,701.1)	(2,360.8)
Disposals	588.6	455.7
Net cash used in investing activities	**(2,112.5)**	**(1,905.1)**
Net cash generated from financing activities	**1,012.3**	**1,025.7**
Net increase/(decrease) in cash and cash equivalents	(1,207.4)	58.5
Cash and cash equivalents at the beginning of the period	3,738.1	2,983.2
Currency translation difference on cash and cash equivalents	(37.6)	(17.0)
Discontinued operations	—	(56.2)
Cash and cash equivalents at the end of the period	**2,493.1**	**2,968.5**

The following table sets forth consolidated cash flow data each of the three years ended December 31, 2011, December 31, 2010, and December 31, 2009.

	For the year ended December 31,			
	2011	(restated) 2010[(2)]	2010	(restated) 2009
		(unaudited)		(unaudited)[(1)]
	(€ in millions)			
Profit for the period from continuing operations	182.2	215.4	263.3	202.7
Non-monetary adjustments	766.7	412.8	502.3	538.5
Variations in working capital and other items	403.9	146.1	3.8	(15.3)
Net cash generated from operating activities	**1,352.8**	**774.3**	**769.4**	**725.9**
Investments	(3,221.6)	(2,268.5)	(2,311.4)	(2,140.8)
Disposals	1,064.0	175.7	175.7	335.3
Net cash used in investing activities	**(2,157.6)**	**(2,092.8)**	**(2,135.7)**	**(1,805.5)**
Net cash generated from financing activities	**1,613.1**	**2,739.9**	**2,755.4**	**1,149.8**
Net increase/(decrease) in cash and cash equivalents	808.3	1,421.4	1,389.2	70.2
Cash and cash equivalents at the beginning of the year	2,983.2	1,546.4	1,546.4	1,398.7
Currency translation difference on cash and cash equivalents	5.2	47.6	47.6	77.5
Discontinued operations	(58.6)	(32.2)		
Cash and cash equivalents at the end of the year	**3,738.1**	**2,983.2**	**2,983.2**	**1,546.4**

Note:

(1) 2009 historical financial information has been restated to reflect the application of IFRIC 12 to all of our concession assets with the exception of our thermo-solar power plants in Spain as if it has applied throughout the period or as of the period end.

(2) The historical financial information for the year ended December 31, 2010 has been restated to present Telvent as discontinued operations for comparison purposes.

Net Cash Flows from Operating Activities

For the nine months ended September 30, 2012, we used net cash in our operating activities of €107.2 million, compared to net cash generated from operating activities of €937.9 million for the nine months ended September 30, 2011. The decrease in net cash flow from operating activities was mainly due to an increase in our activities and, therefore, larger amounts paid to our suppliers, especially in our Engineering and Construction activity in the nine months ended September 30, 2012 compared to the same period of the

previous year, as well as to the low margins in our Biofuels segment in the first nine months of 2012. We experienced a stronger execution rhythm in our Engineering and Construction activity in the second half of 2011 and the first half of 2012 (when we brought nine plants into operation, mainly thermal solar assets in Spain) compared with the prior comparable period (when we brought three plants into operation: the ethanol plant in Rotterdam, cogeneration in Brazil and a thermal solar plant in Spain). Because we pay suppliers several months after works are performed, we faced stronger cash outflow from working capital particularly during the nine months ended September 30, 2012 compared to the nine months ended September 30, 2011.

For the year ended December 31, 2011, we generated net cash flows from operating activities of €1,352.8 million, compared to net cash generated in operating activities of €774.3 million for the year ended December 31, 2010. The increase in net cash flow from operating activities was primarily attributable to the increase in cash generated by the new ethanol plant in Rotterdam (the Netherlands) becoming operational; new thermo-solar plants in Spain, an integrated solar-combined cycle plant in Hassi R'Mel (Algeria) entering into operation and the partial start-up of the power transmission line ATN in Peru; as well as increased construction activity primarily in the Solar, Transmission and Co-generation segments and lower amounts of cash used in working capital.

For the year ended December 31, 2010, we generated net cash flows from operating activities of €769.4 million, compared to €725.9 million for the year ended December 31, 2009. The increase in net cash flow from operating activities was primarily attributable to the increase in cash generated by: new ethanol plants in Indiana, Illinois and Rotterdam becoming operational; the construction of power transmission lines in Latin America; the construction of solar power plants in Morocco and Algeria; the construction of a desalination plant in Algeria; and an improvement in cash generated from working capital.

Net Cash used in Investing Activities

For the nine months ended September 30, 2012, net cash used in investing activities was €2,112.5 million, compared to €1,905.1 million for the nine months ended September 30, 2011. The increase in net cash used in investing activities corresponds to the execution of our capital expenditure plan, which was more intense in the first nine months of 2012 compared to the first nine months of 2011. Our main investments in the first nine months of 2012 have been the construction of several solar plants in Spain, the construction of the Mojave solar plant in California and the Solana solar plant in Arizona (both in the United States), the construction of power transmission lines in Brazil and Peru, the construction of a second-generation biofuels commercial plant in Hugoton, Kansas (United States) and the construction of a co-generation plant in Tabasco (Mexico).

For the year ended December 31, 2011, net cash used in investing activities was €2,157.6 million, compared to €2,092.8 million for the year ended December 31, 2010. The increase in net cash used in investing activities was primarily attributable to the construction of the power transmission lines in Brazil and Peru and a co-generation plant in Mexico; the construction of the Solacor 1 and 2, Solaben 2 and 3, Helios 1 and 2 and Helioenergy 1 and 2 solar power plants in Spain, the Solar Power Plant One integrated solar-combined cycle power plant in Hassi R'Mel (Algeria); the construction of solar power plants in Arizona and California (both the United States); the construction of desalination plants in Qingdao (China) and Algeria and the payment of the deferred purchase price of the entities acquired in 2010 (NTE Transmissora de Energía, S.A. and STE Transmissora de Energía, S.A.).

For the year ended December 31, 2010, net cash used in investing activities was €2,135.7 million, compared to €1,805.5 million for the year ended December 31, 2009. The increase in net cash used in investing activities was primarily attributable to: the construction of the Solnova 1, 3 and 4 solar power plants (Spain), the Solacor 1 and 2 solar power plants (Spain), Helioenergy and the Solar Power Plant One solar power plants (Algeria) and the desalination plants in Qingdao (China) and Algeria; the construction of power

transmission lines in Brazil and Peru and a co-generation plant in Mexico; and the construction of co-generation plants in São Luíz and São João (Brazil).

Net Cash generated from Financing Activities

For the nine months ended September 30, 2012, net cash flow from financing activities was €1,012.3 million, compared to €1,025.7 million for the nine months ended September 30, 2011. The net cash generated from financing activities for the nine months ended September 30, 2012 corresponds mainly to new non-recourse financing obtained for our solar plants under construction (Solana, Mojave in United States and the thermal solar plants Solaben, Solacor and Helios in Spain) and to a lesser extent to transmission lines in Brazil (Manaus, Linha Verde) and the cogeneration plant for Pemex in Mexico.

The net cash generated from financing activities for the nine months ended September 30, 2011 corresponds mainly to financing obtained to fund the purchase of diverse industrial equipment related to various projects under construction, disbursements under non-recourse facility agreements related to the construction of Solana plant in United States, thermal solar plants in Spain (Solaben, Solacor, Helioenergy), as well as financing for the Brazilian power transmission lines and the non-recourse loan received by Befesa Zinc for the refinancing and general corporate purposes of its zinc recycling activity.

For the year ended December 31, 2011, net cash flow from financing activities was €1,613.1 million, compared to €2,739.9 million for the year ended December 31, 2010. The decrease was primarily attributable to the fact that net cash generated from financing activities in the year ended December 31, 2010 included the proceeds from issuances of €250 million of convertible notes due 2017, €500 million of notes due 2016 and U.S.$650 million of notes due 2017.

For the year ended December 31, 2010, net cash flow from financing activities was €2,755.4 million, compared to €1,149.8 million for the year ended December 31, 2009. This was primarily attributable to (i) our issuance of U.S.$650 million aggregate principal amount of 8.875% senior unsecured notes due 2017, €500 million of 8.5% senior unsecured notes due 2016 and €250 million of 4.5% senior unsecured convertible notes due 2017, and (ii) the issuance of U.S.$200 million aggregate principal amount of 5.50% subordinated unsecured convertible notes due 2015 by Telvent. Additionally, on April 22, 2010, we obtained additional funding of €354.6 million by entering into the 2010 Forward Start Facility Agreement (as described below). During the year ended December 31, 2010, there was also an increase in the financing of certain projects including the construction of power transmission lines in Brazil and Peru; the construction of solar power plants in Spain and Algeria; and the construction of desalination plants in Algeria and China.

Clients and other receivable accounts

	As of September 30,	**As of December 31,**		
	2012	**2011**	**2010**	**2009**
	(unaudited)			
		(€ in millions)		
Clients and other receivable accounts:				
Trade receivables	649.4	577.1	735.2	587.9
Unbilled revenues	467.8	493.4	711.4	871.2
Bad debt provisions	(30.0)	(29.1)	(23.4)	(21.3)
Tax receivables	666.0	618.0	492.4	336.0
Other debtors	246.0	146.9	225.8	228.4
Total	**1,999.2**	**1,806.3**	**2,141.4**	**2,002.2**

As indicated above under "Liquidity and Capital Resources", in quarters of high execution and invoicing, we can generate significant cash flows from collections, whereas payments on work performed are generally made in the subsequent two quarters. This causes certain seasonality in our cash flows, with cash typically generated towards the end of the year, and payments made in the first half of the year. Consequently, our cash flows during interim periods are not necessarily indicative of cash flow trends for the relevant annual periods.

As of September 30, 2012, clients and other receivable accounts increased by €192.9 million, or 10.7%, compared to December 31, 2011. This increase was primarily due to the increased activity in the Solar segment by the commencement of operations of the new solar plants in Spain. Unbilled revenues are related to projects in our Engineering and Construction activity (especially in large projects under construction, such as Solana and Mojave (two solar thermal plants in the United States), several transmission lines in Latin America, the solar-thermal plant Shams-1 facility in Abu Dhabi (United Arab Emirates) and the combined-cycled electricity power plant in Morelos, Mexico). As a general rule, we aim to bill amounts under "Unbilled revenues" within the three months following completion of the work being performed on the project. We record revenues from construction contracts pursuant to the percentage of completion achieved. Given the highly-tailored characteristics of some construction contracts, some projects may take longer than average to be billed due to specific billing milestones in the contracts. These balances do not include any receivables relating to customer claims being supported by contracts signed with such customers.

As of December 31, 2011, clients and other receivable accounts decreased by €335.1 million, or 15.6%, compared to December 31, 2010. This decrease was primarily the result of the deconsolidation of trade receivables and other accounts receivable of Telvent of €474 million, as a result of our divestment of Telvent, in September 2011, which was partially offset by the increase in unbilled revenues related to new Engineering and Construction activities (especially in large projects in construction such as several transmission lines in Latin America, the solar-thermal plant Shams-1 facility in Abu Dhabi (United Arab Emirates) and the Colectora Porto Velho electrical substation) of €116 million and an increase in VAT tax receivables from milestones reached in projects under construction. Of the total amount of Unbilled revenues outstanding as of December 31, 2011 of €493 million, we had billed approximately 71% as of September 30, 2012. We anticipate that the remaining unbilled balance will be billed in the upcoming months according to the milestones of each specific project. These balances do not include any receivables relating to customer claims being supported by contracts signed with such customers.

As of December 31, 2010, trade receivables increased by €147.3 million, or 25.1%, compared to the year ended December 31, 2009, due to the increase in revenue during the year 2010. This increase in receivables, however, is not proportional to the increase in revenue due to the efforts carried out by us to speed collection from customers mainly by maximizing the use of non-recourse factoring, as well as improving collection terms. The result of these measures is that receivables outstanding up to three months have only increased by 6.7% compared to 2009. Receivables outstanding between three and six months increased by €59.4 million, or 76.3%, to €137.3 million in 2010 compared to €77.9 million in 2009. This increase is due to receivables with governmental entities from projects in Morocco (Project ONE) and in Brazil (Projects Linha Verde and Rio Madeira), which have special payment terms. In relation to the Morocco project, as of the date of this Offering Circular, the outstanding amount had been collected. For projects in Brazil, the outstanding amount as of the close of 2010 continues to be outstanding for an amount of €36.0 million, mainly due to delays in the client's internal approval procedures. This account receivable is expected to be collected during 2011. Furthermore, unbilled revenues decreased in the year ended December 31, 2010 by €159.8 million, or 18.3% compared to the year ended December 31, 2009, due to the lower level of construction in progress at the end of 2010 compared to the end of 2009, as a result of the completion of the Indiana and Illinois ethanol plants and the Solnova 1, 3 and 4 solar power plants during 2010.

Concessions

As of September 30, 2012, the average remaining life of our concessions was approximately 26 years. Concessions consist of long-term projects awarded to, and undertaken by, Group entities (in conjunction with other companies or on an exclusive basis), typically over a term of 20 to 30 years. For further information on our backlog and concessions, see "Operating and Financial Review and Proposals — Factors Affecting our Results of Operations — Backlog and Concessions."

Financing Arrangements

We utilize two main sources of financing to meet our financial commitments: corporate debt and non — recourse debt. We use our corporate debt to finance our investments (including in joint ventures and financing at the project company level) and for general corporate purposes. Our corporate debt is used by all of our activities and is primarily incurred by Abengoa with upstream guarantees from our main operating subsidiaries. We finance the construction of our own operations by means of non-recourse debt at the project company level. Non-recourse debt is the principal means of financing for project construction in our Engineering and Construction activity, our Concession-Type Infrastructures activity and our Industrial Production activity. We believe that we have sufficient corporate debt in place, together with non-recourse debt and cash flows, to fund and adequately support its existing operations and finance its expansion.

As of September 30, 2012, we had a total net financing of €8,360.4 million outstanding, the majority of which is long-term financing. Our borrowings consist principally of corporate debt and non-recourse debt and loans received from public organizations in connection with certain of our projects. As of September 30, 2012, we had €5,290.9 million of indebtedness with recourse at the corporate level, €6,276.6 million of non-recourse debt and €3,207.1 million of cash and cash equivalents and short-term financial investments.

The table below sets forth our total net debt as of September 30, 2012 and as of each of the three years ended December 31, 2011, December 31, 2010, and December 31, 2009.

Total Net Financing	**As of September 30,**	**As of December 31,**		
	2012	**2011**	**2010**	**2009**
		(unaudited)		
		(€ in millions)		
Corporate debt:				
Long-term and short-term bank loans	(3,330.5)	(3,131.9)	(3,266.5)	(2,709.9)
Long-term and short-term notes and bonds	(1,703.2)	(1,656.7)	(1,723.3)	(448.3)
Long-term and short-term finance lease liabilities	(38.8)	(40.9)	(52.8)	(51.9)
Long-term and short-term other loans and borrowings	(218.4)	(239.1)	(119.0)	(89.4)
Total corporate debt	**(5,290.9)**	**(5,068.6)**	**(5,161.6)**	**(3,299.5)**
Non-recourse debt:				
Long-term non-recourse debt	(5,833.5)	(4,983.0)	(3,558.0)	(2,748.0)
Short-term non-recourse debt	(443.1)	(407.1)	(492.1)	(185.4)
Total non-recourse debt	**(6,276.6)**	**(5,390.1)**	**(4,050.1)**	**(2,933.4)**
Total indebtedness	**(11,567.5)**	**(10,458.7)**	**(9,211.7)**	**(6,232.9)**
Short-term financial investment	714.0	1,013.9	913.6	482.0

Total Net Financing	As of September 30,	As of December 31,		
	2012	2011	2010	2009
		(unaudited)		
		(€ in millions)		
Cash and cash equivalents	2,493.1	3,738.1	2,983.2	1,546.4
Total net debt	(8,360.4)	(5,706.7)	(5,314.9)	(4,204.5)
Less: Long-term and short-term other loans and borrowings	218.4	239.1	119.0	89.4
Total net debt (excluding other loans and borrowings)	**(8,142.0)**	**(5,467.6)**	**(5,195.9)**	**(4,115.1)**

Corporate Debt

As of September 30, 2012, we had €5,290.9 million of corporate debt outstanding. For the year ended 2011, our average corporate debt outstanding during the period had an average effective annual interest rate of approximately 7.8%, including cost of interest rate hedges.

Our bank loan financings as of September 30, 2012 primarily consist of the following:

(i) A forward start facility maturing in 2016 dated April 27, 2012 borrowed by Abengoa and jointly and severally guaranteed on a senior basis by certain companies of the Abengoa Group (the "2012 Forward Start Facility"). The original aggregate principal amount under the 2012 Forward Start Facility was €1,566 million; however, following two increases of the aggregate principal amount on May 22, 2012 and July 11, 2012 of €47 million and €50 million, respectively, the 2012 Forward Start Facility provides for borrowings of up to €1,663 million divided into Tranche A and Tranche B amounting to €1,350.7 million and €312.5 million, respectively. Certain sub-tranches within Tranche A and Tranche B were drawn for the purpose of repaying and extinguishing certain syndicated credit facilities agreements borrowed in 2005 and 2006 as well as making a partial repayment under the 2010 Forward Start Facility, in each case on July 20, 2012. In addition, certain amounts under the 2012 Forward Start Facility will be utilized, along with other funds, to repay and extinguish the 2010 Forward Start Facility in July 2013.

The 2012 Forward Start Facility is subject to compliance with a financial covenant. At all times, the ratio of Net Finance Debt to Consolidated EBITDA (as such terms are defined therein) should be lower than 3.00 until December 30, 2014, following which the ratio should be lower than 2.50. Under the 2012 Forward Start Facility, Abengoa is obligated to repay Tranche A and Tranche B with the proceeds from any sale by public offering of the shares of its Abengoa Solar, S.A., Befesa Medio Ambiente, S.L. and Abengoa Bioenergía, S.A. to the extent necessary in order that the Debt Ratio (as defined and calculated therein) is equal to or less than 2.0. This obligatory early repayment will not exceed €100 million with respect to Befesa Medio Ambiente, S.L., €50 million with respect to the proceeds to Abengoa Bioenergía, S.A. or €100 million with respect to Abengoa Solar, S.A. In addition, in the event of: (a) sale of assets corresponding to Discontinued Activities (as defined therein); (b) sale of a participation in the share capital of certain Abengoa Group companies the 30% of the net cash proceeds is calculated as such proceeds that exceed the nominal amount of such share capital and the proportional debt of Abengoa; (c) sale of other assets exceeding €10 million, in each case, subject to certain conditions, 30% of net cash proceeds exceeding the book value of such asset after discounting the cost of its substitution must be put towards mandatory prepayment under the 2012 Forward Start Facility. This mandatory prepayment will not exceed €90 million per fiscal year and/or transaction

related to the business of the Abengoa Group within 12 months, or €400 million for the life of the 2012 Forward Start Facility. As of September 30, 2012, borrowings under the 2012 Forward Start Facility amounted to €589 million.

(ii) A forward start facility agreement maturing in 2013 dated April 22, 2010 borrowed by Abengoa and jointly and severally guaranteed on a senior basis by certain companies of the Abengoa Group (the "2010 Forward Start Facility") and a group of lenders,. On April 27, 2012, we signed the 2012 Forward Start Facility which made available to us certain tranches by which we can make partial repayments under the 2010 Forward Start Facility, which has had the effect of extending the maturity of our syndicated facilities. The primary purpose of the 2010 Forward Start Facility was to provide partial refinancing of an amount of €1,216.6 million over a total amount of €1,800.0 million, comprising of certain syndicated loans borrowed in 2005, 2006 and 2007. Availability of amounts under the 2010 Forward Start Facility is subject to compliance with a financial covenant. At all times, the ratio of Net Finance Debt to Consolidated EBITDA (as such terms are defined therein) should be equal to or less than 3.00. Under the 2010 Forward Start Facility, Abengoa is obligated to repay Tranche A and Tranche B with the proceeds from any sale by public offering of the shares of its Abengoa Solar, S.A., Befesa Medio Ambiente, S.L. and Abengoa Bioenergía, S.A. to the extent necessary in order that the Debt Ratio (as defined and calculated therein) is equal to or less than 2.0. This obligatory early repayment will not exceed €100 million with respect to Befesa Medio Ambiente, S.L., €50 million with respect to the proceeds to Abengoa Bioenergía, S.A. or €100 million with respect to Abengoa Solar, S.A. As of September 30, 2012, borrowings under the 2010 Forward Start Facility amounted to €1,282 million. Our 2005 Credit Facility and 2006 Credit Facility were extinguished and a partial repayment under the 2010 Forward Start Facility was made on July 20, 2012 when we made a repayment of €556 million utilizing drawdowns under the 2012 Forward Start Facility and cash on hand.

(iii) A €150 million bilateral facilities loan maturing in 2016 dated July 18, 2007 borrowed by Abengoa from the Instituto de Crédito Oficial ("ICO") and jointly and severally guaranteed on a senior basis by certain companies of the Abengoa Group (the "ICO Loan"), as amended and restated on July 11, 2012, with ICO. At all times, the Ratio of Net Debt to EBITDA (as defined in the ICO Loan) must be less than 3.0 until December 31, 2014 and less than 2.50 from that date. As of September 30, 2012, €150.0 million was outstanding under the ICO Loan.

(iv) A €49 million bilateral facilities loan maturing in 2014 dated July 20, 2007 borrowed by Abengoa from the European Investment Bank (the "EIB R&D&i 2007 Credit Facility"). At all times, the Leverage Ratio (as defined therein) should be equal to or less than 3.00 from 2009. As of September 30, 2012, €49.0 million was outstanding under the EIB R&D&i 2007 Credit Facility.

(v) A €60 million bilateral facilities loan maturing in 2014 dated July 20, 2007 borrowed by Abengoa from the European Investment Bank (the "EIB 2007 Credit Facility Agreement"). At all times, the Ratio of Net Debt to EBITDA must be equal to or less than 3.50. At September 30, 2012, €60.0 million was outstanding under the EIB 2007 Credit Facility Agreement. The combined outstanding balance as of September 30, 2011 for the EIB R&D&i 2007 Credit Facility Agreement and the EIB 2007 Credit Facility Agreement was €109 million.

(vi) A €247.7 million Swedish law credit facility maturing in 2020 dated March 2, 2010 borrowed by Instalaciones Inabensa S.A. (the "Swedish Credit Agreement"). On December 10, 2010, this loan was increased in the amount of €128.8 million. As of September 30, 2012, €326.8 million was outstanding under the Swedish Credit Agreement.

(vii) A €299,253,894 framework facility agreement dated 11 August 2010 as amended on 19 October 2010 and 25 January 2012 borrowed by Abener Energia, S.A. and jointly and severally guaranteed by Abengoa (the "**Framework Facility Agreement**"). Sixteen individual loan agreements have been borrowed under the Framework Facility Agreement amounting to €269,365,984 maturing between 2018 and 2022. As of September 30, 2012, €193.7 million was outstanding under the Framework Facility Agreement.

(viii) A U.S.$200 million revolving credit facility maturing in 2018 dated June 19, 2012 borrowed by Abengoa from the Inter-American Development Bank (the "IDB Revolving Credit Facility"). At all times, the Limited Consolidated Net Financial Debt to EBITDA Ratio (as defined in the IDB Revolving Credit Facility) must be lower than 3.0:1.0 from June 19, 2012 to December 31, 2014, upon which time it must be lower than 2.5:1.0. U.S.$73 million was outstanding under the IDB Revolving Credit Facility as of September 30, 2012.

Our bond financings consist of the following:

(i) On July 24, 2009, Abengoa issued €200 million aggregate principal amount of 6.875% Senior Unsecured Convertible Notes due 2014 (the "2014 Convertible Notes"). The 2014 Convertible Notes mature on July 24, 2014. The terms and conditions of the 2014 Convertible Notes were amended in December 2012. The 2014 Convertible Notes are convertible into fully paid Class A Shares or Class B Shares of Abengoa credited in the number determined by dividing the aggregate nominal amount of the Notes by the applicable conversion price, was initially set at €21.12 per ordinary share of Abengoa and adjusted upon the occurrence of certain events, including, among others, the change in Abengoa's share capital or the issuance of certain securities by Abengoa The conversion price was adjusted to €20.84 per share in July 2012 following a dividend payment (€0.35 per share) in excess of the dividend threshold permitted without adjustment in the conversion price (€0.21 per share). The conversion price has been adjusted to €4.17 per share of Abengoa due to the distribution of Class B Shares as approved by the Extraordinary General Shareholders' Meeting held on September 30, 2012.

(ii) On December 1, 2009, Abengoa issued €300 million aggregate principal amount of 9.625% Notes due 2015 (the "2015 Notes"). The 2015 Notes mature on February 25, 2015.

(iii) On February 3, 2010, Abengoa issued €250 million aggregate principal amount of 4.5% Notes due 2017 (the "2017 Convertible Notes" and, together with the 2014 Convertible Notes, the "Convertible Notes"). The 2017 Convertible Notes mature on February 3, 2017. The terms and conditions of the 2017 Convertible Notes were amended in December 2012. The 2017 Convertible Notes are convertible into fully paid Class A Shares or Class B Shares of Abengoa credited in the number determined by dividing the aggregate nominal amount of the Notes by the applicable conversion price, was initially set at €30.27 per share of Abengoa. The conversion price was adjusted to €29.87 per share in July 2012 following a dividend payment (€0.35 per share) in excess of the dividend threshold permitted without adjustment in the conversion price (€0.21 per share). The conversion price has been adjusted to €5.97 per share of Abengoa due to the distribution of Class B Shares as approved by the Extraordinary General Shareholders' Meeting held on September 30, 2012.

(iv) On March 31, 2010, Abengoa issued €500 million aggregate principal amount of 8.5% Notes due 2016 (the "2016 Notes"). The 2016 Notes mature on March 31, 2016.

(v) On October 28, 2010, Abengoa Finance issued U.S.$650 million aggregate principal amount of 8.875% Notes due 2017 (the "2017 Notes" and, together with the 2015 Notes and the 2016 Notes, the "High-Yield Notes"). The 2017 Notes mature on November 1, 2017.

For further information see "Description of Other Indebtedness."

The repayment schedule of our corporate debt with respect to the bank finance portion thereof, as of September 30, 2012, is as follows:

	One Year or Less	Between One and Two Years	Between Two and Three Years	Between Three and Four Years	Subsequent
			(unaudited)		
			(€ in millions)		
Syndicated Loans and 2010 Forward Start Facility and 2012 Forward Start Facility	207.6	465.7	515.6	681.9	—
Loan with Official Credit Institute	—	50.0	50.0	50.0	—
Loan with the European Investment Bank (R&D&i)	—	109.0	—	—	—
Abengoa, S.A. Credit Lines	121.3	11.4	2.3	3.8	—
Abener Energía S.A. Financing	19.5	20.6	20.6	20.6	112.4
Instalaciones Inabensa, S.A. Financing	52.6	54.7	52.7	50.9	115.9
Other loans	252.3	119.0	13.9	57.7	98.5
Total	**653.3**	**830.4**	**655.1**	**864.9**	**326.8**

The repayment schedule of our corporate debt with respect to the capital markets portion thereof, as of September 30, 2012, is as follows:

	One Year or Less	Between One and Two Years	Between Two and Three Years	Between Three and Four Years	Subsequent
			(unaudited)		
			(€ in millions)		
2014 Convertible Notes	—	200.0	—	—	
2017 Convertible Notes	—	—	—	—	250.0
2015 Notes	—	—	300.0	—	
2016 Notes	—	—	—	500.0	
2017 Notes	—	—	—	—	505.4
Total	**—**	**200.0**	**300.0**	**500.0**	**755.4**

The debt referenced in the table above is subject to fixed and floating interest rate payments, as described in the facilities or instruments thereto.

At the corporate level we also incur purchase obligations for the purchase of goods or services that are enforceable and legally binding on us. These contractual commitments specify all significant terms, including fixed or minimum quantities to be purchased, fixed, minimum or variable price provisions and the appropriate timing of the transactions.

Non-Recourse Debt

Compared to corporate debt, non-recourse debt has certain key advantages, including a clearly defined risk profile, lower funding costs, generally longer terms and its ability to enable higher leverage on a project company basis.

We incur non-recourse debt either through special-purpose project companies that are established to finance multiple projects and in certain instances, special-purpose project companies established for a single project. In each case, the project company enters into the financing agreement directly with the relevant lender for a specific project. The basis of the financing agreement between the project company and lender details the allocation of the cash flows generated by the project and the amortization schedule of payments owed under the financing agreement. Under such arrangements, any claims against the assets of the project company are subordinated to those of the lender or lenders, if multiple projects have been financed through the project company, until the financing is repaid in full, but the lender or lenders only have recourse to the project company's assets and not to the shareholder of the project company or the sponsor of the project. Consequently, the cross-default provisions of Abengoa's borrowings do not apply to defaults of project companies, thus safeguarding the non-recourse nature of the project financings.

Our non-recourse debt contains customary financial covenants, including maintaining or exceeding certain financial ratios, and limitations on capital expenditures and additional debt.

Our activities, in particular our Engineering and Construction activity, regularly operate as contractors or service providers to the project company to either construct or maintain the project for third-party owner or sponsor of the project and may also undertake certain obligations for the project company. Although we are usually required to provide credit and other support to the project company in relation to its trading activities (by way of performance bonds, guarantees or other commitments), we do not provide, with certain limited exceptions, any credit support for the repayment of the project company's debt obligations. We have, from time to time, provided guarantees of obligations of certain project companies incurred under working capital facilities of such project companies, other contingent obligations, and letters of credit or guarantees replacing amounts withdrawn by us from debt service reserve accounts held by project companies. These guarantees, letters of credit and other contingent liabilities of Abengoa have been incurred from time to time for reasons relating to the circumstances of the relevant project company or the history of its acquisition or development.

	As of September 30,	**As of December 31,**		
	2012	**2011**	**2010**	**2009**
	(unaudited)			
		(€ in millions)		
Project Financing				
Long-Term	5,833.5	4,983.0	3,558.0	2,748.0
Short-Term	443.1	407.1	492.1	185.4
Total	**6,276.6**	**5,390.1**	**4,050.1**	**2,933.4**

The repayment schedule of our non-recourse debt, as of September 30, 2012, is as follows, and is generally in accordance with the projected cash flows of the related projects.

Total	**Less than One Year**	**Between One and Three Years**	**Between Three and Five Years**	**More than Five Years**
	(unaudited)			
	(€ in millions)			
6,276.6	443.1	1,079.6	466.9	4,287.0

Off-Balance Sheet Arrangements

The total value of off-balance sheet arrangements and third-party guarantees increased by approximately €706.2 million from December 31, 2010 to December 31, 2011. Such figure comprises (i) guarantees provided by financing financial institutions (bank bonds and surety insurance) for the benefit of third parties; and (ii) the overall value of guarantees undertaken by the Group for the benefit of third parties.

With respect to guarantees provided by financial institutions for the benefit of third parties, this subset comprises bank bonds and surety insurance directly deposited by such Group companies and those deposited by Abengoa to any company in the Group as guarantee to third parties (clients, financial entities, public entities and other third parties). Such commitments totaled €1,033.2 million as of December 31, 2011 (€1,133.7 million in December 31, 2010).

With respect to guarantees provided by Group companies for the benefit of third parties, this subset comprises a range of declarations of intent and commitments undertaken by Group companies and Abengoa vis-à-vis Group companies in support of their operations with third parties. Such guarantees totaled €3,682.8 million as of December 31, 2011 and €2,876.2 million as of December 31, 2010.

For further discussion, see Note 23.1 to our Audited Consolidated Financial Statements as of and for the year ended December 31, 2011 incorporated by reference into this Offering Circular.

Capital Expenditures

Our business has significant capital expenditure requirements, including construction, as well as R&D&i costs. Our capital expenditure requirements include construction costs of power transmission lines, solar power plants, co-generation power plants, infrastructure for the production of ethanol, and desalination plants. While we generally seek to maintain a balance of non-recourse debt and corporate debt to encourage financial discipline, the majority of our capital expenditures are financed by non-recourse debt and funding, when applicable, from partners in a particular project. We incur corporate debt to finance our investments, acquisitions and general purpose requirements. Our corporate debt has the benefit of upstream guarantees from our operating subsidiaries which are subject to debt/EBITDA ratios as discussed above. The funding of our corporate capital expenditures is covered by existing cash and corporate EBITDA generation. We incur non-recourse debt on a project-by-project basis, and we do not commit to any projects that we have been awarded prior to securing long-term financing.

As of September 30, 2012, we had committed capital expenditures of €2,982 million, of which €652 million is expected to be undertaken by Restricted Subsidiaries in our corporate group and financed through corporate debt or equity contributions. We estimate that the aggregate amount that we will be required to fund as our equity contribution for these opportunities will be approximately €652 million. The remaining €2,330 million consists of commitments that are expected to be undertaken by our Unrestricted Subsidiaries and will be financed primarily through non-recourse debt and funding from partners at project companies. Corporate entities also engage in regular maintenance capital expenditures as necessary in order to ensure the adequate performance of our existing facilities.

The following table represents management's estimate, as of the date of this Offering Circular, of the costs to complete our committed capital expenditures. The estimates presented in the table below may differ significantly from the actual costs which are incurred in connection with these expenditures. See "Risk Factors — Risks Related to Our Business and the Markets in Which We Operate — Our business has substantial capital expenditure requirements which require us to have access to global capital markets for financing." See also "Forward-Looking Statements."

Activity	Capex Total[1]	Capex Expected to be Financed from the Corporate Group[1]
	(unaudited)	
	(€ in millions)	
Concession-Type Infrastructures	2,755	548
Industrial Production	227	104
Total[2]	**2,982**	**652**

Notes:

(1) Figures refer in both cases to capital expenditures pending execution.

(2) As of the date of this Offering Circular, the committed capital expenditures of our Engineering and Construction activity was de minimis.

The figures above include our two most significant capital expenditures made in the United States:

- A 30-year power purchase agreement with Arizona Public Service Company to operate and sell the output of the 280 MW CSP plant (Solana) which represents U.S.$1,900 million of total expected investment. We have obtained a U.S.$1,450 million loan guarantee from the DOE for the Solana project, covering approximately 75% of the total investment. Additionally, the Solana project is eligible for the 30% Investment Tax Credit Renewable Energy Grant.
- A 25-year power purchase agreement with Pacific Gas and Electric Company to operate and sell the output of a 280 MW CSP plant in the Mojave Desert, which represents an expected total investment of U.S.$1,600 million. We have obtained a U.S.$1,202 million loan guarantee from the DOE for the Mojave project, covering approximately 75% of the total investment. The Mojave project is also eligible for the 30% Investment Tax Credit Renewable Energy Grant.

In addition to the investment projects included in our committed capital expenditures plan, we also manage an uncommitted capital expenditures plan that consists of investment opportunities, most of which are in the pre-construction phase, for which we have not yet secured committed long-term non-recourse debt financing. Our uncommitted capital expenditures plan is focused on investment projects in our Concession-Type Infrastructures activity primarily relating to the construction and operation of CSP plants and water projects that meet our internal rate of return criteria. We estimate that the aggregate amount that we will be required to fund as our equity contribution (including in the form of corporate debt) for these opportunities, once we have secured committed non-recourse debt financing and contributions from our partners in these projects, will be approximately €770 million until the end of 2017. This estimate is based upon management's estimates as of the date of this Offering Circular and due to certain assumptions (including assumptions regarding financing conditions) is inherently uncertain and may differ significantly from our actual equity contribution if we were to undertake such projects. See "Forward-Looking Statements."

As of the date of this Offering Circular, included in our uncommitted capital expenditures plan are the following significant projects that we have been awarded, for which we are currently seeking financing: two

50 MW CSP plants in Spain, a contract for the development of El Zapotillo aqueduct project in Mexico, the construction and maintenance of a 50 MW wind farm for a 20-year period in Uruguay, the construction, operation and maintenance of a 50 km power transmission line in Chile and the construction, operation and maintenance of three electricity transmission lines, totalling 2,400 km in Brazil.

None of the foregoing projects is included in our committed capital expenditure table above as each remains uncommitted, subject to obtaining long-term financing. Once we obtain long-term financing for a project, it will be transferred to our committed capital expenditures plan.

Additionally, we have a pipeline of projects in the development stage for which we are either in the process of tendering or negotiating. Our pipeline represents projects that we have yet to be awarded and as such are not included in our uncommitted capital expenditures plan.

The table below sets forth our historic capital expenditures by our three activities for the nine months ended September 30, 2012 and 2011 and for each of the years ended December 31, 2011, 2010 and 2009.

	Nine months ended September 30,		**Year ended December 31,**		
	2012	**2011**	**2011**	**2010**	**2009**
	(unaudited)				
			(€ in millions)		
Engineering and Construction	24.4	38.1	77.1	157.3	286.6
Concession-type Infrastructures	2,303.6	1,730.3	2,531.0	1,507.9	880.3
Industrial Production	227.4	133.9	304.8	429.2	855.4
Total	**2,555.4**	**1,902.3**	**2,912.9**	**2,094.4**	**2,022.3**

BUSINESS

In this Offering Circular, the words "we," "us," and "our" refer to Abengoa, together with its subsidiaries on a consolidated basis, except where otherwise specified or clear from the context. Any projections and other forward-looking statements in this section are not guarantees of future performance and actual results could differ from current expectations. Numerous factors could cause or contribute to such differences. See "Risk Factors" and "Forward-Looking Statements."

Abengoa was formed under the laws of the Kingdom of Spain in Seville on January 4, 1941 as a limited liability company and was subsequently changed to a limited corporation (sociedad anónima) on March 20, 1952. Our registered office is at C/ Energía Solar, no. 1, Seville (Spain). Our headquarters are located at: Campus Palmas Altas, C/ Energía Solar, 1, 41014, Seville, Spain. The telephone number for our headquarters is +34 954 93 70 00.

Overview

We are a leading engineering and clean technology company with operations in more than 70 countries worldwide that provides innovative solutions for a diverse range of customers in the energy and environmental sectors. Over the course of our 70-year history, we have developed a unique and integrated business model that applies our accumulated engineering expertise to promoting sustainable development solutions, including delivering new methods for generating power from the sun, developing biofuels, producing potable water from seawater, efficiently transporting electricity and recycling industrial waste. A cornerstone of our business model has been investment in proprietary technologies, particularly in areas with relatively high barriers to entry. Our Engineering and Construction activity provides sophisticated turnkey engineering, procurement and construction ("EPC") services from design to implementation for infrastructure projects within the energy and environmental sectors. Our Concession-Type Infrastructures activity operates, manages and maintains infrastructure assets, usually pursuant to long-term concession agreements under Build, Own, Operate and Transfer ("BOOT") schemes, within four operating segments (Transmission, Solar, Water and Co-generation). Finally, our Industrial Production activity produces a variety of biofuels (ethanol and biomass), provides recycling services to industrial customers and engages in other related activities. For the nine-month period ended on September 30, 2012, our average number of employees was 25,645 people worldwide across our three business activities and, according to industry publications, we are among the market leaders in the majority of our areas of operation.

During the 2011 fiscal year, changes occurred in the organization of the Group that entailed, among other things, the re-definition of the activities and segments considered by the Group and the re-definition of its decision-making processes. As a result of these changes, and in order to focus our attention on our key markets, we organized our business into three activities: Engineering and Construction, Concession-Type Infrastructures and Industrial Production. Each activity is further broken into the following operating segments: Engineering and Construction (which is both an activity and a segment); Transmission; Solar; Water and Co-generation within the Concession-Type Infrastructures activity; and Biofuels, Industrial Recycling and Other within the Industrial Production activity.

Our three activities are focused in the energy and environmental industries, and integrate operations throughout the value chain, including research and development and innovation ("R&D&i"), project development, engineering and construction, and the operation and maintenance of our own assets and those of third parties. Our activities are organized to capitalize on our global presence and scale, as well as to leverage our engineering and technological expertise in order to strengthen our leadership positions.

We have successfully grown our business, with a compound annual growth rate of our Consolidated EBITDA of 21% during the ten years ended December 31, 2011. We have also maintained double-digit growth in our consolidated revenue and Consolidated EBITDA on a compound annual growth basis since our 1996 initial public offering on the Spanish Stock Exchanges, where we are now a member of the IBEX 35 index of companies. As of December 31, 2012, we had a market capitalization of €1,263 million. As of September 30, 2012, our backlog was €6,639 million.

The total revenue, Consolidated EBITDA and net fixed assets of the Group and by segment for and as of the nine months ended September 30, 2012 and for and as of the year ended December 31, 2011 is set forth in the following table.

	For the nine months ended September 30,	**For the year ended December 31,**
	2012	**2011**
	(unaudited)	
	(€ in millions)	
Revenue (total)	**5,612.1**	**7,089.2**
Engineering and Construction	**2,780.8**	**3,525.7**
Concession-Type Infrastructures	**389.3**	**427.6**
Solar	258.8	131.6
Transmission	71.9	237.6
Co-generation	31.3	37.4
Water	27.3	21.0
Industrial Production	**2,442.0**	**3,135.9**
Biofuels	1,585.3	2,225.0
Industrial Recycling	503.1	629.9
Other	353.6	281.0
Consolidated EBITDA (total) (unaudited)	**897.2**	**1,102.5**
Engineering and Construction	**359.2**	**437.3**
Concession-Type Infrastructures	**264.5**	**298.9**
Solar	194.5	92.9
Transmission	49.6	193.2
Co-generation	1.2	2.5
Water	19.2	10.3
Industrial Production	**273.5**	**366.3**
Biofuels	26.3	152.1
Industrial Recycling	89.9	121.3
Other	157.3	92.9

	As of September 30, 2012 (unaudited)	As of December 31, 2011
	(€ in millions)	
Net Fixed Assets (total)	**12,117.2**	**10,395.9**
Engineering and Construction	**383.6**	**316.7**
Concession-Type Infrastructures	**7,614.0**	**6,098.0**
Solar	4,313.0	2,876.4
Transmission	2,205.3	2,207.7
Co-generation	652.8	587.7
Water	442.9	426.2
Industrial Production	**4,119.6**	**3,981.2**
Biofuels	2,881.5	2,883.0
Industrial Recycling	970.2	941.9
Other	267.9	156.3

This offering is part of Abengoa's long-term strategic plan to reduce its leverage and strengthen its balance sheet in the near term. Pursuant to this plan Abengoa aims to continue to diversify its access to the global capital markets, such as through its proposed U.S. listing, and continue, as appropriate and subject to prevailing market conditions and other factors, to opportunistically access the global capital markets from time to time. Our liquidity plans are subject to a number of risks and uncertainties, some of which are outside of our control. Macro economic conditions could limit our ability to successfully execute our business plans and, therefore, adversely affect our liquidity plans. See "Risk Factors."

History and Development of our Group

Abengoa was formed under the laws of the Kingdom of Spain in Seville on January 4, 1941 as a limited liability company and was subsequently changed to a limited corporation (*sociedad anónima*) on March 20, 1952. It was originally founded as Sociedad Abengoa S.L. in Seville by Javier Benjumea Puigcerver and José Manuel Abaurre Fernández-Pasalgua (two engineers educated at the Instituto Católico de Artes e Industrias) and with three friends and other family members. Our initial vision was to manufacture a mono-phase meter for measurement of electric currents. However, we changed course due to supply problems and, soon after, we began offering engineering consultancy services, carrying out technical studies and completing construction works within the energy sector. Our registered office is at C/ Energía Solar, no. 2, Seville (Spain). Our headquarters are located at Campus Palmas Altas, C/ Energía Solar, 1, 41014, Seville, Spain. The telephone number for our headquarters is +34 954 93 70 00.

Abengoa expanded throughout Spain in the 1950s and started its international expansion in the 1960s, first to Latin America, then to the United States and Canada, Europe (ex-Spain), Africa, Asia and other parts of the world. Today, Abengoa operates in more than 70 countries with offices and projects in more than 35 of them, with Spain accounting for less than 28% of total revenues during 2011. Abengoa is the parent company of the Group, which at the end of 2011 is made up of 583 companies, being the parent company itself, 529 subsidiaries, 18 associates and 35 joint ventures. Additionally, the Group has a number of shareholdings of less than 20% in various further entities.

We currently conduct our traditional engineering and industrial construction business through our subsidiary Abeinsa.

We entered the environmental services business in the 1980s with our participation in water infrastructure projects in Spain. With the acquisition of Befesa in 2000, a company specializing in industrial waste management, we reorganized our environmental activities under Befesa. In 2006, Befesa acquired BUS Group AB ("BUS"), the founder of the original Befesa and the largest European recycler of steel dust, which acquisition made Befesa a European leader in industrial waste recycling.

We entered the bioenergy business in the 1990s. In late 1990s, we identified the need for a renewable energy alternative for the transport sector. We had a clear vision to achieve a critical mass in first generation bioethanol (or "cereal" bioethanol) and to make second generation bioethanol (or "biomass" bioethanol) commercially available through investments in R&D&i. We built our first two plants in Spain and in 2001 we acquired High Plains Corporation in the United States, a bioethanol producer with three plants. This new business line was organized as Abengoa Bioenergía. In 2007, we acquired Dedini Agro and entered the Brazilian bioenergy market.

Until September 5, 2011, we conducted our information technology business through Telvent. We first entered this business when we acquired Sainco, a traffic automation company, in the late 1960s. As Sainco grew and broadened its spectrum of solutions and geographical reach, Abengoa decided to take the company public to finance its growth. As part of the reorganization undertaken prior to going public in 2004, the brand name of Telvent was adopted. In 2008, we acquired DTN Holding Company Inc. ("DTN"), a leader in delivering real time business information to key decision makers in the agriculture, energy and environmental industries. In May 2009, we reduced our stake in Telvent to 53% and on October 2, 2009 to 40%. On June 1, 2011, we announced the sale of our investment in Telvent to Schneider Electric S.A. and on September 5, 2011 the transaction was completed. See "Business – History and Development of our Group – Telvent Sale".

Abengoa began its solar power activity in 1984 when the company was one of the participants in the construction of the Solar Platform in Almería, Spain. Since then, multiple R&D&i projects have been carried out to develop different types of receivers for tower plants and parabolic trough technology, which were partially supported by the European Union Framework Programmes. These first steps were taken in Abengoa's Engineering and Construction and Industrial Production business units. In 2007, with the inauguration of the first tower technology commercial plant, PS10 (11 MW), as well as the world's largest low-concentration photovoltaic plant, Sevilla PV, with 1.2 MW of power output capacity, Abengoa Solar was incorporated as a business unit.

Abengoa was formerly present in the wind sector through its ownership of Desarrollos Eolicos S.A., a fully owned subsidiary that was sold in 2001 to the Dutch company Nuon.

On July 27, 2010, Abengoa Cõncessoes Brasil Holding, S.A., a subsidiary in the Concession-Type Infrastructures segment, concluded an agreement with the company State Grid International to sell its 25% shareholding in the companies ETEE (Expansión Transmisora de Energía Eléctrica, S.A.) and ETIM (Expansión Transmissora Itumbiara Marimbondo), which are responsible for the concession of the 794 kilometers of transmission lines that joins the power stations of the city of Itumbiara, in Soiás, Brazil, and Marimbondo, in the state of Minas Gerais, Brazil. The sale of these shareholdings resulted in cash proceeds of €102 million and a gain of €69 million, recognized under the "Other operating income" section of the consolidated income statement (€45 million after income taxes).

Cemig Sales

On June 2, 2011, Abengoa Concessões entered into an agreement with TAESA to sell 50% of its shareholding in a newly formed entity, named UNISA, to which Abengoa Concessões contributed 100% of its interests in

four project companies that it controlled and that hold power transmission line concessions in Brazil. These four project companies are STE, ATE, ATE II and ATE III. In addition, on June 2, 2011, Abengoa Concessões and Abengoa Construção Brasil Ltda. entered into an agreement with TAESA to sell 100% of the share capital of NTE, another project company that holds a power transmission line concession in Brazil. The sales corresponding to the sale of 100% of the shareholding of NTE and 50% of the shareholding of UNISA are referred to herein as the "First Cemig Sale." The First Cemig Sale closed on November 30, 2011 and, accordingly, is fully reflected in our Audited Consolidated Financial Statements as of and for the year ended December 31, 2011.

As consideration for the First Cemig Sale, we received upon closing the equivalent of approximately €479 million in net cash proceeds in Brazilian reais and reduced our net consolidated debt by approximately €642 million on our statement of financial position as of December 31, 2011. For the year ended December 31, 2011, we recorded a net gain from the sale of €45 million reflected in the "Other operating income" line item in our consolidated income statement (€43 million after taxes) resulting from the First Cemig Sale. The share purchase agreements for each of UNISA and NTE in respect of the First Cemig Sale provided for a post-closing price adjustment to be paid following the preparation of the audited financial statements of the relevant project companies taking into account, among other variables, changes in the share capital thereof and any dividends or distributions made between signing and closing. However, no such adjustments were required to be paid under the terms of the share purchase agreements with respect to the First Cemig Sale.

In addition to the First Cemig Sale, we signed an agreement with TAESA on March 16, 2012 to sell our remaining 50% interest in UNISA, thereby completing the divestment of certain Brazilian transmission line concession assets (STE, ATE, ATE II and ATE III) (the "Second Cemig Sale," and, collectively with the First Cemig Sale, the "Cemig Sales"). On June 30, 2012, all the conditions necessary to close the transaction were fulfilled, and, on July 2, we received €354 million of cash proceeds corresponding to the total price agreed for the shares. The gain from the Second Cemig Sale of €4.5 million is reflected in the "Other operating income" line item in our consolidated condensed interim income statement for the nine months ended September 30, 2012. The Second Cemig Sale includes a post-closing adjustment mechanism similar to that described above relating to the First Cemig Sale, and we similarly do not expect any significant post-closing adjustment to be payable.

In the Consolidated Income Statement for the year ended December 31, 2011 included in the Audited Consolidated Financial Statements for the year ended December 31, 2011, the profits and losses of NTE and the four project companies we contributed to UNISA (STE, ATE, ATE II and ATE III) are fully consolidated until November 30, 2011. Following such date through June 30, 2012 when the Second Cemig Sale closed, we included our 50% share in the profits and losses of UNISA following the proportional consolidation method.

Telvent Sale

On June 1, 2011, we announced the sale of our remaining 40% shareholding in Telvent. Following the agreement to sell, Schneider Electric S.A. ("SE") launched a tender offer to acquire all of the remaining Telvent shares. Concurrently with the signing of the acquisition agreement between SE and Telvent, we entered into an irrevocable undertaking agreement with SE under which we agreed to tender our 40% shareholding in Telvent pursuant to the tender offer. SE launched the tender offer to acquire all Telvent shares at a price of U.S.$40 per share in cash, which valued the business at €1,360 million, or a premium of 36% to Telvent's average share price over the previous 90 days prior to the announcement of the tender offer. Our cash proceeds from the Telvent Disposal were €391 million and consolidated net debt reduction was €725 million. In addition, we recorded a gain which is included in the €91 million profit from discontinued operations as reflected on our income statement for the year ended December 31, 2011. On September 5, 2011, following completion of the customary closing conditions and the granting of regulatory approvals, the

transaction was completed. Pursuant to the undertaking agreement with SE, we agreed to continue, for a period of one year and six months, to provide certain services to Telvent and its subsidiaries at the same level of fees and upon the same terms as in effect between Abengoa and Telvent and their respective subsidiaries as in effect on June 1, 2011. Telvent and its subsidiaries are contractually permitted to discontinue the receipt of such services at any time upon 30 days' prior written notice.

First Reserve Investment

In October 2011, First Reserve invested €300 million to purchase 17,142,858 Class B Shares in Abengoa (the "First Reserve Investment"). The shares, which have a nominal value of €0.01 per share, have the same economic rights as Abengoa's Class A Shares, which have a nominal value of €1.00 per share, and voting rights proportional to their nominal value, meaning 1/100 of the rights of the Class A Shares. Pursuant to the agreement, we issued, and First Reserve subscribed for, 17,142,858 new Class B Shares at €17.50 per share. As a result of the First Reserve Investment, First Reserve acquired approximately 0.2% of the voting rights of our share capital.

As part of the investment, we also issued 4,020,124 warrants for Class B Shares (the "Class B Warrants") with an exercise price of €0.01, which grants First Reserve the right to acquire 4,020,124 additional Class B Shares for a period of five years from the completion of the investment, until November 4, 2016. Our Class B Shares have the same economic rights as our Class A Shares with respect to dividends and other distributions. Pursuant to the agreement, First Reserve was granted other rights, including, *inter alia*, the right to nominate a member to our Board of Directors and the right to require us to include, with priority, their Class B Shares in any listing or offering for sale to the public of our Class B Shares. In addition, we granted First Reserve certain demand and piggyback registration rights with respect to the Class B Shares purchased by it and any additional Class B Shares issued upon exercise of the Warrants acquired by it. In connection with First Reserve's investment, Inversión Corporativa I.C., S.A. and Finarpisa, S.A. agreed to vote in favor of the appointment of First Reserve's designee to serve on Abengoa's board of directors and, for so long as First Reserve owns any Class B Shares or any other security convertible into or exchangeable for the Class B Shares purchased in that investment, not to propose, or request to Abengoa's board of directors to recommend, to the shareholders any amendment to Abengoa's By-laws that would adversely modify the equal rights of Class B Shares and Class A Shares in relation to dividends or other distributions and, if proposed by any shareholder or by the board of directors, to vote against such amendment. For further information on Inversión Corporativa I.C., S.A.'s and Finarpisa, S.A.'s agreement with First Reserve, see "Description of the Shares." The transaction was completed in November 2011 following regulatory approval in the United States. On February 23, 2012, Claudio Santiago Ponsa joined our board of directors upon his nomination by First Reserve. On September 30, 2012, after giving effect to the increase in Class B Shares approved on that date by the Extraordinary General Shareholders' Meeting as described under "Share Capital" and due to anti-dilution provisions related to the First Reserve Investment, the number of Class B Warrants increased to 20,100,620, which grants First Reserve the right to acquire 20,100,620 additional Class B Shares at a strike price of €0.01 each.

First Reserve is a premier private investment firm, making both private equity and infrastructure investments throughout the energy value chain. For 29 years, First Reserve has invested solely in the global energy industry, and has developed a preeminent franchise, utilizing its broad base of specialized energy industry knowledge as a competitive advantage. First Reserve invests strategically across a wide range of energy industry sectors, backing talented management teams and building value by building companies. Our alliance with First Reserve is intended to reinforce our existing strategy and provide new opportunities for us to continue to build our presence in the global energy and environmental sectors. For further information on First Reserve, see "Major Shareholders."

Liquidity of Class B Shares

On September 30, 2012, an Extraordinary General Shareholders' Meeting was held in Seville to submit for approval by our shareholders a transaction (the "Transaction"), the primary purpose of which was to provide our Class B Shares with greater liquidity, which we expect to increase our financial flexibility and access to equity capital markets while preserving shareholder stability. The proposed Transaction consisted of an increase in the Class B Share capital, charged to our freely available reserves, which were distributed for no consideration to all existing shareholders on the basis of four Class B Shares for each Class A Share or Class B Share which they held; therefore, no dilution or further concentration with respect to our share capital occurred.

Our Class B shares have the same rights as the Class A shares, except for voting rights, with the Class A shares being vested with 100 votes per share and the Class B shares with one vote per share. The Class B shares enjoy all economic rights enjoyed by the Class A shares (including dividends, distribution of reserves or distributions of any kind and the right to subscribe to future issues). The Transaction established a right of voluntary conversion for the Class A shareholders to convert their shares into Class B shares during pre-set windows until December 31, 2017.

The Transaction also included amendments to our By-laws to (i) permit holders of our Class A Shares and Class B Shares to exercise certain non-voting corporate governance rights as a function of the number of shares that they held rather than the percentage of our nominal share capital that such shares represent; (ii) provide for the possibility to increase the share capital, out of reserves, by issuing a sole class of shares (subject to a separate vote of both Class A and Class B Shareholders); (iii) to establish a percentage limit to the redemption right of Class B Shares; and (iv) include a right of voluntary conversion which will allow any shareholder (over a period of five years, and during windows of opportunity established for this purpose) to transform its A shares into B Shares, if it deems convenient. A capital reduction of the share capital by reducing the par value of a number of Class A Shares by 0.99 euros per share, by creating a non-available reserve, with the inclusion of shares, the par value of which is reduced by their conversion into Class B Shares was also approved for the purpose of allowing the exercise of the right to voluntary convert Class A Shares into Class B Shares.

Finally, the Transaction also included the authorization to apply to list our Class B Shares on the stock exchanges of Madrid, Barcelona and the Automatic Quotation System, which are the same exchanges on which the Class A shares are currently listed, and the stock exchanges of the United States of America.

The Extraordinary General Shareholders' Meeting approved the Transaction. In addition to receiving the support of the two main shareholders of Abengoa (the controlling shareholder, Inversión Corporativa, I.C., S.A. ("Inversión"), and First Reserve, which jointly owned at the time 63% of the shares in Abengoa), the Transaction was also approved by the holders of the Class A Shares and Class B Shares, each voting as a separate class, and, in accordance with Article 293 of the Spanish Companies Act (*Ley de Sociedades de Capital*), the capital increase and amendments of our By-laws indicated under (ii) and (iii) above were also approved with the favorable vote of the majority of the minority shareholders (i.e. by holders of Class A Shares other than Inversión and Finarpisa, S.A.).

In the context of the Transaction, Inversión has undertaken not to increase Abengoa's share capital ("lock-up") for a period of six months as from the date on which the Extraordinary General Shareholders' Meeting was held. This undertaking only applies to those resolutions subsequently passed with the aim of increasing the number of listed shares, therefore Abengoa's ability to issue other instruments other than shares is not affected, neither is its ability to approve transactions relating to share splits, the sale and purchase of treasury shares or other similar transactions; except as required by law, such as an obligatory capital increase pursuant to any convertible instrument or warrant.

Additionally, Inversión has undertaken (i) to limit its right to vote to the 55.93% of total voting rights that it held prior to the Extraordinary General Shareholders Meeting and (ii) that the percentage of voting shares held by Inversión (whether they are Class A Shares or Class B Shares) over the total shares of Abengoa shall at no time be lower than one fourth of the percentage of voting rights that those shares provide to Inversión, with respect to the total voting rights in Abengoa, meaning that its voting rights may not exceed four times its economic rights. Should that threshold be exceeded, Inversión will transfer Class A Shares, or convert Class A Shares into Class B Shares, in such number as may be necessary to maintain such proportion.

In addition, the number of Class B Shares for which the warrants issued to First Reserve in its October 2011 investment can be exercised was increased from 4,020,124 to 20,100,620 Class B Shares in accordance with the anti-dilution provisions in the warrants.

Upon the approval of the Transaction by the Extraordinary General Shareholders' Meeting, our Class B Shares were admitted to listing on the stock exchanges of Madrid and Barcelona and the Automatic Quotation System, which are the same exchanges on which the Class A Shares are currently listed. Furthermore, our Class B Shares substituted our Class A Shares as part of the IBEX 35, a Spanish Stock Exchange Index that includes the 35 listed companies with the greatest capitalization, volume and liquidity on October 25, 2012.

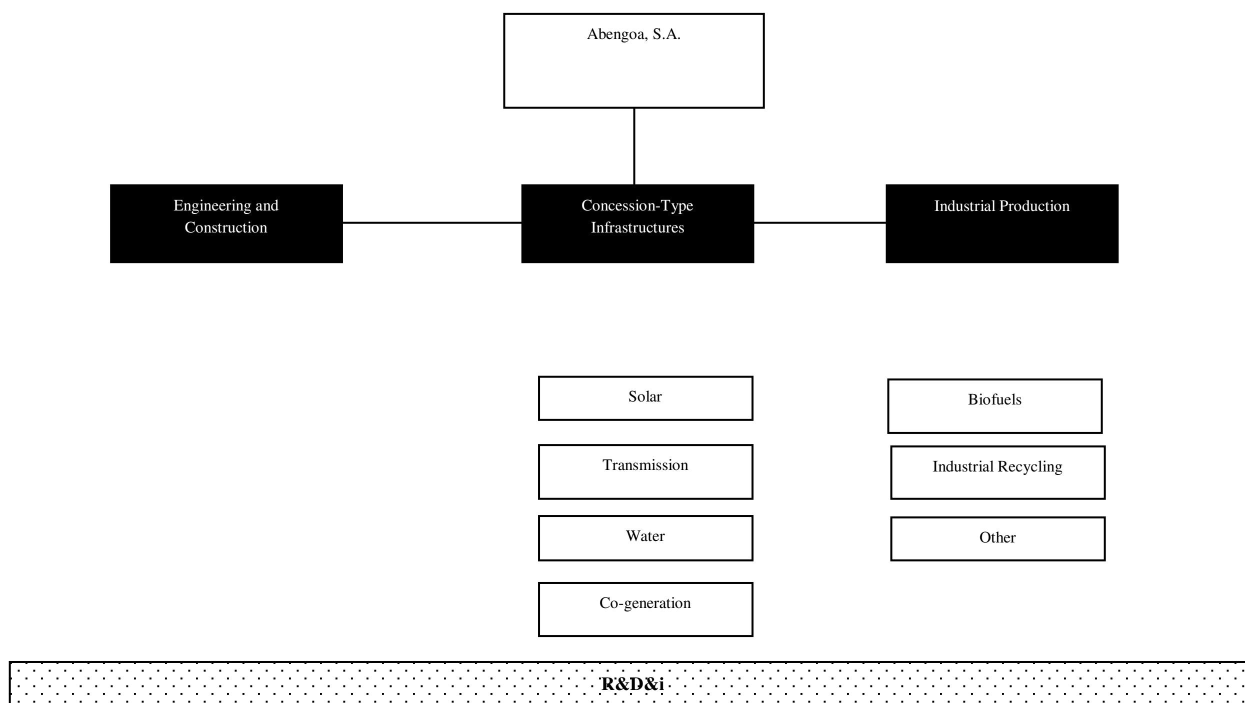
On January 4, 2013, we announced the creation of a new subsidiary, Abengoa US, Llc., which is to manage all of our activities, regarding projects and business development in the United States. Abengoa US, Llc., currently coordinates its activities from three offices located in Washington D.C, St. Louis and Denver. It is also present through its projects and operations in 12 states across the United States, in addition to its two R&D+i centers in Denver and St. Louis.

Group Structure

Since 1941, we have continually grown our business in terms of the products and services we offer and the markets in which we operate to become one of the market leaders in sectors such as engineering and construction, renewable energy and certain industrial processes, such as waste recycling and biofuel production. For the year ended December 31, 2011, our most important markets included Latin America (31.6% of revenue), Spain (27.3% of revenue), the United States (19% of revenue) and Europe (excluding Spain) (15.3% of revenue) and other countries (6.8% of revenue).

In order to focus our attention on our key markets, we organized our business into three activities. Our activities are: Engineering and Construction, Concession-Type Infrastructures and Industrial Production. Each activity is further broken into the following reporting segments per activity: Engineering and Construction (which is both an activity and a segment); Solar, Transmission, Co-generation and Water segments within Concession-Type Infrastructures, and Biofuels, Industrial Recycling and Other within Industrial Production.

Our Engineering and Construction activity employs our design, engineering and construction expertise and specialist EPC services to develop complex infrastructure assets that involve, *inter alia*, the renewable energy, conventional energy and water sectors. Our Concession-Type Infrastructures activity comprises all activities connected with the management and operation of infrastructure assets in a variety of industries which we operate under long-term concessions (many pursuant to BOOT schemes). Our Industrial Production activity manufactures certain commodities (ethanol, sugar, biodiesel, DGS, plastics and sulfuric acid) and provides services related to industrial waste management and recycling. The following illustration depicts our group structure.



Our Business

Our operations are conducted through three activities: Engineering and Construction, Concession-Type Infrastructures and Industrial Production.

Engineering and Construction

Overview

Our Engineering and Construction activity is dedicated to the engineering and construction of electrical, mechanical and instrumental infrastructures in the energy, industrial, transport, water and services sectors. Our Engineering and Construction activity works mainly on an EPC work basis. Through our Engineering and Construction activity, we provide services throughout Europe, North America, Latin America, the Middle East, Africa and Asia-Pacific.

Our Engineering and Construction activity had revenue of €2,780.8 million and Consolidated EBITDA of €359.2 million for the nine months ended September 30, 2012, and revenue of €3,525.7 million and Consolidated EBITDA of €437.3 million for the year ended December 31, 2011. In addition, our Engineering and Construction activity had total net fixed assets of €383.6 million as of September 30, 2012.

Operations

Our core areas of operation are the development, design and construction on an EPC basis of renewable energy (solar, ethanol, biodiesel and biomass) plants; power transmission lines; conventional energy (co-generation and combined cycle) plants; water treatment, desalination plants, other hydraulic infrastructures and industrial installations.

Solar Energy

Within the field of solar energy, our Engineering and Construction activity has significant experience in designing and constructing some of the largest and most complex facilities. In 2009, our Engineering and Construction activity completed the construction of PS20, a 20 MW tower thermo-solar technology power

plant in Seville (Spain), for the Solar segment of our Concession-Type Infrastructures activity. Our Engineering and Construction activity's other work for the Solar segment of our Concession-Type Infrastructures activity includes the construction of several solar 50 MW trough power plants in Spain, three of which became operational during 2010, one of which became operational during 2011, seven of which became operational during 2012 and a further two of which are under construction as of the date of this Offering Circular. We also have two thermo-solar projects, each 280 MW, under construction in the United States: (i) Solana, Arizona (United States) in which we will sell electricity to the Arizona Public Service Company and (ii) Mojave, California (United States) in which we will sell electricity to the Pacific Gas and Electric Company. Additionally, we are constructing the Shams-1 facility in Abu Dhabi (United Arab Emirates), with a power capacity of 100 MW. Our Engineering and Construction activity's work for other entities in the solar energy field includes the construction of the world's first integrated solar combined cycle ("ISCC") plant with 150 MW in Hassi-R'Mel (Algeria), as well as the construction of a 450 MW power plant located in Ain-Beni-Mathar (Morocco), for the *Office National de I'Electricité* ("ONE"), the Moroccan power utility, both of which entered into operation. Both plants, in Algeria and Morocco, are using combined cycle technology integrated with a solar field of parabolic trough collectors.

In May 2012, we were selected to construct and operate a 200 MW photovoltaic plant in Imperial County, California (United States). The construction of this plant is expected to begin during the second half of 2013. The value of the contract is U.S.$360 million.

Power Transmission

Our Engineering and Construction activity has built more than 26,000 km of power transmission lines in the last ten years for internal and external customers. As of September 30, 2012, the Engineering and Construction activity had 1,771 km of high voltage power transmission lines in operation for proprietary use, 5,167 km of such lines under construction and 50 km under development. As of September 30, 2012, of the total backlog of €6,639 million in the Engineering and Construction activity, approximately 15% was related to power transmission projects. In January 2013, we were awarded a water project in Chile worth $65 million to supply water to the mining industry in the Copiapó valley from the desalination plant in Caldera, in the Atacama region. In 2012, our Engineering and Construction activity was awarded a contract by the state-owned Power Grid Corporation of India Limited to construct a 170 km power transmission line in Karnataka (India), connecting various localities in the environs of the city of Bangalore. In the year ended December 31, 2011, in Spain, we continued to work on several projects for Red Eléctrica de España, the Spanish power transmission system operator. In 2009, our Engineering and Construction activity was awarded the contracts for the A4 and A7 packages of an 800 kilovolts direct current ("DC") power transmission line in India, running from Biswanath Chariyali, Assam to Agra, Uttar Pradesh and from Gorakhpur to the Gomti River, both in Uttar Pradesh. These projects, which require the construction of a total of 401 km of DC power transmission lines, are under construction.

Biofuels

In the biofuels sector, we have constructed several plants for our Industrial Production activity on a turnkey construction basis. These include an ethanol plant in Rotterdam (The Netherlands), with capacity to produce up to 480 million liters of ethanol from corn or wheat, and two ethanol plants in Indiana and Illinois (both in the United States), each with a capacity of 340 million liters. These three plants came into operation in 2010.

Power Plants

We have significant expertise in the design and construction of conventional power plants. In December 2010, our Engineering and Construction activity announced plans to develop a 300 MW co-generation plant in Tabasco (Mexico), in partnership with General Electric Energy Financial Services. The plant, currently under construction, will supply the Nuevo Pemex gas processing complex with power and steam. In April 2012, we

were selected by Elektrociepłownia Stalowa Wola S.A., Poland's partially state- owned energy and gas distribution company, to undertake the engineering and construction of a 450 MW combined cycle plant in Poland, the largest such power plant to be in Poland. In December 2011, we were awarded a contract to construct a 640 MW combined-cycled electricity power plant for Mexico's Federal Electricity Commission, which is part of the Morelos Integral Project, an initiative to develop central Mexico's infrastructure. Our Engineering and Construction segment's other power plant projects include providing repowering work on a 270 MW plant in El Sauz (Mexico), in 2003, where we converted the plant from a single cycle thermal plant to a combined cycle plant. We have also built five co-generation plants with over 250 MW in Spain and two co-generation plants, which use biomass as fuel, in Brazil with 70 MW of capacity each adjacent to our bioenergy plants.

Water Infrastructure

We have extensive experience bidding on and executing EPC projects in the water infrastructure sector. Our Engineering and Construction activity specializes in the design and construction of large desalination plants, particularly those using reverse osmosis technologies. Reverse osmosis is a common method of desalination consisting of the separation of the various components of a liquid solution through the forces applied to a semi-permeable membrane. In addition to reverse osmosis desalination plants, our Engineering and Construction activity designs and constructs waste water treatment stations and plants and designs, constructs and overhauls hydroelectric plants, irrigation lines and piping lines (including repairing, improving, reconstructing aqueducts, tunnels, drains, service roads and bridges, and installing monitoring and automation equipment). Since 2000, our Engineering and Construction activity has constructed seven desalination plants totaling 560,000 m^3/day and it is currently constructing three additional plants totaling 360,000 m^3/day. In October 2011, we were awarded a contract by Conagua, the Mexican water commission to perform construction, equipping and maintenance works for a 139 km aqueduct project to supply potable water to 1.5 million people. In July 2012, we were chosen by ACWA Power International to develop a desalination plant using reverse osmosis technology in Barka, Oman. The project will have the capacity to supply more than 225,000 people with a capacity to desalinate 45,000 m^3/day. We will be responsible for the design, engineering and construction of the plant as well as its subsequent operation and maintenance support. We are currently bidding on multiple new EPC projects and considering new opportunities in various countries and regions, including China, India, Latin America, the Middle East, North Africa and the United States.

Other Selected Expertise

Our Engineering and Construction activity also designs, supplies, manufactures, assembles and tests mechanical systems associated with hydroelectric power plants, thermal plants, combined-cycle plants, co-generation plants, gas plants, and the chemical and petrochemical industry. In addition, our Engineering and Construction activity provides thermal and acoustic insulation and supplies and installs refractory material, fire protection systems and smoke sectoring curtains. Examples of such projects include repair and insulation works for Repsol S.A. ("Repsol"), BP plc ("BP") and Compañía Española de Petróleos, S.A.'s refineries in Spain. Our Engineering and Construction activity also provides installation and infrastructure services in chemical and gas production plants, nuclear and thermal power plants, and individual buildings.

Our Engineering and Construction activity includes EPC activities related to the engineering and installation of electrical, mechanical and instrumental infrastructure for the energy, industrial, transportation and services sectors. Our Engineering and Construction activity also provides electrical installations for thermal and combined-cycle power plants, substations and transformation centers, airport infrastructure, industrial infrastructure, individual buildings and maritime and railway transportation. Projects include providing the electrical installation for the electric substations of the Alta Velocidad Española ("AVE") high speed train line running between Madrid and Valencia, Spain, commissioned in 2010.

Our Engineering and Construction activity provides engineering and integration services on an EPC basis for telecommunications networks. Its main telecommunications customer is Telefónica de España, S.A.U., for which it provides construction and maintenance services. We also provide products and services for the deployment and installation of telecommunication networks.

Maintenance and Service

Our Engineering and Construction activity provides operation and maintenance services for conventional and renewable energy power plants. The operation and maintenance services for power plants include preventive, scheduled and corrective maintenance of equipment and systems and the operation thereof to ensure that the facility operates reliably and meets its technical specifications with a view to minimizing fuel consumption and greenhouse gas emissions while maximizing production. In 2009, the Engineering and Construction activity conducted operation and maintenance activities at the Ain Beni Mathar ISCC plant in Ain-Beni-Mathar (Morocco), of 450 MWe. Our Engineering and Construction activity also provides various operation and maintenance services in chemical and gas production plants and nuclear and thermal power plants. Such work includes services provided for maintenance and instrumentation, operation and loading, and modifications for both the Almaraz and Trillo nuclear power plants in Spain.

Industry and Competition

The prevailing economic and financial climate is having a mixed impact on the industrial engineering and construction industry in developed markets. Investment and current projects under negotiation or in progress have slowed significantly, competition is robust, customers are facing significant difficulties in acquiring funding and their insolvency risk is high. However, there have been indications of increased public spending in infrastructure in the mid-term and growth in renewable energies. Other developments in this industry include increased international demand in both established and emerging markets for sustainable and renewable energy infrastructure. In addition, the strong growth in emerging markets in the last few years resulted in significant investment in energy infrastructure to meet increased demands resulting from the rapid industrialization of these economies. This investment is also to an extent, strategically driven, as local governments seek to stimulate their economies through infrastructure spending.

Our Engineering and Construction activity also performs significant work for our Concession-Type Infrastructures and Industrial Production activities. As a result, this activity is impacted by factors relevant to the industries in which those two activities operate.

According to the World Economy Outlook update by the International Monetary Fund, a number of events during the first half of 2011, including the earthquake and tsunami in Japan and the conflict in certain countries in the Middle East and North Africa, have interrupted the beginning of an economic recovery which was observed during 2010. Nevertheless, the World Economy Outlook considers this temporary and the return to economic recovery is expected to be delayed rather than derailed altogether. Projections indicate a modest increase of activity in advanced economies and robust growth in developing and emerging economies with global growth expected to be about 4% with real GDP growth in major advanced economies. These underlying trends should have a positive impact across our segments.

Our Engineering and Construction activity faces a different set of competitors depending on the type of project. Some of our key competitors in certain markets are: Técnicas Reunidas, Mitsubishi and Korean Electric Power Corporation ("KEPCO") in conventional energy; Actividades de Construcción y Servicios, S.A. ("ACS") and Acciona, S.A. ("Acciona") in solar power; Colombian grid operator ("ISA"), Eletrobrás and Cemig in power transmission in Latin America; and Elecnor, S.A., ACS, Acciona and Duro Felguera, S.A. in Spain. In the water area, our principal competitors in Spain are Obrascón Huarte Lain, S.A., Acciona, S.A. and Sacyr Vallehermoso, S.A. and internationally include Veolia Environnement S.A.,

Hyflux Ltd., Doosan Ltd., Suez Environnement S.A., GE Water and Process Technologies, Ltd., Fisia Italimpianti S.p.A and Aquatech, Ltd.

Customers and Contracts

Our Engineering and Construction activity's customer base includes public administrations and large corporations such as Comisión Federal de Electricidad and Petróleos Mexicanos ("Pemex") in Mexico, ONE in Morocco, *Agência Nacional de Energia Elétrica* ("ANEEL") (the Brazilian Electricity Regulatory Agency) in Brazil, Abu Dhabi Transmission & Despatch Company in the United Arab Emirates, Agencia de Promoción de la Inversión Privada ("Proinversion") in Peru and Power Grid Corporation of India Limited ("PowerGrid") in India. Our customer base also includes our own Concession-Type Infrastructures and Industrial Production activities. No individual customer represented more than approximately 10% of consolidated revenue of our Engineering and Construction activity or around 5% of consolidated revenue of Abengoa. Around 68% of the revenues of Engineering and Contruction relate to external projects that require equity contribution from Abengoa and 32% relate to external projects that do not require equity contribution form Abengoa. Approximately 30% of the Engineering and Construction activity's customers are based in Spain, while 70% are international.

In the water area of our Engineering and Construction activity, a limited number of EPC customers, many of which are government entities, currently account for a substantial portion of our revenue.

Revenue from the solar area of our Engineering and Construction activity comes from selling equipment and technology and industrial heating installations. We sell solar plant equipment and technology to solar developers. In the industrial heat market, our clients are industrial players who engage us for the construction and operation of installations and for maintenance or heating services.

Our Engineering and Construction activity has different types of contracts depending on the nature of the work to be performed. For EPC projects, contracts are fixed price or cost-plus contracts, usually running for a short period of time of up to 36 months and end after completion and startup. For water projects, we perform turnkey EPC projects for the design and construction of infrastructures and plants, which we usually undertake at non-revisable fixed prices.

Suppliers

The principal products used by the Engineering and Construction activity include structural steel, metal plate, concrete, cable and various electrical and mechanical components such as turbines and boilers. These products and components are subject to raw material (aluminum, copper, nickel, iron ore, etc.) availability and commodity price fluctuations, which the Engineering and Construction activity monitors on a regular basis. Our Engineering and Construction activity has access to numerous global supply sources and we do not foresee any supply constraints that might have a material adverse effect on our business in the near term. However, the availability of these products, components and raw materials may vary significantly from year to year due to factors including customer demand, producer capacity, market conditions and specific material shortages.

Although water infrastructure plants utilize essential equipment, such as pumps or membranes, we procure such equipment in mature markets where we generally use a large number of suppliers and are not dependent on any single supplier.

We own interests in companies that produce and supply key components for the construction of CSP plants, such as Rioglass Solar, S.A. ("Rioglass Solar"), Construcciones Métalicas Mexicanas Comemsa, S.A. de C.V. ("Comemsa") and Europea de Construcciones Métalicas, S.A. ("Eucomsa"). Rioglass Solar specializes in the manufacture of parabolic-shaped mirrors, which are one of the key components for parabolic trough plants. Both Eucomsa and Comemsa focus on the manufacture of galvanized reticulated metal structures, such as

steel towers for power transmission and structures for parabolic troughs and heliostats. Both Eucomsa and Comemsa undertake research, development and innovation activities in order to develop robust and reliable structures at lower costs. The Engineering and Construction activity also owns an interest in Sol3g, S.L., a company that designs and sells high-concentration PV modules.

Concession-Type Infrastructures

Overview

Our Concession-Type Infrastructures activity oversees the construction, operation and maintenance of power transmission infrastructure, conventional (co-generation) and renewable energy (solar) plants, and water generation, transportation and management facilities (including desalination, treatment and water purification plants and water pipelines). Within this activity we have grouped four segments: Transmission, Solar, Water and Co-generation. We engage our Engineering and Construction activity for a significant portion of our Concession-Type Infrastructures activity's projects. We undertake these activities through our own asset-owned operations and through concession-based arrangements. These arrangements are governed by long-term sales arrangements such as take-or-pay contracts, feed-in tariff arrangements and power or water purchase agreements, with limited demand risk. In our Concession-Type Infrastructures activity, we participate in public tenders for the construction and operation of certain infrastructure assets.

Our work in concessions generally has four functions: building, operating, owning and transferring of infrastructure. Typically, the concessionaire agrees to construct an infrastructure project for the owner (usually a public administration in the case of public infrastructure projects), procures the necessary financing and operates it for a fixed or variable period of time and at the end of which the concession returns to the owner. During the term of the concession, the concessionaire has ownership of the infrastructure.

Our Concession-Type Infrastructures activity had revenue of €389.3 million and Consolidated EBITDA of €264.5 million for the nine months ended September 30, 2012, and revenue of €427.6 million and Consolidated EBITDA of €298.9 million for the year ended December 31, 2011. In addition, our Concession-Type Infrastructures activity had total net fixed assets of €7,614.0 million as of September 30, 2012.

Transmission

The Power Transmission segment had revenue of €71.9 million and Consolidated EBITDA of €49.6 million for the nine months ended September 30, 2012, and revenue of €237.6 million and Consolidated EBITDA of €193.2 million for the year ended December 31, 2011. In addition, our Transmission segment had total net fixed assets of €2,205.3 million as of September 30, 2012.

Within our Concession-Type Infrastructures activity, the Transmission segment operates power transmission lines for a certain period of time after construction is completed. The power transmission lines are constructed by our Engineering and Construction activity. During the period of operation, our Concession-Type Infrastructures activity generates revenue by charging the electrical grid an annual fee for operating the power transmission lines. The prices of the service, fixed at the award of the project and regulated in the concession contract, are invoiced monthly to the companies that use the infrastructure. The amount the Engineering and Construction activity is able to charge is usually set in the concession contract. As of September 30, 2012, the Concession-Type Infrastructures activity had approximately 1,771 km of high-voltage power transmission lines in operation and a further 5,218 km of high voltage power transmission lines under construction and development that will come under the Concession-Type Infrastructures activity's operation upon their completion. In Brazil, Peru and Chile, the Concession-Type Infrastructures activity has 18 projects totaling 6,989 km of power transmission concessions, which excludes four transmission lines that we fully divested to Cemig pursuant to the Second Cemig Sale that closed on June 30, 2012 (see "Business – History and

Development of our Group – Cemig Sales). As of September 30, 2012, the average remaining duration of operation of our concession contract portfolio was 26 years.

Country	Number of Projects(1)	Total km of Power Transmission Concessions(1)
Brazil	8	4,519
Chile	6	435
Peru	4	2,035
Total	**18**	**6,989**

Note:

(1) Includes greenfield projects, projects under construction and projects in operation.

In 2008, Consorcio Amazonas, C.A. was awarded a 30-year contract by ANEEL to construct and operate a 586 km 500 kV power transmission line connecting Oriximiná, Itacoatiara and Cariri in Brazil. That project was operated through Manaus Transmissora de Energía S.A., a joint venture in which we hold a 51 % interest, with Eletrobrás holding the remaining 49% interest, who finally developed the project. The line will supply power to the city of Manaus, the capital of the state of Amazonas and an important technological center in the northwest of Brazil. The Engineering and Construction activity is scheduled to begin the operation and maintenance of this power transmission line in the first quarter of 2013.

In 2008, our Transmission segment was awarded a concession contract for the design, construction, administration, operation and maintenance over a 30-year period of a 696 km power transmission line running through six Peruvian states to be developed by Abengoa's project company Abengoa Transmisión Norte ("ATN"). For Abengoa Peru, the parent of the project company, this power transmission line represents its first significant concession. Most segments of this power transmission line became operational in December 2010, while the remaining segments became operational during 2011. Through directing the administration, operation and maintenance of the line for the next 30 years, we believe ATN may become one of Peru's principal providers of high-voltage power transmission.

In 2009, ANEEL also awarded a contract to Consorcio Integraçao Norte Brasil S.A., substituted by Norte Brasil Transmissora de Energía S.A. (of which we own a 51% interest) to construct, maintain and operate the Colectora Porto Velho electrical substation, power transmission lines, and two current converter stations in Eastern Brazil for 30 years. This project is expected to have a capacity of 3,150 MW, a DC voltage of 600 kV and will span a distance of 2,375 km. Operation of this project is scheduled to begin in February 2013. In 2009, we were also awarded by ANEEL a new power transmission line, Linha Verde of 987 km at a voltage of 230 kV, operation of which is expected to begin in the third quarter of 2013.

In April 2010, Abengoa Transmisión Sur ("ATS") was awarded a concession contract for the construction, administration, operation and maintenance over a 30-year period of a 872 km power transmission line in Chilca (Peru), which is expected to begin operation in the fourth quarter of 2013.

On July 27, 2010, as part of our asset rotation strategy, we entered into an agreement with State Grid International to sell 25% shareholding in Expansion Transmissora de Energia Eléctrica S.A. and Expansion Transmissora Itumbiara Marimbondo, which are responsible for concessions relating to 785 km of power transmission lines that join the power stations of the city of Itumbiara, in Solás, and Marimbondo, in Minas

Gerais, Brazil. The sale of these shareholdings, which was completed in the fourth quarter of 2010, resulted in a cash inflow of €102 million and a profit of €69 million.

In December 2010, we were awarded the construction, operation and maintenance of a 108 km power transmission line by ANEEL (“Lote I”) in Itacaiúnas-Carajas, Brazil which is expected to begin operation in the fourth quarter of 2012.

Over the course of 2011 and 2012, we entered into the Cemig Sales which comprised the following: (i) on June 2, 2011, we sold 50% of our interest in four project companies: STE—Sul Transmissora de Energia S.A. (“STE”), ATE Transmissora de Energia S.A. (“ATE”), ATE II Transmissora de Energia S.A. (“ATE II”) and ATE III Transmissora de Energia S.A. (“ATE III”); (ii) also on June 2, 2011 we sold 100% of the share capital of NTE Nordeste Transmissora de Energia S.A. and; (iii) on March 16, 2012, we signed an additional share purchase agreement to sell our remaining 50% interest in project companies STE, ATE, ATE II and ATE III (on June 30, 2012, all closing conditions were fulfilled). See “Unaudited Pro Forma Condensed Consolidated Financial Information” and “— History and Development of our Group” for further discussion.

In June 2012, we were awarded the construction, operation and maintenance of an 80 km power transmission line by Sierra Gorda Sociedad Contractual Minera, known as the “Sierra Gorda” project, to cross the Atacama Desert from North to South, linking various mining centers in Northern Chile. The concession is for a period of 20 years and portions of the line are expected to begin operation in 2013.

In December 2012, we were awarded the engineering, construction, maintenance and operation of the three transmission line projects, totalling 2,472 km. The projects will enable part of the country’s energy consumption to be supplied in an efficient and sustainable way.

The projects are expected to begin in March 2013 and come into operation in the same month in 2016. The first concession comprises four transmission lines covering 1,816 km and two electricity stations in the states of Tocantins, Piauí, Bahía and Maranhao; while the second concession involves the construction of a 286 km transmission line and two substations in the states of Ceará, Paraíba and Río Grande do Norte. The third and final concession won by Abengoa consists of a single transmission line of 370 km between the Estreito and Itabirito 2 stations in the state of Minas Gerais.

A complete list of our power transmission line concessions as of September 30, 2012 is set out below:

Country	Project	Kilometers	Abengoa Stake	Concession-Type Contract	Concession-aire	Status (Operational Start Date)
Brazil	ATE IV (São Mateus)	85	100.0%	BOOT	ANEEL	Operating (Sept-10)
	ATE V (Londrina)	132	100.0%	BOOT	ANEEL	Operating (Oct-10)
	ATE VI (Campos Novos)	131	100.0%	BOOT	ANEEL	Operating (Jan-10)
	ATE VII (Foz do Iguaçu)	115	100.0%	BOOT	ANEEL	Operating (Aug-09)
	Manaus	586	50.5%	BOOT	ANEEL	Construction (Q1 2013)
	Norte Brasil	2,375	51.0%	BOOT	ANEEL	Construction (Q3 2013)
	Linha Verde	987)	50.5%	BOOT	ANEEL	Construction (Q3 2013)
	Lote I	108	100.0%	BOOT	ANEEL	Construction (Q4 2012)
Total		**4,519**				

Country	Project	Kilometers	Abengoa Stake	Concession-Type Contract	Concession-aire	Status (Operational Start Date)
Peru	Redesur	431	24.0%	BOOT	MEM[2]	Operating (Mar-01)
	ATN	572	100.0%	BOOT	MEM	Operating (Dec-11)
	ATS	900	100.0%	BOOT	MEM	Construction (Q4 2013)
	ATN 2	132	100.0%	BOOT	MEM	Construction (Q4 2013)
Total		**2,035**				
Chile	Araucana	54	20.0%	BOO[1]	Pangue	Operating (Nov-96)
	Abenor	100	20.0%	BOO	Electroandina	Operating (Jan-96)
	Huepil	141	20%	BOO	Endesa	Operating (Jun-03)
	Palmucho	10	100.0%	BOO	Endesa	Operating (Nov-07)
	Quadra I	80	100.0%	BOO	Sierra Gorda SCM	Construction (Q3 2013)
	Quadra II	50	100.0%	BOO	Sierra Gorda SCM	Pre-construction[3]
Total		**435**				
Total Power Transmission Lines		**6,989**				

Notes:

(1) "BOO" means Build, Own and Operate.

(2) "MEM" means the Ministerio de Energía y Minas.

(3) Pre-construction includes projects that have been awarded for which financing has not yet been secured.

Solar

The Solar segment had revenue of €258.8 million and Consolidated EBITDA of €194.5 million for the nine months ended September 30, 2012, and revenue of €131.6 million and Consolidated EBITDA of €92.9 million for the year ended December 31, 2011. In addition, our Solar segment had total net fixed assets of €4,313 million as of September 30, 2012.

Within our Concession-Type Infrastructures activity, our Solar segment designs, develops, oversees the engineering and construction of and operates solar power plants and installations. Our Solar segment operates in Europe, the United States, Latin America, the Middle East, North Africa, India, China and Australia. Our Solar segment has invested in solar power plants and has developed expertise in the three core solar technologies—solar towers, parabolic troughs and photovoltaics. We are also working to develop more efficient solar technologies. Our Solar segment is the leader in the Spanish solar industry in terms of MW allocated in the Pre-Allocation Registry of the Ministry of Industry, Tourism and Trade (having been awarded 13 plants totaling 650 MW). We also operate an integrated solar combined-cycle power plant in Algeria, with a capacity of 150 MW.

Our Solar segment has a portfolio of approximately 743 MW of plants in operation, 810 MW of plants under construction and over 100 MW in pre-construction. The table below provides a breakdown of our solar plants

as of the date of this Offering Circular. Plants in pre-construction typically have a power purchase agreement or feed-in tariff and licenses allocated, but financing is not committed.

CSP

Location	Operational Name	Production Capacity	Status
Spain			
Solúcar Platform, Seville	PS10	11 MW	In operation
	PS20	20 MW	In operation
	Solnova 1	50 MW	In operation
	Solnova 3 & 4	50 MW each	In operation
Écija Platform, Seville	Helioenergy 1 & 2	50 MW each	In operation
Extremadura Platform, Cáceres	Solaben 3	50 MW	In operation
	Solaben 2	50 MW	In operation
	Solaben 1 & 6	50 MW each	Pre-construction[1]
Ciudad Real Platform, Castilla-La Mancha	Helios 1	50 MW	In operation
	Helios 2	50 MW	In operation
Córdoba Platform, Córdoba	Solacor 1 & 2	50 MW each	In operation
United States	Solana, Arizona	280 MW	Under construction
	Mojave, California	280 MW	Under construction
Algeria	Hassi-R' Mel	150 MW	In operation
South Africa	Kaxu Solar One	100 MW	Under construction
	Khi Solar One	50 MW	Under construction
United Arab Emirates	Shams-1	100 MW	Under construction

PV

Location	Operational Name	Production Capacity	Status
Spain			
Solúcar Platform, Seville	Seville PV	1.2 MW	In operation
Solúcar Platform, Seville	Casaquemada	1.9 MW	In operation
Jaén	Linares	1.9 MW	In operation
Seville	Las Cabezas	5.7 MW	In operation
Seville	Copero	1.0 MW	In operation

Note:

(1) Pre-construction includes projects that have been awarded for which financing has not yet been secured.

Solar Power Plants in Operation

Plants in operation include the production and sale of electricity, as well as the operation and maintenance of solar power plants. Once a CSP or PV solar power plant enters into operation, it generates revenue by selling the electricity generated. The production level and price are two factors that directly affect the amount of revenue generated. Electricity sales are therefore critical to maximize income from electricity generation. The mechanisms used to determine the sale price of electricity vary from jurisdiction and include regimes based on regulated tariffs to those where an ad hoc tariff is negotiated and agreed for each project. Once the plant is operational, we also provide all materials, tools and labor and cover all costs of staffing in connection with the plants preventive and scheduled maintenance.

In CSP, we have 14 commercial plants in operation totaling 731 MW. The first to become operational was PS10, an 11 MW solar tower power plant that commenced operations in 2007. Two years later, PS20, a 20 MW solar power plant, started up, also located in the Solúcar Platform. In 2008, a solar trough plant was installed at PS10, the first commercial operating solar trough plant in Spain and representing part of our continuing efforts to increase our familiarity with the latest technologies. In 2010, three 50 MW trough technology plants commenced operations, making for a total of 181 MW of CSP in operation. In 2011 and 2012, nine plants commenced operations: eight 50 MW plants, all in Spain (Helioenergy 1 and 2, Solacor 1 and 2, Solaben 2 and 3, Helios 1 and 2). In July 2011, we launched the first hybrid solar-gas plant in Hassi-R' Mel (Algeria), with 150 MW capacity that will generate electricity using both natural gas and solar energy. This combination of conventional and sustainable technologies enables energy to be produced from the sun without compromising the functionality and stability of the power grid.

In the field of PV energy, our first 1.2 MW PV plant, located in Seville (Spain), has now completed its third year of commercial production, thereby demonstrating the commercial viability of the low concentration technology it utilizes. The 1 MW Copero plant in Seville (Spain) is also in operation, as well as the 1.9 MW Casaquemada PV plant in Sanlucar la Mayor, Seville (Spain), the 1.9 MW Linares PV plant in Linares (Spain) and the 5.7 MW Las Cabezas PV plant in Las Cabezas de San Juan, Seville (Spain), all of which have reached expected levels of production.

Solar Power Plants under construction and development

Our Solar segment oversees the engineering and construction of our solar power plants. As of the date of this Offering Circular, we oversaw the engineering and construction of eight solar power plants with a total installed capacity of 910 MW, being 100 MW in Spain, 560 MW in the United States, 100 MW in the United Arab Emirates and 150 MW in South Africa. During 2011 and up to the date of this Offering Circular, nine CSP plants were commissioned with total 550 MW capacity (150 MW in Algeria and 400 MW in Spain (Helioenergy 1, Helioenergy 2, Solacor 1, Solacor 2, Solaben 2, Solaben 3, Helios 1 and Helios 2)).

In the international market, during 2011, we continued to construct Shams-1, a 100 MW CSP plant in the United Arab Emirates, Solana, a 280 MW CSP plant, with six hours of molten salt storage solar plant located in the Mojave Desert, Arizona (United States). In the third quarter of 2011, we also began construction of another 280 MW CSP plant in Mojave, California (United States).

The process of constructing a CSP solar power plant takes approximately 18 to 36 months, depending on the size of the plant and whether it will have capacity to store solar energy. The process of constructing a PV plant is generally much shorter, typically six months or less. The construction of a plant is performed by a contractor pursuant to a turnkey construction contract entered into based on market rates. Our Engineering and Construction activity is the principal contractor for our Concession-Type Infrastructures activity to construct its CSP and PV projects. On occasion, we enter into turnkey construction contracts with temporary business associations (*unión temporal de empresas*) in which our Engineering and Construction activity or

other companies may participate. We undertake a large part of the basic and sophisticated engineering work in the plants using our own solar technologies.

We are involved in the development of solar power plants from the initial stage. These activities principally involve site selection, securing land rights, assessment of solar resources, administrative processing and obtaining relevant authorizations and connections to the required power grid and related infrastructure. These activities average between one and three years for CSP and PV plants but can vary significantly between regions and countries. Once a potential site has been located and the relevant land rights have been secured, we proceed to present the project to the appropriate authorities with respect to both the generation facilities and evacuation infrastructure. During the administrative process, we are required to submit extensive documentation to the relevant authorities for each site in order to obtain the necessary permits, licenses and authorizations. Depending on the jurisdiction, this process may involve simply an application to the competent public authority or, in addition, a submission of the project for public consultation, such as is generally the case in the United States.

In recent years, we have focused on developing solar power plants in Spain. As a result, we currently have a portfolio of 650 MW which have been filed with the power register (*Registro de Potencia*) of the Spanish Ministry of Industry, Tourism and Trade, and therefore have the licenses required to commence construction. Solar power plants in Spain work under feed-in tariff schemes, establishing a regulated price, or a premium plus market price, for all the energy produced. In Spain, we have partnered with a number of companies, including E.ON, Itochu Corporation and JGC Corporation, to construct and operate CSP plants.

In February 2008, as part of this program, our Solar segment signed a power purchase agreement with Arizona Public Service, the largest electric company in Arizona (United States), pursuant to which we are building and will operate one of the largest CSP power plants in the world (Solana). On December 21, 2010, the DOE announced a final commitment for a U.S.$1,450 million loan guarantee to our Solar segment to support the construction and start-up of the plant. This commitment helped us close the financing of the plant in December 2010. We commenced construction shortly after securing such financing. Once operational, the plant will have a generation capacity of 280 MW, six hours of molten salt heat storage, and will be able to supply to 70,000 homes.

In California, we have started construction in 2011 on the Mojave power plant equipped with parabolic trough technology in the Mojave Desert and benefitting from a power purchase agreement ("PPA") signed in 2009 with the electric utility Pacific Gas and Electric Company. This project obtained a U.S.$1,202 million loan guarantee from the DOE in order to support its construction and start-up of the Mojave Solar power plant. When it is brought on line, Mojave Solar, with a gross generation capacity of 280 MW, will be able to supply power to 90,000 households.

In June 2010, we partnered with Total S.A. and Masdar to build, own and operate the first large scale solar power plant in the Middle East, in Abu Dhabi (United Arab Emirates). The construction of the Shams-1 concentrating solar power plant, with 100 MW of power output capacity, has been progressing and is expected to become operational early in 2013.

In December 2011, the South African Department of Energy selected us to construct and operate a 100 MW parabolic-trough solar plant and a 50 MW superheated steam tower technology solar plant together with our joint venture partner, Industrial Development Corporation. We own a 51% interest in such joint venture. These plants are under construction, after obtaining project financing agreements with a group of South African and international financing institutions in November 2012.

Water Infrastructure

The Water segment had revenue of €27.3 million and Consolidated EBITDA of €19.2 million for the nine months ended September 30, 2012, and revenue of €21.0 million and Consolidated EBITDA of €10.3 million for the year ended December 31, 2011. In addition, our Water segment had total net fixed assets of €442.9 million as of September 30, 2012.

Within our Concession-Type Infrastructures activity, our Water segment constructs and operates water generation, transportation and management facilities, including desalination, treatment and water purification plants and water pipelines pursuant to long-term concession agreements. In recent years, the number of partnerships between the public and the private sectors to manage and execute water infrastructure projects on a concession basis has grown significantly. The form of a particular concession may vary significantly depending on the type of project, the country involved, the individual public- private negotiations and the specific purpose of the concession.

We currently have a portfolio of ten operational concession projects. We are in the process of constructing three additional concessions in Tenes (Algeria) (200,000 m^3/day), one in Qingdao (China) (100,000 m^3/day) and a desalination plant in Nungua (Ghana) (60,000 m3/day). These projects are scheduled to be in operation between 2013 and 2015.

The table below shows certain information regarding our current operating concessions in our Water segment as of the date of this Offering Circular. All such concessions were built and are currently operated under BOOT schemes.

Project Name	Location	Type of Plant	Year of Commence-ment	Duration	Capacity	Abengoa Equity Interest
Iniciativas Hidroeléctricas de Aragón y Cataluña, S.A......	Huesca and Lerida, Spain	Hydroelectric plant	1997	50 years	12 GWh/ year	95.0%
Iniciativas Hidroeléctricas, S.A...	Seville, Spain	Hydroelectric plant	2003	35 years	10 GWh/ year	50.0%
Canal de Navarra....................	Navarre, Spain	Irrigation systems	2006	35 years	14 sectors including 2,611 Ha	10.0%
Almeria..................................	Almeria, Spain	Seawater desalination plant	2005	15 years	50,000 m3/day	50.0%
Cartagena...............................	Murcia, Spain	Seawater desalination plant	2006	15 years	65,000 m3/day	37.5%
Bajo Almanzora.....................	Almería, Spain	Seawater desalination plant	2007	15 years	45,000 m3/day	40.0%
Skikda....................................	Skikda, Algeria	Seawater desalination plant	2009	25 years	100,000 m3/day	34.0%
Chennai..................................	Chennai, India	Seawater desalination plant	2010	25 years	100,000 m3/day	25.0%
Honaine..................................	Honaine, Algeria	Seawater desalination plant	2011	30 years	200,000 m3/day	51.0%

Co-generation Power Plants

The Co-generation segment had revenue of €31.3 million and Consolidated EBITDA of €1.2 million for the nine months ended September 30, 2012, and revenue of €37.4 million and Consolidated EBITDA of €2.5 million for the year ended December 31, 2011. In addition, our Co-generation Power Plants segment had total net fixed assets of €652.8 million as of September 30, 2012.

Within our Concession-Type Infrastructures activity, our Co-generation segment participates in public tenders for the development and operation of combined heat and power plants under concession schemes. We also seek opportunities in the private sector.

In August 2009, our Co-generation segment was awarded a contract by the Mexican state-owned oil and gas utility Pemex to operate a 300 MW co-generation plant in Tabasco (Mexico) for 20 years. Commercial operation of this plant is expected to begin in January 2013. The 40% of the capital for this plant that is not being provided by our project lenders is being provided by General Electric.

In 2010, our Co-generation segment conducted operation and maintenance activities at four participating co-generation power plants, located in Murcia, Huelva, Granada and Almeria (all Spain). The total power output of these facilities is to 93 MW.

Industry and Competition

Over the past 12 months the energy landscape has changed significantly, in part due to: political upheaval and civil unrest in certain countries in the Middle East and North Africa, the incident at the Fukushima Daiichi nuclear plant in Japan, new moratoria on shale gas drilling in the Canadian province of Quebec and France, expectations of strong economic growth in China and uncertainty surrounding global agreements regarding greenhouse gas emissions, including Canada's withdrawal from the Kyoto Protocol. Despite these changes and the uncertain economic environment, world energy demand is expected to increase due principally to demand growth experienced by many large non-OECD economies such as China and India (1.9% and 3.2% per year respectively in the period from 2010 to 2035 according to World Energy Outlook 2012) and renewable energy is expected to play a more important role in satisfying energy demands which may lead to more projects available under BOOT schemes.

According to the International Energy Agency ("IEA"), global energy consumption is expected to gradually increase to 17,197 Mtoe by 2035, a 35% increase from 2010. In the same period, demand for renewable energy (wind, solar, geothermal, marine, biomass and hydro) is expected to almost triple from 1,684 Mtoe in 2010 to 3,079 Mtoe in 2035, and the share of renewables in the electricity generation market is expected to increase from 20% in 2010 to 30% in 2035 (Source: World Energy Outlook 2012, IEA).

In order to meet growing energy demand, significant investment must be made in the power sector in order to increase installed production capacity and to expand and improve T&D infrastructure. The IEA estimates a total investment of U.S.$16,867 billion for the 2012-2035 period, or an average of U.S.$733 billion per year as follows:

- total investment in new power plants estimated at U.S.$9,986 billion, out of which U.S.$4,472 billion or 46% corresponds to renewables excluding hydro (62% including hydro);
- total investment in power transmission infrastructure estimated at U.S.$1,839 billion globally, of which U.S.$1,137 billion is located in markets where we have historically focused (mainly the U.S., India, China and Latin America); and
- total investment in biofuels of U.S.$360 billion, out of which U.S.$240 billion is expected to be in bioethanol.

(Source: World Energy Outlook 2012)

According to Bloomberg New Energy Finance, in 2010, renewable energy for the first time surpassed fossil fuels in new power plant investments. Investment in new wind, solar, biomass and marine projects totaled U.S.$187 billion compared with U.S.$157 billion for fossil fuels (excluding nuclear energy). 2010 was also the first time that expenditure in developing countries, mainly China, exceeded that in the developed world

and this trend is expected to continue. Investment in renewable energy may double to U.S.$395 billion per year by 2020 led by growth in offshore wind and solar projects.

We face several different competitors in our Concession-Type Infrastructures activity. In the Transmission segment, our principal competitors are Eletrobrás, Cemig and ISA. In the Water segment, our principal competitors are Veolia Environnement S.A., Hyflux Ltd., Doosan Ltd., Suez Environnement, S.A, Fisia Italimpianti S.p.A. and Aquatech, Ltd. The principal competitors of our Solar segment along the CSP value chain are Spanish companies ACS, SENER Ingeniería y Sistemas, S.A. ("SENER") and Acciona, and the American companies Florida Power Corporation and The Light Group LLC in the promotion and operation activities, and BrightSource Energy Inc., Ausra/Areva, and SkyFuel Inc. in technology. In PV, there are multiple competitors in both promotion and technology. In the Co-generation segment, we have numerous international and regional competitors, including utilities. Our principal competitors in the Spanish co-generation market are Iberdrola Cogeneración, S.R.L.U., Endesa Cogeneración y Renovables, S.A.U., Sacyr Vallehermoso, S.A., Gas Natural SDG, S.A. (Gas Natural Fenosa), DETISA and Dragados, S.A. In the international co-generation market, our competitors include ACS, Iberdrola Ingeniería y Construcción, S.A.U., Cobra Instalaciones y Servicios, S.A., Grupo Isolux Corsán, S.A., Samsung Group and Itochu Corporation.

Customers and Contracts

Revenue from our Concession-Type Infrastructures activity comes from selling water, electricity, and power transmission line capacity. Our customers vary from governments in countries where feed-in-tariffs are in place (in the case of Spain, utilities are the electricity offtakes; but a government agency pays the tariff and premium), to electrical and water utilities, with which we would typically sign power purchase agreements.

Our Concession-Type Infrastructures activity primarily utilizes concession contracts, which include the operation and maintenance of the asset for a significant period of time, typically 20 to 30 years. There are several forms of concession contracts, but the most frequently used are BOO and BOOT.

Industrial Production

Overview

Our Industrial Production activity develops and produces biofuels for transportation which are used as components of gasoline or for direct blending with gasoline or diesel. We also produce DGS, sugar from our production plants in Brazil, electricity and carbon dioxide as by-products of the ethanol production process for sale to third parties. This activity includes three segments: Biofuels, Industrial Recycling and Other. Our Biofuels segment is located in Spain, France, The Netherlands, the United States and Brazil. Our Industrial Recycling segment conducts steel dust and galvanization waste recycling and salt slag and aluminum waste recycling in Spain, Germany, France, Sweden, Turkey, the United Kingdom and Latin America. Our Other segment includes certain operations related to industrial waste management, our mineral manufacturing plants and our soil technology division, which we undertake in Spain, Mexico, Chile and Peru.

Our Industrial Production activity had revenue of €2,442.0 million and Consolidated EBITDA of €273.5 million for the nine months ended September 30, 2012, and revenue of €3,135.9 million and Consolidated EBITDA of €366.3 million for the year ended December 31, 2011. In addition, our Industrial Production activity had total net fixed assets of €4,119.6 million as of September 30, 2012.

Biofuels

Our Biofuels segment had revenue of €1,585.3 million and Consolidated EBITDA of €26.3 million for the nine months ended September 30, 2012, and revenue of €2,225.0 million and Consolidated EBITDA of

€152.1 million for the year ended December 31, 2011. In addition, our Biofuels segment had total net fixed assets of €2,881.5 million as of September 30, 2012.

The Biofuels segment of our Industrial Production activity is dedicated to the production and development of biofuels, primarily ethanol for transport that employs cereal and sugarcane as raw materials. Our ethanol production facilities in Europe, the United States and Brazil have a combined production capacity of 2,915 million liters ("Ml") in operation. We also have a biodiesel plant in Spain, with a capacity of 225 Ml per year. We are the only company with a significant presence in Europe, the United States and Brazil, the three largest biofuel markets in the world.

Ethanol is used for Ethyl Butyl Ether ("ETBE") production, as a component of all gasoline or for direct blending with gasoline. Biodiesel is used for direct blending with diesel or in a pure form as a substitute for diesel. We also produce by-products from our biofuel production, including DGS, sugar, electricity and carbon dioxide, which are sold to third parties.

We are Europe's largest bioethanol producer with an annual production capacity of 1,275 Ml. We operate three ethanol plants in Spain in Cartagena, Murcia; Teixeiro, La Coruña; and Babilafuente, Salamanca. These three ethanol plants have a combined annual production capacity of 545 Ml. In addition we operate a fourth plant in Lacq (France), which has an annual production capacity of 250 Ml; a new 480 Ml ethanol production capacity plant in Rotterdam (The Netherlands) commenced operation in September 2010 and is Europe's largest ethanol plant by production capacity. We intend to temporarily close this plant at the beginning of 2013 in order to conduct maintenance and improvement works, which will include recommended improvements agreed with local authorities.

We also produce biodiesel at a production plant in San Roque, Cádiz (Spain), which began supplying biodiesel in March 2009 and produces 225 Ml of biodiesel annually. This plant is located on the premises of a CEPSA refinery; CEPSA is also the customer for a significant portion of the facility's output.

We are one of the largest ethanol producers in the United States, with an annual production capacity of over 1,440 Ml. Most of the ethanol produced in the United States is marketed in the form of e10 (90% gasoline and 10% ethanol), although sales of e85 (a mixture of 15% gasoline and 85% ethanol) have been increasing steadily. In 2010, construction work was completed on two 340 Ml production capacity plants located in Madison, Illinois, and Mount Vernon, Indiana; both plants became fully operational in early 2010. In September 2011, we received a U.S.$132 million loan guarantee from the DOE to support the funding for the construction of the first commercial scale biorefinery facility to produce renewable ethanol fuel from cellulosic plant fiber in Hugoton, Kansas.

We are a significant producer of ethanol and sugar in Brazil, operating three sugarcane ethanol plants which have a crush consumption capacity of 6.5 million tons of sugarcane for the production of approximately 200 Ml of ethanol and a sugar production capacity of 645,000 tons per year. Brazil is one of the world's largest markets for ethanol and ethanol production and is expected to continue as such, due to the success of flex-fuel vehicles that can run on either gasoline or ethanol. Flex-fuel vehicles currently account for nearly 90% of the vehicles sold in Brazil. In 2010, we finished the construction of two energy co-generation units at our sugarcane ethanol plants, each with an installed capacity of 70 MW and one of which can be upgraded to 140 MW. The plants use sugarcane "bagasse" as the raw material to fuel their boilers, which produce the steam to generate electricity and heat for production processes. These plants became operational in August and September 2010, and their excess output is fully connected to the power grid operated by Eletrobrás, a major Brazilian power utility.

We believe there is a significant market opportunity for us in the second-generation biofuels industry, which utilize biomass rather than cereal and other food crops as the primary raw material. We have invested continually in R&D&i over the past decade and have developed our own proprietary process and enzymes.

We have been operating a pilot plant in York, Nebraska (United States) since 2007 and a demonstration plant in Salamanca, Spain since 2009. We have commenced construction of our first second-generation commercial scale biorefinery facility to produce renewable ethanol fuel from cellulosic plant fiber in Hugoton, Kansas (United States), for which we were awarded U.S.$88 million in grants since 2007 from the DOE. This plant is expected to start operations in 2014 and it is expected to result in significant cost savings, while also providing opportunities to license its biomass technology to third parties. In addition, the plant will position us to potentially enter the industries of biomaterials and bioproducts.

A list of our biofuel production facilities as of September 30, 2012 is set out below:

Region	Plant	Ethanol Capacity (million liters per year)	Status
Europe	Murcia, Spain	150	Operating since 1999
	La Coruña, Spain	195	Operating since November 2003
	Salamanca, Spain	200	Operating since April 2006
	Lacq, France	250	Operating since June 2007
	Rotterdam, The Netherlands	480	Operating since September 2010
	San Roque, Spain	225 (biodiesel)	Operating since February 2009
United States	York, Nebraska	210	Acquired in November 2001
	Colwich, Kansas	95	Acquired in November 2001
	Portales, New Mexico	115	Acquired in November 2001
	Ravenna, Nebraska	340	Operating since September 2007
	Evansville, Indiana	340	Operating since Q1 2010
	Tricity, Illinois	340	Operating since Q1 2010
	Hugoton, Kansas	95	Expected operation in Q1 2014
Brazil	São Luis, São Paulo	3 million tons crushed capacity, 70 Ml of ethanol, 285 thousand tons of sugar	Acquired in September 2007
	São João, São Paulo	3.5 million tons crushed capacity, 130 Ml of ethanol, 360 thousand tons of sugar	Acquired in September 2007
	Santo Antonio de Posse, São Paulo	0.4 million tons crushed capacity; 30 thousand tons of sugar	Under leasing agreement

All of the above plants (other than those in York, Nebraska; Colwich, Kansas; Portales, New Mexico - all in the United States - and Brazil) were constructed by our Engineering and Construction segment.

Operations

The operations of our Industrial Production activity's Biofuels segment represents a single integrated process that includes production; raw materials procurement; ethanol origination; and the trading of ethanol, DGS and sugar.

Production

We produce ethanol at our facilities in Europe, the United States and Brazil from cereal grains and sugarcane by means of biochemical processes and treatments. One of our European production facilities also generates

biodiesel. In the process of producing ethanol and biodiesel, we generate various secondary byproducts, including DGS, sugar, electricity and carbon dioxide, which are collected and sold to third parties.

Procurement of Raw Materials

Raw materials account for approximately 60% to 70% of the production costs of biofuels. The most important typically for production are corn, wheat, barley and sorghum. The production of biodiesel relies on various oils, including soybean and palm. Since operations began, the Biofuels segment of our Industrial Production activity has built up experience in the supply and logistics of commodities. We have also established direct supply agreements with farmers and traders to secure the necessary volume of raw materials for our plants.

In Brazil, we grow sugarcane while preserving sustainable rural development, biodiversity and regional economic growth. Our production plants are supplied through agreements with landowners, performing the required tasks for use of the land, and by providing the necessary resources and advice to farmers in order to start production.

Ethanol, DGS and Sugar Trading

We trade in ethanol, DGS and sugar to manage our demands for these products. We have established offices in key markets for global ethanol trading, including Rotterdam (The Netherlands); St. Louis, Missouri (United States); and São Paulo (Brazil). Market fluctuations, political conditions in different geographical areas and other factors affecting our business, both in terms of acquisition of raw materials and in the production of marketed products, are analyzed globally to obtain a better view of international markets.

Products

Ethanol

We produce ethanol at our facilities in Europe and the United States from cereal grains, and in Brazil from sugarcane. Ethanol is obtained to produce either ETBE or for direct blending with gasoline as e85, e25 and e10. In addition to its renewable origin and being biodegradable, distilled ethanol has many advantages over fossil fuels, it contributes to the reduction of greenhouse gas emissions, increases energy autonomy and diversification, reduces fossil fuel dependence, stimulates growth in local economies, creates jobs in rural areas, and creates cleaner fuels that produce less sulfur dioxide and fewer particles.

Biodiesel

Biodiesel is a renewable fuel formed by long-chain fatty acid methyl or ethyl esters. It is obtained through the chemical reaction of methanol (or ethanol) with vegetable oils (rape, sunflower, soy or palm). Biodiesel does not contain sulfur and, when compared with diesel derived from oil, produces lower emissions of greenhouse gas (including carbon dioxide), carbon monoxide and particles and other polluting products.

DGS

DGS, a high protein compound used as feedstock for cattle, is obtained as a secondary product from the extraction of starch from cereal grains. In Europe and the United States, DGS is subject to strict quality controls that guarantee that its nutritional properties and products derived therefrom meet relevant food safety legislation. In Europe, Bureau Veritas certifies that our DGS is in compliance with the standards set by the relevant European food quality and safety requirements. Work is also being conducted to obtain a European specification for the product. In the United States, our DGS product fulfills the specifications required by the Association of American Feed Control Officials, which is responsible for developing and implementing uniform and equitable laws, regulations, standards and enforcement policies for regulating the manufacture, distribution and sale of animal foods.

Sugar

In Brazil, we produce sugar from sugarcane grinding. Liquid is separated from bagasse during grinding and undergoes the necessary filtration and chemical processes to neutralize its pH. Currently, we have an estimated 675,000 tons of crystal sugar production, of which most is exported, taking advantage of the optimal location of our plants near ports.

Electricity

Some of our biofuel process plants contain co-generation units to produce the necessary steam and electricity to run the ethanol production process. Excess electricity generated is sold to public utilities such as Eletrobrás in Brazil. Each of our plants in Spain and our facility in Rotterdam (The Netherlands) has a gas turbine co-generation plant. Our facilities in Brazil generate steam and heat from the combustion of bagasse obtained after the sugarcane milling process for use in the biofuel production process and in generating electricity. The aggregate amount of capacity from co-generation units was 280 MW as of September 30, 2012. Out of these co-generation units, units with a capacity of 234 MW are operated under long-term contracts, such as feed-in-tariffs or PPAs. However, these are not included in our Concession-Type Infrastructures activity as these are bioethanol assets.

Carbon Dioxide

At some of our plants, the carbon dioxide emissions from the production of ethanol are captured and sold to third parties. At our facilities in York, Nebraska and Colwich, Kansas (both the United States); captured carbon dioxide is sold to third parties who process the gas and sell it for use in the beverage and flash freezing industries. For our 480 Ml ethanol plant in Rotterdam (The Netherlands), we have been carrying out studies regarding the possibility of supplying the carbon dioxide emissions from the plant's production to greenhouses.

Competition

Our main competitors in the global biofuel market are The Archer Daniels Midland Company, Cosan Limited, CropEnergies AG, Green Plains Renewable Energy, Grupo São Martinho, The Andersons Inc., Verbio, Ensus, Poet Bio Refining and Valero.

Customers and Contracts

Our customer base is mainly comprised of oil companies, including Repsol, CEPSA, Total S.A and BP, and traders, including Cargill, Incorporated.

We have long-term supply contracts for the delivery of ethanol from two of our Spanish facilities and for the delivery of biodiesel from our biodiesel plant. For the remaining facilities, the production is sold under supply contracts ranging in duration from one to six months. To monitor and converse profit margins, we purchase raw materials according to the same time horizon in which we set ethanol production.

Suppliers

In our European operations, we consolidate the purchasing of raw materials (cereal grains, oleaginous seeds and vegetable oils) necessary for the operation of our European ethanol and biodiesel plants with the marketing of associated co-products through a single entity: our fully owned subsidiary Ecoagrícola, S.A. For the past ten years, Ecoagrícola, S.A. has sourced its materials by means of two well-differentiated mechanisms: purchasing on the free market and direct contracting with farmers.

We also centralize the critical functions of grain procurement, ethanol and DGS co-product marketing, and hedging and risk management for all commodities, including energy needs for our U.S. operations. The concentration of these functions into one specialized entity for our biofuel business in the United States is critical to achieve our goals of consistency, efficiency, and identification as one common brand.

With respect to our Brazilian operations, we have reached agreements with local farmers for the supply of sugarcane that satisfies the feedstock requirements for our production facilities in Brazil.

Industrial Recycling

Our Industrial Recycling segment had revenue of €503.1 million and Consolidated EBITDA of €89.9 million for the nine months ended September 30, 2012, and revenue of €629.9 million and Consolidated EBITDA of €121.3 million for the year ended December 31, 2011. In addition, our Industrial Recycling segment had total net fixed assets of €970.2 million as of September 30, 2012.

The Industrial Recycling segment of our Industrial Production activity specializes in various areas of industrial recycling and has operations in Europe, Latin America and South Korea.

Operations

Recycling

Steel Waste Recycling and Galvanization

Our steel waste recycling and galvanization operations include the collection, treatment and recycling of waste obtained from the production of steel. We have nine plants throughout Spain, France, Germany, Turkey and Sweden, with a combined annual capacity of over 855,500 tons of steel dust as of September 30, 2012. We plan on expanding our operations to other countries and regions in Europe and to other countries and regions outside of Europe including Asia and the United States. In September 2010, we signed a joint venture agreement with the Canadian company Silvermet Inc. to take a 51% stake in a steel dust recycling plant that Silvermet owned in Iskenderun (Turkey). In July 2012, our joint venture with Silvermet Inc. announced that it would construct two additional facilities in Turkey for steel dust recycling, at Izmir and Adana for a total annual capacity of 80,000 tons of Waelz oxide. The facilities are expected to be constructed and enter in operations in the second half of 2014. At the beginning of September 2012, we entered the South Korean market through signing an agreement to acquire 55% of the South Korean steel dust recycling company Hankook R&M Co. Ltd., for a total aggregate amount of €60 million in a transaction structured in three phases. The agreement could allow us to acquire up to 100% of the company. The consummation of phases one and two is subject to certain conditions precedent related to, *inter alia*, receipt of relevant government approvals, completion of the plant and receipt of relevant permits. Hankook R&M Co. Ltd. is currently constructing a steel dust recycling plant in Gyeongju, south east South Korea, which will come into operation in the second half of 2013. We will be responsible for operating the plant.

We collect steel dust residues from industrial facilities, primarily steel mills and foundries. We charge customers a fee for the collection of the steel dust residues, which is generally no more expensive than alternative solutions, but with a lesser impact on the environment. The specific collection fee charged is typically based on the volume of waste generated by a customer. We typically maintain long-term commercial relationships with customers.

Once collected, steel dust residues are transported by us to one of our nine steel dust recycling plants where such residues are treated through various pyro and hydrometallurgical processes that separate heavy metals from other chemical elements, primarily zinc, but also other elements, including nickel and chromium. This treatment principally generates Waelz oxides, which we then sell to smelters to be used in zinc production. In addition, we separate and treat certain quantities of nickel and chromium present in stainless steel dust, which we sell to steel producers. Lastly, residues produced by us during the treatment process generates ferrosite, a by-product made of iron oxide, which is sold to the construction industry for use as a fill material or as a natural aggregate.

Our recycling activities generate substantial savings of energy and reduced carbon dioxide emissions compared to obtaining the same products through primary treatment. For the year ended December 31, 2011, we recycled approximately 649,352 tons of steel dust, which, based on our estimates, generated approximately 188,420 tons of Waelz oxides and contributed to the return to the production cycle of approximately 122,122 tons of zinc. In addition, we treated approximately 88,658 tons of dust residues originated by the manufacturing process of stainless steel producing materials such as nickel and chromium. Furthermore, our stainless steel dust recycling plants produced 39,514 tons of nickel alloys and other metals in the year ended December 31, 2011.

The table below shows the technology used, type of waste recycled and recycling capacity of each of our steel dust recycling plants in operation as of September 30, 2012:

Plant Location	**Technology**	**Waste Recycled**	**Annual Recycling Capacity (tons)**
Erandio, Vizcaya, Spain	Waelz kiln	Steel dust	160,000
Duisburg, Germany	Waelz kiln	Steel dust	95,000
Freiberg, Germany	Waelz kiln	Steel dust	200,000
Fouquierés-Lez-Lens, France	Waelz kiln	Steel dust	110,000
Iskenderum, Turkey	Waelz kiln	Steel dust	125,000
Gravelines, France	Submerged arc welding	Stainless steel dust	110,000
Landskrona, Sweden	Plasma oven	Stainless steel dust	64,000
Amorebieta, Vizcaya, Spain	Rotary oven	Galvanized steel dust	11,000
Sondika, Vizcaya, Spain	Indirect method oxidation	Galvanized steel dust	10,500
Total			**885,500**

Aluminum Waste and Salt Slag Recycling

We purchase aluminum scraps derived from the aluminum content of various goods that have reached completion of their useful lives or from the industrial production of aluminum goods. Once purchased, we treat the aluminum scraps through a metallurgical process, which separates the aluminum content from the waste and produces secondary aluminum alloys. We in turn sell the secondary aluminum alloys to customers, which consist primarily of companies directly or indirectly linked to the automotive and construction industries.

We recycle salt slag, the hazardous waste generated during the secondary aluminum production process, through a process that separates aluminum metal concentrates. We then sell these products to customers for use in a variety of applications, including civil works, fiber insulation and building materials.

We have three secondary aluminum production plants in Spain which are located in Valladolid, Erandio and Franqueses del Vallés. The latter was integrated in 2007 into a joint venture with Qualitas Venture Capital ("QVC") with our shareholding at 60.25%. In November 2011, we agreed to purchase an additional 38% stake from QVC, which resulted in a final 98.25% ownership in the joint venture.

In addition, we have five plants dedicated to salt slag recycling: one plant in Valladolid, Spain, one plant in Whitchurch, United Kingdom and three plants in Germany (Hannover, Lunen and Togging (currently idled)).

For the year ended December 31, 2011, we recycled approximately 154,878 tons of scrap aluminum, which generated 118,071 tons of secondary aluminum. According to our own estimates, our secondary aluminum production avoided direct emission of approximately one million tons of carbon dioxide from primary aluminum production, as compared to what may have been emitted in primary production. In addition, during the same period, our five salt slag recycling plants treated approximately 460,604 tons of waste. All of the salt slag treated has been converted into raw materials for various industries, including manufactures of fiber insulation and building materials. Based on our estimates, our salt slag recycling activities have prevented the extraction of approximately 217,063 tons of non-renewable raw materials (such as oxides, salts and minerals) and the dumping of approximately 454,764 tons of hazardous waste as of December 2011.

During 2009, both the automotive and construction industries were hit by a deep recession, which, in turn, contributed to a sharp decline in price and sales volumes of secondary aluminum. The volumes of treated aluminum and salt slag by us increased in 2010 as demand for secondary aluminum recovered and further increased 13% and 14%, respectively, in 2011.

We also sell recycling technology and engage in the designing and assembling of turnkey plants for the aluminum industry. We have developed over 100 projects in 40 countries, including plants located in Bahrain, Iceland, Oman, Russia and Spain. The most important projects carried out include the design and construction of two 22-kilogram ingot casting lines for Emal (United Arab Emirates); the design and manufacture of three molding lines for Qatalum (Qatar) and the design and manufacture of four molding lines with trailer-loader for Vedanta (India).

The table below shows a breakdown of our aluminum and salt slag recycling plants as of September 30, 2012:

Name	Type of Plant	Location	Abengoa Equity Interest	Capacity in operation (tons per year)
Bilbao	Aluminum recycling	Bilbao, Spain	100.0%	55,000
Valladolid	Aluminum recycling	Valladolid, Spain	100.0%	50,000
Franqueses del Vallés	Aluminum recycling	Barcelona, Spain	98.0%	55,000
Total aluminum				**160,000**
Valladolid	Salt slag recycling	Valladolid, Spain	100.0%	150,000
Töging	Salt slag recycling	Töging, Germany	100.0%	100,000
Hannover	Salt slag recycling	Hannover, Germany	100.0%	130,000
Lünen	Salt slag recycling	Lünen, Germany	100.0%	170,000
Whitchurch	Salt slag recycling	Whitchurch, UK	100.0%	80,000
Total salt slag				**630,000**
Total				**790,000**

Other

We also provide comprehensive industrial waste management services including recycling, treatment and valorization of industrial waste other than steel and aluminum waste. The principal industrial waste management activities are:

Industrial Waste

We have a network of centers located in Spain, which treat industrial waste to reduce the associated contamination and classify the industrial waste for recovery, recycling and/or valorization. These centers have safety storage tanks for the controlled disposal of waste.

Industrial Cleaning

We provide a wide range of services including mechanical and high pressure hydrodynamic cleaning processes, ultra-pressure hydrodemolitions and hydro-cutting, chemical cleaning and steam blowing, changes of catalyst beds, cleaning of refinery tanks and oil installations, on-site waste treatment by means of mobile and fixed plants and cleaning of interchangers.

Plastics

We manufacture low-density polyethylene special pellets by recycling the film used for covering greenhouses. The pellets are used by customers for a variety of applications, such as manufacturing films for the construction industry (waterproofing and protection), sacks and bags, irrigation pipes and electrical and telecommunications ducts. They can also be injected to create pots or otherwise used to obtain modified asphalts.

Polychlorinated Biphenyls ("PCBs")

We specialize in the collection, transport and elimination of transformers, condensers and other materials contaminated with PCBs.

Soil Decontamination

We provide integral technical solutions for the problem of soil contamination. Over this last year, we carried out numerous investigation and diagnostic projects relating to contaminated soil for customers within the petrochemical, steel, construction, energy and chemical industries, among others, as well as a host of soil decontamination activities, such as bioremediation treatments, on-site treatments, excavation and management.

Desulfurization

We produce sulfuric acid and oleum (a compound rich in sulfur trioxide) using the residual sulfur recovered from petrochemical plants.

We conduct our industrial waste management services primarily in Spain and Latin America. We have over 15 industrial waste management plants in Spain and are considering developing two additional hazardous waste treatment plants in Madrid and Cartagena (both Spain), and two non-hazardous waste treatment plants in Leon (Spain) and Torres Vedras (Portugal). Furthermore, we have various hazardous and non-hazardous waste management plants in operation in Argentina, Chile, Peru and Mexico.

The table below shows our main industrial waste management complexes and plants as of September 30, 2012:

Name	Type of Plant	Location	Abengoa Equity Interest	Capacity
Manure energetic plant	Manure; Hazardous industrial waste	Vilches, Spain	100.0%	87,000 m^3/yr
Environmental complex Nerva	Non-hazardous industrial waste	Nerva, Spain	100.0%	4,000,000 t 5,000,000 t
Environmental complex Buenos Aires	Industrial waste; Hazardous industrial waste	Buenos Aires, Argentina	100.0%	5t/hr 200,000 m^3
Environmental complex Zimapán, Mexico	Liquid industrial waste; Hazardous waste; Hazardous industrial waste	Zimapán, Mexico	100.0%	4 t/hr 25 t/hr 500,000 m^3
Soluciones Ambientales del Norte	Hazardous industrial waste; Non-hazardous industrial waste	Antofagasta, Chile	100.0%	12,000 t/yr
Total hazardous waste[1]				344,000 t/yr
Total non-hazardous waste[1]				516,000 t/yr
Total[1]				**860,000 t/yr**

Note:

(1) Includes all industrial waste operations

Competition

We face several different competitors across our recycling operations. In steel dust recycling, our main competitors in Europe are Pontenossa S.p.A., Harz-Metall GmbH and Glencore International AG. In the Spanish market, we believe we are the only company that provides both collection and recycling services for steel dust. For aluminum recycling, we believe we are the largest company dedicated to the recycling of primary aluminum in Spain (by tons treated per year) and one of the principal aluminum waste recycling companies in Europe where our competitors include Aleris Group, Vedani Carlo Metalli S.p.A., Raffinerie Metalli Capra S.p.A. and Konzelman Oettinger Group. We believe we are the only company in Spain dedicated to salt slag recycling. Our main European competitors include K&S Aluminum-Technologie GmbH, RVA—Récupération Valorisation Aluminum S.A. and Alustockach GmbH.

Customers and Contracts

The Industrial Recycling and Other segments of our Industrial Production activity have a large number of customers. In the area of recycling, we typically maintain long-term commercial relationships with our recycling customers.

The principal customers of our aluminum waste recycling operations are automotive and construction companies such as Seat, S.A., Fagor Ederlan Group, CIE Automotive, S.A. and Ferroli España, S.A., and aluminum companies, such as Alcoa Inc. Approximately 29% of our customers are Spanish companies, while 71% are international companies. A significant amount of sales from this sub-segment related to customers that have maintained a long-term relationship with us.

Our steel recycling customers include typically steel (principally mini-mills) and international smelting companies. Our steel waste recycling business has global customers, including ArcelorMittal S.A., Acerinox, S.A., ThyssenKrupp AG, Boliden AB and Nyrstar N.V., with mid- to long-term supply contracts in place. Our collection contracts with steel producers are typically long-term. Our Waelz oxide contracts are

often annual contracts where the contract price is determined in relation to a market price index-based mechanism. Our industrial waste management business has a large number of customers. The customers for our industrial waste operations include petrochemical, chemical and pharmaceutical companies, such as CEPSA, Repsol, Petronor, S.A. and Energias de Portugal S.A. The principal customers of our PCBs management activities are Iberdrola, S.A., Endesa, S.A. and HC Energia, S.A.

Suppliers

The Industrial Recycling segment of our Industrial Production activity has different suppliers for each of the three areas of our recycling operations.

In aluminum recycling, the suppliers of aluminum scraps for secondary aluminum production are mainly aluminum producers and manufacturers of aluminum components and aluminum scrap. In salt slag recycling, we charge a fee to the aluminum scrap producers and then sell secondary aluminum, with prices for both of these items related to the London Metal Exchange aluminum price. As salt slag is a residue resulting from aluminum recycling, we source our own salt slag supply from our aluminum recycling operations.

In steel recycling, our customers, typically international steel and smelting companies, are also our main suppliers as they provide the raw materials for collection and treatment. We have concluded raw materials purchase agreements with both local and international suppliers.

The Industrial Recycling segment of our Industrial Production activity generally uses a large number of suppliers and each sub-segment is not dependent on any single supplier.

Other

Our Other segment had revenue of €353.6 million and Consolidated EBITDA of €157.3 million for the nine months ended September 30, 2012, and revenue of €281.0 million and Consolidated EBITDA of €92.9 million for the year ended December 31, 2011. In addition, our Other segment had total net fixed assets of €267.9 million as of September 30, 2012.

The Other segment includes those activities related to the development of solar-thermal technology, water management technology and innovative technology businesses such as hydrogen energy or the management of energy crops.

Information Technologies (Telvent)

In the years ended December 31, 2010 and 2009, and during part of 2011, we were the controlling shareholder of Telvent, an information technologies ("IT") business which provided software development and integration services and IT solutions for complex systems such as utility grids, traffic networks and gas pipelines in addition to market intelligence, commercial weather, trading and supply-chain services to a range of industries. For such periods, we consolidated Telvent's results of operations into our financial statements. As a result of the foregoing, for the years ended December 31, 2010 and 2009, Telvent was operated as our Information Technologies reporting segment. In the year ended December 31, 2010, Telvent had revenue of €706 million and EBITDA of €130 million. On September 5, 2011, we sold Telvent to Schneider Electric S.A.

Telvent focused on providing critical IT and related support services to customers active in the energy, transportation, environmental services and agriculture industries. Within the energy industry, Telvent delivered IT solutions allowing customers to manage their energy delivery efficiency through measurement and control systems and infrastructures management tools, principally for oil and gas and electricity customers. Telvent also developed smart grid products and services to improve the efficiency of power transmission systems. Within the transportation industry, Telvent provided free-flow tolling solutions, ticketing and fare systems and automated enforcement systems for traffic violations and a variety of road

safety monitoring systems. Within the environmental services industry, Telvent offered IT systems that collected data and, in certain cases, used such data to provide forecasts, of the weather and meteorological phenomena, water supply and pollution contamination for utilities and other customers. Within the agriculture industry, Telvent delivered business information and trading services connected to commodity market prices, weather services and supply chain solutions to agribusinesses, farmers and other market participants.

Pursuant to the Irrevocable Undertaking Agreement, dated May 31, 2011, among Schneider Electric S.A., its affiliates and Telvent, we agreed to continue to provide certain services to Telvent for a period of one year and six months following the closing of the sale which we had been providing theretofore at the same prices that had been previously charged.

For further information regarding the sale of Telvent, see "Operating and Financial Review and Prospects — Factors Affecting the Comparability of our Results of Operations — Acquisitions and Divestments — Divestment of Telvent GIT, S.A."

Corporate Offices

Our corporate center is located in Seville (Spain) and is responsible for the oversight of the Group and management of some common areas, including the management of key policies, capital expenditure decisions and shared IT.

Each of our activities operates independently, with management at each business responsible for day-to-day operations.

Backlog

As of September 30, 2012, our backlog amounted to €6,639 million, the equivalent to approximately two years of new contract sales. Backlog consists principally of projects, operations and services for which we have signed contracts and in respect of which we have received non-binding commitments from customers or other operations within our Group where the related revenues are not eliminated in consolidation. Commitments may be in the form of written contracts for specific projects, purchase orders or indications of the amount of time and materials Abengoa needs to make available for customers' anticipated projects. New bookings and ultimately the amount of backlog of unfilled orders are largely a reflection of broad global economic trends. The volume and timing of executing the work in our backlog is important to us in anticipating our operational and financing needs, and our ability to execute our backlog is dependant on our ability to meet such operational and financing needs.

A project for which the related contract has been signed or for which there is evidence of a purchase order is included in the calculation of the project portfolio value. A signed contract represents a legally binding agreement, thus constituting an expected source of revenue in the future. The sole exception is CSP plants for EPC projects, which are considered in backlog despite signed contracts not being in place. These projects are all located in Spain and we have already been assigned the projects by the government through a public auction, thus removing the requirement for an agreement to be included in the backlog calculation.

We do not include in our backlog calculations of predicted sales from our concession activities, such as energy sales, power transmission and water sales, or commodity sales businesses, which includes sales from biofuels and waste management. The reason for their exclusion is that their recurrent nature makes them subject to a certain degree of uncertainty which makes them incompatible with a pre-determined project execution. See "Risk Factors — Risks Related to Our Activities and the Markets in Which We Operate —Our backlog of unfilled orders is subject to unexpected adjustments and cancellations and is therefore not a fully accurate indicator of our future revenue or earnings."

The table below provides additional details relating to our backlog, excluding the contribution from Telvent for all periods:

	As of September 30,	As of December 31,	
	2012	2011	2010
	(unaudited)		
	(€ in millions)		
Total Backlog	6,639	7,535	6,253

Intellectual Property

At present, we believe that our business is not dependent on patents or licenses, and there are, in our view, no patents or licenses that are necessary for the operation of our business other than the licenses commonly required for activities such as the third party information technology licenses referred to below under "— Information Technology." Nevertheless, given the important advances that we have achieved, in particular CSP technology in the Solar segment of our Concession-Type Infrastructures activity, and our work in R&D&i, we have applied for a number of patents. As of September 30, 2012, none has been opposed or rejected by any applicable registration authority.

We implement intellectual property ("IP") protection policies and procedures throughout our businesses. These IP protection policies and procedures are applied to all knowledge that has or might have a commercial value, whether or not it is capable of being patented, including R&D&i and know-how, and any documentation (in hard copy or in electronic format) that contains any confidential proprietary information.

The measures that we take to protect our IP include the entry into confidentiality, non-disclosure and/or non-compete agreements with employees, service providers and counterparties, as appropriate, and the dissemination throughout the Group of an internal security code and internal security protocol. Individual companies in the Group determine whether or not to file patents in relation to the knowledge, products and technology they produce.

In addition, we take steps to protect the trademarks, business names and distinctive designs used in connection with our activities, products and services, although not all of these have been registered in the jurisdictions in which we operate.

Research and Development and Innovation

We are engaged in substantial R&D&i activities.

R&D&i involves activities which continuously improve our processes and products, and generating new future options with breakthrough technologies. R&D&i activities are undertaken in order to meet the demands of the markets in which we operate and to develop the necessary capabilities for us to remain competitive on an ongoing basis. The goal of our R&D&i program is to provide innovative solutions for sustainability, create value over the long-term and continue to provide us with a competitive edge.

We have continued to increase our efforts in R&D&i (despite the prolonging of the global financial crisis during this period), based on our strong belief that, to achieve real future benefits, such investment requires continuous input which should not be adversely affected by economic cycles.

During the nine-month period ended September 30, 2012, we have strengthened our presence and, in certain cases, our technological leadership, in various institutions, public forums and private forums in which cooperation is encouraged among large technology companies, and where the short- and long-term future of R&D&i is decided.

We undertake R&D&i in accordance with the requirements identified for our markets. The majority of our projects are aligned with the research and development objectives of the public administrations of Spain (the Ministry of Industry and Energy), Europe (under research and development framework programs) and the United States (the DOE).

We collaborate with some of the most reputable research centers in the world, such as the National Renewable Energy Laboratory in the United States, *Deutsche Zentrum für Luft und Raumfahrt in Germany and Centro de Investigaciones Energéticas, Medioambientales y Tecnológicas in Spain*. In addition, we have received substantial economic support from government entities such as the DOE and the European Union.

During this period, we have made strategic investments in pioneering companies in the United States and Canada, developing and owning technologies which are defined as "high priority," such as new Concentrated Solar Power plants and second generation biofuels, with the objective of enabling internationalization and the generation of value through these technologies in key emerging markets.

In the years ended December 31, 2011 and 2010, our investment in R&D&i totaled €91 million and €69 million, respectively. Of our investment in R&D&i, amounts expensed represented €29 million and €37 million, respectively and amounts capitalized represented €62 million and, €32 million, respectively. As of September 30, 2012, we have approximately 700 people engaged in R&D&i activities in different centers, mainly in Seville (Spain), Madrid (Spain), St. Louis, Missouri (United States) and Denver, Colorado (United States).

Engineering and Construction

R&D&i is a strategic area in our Engineering and Construction activity for future planning. R&D&i activities are undertaken by a number of different Group entities through the investigation, development and application of new technologies which focus on combating climate change and contribute to sustainable development, including, *inter alia*:

- reducing carbon dioxide and other greenhouse gas emissions in the construction sector;
- developing hydrogen technology with pioneering R&D&i projects in the area of clean electricity generation through hydrogen batteries;
- improving energy efficiency through the development of new technologies; and
- investigating and innovating in the field of new renewable energy sources.

Concession-Type Infrastructures

Our R&D&i in our Concession-Type Infrastructures activity is undertaken in partnership with numerous research institutes and universities in Spain and elsewhere.

At our two research centers in Spain and the United States, the R&D&i team of our Concession-Type Infrastructures activity's Solar segment is involved in the research of high-temperature concentration of solar power and photovoltaic research. Our Solar segment has undertaken various R&D&i projects with the backing of the DOE, while also continuing to work on a project within the Seventh Framework Program of the European Union and on the ConSOLI+Da project against the backdrop of the *Consorcios Estratégicos Nacionales en Investigación Técnica* programs in Spain. Our Solar segment R&D&i team also collaborates with leading research centers worldwide, including universities and technological institutes. The independent

research centers with which the Solar segment's R&D&i team has worked include the National Renewable Energy Laboratory in the United States, *Centro de Investigaciones Energéticas, Medioambientales y Tecnológicas* in Spain and the German Aerospace Centre in Germany. In addition, the Solúcar Platform consolidated its standing during 2010 as one of the world's leading centers in solar energy research. Our Solar segment's main R&D&i programs are focused on: increasing the efficiency of its CSP tower technology, reducing the components cost of its CSP trough technology, and increasing the dispatchability of our thermal storage technology.

Our R&D&i in the Water segment is structured into three areas: desalination, potabilization-purification-re-use and water cycle sustainability. The desalination area focuses on improving the efficiency of the reverse osmosis process and lowering our investment, operation and maintenance costs and is also engaged in the validation and conceptual design of a new and cost-effective remineralization process for desalination plants. The potabilization-purification-re-use area seeks to optimize membrane-based water treatment processes so as to save energy and produce less sludge, develop sludge treatment and elimination technologies and improve supercritical oxidation. The water cycle sustainability area seeks to optimize energy use in water infrastructure, develop hydro power and marine energy capabilities, create sustainable water management models, and develop and apply sustainability criteria in the design of the water area's solutions. In addition, our Water segment's R&D&i team also collaborates with leading universities, institutes, and public bodies including Foundation Euskoiker, the School of Industrial Engineering in Bilbao (Spain), the Spanish Ministry of Industry, Trade and Tourism, the Ministry of Innovation and Science and the Center for Industrial Technological Development.

We also generate knowledge on new technologies to reduce greenhouse gas emissions and develop new emission control methodologies. Zero Emissions Technologies, S.A. (an indirect subsidiary of the company) has developed sustainable refrigeration alternatives, such as using carbon dioxide as a cooling agent or applying magnet-based solutions.

We conduct research on the production, storage and use of sustainable hydrogen and power generation through fuel cell technology. An example of our work is Project Hercules, which is an initiative to establish a renewable hydrogen service station in Sanlucar La Mayor, Seville (Spain). The hydrogen will be produced from solar energy and a fuel cell-powered vehicle will utilize the hydrogen supplied by the service station.

Industrial Production

The Biofuels segment of our Industrial Production activity works to develop production and processing technologies to further our ability to produce biofuels. Our team of in-house engineers and scientists, who coordinate their work with other R&D&i centers, universities and industrial partners, seeks to develop innovative processes to increase the performance of cereal grain-based ethanol, develop new co-products, improve the quality of existing products and develop lignocellulosic biomass technology for ethanol production. We are at the forefront of the development of second-generation technologies focusing on enzyme hydrolysis, gasification and catalysis processes; these processes will use non-food cellulosic biomass as feedstock. We are also conducting extensive research on enzymatic hydrolysis at our plant in York, Nebraska (United States). Furthermore, we are operating a second-generation 5 Ml BCyL ethanol demonstration facility in Salamanca (Spain) using corn stover as its feedstock. The data we collect from our demonstration facility will be critical in developing the design of the first industrial facility using this second- generation technology to produce ethanol on a commercial scale. Such facility is under construction in Hugoton, Kansas (United States) and benefits from a U.S.$132 million loan guarantee from the DOE. It is expected to commence operations in the first quarter of 2014.

Information Technology

We use information technology developed in-house and also provided by third parties for processing plant maintenance, construction management and operational management. Our systems integrate data and generate stock, orders and efficient sourcing and delivery routes. We are presently implementing a Group-wide data warehouse and business intelligence system and a global sourcing (purchasing and procurement) system across all of our businesses. We utilize software and other information technology licensed from third parties to manage communications with our suppliers and customers.

We believe that our information technology systems infrastructure that supports our various business operations is secure and robust. Our critical system servers are housed offsite in data centers. The remaining system servers are housed in secure, temperature-controlled internal data rooms. We have back-up and disaster recovery plans in place which are reviewed on a periodic basis.

Environmental Matters

Our activities are subject to significant environmental regulation. This requires, among other things, that we commission environmental impact studies for future projects and that we obtain and periodically renew licenses, permits and other authorizations required to construct and operate relevant projects. In recent years, there has been a significant increase in environmental regulation in Spain, the European Union and other jurisdictions in which we operate. These include regulations in relation to carbon dioxide emissions and limitations on polluting emissions from large plants and facilities. See "Regulation." See also "Risk Factors — Risks Related to Our Business and the Markets in Which We Operate — Our business is subject to stringent environmental regulation."

We have specifically established within our management regulations, applicable to all of our activities, the obligation to implement environmental management systems certified under the ISO 14001 standard of the International Organization for Standardization. As of December 31, 2011, 88.2% of Group companies in terms, in terms of sales volume, had environmental management systems certified under the ISO 14001 standard and 93.03% held valid ISO 9001 standard certificates for their quality management systems.

Insurance

We maintain the types and amounts of insurance coverage that we believe are consistent with customary industry practices in the jurisdictions in which we operate, and consider our insurance coverage to be adequate for our business. Our insurance policies cover employee-related accidents and injuries, property damage, machinery breakdowns, fixed assets, facilities and liability deriving from our activities or products, including environmental liability. We maintain business interruption insurance for interruptions resulting from incidents covered by insurance policies. Our insurance policies also cover directors' and officers' liability and third-party insurance. We have not had any material claims under our insurance policies that would either invalidate our insurance policies or cause a material increase to our insurance premiums. We cannot assure you, however, that our insurance coverage will adequately protect us from all risks that may arise or in amounts sufficient to prevent any material loss. See "Risk Factors — Risks Related to Our Business and the Markets in which We Operate — Our insurance may be insufficient to cover relevant risks and the cost of our insurance may increase."

Legal Proceedings

We are involved in a number of legal, governmental, fiscal and arbitration proceedings in connection with our operations in the normal course of business. These may include actions by regulatory authorities, tax

authorities, suppliers and customers, employment-related claims, contractual disputes, claims for personal injury or property damage that occur in connection with our products or services performed in relation to projects or construction sites, tax assessments, environmental claims and other matters. We establish reserves for litigation and other contingent liabilities where we consider it probable that a claim will be resolved unfavorably and where we can reasonably estimate the potential loss involved. As of September 30, 2012, we have established a reserve amounting to €42.2 million allocated to cover liabilities for litigation and other claims where Group companies are defendants. While we do not expect these proceedings, either individually or in the aggregate, to have a material adverse effect on our financial position or results of operations, because of the nature of these proceedings, we are not able to predict their ultimate outcomes, some of which may be unfavorable to us.

We have briefly summarized below the most significant of these proceedings.

- In May 2000, Abengoa Puerto Rico S.E., a subsidiary of Abengoa, S.A, brought a lawsuit against the Electricity Power Authority (*Autoridad de Energía Eléctrica*, "AEE") of Puerto Rico and terminated the agreement that both parties had entered into in relation to an EPC project for the construction of an electricity power station in Puerto Rico, in which the AEE was the Principal Contractor. The referred lawsuit contained different claims such as, *inter alia*, withholding payments, defaulted invoices, loss of future profits, damages and several other costs, which tentatively amounted to U.S.$40 million. In response to the lawsuit brought by Abengoa Puerto Rico, S.E., the AEE brought a counterclaim premised upon unlawful termination and consequential damages relating to the agreement with Abengoa Puerto Rico, S.E. and, at the same time, brought an additional lawsuit for the same amount against Abengoa and its insurer, American International Insurance Co. of Puerto Rico. The amount claimed by the AEE is approximately U.S.$450 million.

- On February 15, 2010, our subsidiary, Centro Tecnológico Palmas Altas, S.A. ("CTPA") filed a suit against Geco Alvicorp, S.L, claiming the non-existence of a termination clause in the purchase and sale agreement of certain plots in Huerta del Huracán, Spain entered into by the parties in 2007 and pursuant to which CTPA sold the plots for €46.7 million. Subsequently, Geco Alvicorp, S.L. claimed the existence of such a termination condition and has claimed the return of the purchase price plus interest. On February 16, 2011, the court ruled in CTPA's favor. Geco Alvicorp, S.L. appealed this decision on April 27, 2011; such appeal was denied on July 12, 2012.

- In March 2011, we initiated an arbitration procedure before the International Center for the Settlement of Investment Disputes in Washington, D.C. against the Mexican State for an alleged breach of the international treaty between Mexico and Spain for the reciprocal protection of investments. The arbitration procedure concerns the non-renewal of a license for a waste plant in Mexico. This claim provisionally amounts to €50.5 million plus interest.

- In December 2011, two related arbitration proceedings before the International Court of Arbitration of the International Chamber of Commerce with seat in New York, United States were concluded in which our subsidiary ASA Bioenergy Holding A.G. ("ASA") filed various claims for certain breaches of contract by Mr. Adriano Gianetti Dedini Ometto and Adriano Ometto Agrícola Ltda. (the "Adriano Defendants") relating to a share purchase agreement, dated August 4, 2007 with respect to the shares of Adriano Ometto Participações Ltda. In each of the proceedings, the Adriano Defendants had filed various counterclaims. Both arbitration proceedings were decided in ASA's favor, in the approximate amounts of U.S.$20.7 million and U.S.$169.2 million respectively. Although the Adriano Defendants have appealed such arbitral awards, we believe their chances of success are low.

Risk Management and Internal Control

Our risk management system comprises two distinct systems that collectively manage risk at all levels of our Group: our shared management systems, which aim to mitigate business risks, and our internal control systems which are organized to permit compliance with Section 404 of the Sarbanes-Oxley Act of 2002 ("SOX") to mitigate risks related to the reliability of financial information. The system operates live and undergoes continual modification to remain up to date with our business and with employees also being issued a risk management manual. In addition, we have internal auditing to ensure the compliance with and the proper functioning of our risk management system.

The risk management system includes the identification, evaluation, response, monitoring and reporting of risks and is fully integrated into our strategic planning process, our business objectives and our daily operations.

We have implemented common management systems in order to coordinate and streamline our worldwide operations across our activities. Our systems are based on two key pillars of: (i) the definition of a set of management standards for the Group's activities; and (ii) monitoring of project and business performance in real time in order to take appropriate corrective measures, if required.

The mission of our shared management systems is based on the following specific objectives:

- Unification of actions: To establish a single criterion for the carrying out of actions in all our businesses and geographies.
- Reinforcement of corporate identity: To achieve a strong corporate identity recognizable by key stakeholders.
- Control and reduction of risks: To manage risks in a uniform manner and thus mitigate them.
- Optimization of management: To be efficient and effective in the management of the company both within businesses and geographically.
- Value creation for stakeholders: To differentiate and individualize the management of the main stakeholders in order to provide the greatest value-add to each one.
- Profitability: To contribute to financial performance through active management.

Our risk management system uses a systematic approach to identify events and to evaluate, prioritize, monitor and respond to any risks which may prevent the successful execution of our strategy, business objectives and daily operations.

The main objectives sought through the risk management system are the following:

- To understand and control the risks to which the Group is exposed.
- To establish a system which optimizes the evaluation of risk management by the entire Group, allowing us to successfully assume and manage a greater number of risks and better understand each risk in order that we can adopt more efficient control.
- To achieve a closer alignment between our strategy and our identified risks and controls by the Group.
- To increase senior management assurance with each decision-making process to better achieve the business objectives of the Group.
- To increase transparency of risk management and relations with stakeholders through more precise risk evaluation methods.

- To ensure compliance with all applicable risk management regulations and best market practices.
- To establish clear roles and responsibilities in the Group in order to focus on fundamental aspects of management.
- To reduce profit volatility and avoid unwanted outcomes for the Group.

We also have a model that is aimed at identifying the potential risks in our business. This model considers four key areas that are subdivided into 20 further categories of risks, which contemplate more than 130 potential risk scenarios for the Group. The four key areas are the following:

- Strategic risks: Corporate governance, strategic and R&D&i projects, mergers, acquisitions and divestments, planning and assignment of resources, market dynamics, communication and relations with investors.
- Operational risks: Human resources, information technologies, physical assets, sales, supply chain, threats or catastrophes.
- Financial risks: Cash flow and credit, markets, taxation, capital structure, accounting and reporting.
- Compliance risks: Regulations, laws and codes of ethics and conduct.

We were among the first European companies to have undertaken to voluntarily comply with the SOX requirements regarding auditor attestations as to the effectiveness of our internal controls over financial reporting. Since 2007, Abengoa has performed internal control-compliance audits in line with the Public Company Accounting Oversight Board ("PCAOB") standards, pursuant to the requirements set forth in Section 404 of SOX. The independent auditors' report dated February 23, 2012 for the year ended December 31, 2011, which expresses an unqualified opinion on our internal control over financial reporting in relation to our Audited Consolidated Financial Statements as of and for the year ended December 31, 2011 in accordance with IFRS-EU, is available on our website. The SOX audits are used to mitigate the risks related to the reliability of financial information, through a combined system of control procedures and activities in key areas of Abengoa.

We have a commitment to transparency and good governance practices. Our annual report now includes six independent verification reports carried out by external auditors covering the following areas: annual accounts, our SOX internal control system according to the PCAOB standards, corporate social responsibility reporting, greenhouse gas emissions inventory, corporate governance reporting and designing risk management systems according to the principles and guidelines established in ISO 31000.

Employees

We believe relations with our employees are good and we have not experienced any significant labor disputes or work stoppages. Certain businesses participate in a series of share-based incentive schemes for directors and employees. Such programs are linked to the achievement of certain agreed upon management objectives.

For the period ended September 30, 2012, the average number of employees was 25,645 employees. The table below breaks down our employees by activity.

Activity	Number of Employees
Engineering and Construction	15,950
Concession-Type Infrastructures	200
Industrial Production	9,495
Total	**25,645**

DESCRIPTION OF OTHER INDEBTEDNESS

The following is a summary of the material terms of certain financing arrangements to which we and certain of our subsidiaries are parties. For further information regarding our existing indebtedness, see "Use of Proceeds," "Capitalization and Indebtedness," "Operating and Financial Review and Prospects" and our Consolidated Condensed Interim Financial Statements as of and for the nine months ended September 30, 2012 and accompanying notes and our Audited Consolidated Financial Statements and the related notes thereto, incorporated by reference into this Offering Circular.

2012 Forward Start Facility Agreement

Overview

On April 27, 2012, we entered into a forward start facility agreement (the "2012 Forward Start Facility Agreement") with a group of lenders which was amended and restated as of May 22, 2012 and July 11, 2012 as additional financial institutions acceded to the agreement as lenders, raising the total aggregate amount to €1,663 million. The 2012 Forward Start Facility Agreement provides, among other things, for borrowings of up to €1,663,209,640.77, comprising up to €1,350,723,529.62 by way of a facility ("Tranche A") and up to €312,486,111.15 by way of a further facility ("Tranche B"). Tranche A comprises four sub-tranches in the amounts of €97,053,557.32 ("Sub-Tranche A1"), €50,018,511.99 ("Sub-Tranche A2"), €199,034,587.89 ("Sub-Tranche A3") and €1,004,616,872.42 ("Sub-Tranche A4"). Tranche B comprises four sub-tranches in the amounts of €234,152,777.81 ("Sub-Tranche B1"), €50,000,000 ("Sub-Tranche B2"), €18,333,333.33 ("Sub-Tranche B3") and €10,000,000.01 ("Sub-Tranche B4"). The commitments under the 2012 Forward Start Facility Agreement mature on July 20, 2016. The 2012 Forward Start Facility Agreement is governed by Spanish law. As of September 30, 2012, borrowings under the 2012 Forward Start Facility amounted to €589 million.

Purpose

All funds drawn under Sub-Tranche A1 were used for the partial refinancing of the repayment installments under the 2005 Credit Facility, which was paid on July 20, 2012. All funds drawn down under Sub-Tranche A2 were used for the partial refinancing of the repayment installments under the 2006 Credit Facility, which was paid on July 20, 2012. All funds drawn down under Sub-Tranche A3 were used for the refinancing of the repayment installments under the 2010 Forward Start Facility, which was paid on July 20, 2012. All funds drawn down under Sub-Tranche A4 are to be used for the partial refinancing of the repayment installments under the 2010 Forward Start Facility, will be payable on July 20, 2013.

All funds drawn down under Sub-Tranche B1 are to be used by us for general corporate purposes and to finance the working capital and/or investment needs of the Group. All funds drawn down under Sub-Tranche B2 are to be used for the partial refinancing of the repayment installments under the 2010 Forward Start Facility, will be payable July 20, 2013 (to the extent not covered with the drawdown under Sub-Tranche A4). All funds drawn down under Sub-Tranche B3 are to be used for the refinancing of the partial repayment installment under the 2005 Credit Facility, which was paid on July 20, 2012 and the repayment installment under the 2010 Forward Start Facility, which was paid on July 20, 2012 and will be payable July 20, 2013. All funds drawn down under Sub-Tranche B4 are to be used for the partial repayment installment under the 2006 Credit Facility, which was paid on July 20, 2012 and the partial repayment installment under the 2010 Forward Start Facility, which was paid on July 20, 2012 and will be payable July 20, 2013.

Borrower

Abengoa is the original borrower under the 2012 Forward Start Facility Agreement.

Guarantees

The 2012 Forward Start Facility Agreement is guaranteed on a senior basis by the Guarantors (as defined in that agreement) which are Abeínsa Ingeniería y Construcción Industrial S.A., Abencor Suministros S.A., Abener Energía S.A., Abengoa Bioenergía S.A., Abengoa Bioenergy Corporation, Abengoa Mexico S.A., Abentel Telecomunicaciones S.A., ASA Investment Brasil Ltda., Befesa Desulfuración S.A., Befesa Gestión de Residuos Industriales S.L., Befesa Medio Ambiente S.A., Ecoagrícola S.A., Instalaciones Inabensa S.A., Negocios Industriales y Comerciales S.A., Abeinsa Infraestructuras Medio Ambiente S.A., Bioetanol Galicia S.A., Abengoa Bioenergy New Technologies Inc, Abengoa Bioenergy of Nebraska LLC, Teyma Gestión de Contratos de Construcción e Ingeniería S.A., Inabensa Río Ltda, Teyma Internacional S.A., Nicsamex S.A., Abentey Gerenciamiento de Projectos de Engenharia e Construções Ltda, Abengoa Bioenergy Trading Europe B.V., Abengoa Concessoes Brasil Holding, Teyma USA & Abener Engineering and Construction Services General Partnership, Europea de Construcciones Metálicas S.A., Construcciones Metálicas Méxicanas Comemsa S.A., Abengoa Solar S.A., Abengoa Water S.L., and Siema Technologies S.L..

The respective guarantees of the 2012 Forward Start Facility Agreement provided by Abengoa Bioenergía and Befesa Medio Ambiente, S.L. ("Befesa") and Abengoa Solar, S.A. ("Abengoa Solar") (if at such time Abengoa Solar had provided a guarantee) may be extinguished in respect of any such company (along with the guarantees provided by any of their respective subsidiaries) if any of these companies sell by certain public offerings 10% or more of their share capital, provided that, after the release of the guarantee (which shall be automatic) of either Befesa, Abengoa Bioenergía or Abengoa Solar in such circumstances, the release of the guarantee of the remaining two subsidiaries subsequent to such public offerings is subject to the unanimous consent of the lenders under the 2012 Forward Start Facility Agreement (which shall not be unreasonably withheld).

With respect to the guarantees of the remaining guarantors, in the event of certain sales of 10% or more of their share capital, the guarantees provided by each guarantor will be automatically extinguished, subject to certain exceptions.

Guarantor Coverage Test

The 2012 Forward Start Facility Agreement requires that the total consolidated assets and the aggregate EBITDA of the Guarantors jointly with Abengoa represent at least 75% of total consolidated assets and 75% of Consolidated EBITDA, respectively. In calculating consolidated assets and Consolidated EBITDA, the following items are excluded: (i) Group companies created for the sole purpose of undertaking projects under a system of long-term financing without recourse against another Group member; (ii) acquisitions made without recourse financing; (iii) the assets and EBITDA of Befesa and/or Abengoa Bioenergía and/or Abengoa Solar in the event of disposal of their shares as provided therein; and (iv) Group companies in respect of which legal restrictions exist on their guaranteed amounts payable by us pursuant to the 2012 Forward Start Facility Agreement (but only insofar as such restrictions affect the whole of the guaranteed amounts). If this specified minimum is not satisfied, then we must ensure that additional guarantors accede to the 2012 Forward Start Facility Agreement in order to maintain compliance with the guarantor coverage test.

In the event that a guarantee provided by Befesa, Abengoa Bioenergía or Abengoa Solar is subsequently released pursuant to the following provisions described under the section "Guarantees," the 2012 Forward Start Facility Agreement requires that the aggregate EBITDA of the Guarantors jointly with Abengoa represents at least 85% of total consolidated assets and 85% of Consolidated EBITDA of the remaining group of guarantors.

Security

The obligations under the 2012 Forward Start Facility Agreement are not secured.

Amount and Repayment of Borrowings

The principal drawn down under any tranche of the 2012 Forward Start Facility Agreement is repayable in successive installments on July 20, 2014 and July 20, 2015 and July 20, 2016 in the following amounts:

Repayment Date	Principal to be repaid under Sub-Tranche A1	Principal to be repaid under Sub-Tranche A2	Principal to be repaid under Sub-Tranche A3	Principal to be repaid under Sub-Tranche A4
		(euros)		
July 20, 2014	27,174,996.05	14,005,183.36	55,729,684.61	281,292,724.28
July 20, 2015	30,086,602.77	15,505,738.72	61,700,722.25	311,431,230.45
July 20, 2016	39,391,958.50	20,507,589.92	81,604,181.04	411,892,917.69

Repayment Date	Principal to be repaid under Sub-Tranche B1	Principal to be repaid under Sub-Tranche B2	Principal to be repaid under Sub-Tranche B3	Principal to be repaid under Sub-Tranche B4
		(euros)		
July 20, 2014	65,562,777.79	14,000,000.00	5,133,333.33	2,800,000.00
July 20, 2015	72,587,361.12	15,500,000.00	5,683,333.33	3,100,000.00
July 20, 2016	96,002,638.90	20,500,000.00	7,516,666.67	4,100,000.00

The interest payable under the 2012 Forward Start Facility Agreement shall be paid each successive interest period, which shall be one, three or six months, as selected by us at the time of drawdown through certain procedures, as defined therein.

As of September 30, 2012, €589 million is outstanding under the 2012 Forward Start Facility Agreement.

Mandatory Prepayment

We are obligated to repay Tranche A and Tranche B on a pro rata basis with the proceeds from a sale by public offering of the shares of Befesa and/or Abengoa Bioenergía and/or Abengoa Solar of which we are the direct or indirect owner, to the extent necessary in order that the Debt Ratio (as defined and calculated therein) is equal to or less than 2.0 at the end of the relevant period (as defined therein).

In the event of sale of assets corresponding to Discontinued Activities (as defined therein), 30% of the net cash proceeds must be put towards mandatory prepayment to each of the Tranches and Sub-Tranches under the 2012 Forward Start Facility. In the event of sale of a participation in the share capital of certain Group companies, 30% of the net cash proceeds that exceeds the nominal amount of such share capital and the proportional debt of the Parent Guarantor will be put towards mandatory prepayment. In the event of sale of other assets exceeding €10 million, 30% of net cash proceeds that exceeds the book value of such assets, once discounted for their replacement value, as applicable, must be put towards mandatory prepayment. In each case, *provided however,* the amounts put towards mandatory prepayment shall not exceed €90 million per

fiscal year and/or transaction related to the same business of the Group within 12 months, or €400 million for the life of the 2012 Forward Start Facility.

This obligatory early repayment shall not exceed €100 million with respect to the proceeds of such sale of shares in Befesa, €50 million with respect to the proceeds of such sale of shares in Abengoa Bioenergía and €100 million with respect to the proceeds of such sale of shares in Abengoa Solar. Such obligatory early repayment is limited to the principal amount pending repayment under Tranche A and Tranche B at the date of the repayment.

Interest Rates and Fees

The annual interest rate on borrowings is calculated based on EURIBOR, plus a margin. From the date of the first drawdown of funds made by us under Tranche A or Tranche B to January 27, 2013, the margin will be set at 3.75%; after January 27, 2013 until January 27, 2015, the margin will be set at 4.00%; and after January 27, 2015 until July 20, 2016, the final maturity date, the margin will be set at 4.25%.

We are also obligated to pay a commitment fee on undrawn amounts under Tranche A and B. Other fees are also payable, including an agency commission, structuring commission, loyalty commission and certain mandatory costs.

Covenants

Availability of amounts under the 2012 Forward Start Facility Agreement is subject to compliance with a financial maintenance covenant. As of 31 December and 30 June for 2011, 2010 and 2009, the ratio of Net Finance Debt to Consolidated EBITDA (as such terms are defined therein) should be lower than 3.00 to 1.00 until December 30, 2014, following which the ratio should be lower than 2.50 to 1.00.

Subject in each case to certain exceptions, the 2012 Forward Start Facility Agreement also contains negative covenants and restrictions, including, among other things, restrictions on the granting of security, restrictions on the provision of loans and guarantees, restrictions on the disposal of assets and restrictions on a change of business. Furthermore, we must retain certain ownership levels of the guarantors as well as Abengoa Solar, Befesa and Abengoa Bioenergía, limit the net debt of our non-guarantor subsidiaries (excluding non-recourse debt) and apply the proceeds from certain sales of the shares of Abengoa Solar, Befesa and Abengoa Bioenergía in specified ways as described above. The 2012 Forward Start Facility Agreement also contains affirmative covenants such as for the mandatory periodic reporting of financial and other information and for notification upon the occurrence of any default and certain other events.

Under the 2012 Forward Start Facility Agreement, we are obligated to not permit the Net Financial Debt (as defined therein) of the subsidiaries who are not Guarantors (excluding the indebtedness of project companies and certain acquisitions without recourse) at any time to exceed €100 million. Nevertheless, in the event that either Befesa or Abengoa Bioenergía or Abengoa Solar are no longer Guarantors in accordance with certain provisions of the 2012 Forward Start Facilities Agreement, the maximum limit increases to €150 million.

Change of Control

The Majority of the Lenders (as defined in the 2012 Forward Start Facility Agreement) have the ability to require early repayment of all outstanding borrowings under the 2012 Forward Start Facility Agreement, together with accrued interest and all accrued commissions and expenses, upon a person or entity gaining control of us. Control of the borrower is described as either: (i) the ownership of more than 50% of our capital; or (ii) the ability and power to: (a) control 50% or more of our voting shares; (b) appoint or remove 50% or more of the members of our management; or (c) create directives regarding our operating and financial policies.

Events of Default

The 2012 Forward Start Facility Agreement contains provisions governing certain events of default, including the failure to make payment of the amounts due, defaults under other agreements evidencing indebtedness over a certain threshold, failure to comply with covenants or other obligations, material misrepresentations, events which have a material adverse effect on us, certain bankruptcy events, a cessation of business and the loss of control over any guarantor or Abengoa Solar except in compliance with the 2012 Forward Start Facility Agreement. The occurrence of an event of default could result in the acceleration of payment obligations under the 2012 Forward Start Facility Agreement.

2010 Forward Start Facility Agreement

Overview

On April 22, 2010, we entered into a forward start facility agreement (the "2010 Forward Start Facility Agreement") with a group of lenders. The 2010 Forward Start Facility Agreement provides, among other things, for borrowings of up to €1,571,181,618, comprising up to €1,216,584,396 by way of a facility ("Tranche A") and up to €354,597,222 by way of a further facility ("Tranche B"). Tranche A comprises a sub-tranche in an amount of €380,243,807 ("Sub-Tranche A1"), a sub-tranche in an amount of €389,589,930 ("Sub-Tranche A2") and a sub-tranche in an amount of €446,750,659 ("Sub-Tranche A3"). The 2010 Forward Start Facility Agreement matures on July 20, 2013. The 2010 Forward Start Facility Agreement is governed by Spanish law. As of September 30, 2012, €1,282 million was outstanding under the 2010 Forward Start Facility Agreement.

Purpose

All funds drawn under Sub-Tranche A1 were used for the partial refinancing of the repayment installments under the 2005 Credit Facility, payable on July 20, 2010 and July 20, 2011. All funds drawn down under Sub-Tranche A2 were used for the partial refinancing of the repayment installments under the 2006 Credit Facility, payable on July 20, 2010 and July 20, 2011. All funds drawn down under Sub-Tranche A3 were used for the partial refinancing of the repayment installments under the €600 million commercial credit facility granted to us by a syndicate of lenders under an agreement executed on July 24, 2007 which was paid on July 20, 2011. Funds drawn down under Tranche B must be used by us for general corporate purposes.

Borrower

Abengoa is the original borrower under the 2010 Forward Start Facility.

Guarantees

The 2010 Forward Start Facility Agreement is guaranteed on a senior basis by the Guarantors (as defined in that agreement) which are Abeinsa Ingeniería y Construcción Industrial S.A., Abencor Suministros S.A., Abener Energía S.A., Abengoa Bioenergía S.A., Abengoa Bioenergy Corporation, Abengoa México S.A., Abentel Telecomunicaciones S.A., ASA Investment Brasil ltda, Abeinsa Infraestructuras de Medio Ambiente, S.A., Befesa Desulfuración S.A., Befesa Gestión de Residuos Industriales S.L., Befesa Medio Ambiente S.A., Ecoagrícola S.A., Instalaciones Inabensa S.A., Negocios Industriales y Comerciales S.A., Abengoa Bioenergy Trading Europe B.V., Abengoa Concessoes Brasil Holding, Teyma USA & Abener Engineering and Construction Services General Partnership, Europea de Construcciones Metálicas S.A., Construcciones Metálicas Méxicanas Comemsa S.A., Abengoa Solar S.A., Abengoa Water S.L.and Siema Technologies S.L..

The respective guarantees of the 2010 Forward Start Facility Agreement provided by Abengoa Bioenergía and Befesa Medio Ambiente, S.L. ("Befesa") and Abengoa Solar, S.A. ("Abengoa Solar") (if at such time Abengoa Solar had provided a guarantee) may be extinguished in respect of any such company (along with the guarantees provided by any of their respective subsidiaries) if any of these companies sell by certain

public offerings 10% or more of their share capital, provided that, after the release of the guarantee (which shall be automatic) of either Befesa, Abengoa Bioenergía or Abengoa Solar in such circumstances, the release of the guarantee of the remaining two subsidiaries subsequent to such public offerings is subject to the unanimous consent of the lenders under the 2010 Forward Start Facility Agreement (which shall not be unreasonably withheld).

With respect to the guarantees of the remaining guarantors, in the event of certain sales of 10% or more of their share capital, the guarantees provided by each guarantor will be automatically extinguished, subject to certain exceptions.

Guarantor Coverage Test

The 2010 Forward Start Facility Agreement requires that the total consolidated assets and the aggregate EBITDA of the Guarantors jointly with Abengoa represent at least 75% of total consolidated assets and 75% of Consolidated EBITDA, respectively. In calculating consolidated assets and Consolidated EBITDA, the following items are excluded: (i) Group companies created for the sole purpose of undertaking projects under a system of long-term financing without recourse against another Group member; (ii) acquisitions made without recourse financing; (iii) the assets and EBITDA of Befesa and/or Abengoa Bioenergía and/or Abengoa Solar in the event of disposal of their shares as provided therein; and (iv) Group companies in respect of which legal restrictions exist on their guaranteed amounts payable by us pursuant to this Agreement (but only insofar as such restrictions affect the whole of the guaranteed amounts). If this specified minimum is not satisfied, then we must ensure that additional guarantors accede to the 2010 Forward Start Facilities Agreement in order to maintain compliance with the guarantor coverage test.

In the event that a guarantee provided by Befesa, Abengoa Bioenergía or Abengoa Solar is subsequently released pursuant to the provisions described under the section entitled "Guarantees," the 2010 Forward Start Facility Agreement requires that the aggregate EBITDA of the Guarantors jointly represent at least 85% of total consolidated assets and 85% of Consolidated EBITDA of the remaining group of guarantors.

Security

The obligations under the 2010 Forward Start Facility Agreement are not secured.

Amount and Repayment of Borrowings

The principal drawn down under any tranche of the 2010 Forward Start Facility Agreement is repayable on July 20, 2013 in the following amounts:

Repayment Date	Principal to be repaid under Sub-Tranche A1	Principal to be repaid under Sub-Tranche A2	Principal to be repaid under Sub-Tranche A3	Principal to be repaid under Tranche B	Total Principal to be repaid
			(euros)		
July 2013	233,996,189	311,671,944	446,750,659	289,259,790	1,281,678,582

The interest payable under the 2010 Forward Start Facility Agreement shall be paid each successive interest period, which shall be one, three or six months, as selected by us at the time of drawdown through certain procedures, as defined therein.

The full amount under the 2010 Forward Start Facility has been drawn. All amounts outstanding under the 2010 Forward Start Facility Agreement must be repaid in full July 20, 2013 as indicated in the table above.

Mandatory Prepayment

We are obligated to repay Tranche A and Tranche B on a pro rata basis with the proceeds from a sale by public offering of the shares of Befesa and/or Abengoa Bioenergía and/or Abengoa Solar of which we are the direct or indirect owner, to the extent necessary in order that the Debt Ratio (as defined and calculated therein) is equal to or less than 2.0 at the end of the relevant period (as defined therein). This obligatory early repayment shall not exceed €100 million with respect to the proceeds of such sale of shares in Befesa, €50 million with respect to the proceeds of such sale of shares in Abengoa Bioenergía and €100 million with respect to the proceeds of such sale of shares in Abengoa Solar. The said obligatory early repayment is limited to the principal amount pending repayment under Tranche A and Tranche B at the date of the repayment.

Interest Rates and Fees

The annual interest rate on borrowings is calculated based on EURIBOR, plus a margin. From the date of the first drawdown of funds made by us under Tranche A or Tranche B to July 20, 2012, the margin was 2.75% and after July 20, 2012 until the final maturity date on July 20, 2013, the margin is 3.00%.

We are also obligated to pay a commitment fee on undrawn amounts under Tranche A and B. Other fees are also payable, including an agency commission, structuring commission, loyalty commission and certain mandatory costs.

Covenants

Availability of amounts under the 2010 Forward Start Facility Agreement is subject to compliance with a financial covenant. As of the end of each annual and semi-annual Consolidated Financial Statement period, the ratio of Net Finance Debt to Consolidated EBITDA (as such terms are defined therein) should be equal to or less than 3.00 to 1.00.

Subject in each case to certain exceptions, the 2010 Forward Start Facility Agreement also contains negative covenants and restrictions, including, among other things, restrictions on the granting of security, restrictions on the provision of loans and guarantees, restrictions on the disposal of assets and restrictions on a change of business. Furthermore, we must retain certain ownership levels of the guarantors as well as Abengoa Solar, Befesa and Abengoa Bioenergía, limit the net debt of our non-guarantor subsidiaries (excluding non-recourse debt) and apply the proceeds from certain sales of the shares of Abengoa Solar, Befesa and Abengoa Bioenergía in specified ways. The 2010 Forward Start Facility Agreement also contains affirmative covenants such as for the mandatory periodic reporting of financial and other information and for notification upon the occurrence of any default and certain other events.

Under the 2010 Forward Start Facility Agreement, we are obligated to not permit the Net Financial Debt (as defined therein) of its subsidiaries who are not Guarantors (excluding the indebtedness of project companies and certain acquisitions without recourse) at any time to exceed €100 million. Nevertheless, in the event that either Befesa or Abengoa Bioenergía or Abengoa Solar are no longer Guarantors in accordance with certain provisions of the Forward Start Facilities Agreement, the maximum limit increases to €150 million.

Change of Control

The majority of the lenders have the ability to require early repayment of all outstanding borrowings under the 2010 Forward Start Facility Agreement, together with accrued interest and all accrued commissions and expenses, upon a person or entity gaining control of us. Control of the borrower is described as either: (i) the ownership of more than 50% of our capital; or (ii) the ability and power to: (a) control 50% or more of our voting shares; (b) remove 50% or more of the members of our management; or (c) create directives regarding our operating and financial policies.

Events of Default

The 2010 Forward Start Facility Agreement contains provisions governing certain events of default, including, the failure to make payment of the amounts due, defaults under other agreements evidencing indebtedness over a certain threshold, failure to comply with covenants or other obligations, material misrepresentations, events which have a material adverse effect on us, certain bankruptcy events, a cessation of business and the loss of control over any guarantor or Abengoa Solar except in compliance with the 2010 Forward Start Facility Agreement. The occurrence of an event of default could result in the acceleration of payment obligations under the 2010 Forward Start Facility Agreement.

Inter-American Development Bank Revolving Credit Facility

Overview

On June 19, 2012, we entered into a revolving credit facility with the Inter- American Development Bank ("IDB"), a multilateral financial institution focused on development financing in Latin America and the Caribbean, in the amount of U.S.$200 million with maturity in 2018 (the "IDB Revolving Credit Facility"). The IDB Revolving Credit Facility is governed by New York law. U.S.$73 million was outstanding under the IDB Revolving Credit Facility as of September 30, 2012.

Purpose

All funds drawn down under the IDB Revolving Credit Facility must be used to finance the development and early stage construction of energy, water and sanitation and other infrastructure projects that have been awarded to Abengoa or its subsidiaries in the member countries of the IDB that are currently eligible to receive loans as well as finance pilot solar energy projects in such countries.

Borrowers

Abengoa is the original borrower under the IDB Revolving Credit Facility.

Guarantees

The IDB Revolving Credit Facility is guaranteed on a senior basis by the same Guarantors providing a guarantee under de 2012 Forward Start Facility Agreement.

Guarantor Coverage Test

The guarantor coverage test is substantially similar to the provision contained in the 2012 Forward Start Facility Agreement.

Security

The obligations under the IDB Revolving Credit Facility are not secured.

Amount and Repayment of Borrowings

Drawdowns can be requested once a month in amounts no less than U.S.$3 million and no greater than U.S.$100 million. Any amounts borrowed under the IDB Revolving Credit Facility may be repaid and re-borrowed.

We are obliged to repay in full amounts drawn under the IDB Revolving Credit Facility on the earlier of (1) 24 months after the relevant disbursement date or (2) the final maturity date of the IDB Revolving Credit Facility, namely June 19, 2018.

Interest Rates and Fees

The annual interest rate on borrowings is calculated based on LIBOR, plus a margin. The margin is currently set at the higher of (1) 4.375% or (2) 37.5 basis points more than the spread applicable under the 2012

Forward Start Facility. We are also required to pay (a) a front-end fee equal to 1% of the maximum principal amount of the loan on the earlier of (i) 120 days after June 19, 2012 or (ii) the first disbursement date under the IDB Revolving Credit Facility, (b) a commitment fee at a rate of 0.75% per annum calculated on the daily balance of the undisbursed and uncancelled portion of the maximum principal amount of the loan and (c) a certain annual administration fee.

Covenants

The availability of the IDB Revolving Credit Facility is subject to compliance with certain financial covenants. Our Limited Consolidated Net Financial Debt to EBITDA Ratio (as defined in the IDB Revolving Credit Facility) must be lower than 3.0:1.0 from June 19, 2012 to December 31, 2014, upon which time it must be lower than 2.5:1.0. In addition, the portion of Consolidated Net Financial Debt attributable to the Parent Guarantor's subsidiaries that do not guarantee the IDB Revolving Credit Facility cannot exceed €100 million or, if Befesa, Abengoa Bioenergia or Abengoa Solar cease to be guarantors under the IDB Revolving Credit Facility, such Consolidated Net Financial Debt attributable to non-guarantors cannot exceed €150 million.

Furthermore, as a condition to each disbursement under the IDB Revolving Credit Facility, taking into account the relevant disbursement thereunder we are subject to certain additional financial ratios. Our Consolidated Net Financial Debt to EBITDA Ratio cannot exceed a certain amount pursuant to the schedule below.

Request Period	Maximum Ratio
June 2012 to October 2012	7.25:1.0
November 2012 to April 2013	7.25:1.0
May 2013 to October 2013	7.0:1.0
November 2013 to April 2014	6.5:1.0
May 2014 to October 2014	6.0:1.0
November 2014 to April 2015	5.5:1.0
May 2015 to October 2015	5.5:1.0
November 2015 to April 2016	4.5:1.0
May 2016 to October 2016	4.0:1.0

Moreover, as a further condition to a disbursement thereunder, our Short-term Liquidity Ratio (as defined in the IDB Revolving Credit Facility) must be greater than 1.0:1.0 on the last day of the financial quarter immediately preceding the proposed disbursement date. Finally, our backlog, as reported in the financial statements most recently filed with the CNMV prior to the proposed disbursement date must be no less than €6 billion.

Subject in each case to certain exceptions, the IDB Revolving Credit Facility contains negative covenants and restrictions, including among others: restrictions on the granting of security, on the provision of loans and guarantees on the disposal of assets, on a change of business and on the incurrence of certain type of debt by certain subsidiaries. Furthermore, subject to certain exceptions, we must not sell or dispose of significant stakes of the share capital of our subsidiaries and must retain directly or indirectly at least 50% of the share capital of Befesa Medio Ambiente, S.L, Abengoa Bioenergía, S.A., Abengoa Solar S.A. and the other guarantors. Non-recourse subsidiaries are not subject to certain of the negative covenants. The IDB Revolving

Credit Facility also contains other affirmative covenants such as for the mandatory periodic reporting of financial and other information and for notification upon the occurrence of any event of default. In addition, due to the IDB's status as a multilateral financial institution, disbursements under the IDB Revolving Credit Facility are in all cases subject to the IDB's approval regarding economic, environmental, social and labor requirements, including that we furnish to the IDB certain independent consultants' reports and certifications related to such matters, including the performance of environmental impact assessments.

Change of Control

Under the IDB Revolving Credit Facility, we are prohibited from undertaking or permitting our subsidiaries from undertaking, any dissolution, liquidation, merger, consolidation, spin-off or reorganization except for such transactions which are permitted, namely transactions in which (i) the resulting entity continues to be the original borrower or controlled directly or indirectly by the Parent Guarantor, (ii) do not result in an event of default or Material Adverse Effect (as defined in the IDB Revolving Credit Facility) and (iii) where the resulting entity becomes or continues to be a guarantor (in the event of a corporate transaction involving any Guarantor thereunder).

Events of Default

The events of default are substantially similar to the provision contained in the 2012 Forward Start Facility Agreement, however, the IDB Revolving Credit Facility includes as an additional event of default, certain expropriations or nationalizations of our property or share capital.

Bilateral Facilities Loan with Official Credit Institute 2007 due July 2016

Overview

On July 18, 2007, we entered into a €150.0 million facility agreement (the "2007 Credit Facility Agreement") with the Instituto de Crédito Oficial which was amended and restated on July 11, 2012. Repayment of principal under the loan shall be made on July 18, 2016. The 2007 Credit Facility Agreement is governed by Spanish law. As of September 30, 2012, all amounts were outstanding under the 2007 Credit Facility Agreement.

Purpose

All funds drawn down under the 2007 Credit Facility Agreement must be used for financing our plan of international expansion.

Borrowers

Abengoa is the original borrower under the 2007 Credit Facility Agreement.

Guarantees

The guarantors are the same as those in the 2012 Forward Start Facility Agreement.

Guarantor Coverage Test

The guarantor coverage test is substantially similar to the provision contained in the 2012 Forward Start Facility Agreement.

Security

The obligations under the 2007 Credit Facility Agreement are not secured.

Amount and Repayment of Borrowings

The principal drawn down under the 2007 Credit Facility Agreement is repayable in successive installments on the dates and in the amounts below:

- July 18, 2014: €50 million;
- July 18, 2015: €50 million; and
- July 18, 2016: €50 million.

We are obligated to prepay the facility with the proceeds obtained from any initial public offering of the shares of Befesa Medio Ambiente, S.L, Abengoa Bioenergía, S.A. and/or Abengoa Solar S.A. held by us directly or indirectly so that the Leverage Ratio (as defined in the 2007 Credit Facility Agreement) calculated pro forma on the basis of the last Audited Consolidated Financial Statements available is equal to or below 2.0 at the end of the period referred to by such Audited Consolidated Financial Statements.

The interest under the 2007 Credit Facility Agreement must be paid at the end of each successive Interest Period (as defined in the 2007 Credit Facility Agreement), which must be of one, three or six months, as selected by us at the time of drawdown.

All amounts outstanding under the 2007 Credit Facility Agreement must be repaid in full on July 18, 2016.

Interest Rates and Fees

The annual interest rate on borrowings is calculated based on EURIBOR, plus a margin. The margin is currently 4.75%.

Any unpaid due amounts drawn down under the 2007 Credit Facility Agreement will accrue default interest equal to the application of the applicable interest rate indicated above, calculated based on EURIBOR for one-month deposits (as calculated in the 2007 Credit Facility Agreement) and increased by 2%. Due and unpaid interest will be capitalized, the foregoing default interest rate being therefore applicable to such amount once capitalized.

Covenants

We are subject to compliance with a financial covenant. Our Net Debt to Consolidated EBITDA Ratio (as defined in the 2007 Credit Facility Agreement) should be lower than 3.00 to 1.00 until December 30, 2014, following which the ratio should be lower than 2.50 to 1.00.

Subject in each case to certain exceptions, the 2007 Credit Facility Agreement contains negative covenants and restrictions, including among others: restrictions on the granting of security, on the provision of loans and guarantees on the disposal of assets, on a change of business and on the incurrence of certain type of debt by certain subsidiaries. Furthermore, subject to certain exceptions, we must not sell or dispose of significant stakes of the share capital of our subsidiaries and must retain directly or indirectly at least 50% of the share capital of Befesa Medio Ambiente, S.L, Abengoa Bioenergía, S.A., and Abengoa Solar. Non-recourse subsidiaries are not subject to certain of the negative covenants. The Credit Facility Agreement also contains other affirmative covenants such as for the mandatory periodic reporting of financial and other information and for notification upon the occurrence of any event of default.

Change of Control

The change of control provision is substantially similar to the provision contained in the 2010 Forward Start Facility Agreement.

Events of Default

The events of default are substantially similar to the provision contained in the 2010 Forward Start Facility Agreement.

Bilateral Facilities Loan with the European Investment Bank (R&D&i) 2007 due August 2014

Overview

On July 20, 2007, we entered into a credit facility agreement (the "EIB R&D&i 2007 Credit Facility Agreement") with the European Investment Bank for an amount of €49 million which was deposited in Abengoa's bank account on August 3, 2007. The commitments under the EIB R&D&i 2007 Credit Facility Agreement mature on August 3, 2014. The EIB R&D&i 2007 Credit Facility Agreement is governed by Spanish law. As of September 30, 2012, all amounts were outstanding under the EIB R&D&i 2007 Credit Facility Agreement.

Purpose

All funds drawn down under the EIB R&D&i 2007 Credit Facility Agreement are required to be used exclusively for financing an investment program in the R&D&i field of our main business areas.

Borrowers

The original borrower under the EIB R&D&i 2007 Credit Facility Agreement is the Parent Guarantor.

Guarantees

The guarantors are Abeinsa Ingeniería y Construcción Industrial S.A., Abencor Suministros S.A., Abener Energía S.A., Abengoa Bioenergía S.A., Abengoa Bioenergy Corporation, Abengoa México S.A., Abentel Telecomunicaciones S.A., ASA Investment Brasil Ltda,, Befesa Desulfuración S.A., Befesa Gestión de Residuos Industriales S.L., Befesa Medio Ambiente S.A., Ecoagrícola S.A., Instalaciones Inabensa S.A., Negocios Industriales y Comerciales S.A., Befesa Aluminio Bilbao S.L., Befesa Construcción y Tecnología Ambiental S.A.U., Befesa Escorias Salinas, S.A., Befesa Salt Slag limited.

Guarantor Coverage Test

The guarantor coverage test is substantially similar to the provision contained in the 2010 Forward Start Facility Agreement.

Security

The obligations under the EIB R&D&i 2007 Credit Facility Agreement are not secured.

Amount and Repayment of Borrowings

Subject to a required prepayment, the principal drawn down under the EIB R&D&i 2007 Credit Facility Agreement is repayable in a single installment on August 3, 2014.

We are obligated to prepay the facility with the proceeds obtained from any initial public offering of the shares of Befesa Medio Ambiente, S.L. and/or Abengoa Bioenergía, S.A. held by Abengoa directly or indirectly so that the Leverage Ratio (as defined in the EIB R&D&i 2007 Credit Facility Agreement) calculated pro forma on the basis of the last Audited Consolidated Financial Statements available is equal to or below 2.0 at the end of the period referred to by such Audited Consolidated Financial Statements. Other instances in which the European Investment Bank may trigger mandatory early repayments are (i) when the cost of the Project is reduced to an amount which causes the Financing (as defined in the EIB R&D&i 2007 Credit Facility Agreement) of the European Investment Bank to account for more than 75% of the total cost of the Project (as defined in the EIB R&D&i 2007 Credit Facility Agreement); (ii) upon a change of control (see infra Change of Control section) of Abengoa; or (iii) upon a partial or total early repayment by us of a Syndicated Loan (as defined in the EIB R&D&i 2007 Credit Facility Agreement) or any other debt incurred by us having a maturity date longer than one year under the terms and conditions and subject to the exceptions set out in the EIB R&D&i 2007 Credit Facility Agreement.

The interest payable under the EIB R&D&i 2007 Credit Facility Agreement shall be paid each successive Interest Period (as defined in the EIB R&D&i 2007 Credit Facility Agreement), namely on February 3, May 3, August 3 and November 3 of each year.

All amounts outstanding under the EIB R&D&i 2007 Credit Facility Agreement must be repaid in full on August 3, 2014.

Interest Rates and Fees

The annual interest rate on borrowings is calculated based on EURIBOR for three- month deposits (as calculated in the EIB R&D&i 2007 Credit Facility Agreement), plus a margin. The margin for the first drawdown of funds made by us was set at 0.60%. The margin may be increased up to 0.85% on the basis of our Leverage Ratio (as defined in the EIB R&D&i 2007 Credit Facility Agreement).

Any unpaid due amounts drawn down under the EIB R&D&i 2007 Credit Facility Agreement will accrue default interest equal to the highest of the following: (i) EURIBOR for one-month deposits (as calculated in the EIB R&D&i 2007 Credit Facility Agreement) plus 2%; or (ii) the interest rate resulting from the foregoing paragraph plus 0.25%. Due and unpaid interest will be capitalized, the foregoing default interest rate being therefore applicable to such amount once capitalized.

Covenants

Abengoa is subject to compliance with a financial covenant. As of the end of each annual and semi-annual Consolidated Financial Statement period, the Debt Ratio (as defined in the EIB R&D&i 2007 Credit Facility Agreement) of Abengoa should be equal to or less than 3.00.

Subject in each case to certain exceptions, the EIB R&D&i 2007 Credit Facility Agreement contains negative covenants and restrictions, including among others: restrictions on the granting of security on the provision of loans and guarantees, on the disposal of assets, on a change of business and on the incurrence of certain types of debt by certain subsidiaries. Furthermore, we must retain directly or indirectly at least 50% of the share capital of Befesa Medio Ambiente, S.L, Abengoa Bioenergía, S.A. and the other guarantors. Non-recourse subsidiaries are not subject to certain of the negative covenants. The EIB R&D&i 2007 Credit Facility Agreement also contains other affirmative covenants such as the execution of the Project as described in the EIB R&D&i 2007 Credit Facility Agreement, the maintenance of the installations and materials of the Project, the exploitation of the Project, mandatory periodic reporting of financial and other information or the notification upon the occurrence of any event of default.

Change of Control

The change of control provision is substantially similar to the provision contained in the 2010 Forward Start Facility Agreement.

Events of Default

The events of default are substantially similar to the provision contained in the 2010 Forward Start Facility Agreement.

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Loan with the European Investment Bank, October 1, 2007

Overview

On October 1, 2007, we entered into a credit facility agreement (the "EIB 2007 Credit Facility Agreement") with the European Investment Bank for an amount of €60 million of borrowing availability which we received on October 8, 2007. The commitments under the EIB 2007 Credit Facility Agreement mature on

August 3, 2014. The EIB 2007 Credit Facility Agreement is governed by Spanish law. As of September 30, 2012, all amounts were outstanding under the EIB 2007 Credit Facility Agreement and a total of €109 million was outstanding between the EIB R&D&i 2007 Credit Facility Agreement and the EIB 2007 Credit Facility Agreement.

Purpose

All funds drawn down under the EIB 2007 Credit Facility Agreement are required to be used exclusively for financing an investment program in the R&D&i field of our main business areas.

Borrowers

Abengoa is the original borrower under the EIB 2007 Credit Facility Agreement.

Guarantees

On October 1, 2007, pursuant to the EIB 2007 Credit Facility Agreement, the Instituto de Crédito Oficial, Caja de Ahorros y Pensiones de Barcelona, and Caja de Ahorros del Mediterráneo (the "Guarantors") and the European Investment Bank, entered into a personal guarantee agreement (the "Bank Guarantee Agreement") whereby the Instituto de Crédito Oficial and Caja de Ahorros y Pensiones de Barcelona committed each to guarantee 33.3333333333% of our monetary obligations vis-à-vis the European Investment Bank under the Credit Facility Agreement, while Caja de Ahorro del Mediterráneo committed to guarantee 33.3333333334%. The Bank Guarantee Agreement is governed by Spanish law.

On October 1, 2007, we (as "Counter-Guarantor"),the Guarantors (as defined in that agreement) which are, Abeinsa Ingeniería y Construcción Industrial S.A., Abencor Suministros S.A., Abener Energía S.A., Abengoa Bioenergía S.A., Abengoa Bioenergy Corporation, Abengoa México S.A., Abentel Telecomunicaciones S.A., ASA Investment Brasil Ltda, Befesa Desulfuración S.A., Befesa Gestión de Residuos Industriales S.L., Befesa Medio Ambiente S.A., Ecoagrícola S.A., Instalaciones Inabensa S.A., Negocios Industriales y Comerciales S.A., Befesa Aluminio Bilbao S.L., Befesa Construcción y Tecnología Ambiental S.A.U., Befesa Escorias Salinas, S.A., Befesa Salt Slag limited, (as "Joint and Several Guarantors") entered into a counter-guarantee agreement with the Guarantors to jointly and severally (*solidariamente*) guarantee the obligations of the Guarantors under the Bank Guarantee Agreement (the "Counter-Guarantee Agreement"). Additionally, the Joint and Several Guarantors guarantee jointly and severally (*solidariamente*) any our payment obligations under the Counter-Guarantee Agreement.

Guarantor Coverage Test

The guarantor coverage test is substantially similar to the provision contained in the 2010 Forward Start Facility Agreement.

Security

In the event that we or the Joint and Several Guarantors breach the Counter- Guarantee Agreement or diminish the solvency on the basis of which the Guarantors entered into such Agreement, the Counter-Guarantee Agreement provides for the constitution of pledges over (i) listed securities, securing the maximum amount of principal guaranteed by the Guarantors under the Bank Guarantee Agreement; or (ii) credit rights of the Counter-Guarantor (i.e., Abengoa) over a cash deposit in a bank to be determined by the Guarantors in an amount equal to the one determined in the Bank Guarantee Agreement. The following, *inter alia*, are considered breaches of the Counter-Guarantee Agreement or as an event of diminution of our solvency and/or the Joint and Several Guarantors: failure to make any payment under the Counter-Guarantee Agreement; breach of the Net Debt to Consolidated EBITDA ratio (as defined in the Counter-Guarantee Agreement); and certain bankruptcy events or cross-defaults resulting in early repayments equal to or over €3 million in total.

Amount and Repayment of Borrowings

Subject to a required prepayment, the principal drawn down under the EIB 2007 Credit Facility Agreement is repayable in a single installment on August 3, 2014.

We are obligated to make an early repayment, *inter alia*, if the cost of the R&D&i program (the "Project") is reduced to an amount which causes the Financing (each as defined in the EIB 2007 Credit Facility Agreement) of the European Investment Bank to account for more than 75% of the total cost of the Project, upon a change of control of Abengoa (see *infra* Change of Control section), or if certain conditions or circumstances affect the Guarantors (for example, if the Guarantors cease being an accepted guarantor under the EIB 2007 Credit Facility Agreement or if they breach their obligations with the European Investment Bank under the Bank Guarantee Agreement).

The interest payable under the EIB 2007 Credit Facility Agreement shall be paid during each successive Interest Period (as defined in the EIB 2007 Credit Facility Agreement), namely on February 3, May 3, August 3 and November 3 of each year.

All amounts outstanding under the EIB 2007 Credit Facility Agreement must be repaid in full on August 3, 2014.

Interest Rates and Fees

The annual interest rate on borrowings is calculated based on EURIBOR for three month deposits (as calculated in the EIB 2007 Credit Facility Agreement), plus a 0.043% margin.

Covenants

Under the Counter-Guarantee Agreement, as of the end of each annual and semi-annual Consolidated Financial Statement period, our Net Debt to Consolidated EBITDA ratio (as defined in the Counter-Guarantee Agreement) must be equal to or below 3.50.

Subject in each case to certain exceptions, the EIB 2007 Credit Facility Agreement contains negative covenants and restrictions, including among others: restrictions on the granting of security, on the provision of loans and guarantees, on the disposal of assets, on a change of business and on the incurrence of certain type of debt by certain subsidiaries. Furthermore, we must retain directly or indirectly at least 50% of the share capital of Befesa Medio Ambiente, S.L, Abengoa Bioenergía, S.A.. Non-recourse subsidiaries are not subject to certain of the negative covenants. The EIB 2007 Credit Facility Agreement also contains affirmative covenants, such as the execution of the Project as described in the EIB 2007 Credit Facility Agreement, the maintenance of the installations and materials of the Project, the exploitation of the Project, mandatory periodic reporting of financial and other information and the notification upon the occurrence of any event of default.

Change of Control

The change of control provision is substantially similar to the provision contained in the 2010 Forward Start Facility Agreement.

Events of Default

The events of default are substantially similar to the provision contained in the 2010 Forward Start Facility Agreement.

Swedish Export Buyer Credit Agreement

Overview

On March 2, 2010, Instalaciones Inabensa S.A. entered into a Swedish export buyer credit agreement (the "Swedish Credit Agreement") with a group of lenders. The Swedish Credit Agreement provides, among other things, for borrowings of up to €247,730,631. The commitments under the Swedish Credit Agreement mature on October 31, 2020. On December 10, 2010, the Swedish Credit Agreement was increased in the amount of €128,759,382. The Swedish Credit Agreement is governed by Swedish law. As of September 30, 2012, €326.8 million was outstanding under the Swedish Credit Agreement.

Purpose

All amounts borrowed by Instalaciones Inabensa S.A. under the Swedish Credit Facility Agreement shall be applied to finance 100% of the EKN Premium (as defined in the Swedish Credit Facility Agreement) up to a maximum of €13,030,631, 100% of the costs of Eligible Goods and Services, as defined in the Swedish Credit Agreement, consisting primarily of rectifier and inverter stations up to a maximum aggregate amount of €222.7 million and 100% of the interest incurred under the Swedish Credit Agreement up to a maximum of €12 million.

Borrower

The original borrower under the Swedish Credit Agreement is Instalaciones Inabensa S.A.

Guarantee

The Swedish Credit Agreement is guaranteed on a senior basis by Abengoa.

Security

The obligations under the Swedish Credit Agreement are not secured.

Amount and Repayment of Borrowings

The borrower shall repay the loans made to it under the Swedish Credit Agreement in seventeen equal semi-annual installments. Any amount outstanding on October 31, 2020 shall be repaid in full on that date.

Interest Rates and Fees

The annual interest rate on borrowings is EURIBOR plus a margin of 1.75%. The default rate is EURIBOR plus 3.75%. Interest payments on each loan made under the Swedish Credit Agreement shall be made on the last day of the six-month period following the utilization date for that loan and every other successive interest period for that loan shall have a six month duration.

Covenants

Availability of amounts under the Swedish Credit Agreement is subject to compliance with a financial covenant. As of the end of each financial year, the Debt Ratio (as such term is defined in the Swedish Credit Agreement) should not exceed 3.00. Net Financial Debt and EBITDA (which are components of the Debt Ratio) shall be calculated and interpreted on a consolidated basis in accordance with the GAAP applicable to our Audited Consolidated Financial Statements which shall be expressed in euro.

Subject in each case to certain exceptions, the Swedish Credit Agreement also contains negative covenants and restrictions, including, among other things, restrictions on the granting of security, restrictions on the provision of loans and guarantees, restrictions on the disposal of assets and restrictions on a change of business. The Swedish Credit Agreement also contains affirmative covenants such as for the mandatory periodic reporting of financial and other information and for notification upon the occurrence of any default and certain other events.

Change of Control

The Guarantor may not sell, lease, transfer or otherwise dispose of any shares or capital shares representing the capital or the Borrower unless such disposition does not result in a Change of Control (as defined in the Swedish Credit Agreement). Any disposal by means of granting security, granting an option or similar arrangements which may if realized and/or exercised result in a Change of Control shall not be permitted.

Events of Default

The Swedish Credit Agreement contains provisions governing certain events of default, including a failure to make payment of the amounts due, defaults under other agreements evidencing indebtedness over a certain threshold, failure to comply with covenants or other obligations, material misrepresentations, events which have a material adverse effect on us, certain bankruptcy events, a cessation of business and the loss of control over any Guarantor except in compliance with the Swedish Credit Agreement. The occurrence of an event of default could result in the acceleration of payment obligations under the Swedish Credit Agreement.

Framework Facility Agreement

Overview

On August 11, 2010, our subsidiary Abener Energía S.A. entered into a Framework Facility Agreement (the "Framework Facility Agreement") which was amended on 19 October 2010, 4 May 2011 and 25 January 2012. The Facility Framework Agreement provides, among other things, for borrowings of up to €299,253,894. Sixteen individual loan agreements have been borrowed under the Framework Facility Agreement amounting €269,365,984 maturing between 2018 and 2022. The Framework Facility Agreement is governed by English law.

Purpose

All amounts borrowed by Abener Energía S.A. under the Framework Facility Agreement shall be applied to 100% of the EKN Premium (as defined in the Framework Facility Agreement), 100% of the costs of Eligible Goods and Services (as defined in the Framework Facility Agreement), 100% of the local costs up to a maximum of 30% of imported costs.

Guarantee

We guarantee the Framework Facility Agreement on a senior basis.

Amount and Repayment of Borrowings

The borrower shall repay the loans made to it under the Framework Facility Agreement in seventeen equal semi-annual installments. Any amount outstanding on the Final Maturity Date (as defined in the Framework Facility Agreement) shall be repaid in full on that date.

Interest Rates and Fees

The annual interest rate on borrowings is calculated based on EURIBOR, plus a margin. The all in cost is EURIBOR plus 2.85%. Interest payments on each loan made under the Framework Facility Agreement shall be made on the last day of the six-month period following the utilization date for that loan and every other successive interest period for that loan shall have six month duration.

Covenants

Availability of amounts under the Framework Facility Agreement is subject to compliance with a financial covenant. The Debt Ratio (as such term defined in the Framework Facility Agreement) should be equal to or less than 3.00, as of the end of each annual and semi-annual Consolidated Financial Statement period. Net Financial Debt and Consolidated EBITDA shall be calculated and interpreted on a consolidated basis in

accordance with the GAAP applicable to our Audited Consolidated Financial Statements which shall be expressed in euro.

Subject in each case to certain exceptions, the Framework Facility Agreement also contains negative covenants and restrictions, including, among other things, restrictions on the granting of security, restrictions on the provision of loans and guarantees, restrictions on the disposal of assets and restrictions on a change of business. The Framework Facility Agreement also contains affirmative covenants such as for the mandatory periodic reporting of financial and other information and for notification upon the occurrence of any default and certain other events.

Change of Control

The Guarantor may not sell, lease, transfer or otherwise dispose of any shares or capital shares representing the capital or the Borrower unless such disposition does not result in a Change of Control (as defined in the Framework Facility Agreement). Any disposal by means of granting security, granting an option or similar arrangements which may if realized and/or exercised result in a Change of Control shall not be permitted.

Events of Default

The Framework Facility Agreement contains provisions governing certain events of default, including a failure to make payment of the amounts due, defaults under other agreements evidencing indebtedness over a certain threshold, failure to comply with covenants or other obligations, material misrepresentations, events which have a material adverse effect on us, certain bankruptcy events, a cessation of business and the loss of control over any Guarantor or Abengoa Solar except in compliance with the Framework Facility Agreement. The occurrence of an event of default could result in the acceleration of payment obligations under the Framework Facility Agreement.

Convertible Notes due 2014

Overview

On July 24, 2009, the Parent Guarantor issued €200 million aggregate principal amount of 6.875% Senior Unsecured Convertible Notes due 2014 (the "2014 Convertible Notes"). Deutsche Bank AG, London Branch acted as fiscal agent and paying, transfer and conversion agent, Deutsche Bank Luxembourg S.A. acted as registrar and Deutsche Bank, S.A.E. acted as commissioner. The 2014 Convertible Notes are governed by English law. The terms and conditions of the 2014 Convertible Notes were amended in December 2012.

Ranking

The 2014 Convertible Notes are direct, unconditional, unsubordinated and unsecured obligations of the Parent Guarantor ranking *pari passu* and ratably, without any preference among themselves, and equally with all our other existing and future unsecured and unsubordinated indebtedness, but, in the event of winding-up, save for such obligations that may be preferred by provisions of law that are mandatory and of general application.

Guarantees

The obligations under the 2014 Convertible Notes are not guaranteed.

Interest Rates, Payment Dates and Maturity

The 2014 Convertible Notes bear interest at 6.875% per annum. Interest on the 2014 Convertible Notes is payable semi-annually in arrears in equal installments on January 24 and July 24 of each year. The 2014 Convertible Notes will mature on July 24, 2014.

Conversion

The 2014 Convertible Notes are convertible into fully paid Class A Shares or Class B Shares of Abengoa credited in the number determined by dividing the aggregate nominal amount of the Notes by the applicable conversion price and adjusted upon the occurrence of certain events, including, among others, the change in our share capital or the issuance of certain securities by us. The 2014 Convertible Notes are only convertible during the conversion period beginning on and including September 3, 2009 and ending on and including July 16, 2014, subject to certain adjustments. However, should we redeem the 2014 Convertible Notes, the conversion period will end on the seventh Trading Day (as defined therein) before the date fixed for redemption.

Optional Redemption by Abengoa

We may redeem all the 2014 Convertible Notes in whole, but not in part, at the principal amount, together with accrued and unpaid interest to such date, under the following circumstances:

- if, at any time after August 8, 2012, the value of the principal amount of €50,000 of the 2014 Convertible Notes exceeds €65,000 according to a certain method of valuation described therein; or
- if holders of the 2014 Convertible Notes constituting 85% of the nominal amount of the 2014 Convertible Notes originally issued have been exercised and/or purchased and/or redeemed; or
- at any time between 60 and 150 days after the occurrence of either: (i) a tender offer made in accordance with Spanish law and regulations to all of our shareholders (other than the offeror or persons acting with the offeror) to acquire all or any of our Class A Shares or Class B Shares where the offeror will obtain control (as defined therein) immediately following the tender offer (the "2014 Convertible Notes Tender Offer Triggering Event"); or (ii) the acquisition of 80% of our voting shares by Inversión Corporativa IC, S.A. and/or any person or persons controlled by Inversión Corporativa IC, S.A.

Optional Redemption by the Noteholders

The holders of the 2014 Convertible Notes will have the right to require Abengoa to redeem the 2014 Convertible Notes upon the occurrence of a 2014 Convertible Notes Tender Offer Triggering Event or if Inversión Corporativa IC, S.A. and/or any person or persons controlled by Inversión Corporativa IC, S.A. acquires 80% of our voting shares.

Covenants

We are restricted from taking certain actions while the conversion right attached to the 2014 Convertible Notes remains exercisable, including, among others, the issuance of certain securities, the modification of certain rights attached to our shares, the reduction of our share capital and the creation of certain liens, mortgages, pledges or security interests.

We are also obligated to undertake certain actions while the conversion right attached to the 2014 Convertible Notes remains exercisable, including, among others, to reasonably endeavor to have the 2014 Convertible Notes and the shares issued upon conversion of the 2014 Convertible Notes admitted to listing and to trading on the relevant stock exchanges.

Events of Default

The 2014 Convertible Notes contain provisions governing certain events of default, including, among others, failure to make payment of principal, premium or interest on the 2014 Convertible Notes, certain failures to perform or to observe any other obligation under the 2014 Convertible Notes, certain other indebtedness of ours or a Material Subsidiary (as defined therein) becoming due and payable prior to its stated maturity

otherwise than at our option or that of a Material Subsidiary, the failure to pay certain indebtedness or judgments and our bankruptcy or insolvency or that of a Material Subsidiary. The occurrence of any of the events of default in the 2014 Convertible Notes would permit the acceleration of all obligations outstanding under the 2014 Convertible Notes.

Convertible Notes due 2017

Overview

On February 3, 2010, the Parent Guarantor issued €250 million aggregate principal amount of 4.5% notes due 2017 (the "2017 Convertible Notes"). Deutsche Bank AG, London Branch acted as fiscal agent and principal paying agent and Deutsche Bank, S.A.E. acted as commissioner. The 2017 Convertible Notes are governed by English law. The terms and conditions of the 2017 Convertible Notes were amended in December 2012.

Ranking

The 2017 Convertible Notes have the same ranking as the 2014 Convertible Notes.

Guarantees

The obligations under the 2017 Convertible Notes are not guaranteed.

Interest Rates, Payment Dates and Maturity

The 2017 Convertible Notes bear interest at 4.5% per annum. Interest on the 2017 Convertible Notes is payable semi-annually in arrears in equal installments on February 3 and August 3 of each year, commencing on August 3, 2010. The 2017 Convertible Notes will mature on February 3, 2017.

Conversion

The 2017 Convertible Notes are convertible into fully paid Class A Shares or Class B Shares of Abengoa credited in the number determined by dividing the aggregate nominal amount of the Notes by the applicable conversion price. and adjusted upon the occurrence of certain events, including, among others, the change in our share capital or the issuance by us of certain securities. The 2017 Convertible Notes are only convertible during the conversion period beginning on and including March 16, 2010 and ending on and including January 23, 2017, subject to certain adjustments. However, should we redeem the 2017 Convertible Notes the conversion period will end on the ninth Trading Day (as defined therein) before the date fixed for redemption.

Optional Redemption by Abengoa

We may redeem all the 2017 Convertible Notes in whole, but not in part, at the principal amount, together with accrued and unpaid interest to such date, in the following circumstances:

- if, at any time after February 24, 2013, the value of the principal amount of €50,000 of the 2017 Convertible Notes exceeds €65,000 according to a certain method of valuation described therein; or
- if, at any time, holders of the 2017 Convertible Notes constituting 85% of the nominal amount of the 2017 Convertible Notes originally issued have been exercised and/or purchased and/or redeemed; or
- at any time between 60 and 150 days after the occurrence of either: (i) a tender offer made in accordance with Spanish law and regulations to our shareholders (other than the offeror or persons acting with the offeror) to acquire all or any of our Class A Shares or Class B Shares where the offeror will obtain control (as defined therein) of Abengoa immediately following the tender offer (the "2017 Convertible Notes Tender Offer Triggering Event"); or (ii) the acquisition of 80% of our voting shares by Inversión Corporativa IC, S.A. and/or any person or persons controlled by Inversión Corporativa IC, S.A.

Optional Redemption by the Noteholders

The holders of the 2017 Convertible Notes will have the right to require us to redeem the 2017 Convertible Notes upon the occurrence of a 2017 Convertible Notes Tender Offer Triggering Event or if Inversión Corporativa IC, S.A. acquires 80% of our voting shares.

On February 3, 2015, holders of the 2017 Convertible Notes will have the right to require Abengoa to redeem the 2017 Convertible Notes at the principal amount together with accrued and unpaid interest to such date.

Covenants

The 2017 Convertible Notes have the same covenants as the 2014 Convertible Notes.

Events of Default

The 2017 Convertible Notes have the same events of default provisions as the 2014 Convertible Notes.

Notes due 2015

Overview

On December 1, 2009, we issued €300 million aggregate principal amount of 9.625% Notes due 2015 (the "2015 Notes"). Deutsche Bank AG, London Branch acted as fiscal agent and principal paying agent and Deutsche Bank, S.A.E. acted as commissioner. The 2015 Notes are governed by English law.

Ranking

The 2015 Notes are direct, unconditional, unsubordinated and unsecured obligations ranking at least equally, without any preference among themselves, with all of our other present and future unsecured and unsubordinated obligations, save for such obligations that may be preferred by provisions of law that are mandatory and of general application.

Interest Rates, Payment Dates and Maturity

The 2015 Notes bear interest at 9.625% per annum. Interest on the 2015 Notes is payable semi-annually in arrears in equal installments on June 1 and December 1 of each year. The 2015 Notes will mature on February 25, 2015.

Guarantees

The payment of all sums payable by us under the 2015 Notes are unconditionally and irrevocably guaranteed on a joint and several basis by our subsidiaries (collectively, the "2015 Notes Guarantors") which are, Abeinsa Ingeniería y Construcción Industrial S.A., Abencor Suministros S.A., Abener Energía S.A., Abengoa Bioenergía S.A., Abengoa Bioenergy Corporation, Abengoa México S.A., Abentel Telecomunicaciones S.A., ASA Investment Brasil ltda, Abeinsa Infraestructuras de Medio Ambiente, S.A., Befesa Desulfuración S.A., Ecoagrícola S.A., Instalaciones Inabensa S.A., Negocios Industriales y Comerciales S.A. The obligations of each 2015 Notes Guarantor under its guarantee constitute (or will constitute) direct, unconditional, unsubordinated and unsecured obligations of such 2015 Notes Guarantor ranking at least equally with all other present and future unsecured and unsubordinated obligations of such 2015 Notes Guarantor.

If two rating agencies assign the Notes an Investment Grade Rating, as defined therein (the "2015 Notes Rating Release Event"), and no event of default under the 2015 Notes has occurred and is continuing, each of the 2015 Notes Guarantors will be released from its obligations under its guarantee. If certain other events constituting a release event occur with respect to a 2015 Notes Guarantor and no event of default has occurred and is continuing, the relevant 2015 Notes Guarantor will be released from its obligations under its guarantee.

Optional Redemption by the Noteholders

Upon the occurrence of certain Change of Control events (as defined therein), each holder of the 2015 Notes may require us to redeem or purchase the Notes, in whole or in part, at 101% of their principal amount, plus accrued and unpaid interest up to the date of such redemption or purchase.

Covenants

The 2015 Notes contain covenants that, among other things, limit our ability and the ability of certain of our subsidiaries to:

- incur additional indebtedness;
- make restricted payments, including dividends or other distributions;
- create certain liens; and
- sell assets.

These covenants are subject to important exceptions and qualifications. If a Rating Release Event occurs (as defined therein), we and our subsidiaries will be released from their respective obligations under certain of these covenants.

Events of Default

The 2015 Notes have the same events of default provisions as the 2014 Convertible Notes.

Notes due 2016

Overview

On March 31, 2010, we issued €500 million aggregate principal amount of 8.50% Notes due 2016 (the "2016 Notes"). Deutsche Bank AG, London Branch acted as fiscal agent and principal paying agent and Deutsche Bank, S.A.E. acted as commissioner. The 2016 Notes are governed by English law.

Ranking

The 2016 Notes are our direct, unconditional, unsubordinated and unsecured obligations ranking at least equally, without any preference among themselves, with all our other present and future unconditional unsubordinated and unsecured obligations, save for such obligations that may be preferred by provisions of law that are mandatory and of general application.

Interest Rates, Payment Dates and Maturity

The 2016 Notes bear interest at 8.50% per annum. Interest on the 2016 Notes is payable semi-annually in arrears on March 31 and September 30 of each year. The 2016 Notes will mature on March 31, 2016.

Guarantees

The 2016 Notes have the same guarantee provisions as the 2015 Notes.

Optional Redemption by Abengoa

We may redeem the 2016 Notes in whole or in part at any time, at a redemption price equal to the principal amount of such 2016 Notes plus accrued and unpaid interest up to the date for such redemption plus a premium amount equal to the greater of: (i) 1% of the principal amount of such notes; or (ii) the excess, if any, of the present value at such redemption date of the redemption price of such 2016 Notes at March 31, 2016 (excluding accrued but unpaid interest to such redemption date), discounted with the Benchmark Yield

(as defined therein) plus 75 basis points, over the principal amount of such 2016 Notes on such redemption date.

In addition, in the event that we become obligated to pay additional amounts (as defined therein) to holders of the 2016 Notes as a result of changes affecting withholding taxes applicable to payments on the 2016 Notes, we may redeem the 2016 Notes in whole but not in part at any time at the principal amount of the 2016 Notes plus accrued interest to the redemption date.

Optional Redemption by the Noteholders

The 2016 Notes have the same optional redemption by the noteholder provision as the 2015 Notes.

Covenants

The 2016 Notes have the same covenants as the 2015 Notes.

Events of Default

The 2016 Notes have the same events of default provisions as the 2015 Notes.

Notes due 2017

Overview

On October 28, 2010, our direct wholly-owned subsidiary Abengoa Finance S.A.U. issued U.S.$650 million aggregate principal amount of 8.875% Senior Notes due 2017 (the “2017 Notes”). Deutsche Trustee Company Limited acted as trustee and Deutsche Bank Trust Company Americas acted as paying agent, transfer agent and registrar. The 2017 Notes are governed by New York law.

Ranking

The 2017 Notes are senior obligations of Abengoa Finance S.A.U. ranking at least equally, without any preference among themselves, with all the other present and future unsecured and unsubordinated obligations of Abengoa Finance S.A.U., save for such obligations that may be preferred by provisions of law that are mandatory and of general application.

Interest Rates, Payment Dates and Maturity

The 2017 Notes bear interest at 8.875% per annum. Interest on the 2017 Notes is payable semi-annually in arrears on May 1 and November 1 of each year. The 2017 Notes will mature on November 1, 2017.

Guarantees

The payment of all sums payable by us under the 2017 Notes are unconditionally and irrevocably guaranteed on a joint and several basis by our subsidiaries (collectively, the “2017 Notes Guarantors”) which are, Abengoa S.A., Abeinsa Ingeniería y Construcción Industrial S.A., Abencor Suministros S.A., Abener Energía S.A., Abengoa Bioenergía S.A., Abengoa Bioenergy Corporation, Abengoa México S.A., Abentel Telecomunicaciones S.A., ASA Investment Brasil ltda., Abeinsa Infraestructuras de Medio Ambiente, S.A., Befesa Desulfuración S.A., Ecoagrícola S.A., Instalaciones Inabensa S.A., Negocios Industriales y Comerciales S.A.,Bioetanol Galicia S.A., Abengoa Bioenergy New Technologies Inc, Abengoa Bioenergy of Nebraska LLC,Teyma Gestión de Contratos de Construcción e Ingeniería, Inabensa Rio Ltda, Teyma Internacional S,A., Nicsamex S.A., Abentey Gerenciamiento de Projectos de Engenharia e Construçoes Ltda.

The 2017 Notes have the same guarantee provisions as the 2015 Notes.

Optional Redemption by Abengoa

Abengoa Finance S.A.U. may redeem the 2017 Notes in whole or in part at any time, at a redemption price equal to the principal amount of such 2017 Notes plus accrued and unpaid interest up to the date for such redemption plus a premium amount equal to the greater of: (i) 1% of the principal amount of such notes; or (ii) the excess, if any, of the present value at such redemption date of the redemption price of such 2017 Notes at November 1, 2017 (excluding accrued but unpaid interest to such redemption date), discounted with the Treasury Rate (as defined therein) plus 50 basis points, over the principal amount of such 2017 Notes on such redemption date.

In addition, in the event that Abengoa Finance S.A.U. becomes obligated to pay additional amounts (as defined therein) to holders of the 2017 Notes as a result of changes affecting withholding taxes applicable to payments on the 2017 Notes, Abengoa Finance S.A.U. may redeem the 2017 Notes in whole but not in part at any time at the principal amount of the 2017 Notes plus accrued interest to the redemption date.

Optional Redemption by the Noteholders

The 2017 Notes have the same optional redemption by the noteholder provision as the 2015 Notes.

Covenants

The 2017 Notes covenants which are similar to the covenants in the 2015 Notes.

Events of Default

The 2017 Convertible Notes contain provisions governing certain events of default, including, among others, failure to make payment of principal, premium or interest on the 2017 Convertible Notes, certain failures to perform or to observe any other obligation under the 2017 Convertible Notes, certain other indebtedness of the Material Subsidiary (as defined therein) becoming due and payable prior to its stated maturity otherwise than at our option or that of a Material Subsidiary, the failure to pay certain indebtedness or judgments and our bankruptcy or insolvency or that of a Material Subsidiary. The occurrence of any of the events of default in the 2017 Convertible Notes would permit the acceleration of all obligations outstanding under the 2017 Convertible Notes.

Non-Recourse Financing

For a description of our non-recourse project financings see “Operating and Financial Review and Prospects.”

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our activities are undertaken through our segments and are exposed to market risk, credit risk, liquidity risk and capital risk. Risk management is the responsibility of our corporate finance department in accordance with mandatory internal management rules. The internal management rules provide written policies for the management of overall risk, as well as for specific areas, such as exchange rate risk, credit risk, interest rate risk, liquidity risk, use of hedging instruments and derivatives, and the investment of excess cash.

Market Risk

We are exposed to market risk, such as movement in foreign exchange rates, interest rates, changes in the prices of assets and commodities purchased (principally zinc, aluminum, grain, ethanol, sugar and gas). All of these market risks arise in the normal course of business and we do not carry out speculative operations. For the purpose of managing these risks, we use a series of forward sale contracts, swaps and options on exchange rates, interest rates and raw materials. None of the derivative contracts signed has an unlimited loss exposure.

Foreign Exchange Rate Risk

Foreign exchange risks arise (i) from commercial transactions to be settled in the future, for which assets and liabilities are not denominated in the functional currency of the entity and (ii) from financial liabilities denominated in a different currency from the functional currency of the entity.

Risks from commercial transactions

To manage foreign exchange risks arising from commercial transactions, we purchase forward purchase/sale contracts. Such contracts provide protection related to the fair value of future cash flow. Approximately 95% of projected transactions which are not denominated in our functional currency qualify as highly probable forecast transactions for hedge accounting purposes. The main exchange rate exposures relate to the U.S. dollar and the euro. Our foreign exchange risks mainly relate to our operations in connection with purchases and sales in a currency other than the functional currency, mostly affecting the U.S. dollar against the euro. These purchases and sales, other than in the functional currency, are hedged through our purchase of future currency sale/purchase contracts. Specifically, an appreciation of the U.S. dollar against the euro would result in a decrease/increase of our purchase costs/sale price in the profit and loss account, which would be compensated by the derivatives purchased, to the extent that the transactions have been hedged. We would recognize a net gain or loss in the income statement from the net assets or liabilities that remain unhedged.

Risks from financial liabilities

To manage foreign exchange risks in connection with U.S. dollar-denominated financial liabilities arising from our Brazilian operations, we purchase foreign exchange options (caps) which protect us from exchange rate losses related to the appreciation of the U.S. dollar against the Brazilian real. Consequently, appreciation of the U.S. dollar against the Brazilian real resulting in higher finance expense would be mitigated by an opposite effect due to the hedges in place to the extent of the notional amount hedged, if the exchange rates increase above the capped rate. Gains resulting from the depreciation of the U.S. dollar against the Brazilian real are not hedged and are recognized as exchange differences in our income statement. We would recognize a net gain or loss in our income statement from the debt that remained unhedged.

The total notional amount of the financial instruments relating to amounts receivable and payable outstanding in foreign currencies for each of the years ended December 31, 2011, 2010 and 2009 was as follows:

Exchange Rate	Collections Hedging 2011	Collections Hedging 2010	Collections Hedging 2009	Payments Hedging 2011	Payments Hedging 2010	Payments Hedging 2009
	(€ in thousands)					
Dirham (United Arab Emirates)	—	—	6,268	—	—	—
Dirham (Morocco)	—	2,047	2,586	90	134	132
Dollar (Australia)	—	6,888	—	—	—	301
Dollar (Canada)	354	4,864	189	233	3,466	1,961
Dollar (USA)	81,920	229,748	122,926	349,858	655,489	91,566
Euro	6,374	1,834	258	54,664	18,539	12,010
Franc (Switzerland)	—	—	—	—	2,795	—
Pound Sterling (UK)	—	—	9,901	3	386	5,260
Real (Brazil)	—	—	—	—	—	5,993
Yuan (China)	—	—	—	—	—	38
Dinar (Kuwait)	—	1,679	154	—	—	—
Peso (Mexico)	—	260	—	—	—	—
Sol (Peru)	—	243	220	29,111	48,715	38,261
Total	**88,648**	**247,563**	**142,502**	**433,959**	**729,524**	**155,522**

At the end of 2011, the fair value of the exchange rate derivatives was:

	Collections Hedging 2011	Payments Hedging 2011
	(€ in thousands)	
Exchange Rate		
Dirham (United Arab Emirates)	—	—
Dirham (Morocco)	—	3
Dollar (Australia)	—	—
Dollar (Canada)	3	7
Dollar (USA)	(2,848)	7,938
Euro	133	(2,312)
Franc (Switzerland)	—	—
Pound Sterling (UK)	—	—
Real (Brazil)	—	—
Yuan (China)	—	—
Dinar (Kuwaiti)	—	—
Peso (Mexico)	—	—
Sol (Peru)	—	2,008
Total	**(2,712)**	**7,644**

In the event that the exchange rate of the U.S. dollar had risen (/decreased) by 10% against the euro on December 31, 2011, with the rest of the variables remaining constant, the effect in the profit and loss

accounts would have been a decrease in profit (/loss) of €1.21 million, mainly due to our U.S. dollar unhedged net liability position in companies with euro functional currency and an increase in other reserves of €3.34 million, respectively, as a result of the cash flow hedging effects on highly-probable future transactions.

In the event that the exchange rate of the U.S. dollar had risen (/decreased) by an average of 10% against the Brazilian real for the year ended December 31, 2011, with the rest of the variables remaining constant, the effect in the unhedged profit and loss accounts would have been a profit (/loss) of €9.28 million mainly due to our U.S. dollar unhedged net asset position in companies with Brazilian real functional currency and an increase (/decrease) of €10.07 million in other reserves as a result of the cash flow hedging effects on highly probable future transactions. In addition, we are generally exposed to foreign currency exchange translation risk with respect to our subsidiaries whose reporting currency is other than the euro. The contribution of these subsidiaries to our Audited Consolidated Financial Statements is significantly affected by the fluctuations in exchange rate between their reporting currency and the euro. Our primary foreign exchange translation risk results from our Brazilian and U.S. subsidiaries.

Interest Rate Risk

Interest rate risks arise mainly from our financial liabilities at variable interest rate. To mitigate interest rate risk, we use interest rate swaps and interest rate options (caps).

As a result, the notional amounts hedged, strikes contracted and maturities, depending on the characteristics of the debt on which the interest rate risk is being hedged, are very diverse, including the following:

(a) corporate debt: between 75% and 100% of the notional amount, with maturities up to 2022 and average guaranteed interest rates of between 1.52% and 4.75% for loans referenced to the one-month and three-month EURIBOR rates;

(b) non-recourse debt:

(1) non-recourse debt in euro: between 75% and 100% of the notional amount, maturities until 2032 and average guaranteed interest rates of between 2.00% and 5.25%; and

(2) non-recourse debt in U.S. dollars: between 75% and 100% of the notional amount, maturities until 2028 average guaranteed interest rates of between 2.93% and 8%.

In connection with our interest rate derivative positions, the most significant impact on our Audited Consolidated Financial Statements are derived from the changes in EURIBOR, which represents the reference interest rate for the majority of our corporate and non-recourse debt.

In relation to our interest rate swaps positions, an increase in EURIBOR above the contracted fixed interest rate would create an increase in our financial expense which would be positively mitigated by our hedges, reducing our financial expenses to our contracted fixed interest rate. However, an increase in EURIBOR that does not exceed the contracted fixed interest rate would not be offset by our derivative position and would result in a net financial loss recognized in our consolidated income statement. Conversely, a decrease in EURIBOR below the contracted fixed interest rate would result in lower interest expense on our variable rate debt, which would be offset by a negative impact from the mark-to-market of our hedges, increasing our financial expenses up to our contracted fixed interest rate, thus resulting in a likely neutral effect.

In relation to our interest rate options positions, an increase in EURIBOR above the strike price would result in higher interest expenses which would be positively mitigated by our hedges, reducing our financial expenses to our capped interest rate, whereas a decrease of EURIBOR below the strike price would result in lower interest expenses.

In addition to the above, our results of operations can be affected by changes in interest rates with respect to the unhedged portion of our indebtedness that bears interest at floating rates.

In the event that EURIBOR interest rates had risen by 25 basis points on December 31, 2011, with the rest of the variables remaining constant, the effect in the income statement would have been a profit of €15.92 million, mainly due to the fair value increase due to the time value of the interest rate caps designated as hedges and an increase of €44.08 million in other reserves as a result of the fair value increase of interest rate swaps and caps designated as hedges.

Commodity Risk

The risk of commodity price changes through both the sale of products and services as well as the purchase of commodities for production processes. In general, we use forward purchase contracts and options that are listed on organized markets, as well as over-the-counter ("OTC") contracts with financial institutions, to mitigate the risk of market price fluctuations.

The most significant impacts on our Audited Consolidated Financial Statements derived from commodity risks are related to the price and supply of grains such as, wheat, barley, corn and sorghum and sugar, ethanol, gas as well as the prices of zinc, aluminum and steel.

In relation to our bioethanol production, prices of inputs (grain, sugarcane, natural gas and others) and prices of outputs (ethanol, sugar, DGS and others) are affected by market forces that are independent from each other. Consequently, an increase in the cost of grains or other inputs would increase our production costs for ethanol, sugar, DGS and other products. These increases may be compensated by hedges in place to cover highly probable future purchases that have been contracted to fix the purchase price of inputs, which could neutralize some input price volatility on a transaction-by-transaction basis.

In addition, an increase in ethanol, sugar, DGS and other production costs cannot be directly converted into higher selling prices, since the prices of these outputs are referenced to market trading prices. We seek to mitigate the volatility in the output prices by purchasing OTC derivatives.

These hedging strategies are implemented in order to manage the spread between the prices of inputs and outputs by securing the production costs of each transaction where the output prices are fixed by contract. As a result of the combination of these two strategies, increases or decreases in market prices of ethanol and/or grains affect the spread that can be secured for each transaction, but do not eliminate volatility in net income, since the spread fluctuates in each transaction.

Gas hedging strategies are carried out together with other commodities, as described above, in order to manage our exposure to changes in energy prices. Therefore, depending on forward production sales and on the types of contracts, we may hedge the cost of our natural gas consumption. These hedging transactions are usually OTC natural gas swaps that are only traded with investment-grade counterparties and are recorded as financial derivatives for cash flow hedging. As of December 31, 2011, we have only traded natural gas hedging swaps in the United States, and have no hedging in place in Europe, although our ethanol sale contracts with Repsol enable us to pass on this cost. We do not have any energy contracts that could generate material losses to our Audited Consolidated Financial Statements if the corresponding energy prices were to decrease.

In addition, certain of our subsidiaries have engaged in purchase and sale transactions in the grain and ethanol markets, in accordance with management trading policy. These operations reflect the implementation of management-approved strategies for the purchase and sale of forward and swap contracts, mainly for grain and ethanol, which are controlled and reported on daily following the procedures established under our trading policy. As a risk-mitigation element, we set daily limits or "stop losses" for each strategy and,

depending on the market in which we are operating, the financial instruments purchased and the risks defined in the transaction.

In relation to zinc and steel, the most significant impact derives from increases in their prices, which would result in an increase in our revenue. This increase would be compensated by hedges to cover company sales that have been purchased to fix the price for approximately two-year periods, resulting in a likely neutral effect.

In relation to the cost of aluminum, which is purchased and then sold, an increase in the price of aluminum would result in an increase in both our cost (from the purchase transactions) and our revenue (from sale transactions) resulting in a natural hedge.

The table below shows a breakdown of the maturities of notional amounts for the commodity price derivatives designated as cash flow hedges for each of the years ended December 31, 2011, 2010 and 2009:

2011	Ethanol	Gas	Grain	Zinc	Aluminum	Others
	(Gallons)	*(MWh)*	*(Bushels)*	*(Tons)*	*(Tons)*	*(Gallons)*
Year 2012	1,800,735	5,700,000	16,090,000	62,400	25,772	283,178
Subsequent	—	—	—	67,920	—	—
Total	**1,800,735**	**5,700,000**	**16,090,000**	**130,320**	**25,772**	**283,178**

2010	Ethanol	Gas	Grain	Zinc	Aluminum	Others
	(Gallons)	*(MWh)*	*(Bushels)*	*(Tons)*	*(Tons)*	*(Gallons)*
Year 2011	621,288	5,580,000	52,909,635	70,026	22,171	300,004
Subsequent	—	—	—	62,400	17,231	—
Total	**621,288**	**5,580,000**	**52,909,635**	**132,426**	**39,402**	**300,004**

2009	Ethanol	Gas	Grain	Zinc	Aluminum	Others
	(Gallons)	*(MWh)*	*(Bushels)*	*(Tons)*	*(Tons)*	*(Gallons)*
Year 2010	6,000,000	16,654,986	10,963,602	60,892	2,175	—
Subsequent	—	—	—	70,026	—	554,900
Total	**6,000,000**	**16,654,986**	**10,963,602**	**130,918**	**2,175**	**554,900**

The table below shows a breakdown of the maturities of the fair value of commodity price derivatives designated as cash flow hedges at the years ended December 31, 2011, 2010 and 2009:

2011	Ethanol	Gas	Grain	Zinc	Aluminum	Others
			(€ in thousands)			
Year 2012	750	(5,319)	3,090	15,653	(4,902)	4,367
Following	—	—	—	13,940	—	—
Total	**750**	**(5,319)**	**3,090**	**29,593**	**(4,902)**	**4,367**

2010	Ethanol	Gas	Grain	Zinc	Aluminum	Others
			(€ in thousands)			
Year 2011	702	(523)	52	(20,460)	(3,176)	(9,002)
Following	—	—	—	(10,168)	(1,647)	—
Total	**702**	**(523)**	**52**	**(30,628)**	**(4,823)**	**(9,002)**

2009	Ethanol	Gas	Grain	Zinc	Aluminum	Others
			(€ in thousands)			
Year 2010	(3,011)	2,032	1,240	(16,232)	(12)	2,725
Following	2,716	—	(221)	(17,459)	—	(2,495)
Total	**(295)**	**2,032**	**1,019**	**(33,691)**	**(12)**	**230**

The table below presents a breakdown of the maturities of the notional amounts of commodity price derivatives not designated as hedges at the year ended December 31, 2009 (nil for 2011 and 2010):

2009	Ethanol	Gas	Grain	Zinc	Aluminum	Others
			(in € thousands)			
Year 2010	—	—	—	—	—	—
Following	—	—	—	—	11,103	—
Total	**—**	**—**	**—**	**—**	**11,103**	**—**

There were no commodity price derivatives not designated as hedges as of December 31, 2011.

At December 31, 2011, if the price of zinc had increased by 10%, with all other variables remaining constant, the effect on the income statement would have been a profit of €2.17 million, due to the unhedged portion of our sale transactions and a decrease in other reserves of €13.47 million, due to the effect of cash flow hedges that we maintain.

For additional information about our financial instrument and hedging activity refer to Note 4, Note 12 and Note 14 of our Audited Consolidated Financial Statements as and for the year ended December 31, 2011 incorporated by reference into this Offering Circular.

Credit Risk

Trade and other receivables, current financial investments and cash are the main financial assets of Abengoa and present the greatest exposure to credit risk in the event that a third-party does not comply with its obligations.

Most of our receivables relate to our customers who operate in a range of industries and countries with contracts that require ongoing payments as the project advances, the service is rendered or upon delivery of the product. It is common practice for us to reserve the right to cancel the work in the event of a material breach, especially non-payment. In addition, we rely on written confirmation for the non-recourse purchase of accounts receivable (factoring). In these arrangements, we pay a bank fee to assume the credit risk as well as interest charges for the financing component.

In this regard, derecognizing of factored accounts receivable is taken only when all the requirements of IAS 39, *Financial instruments; Recognition and Measurement* are met. Therefore, we consider whether or not the risks and rewards inherent in the ownership of the asset have been transferred, including a comparison of our risk before and after the transfer, considering the amounts and timing of net cash payments to be received. Once the risk to the grantor company has been eliminated or is considered to be substantially reduced, it is considered that the financial asset in fact has been transferred.

In general, our greatest risk is the risk of not collecting a trade account receivable. This is our greatest risk because it may be of significant value in the development of a project or in the provision of a service and it is not within our control. However, for those contracts in which there is a possibility of customer payment delay, with no commercial justification, could theoretically be identified as a risk associated to the financial asset, and so we establish that, not only should the risk of legal insolvency (bankruptcy, etc.) be covered, but also that of *de facto* or evident insolvency (arising from the client's management of its own cash, even though there is no "general moratorium").

As indicated, it is our policy to transfer the credit risk associated with our customers and other accounts receivable through the use of non-recourse factoring. As such, with regard to considering risks inherent with debtors and other accounts receivable on the statement of financial position, amounts can be excluded that relate to works completed and awaiting certification for which factoring contracts are in place, as well as amounts which could be factored which are outstanding to be submitted to the financial entity providing the factoring, and also those debtors included which are covered by an insurance policy.

The following table shows the maturity detail of trade receivables for each of the years ended December 31, 2011, 2010, and 2009:

	Balance as of December 31,		
	2011	**2010**	**2009**
		(€ in thousands)	
Maturity			
Up to three months	444,780	499,954	468,366
Between three and six months	64,227	137,282	77,862
Over six months	68,095	97,981	41,640
Total	**577,102**	**735,217**	**587,868**

Liquidity Risk

The objective of the our financing and liquidity policy is to ensure that we maintain sufficient funds to meet our financial obligations as they fall due.

To ensure there are sufficient funds available for the repayment of debt while ensuring capacity to generate cash, we have put in place the following criteria and actions:

- Maintaining sufficient leverage headroom by not exceeding a given Net Corporate Debt/Corporate EBITDA ratio limit of corporate financing. The maximum headroom as per the financing contracts in 2011, 2010 and 2009 was 3.0. Corporate Net debt is calculated as all third-party borrowings less cash and financial investments of current asset excluding the debt of operations financed without recourse. The denominator of the ratio is derived as the EBITDA of the entities which do not utilize non-recourse project finance and incorporating R&D&i costs for the year.

At the close of 2011, 2010 and 2009, we fulfilled the requirement related to said financial ratio.

- Each year a financial plan is prepared and approved by the Board of Directors which encompasses all financing requirements and the means by which the requirements will be provided. In the 2010 financial year, we consolidated our presence as a recurring issuer on the capitals markets, executing issuances on American and European institutional debts markets. Syndicated financing operations constituting the basis of our corporate financing were also successfully re-financed, as well as a new financing transactions in subsidiaries which have the support of export credit agencies.
- Proactive management of working capital in order to generate liquidity and cash flows sufficient to meet our requirements and obligations for the foreseeable future.
- Continuous monitoring of the provisions of our liquidity reserve, which includes credit facilities, cash and cash equivalents based on expected cash flows and the ability to meet financial obligations in the coming months.

In accordance with the above, we have a policy to diversify our sources of finance in order to prevent concentration of financing sources that may limit our working capital liquidity risk.

Capital risk

We manage our investments in equity to ensure the continuity of the activities of its subsidiaries from an equity standpoint by maximizing the return for the shareholders and optimizing the structure of equity and debt in the respective balances.

The objective is the constant and sustained achievement of our results through organic growth. To achieve these objectives, it is necessary to strike a correct balance in the businesses between control over the financial risks and the financial flexibility required to achieve the objectives.

The leverage level objective of the activities of Abengoa is not measured based on the level of debt on own resources, but on the nature of the activities:

- For activities financed through non-recourse financing, each project is assigned a leverage objective based on the cash and cash flow generating capacity, generally, of contracts that equip these projects with highly recurrent and predictable levels of cash flow generation. In general, the levels of leverage reached are relatively high.
- For activities financed with corporate financing, the objective is to maintain reasonable leverage, defined as three times EBITDA over Net Debt minus the non-recourse EBITDA and the non-recourse financing.

REGULATION

Overview

We operate in a significant number of regulated markets. Our Engineering and Construction and Industrial Production activities and the Solar segment of our Concession-Type Infrastructures activity are, in particular, subject to extensive and intensive regulation by governmental entities in a number of the countries in which we are currently operating. The degree of regulation to which our activities are subject varies by country. In a number of the countries in which we operate, regulation is carried out by national regulatory authorities. In some countries, such as the United States and, to a certain degree, Spain, there are various additional layers of regulation at the state, regional and/or local levels. In these countries, the scope, nature and extent of regulation may differ among the various states, regions and/or localities.

While we believe the requisite authorizations, permits and approvals for our existing activities have been obtained and that our activities are operated in substantial compliance with applicable laws and regulations, we remain subject to a varied and complex body of laws and regulations that both public officials and private parties may seek to enforce. The following is a description of the primary industry-related regulations applicable to our activities and currently in force in certain of the principal markets in which we operate.

European Union

Bioenergy Regulation

The European Council of March 2007 established a mandatory target for 20% share of overall European Community final energy consumption to be derived from renewable energy sources by 2020 and a minimum mandatory target of 10% to be achieved by all Member States for the share of biofuels in transport petrol and diesel consumption by 2020. Under the Directive 2003/30/EC of the European Parliament and the Council, of May 8, 2003, on the promotion of the use of biofuels or other renewable fuels for transport ("Directive 2003/30/EC"), Member States set national indicative targets by allowing biofuels to be available to consumers blended with conventional fuel up to 5% by volume or in higher concentrations in specific labeled products. It also provided for a target by December 31, 2010 of 5.75% of biofuel in the content of petrol or diesel sold for transport purposes in each Member State.

In 2008 the European Council continued its aim to develop and fulfill effective sustainability criteria for biofuels and to ensure commercial availability of second-generation biofuels. The European Council of June 2008 referred again to the sustainability criteria and the development of second-generation biofuels, and underlined the need to assess the possible impacts of biofuel production on agricultural food products and to take action, if necessary, to address shortcomings.

European regulations, including Directive 2003/30/EC, have been modified or repealed by two recent Directives in relation to the use of biofuels and the compliance with the Kyoto Protocol:

- Directive 2009/28/EC on the promotion of the use of energy from renewable sources, sets a new legal framework regarding the use of bioenergy sources to reduce greenhouse gas emissions and comply with the Kyoto Protocol.
- Directive 2009/30/EC establishes an increase of the mandatory use of biofuels and an increase of the percentage of ethanol and biodiesel that can be used in mixtures with fossil fuels to operate motor vehicles.

The two Directives also implement a certification system to ensure the compliance of biofuels sold in the European Union with the regulated criteria of sustainability, including a 35% greenhouse gas emission saving

from the use of biofuels compared with average emissions from petrol and diesel (increased to 50% from January 2017).

Industrial Waste Management Regulation

General Principles

Directive 2008/98/EC of the European Parliament and of the Council of November 19, 2008 on waste (the "Waste Directive"), establishes the general regulatory framework relating to waste at the European Union level. The Waste Directive is supplemented by a series of additional directives which deal with specific types of waste. The Waste Directive regulates, among other matters, various procedures of waste management, including primarily waste prevention, but also recycling. In addition, the Waste Directive establishes a hierarchy of regulatory targets and priorities relating to reduction and management of waste among the Member States, as follows: (i) waste reduction; (ii) preparation for re-use; (iii) recycling; (iv) other types of use such as, for example, energy recovery; and (v) disposal.

The Objectives of the European Union with Regard to Waste Recovery

The Waste Directive sets the following targets: (i) by 2015, separate collection for at least paper, metal, plastic and glass; (ii) by 2020, at least 50% by weight of household waste must be sorted for the re-use and recycling of certain waste materials such as paper, metal, plastic and glass, and possibly from non-household sources as far as these waste streams are similar to waste from households; (iii) by 2020, at least 70% by weight of waste materials used in construction as substitutes for other materials must be sorted for re-use, recycling and other material recovery, including backfilling.

Other Relevant European Union Legislation

In addition to the Waste Directive, Directive 1999/31/EC of the European Parliament and of the Council of April 26, 1999 on the landfill of waste (the "Landfill Directive") is applicable to steel residues, aluminum and other industrial hazardous and non-hazardous waste materials activities. The Landfill Directive sets forth the European Union regulatory framework with respect to hazardous waste landfills. Pursuant to the Landfill Directive, which was implemented into law by various Member States, including Spain, we need to obtain, and we have so obtained, a number of permits to conduct our industrial recycling activities which include the following: (i) maximum treatment capacity; (ii) quality of gas and atmospheric emissions; (iii) handling of hazardous materials, including steel, steel dust and Waelz oxide; and (iv) waste disposal.

Effects of European Union Environmental Legislation on our Recycling Activities, including Aluminum, Recycling of Aluminum, Steel and Industrial Waste

The European Union regulatory framework applies to our recycling activities as follows: (i) our aluminum, steel and industrial recycling fall within the concept of "recovery" under, among others, the Waste Directive, therefore representing a regulated activity that requires administrative permits in each of the Member States in which it is conducted, which could subject us to liability once the Landfill Directive is transposed into the relevant national law; (ii) the European Union regulatory framework and policies impose an obligation upon its Member States to adopt measures that incentivize the recovery of waste and, consequently, companies in the European Union are subject to increased incentives to recover waste, primarily through recycling; and (iii) the European Union regulatory framework on waste production and treatment activities is particularly developed compared to other countries. A large number of non-European Union developed countries and certain emerging market countries have also adopted policies and regulations similar to those of the European Union. We believe that the experience we have obtained complying with European Union regulations will prove useful as our recycling operations expand to other countries.

Solar Regulation

The Kyoto Protocol, ratified by the European Union and its Member States on May 31, 2002, imposed on the European Union a target of reducing its emissions of greenhouse gases by 8%. On November 26, 1997, the European Union published a white paper (the "White Paper") which outlined a strategy and a community-wide action plan aimed at doubling energy production from renewable energy sources in the European Union from 6% in 1996 to 12% of total energy consumption by 2010. The White Paper proposed a number of measures to promote the use of renewable energy sources, including measures designed to provide better access for renewable energy sources to the electricity market.

Directive 2001/77/EC of the European Parliament and Council of September 27, 2001 (the "2001 Renewable Energy Directive") encourages the development of electricity produced from renewable energy sources (non-fossil fuel sources such as wind, solar, hydropower, biomass and relief gas) by requiring Member States to set indicative national targets for the consumption of electricity produced from renewable energy sources consistent with the European Commission's target of generating 12% of the European Union's total energy consumption and 22% of the European Union's total electricity consumption from renewable energy sources by 2010. The 2001 Renewable Energy Directive was amended and repealed by Directive 2009/28/EC of the European Parliament and Council of April 23 (the "2009 Renewable Energy Directive") which set mandatory national overall targets of energy from renewable sources as a proportion of gross final consumption of energy in 2020 which are consistent with a target of at least a 20% share of energy from renewable energy sources in the European Union's gross final consumption of energy in 2020.

Spain

Bioenergy Regulation

The use of biofuel has various environmental, energy and socio-economic benefits over petroleum fuels, making it a potentially useful tool in the implementation of European policies against climate change and reducing dependence on oil.

EU institutions have issued several directives in order to establish strict technical and environmental specifications for different petroleum products. These directives have been enacted into Spanish legislation. Recent regulation has resulted in the incorporation of innovative development in the legislation governing this activity, including the introduction of the obligation of trading low sulfur fuel in Spain (in accordance with the EU strategy on air quality and environmental protection) and the incorporation of provisions concerning the use of biofuels.

Royal Decree 61/2006, of January 31, providing specifications for petrol, diesel, fuel oil and liquefied petroleum gases and which regulates the use of certain biofuels (*Real Decreto, 61/2006 de 31 enero por el que se determinan las especificaciones gasolinas, gasóleos, fuelóleos y gases licuados del petróleo y se regula el uso de determinados biocarburantes*) ("Royal Decree 61/2006"), was issued in order to comply with the necessary information procedure in relation to technical regulations. Royal Decree 61/2006 introduced the indicative value of 5.75% as the minimum percentage (to be applied in Spain not later than December 31, 2010) of biofuel content in all petrol and diesel sold for transportation purposes. Law 12/2007, of July 2, substantially modified Ley 34/1998, *de 7 de octubre, del Sector de Hidrocarburos* (the "Hydrocarbon Sector Law") in order to adapt it to the Directive 2003/55/EC of the European Parliament and the Council of June 26. Specifically, the Hydrocarbon Sector Law was modified by Law 12/2007 in several key areas:

- it clarifies the standard target by introducing the distinction between different biofuels and expanding the list of products that are considered biofuels;
- it confirms the reference to Title III of the Hydrocarbon Sector Law to regulate the distribution and sale of these products;

- it sets out annual targets for biofuels and other trading renewable fuels for the period 2008-2010; and
- it enables the Minister of Industry, Tourism and Trade to pass any regulation promoting the incorporation of biofuels and other renewable fuels in order to achieve the annual objectives.

Order ITC/2877/2008 (the "Order") introduced the most significant changes in the fuel distribution automotive sector since the liberalization of the sector in 1999. Under Article 6 of the Order, the Spanish Energy Commission is responsible for issuing certificates in respect of biofuels and controls and supervises compliance with biofuel trading obligations. In this context, the Spanish Energy Commission issued Circular 2/2009, of February 26, which has been replaced by Circular 4/2012, of July 12 (*Circular 4/2012, de 12 de julio, de la Comisión Nacional de Energía, por la que se regula la puesta en marcha de la gestión del mecanismo de fomento del uso de biocarburantes y otros combustibles renovables con fines de transporte*) which makes provisions for the certification of biofuel and other renewable fuels sold or consumed for transport purposes. Furthermore, in accordance with Article 11 of the Order the Spanish Energy Commission issued Circular 1/2010, of March 25, which has been replaced by Circular 5/2012, of July 12 (*Circular 5/2012, de 12 de julio, de la Comisión Nacional de Energía, por la que se regulan los procedimientos de constitución, gestión y reparto del fondo de pagos compensatorios del mecanismo de fomento del uso de biocarburantes y otros combustibles renovables con fines de transporte*), which makes provisions for a compensation payment fund for promoting the use of biofuels and other renewable fuels for transport.

Royal Decree 459/2011, of April 11, establishes the new mandatory targets for biofuel use in Spain for 2011, 2012 and 2013. In particular, the mandatory targets established in the Royal Decree 459/2011 for biofuel content in fuel sold for transport purposes are the following: 6.2% for 2011, 6.5% for 2012 and 6.5% for 2013 for biofuels, and 6% for 2011, 7% for 2012 and 7% for 2013 for biodiesel.

On November 4, 2011, Royal Decree 1597/2011 was approved, which regulates biofuels and bioliquids sustainability criteria, the National Sustainability Verification System and the double value of some biofuels for calculation purposes (*Real Decreto 1597/2011, de 4 de noviembre, que regula los criterios de sostenibilidad de los biocarburantes y biolíquidos, el Sistema Nacional de Verificación de la Sostenibilidad y el doble valor de algunos biocarburantes a efectos de su cómputo*).

Order IET 822/2012, of April 20 ("Order IET/822/2012"), has established for two years, extendable for two additional years by a resolution of the State Secretary, the assignment through public tenders of biodiesel production capacity for the biodiesel plants to comply the biofuels mandatory targets set out in the 2009 Renewable Energy Directive.

Order IET/2199/2012, of October 9, 2012, postponed "sine die" the public tender for biodiesel production assignment established in Order IET/822/2012 due to the threat of an increase in the oil prices for final consumers. The publication of a new order is anticipated to take place in the first quarter of 2013.

Finally, in relation to the Spanish tax regime, incentives were introduced to encourage biofuel trading. Law 38/1992, of December 28, on Special Taxes, (*Ley 38/1992, de 28 diciembre, de Impuestos Especiales*) imposed, until December 31, 2012, 0% taxation for ethanol and biodiesel used as fuel. This incentive is no longer applicable. Furthermore, Article 51.3 of the Special Taxes Law exempted the importation of biofuel used in projects to develop clean products. This law is no longer applicable.

Industrial Recycling Regulation

Waste regulation in Spain distinguishes between hazardous and non-hazardous residues.

Regulatory framework for the handling of waste

The regulatory framework applicable in Spain is established by Law 22/2011, of July 28, on Contaminated Waste and Soil (*Ley 22/2011, de 28 de julio, sobre Residuos y Suelos Contaminados*) (the "Waste Law") and

by regulation approved by Royal Decree 833/1988, of July 2 ("Royal Decree 833/1988") modified by Royal Decree 952/1997, of June 20 ("Royal Decree 952/1997"), applicable only to hazardous waste, and Royal Decree 1481/2001 of December 27 ("Royal Decree 1481/2001"), modified by Royal Decree 1304/2009 of July 31 ("Royal Decree 1304/2009") which regulates the disposal of waste products in landfills. In addition, the Spanish regulatory framework relating to waste comprises specific regulations for different types of waste that, due to their specifications or production volumes, require special regulation. Atmospheric emissions, radioactive waste and residual waste water are regulated separately. The Waste Law has been implemented and further developed by the Spanish Autonomous Communities (*Comunidad Autónoma*) (the "Autonomous Communities"), which have constitutional power to regulate environmental matters.

Competences of public administrations

The Waste Law distributes powers concerning waste among three competent public bodies: (i) the State; (ii) the Autonomous Communities; and (iii) the local entities. The coordinating body is the Environmental Sector Conference (*Conferencia Sectorial de Medio Ambiente*) integrated by the State and the Autonomous Communities. As a result of this role as coordinator and in addition to approving the general regulatory framework, the State (through the Ministry of Agriculture, Food and Environment (*Ministerio de Agricultura, Alimentación y Medioambiente*) must set out the national waste plans, which integrate the Autonomous Community waste plans and targets. The national plans include specific targets for waste reduction, prevention, re-use, recycling and other forms of recovery and disposal, and addresses measures to reach these targets, including the financing and monitoring of the underlying process. The current Spanish National Integrated Waste Plan (*Plan Nacional Integrado de Residuos*) was approved by the Council of Ministers on December 26, 2008 and published by a resolution passed by the Secretary of State for Climate Change on January 20, 2009 for the period between 2008 and 2015. In addition, the State has the competence to authorize the transportation of waste from or to third-party countries outside of the European Union, as well as any transits in Spain.

Royal Decree Law 17/2012, of May 4, of urgent environmental measures (*Real Decreto Ley 17/2012, de 4 de mayo, de medidas urgentes en materia de medioambiente*) ("Royal Decree Law 17/2012"), modifies the Waste Law in the following terms:

- Regarding prevention and promotion principles on re-using and high quality recycling, environmental authorities must adopt the necessary measures for priority systems to be implemented in order to encourage the re-using of the products, the activities needed to prepare for re-use and recycling. Moreover, they will promote the establishment of storage places for waste that can be re-used and they will also support the establishment of re-use centers and networks. In addition, promotion measures of prepared and recycled products will be taken in order to re-use them through public procurement and quantitative objectives in management plans.
- Operators that transport waste to final disposal operations, for recovering household mixed waste or hazardous waste, must previously notify each Autonomous Community of such transportation, declaring the origin and destination of the waste.
- Producers of products that when used become waste, could be forced to establish deposits systems that guarantee the refund of the quantities which are deposited and the return of this type of product so that them can be re-use or of the waste in order to its treatment in the case of difficult recovered or removal waste.
- In the case of abandonment, dumping or uncontrolled disposal of waste whose collection and management corresponds to local entities, as well as in the case of delivery without meeting the conditions lay down in local by-laws, only local entities can exercise their power to impose sanctions.

Royal Decree Law 17/2012 keeps the existing contaminated soil system, repeals the previous decree on hazardous waste and tries to clarify and simplify administrative proceedings to promote traceability of waste materials.

The Autonomous Communities are entitled to approve additional protective rules and regulations including: (i) drafting separate waste plans; (ii) authorizing recovery and disposal operations, as well as production of waste; (iii) monitoring, inspecting and sanctioning activities relating to waste management and production; (iv) granting transit licenses; (v) inspecting and sanctioning transit activities; and (vi) any other activities related to waste that are not specific powers of State or local bodies.

Local entities are entitled to conduct any non-hazardous urban waste management operations and may develop plans for the management of such waste.

Regulatory framework for management of residues

According to the Waste Law, management, recovery and disposal activities of any type of residues are subject to authorization by the environmental departments of the relevant Autonomous Communities. The Waste Law allows the Autonomous Communities companies dealing with recovery and disposal of non-hazardous residues to be exempt from such authorization provided that they have previously disclosed their internal rules for conducting these activities. For other non-hazardous waste management activities, including recovery, transportation and storage, it is necessary to notify the relevant Autonomous Communities of such activities. However, the relevant Autonomous Community may use its discretion to decide to subject such companies to the same authorization process used for the management, recovery and disposal activities of hazardous waste. The Waste Law also contains a number of rules relating to the transportation of residues.

Sanctions Regime

Infringement of obligations pursuant to the Waste Law may trigger administrative sanctions and/or criminal proceedings, the severity of which may vary depending on a number of factors. Sanctions may be issued by Autonomous Communities or the State. In addition to the application of any sanctions, the responsible party has an active obligation to replace or restore things to the original state prior to the infringement, in accordance with the conditions specified by the competent authority which imposes the relevant sanctions. In addition to any penalties imposed by the Waste Law, Law 26/2007, of October 23, on environmental responsibility (*Ley 26/2007, de 23 de octubre, de responsabilidad medioambiental*) (Law 26/2007) establishes a number of preventive or reparative administrative obligations, which apply generally to operators whose activities lead to environmental damage pursuant to the "polluter pays" principle, including an obligation to provide financial guarantee to address potential environmental liabilities.

Regulatory framework for management of hazardous waste

The Waste Law includes the general regulatory framework applicable to the management of hazardous waste. In addition, Royal Decree 833/1988 includes a more specific regulatory framework for toxic and hazardous waste distinguishing between toxic and hazardous waste and regulating certain disclosure requirements of waste managing companies, including requiring annual management reports and a control and compliance report. Annual management reports need to include information on the nature, quantity and destination of hazardous materials managed.

Management of hazardous waste is subject to administrative authorization issued by the environmental department of the relevant Autonomous Community, which shall specify the period and conditions under which such authorization is granted. The authorization is subject to: (i) civil liability insurance policies to cover damages caused to third parties and their property or to the environment; and (ii) a deposit of an amount sufficient to cover the obligations to the relevant administration for the exercise of such activities. In cases of transport activities, the carrier will need to apply for an authorization only if it assumes responsibility for the

waste transported. Transportation of hazardous materials, in addition to compliance with current regulations on transportation of hazardous goods, requires specific identification documents for the waste transported.

The effects of Spanish environmental legislation on our recycling activities, including recycling of aluminum, steel and industrial waste

We believe that the Spanish regulatory framework has a number of direct consequences on our recycling activities, including the following: (i) we need certain authorizations for our plants in order to conduct our activities; (ii) activities conducted in these installations and transport activities need to comply with applicable regulations; (iii) management of hazardous waste requires additional steps, including contracting civil liability insurance policies, placing deposits with the relevant administration and publishing annual management reports specifying the nature, amount and destination of hazardous materials managed; and (iv) we may be subject to a number of sanctions for any infringement of our obligations under applicable laws and regulations.

Water Regulatory Framework

Spain is currently the only country within the European Union in which we operate our Water segment. The Spanish water regulatory framework, which regulates the desalination process and the water concessions needed over the public hydraulic domain for the operation of our thermo-solar plants is included in the Water Law as approved by Royal Legislative Decree 1/2001, of July 20 (*Real Decreto Legislativo 1/2001, de 20 de julio, por el que se aprueba el texto refunddo de la Ley de Aguas*) (the "Water Law"), and developed by Royal Decree 849/1986, of April 11, which approves the regulation of public water .

In some cases desalination plants need authorizations and public concessions to occupy the maritime terrestrial public domain in accordance with Law 22/1988, of July 28, on coasts (*Ley 22/1988, de 28 de julio, de costas*), and other applicable regulations. The Water Law also regulates hydraulic infrastructures, which are defined as the construction of infrastructure for collection, extraction, desalination, storage, regulation, piping, control and use of water, including its drainage and purification, processing and re-use. In addition, Law 26/2007 establishes a preventive and reparative administrative responsibility framework, applicable to water operators whose activities impact on the environment.

Solar Regulation

Overview

The Kyoto Protocol was adopted on December 11, 1997 and introduced mandatory targets for participating countries to reduce emissions of greenhouse gases by at least 5% of the 1990 level within the five-year period between 2008 and 2012. The Kyoto Protocol came into effect on February 16, 2005. The European Commission announced new targets for reducing emissions of greenhouse gases among the Member States in March 2007. These targets include a unilateral commitment to reduce overall EU greenhouse gas emission levels by 20% of the 1990 levels by 2020. The European Commission made a conditional offer to increase this percentage reduction to 30% if other major emitting countries made a corresponding commitment to reduce emissions. The European Union and its Member States announced their willingness to continue negotiations to reach an international legally binding agreement to be in force starting on January 1, 2013, when the first commitment period of the Kyoto Protocol expires. The Kyoto Protocol has led to the implementation of policies and actions to promote and support the use of energy from renewable sources, which have been favorable to the renewable energy sector and, in particular, the solar energy sector.

The renewable energy industry benefits from government subsidies and incentives in Spain, the United States and the other markets in which we operate. Internationally, the most common public incentives in the renewable energy sector include, among others, the following systems:

- *Green certificates.* Producers of renewable energy receive a "green certificate" for each megawatt-hour they generate and suppliers of energy have an obligation to purchase part of the energy that they supply from renewable sources.
- *Investment grants and direct subsidies.* These apply to the costs of installation of generating plants.
- *Tax exemptions or relief.* These include income investment tax credits ("ITC"), cash grants in lieu of tax credits, accelerated depreciation, among others, in the United States.
- *System of direct support of prices.* These include regulated tariffs and premiums. The system in Spain is generally characterized by (i) the right to incorporate in the system the total electricity produced by the renewable energy plant for an allotted period of time, (ii) priority access to the transmission and distribution network and (iii) the establishment of a fixed tariff or a premium in addition to the market price (with a cap and floor) per kilowatt-hour ("kWh") generated, so that the producer is ensured of a reasonable rate of return on its investment in the construction and operation of renewable energy plants.

Solar Regulatory Framework

In Spain, the principal source of the regulation of electricity is Law 54/1997, of November 27, on the Electricity Sector (Le*y 54/1997, de 27 de noviembre, del Sector Eléctrico*) (the "Electricity Sector Law"), which was amended by, among others, Law 17/2007 of July 4, for the adoption of Directive 2003/54/EC of the European Parliament and Council of June 26, 2003. The goals of the Electricity Sector Law are to guarantee the supply of quality electricity at the lowest possible cost, liberalize the electricity market and promote renewable energy. To this end, the Electricity Sector Law included the obligation to establish a development plan for renewable energy to ensure that renewable energy sources provide at least 12% of Spain's total energy demand by 2010. In addition to highlighting the need for a special scheme to support generation of electricity from renewable energy sources, the Electricity Sector Law ordered the public authorities to take necessary measures to meet these objectives. This prompted the adoption by the Spanish Government of the Renewable Energies Development Plan 2000-2010 ("REDP 2000-2010") in 1999.

The REDP 2000-2010 sought to promote the construction of electricity generation facilities under the so-called "special regime" through various measures, including the establishment of incentives that would make it attractive to developers to build and operate these facilities. These incentives include the obligation to purchase electricity produced form renewable energy sources and the setting of purchase prices at a fixed tariff rate or at market price plus a premium. On August 26, 2005, the Spanish Government updated REDP 2000-2010 through the Renewable Energies Plan 2005-2010 ("REP 2005-2010"). The main objective of REP 2005-2010 was to foster the development of the special regime more quickly than had been achieved under the REDP 2000-2010. REP 2005-2010 established the following non-binding objectives for 2010: (i) 12.1% of primary energy consumption to be supplied by renewable energy; (ii) 30.3% of gross electricity consumption to be supplied with renewable energy sources; and (iii) the consumption of biofuels to be 5.83% of the total consumption of petrol and diesel for transport.

In order to comply with the mandatory renewable energy targets set out in the 2009 Renewable Energy Directive, Spain, as well as other Member States, must develop a national action plan, called a National Renewable Energy Action Plan ("NREAP"). Spain's NREAP was issued on June 30, 2010 and submitted to the European Commission. According to Spain's NREAP, the target of primary energy consumption to be supplied by renewable energy sources in 2020 is set at 22.7% and the target of gross electricity consumption to be supplied with renewable energy sources is set at 42.3%.

In 2011, a new Renewable Energies Plan has been developed, REP 2011-2020 including new targets according to the 2009 Renewable Energy Directive with regard to the promotion of energy use from

renewable sources, which states general targets of at least 20% of energy from renewable sources in gross final energy in the European Union and a minimum share of 10% of transport consumption to be supplied with renewable energy sources in each Member State by 2020.

General legal framework for CSP plants under the Special Regime

The Electricity Sector Law set forth two possibilities to generate electricity in Spain: (i) the ordinary regime and (ii) the special regime. All electricity-producing facilities not governed by the special regime are governed by the ordinary regime. Under Article 27 of the Electricity Sector Law, facilities eligible to benefit from the special regime are facilities that have installed capacity of 50 megawatts ("MW") or less and which: (a) use co-generation or other methods of electricity production associated with non-electrical activities and which involve high energy efficiency; (b) use any of the qualifying renewable energy sources as primary energy, provided that the plant's owner does not perform generation activities under the ordinary regime; or (c) use non-renewable waste as a primary energy source. Qualifying renewable energy sources include solar, wind, biomass, geothermal power, and biofuel.

The main legal provision applicable to facilities qualifying under the special regime is Royal Decree 661/2007, of May 25, regulating the activity of the production of electricity under the special regime ("Royal Decree 661/2007"). Article 2 of Royal Decree 661/2007 includes concentrating solar power ("CSP") plants under the special regime (sub-group b.1.2).

The CSP plants that we develop and operate fall within the special regime. The special regime was created with the objective of promoting environmentally efficient technologies and energy supply sources. In order to achieve this objective and foster the construction of facilities to this end, the special regime grants two primary advantages to facilities built under this regime. First, for those qualifying facilities there is a regulatory right to incorporate into the system the energy output produced (provided its delivery to the grid is technically feasible). Second, generators subject to the special regime may sell the electricity generated at any of their facilities by using either of the following options:

(i) to sell the electricity in the organized production market receiving a regulated tariff in return, expressed in euro cents per kWh applicable for all scheduling periods (the "Regulated Tariff Option"); or

(ii) to sell the electricity in the organized production market at the sale price set by the organized market or the price freely negotiated by the owner or representative of the facilities, supplemented, as the case may be, by reference to a premium expressed in euro cents per kWh (the "Market Option"). Under this alternative, participation in the market can be carried out through the organized production market (run by the Market Operator), or through executing bilateral contracts.

    As regards the Market Option, caps (compensation above which a premium would not be paid) and floors (a minimum compensation receivable by the facilities) are provided in respect of certain technologies (including CSP and wind power energy).

In both cases, special regime facilities only achieve revenues if they sell electricity in the market (there is no payment for the availability of the plants).

Under the Regulated Tariff Option, the producer must offer the electricity which it intends to produce on the organized market at 0 €/KWh and the regulated tariff is paid to the owner of the power plant in two portions: (i) the market portion; the market price (settled by the Market Operator) for which is paid in the same manner as any producer selling the energy produced by its facilities on the daily selling production market and (ii) an equivalent premium which represents the difference between the market portion and the regulated tariff (the "Equivalent Premium"). The payment of the Equivalent Premium is made (since November 1, 2009) by the National Energy Commission (the "CNE").

Under the Market Option, the electricity supplied by generation facilities is paid at the price agreed with the purchasers (either the market price or the physical bilateral contract price), but these generators will also be paid by the CNE with the premium to which they are entitled.

In addition, there are other sources of remuneration (the so-called "add-ons") that subsidize the income of the generation facilities under the special regime depending on the type of facility and the regime in which the facility falls (for example, the efficiency add-ons for co-generation facilities that satisfy performance requirements and the reactive energy add-ons for maintaining certain power factor values).

Economic regime: Registration in public registers

Royal Decree 661/2007 requires that in order to benefit from the economic regime under the special regime (whether Tariff Option or Market Option), the generation facility must obtain final registration at the *Registro Administrativo de Instalaciónes de Producción en Regimen Especial* ("RAIPRE") at both the regional (i.e. Autonomous Community) level and national level following its construction and start-up. Registration occurs when the plant is finished and ready to operate. Following the completion of construction, the facility will be granted the status as a facility under the Special Regime and it will be provisionally registered in the RAIPRE for a three-month period. During this period, the developer of the facility must apply for final registration (this provisional registration is only necessary when the owner of the facility intends to carry out trials prior to its definitive start-up). In order to be definitively registered in the RAIPRE, the developer must provide, among other things: (i) the report of the grid operator or the manager of the distribution network, showing proper completion of the procedures for access and connection, and (ii) evidence of compliance with the requirements of Article 4 of Royal Decree 2019/1997. Once the facility has achieved final registration in the RAIPRE, the Regional Authorities must communicate the registration within one month to the General Directorate of Energy Policy and Mines (*Dirección General de Politica Energética y Minas*) ("DGPEM"). The competency to carry out the registration corresponds to the national authorities, in the event the plant's power exceeds 50 MW, and to the Regional Authorities, in the event the plant's power is lower. The effect of the registry is the same in both cases.

In order to qualify under the special regime set forth in Royal Decree 661/2007, those facilities (except for PV projects, which are expressly excluded and governed by Royal Decree 1578/2008) which were not registered with the RAIPRE before May 7, 2009, were required to register with a new registry called the "Pre-Allocation Registry", created by Article 4 of Royal Decree Law 6/2009 dated April 30, adopting measures in the energy sector (*Real Decreto Ley 6/2009, de 30 de abril, por el que adoptan medidas en el sector energético*) ("Royal Decree Law 6/2009").

In order to register a particular project with the Pre-Allocation Registry, a developer must submit an application to the DGPEM together with documents evidencing the fulfillment of the following requirements imposed by Royal Decree Law 6/2009:

(a) To have been granted the access and connection point with the distribution or the power transmission company in respect of all power capacity of the plant.

(b) To have been granted the administrative authorization for the facility except for installations with an installed capacity of 100 kW maximum.

(c) To have been granted a municipal works license, when necessary.

(d) To have posted the bank guarantee required to submit the application for an access point and connection to the grid (€20/kW), when such posting is required.

(e) To have sufficient economic resources or financing to undertake at least 50% of the facility's investment (including the evacuation line and connection to the power transmission or distribution network).

(f) To have entered into a purchase agreement for the facility's equipment representing at least 50% of the total value of the equipment with the manufacturer or supplier of such equipment.

(g) To have been assigned a natural gas supply point, when natural gas is used as the main raw material (this requirement is not applicable to CSP plants).

(h) To have been granted a favorable water use report by the relevant authority, when water is required for the operation of the facility.

(i) To have posted a bank guarantee in the *Caja General de Depósitos de la Administración General del Estado* in favor of the DGPEM, for an amount of €20/kW. For thermo-solar technology (i.e., CSP), the bank guarantee will amount to €100/kW. This guarantee is like a legal bail of commitment to the project registered, responding to its construction and starting operations.

In addition to the requirements above, Royal Decree Law 6/2009 also includes transitional arrangements for projects:

- All projects that complied with the above-mentioned requirements as of May 7, 2009 have the right to apply for registration in the Pre-Allocation Registry for a period of 30 calendar days after May 7, 2009 (with the possibility for an extension of another 30 calendar days to comply with the guarantee requirement).
- All projects registered in the Pre-Allocation Registry pursuant to such transitory provision will benefit from the economic regime under Royal Decree 661/2007. However, since the ultimate target quota of installed capacity for CSP projects established in Royal Decree 661/2007 that have been registered in the Pre-Allocation Registry pursuant to such transitory provision has been surpassed, the remuneration regime established in Royal Decree 661/2007 will not apply to future project entrants. Furthermore, due to the number of CSP and wind projects that have been registered in the Pre-Allocation Registry pursuant to such transitory provision, the Council of Ministers has imposed annual restrictions on the implementation and operation of those projects.
- With respect to those CSP projects that have not been pre-allocated, the Council of Ministers still has to approve a new legal regime.

All projects that have successfully been registered qualify for the special regime under Royal Decree 661/2007, provided they meet the commissioning deadlines. We have 650 MW registered in the Pre-Allocation Registry as of September 15, 2009.

After registration, Royal Decree 1614/2010, of December 7, on the regulation and amendment of certain aspects of electricity production by means of solar thermal and wind technologies (Royal Decree 1614/2010), introduces the following significant changes to the regulatory regime of CSP plants:

- CSP plants under the special regime will have to sell their electricity pursuant to the Tariff Option during the first 12 months of operation (or, in the case of existing CSP plants, during the year 2011). In other words, during such 12-month period the CSP plants will not be able to sell their electricity pursuant to the Market Option.
- The introduction of the concept of "equivalent working hours," which are defined as the total net output of a plant in any given year (expressed in kWh) divided by the plant's nominal capacity (expressed in kW). Royal Decree 1614/2010 sets a maximum number of equivalent working hours per

year in respect of CSP plants that can benefit from the special regime (i.e. the regulated tariff and premium set forth in Royal Decree 661/2007). Any electricity generated corresponding to the excess beyond such maximum number will be remunerated at the electricity "pool" market price. The maximum number of equivalent working hours per year depends upon the specific technology used by the CSP plant.

- Those CSP plants that have obtained final registration at the RAIPRE on or prior to May 7, 2009 or that have been registered at the Pre-Allocation Registry pursuant to the transitory provision mentioned above, will not be affected by any future review (other than annual reviews based upon the evolution of the Consumer Price Index) of feed-in tariffs, premium, caps and floors, carried out in the terms of Article 44.3 of Royal Decree 661/2007, or by any future review of the maximum number of equivalent working hours per year which may affect the 2,350 working hours limit.

Finally, in relation to the CSP projects registered in the Pre-Allocation Registry, Article 8 of Royal Decree-Law 29/2012, of December 28, on economic and social measures, sets forth that CSP projects which are not completed before the deadline could forfeit their right to receive the remuneration established for CSP plants.

For such purposes, it shall be deemed that the CSP plant is fully completed if it has all of the elements, equipment and infrastructure necessary for producing energy and delivering it to the electricity system, and its characteristics coincide with the approved building project, by the end of the deadline established for final registration at the RAIPRE and for commencement of the activity of sale of energy.

In addition, those elements which are not expressly indicated in the approved building project which resulted in the permanent registration of the CSP plant cannot be deemed to form part of the plant and cannot be put into operation, unless the relevant modification of the building project is arranged with the applicable authority. In such case, the remuneration regime of such facilities for the energy attributable to the modifications will be amended, and they will receive the market price for the production attributable to the modifications.

Royal Decree Law 1/2012

Royal Decree Law 1/2012, of January 27, ("Royal Decree Law 1/2012") temporarily suspends registration of new renewable energy projects under special regime in the Pre-Allocation Registry established under Royal Decree Law 6/2009. Further, it cancels the economic incentives for renewable projects established under Royal Decree 661/2007 for projects not duly registered in the Pre-Allocation Registry as of January 28, 2012.

Notwithstanding the foregoing, the Royal Decree Law 1/2012 does not affect the economic regime and incentives (consisting of the regulated tariff and market price plus premium schemes, as applicable) in respect to projects currently registered in the Pre-Allocation Registry and, therefore, they will keep their current remuneration scheme or, where in construction stage, their right to such remuneration scheme once in operation. As of the date of this Offering Circular, we have developed 15 CSP projects, of which 13 projects are in commercial operation and have already obtained final registration in RAIPRE under the special regime. The remaining three projects are currently under construction and duly registered in the Pre-Allocation Registry. Our PV projects in commercial operation are also duly registered under the special regime. It is likely that the Spanish government is currently evaluating the adoption of certain regulatory and tax measures to solve the so-called tariff deficit of the Spanish electricity sector and to guarantee the financial viability of the electricity sector within the current financial crisis framework. It is foreseeable that these measures shall not be only limited to the electricity production under the special regime, but it would affect all producers under the different technologies, both the special and ordinary regimes, as well as transmission and distribution grid. Additionally, it is not likely in the short term that the suspension of the pre-allocation procedures will be revoked.

Applicable tax regime: Special provisions

Historically, the Spanish taxation framework has been very favorable for renewable energy but the existing tax benefits are beginning to be phased out. However, there is a trend that has seen increases in the tax benefits from research, development and technological innovation, as demonstrated by the recent legislative initiatives in this area, including:

- The income tax deduction for research, development and innovation for companies which was made permanent under Royal Decree 3/2009 of March 27.
- The introduction of various measures conducive to investment in research, development and innovation and investments related to the protection of the environment in the Law 2/2011, March 4, 2011 on Sustainable Economy Law, such as increasing the percentage of the deduction applicable to innovative activities from 8% to 12% within the ambit of the deduction for research, development and innovation.

Tax deductions for research, development and innovation

The tax deduction for research, development and innovation is regulated in Article 35 of Legislative Royal Decree 4/2004 of March 5, approving the revised corporate income tax ("TRLIS"). For purposes of the deduction, the definitions of each of the concepts of research, development and technological innovation in Article 35 of the TRLIS are of significant importance, which differentiates between research and development and the concept of technological innovation. Article 35 of TRLIS states explicitly that certain specific activities are considered research and development for purposes of the deduction. Expenses relating to the qualifying research, development or innovation activities are entitled to a 25% deduction for the period in which they were incurred (or 42% for those expenses that exceed the average expenditure over the preceding two years for this purpose), provided that such expenses were incurred in accordance with cost accounting and were specifically undertaken in connection with identified projects. In addition, investments in tangible fixed assets and intangible assets made in connection with research, development or innovation are entitled to a deduction of 8%.

Expenditures associated with technological innovation activities are entitled to a deduction of 8% for the period in which they were incurred (12% for fiscal periods commencing after the entry into force of Law 2/2011, March 4, 2011 on Sustainable Economy (on March 6, 2011)), provided that such expenses were incurred in accordance with cost accounting and were specifically undertaken in connection with identified projects. These deductions may be applied in assessments of tax periods that end in the 18 years subsequent to the tax period in which they were generated, provided that the other requirements of the corporate income tax regulations are complied with.

Tax deductions for environmental investments

This deduction, which is regulated in Article 39 of the TRLIS, gives tax incentives for investments which seek to protect the environment. Such investments include investments in new assets that are intended for use in the active exploitation of renewable energy sources, including specifically the use of solar energy for conversion into heat or electricity. Such investments have historically been entitled to a deduction of 10%. However, Law 35/2006 gradually eliminates this deduction by reducing the percentage of deductions according to the schedule.

Periods Commencing from the Following Dates	**% of Environmental Investment**
01/01/2006	10.0

Periods Commencing from the Following Dates	% of Environmental Investment
01/01/2007	8.0
01/01/2008	6.0
01/01/2009	4.0
01/01/2010	2.0
01/01/2011 and after	0.0

Therefore, for fiscal years beginning after January 1, 2011, deductions for environmental investments will no longer apply. These deductions may be applied in the assessments of tax periods that end in the 10 years subsequent to the tax period in which they were generated, provided that the other requirements of the corporate income tax regulations are complied with.

However, as from the entry into force of Law 2/2011, March 4, 2011 on Sustainable Economy, investments in tangible assets for the protection of the environment consisting of facilities to prevent air, noise or water pollution will be entitled to a deduction of 8%.

Law on Tax Measures for Energy Sustainability

On December 27, 2012, the Spanish Parliament approved the Law 15/2012 which became effective on January 1, 2013. The aim of the Law is to try to combat the problem known as the "tariff deficit" in retail electricity markets in Spain, which reached €24 billion in December 2011.

The Law 15/2012 provides for an electricity sales tax which will be levied on activities related to electricity production. The tax is triggered by the production and sale of the electrical power and affects both traditional electricity generation and electricity generated from renewable sources, known as "special regime" generation. The tax (at a single rate of 7%) will be levied on the total income received from the power produced at each of the tax payer's installations.

Furthermore, the Law 15/2012 provides for a tax trigger in the production and storage of certain nuclear energy.

Finally, the Law provides for certain amendments to the Electrical System Act. Under the current special regime power generation regulations of the Electrical System Act, up to 15% of the power produced by CSP plants can be generated by using natural gas; this means that the power produced by using natural gas as a source is not entitled to a premium. Special regime power installations that partially use fossil fuels during the power generation process (with the exception of biomass) will forego the existing premium on the power produced from fossil fuel.

United States Regulations

Our operations within the Biofuels segment of our Industrial Production activity and the Solar segment of our Concession-Type Infrastructures activity are subject to significant regulation in the United States.

Bioenergy Regulation

Federal Renewable Fuel Standard ("RFS")

The Energy Policy Act of 2005 ("EPACT 2005") set the first United States renewable fuel volume mandate. The renewable fuel program established by the Environmental Protection Agency ("EPA") under EPACT 2005 required that 4 billion gallons of renewable fuels be blended into gasoline for 2006, a volume mandate

that increased to 7.5 billion gallons for 2012. The Energy Independence and Security Act of 2007 ("EISA") modified and expanded the RFS in a number of respects: increased the renewable fuel volume mandate to 9 billion gallons for 2008 and set increasing volume mandates through 2022, when the volume mandate will reach 36 billion gallons of total renewable fuels. EISA also sets complementary annual volume mandates for "advanced biofuel" as well as two specific kinds of renewable fuels, cellulosic biofuel and biomass-based diesel. Of particular note, EISA defines advanced biofuel, cellulosic biofuel, and biomass-based diesel as having at least 50% less "lifecycle greenhouse gas ("GHG") emissions"—"the aggregate quantity of greenhouse gas emissions (including direct emissions and significant indirect emissions such as significant emissions from land use changes) . . related to the full fuel lifecycle, including all stages of fuel and feedstock production and distribution"—than the gasoline or diesel the renewable fuels are replacing. Specifically, EISA defines "advanced biofuel" as "renewable fuel, other than ethanol derived from corn starch, that has life cycle greenhouse gas emissions that are at least 50 per cent. less than baseline life cycle greenhouse gas emissions" as determined by EPA. EISA defines "cellulosic biofuel" as "renewable fuel derived from any cellulose, hemicellulose, or lignin that is derived from renewable biomass and that has lifecycle gas emissions that are at least 60 per cent. less than baseline life cycle greenhouse gas emissions" as determined by EPA. The EPA announced in May 2012 its determination that ethanol produced from grain sorghum (or milo) at facilities that use biogas digesters in combination heat and power technology meets the 50 per cent. GHG emissions reduction threshold requirement for an advanced biofuel. Further, EISA defines "biomass-based diesel" as renewable fuel defined as "biodiesel" under the Energy Policy Act of 1992 and which has life cycle GHG emissions which EPA determines to be at least 50% less than baseline life cycle GHG emissions.

In addition, EISA requires that any renewable fuel which is to be counted towards the RFS and is produced at a facility which commenced construction after December 19, 2007, achieve at least a 20% reduction in life cycle GHG emissions compared to 2005 baseline life cycle GHG emissions. (This life cycle GHG emissions reduction requirement, coupled with EPA's inclusion in the implementing regulations of an analysis of indirect emissions from international land use changes related to biofuel production, may serve to exclude some biofuels from counting towards the RFS.) In May 2012, the EPA announced that ethanol produced from grain sorghum (or milo) at facilities that use natural gas meets the minimum 20% GHG emissions reduction threshold for renewable fuels. Under the Clean Air Act (the "CAA"), as amended by EISA and EPACT 2005, EPA possesses the authority to waive or adjust downward RFS requirements if the EPA Administrator, in consultation with the Secretary of Energy and the Secretary of Agriculture, determines that an RFS requirement or requirements would severely harm the economy or the environment, or if there is an inadequate domestic supply of a renewable fuel or fuels. The EPA is specifically required to review the availability of cellulosic biofuel and, if necessary, to downwardly adjust the annual volume mandate for cellulosic ethanol. After determining that limited production of cellulosic biofuel is occurring, EPA reduced the annual volume mandate for that fuel each of 2011 and 2012. However, EPA did not reduce or modify the advanced biofuel or total renewable fuel annual volume mandates. A lawsuit which is currently pending challenges EPA's cellulosic biofuel and/or certain other mandates as being too high, and petitions have been filed with EPA requesting that certain mandates be lowered. The EPA Administrator also has authority under the CAA, in certain circumstances, to revise upwardly or downwardly the GHG reduction percentages required of renewable fuel, advanced biofuel, cellulosic biofuel, and/or biomass-based diesel.

As implemented under EPA's March 2010 regulations, the RFS requires producers and importers of gasoline and diesel to meet the various volume mandates for total renewable fuel and the various renewable fuel types. Producers and importers of gasoline and diesel must reduce or purchase renewable fuel (or obtain renewable fuel credits, called "renewable identification numbers") in an amount equal to or greater than a certain percentage, set by EPA, of their gasoline or diesel production and/or importation. EPA sets the percentages so that, if producers and importers produce and import gasoline and diesel in the volumes EPA projects, and if each producer and importer meets its obligations under the RFS, then total renewable fuel, advanced

biofuel, cellulosic biofuel, and biomass-based diesel will be produced in the amounts required by EISA (or downwardly adjusted by EPA pursuant to its authority under EISA). Additionally, renewable fuel producers face recordkeeping and reporting obligations.

Grants and Loan Guarantees from Department of Agriculture and Department of Energy

The Food, Conservation, and Energy Act of 2008 ("Farm Bill") authorized a number of United States Department of Agriculture ("USDA") programs that promote the development and expansion of bioenergy production. The USDA Biorefinery Assistance Program under Farm Bill Section 9003 provides to eligible entities both grants to construct demonstration "advanced biofuel" refineries and loan guarantees for the development, construction, and retrofitting of commercial-scale bio-refineries that produce "advanced biofuels." As under the RFS, "advanced biofuel" is defined as fuel derived from renewable biomass other than corn kernel starch. Under Farm Bill Section 9003, loan guarantees are capped at U.S.$250 million and grant funding is capped at a percentage of the project cost. The USDA Bioenergy Program for Advanced Biofuels under Farm Bill Section 9005 provides payments to eligible producers of advanced biofuels to support expanded production. Payments are based on: the amount of funding available; the number of producers participating in the program; the amount of advanced biofuel being produced; the duration of production by the eligible producer; and, the net nonrenewable energy content of the advanced biofuel, if sufficient data is available. The bioenergy program for advanced biofuels will provide no more than 5% of total available funds to producers with an annual refining capacity of 150,000,000 gallons or more of advanced biofuel. Mandatory funding is available under both the Biorefinery Assistance Program and the Program for Advanced Biofuels through fiscal year 2012. The Biomass Research and Development Initiative, a collaboration of the USDA and the DOE created under Farm Bill Section 9008, provides grant funding and other financial assistance to eligible projects addressing the research, development, and demonstration of biofuels and bio-based projects and the methods, practices, and technologies for their production. The initiative is geared towards addressing three main areas: feedstock development, biofuels and bio-based products development, and biofuels development analysis. The USDA Repowering Assistance Program under Farm Bill Section 9004 provides payments to eligible bio-refineries to encourage the use of renewable biomass as a replacement fuel source for fossil fuels used to provide process heat or power in their operation.

The USDA published in the Federal Register in April 2010 proposed rules implementing the Bioenergy Program for Advanced Biofuels (Farm Bill Section 9005) and Repowering Assistance Program (Farm Bill Section 9004) that would have served to exclude from the program most foreign entities, as well as subsidiaries of most foreign entities. USDA similarly published in the Federal Register in April 2010 a proposed rule implementing the Biorefinery Assistance Program (Farm Bill Section 9003) that would have made most foreign entities, as well as subsidiaries of most foreign entities, ineligible for loan guarantees from the program. Interim final rules published by the USDA in February 2011 eliminated the provisions limiting foreign entity participation in the three programs.

The DOE, acting pursuant to Section 1705 of EPACT 2005 (as amended by the American Reinvestment and Recovery Act ("ARRA")), guaranteed loans to certain eligible projects, including "leading edge biofuel projects that will use technologies performing at the pilot or demonstration scale that the Secretary of Energy determines are likely to become commercial technologies and will produce transportation fuels that substantially reduce life-cycle greenhouse gas emissions compared to other transportation fuels." In order to have qualified for a guarantee under the Section 1705 Program, physical construction must have commenced at the primary site of the project on or before September 30, 2011. National Environmental Policy Act ("NEPA") review must have been completed prior to the issuance of a loan guarantee. Loan guarantees under Section 1705 were limited to projects meeting the prevailing wage requirements set forth in the Davis-Bacon Act of 1931. The DOE loan guarantees were issued to bio-refineries located in Hugoton, Kansas and Emmetsburg, Iowa. A number of industry associations representing bioenergy producers asked the

government to make changes to the loan guarantee program, including stipulating that the existence of the RFS suffices to show that there is a reasonable prospect that advanced biofuel makers will be able to repay loans, extending the September 2011 construction commencement deadline, and carving out loan guarantee funds that would be dedicated to bioenergy projects.

The USDA's Business and Industry Loan Guarantee program and Rural Energy for America Program ("REAP") are other potential sources of loan guarantees or grant money for eligible bioenergy producers. Both EISA and the ARRA authorized the DOE to make grants related to biofuel. DOE in the past made a number of grants to fund biomass research and development. EPACT 2005 Section 932 authorized federal funding of eligible cellulosic bio-refinery demonstration projects. The USDA Biomass Crop Assistance Program provides eligible growers of renewable crops in certain areas with payments for growing the crops as well as payments to sellers of eligible biomass materials to qualified biomass conversion facilities. The USDA disburses value-added producer grants to incentivize eligible independent agricultural producers to engage in activities such as biofuels production.

In December 2012, EPA approved a pathway to allow grain sorghum to be used as a feedstock for both conventional biofuels and for advanced biofuels under the RFS. Per the EPA analysis, sorghum based ethanol produced at dry mill facilities that use natural gas has a smaller GHG footprint than corn based ethanol (30% reduction compared to baseline gasoline versus 20% for corn). We have two plants that historically use 100% sorghum (Colwich and Portales), and we are looking at the feasibility of using sorghum in York and Ravenna. The ability to qualify as an Advanced Biofuel and help to fill that requirement (and to receive a higher value for that ethanol) is a great potential for Colwich especially.

Other Federal Programs and Requirements Impacting Bioenergy Producers

A number of other programs and requirements exist to promote bioenergy production and development. The Energy Policy Act 1992 set a number of alternative fuel use and other requirements applicable to certain vehicles in federal and state government fleets. The Federal Highway Administration Surface Transportation Research, Development, and Deployment program provides some funding of bio-based research.

EPA possesses authority under the CAA to regulate fuels and fuel additives, including the content of ethanol used in motor vehicle fuel. On October 13, 2010, EPA granted a partial waiver allowing for the sale of gasoline with up to 15% ethanol (E15) for use in light-duty motor vehicles from model year 2007 or newer. On January 21, 2011, EPA granted another partial waiver allowing the sale of E15 for use in light-duty motor vehicles from model years 2001 through 2006. The CAA and EPA regulations require that manufacturers of gasoline and diesel fuels and fuel additives produced and commercially distributed for use in highway motor vehicles must register their gasoline and diesel fuels and fuel additives with EPA, and all individual fuel and fuel additive manufacturers involved in manufacturing E15 must register. On April 2, 2012, EPA approved the first E15 registration applications. The misfueling mitigation conditions of EPA's waiver must also be met before E15 can be lawfully sold. On June 15, 2012, EPA approved the first plans for satisfying the misfueling mitigation conditions of the E15 partial waivers, and some companies have now met all of the Clean Air Act requirements related to E15 and may lawfully introduce E15 into the marketplace. Since a number of states restrict the sale of some gasoline-ethanol blends, changes in state law may be needed before E15 may be sold in certain states and local requirements and practical concerns, such as dispenser and tank compatibility, may also need to be addressed. EPA also allows vehicle fuels to be sold containing higher levels of ethanol (such as E85, which is 85% ethanol), but these fuels are intended only to be used in vehicles certified as "flexible fuel."

Ethanol imported into the United States faces an ad valorem tariff of 2.5%; a secondary tariff of U.S.$0.54/gallon expired on December 31, 2011.

State and Local Incentives for and Programs Concerning Bioenergy Production

In addition to federal government support, many states have enacted laws or programs incentivizing or impacting bioenergy production. Programs and incentives come in the form of grants, loans, tax exemptions, job training programs, direct payments and mandates requiring the use of biofuels or low carbon fuels. For example, California implemented a low carbon fuel standard (“LCFS”) that requires a 10% reduction in transportation fuel carbon intensity by 2020.

Environmental Permitting and Compliance

Bioenergy facilities face numerous potential permitting, licensing, and land use requirements and are subject to various federal, state, and local environmental laws, including laws governing: the discharge of materials into the air, water, and ground; the use, handling, storage, generation, transportation and disposal of hazardous materials; access to and use of water resources; and employee health and safety. These environmental laws can require the installation of pollution control equipment or operational changes for the purpose of limiting potential or actual environmental impacts. Violations of these laws or permit conditions may result in significant fines, the revocation of permits (including the potential for facility shutdown), criminal sanctions, and/or natural resources damage claims. Prior to development, permitting authorities may require that bioenergy projects consider and address, among other things, the impact on water resources and water quality, endangered species and other biological resources, existing land uses and zoning, agricultural resources, archaeological, paleontological, recreational and cultural considerations, and the impact on the landscape. Project approvals may be conditioned upon the project being modified, so as to mitigate any such impacts.

Projects involving discretionary federal action must normally comply with NEPA, which requires assessment of the project’s environmental impacts and includes public review and involvement. If a project does not fall under a categorical exclusion or exemption, then an environmental assessment (“EA”) or an environmental impact statement (“EIS”) must be prepared. An EA is the less rigorous assessment, can take approximately six months to complete, and will result in either a “finding of no significant impact” (“FONSI”) or a finding that significant impacts are likely. If a FONSI is issued, NEPA review is complete. If, on the other hand, the EA finds significant impacts to be likely, an EIS must be prepared (which can take a year or longer) describing the environmental impact of the project and possible alternatives.

Potentially applicable federal permits might be required under the CAA, the Endangered Species Act (“ESA”), the Resource Conservation and Recovery Act (“RCRA”), the Clean Water Act (the “CWA”), the National Historic Preservation Act, and the National Wilderness Preservation Act, among other federal laws. Depending upon a number of factors (including facility location and potential air emissions), the CAA may require bioenergy facilities to obtain preconstruction and operating permits, model potential emission impacts, install control technology to mitigate emission impacts, and purchase offsets to cover remaining emission impacts. In many instances, EPA has delegated its CAA authority to state or local authorities, who are then primarily responsible for issuing air emission permits. Some bioenergy facilities emit various pollutants regulated under the CAA, including volatile organic compounds (“VOCs”), nitrogen oxide (“NOx”), carbon dioxide (“CO2”), particulate matter (“PM”) and hazardous air pollutants (“HAPs”). A number of CAA standards are potentially applicable to a facility if it exceeds certain air emission thresholds or contains certain pieces of equipment (such as boilers, heaters, or liquid storage tanks of a certain size). EPA has recently taken steps to regulate GHG emissions under the CAA. As such, bioenergy facility operation or expansion may face regulatory requirements relating to GHG emissions reporting and reduction. The ESA is intended to protect endangered species by prohibiting the taking of listed species without a permit. The ESA makes it unlawful to harm a listed species either directly or by significantly modifying its habitat. The CWA makes it unlawful to fill certain wetlands or other waters without a permit, or to make point source discharges into navigable waters or their tributaries without a permit. The Emergency Planning and Community Right-to-Know Act and Sections 112(r)(1) and 112(r)(7) of the CAA may impose certain risk management planning, inventory

reporting, release reporting, and other requirements upon biofuel facilities storing substances regulated under these laws in excess of certain quantities. Permits from other federal agencies may be required if federal lands, federally regulated natural resources, military zones, or other areas of federal competence are involved or may be impacted by the construction or operation of a renewable energy facility. Under RCRA, facilities that treat, store, or dispose of hazardous waste are required to obtain an operating permit. The Comprehensive Environmental, Response, Compensation, and Liability Act of 1980 may subject bioenergy producers who arrange for the disposal of hazardous wastes to investigation or clean-up costs related to disposal sites.

Various states and municipalities have also implemented environmental laws and regulations that impact renewable energy projects. State or local approvals might be needed to address air emissions, including GHG emissions; impacts upon traffic; historic resources; urban encroachment; agricultural preservation restrictions; water quality and protection concerns, including wastewater and storm water discharges, water rights, water supply assessments and lake and streambed alterations; or various land use approvals, among other reasons. As one example, California released in November 2011 air quality guidance addressing stationary and mobile source emissions associated with bio-refineries that could result in stricter air pollution control requirements than have previously been imposed.

Litigation or third party appeals challenging or seeking to delay permits for bioenergy facilities could delay or prevent the construction or operation of these facilities.

Federal Tax Incentives

The federal tax credits available to producers of biofuel vary according to the type of biofuel produced and the feedstock used to produce that fuel. Producers of cellulosic biofuel, such as ethanol produced from wood chips and plant wastes, currently are eligible for a maximum U.S.$1.01 per gallon tax credit through December 31, 2013. Blenders of biodiesel and renewable diesel fuel were eligible for a tax credit of U.S.$1.00 per gallon blended into motor fuels, but these credits expired on December 31, 2011. Under the American Taxpayer Relief Act of 2012, enacted January 1, 2013, these credits are now extended through December 31, 2013. The American Taxpayer Relief Act of 2012 also added a definition of qualified feedstock and added special rules for feedstock derived from algae.

Accelerated Depreciation

Owners of eligible biofuel property may also benefit from accelerated depreciation of the property over a five-year period under the Modified Accelerated Cost Recovery System ("MACRS") under the United States Internal Revenue Code of 1986, as amended. In addition, some property used in biofuel projects may qualify for bonus depreciation for equipment placed in service before January 1, 2014. Under the same statute a deduction of 50% of the cost of qualifying property is permitted in the first year for property placed in service in 2012 and 2013. Bonus depreciation under this statute expires on December 31, 2013.

Solar Regulation

Federal, state and local energy laws and regulations apply to the development, ownership, business organization and operation of power generation facilities in the United States. The United States federal government regulates the sale of electricity at wholesale and certain environmental matters, and state and local governments regulate the construction of power generation facilities, the sale of electricity at retail, and certain other environmental and permitting matters.

United States Federal Regulation of the Electricity Industry

The United States federal government regulates the wholesale sale of electric power and the transmission of electricity in interstate commerce through the Federal Energy Regulatory Commission ("FERC"), which draws its jurisdiction from the Federal Power Act ("FPA"), as amended, and from other federal legislation

such as the Public Utility Regulatory Policies Act of 1978 ("PURPA"), the Energy Policy Act of 1992 ("EPACT 1992") and EPACT 2005. EPACT 2005 repealed the Public Utility Holding Company Act of 1935 and replaced it with the Public Utility Holding Company Act of 2005 ("PUHCA").

Regulation of Electricity Generators

The FPA provides FERC with exclusive ratemaking jurisdiction over all "public utilities" that engage in wholesale sales of electricity and/or the transmission of electricity in interstate commerce. The owners of renewable energy facilities are therefore generally subject to FERC's ratemaking jurisdiction. FERC may authorize a public utility to make wholesale sales of electric energy and related products at negotiated or "market-based" rates if the public utility can demonstrate that it does not have, or that it has adequately mitigated, horizontal and vertical market power and that it cannot otherwise erect barriers to market entry. Entities granted market-based rate approval face ongoing filing and compliance requirements. In granting market-based rate approval to a wholesale generator, FERC also typically grants blanket authorizations under Section 204 of the FPA and FERC's regulations for the issuance of securities and the assumption of debt liabilities.

If the criteria for market-based rate authority are not met, FERC has the authority to impose conditions on the exercise of market rate authority that are designed to mitigate market power or to withhold or rescind market-based rate authority altogether and require sales to be made based on cost-of-service rates, which could in either case result in a reduction in rates. FERC also has the authority to assess substantial civil penalties (up to U.S.$1 million per day per violation) for failure to comply with tariff provisions or the requirements of the FPA.

FERC approval under the FPA may be required prior to a change in ownership or control of a 10% or greater voting interest, directly or through one or more subsidiaries, in any public utility (including one of our U.S. project companies) or any public utility assets. FERC approval may also be required for a public utility to have common officers or directors with certain affiliates.

FERC also implements the requirements of PUHCA applicable to "holding companies" having direct or indirect interests of 10% or more in companies that (among other activities) own or operate facilities used for the generation of electricity for sale, which includes renewable energy facilities. PUHCA imposes certain record-keeping, reporting and accounting obligations on such holding companies and certain of their affiliates. However, holding companies that own only exempt wholesale generators ("EWGs"), foreign utility companies, and certain qualifying facilities under PURPA are exempt from the federal access to books and records provisions of PUHCA, although they must file a notification of holding company status and a FERC 65A form indicating such exemption. EWGs are owners or operators of electric generation facilities (including producers of renewable energy, such as solar projects) that are engaged exclusively in the business of owning and/or operating generating facilities and selling electricity at wholesale. An EWG cannot make retail sales of electricity, may only own or operate the limited interconnection facilities necessary to connect its generating facility to the grid, and faces restrictions in transacting business with affiliated regulated utilities.

Regulation of Electricity Sales

Electricity transactions in the United States may be bilateral in nature, whereby two parties contract for the sale and purchase of electricity subject to various governmental approval processes or guidelines that may apply to the contract, or they may take place within a single, centralized clearing market for purchases and sales of energy, electric generating capacity and ancillary services. Given the limited interconnections between power transmission systems in the United States and differences among market rules, regional markets have formed as part of the power transmission systems operated by regional transmission

organizations (known as "RTOs" or independent system operators ("ISOs")) in places such as California, the Midwest, New York, Texas, the Mid-Atlantic region and New England.

Reliability Standards

EPACT 2005 amended the FPA to grant FERC jurisdiction over all users, owners, and operators of the bulk power system for the purpose of enforcing compliance with certain standards for the reliable operation of the bulk power system. Pursuant to its authority under the FPA, FERC certified the North American Electric Reliability Corporation ("NERC") as the entity responsible for developing reliability standards, submitting them to FERC for approval, and overseeing and enforcing compliance with them, subject to FERC review. NERC, in turn, has delegated certain monitoring and enforcement powers to regional reliability organizations. Users, owners, and operators of the bulk power system meeting certain materiality thresholds are required to register with the NERC compliance registry and comply with FERC-approved reliability standards.

State Regulation of the Electricity Industry in the United States

State regulatory agencies in the United States have jurisdiction over the rates and terms of electricity service to retail customers. Regulated investor-owned utilities often must obtain state approval for the contracts through which they purchase electricity, including renewable energy, if they seek to pass along the costs of these contracts to their ratepayers. Different states apply different standards for determining acceptable prices for utility procurement contracts, including contracts for the purchase of renewable energy. In some states, electricity generation is deregulated and electricity supply is provided by retail or wholesale third party suppliers, as determined in that states' regulatory scheme. Several states hold auctions for the wholesale supply of power to be sold through utilities to retail customers that do not choose a third party competitive electric supplier.

In certain states, approval of the construction of new power generation facilities, including solar power plants, is obtained from a state agency, with only limited regulatory approvals required from other state agencies and local governments. However, in many states the permitting process for power plants, including solar power plants, is also subject to land-use and similar regulations established at the county and municipal government level, with the state regulatory agencies having limited requirements. In other cases, state and local authorizations may involve a more extensive approval process, possibly including an environmental impact evaluation and opposition by interested parties or utilities.

Renewable Energy Incentives in the United States

In general, the United States has used a mix of tax incentives, at the federal level, and mandatory quotas, incentives and portfolio standards, at the level of individual states, to incentivize investment in renewable energy generation capacity, including solar power. Each of these types of U.S. renewable energy incentives are discussed below.

Investment Tax Credit

Owners of eligible solar energy property (which includes most kinds of solar energy generation equipment) that is placed in service before January 1, 2017 generally may claim a one-time federal income investment tax credit ("ITC") equal to 30% of the tax basis of the eligible property. An owner of eligible solar energy property who claims the ITC must reduce the tax basis of the eligible property by an amount equal to one half of the credit. The ITC is subject to recapture (in declining amounts) if the owner sells or ceases use of the property during the five-year period following the placed-in-service date.

Cash Grant in Lieu of ITC

In lieu of claiming the ITC, an owner of eligible solar energy property may be eligible to apply for a cash payment from the United States Department of the Treasury equal to the amount of the ITC it otherwise

would be eligible to claim. Eligible solar energy property will qualify for the cash grant if its owner is not a "disqualified person" and it is the case that either: (1) the eligible property is placed in service in 2009, 2010 or 2011; or (2) construction of the eligible property begins in 2009, 2010 or 2011 and the property is placed in service before January 1, 2017. "Disqualified persons" include governments, tax-exempt organizations, tax-exempt energy cooperatives and partnerships and other pass-through entities any partner (or other holder of an equity or profits interest) of which is a government, tax-exempt organization or tax-exempt energy cooperative unless their interest is held through a taxable corporation. A non-U.S. person or entity (including a non-U.S. government) will be considered a disqualified person unless 50% or more of the gross income derived from the eligible property would be subject to U.S. tax. Grants paid are subject to recapture if the property becomes disqualified (as a result of either change in use or change in ownership) during the five-year period following the placed-in-service date. Grant recipients are required to reduce the tax basis of the eligible solar energy property in the same manner and amount as if they were claiming the ITC. Grant recipients who have not placed property in service by February 28, 2013 may be subject to automatic federal budget cuts, known as "sequestration," if Congress fails to enact a plan to reduce the deficit by U.S. $1.2 trillion or otherwise fails to take action that delays sequestration. Sequestration was initially expected to take place on January 2, 2013, but was extended for two months by the American Taxpayer Relief Act of 2012.

Accelerated Depreciation

Owners of eligible solar energy property also benefit from accelerated depreciation of the property over a five-year period under the MACRS under the United States Internal Revenue Code of 1986, as amended. Most of the equipment used in CSP and PV projects qualifies for five-year depreciation under MACRS. In addition, some equipment used in CSP and PV projects may qualify for bonus depreciation for equipment placed in service. For property placed in service from September 8, 2010 through December 31, 2011, the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010 allowed first year depreciation to equal 100% of the cost of qualifying property. Under the same statute, a deduction of 50% of the cost of qualifying property is permitted in the first year for property placed in service in 2012 and 2013. Bonus depreciation under this statute expires on December 31, 2013.

Loan Guarantee Program

The DOE, in an effort to promote the rapid deployment of renewable energy and electric power transmission projects, guaranteed certain loans to renewable energy projects and related manufacturing facilities and electric power transmission projects under Sections 1703 and 1705 of EPACT 2005. The ARRA amended EPACT 2005 to include Section 1705. In order to have qualified for the Section 1705 Program, physical construction must have commenced at the primary site of the project on or before September 30, 2011. NEPA review must have been completed prior to the issuance of a loan guarantee. In May 2011, the DOE announced that the Section 1705 loan guarantee program will close and that it would no longer accept new applications under that program. On September 30, 2011, the Section 1705 loan guarantee program closed with no further loan guarantees to be issued.

Loan guarantees under Section 1703 continue to be available for solar. However, eligibility is limited. The applicant must be located in the United States and may include foreign ownership so long as the project is located in one of the fifty states, the District of Columbia or a U.S. territory. The project must employ a new or significantly improved technology that is not a commercial technology. A commercial technology is defined as in general use in the commercial marketplace in the United States at the time the term sheet is issued by the Department of Energy. A technology is considered to be in commercial use if it has been installed in and is being used in three or more commercial projects in the United States and has been in operation in each such commercial project for at least five years. The project must also pay prevailing wages under the Davis-Bacon Act.

DOE Research Grants, State Energy Funding, Workforce Training, and Other Initiatives under the ARRA

The DOE received funding under the ARRA which it has disbursed or is in the process of disbursing to increase solar power production. Some funds were allocated as grants to support research, development, demonstration, and deployment projects. Funds were awarded to states on the basis of their electric consumption to fund energy efficiency, renewable energy, and other energy programs. ARRA funds were allocated with the purpose of providing workforce training with respect to renewable energy and energy efficiency. A number of initiatives were funded by the DOE with ARRA monies, including initiatives addressing solar market transformation, the integration of PV generation into the distribution system, and base load CSP generation.

U.S. State-Level Incentives

In addition to federal legislation, many states have enacted legislation, principally in the form of renewable portfolio standards ("RPS"), which generally require electric utilities, as well as competitive third party suppliers ("TPSs") of electricity to retail customers in some states, to generate or purchase a certain percentage of their electricity supplied to consumers from renewable resources. In certain states, it is not only mandatory to meet these percentages from renewable resources, which in general are on the increase, but also electric utilities and TPSs may be required to generate or purchase a percentage of their electricity supplied to consumers from specific renewable energy technologies, including solar technology. Failure to meet these standards may result in penalties imposed by state regulatory authorities. Depending upon the state, various certifications, permits, contracts and approvals may be required in order for a project to qualify for particular RPS programs. Some states, for example, require that only renewable energy generated in-state counts towards the RPS. According to the Database of State Incentives for Renewable Energy, as of December 2012, 29 states, the District of Columbia, Puerto Rico and the Northern Mariana Islands have implemented an RPS, and eight states, Guam and the United States Virgin Islands have set voluntary renewable energy generation goals. Although there is currently no federal RPS program, there have been proposals to create a federal RPS standard.

Renewable Energy Certificates ("RECs") are typically used in conjunction with RPS programs as tradable certificates demonstrating that a certain number of kWh have been generated from renewable resources. Under many RPS programs, a utility or TPS may generally demonstrate, through its ownership of RECs, that it has supported an amount of renewable energy generation equal to its state-mandated RPS percentage. The sale of RECs can represent a significant additional revenue stream for renewable energy generators. In RPS states where a liquid REC market does not exist, renewable energy can be bought or sold through "bundled" power purchase agreements, where the power purchase agreement price includes the price for renewable energy attributes. Some states require that RECs and the associated electricity be purchased together in order to count towards the RPS. In states that do not have RPS requirements, certain entities buy RECs voluntarily. These RECs generally have lower prices than RECs that are used to meet RPS obligations. The price of RECs can vary significantly, depending on their availability, which is turn depends upon the amount of renewable generation that has been put in service in a state that has implemented RPS requirements. In some states, the number of successful projects has generated more RECs than required to meet the applicable RPS requirements for a given year or years, leading to steep drops in the market price for RECs. Additionally, demand for RECs can be driven by requirements (such as those imposed under the California Environmental Quality Act) that development projects mitigate potential significant GHG impacts identified in connection with environmental clearances.

Effective December 10, 2011, California enacted legislation that increases its existing RPS to 25% by 2016 and 33% by 2020, and expands the program to cover publicly-owned utilities, in addition to investor-owned utilities ("IOUs"). In addition, the California Solar Initiative ("CSI") sets a goal of 1,940 MW of solar

capacity by the end of 2016. The CSI provides monetary incentives for solar installation between 1 kW and 1 MW in size for private developers and up to 5 MW in size as for state agencies, well as grants for research, development, and demonstration. California's feed-in-tariff program obligates IOUs to purchase solar generation at a standard price until a purchase threshold of 750 MW is crossed. Colorado set an RPS of 30% by 2020 for IOUs, permits the trading of RECs, and requires that 3% of the RPS be met by distributed generation in 2020 for IOUs. Arizona set an RPS of 15% by 2025, with 30% of the RPS to be met from distributed generation. A Texas law signed in August 2005 requires that 5,880 MW of new renewable generation be built by 2015. The law also set a target of having 10,000 MW of renewable generation capacity by 2025. Additionally, Texas law establishes a minimum of 500 MW of non-wind renewable generation, and establishes a "compliance premium" for each non-wind REC generated after December 31, 2007, which effectively doubles the RPS compliance value provided by non-wind generation.

Other incentives that states and localities have adopted to encourage the development of renewable resources include property and state tax exemptions and abatements, state grants, state guarantees of loans and rebate programs. In addition, a number of states collect electricity surcharges on residential and commercial users and through public benefit funds reinvest some of these funds in renewable energy projects. California offers a property tax incentive for certain solar energy systems installed between January 1, 1999 and December 31, 2016. The Arizona Department of Revenue is set to provide a corporate tax credit based on production for systems that are 5 MW or larger and are installed on or after December 31, 2010 and before January 1, 2021.

Solar generation may also be incentivized by state GHG emission reduction measures, such as California's cap and trade program, which intends to reduce GHG emissions from the electricity and other sectors starting in 2013.

Environmental Permitting and Compliance

Construction and operation of solar power plants and the generation and transmission of renewable energy is subject to environmental regulation by United States federal, state and local authorities. Typically, environmental laws and regulations require a lengthy and complex process for obtaining licenses, permits and approvals prior to construction, operation or modification of a generation project or power transmission facilities. Prior to development, permitting authorities may require that project developers consider and address, among other things, the impact on water resources and water quality, endangered species and other biological resources, existing land uses and zoning, agricultural resources, archaeological, paleontological, recreational and cultural considerations, and impact on landscape. Potentially applicable federal permits might be required under NEPA, the ESA, CWA, the National Historic Preservation Act, and the National Wilderness Preservation Act, among other federal laws. The Federal Land Policy and Management Act ("FLPMA") provides the Bureau of Land Management ("BLM") with discretion to provide rights-of-way for power plants and electric power transmission facilities on federal lands, and BLM has developed detailed regulations for the management of its lands. Additional approvals would be needed if projects or power transmission lines were to be located on Forest Service or tribal lands. Project approvals may be conditioned upon the project being modified so as to mitigate adverse impacts.

A project that is located on federal land (as well as other projects involving federal agency action) must comply with NEPA, which requires assessment of the project's environmental impacts and includes public review and involvement. If a project does not fall under a categorical exclusion or exemption, then an EA or an EIS must be prepared. An EA is the less rigorous assessment, can take approximately six months to complete, and will result in either a FONSI or a finding that significant impacts are likely. If a FONSI is issued, NEPA review is complete. If, on the other hand, the EA finds significant impacts to be likely, an EIS must be prepared (which can take a year or longer) describing the environmental impact of the project and possible alternatives. The DOE and the BLM are jointly preparing a solar energy programmatic environmental impact statement ("Solar PEIS") in order to facilitate the permitting and sponsoring of large

scale solar electric power plants on public lands in the Western United States. The DOE and BLM released a draft Solar PEIS in December 2010, a supplement to the draft Solar PEIS on October 27, 2011, and final Solar PEIS on July 24, 2012. The Solar PEIS is intended to serve as a roadmap for solar energy development by establishing solar energy zones, totaling about 285,000 acres of public lands, characterized by significant solar resources, good energy transmission potential, and relatively low conflict with biological, cultural and historic resources. Within these zones, the Solar PEIS has the goal of providing incentives for development, including faster and simpler permitting, improved mitigation strategies, and other economic incentives. On October 12, 2012, the Secretary of the Interior signed the Record of Decision to establish a comprehensive Solar Energy Program to administer the development of utility-scale solar resources on BLM-administered public lands in six southwestern states. The Solar Energy Program decisions will guide the processing of all new utility-scale solar energy applications on BLM-administered lands. The BLM's Solar Energy Program would only apply to projects capable of generating 20 MW or more. Decisions on projects that are on non BLM-administered land and on projects capable of generating less than 20 MW will be made in accordance with existing land use requirements, current applicable policy, and individual site-specific NEPA analyses.

Permits from other federal agencies may be required if federal lands, federally regulated natural resources, endangered species, military zones, or other areas of federal competence are involved or may be impacted by the construction or operation of a renewable energy facility. The ESA is intended to protect endangered species by prohibiting the taking of listed species without a permit. The ESA makes it unlawful to harm a listed species either directly or by significantly modifying its habitat. The CWA makes it unlawful to fill certain wetlands or other waters without a permit, or to make point source discharges into navigable waters or their tributaries without a permit.

Various states and municipalities have also implemented environmental laws and regulations that impact renewable energy projects. State or local approvals might be needed to address air emissions, including GHG emissions; impacts upon traffic; historic resources; urban encroachment; agricultural preservation restrictions; water quality and protection concerns, including wastewater and storm water discharges, water rights, water supply assessments and lake and streambed alterations; or various land use approvals, among other reasons. As one example, California released in November 2011 air quality guidance addressing stationary and mobile course emissions associated with bio-refineries that could result in stricter air pollution control requirements than have previously been imposed. Certain state environmental laws require the preparation of an environmental impact report similar to the federal impact statement, while some states require a meeting to be held to solicit comments from affected local landowners and local authorities. Utility scale solar power plant technologies require access to water resources, potentially triggering permitting scrutiny (as well as necessitating the navigation of water rights regulations that vary from state to state).

Litigation or third-party appeals challenging or seeking to delay permits for renewable energy facilities and associated power transmission infrastructure could delay or prevent the construction or operation of renewable energy facilities and result in financial penalties for failure to complete or operate the facilities.

The California Energy Commission, the California Department of Fish and Game, the BLM and United States Fish and Wildlife Service are working to develop a streamlined permitting process for renewable generation facilities, including a plan for the development of solar generation and the protection of environmental resources in the Mojave and Colorado deserts. These agencies are drafting the Desert Renewable Energy Conservation Plan ("DRECP") to address how entities with jurisdiction over renewable energy and transmission projects and related facilities in the desert of California should conserve natural communities and species pursuant to the California Natural Community Conservation Planning Act, the ESA, and the Federal Land Policy and Management Act ("FLPMA") while also facilitating the permitting of renewable energy projects in accordance with California's RPS and the federal government's goal of increasing

renewable energy generation on public land. The agencies are preparing a joint EIR/EIS for the DRECP and for a possible amendment to the California Desert Conservation Area (CDCA) Plan of 1980, as amended.

Regulation of Solar Storage

Solar storage is a nascent industry in the United States. Energy storage solutions are being explored for solar and other renewable and distributed generation of electricity, and some support has been available from the federal government from agencies such as the Department of Energy, in the form of grants and loans. Additional support or encouragement can be found in a number of states. However, no concerted legal or regulatory effort has been made to develop a framework that would make energy storage an attractive alternative for the supply of electricity to end users of power. To date, energy storage has been considered to be generally too expensive to be viable for the supply of electricity.

Several issues have stood in the way. There is no federal energy policy that supports a national renewable portfolio standard. Further, the existing system of ISOs and RTOs that manage the bulk transmission grids and wholesale markets for pricing electricity frequently establish low prices for electricity sold in off hours, making it difficult to retrieve the cost of stored power sold into the grid at that time. At present, most states do not have regulations that specifically address issues related to stored power, including interconnection to the grid, nor does the federal government. However, as stored electricity becomes more common some such regulation is likely. The FERC issued a Notice of Proposed Rulemaking in June 2012 in Docket Nos. RM11-24-000 and AD10-13-000 seeking comments on proposed regulations that, if adopted, will *inter alia* impact the accounting for energy storage technologies. The California Public Utilities Commission ("CPUC") initiated a docket to review issues related to energy storage and develop regulations. CPUC Energy Storage Proceeding R.10-12-007. In December 2012, the CPUC staff issued a report deferring energy procurement policy recommendations related to storage. The lack of defined regulation creates uncertainty. In addition, whether power that is stored and later injected into the grid will qualify for RPS programs and how the amount that is eligible for RECs will be computed is unknown. For example, it is uncertain whether RECs will apply to the amount of power generated by the renewable generation or to the amount taken from storage after line losses.

Brazil

Our operations within the power transmission-lines portions of our Engineering and Construction and Concession-Type Infrastructures activities and the Biofuels segment of our Industrial Production activity are subject to significant regulation in Brazil.

Industrial Engineering and Construction Regulation

The Governmental Policy and Legislative Framework for the Electricity Sector

The electricity sector has undergone two major institutional reforms: the first in the 1990s and another in 2003, which aimed at modifying the rules applied to the National Interconnected System ("SIN") and resulted in its current form. The first change in the sector occurred after the enactment of Law No. 8,987 of 1995, as amended, which established the system for the concessions and permissions for rendering public services (the "Concessions' General Act"), and with the enactment of Law No. 9,074 of 1995 as amended, which sets forth specific rules for the concession of electricity public services. This law, *inter alia*: (i) established the granting, duration and extension of concessions and permissions; (ii) set forth the free access principle for the power transmission and distribution systems; (iii) released free consumers (as defined below) from the commercial monopoly of distribution concessionaires, allowing them to choose their supplier; and (iv) introduced the independent power producer and the self-producers agents. This law is regulated by Decree No. 1,717 of 1995, which establishes the procedures for extending the concessions granted before the enactment of the Concessions' General Act for a period up to 20 years, and by Decree No. 2,003 of 1996, governing the

independent producers' and self-producers' system. In addition, Decree No. 7,805 of 2012, which regulates the Provisional Measure No. 579 of 2012, sets forth the rules for further extending the concession contracts up to 30 years, for one period only, as explained below.

Law No. 9,427 of 1996, as amended, *inter alia*, created the National Electric Energy Agency ("ANEEL"), the regulatory agency concerned with supervising the production, power transmission, distribution and trading of electricity, and it is regulated by Decree No. 2,335 of 1997. Such law granted ANEEL the authority, *inter alia*, to run public tenders for concessions and permissions, as well as to execute and manage the agreements for delivering public services and to grant certain authorizations. Law No. 9,478 of 1997, as amended, created the National Committee on Energy Policy ("CNPE"), chaired by the Minister of Mines and Energy ("MME"), with the duty of advising the President of the Republic on the national policies in this domain.

The first phase of the reform was concluded with the enactment in May 1998 of Law No. 9,648, later amended, which regulates competition in the electricity sector. Among many other provisions, it sets forth rules for: (i) the trading, import and export of power; (ii) the division, into separate agreements, of the purchase and sale of energy, and the free access to the power transmission and distribution systems; (iii) the creation of the National Electric System Operator ("ONS"), a legal entity organized under the private law, in charge of the coordination and operational control of the facilities for the generation and power transmission of interconnected electric systems in Brazil; and (iv) the free negotiation of energy, within the scope of the Wholesale Market of Electricity ("MAE"), now replaced by the Chamber of Electric Energy Trading ("CCEE"), to be created by a market agreement.

The second phase of the reform redefined the sector's institutional model, mainly concerning the energy market, by setting forth as chief goals the need for the system's expansion while keeping tariffs low and competition present in power generation.

The new institutional framework was established by Laws No. 10,848 and 10,847 of 2004 in an effort to restructure the electricity industry to better provide consumers with a secure electricity supply combined with low tariffs by expanding electricity generation and services.

Law No. 10,848 created two co-existing energy markets: a regulated market, for the protection of customers, and a free market to encourage consumers which are able to buy directly from producers on a competitive basis ("free consumers"). Law No. 10,848 also created the CCEE to manage the agreements for the purchase and sale of energy in the regulated contracting environment ("ACR") and the ascertainment and settlement of contractual differences in the free contracting environment ("ACL"). This law further authorized the creation of the Committee on the Monitoring of the Electricity Sector ("CMSE"), under the aegis of the government, to monitor the supply conditions of the electricity market and the advising of preventive actions for guaranteeing this supply.

On May 28, 2009, Provisional Measure No. 450 of 2008 became Law No. 11,943, as amended, which authorizes the Federal Government to participate in the Guarantee Fund for Electric Energy Enterprises (*Fundo de Garantia a Empreendimentos de Energia Elétrica*). Such fund aims to provide financial guarantees proportional to the participation, direct or indirect, of federal or state companies of the electric industry in special purpose companies, created for the development of electric related projects of the Growth Acceleration Program (*Programa de Aceleração do Crescimento—PAC*).

More recently, the government passed Provisional Measure No. 577 of 2012, which establishes specific rules for the termination of concessions in the event of bankruptcy or forfeiture and for intervention by the granting authority, acting through ANEEL, in the management of concessionaires in order to ensure the adequate rendering of services and compliance with contractual, regulatory and legal provisions. The goal of the Provisional Measure is to ensure the continuation of the service and its rules on administrative intervention are stricter than the ones of the Concessions' General Act.

In addition, the government issued Provisional Measure No. 579 of 2012, which allows the renewal of some concessions in 2013, before their current 2015 to 2017 expiration, for a period of up to 30 years. Provisional Measure No. 579 came as a response of the government to the problem of the expiration of many concession agreements between 2015 and 2017. The concessionaires had until October 15, 2012 to express their interest in renewing their concessions. Decree No. 7,805 of 2012, previously mentioned, regulates this Provisional Measure.

Both Provisional Measures were submitted to the Brazilian Congress, in accordance with the Federal Constitution, and they must be either converted into federal laws or denied by the Brazilian Congress until December 28, 2012 and January 10, 2013, respectively. In the latter case, the Brazilian Congress shall determine through a legislative decree the effects of the acts and facts produced while the corresponding Provisional Measure was in effect.

The Power Transmission Sector

The power transmission of electricity over long distances is undertaken through a basic power transmission network comprising power transmission lines and respective substations with a tension equal or superior to 230kV. The objective of the basic power transmission network is to enable the integration between remote energy sources and load centers represented by terminal substations, so as to serve the distributors or large clients directly. The power transmission lines in Brazil are generally extensive as the majority of the important hydroelectric plants are located away from the electricity consumers. Currently, Brazil is almost totally interconnected.

The basic power transmission network is a large and complex system which allows the electrical integration between different water basins or between different regions of Brazil, thus enabling constant interchanges of energy with the aim of optimizing the operating costs of the generation matrix (operating with a complement of thermal energy), by replacing high-cost thermal generation with hydraulic generation.

In addition, the basic power transmission network permits free access by the interested user agents, while its tariff, known as the TUST (*Tarifa de Uso do Sistema de Transmissão*), is fixed at differentiated values, depending on the point of the system accessed by the interested party.

Although the vast majority of electricity power transmission takes place in Brazil through the basic power transmission network, there are some locations in the North Region of the country, such as Amazonas, Roraima, Acre, Amapá, Rondônia and some areas of Pará, which are not covered by such network. This area is served by an isolated system grid. The isolated system grids must comply with several specific ANEEL Resolutions. Planning and monitoring of the systems' operation in the North Region is undertaken by the North Region's Operational Technical Group, created by Ordinance MINFRA No. 895 of 1990. Law No. 12,111 of 2009, regulated by Decree No. 7,246 of 2010, aims to encourage the competitiveness of power suppliers in the isolated systems and establishes the provisions for the interconnection of part of an isolated system to the SIN and determines quality and safety standards similar to those set forth in the SIN. It also redefines the distribution criteria of the CCC—the Fossil Fuel Compensation Account, created by Law No. 5,899 of 1973—which is a fee paid by consumers of power distribution companies that operate in the ACR.

Brazilian Regulatory Authorities

National Energy Policy Council—CNPE

The CNPE is a body created in August 1997 aimed at advising the Brazilian President with respect to the creation and development of a national energy policy. The Minister of Mines and Energy is the person responsible for the presidency of the CNPE. The majority of its members are ministers of the Brazilian

government. The CNPE was created to optimize the use of Brazil's energy resources and to ensure the supply of energy to the country.

Ministry of Mines and Energy—MME

The MME is the primary authority of the Brazilian energy sector, having as its main role the definition of policies, guidelines and regulatory framework of the sector. Since the enactment of Law No. 10,848 of 2004, the Federal Government, through the MME, has taken over from ANEEL responsibilities such as the creation of regulations governing the granting of concessions and the definition of rules for public tender offers for concessions of public services and electric energy facilities.

National Electric Energy Agency—ANEEL

Based on the general policy established by the CNPE and MME, the Brazilian electricity sector is regulated by ANEEL, an independent federal regulatory agency. After the enactment of Law No. 10,848 of 2004, ANEEL's primary responsibility is to regulate and monitor the electricity sector. ANEEL's current responsibilities include, among others; (i) managing concessions for electric energy generation, power transmission and distribution, including the approval of electricity tariffs; (ii) proposing and enacting regulations for the electricity sector; (iii) implementing and regulating the exploitation of various energy sources, including the use of hydroelectric energy; (iv) promoting public tender offers for the granting of new concessions; (v) settling administrative disputes between producers and purchasers of electricity and (vi) defining the criteria and methodology for the determination of power transmission and distribution tariffs.

National Electric System Operator—ONS

The ONS was created in 1998 as a non-profit private entity comprising free consumers and players engaged in the generation, power transmission and distribution of electric energy, in addition to importers and exporters of electricity. The main role of the ONS is to coordinate and control the generation and power transmission operations in the SIN in accordance with ANEEL's regulation and supervision. The principal objectives and responsibilities of the ONS comprise, *inter alia*, (i) operational planning for the generation sector; (ii) organizing the use of the SIN and international interconnections; (iii) guaranteeing that all players of the sector have access to the power transmission network in a non-discriminatory manner; (iv) planning for the expansion of the electric energy system; (v) proposing plans to the MME for extensions of the basic grid; and (vi) proposing and submitting new rules for the operation of the power transmission system for ANEEL's approval.

Chamber of Electric Energy Trading—CCEE

The CCEE was created by Law No. 10,848 of 2004 and established by Decree No. 5,177 of 2004 and took over the responsibilities previously performed by MAE (Wholesale Electricity Market) as well as its organizational and operational structures. The CCEE is responsible for, *inter alia*: (i) preparing and performing electricity auctions within the ACR by delegation of ANEEL; (ii) registering all the power purchase agreements in the ACR, *Contratos de Comercialização de Energia no Ambiente Regulado* ("CCEAR"); (iii) registering the agreements resulting from market adjustments and the volume of power contracted in the free market; and (iv) accounting for and clearing of short-term transactions.

Energy Research Company—EPE

The EPE was created by Law No. 10,847 of 2004 and established by Decree No. 5,184 of 2004. The main purpose of the EPE is to carry out studies and research in order to acquire and provide background information to Brazilian energy sector planning activities. Its primary responsibilities include, among others: (i) the performance of studies and projections with respect to the Brazilian energy matrix; (ii) the execution of research to support integrated planning of energy resources; (iii) the development of studies to support

generation and power transmission expansion; (iv) the performance of feasibility studies for electricity generation, including both technical- economic and social-environmental aspects; and (v) the coordination of efforts to obtain pre-construction environmental licenses for hydro power plants and power transmission lines.

Power Sector Monitoring Committee—CMSE

The CMSE is an advisory board under direct coordination of the MME. Its primary objective is to monitor and evaluate the continuity of electricity supply and its safety throughout Brazil. Its main attributions include, among others, (i) monitoring the generation, power transmission, distribution, commercialization, import and export of electricity; and (ii) assessment of electricity supply and service conditions.

Concessions

Companies or consortia that wish to build and operate electricity power transmission facilities pertaining to the basic network are deemed providers of a public utility and are thus eligible for concessions by ANEEL, acting as representative of the granting authority. The concessions are granted by public auctions where the concessionaire is the bidder that makes the bid with the lowest annual permitted revenue. The agreements define the regulatory regime under which the delivery of public services will be carried out, as set forth by the Concessions' General Act, and the other applicable rules above mentioned. The concession agreements grant rights to use certain electricity installations during a period of usually 30 years. An existing concession may be renewed at the granting authority's discretion, upon request of the concessionaire, with a 36-month prior notice to the original termination date of the concession agreement ANEEL shall reply to the request within 18 months prior to the expiration of the term of the concession agreement. In case of renewal of the agreements, the economic conditions of these agreements, including the annual permitted revenues, will be adjusted based on factors that maintain the economic and financial balance of the concession, including the amortization of the investments made by the concessionaires in the power transmission installations.

The Concessions' General Act and the concession agreements establish, *inter alia*, the requirements that a concessionaire must comply with when providing electricity services, the rights of the consumers, as well as the obligations of the concessionaire and the granting authority. Furthermore, the concessionaire must comply with regulations governing the energy sector. The main provisions of both the Concessions' General Act and the concession agreements are summarized as follows:

- *Adequate Service:* The concessionaire must render adequate services in terms of regularity, continuity, efficiency, safety and accessibility;
- *Use of Land:* The concessionaire may use public land or request the granting authority to expropriate necessary private land for the benefit of the concessionaire. In this case, the concessionaire must compensate the affected private landowners;
- *Strict Liability:* The concessionaire is strictly liable for all damages arising from the provision of its services. See "— Penalties";
- *Changes in Controlling Interest: The granting authority must approve any direct change in the* concessionaire's controlling interest;
- *Intervention by the Granting Authority:* The granting authority, through ANEEL, may intervene in the concession, by means of an act, to ensure the adequate performance of services, as well as the full compliance with applicable contractual, regulatory and legal provisions. Within 30 days of the act date, ANEEL is required to begin an administrative proceeding to establish the causes and to determine liability, in which the concessionaire is entitled to contest the intervention. The shareholders of the concessionaire under intervention will have 60 days from the act date to submit to ANEEL a recovery plan and correction of errors and transgressions which gave rise to intervention. During the term of the

administrative proceeding, a person appointed by the granting authority (interventor) becomes responsible for carrying on the concession and the terms of office for officers and members of the supervisory board (Conselho Fiscal) shall be suspended during the intervention. The interventor will be paid with funds from the concessionaire. The intervention term shall be up to one year, renewable at the discretion of ANEEL;

- *Early Termination of the Concession:* The termination of the concession agreement may be accelerated by means of expropriation and/or forfeiture. Expropriation results in the early termination of a concession due to the public interest, which must be expressly declared by law. Forfeiture must be declared by the granting authority after the issuance of a final administrative ruling by ANEEL or the MME attesting that the concessionaire, among others: (i) has failed to render adequate service or to comply with applicable law or regulation; (ii) no longer has the technical, financial or economic capacity to provide adequate service; or (iii) has not complied with penalties assessed by the granting authority. The concessionaire may contest any expropriation or forfeiture in the court. The concessionaire is entitled to indemnification for its investments in expropriated assets that have not been fully amortized or depreciated, after the deduction of any amount that must be paid by the concessionaire as penalty;

- *Revertable Assets:* When the concession expires, all assets, rights and privileges that are materially related to the rendering of the electricity services revert to the Brazilian government. Following the expiration, the concessionaire is entitled to indemnification for its investments in assets that have not been fully amortized or depreciated as of the expiration date;

- *Remuneration:* Power transmission concessionaires are remunerated on the basis of compensation authorized under the concession agreement, which are the annual permitted revenues (*Receita Anual Permitida*) ("RAP"). Rather than relating to the volume of electricity transmitted, these payments are set by the granting authority upon the granting of each concession. Under the relevant power transmission services agreement ("CPST") and based on the annual permitted revenues, ONS is responsible for calculating the amounts owed to power transmission concessionaires on a monthly basis. Based on this calculation, and depending on the agreements executed individually with ONS, power transmission system users make direct monthly payments to the concessionaires;

- *Revisions Under Concessions' General Act and the concession agreements:* There are both annual revisions—related to investments in power transmission grids and substations previously agreed upon with the granting authority, and special revisions—related to changes in the tax regime, regulatory tariffs, compensation for certain investments made by the concessionaires for which prior approval by ANEEL is not legally required, or other unforeseen events that, at the discretion of the granting authority, affect the economic and financial balance of the concession agreement. Depending on the nature of the event, the granting authority may conduct a revision unilaterally or at the request of the interested concessionaire; and

- *Affordable Pricing:* Client's right to obtain the rendering of the electricity services continuously and with maximum efficiency for the lowest possible price.

Under the power transmission service agreements and under the concession agreements, the reduction of the revenues can occur based on the following terms:

- by a variable amount equivalent to a maximum of 12.5% of the RAP amount, in the event of an operating unavailability of the grid and substations of a power transmission concessionaire;

- if the operating unavailability occurs following a reduction at the maximum percentage of 12.5%, ONS may charge an additional penalty equivalent to a maximum of 2% of the RAP amount for the

preceding 12-month period. This penalty applies to each event of unavailability, without limitation, the CPST also provides that the variable reduction and the additional penalty will not apply in the event of unavailability in the first six months of operations of new power transmission facilities;

- the variable reduction and the additional penalty shall similarly not be applied to events of operating unavailability resulting from force majeure, interruptions authorized or requested by the granting authority or events of unavailability as a result of the inefficiency of ONS or of any other concessionaire; or
- if the unavailability continues for more than 30 consecutive days, the granting authority may initiate legal proceedings to terminate the concession.

ANEEL may also reduce the annual permitted revenues at any time if the concessionaire starts receiving revenues from other activities.

Regulation of Electricity Utilities—Power Transmission

The governmental or administrative authorizations required to construct and operate power transmission networks

Before the auction for the concession of power transmission lines, the environmental impact assessment and environmental impact reports shall be conducted and must be approved by the proper environmental agency. After the auction, the concession is granted by a presidential decree, followed by the execution of the concession agreement, which is registered and filed with ANEEL. Next, the concessionaire should apply for ANEEL's approval of the Basic Project for Power Transmission Facilities relating to the concession. The previous license (*licença prévia*), which is the first environmental permit that allows the development of the environmental studies, and the installation license (*licença de instalação*), which is the permit that authorizes the construction of the project, should be obtained at different stages from the environmental agencies. The Declaration of Public Interest from ANEEL, the operating license (*licença de operação*) issued by the environmental agency, as well as the release certificate issued by the ONS are also required.

The requirements that must be met to obtain access to such public service

The regulation in force sets forth that the contracting of power transmission services should be executed through CPSTs, agreements for power transmission system use ("CUSTs"), connection agreements and supplementary services agreements. CPSTs are executed between the ONS, the concessionaires of the public utility for electricity power transmission and the owners of the power transmission assets. The CUSTs are executed among the ONS, the power transmission concessionaires represented by the ONS and the users of the basic power transmission network. The latter may be: (i) agents holding a concession or permission for providing the public delivery of power distribution; (ii) power generation agents directly connected to the basic grid or not connected to the basic grid but operating centrally, whether concessionaires or authorized companies; (iii) consumers connected to the basic grid; and (iv) importers and exporters of electricity directly connected to the basic grid.

There are three types of connection agreements: agreements for a power transmission system connection ("CCTs"), agreements for facilities' sharing and agreements for power transmission system connection compliance ("CCT-TAs"). These agreements are executed between the power transmission concessionaires and the connecting agents, while the ONS is an interested third party to such agreements.

There is also the Guarantee Agreement (*Contrato de Constituição de Garantia*), which is an agreement between ONS acting on its own behalf and on behalf of representatives of power transmission concessionaires and the custodian bank which provides ONS with access to funds available in user-designated bank accounts

in the event the latter fails to satisfy payments owed to the power transmission concessionaires and to ONS provided for in the corresponding CUST.

Governmental Incentives to Encourage Expansion of the Power Transmission Grid

There are special credit lines available to entrepreneurs from the National Bank for Economic and Social Development (*Banco Nacional de Desenvolvimento Econômico e Social—BNDES*). Also, Law No. 11,488 of 2007, as amended, created the Special Incentive Regimen for the Development of Infrastructure (*Regime Especial de Incentivos para o Desenvolvimento da Infra—Estrutura—REID*I), which is a general tax incentive to infrastructure projects, directly applies to the expansion of the power transmission grids.

The Rates and Terms for the Provision of Power Transmission Services

Power Transmission companies are remunerated through the RAP, regardless of the use of their facilities, which is available to ONS and users. This income results from the tariff for the use of the transmission system ("TUST").

Charges and Tariffs Owed by Power Transmission Concessionaires

The Electricity Services Inspection Fee (*Taxa de Fiscalização de Serviços de Energia—TFSEE*), was created by Law No. 9,427, as amended, and regulated by Decree No. 2,410. TFSEE is an annual fee payable directly to ANEEL in 12 monthly payments, and is calculated based on the type of service rendered and in proportion to the size of the concession. It is equivalent to 0.5% of the annual economic benefit earned by the concessionaire. Electricity power transmission concessionaires also must invest each year a minimum of 1% of their net operating revenues in electricity research and development.

Penalties

The regulation issued by ANEEL governs the imposition of sanctions against the participants of the energy sector and classifies the appropriate penalties based on the nature and importance of the breach (including warnings, fines, temporary suspension from the right to participate in public auctions for new concessions, licenses or authorizations and forfeiture). For each breach, the fine may be up to 2% of the concessionaire revenues (net of value-added tax and services tax) in the 12 months period preceding any assessment notice. In addition, electricity generation, distribution and power transmission concessionaires are strictly liable for any direct or consequential damages caused to third parties as a result of inappropriate provision of electricity services at their facilities. In case ONS is incapable of determining liability for the damages to a particular concessionaire, permissionaire or authorized agent, or if the damages are caused by ONS, liability is proportionately allocated to the power transmission, distribution and generation agents in accordance with the voting rights of each category under the ONS By-laws.

Reinforcements and Improvements

The granting authority may unilaterally amend the concession agreements, including in the event of alterations to the project or previously unforeseen specifications (such as power transmission reinforcements and improvements). A concessionaire is entitled to the economic and financial rebalance of the concession agreement and, therefore, receives additional revenues by way of amortization of its investments in the implementation of these reinforcements or improvements.

Until May 2005, a concessionaire's obligation to implement reinforcements was subject to specific prior authorization from ANEEL, which would then set the corresponding additional revenues. Improvements would not require prior authorization or additional revenues. The then existing regulation, however, failed to clearly define reinforcement and improvement. Thus, on May 23, 2005, ANEEL issued Resolution No. 158, distinguishing the projects and installations that would be considered as reinforcements and those deemed to be classified as improvements. In July 2011, Resolution No. 158 was replaced by Resolution No. 443.

Improvements are the installation, replacement or remodeling of equipment in order to ensure regular, continued, safe and updated electricity power transmission services, pursuant to the relevant concession agreement and network procedures. The costs incurred from improvements will not be taken into account in subsequent revisions of the annual permitted revenues. Nonetheless, the concessionaire can claim for the reestablishment of economic and financial balance of the concession.

Reinforcements are the implementation of new power transmission facilities, or replacement or adjustment of existing facilities, as recommended in previously approved plans for the expansion of the power transmission system. They are subject to prior authorization by ANEEL and are intended to increase the power transmission capacity or the reliability of the SIN, or also to implement a physical alteration of the configuration of the electric grid or of a given facility. Through ANEEL Resolution No. 443, certain types of reinforcements may be implemented by power transmission concessionaires directly, without prior authorization by ANEEL, provided that they are the result of a request by ONS with a view to expanding power transmission capacity or the reliability of the SIN. In this case, however, ANEEL will not have previously established the additional revenues to which the concessionaire would be entitled for the reinforcement. These revenues, therefore, are calculated based on the special and included in the annual revision of the RAP. In addition, Resolution No. 443 does not assure that all costs incurred by the concessionaire for the investments in reinforcements will be taken into account for establishing the relevant RAP.

Finally, concessionaires that are not subject to periodic revision of the RAP could be compelled to make investments within the scope of expansion plans or at the request of ONS, which would not require prior approval by ANEEL and, consequently, are not included in the prior definition of RAP. In such event, pursuant to Resolution No. 443, concessionaires will be entitled to apply for acknowledgment of the investments by means of a special revision of the RAP pursuant to a procedure and parameters not clearly defined by ANEEL, including time periods. The lack of a clear definition could result in mismatched investment disbursements and RAP payments. However, additional fixed revenues from revisions will be retroacted until the reinforcement operations begin.

Bioenergy Regulatory Framework

The Requirements to Produce Energy from Alternative Sources—Especially Biomass

Pursuant to Law No. 9,074 of 1995, Decree No. 2,003 of 1996 and ANEEL Resolution No. 390 of 2009, a company or a consortium that is interested in producing and trading electric energy in an amount superior to 5 MW from biomass sources—such as bagasse of sugarcane—shall request to ANEEL an authorization to be an Independent Power Producer (an "IPP").

The interested company shall submit to ANEEL a request and fulfill certain requirements, such as evidence of compliance with tax, social security, FGTS (employee's dismissal fund), and local, state and federal obligations.

Upon accomplishment of the requirements, ANEEL first issues an order, which allows the interested company to: (i) have access to consult the concessionaries and distributors of energy and also the ONS; (ii) obtain the environmental license and authorizations from other federal, state or local public authorities; and also (iii) initiate all measures regarding the construction or expansion of the power plant, at its own risk.

Following the issuance of the corresponding order and upon accomplishment of other requirements, ANEEL examines: (i) the availability of the fuel, when applicable; (ii) installed capacity to be granted by the plant; and (iii) access to the transmission and distribution grids. ANEEL also verifies the historical record of Abengoa and its economic group and the existence of any prior penalties. Once the prerequisites are

accomplished, ANEEL grants an authorization and the corresponding IPP is then allowed to trade the energy produced at its own risk.

The authorized company shall keep in its files and at ANEEL's disposal: (i) the environmental impact assessment and environmental impact report or related reports and studies; (ii) project documents; and (iii) commissioned studies and reports.

Access to the Power Transmission and Distribution Systems

According to the above-mentioned legislation, an IPP has the right to access the power transmission and distribution grids, connecting its system, through payment of the power transmission and distribution tariffs, calculated on the basis of the criteria established by ANEEL (the "TUST" and the "TUSD", respectively).

For this purpose, the corresponding IPP executes agreements for the use of the power transmission and distribution systems (the "CUSTs" and the "CUSDs", respectively) and agreements for the connection to the power transmission and distribution systems (the "CCT" and "CCD", respectively). According to ONS procedures, certain of our project companies have been exempted from executing the CUSTs based on ANEEL Resolution No. 077 of 2004, as amended by ANEEL Resolution No. 271 of 2007, which establishes procedures related to the reduction of the TUST and the TUSD of hydroelectric projects and of projects with solar, wind, biomass or qualified co-generation source, whose power injected in the transmission and distribution systems is less than or equal to 30 MW.

The Purchase and Sale of Energy from Biomass Sources

The energy from alternative sources can be traded not only in the regulated contracting environment (the "ACR") but also in the free contracting environment (the "ACL") where the clauses and price are freely negotiated by the parties, by the execution of power purchase agreements of alternative energy (the "CCEI").

In the ACL, an IPP with an installed power of up to 30 MW can sell energy from biomass sources (and other renewable sources as well) to: (i) other generation agents; and (ii) consumers able to buy directly from the generators on a competitive basis ("Free Consumers") or small consumers, usually with a small business, with an installed load of 500 kW ("Special Consumers").

In the ACR, the trade of energy is preceded by a public auction, where the conditions of the power purchase agreements are previously established by ANEEL.

In this regard, we have participated in two public auctions for the sale of energy from biomass sources in June 2007 (Sao Joao Plant) and August 2008 (Sao Luiz Plant). In 2007, 17 Electric Energy Comercialization Agreements (Contrato de Comercialização de Energia Elétrica no Ambiente Regulado) were signed, each such agreement including a payment guarantee granted by the distribution concessionaires which purchased the energy. In 2008, an Energy Reserve Agreement (Contrato de Energia de Reserva) was executed with CCEE, responsible for the administration and verification of the energy produced and of the energy producers.

On November 24, 2010, ANEEL Resolution 3,605 approved the energy cession mechanism for the producers that participated in the 2008 public auction. Accordingly, companies that produced less energy than required under their contracts can purchase energy on the spot market to fill the gap and thus avoid penalties.

Governmental Incentives

The enactment of Law No. 10,438 of 2002, as amended, led to the development of a policy fostering alternative energy sources and also to co-generation, which formulated several strategies.

One of them is the reduction of the TUST or TUSD, as applicable, to plants with an installed power of up to 30 MW, on a percentage not inferior to 50%.

Another initiative in this area is the Program for Fostering Alternative Sources of Electricity ("PROINFA"), whereby Eletrobras undertakes to purchase energy generated from wind power, small hydroelectric power plants and biomass projects in the SIN. The cost of energy supplied is divided among the final consumers supplied through the SIN, pursuant to the conditions set forth in law and its regulation. BNDES has opened a credit line for investments in PROINFA projects. The same law created the Energy Development Account, the funds of which may be used for the payment of the difference between the 'economic value corresponding to the specific technology of each source' and the 'value corresponding to the generation of competitive energy' from plants that do not take part in PROINFA.

Another advantage is the shortening of the grace period for Free Consumers to buy energy from small hydroelectric power plants, wind, solar, and biomass power plants.

In the isolated systems, Law No. 9,648 of 1998, as amended by Law No. 10,438 of 2002, establishes, as incentives for the use of renewable alternative energy sources to replace the oil-based thermoelectric generation, benefits in the sharing of the amounts deposited in the Fuel Consumption Account ("CCC").

Furthermore, pursuant to Law No. 11,097 of 2005, as amended, which introduced biodiesel into the Brazilian energy matrix, the minimum percentage required for the addition of biodiesel to diesel oil sold in the country is 5%. This percentage must be achieved within eight years after the publication of the above mentioned law.

Tax Incentives

Law No. 11,488 of 2007 establishes a special tax regime related to the improvement of Brazilian infrastructure (REIDI) and an IPP can benefit from such special regime during the installation of its plant.

Ethanol

Mainly derived from sugarcane, Brazilian ethanol has been commercially produced for more than 70 years, when its addition to gasoline became compulsory. The current legal percentage of ethanol to this blend is 20%.

There are favorable tax treatments to ethanol transactions available under the following taxes: Contribution for the Financing of Social Security ("COFINS"), Social Integration Program ("PIS"), the Manufactured Goods Tax ("IPI"), the State VAT ("ICMS"), Contribution for Intervention in Economic Domain ("CIDE") and the Import Duty.

According to Law No. 10,833 of 2003, COFINS will not be levied on export transactions. The same rule applies to PIS, in accordance with Law No. 10,637 of 2002, as amended.

Export transactions are also exempt from IPI in accordance with Decree No. 7,212 of 2010 and ICMS in the state of São Paulo, as established by Item V of Article 7 of Book 1 of São Paulo Estate Decree No. 45,490 of 2000.

In São Paulo State, the ICMS rate levied on internal transactions with ethanol is 12% as stated by Item VI, of Article 54, of São Paulo Estate Decree No. 45,490 of 2000.

The CIDE Contribution rate levied on import and commercial transactions is reduced to zero as determined by Decree No. 5,060 of 2004.

The rate levied on ethanol import transactions is set at 20%. However, in April 2010 the Foreign Trade Chamber ("CAMEX") of the Ministry of Development, Industry and Foreign Trade enacted the CAMEX Regulation No. 21 of 2010 reducing this rate to zero.

Biodiesel

As mentioned above, in January 2005 the Brazilian government enacted Law No. 11,097, later amended, to insert biodiesel on the list of the Brazilian energy matrix. The idea behind the National Biodiesel Production and Use Program, launched in 2004, was to gradually replace the use of petroleum-based fuels with clean and renewable fuels.

To achieve this, it has been mandatory since January 2008 to add a minimum percentage of biodiesel to mineral diesel sold to end consumers nationwide. This percentage is now set at the 2% level.

The Decree No. 5,297 of 2004 establishes reducing coefficients to PIS and COFINS Contributions according to the nature of the raw material, producer and region of production.

As stated by Decree No. 6,006 of 2006, the IPI rate levied on transactions with biodiesel under the Standard Classification of Goods No. 3824.90.29 is reduced to zero. (It is important to note that the Brazilian government can increase this rate without enacting a specific law, due to the lawfulness principle).

Like ethanol, there are no taxes levied on export transactions.

ICMS Covenant No. 113 of 2006 (amended by ICMS Covenant No. 27 of 2011) reduces the ICMS rate levied on interstate transactions with biodiesel resulting from the industrialization of grains, suet, seeds and palm.

Abengoa Bioenergia Agroindústrial Ltda.—IPP

Abengoa Bioenergia Agroindústrial Ltda. is a Group Company duly authorized by ANEEL as an IPP to produce energy from bagasse of sugarcane in two thermoelectric power plants (UTE São Luíz and UTE São João) located in the State of São Paulo.

ANEEL issued Resolution No. 284 on July 6, 2004 in favor of Dedini S.A. Indústria e Comércio to explore the UTE São Luiz with installed capacity of 40,000 KW; such capacity was increased to 70,400 KW pursuant to Resolution No. 836 on March 6, 2007. After some corporate operations, the rights and duties set forth in such resolution were assigned to Abengoa Bioenergia Agroindustrial Ltda. through ANEEL Resolution No. 2,431 of 2010.

Regarding the UTE São João, with an installed capacity of 70,000 KW, ANEEL issued Resolution No. 279 of 2004 in favor of Dedini Açúcar e Álcool Ltda., and also upon certain corporate transactions, the corresponding rights and obligations set forth in this resolution were assigned to Abengoa Bioenergia Agroindustrial Ltda. through ANEEL (Resolution No. 2,433 of 2010).

MANAGEMENT AND EMPLOYEES

Board of Directors of Abengoa, S.A.

The Board of Directors of Abengoa comprises the following 15 members:

Name	Position	Date of Appointment	Current Term Expiring at Annual General Shareholders' Meeting to be held in Year	Age
Felipe Benjumea Llorente	Executive Chairman	06/25/1983	2013	55
José B. Terceiro[(1)]	Executive Vice-Chairman Lead Director	04/15/2007	2015	69
Manuel Sánchez Ortega	Chief Executive Officer	10/25/2010	2014	48
José Joaquín Abaurre Llorente[(2)]	Director	06/25/1988	2013	61
José Luis Aya Abaurre[(2)]	Director	06/25/1983	2013	64
José Borrell Fontellés[(3)]	Director	07/27/2009	2014	65
María Teresa Benjumea Llorente[(2)]	Director	04/15/2007	2015	63
Javier Benjumea Llorente[(2)]	Director	06/25/1983	2013	60
Mercedes Gracia Díez[(3)]	Director	12/12/2005	2014	56
Ricardo Martínez Rico[(3)]	Director	10/25/2011	2016	48
Claudio Santiago Ponsa[(4)]	Director	02/23/2012	2016	56
Ignacio Solís Guardiola[(2)]	Director	04/15/2007	2015	61
Fernando Solís Martínez-Campos[(2)]	Director	04/15/2007	2015	56
Carlos Sundheim Losada[(2)]	Director	04/15/2007	2015	61
Alicia Velarde Valiente[(3)]	Director	04/06/2008	2016	48

Notes:

(1) Representative of Aplicaciones Digitales, S.L.

(2) Director represents or was proposed to be appointed Director by Inversión Corporativa.

(3) Independent directors.

(4) Director represents or was proposed to be appointed Director by First Reserve.

The business address of the members of the Board of Directors of Abengoa is Campus Palmas Altas, calle Energía Solar 1, 41014 Seville, Spain.

Felipe Benjumea Llorente, Javier Benjumea Llorente and María Teresa Benjumea Llorente are siblings, and José Joaquín Abaurre Llorente and José Luis Aya Abaurre are cousins. José Joaquín Abaurre Llorente is the cousin of Felipe Benjumea Llorente, Javier Benjumea Llorente and María Teresa Benjumea Llorente. Ignacio Solís Guardiola and Fernando Solís Martínez-Campos are cousins.

There are no potential conflicts of interest between the private interests or other duties of the members of the Board of Directors listed above and their duties to Abengoa.

Felipe Benjumea Llorente

Mr. Benjumea Llorente obtained a degree in Law at the Universidad de Deusto.

He joined Abengoa in 1983 as a member of the Board of Directors, and in 1989 he was appointed Managing Director. He has been the CEO of Abengoa and Chairman of the Board of Directors since 1991. Since 2002, he has been the Chairman of the Focus-Abengoa Foundation.

He is also Chairman of Inversión Corporativa since July 2008, member of the Technology and Science Advisory Board of the Spanish Ministry of Education and Science and the Boards of Directors of Iberia LAE Sociedad Anónima Operadora. He is also a member of the Boards of Directors of the U.S. — Spain Council, the *Fundación de Estudios de Economía Aplicada* ("FEDEA"), Council of the Universidad Pontificia de Salamanca, the Cooperation Society of Universidad Loyola Andalucía, the Sacred Family of Vocational Schools Foundation and the *Confederación Española de Directivos y Ejecutivos*.

He has been a member of the Boards of Directors of Sociedad General de Cablevisión (1993-1996), La Papelera Española (1987-1995), Thyssen Industrie (1989-1993), Hispano Inmobiliaria de Gestión (1989-1998), Banco Santander Central Hispano (1990-2002), Iberia Líneas Aéreas de España (2007-2010), the Operating Company of the Spanish Electricity Market ("OMEL") (1998-2011) and Garanair (2011).

José B. Terceiro

Mr. Terceiro is a Professor of Applied Economics at the University of Madrid. Mr. Terceiro also serves as Executive Vice Chairman of Abengoa representing Aplicaciones Digitales, S.L. He has been on our Board since April 4, 2007. He is also a member of our Audit Committee and the Appointment and Remuneration Committee. He serves as a member of the Board of Directors of Bioetanol Galicia, S.A., representing Aplicaciones Digitales SL. He has served as a member of the Boards of Directors of Grupo Prisa, Iberia Líneas Aéreas de España and Corporación Caixa Galicia. He has been Subsecretary of the Spanish Cabinet Office (1981-1982).

Manuel Sánchez Ortega

Mr. Sánchez holds a degree in Industrial Electrical Engineering from the ICAI in Madrid and has a master's degree in Business Administration from the *Instituto Panamericano de Alta Dirección de Empresas* (IPADE), Mexico. Mr. Sánchez joined our Information Technologies business in 1989 as a software engineer. He later went on to perform duties as project director and sales director within our Information Technologies business. In 1995, he was named Executive Vice President in Mexico, where he lived for five years. In 2000, upon his return to Spain, he was named Executive Vice President of the Energy and Environment subsidiary of our Information Technologies business. In 2001 Mr. Sánchez was named general manager of our Information Technologies business, of which he was appointed the Chief Executive Officer in 2002 and Chairman in 2004, serving in that capacity until he was appointed as Chief Executive Officer of Abengoa. He has been a member of Bioenergy's Board of Directors since 2007. Since October 25, 2010, Mr. Sánchez has served as Abengoa's Chief Executive Officer.

José Joaquín Abaurre Llorente

Mr. Abaurre serves as a member of the Board of Directors of Abengoa. He has held this post since June 25, 1988. He is also a member of our Audit Committee. Mr. Abaurre Llorente is an expert in audiovisual activities.

José Luis Aya Abaurre

Mr. Aya serves as a member of the Board of Directors of Abengoa. He has held this post since June 25, 1983. He also is a member of our Appointments and Remuneration Committee. Moreover, he serves as a member of the Board of Directors of Inversión Corporativa. Mr. Aya trained as a Technical Agricultural Engineer.

José Borrell Fontellés

Mr. Borrell is Professor of Introduction to Economic Analysis at Madrid's Universidad Complutense and Chairman of the European University Institute in Florence. He studied aeronautic engineering at the Universidad Politécnica in Madrid, and also holds a doctorate in Economic Sciences, a master's degree in Operations Research from Stanford University and a master's degree from Paris' *Institut Français du Pétrole*. He worked as an engineer at Compañía Española de Petróleos (1972-1981), and, between 1982 and 1996, he served successively as Secretary General for Budget, Secretary of State for Finance and Minister for Public Works, Telecommunications, Transport and the Environment in Spain. He was President of the European Parliament for the first half of the 2004-2009 legislative term and President of the Development Assistance Committee for the second. Mr. Borrell was appointed chairman of our Appointment and Remuneration Committee on July 23, 2012.

María Teresa Benjumea Llorente

Ms. Benjumea serves as a member of the Board of Directors of Abengoa. She has held this position since April 14, 2007. She developed her professional experience in the sector of decoration.

Javier Benjumea Llorente

Mr. Benjumea graduated with a degree in Business Administration and also earned a master's in Senior Company Management. He joined Abengoa in 1980 as Deputy Chairman. In 1986, he was appointed Managing Director and was Co-Chairman from 1995 to 2007. He is also a director of Inversión Corporativa, Vice-Chairman of Sevillana-Endesa and a member of the Board of Directors of, among others, Telefónica de Argentina, S.A., the newspaper ABC, Estudios de Política Exterior, S.A., and the Association for Managerial Progress. He is also Chairman of the Board of Trustees of the Sagrada Familia Professional Schools Foundation. Additionally, he has served as a member of the Board of Trustees of the Focus-Abengoa Foundation, a member of the Governing Body and the Board of Trustees of the Comillas-ICAI University Foundation, Permanent Academician of the Andalusian Academy of Social Sciences and the Environment, a member of the Board of Trustees of the Royal Palace of Seville and of the Andalusian Association of Foundations, and a member of the Board of Trustees of the Forja XXI Foundation.

Mercedes Gracia Díez

Ms. Gracia is a Professor of Econometrics at Madrid's Universidad Complutense and at *Centro Universitario de Estudios Financieros*. She serves as an Independent Director of the Board of Directors of Abengoa She is the chairman of our Audit Committee and a member of our Appointment and Remuneration Committee. Her academic papers have been published in the *Journal of Business and Economic Statistics, Review of Labor Economics and Industrial Relations, Applied Economics* and the *Journal of Systems and Information Technology*. She also served as Director of Balance Sheet Management at Caja Madrid (1996-1999). Additionally, she served as Head of the Economics and Law Division of the Agencia Nacional de Evaluación y Prospectiva.

Ricardo Martínez Rico

Mr. Martínez Rico studied at the Universidad de Zaragoza, obtaining a first class bachelor's degree in Business Administration. He joined Abengoa on October 24, 2011 as a director. He is the founding partner and current president and chief executive officer of Equipo Económico, a Madrid based consulting firm. In addition, Mr. Martínez-Rico is a member of the advisory board to the President of the U.S. Chamber of Commerce of the United States. Previously he was head of Spain's Economic and Commercial Office in Washington, D.C. (2006) and in 2003 he was appointed Deputy Finance Minister of the Spanish government (2003-2004). Mr. Martínez-Rico was also Spain's spokesman on the European Budgetary Council and European Council for Regional Policy.

Claudio Santiago Ponsa

Mr. Santiago Ponsa studied at Georgetown University and he also earned a master's degree in Computer Science from the Universitat Autònoma de Barcelona as well as completing further postgraduate studies at INSEAD in France. He previously spent 31 years with General Electric (1980 to 2011), serving as President and Chief Executive Officer of GE Oil & Gas from 1999 to 2011. He has been a member of the Board of Directors of Abengoa since February 23, 2012.

Ignacio Solís Guardiola

Mr. Solís graduated from the Universidad de Seville with a specialty in private law. He currently serves as a Regional Director for private banking of Lloyds Bank, which he joined in 1989. He has been a member of the Board of Directors of Abengoa since 2007.

Fernando Solís Martínez-Campos

Mr. Solís is a law graduate with postgraduate studies at the *Instituto de Empresa*, Spain, the University of Colorado and Harvard University. He is currently a member of the Boards of Directors of Concesur and Cabimar. He has been a member of the Board of Directors of Abengoa since 2007.

Carlos Sundheim Losada

Mr. Sundheim holds a degree in Industrial Engineering from the *Escuela Técnica Superior de Ingenieros* in Seville. He has been employed at different departments of Banco Urquijo-Hispano Americano LMTD, London, and as manager of production and maintenance of Minas de Herrerías, S.A., Huelva, commercial deputy director in export of Rio Tinto Minera, S.A., Madrid, manager of Algebra, S.L., Seville and general manager of Abecomsa, S.A., Seville.

Alicia Velarde Valiente

Ms. Velarde graduated *magna cum laude* from the *Instituto Católico de Enseñanza*, Colegio Pablo VI. She also holds a degree in Law from the Universidad San Pablo. In 1990, Ms. Velarde passed the notary examination and became a notary public. During the 1994-1995 academic year she taught civil law at the Universidad Francisco de Vitoria, where she remained until 1999. She is still affiliated with this university, where, from 1999, she teaches canon law.

Senior Management of Abengoa, S.A.

The senior management of Abengoa is made up of the following members:

Name	Position
Felipe Benjumea Llorente	Executive Chairman
José B. Terceiro[(1)]	Executive Vice-Chairman

Name	Position
Manuel Sánchez Ortega	Chief Executive Officer
Javier Salgado Leirado	Biofuels Executive Vice President
Javier Molina Montes	Industrial Recycling Executive Vice President
Alfonso González Domínguez	Engineering and Construction (Transmission & Co-generation) Executive Vice President
Santiago Seage Medela	Solar Executive Vice President
José Domínguez Abascal	Technical General Secretary
Carlos Cosín Fernández	Water Executive Vice President
Álvaro Polo Guerrero	Human Resources Director
Luis Fernández Mateo	Director of Organization, Quality and Budgets
Vicente Jorro de Inza	Financial Director
Juan Carlos Jiménez Lora	Director of Planning and Control
Germán Bejarano García	Assistant Chief Executive Officer and International Institutional Relations Director
Fernando Martínez Salcedo	General Secretary for Sustainability
José Fernando Cerro Redondo	Head of Legal
Miguel Ángel Jiménez-Velasco Mazarío	General Secretary
Luis Enrique Pizarro Maqueda	Chief Audit Officer
José Marcos Romero	Appointments and Remuneration Officer
Enrique Borrajo Lovera	Consolidation Officer
Bárbara Zubiría Furest	Reporting Officer and Head of Investor Relations
Javier Garoz Neira	Strategy Development Officer

Note:

(1) Representative of Aplicaciones Digitales, S.L.

The business address of the members of the senior management of Abengoa is Campus Palmas Altas, calle Energía Solar 1, 41014 Seville, Spain.

There are no potential conflicts of interest between the private interests or other duties of the members of the senior management of Abengoa listed above and their duties to Abengoa. There is no family relationship between any of Abengoa's directors and senior management.

Below are the biographies of those members of the senior management of Abengoa which do not also serve on our Board of Directors.

Javier Salgado Leirado

Mr. Salgado has been the Biofuels Executive Vice President since 2002. Since joining Abengoa in 1991 and prior to our sale of Telvent, he served in a number of positions in Telvent, including as its Corporate Operations Director. He holds a degree in Industrial Engineering with a specialization in Engineering

Management and a Master's in Business Administration from the Universidad de Navarra, *Instituto de Estudios Superirores de la Empresa,* Business School.

Javier Molina Montes

Mr. Molina has been Industrial Recycling Executive Vice President since 2000. He joined Abengoa in 1994 in its environmental business. He worked at the Banco de Progreso between 1983 and 1988 where he held the position of Director of the Office of Andalusia. He also worked at Tecsa, an automotive and agricultural machinery company, as a General Manager from 1989 to 1993. He holds a degree in Law from the Universidad Pontificia Comillas.

Alfonso González Domínguez

Mr. González has been Engineering and Construction (Transmission and Co-generation) Executive Vice President since 2006. He joined Abengoa in 1990. Since then, he has held several management positions, including Managing Director of Sainsel and Divisional Manager of Water within our environmental services sector. He was also the Managing Director of Inabensa and the director of our engineering activities. Previously, he worked for five years as Project Engineer in different Spanish nuclear plants and for five years as Program CN234 Director for Construcciones Aeronáuticas S.A., a company subsequently acquired by Airbus Military Company S.A.S.

Santiago Seage Medela

Mr. Seage has been the Solar Executive Vice President since 2006. Previously, he had been responsible for Abengoa's Strategy and Corporate Development. Before joining Abengoa, he was a partner with McKinsey & Company. He holds a degree in Business Management from Instituto de Estudios Superiores de la Empresa in Madrid.

José Domínguez Abascal

Mr. Domínguez has been the Technical General Secretary of Abengoa since 2008. Previously, he was the General Secretary of Universities, Investigation and Technology of the Junta de Andalucía (2004 to 2008) and held teaching positions at the Universidad de Las Palmas de Gran Canarias and Universidad de Sevilla. He holds a doctorate in Industrial Engineering from the Universidad de Sevilla.

Carlos Cosin Fernández

He is currently the Water Executive Vice President of Abengoa, since December 2011. He has been working for Abengoa since 2005, first as International Division Manager in Abeinsa Infraestructuras de Medio Ambiente, S.A., and since beginning of 2011, as the head of the Water business area. He has been in charge of developing water activities worldwide under EPC or BOOT models. Before that, he held several high level positions in Veolia or USfilter, among which stands out the ownership of his private company. He holds a degree in Engineering from the Universidad Politécnica de Madrid.

Álvaro Polo Guerrero

Mr. Polo has been the Human Resources Director of Abengoa since 2000. He holds a degree in Law from the Universidad de Sevilla, a master's degree in general management from the IESE Business School at the Universidad de Navarra, and a certificate in Executive Human Resources Education from the University of Michigan Ross School of Business.

Luis Fernández Mateo

Mr. Mateo has been Director of Organization, Quality and Budgets since 2007. He holds a degree in Economic Sciences and Business from Universidad Pontificia Comillas and also obtained a degree in Business Administration from the Instituto de Estudios Superiores de la Empresa.

Vicente Jorro de Inza

Mr. Jorro de Inza has been with Abengoa since 2002 and has served as our Financial Director since 2011. He served as finance manager of the Concessions-Type Infrastructures segment in 2011 and previously as Director of Structured Finance from 2002 to 2011. He holds a finance degree from the European Business School. Previously, Mr. Jorro de Inza worked as a Financial Risk and Treasury consultant for PricewaterhouseCoopers (1997-2002) and prior to that held positions with the credit departments of HSBC, BBVA and ING Bank. He is also a visiting professor of finance in the McDonough Business School at Georgetown University and IAG PUC-Rio de Janeiro in Brazil.

Juan Carlos Jiménez Lora

Mr. Jiménez has been the Planning and Control Director of Abengoa since 1994. Previously, he served as the Group Financial Controller for five years. He holds a degree in Business Administration and Tax.

Germán Bejarano García

Mr. Bejarano García has been Assistant Chief Executive Officer and International Institutional Relations Director since 2008. He holds a degree in Economics and Business Administration from the Universidad Autónoma de Madrid, a *Diplôme d'Études Approfondies* from Université de Nancy II and a *Diplôme d'Études Supérieures Européennes*, Centre Universitaire Européen de Nancy. He held various positions in the Spanish Civil Service since 1988 when he joined the Ministry of Economy and Finance as a Senior Economist and Trade Specialist working at the General Technical Secretariat and the Treasury. He was also the representative of the Spanish government at the Inter-American Development Bank, where he was appointed as Executive Director and Alternate Executive Director (1992-1998). In addition, he served as Vice-Secretary General for Economic and Budgetary Matters at the Ministry of Economy and Finance of the Spanish government in 1999 and Director General for Economic International Relations at the Ministry of Foreign Affairs (2000-2004). He also served as Spain's ambassador to Malaysia (2004-2007) and Brunei Darussalam (2005-2007).

Fernando Martínez Salcedo

Mr. Martínez is the General Secretary for Sustainability for Abengoa. He previously served in a variety of roles, including as Director of the Metropolitan Company of Waters of Seville and Vice President of the AIE Municipal Companies of Seville. He holds a degree in Geography from the Foundation San Telmo.

José Fernando Cerro Redondo

Mr. Cerro holds a degree in law and has served as a State Attorney (Abogado del Estado) in Spain. He joined the company in 2011 as Deputy Secretary-General. He has been Secretary of the Board of Directors of Correos, S.A. and Head of its Legal Department as well as Secretary of the Board of Directors of Chronoexpress. As a State Attorney (Abogado del Estado), he was responsible for the coordination between the civil and commercial law trials under the "Subdirección General de los Servicios Contenciosos", and prior to that, he was responsible for the area of criminal law (specializing in tax law crimes) in Madrid's Regional Superior Court of Justice.

Miguel Ángel Jiménez-Velasco Mazarío

Mr. Jiménez-Velasco Mazarío has been General Secretary of Abengoa since 2003. He holds a degree in Law from the Universitat de Barcelona and a master's degree in Senior Business Management and Finance from the Instituto Internacional de Empresas at the Universidad de Deusto. Since 2003, he has served as General Counsel of Abengoa and was appointed Secretary and Advisory Lawyer of the Board of Directors of Abengoa.

Luis Enrique Pizarro Maqueda

Mr. Pizarro has been the Chief Audit Officer of Abengoa since 2005. Previously, he worked as an Internal Audit manager for the savings bank Caja San Fernando and at Arthur Andersen as a financial auditor. He holds a degree in Business Administration from Seville University, a degree in Law magna cum laude from the University Pablo de Olavide, and an Executive MBA from the IESE Business School at Navarra University, and is licensed as a certified public accountant in Spain.

José Marcos Romero

Mr. Marcos has been the Appointments and Remuneration Officer of Abengoa since 2007. He joined Abengoa in 1968, and has held a variety of accounting and administrative positions throughout his career.

Enrique Borrajo Lovera

Mr. Borrajo has been the Consolidation Officer of Abengoa since 2007. He joined Abengoa in 2000 in its internal audit department. He holds a degree in Business Administration from the University of Córdoba and an Executive MBA from the Fundation San Telmo.

Bárbara Zubiría Furest

Ms. Zubiría Furest has been the Director of Investor Relations and Reporting of Abengoa since December 2010. Prior to that, she was Chief Accounting Officer (Principal Financial and Accounting Officer) and Head of Investor Relations at Telvent, where she was Chief Financial Reporting Officer from October 2006, Head of Investor Relations from March 2008 and Chief Accounting Officer from November 2008. From April 2005 to October 2006, Ms. Zubiria served as Telvent's Chief Audit Officer. Before joining Telvent in 2005, Ms. Zubiría worked as a manager in the Global Offering Services (GOS) group of Deloitte & Touche in Madrid, Spain, focusing on U.S. and international reporting and SEC compliance. She also worked as a financial auditor for three years, both for Arthur Andersen in Miami, Florida and then in Madrid, and for KPMG in Miami. Ms. Zubiría earned a Bachelor of Business Administration, cum laude, with a specialty in accounting, and a Master of Science (Accounting and Auditing) from Florida International University (FIU) in Miami, Florida. She is licensed as a Certified Public Accountant (CPA) by the State of Florida. She also completed an Executive Management Development program from IESE Business School, Spain.

Javier Garoz Neira

Mr. Garoz became Abengoa's Strategy Development Officer in 2012. Since he joined Abengoa back in 2000 and prior to the sale of Telvent, he served in a number of positions within Telvent, the latest as its Chief Operating Officer and Head of Strategy. During his career, he has developed a broad managerial experience in numerous positions within several companies. He holds a degree in Business Administration with a specialization in Marketing and Business Development and a master in B.A. from the IESE Business School.

Compensation

The total fixed and variable remuneration paid to members of Abengoa's Board of Directors for the year ended December 31, 2011 amounted to €13,237,000.

Total remuneration of the Board of Directors for the year ended December 31, 2011 was as follows (amounts in thousands of euros):

Name	Daily Expenses for Attendance and Other Remuneration as Officer	Compensation as Member of Board Committee	Compensation as Officer of Other Group Companies	Compensation for Senior Management — Executive Officer Duties and Other Remunerations	Total
Felipe Benjumea Llorente	679	—	—	3,804	4,483
Aplicaciones Digitales, S.L[(1)]	180	—	—	2,804	2,984
Manuel Sánchez Ortega	679	—	—	3,024	3,703
Carlos Sebastian Gascón	166	110	7	—	283
Daniel Villalba Vila[(2)]	100	72	9	—	181
Mercedes Gracia Díez	127	61	—	—	188
Alicia Velarde Valiente	110	66	—	—	176
José Borrell Fontellés	200	100	—	—	300
Ricardo Martínez Rico[(3)]	28	—	12	—	40
José Luis Aya Abaurre	110	44	—	—	154
José Joaquín Abaurre Llorente	110	44	—	—	154
María Teresa Benjumea Llorente	78	—	24	—	102
Javier Benjumea Llorente	78	—	—	177	255
Ignacio Solís Guardiola	78	—	—	—	78
Fernando Solís Martinez-Campos	78	—	—	—	78
Carlos Sundheim Losada	78	—	—	—	78
TOTAL	**2,879**	**497**	**52**	**9,809**	**13,237**

Notes:

(1) Represented by José B. Terceiro Lomba.

(2) For board service through July 25, 2011.

(3) For board service commencing October 24, 2011.

The total fixed and variable remuneration paid to the management (excluding executive Board members) of Abengoa for the year ended December 31, 2011 amounted to €7,822,000.

Extraordinary Variable Compensation Plan

On July 24, 2006 and December 11, 2006, our Board of Directors approved an extraordinary variable pay scheme for directors ("Plan Two"), as proposed by the Appointment and Remuneration Committee. This plan included 190 beneficiaries (the "Participants") over a five-year period from 2007 to 2011 and required the achievement, on an individual level, of objectives as set out in Abengoa's Internal Strategic Plan as well as the individual's continued ongoing service throughout the period of the plan.

In addition, given that the acquisition of B.U.S. Group AB was completed only shortly following the establishment of the plan, on October 22, 2007, our Board of Directors approved that the directors of B.U.S. Group AB (10 directors) entered the plan under the same conditions.

The following conditions must be fulfilled in order for a Participant to earn compensation under Plan Two:

(a) The Participant must remain in the employment of Abengoa or one of our subsidiaries throughout the term of Plan Two.

(b) For each fiscal year of Plan Two, the Participant was entitled to receive an annual bonus under the bonus plan of Abengoa with which the Participant was employed for that year, based on the

achievement of least 90% of the objectives other than bookings or quality specified in that company's bonus plan. Failure to earn a bonus under that company's bonus plan in one year does not disqualify a Participant from being eligible to earn compensation under the Plan in another year.

(c) Fulfillment of the consolidated five-year budget of Abengoa or the relevant subsidiary by which the Participant is employed corresponding to the fiscal years 2007-2011 according to the Internal Strategic Plan dated June, 2006.

In case of termination of the employment of a Participant (whether voluntary or by dismissal) before the end of the term of Plan Two, Plan Two will terminate with respect to that Participant, and the Participant will not be entitled to receive any payment under Plan Two. In the case of death of a Participant, Plan Two will terminate with respect to that Participant and, at the end of the term of Plan Two, the heirs of the Participant will be entitled to receive the compensation earned under Plan Two by the Participant for the fiscal years completed prior to the death of the Participant. In the case of either retirement of a Participant on reaching 65 years of age or total disability (that prevents the Participant from being able to do any other type of work) before the end of the term of Plan Two, Plan Two will terminate with respect to that Participant and the Participant will be entitled to receive the compensation earned under Plan Two for fiscal years completed to the date of his retirement. In addition, the Participant will be entitled to receive compensation for the fiscal year in which the Participant retired if the objectives for that fiscal year are fulfilled.

On January 24, 2011, our Board of Directors approved an extraordinary variable pay scheme for directors ("Plan Three") as proposed by our Appointments and Remuneration Committee. This plan includes 104 beneficiaries over a five-year period from 2011 to 2015, and requires the achievement, on an individual level, of objectives as set out in Abengoa's Strategic Plan as well as the individual's continued ongoing service throughout the period of the plan. Conditions are the same in either plan.

Board Practices

Under Spanish Law, the Board of Directors of a Spanish corporation is responsible for management, administration and representation in all matters concerning our business, subject to the provisions of our By-laws and resolutions adopted at general shareholders' meetings by a majority vote of the shareholders. Under Spanish law, the board of directors may delegate its powers to an executive committee or other delegated committee or to one or more executive officers, unless the shareholders, through a meeting, have specifically delegated certain powers to the board and have not approved the board's delegation to others.

Audit Committee

The Audit Committee of our Board of Directors currently is made up of a majority of independent members.

The Audit Committee of Abengoa comprises the following six members:

Name	Position
Mercedes Gracia Díez[(1)]	Chairman
José Joaquín Abaurre Llorente	Member
José B. Terceiro[(2)]	Member
Ricardo Martínez Rico[(1)]	Member
Alicia Velarde Valiente[(1)]	Member
Miguel Ángel Jiménez-Velasco Mazarío	Secretary

Notes:

(1) Independent members of the Audit Committee.

(2) Representative of Aplicaciones Digitales, S.L.

The duties and functions of our Audit Committee include, among others, to report information on the annual consolidated financial statements, as well as on our quarterly and semi-annual financial statements that must be presented to the regulatory or supervisory bodies of the securities markets on which Abengoa is listed. In addition, our Audit Committee proposes the appointment of the external financial auditors to the Board of Directors, and oversees our internal audit services, our financial information reporting process and our internal control systems. The Audit Committee meets as often as necessary in order to discharge its functions, and at least once every quarter.

Appointments and Remuneration Committee

The Appointments and Remuneration Committee of Abengoa comprises of the following six members:

Name	Position
José Borrell Fontellés[(1)(3)]	Chairman
Mercedes Gracia Díez[(1)]	Member
José Luis Aya Abaurre	Member
José B. Terceiro[(2)]	Member
Alicia Velarde Valiente[(1)]	Member
José Marcos Romero	Secretary

Notes:

(1) Independent members of the Appointments and Remuneration Committee.

(2) Representative of Aplicaciones Digitales, S.L.

(3) Mr. Borrell was appointed chairman of the Appointments and Remuneration Committee on July 23, 2012, following the resignation of his predecessor, Ms. Gracia, who remains a member of such committee.

The duties and functions of our Appointments and Remuneration Committee include, among others, the duty to inform our Board of Directors of appointments, re-elections, terminations and remuneration of the Board and its members, as well as upon general remuneration and incentives policy for the Board and senior management. The Appointments and Remuneration Committee meets as often as necessary in order to perform its functions, and at least once every six months.

Benefits upon Termination of Employment

Neither we nor our subsidiaries maintain any directors' service contracts providing for benefits upon termination of service.

Employees

As of December 31, 2011, 2010 and 2009, on a consolidated basis, we had approximately, 22,261, 20,445 and 24,015 employees, respectively, including locally hired staff in our foreign offices but excluding temporary employees. In addition, the 2011 and 2010 figures do not include employees of Telvent GIT, S.A. We believe our relations with our employees are good and we have not experienced any significant labor disputes or work stoppages. Certain businesses are participating in a series of share-based incentive schemes for directors and employees. Such programs are linked to the achievement of certain agreed upon management objectives.

The following tables show our full-time employees for the fiscal year ended December 31, 2011 on a consolidated basis broken down based on business segment and geographical location:

Employee Numbers by Segment Group	Average Number of Employees
Engineering and Construction	14,089
Concession-Type Infrastructures	309
Industrial Production	7,863
Total	**22,261**

Employee Numbers by Location	Average Number of Employees
USA and Canada	995
Latin America	11,760
Spain	7,780
Europe (excluding Spain)	968
Africa	380
Asia and Oceania	378
Total	**22,261**

Share Ownership

Shareholdings by Directors and Senior Management

The following table shows the number of our Class A Shares and Class B Shares beneficially owned by our directors and senior management as of September 30, 2012, after giving effect to the increase in Class B Share capital approval on that date by the Extraordinary General Shareholders' Meeting resulting in the distribution for no consideration to all existing shareholders of four Class B Shares for each Class A Share or Class B Share held:

Directors and senior management:	Number of Class A Shares beneficially owned	Number of Class B Shares beneficially owned
Felipe Benjumea Llorente[(1)]	814,111	3,256,444
José B. Terceiro[(2)]	925,814	3,703,256
José Joaquín Abaurre Llorente	1,900	7,600
José Luis Aya Abaurre	55,076	220,304
José Borrell Fontellés	3,000	12,000
María Teresa Benjumea Llorente	12,390	49,560
Javier Benjumea Llorente	3,888	15,552
Mercedes Gracia Díez	500	2,000
Ricardo Martinez Rico	513	2,052
Claudio Santiago Ponsa	200	800
Ignacio Solís Guardiola	17,000	68,000
Fernando Solís Martínez-Campos[(3)]	85,272	341,088
Carlos Sundheim Losada	47,027	188,108
Alicia Velarde Valiente	400	1,600
Manuel Sánchez Ortega	208,100	832,400
Germán Bejarano García	-	-
Santiago Seage Medela	119,000	476,000
Javier Salgado Leirado	92,018	368,072
Javier Molina Montes	113,780	455,120
Alfonso González Domínguez	119,600	478,400
Juan Carlos Jiménez Lora	27,000	108,000
Miguel Ángel Jiménez-Velasco Mazarío	25,240	100,960
Luis Fernández Mateo	40,300	161,200
Carlos Cosín Fernández	22,680	90,720
Fernando Martínez Salcedo	-	-
José Domínguez Abascal	5,500	22,000
Álvaro Polo Guerrero	30,200	120,800
Vicente Jorro de Inza	14,980	59,920
Luis Enrique Pizarro Maqueda	5,000	20,000
José Marcos Romero	45,700	182,800
Enrique Borrajo Lovera	5,000	20,000
Bárbara Zubiría Furest	18,100	72,400
Javier Garoz Neira	1,684	6,736

Notes:

(1) Held indirectly through Ardachon, S.L.

(2) Held as representative of Aplicaciones Digitales, S.L.

(3) Of such 85,272 Class A Shares and 341,088 Class B Shares, 34,440 and 137,760, respectively, are held indirectly through Dehesa del Mesto, S.A.

Except for Aplicaciones Digitales which owns 1.02%, none of our directors or members of our senior management is the owner of more than 1% of our shares, and no director or member of our senior management has voting rights with respect to any class of our shares that are different from any other holder of the same such class of shares.

Stock Option Plans and Other Remuneration for Directors and Senior Management

Abengoa Share Purchase Plan

On February 2, 2006, Abengoa implemented a Share Acquisition Plan, or Plan, which was approved by the Board of Directors of Abengoa on January 23, 2006. The Plan, which is available on the same terms to all participants, is available to members of the senior management of Abengoa and its subsidiaries (collectively, the “Abengoa Group”). Under the Plan, participants are entitled to purchase up to 3,200,000 Class A Shares of Abengoa.

The material terms of the Plan are as follows:

1. Participants: 122 members of the senior management of the Abengoa Group (business group directors, business unit directors, technical and research and development officers and corporate services officers) from all its subsidiaries and business areas are eligible to participate in the Plan if they desire to do so. The Plan is not open to any member of Abengoa’s Board of Directors.

2. Shares Available for Purchase: Up to 3,200,000 Abengoa Class A Shares (the “Shares”), which represent 3.53% of the equity of Abengoa. The Shares purchased by Plan participants are already issued and in circulation and are purchased on the open market, at the then current market price, over a period that extended initially to December 31, 2006 (this period was subsequently extended as explained below), in accordance with the Spanish Stock Exchange Act.

3. Financing: As an incidental feature of the Plan, each participant may only utilize the proceeds of an individual bank loan from Banco Sabadell, S.A. or Bankia S.A. (together referred to as the “Bank”) to finance the purchase of shares of Abengoa purchased under the Plan. The same standard loan terms apply to all participants. The loans must be repaid by June 30, 2013. Each loan is secured by a pledge of 100% of the participant’s Class A Shares and the rights to Class B Shares received by the participants of the Plan following the distribution of Class B Shares approved in our Extraordinary General Shareholders’ Meeting on September 30, 2012 and is guaranteed by Abengoa to the extent set forth under paragraph 9 below. Except for the pledge of the Shares, the loan is non-recourse to the participant. The maximum amount of indebtedness related to all such loans is €87 million (including expenses, commissions and interests).

4. Share Purchase: The Shares have been purchased by the Bank for the participants and the acquisition cost for all participants has been the average acquisition price, plus associated commissions and other costs, for all of the Shares purchased under the Plan for all participants.

5. Term: The initial duration of the Plan was five complete financial years (2006 - 2010) plus six months (until June 30, 2011). The Plan has since been extended by an additional two years until December 31, 2012, with an additional period to allow for verification of compliance by the parties of their obligations ending on June 30, 2013. The Plan requires the annual accomplishment by the participant of annual management objectives set for the participant by the management of the Abengoa Group company by which the participant is employed. If the annual objectives are not met by the participant, the Bank from which the participant borrowed the funds to purchase his Shares may sell a percentage of the Shares purchased for such participant as follows:

   2006 — 30%

   2007 — 30%

   2008 — 15%

   2009 — 15%

   2010 — 10%

6. As of December 31, 2010, the participants had achieved the annual objectives required by the Plan.

7. Restrictions on Sales: A participant could not transfer, sell, borrow against or otherwise dispose of the Shares purchased by him, initially, before July 1, 2011. When the Plan was extended, these restrictions were extended under identical conditions.

8. Repurchase Option: Under the Plan, Abengoa has a repurchase option under which Abengoa can require a participant to sell the Shares back to Abengoa on the occurrence of certain events, such as death, disability or retirement of the participant or termination of the employment of the participant with the Abengoa Group company.

9. Shortfall on Sale of Shares: At the end of the five years and six months term of the Plan, if the amount realized on a sale of the Shares does not entirely cover the amount owed under the loan and costs and taxes on capital gains, Abengoa will compensate the participant with the necessary amount to repay the loan plus accrued and unpaid interest and pay such taxes.

10. In 2011, we entered into agreements with the participating financial entities and directors of said Plan for its extension for an additional period of two years until December 31, 2012.

The above terms are incorporated in the form of agreement that each participant in the Plan enters into with Abengoa.

MAJOR SHAREHOLDERS

Our major shareholders as of the date of this document after giving effect to (i) the increase in Class B Share capital approved on September 30, 2012 by the Extraordinary General Shareholders' Meeting, resulting in the distribution for no consideration to all existing shareholders of four Class B Shares for each Class A Share or Class B Share held, and (ii) the voluntary conversions of 4,850,173 Class A to Class B Shares until present, are as follows:

Name:	Number of Class A Shares beneficially held	Percentage of Class A shares issued	Number of Class B Shares beneficially held	Percentage of Class B shares issued
Inversión Corporativa IC, S.A.(1)	45,234,723	52.83%	180,938,892	39.99%
First Reserve Corporation	—	—	85,714,290	18.94%
Finarpisa, S.A.(2)	5,465,183	6.38%	21,860,732	4.83%

Note:

(1) Includes 11,047,468 Class B Shares made available through stock lending arrangements by Inversión Corporativa IC, S.A. to Abengoa to facilitate stock borrow liquidity to investors, see "Plan of Distribution" for further details on these arrangements.

(2) Finarpisa is a wholly-owned subsidiary of Inversión Corporativa.

Control of Abengoa

Inversion Corporativa beneficially owned, either directly or indirectly through Finarpisa, S.A., 50,699,906 of our Class A Shares and 202,799,624 of our Class B Shares and 58.49% of the total combined voting power of our Class A Shares and Class B Shares outstanding, as of the date of this document.

RELATED PARTY TRANSACTIONS

In the ordinary course of our business, we carry out transactions with related parties in accordance with established market practice and specific legal requirements. In particular, these related party transactions include the supply of business, administrative and financial services. All transactions between Abengoa and our subsidiaries and related companies for the nine-month period ended September 30, 2012 and for the years ended December 31, 2011, 2010 and 2009 occurred within the ordinary course of our business.

For a summary of our revenue and expenses and receivables and payables with related parties, please see Note 33.2, Note 41.2 and Note 39.2 to our audited consolidated financial statements as of and for each of the years ended December 31, 2011, 2010 and 2009, respectively, and Note 24 to our unaudited Consolidated Condensed Interim Financial Statements as of and for the nine months ended September 30, 2012 incorporated by reference into this Offering Circular.

To facilitate stock borrow liquidity to investors while the Notes are outstanding, we have entered into stock lending arrangements with Inversión Corporativa IC, S.A. and the Joint Lead Managers, see "Plan of Distribution" for further details on these arrangements.

DIVIDEND POLICY AND DIVIDENDS

Our dividend policy is subject to our performance and financial condition, our investment and capital expenditure requirements, possible future acquisitions, expected future results of operations, cash flows, terms of our indebtedness and other factors. The terms and conditions of our indebtedness impose certain restrictions on distributions of dividends. The dividend protection clause existing in our outstanding convertible bonds permits us, with respect to the dividends that may be paid in respect of each fiscal year through the fiscal year ended December 31, 2017, to increase the dividend per share paid in respect of each such year by €0.002 per share over the prior year, without triggering any adjustment to the conversion price. In July 2011, we paid €18.1 million in dividends (€0.20 per share), which represents a dividend payout ratio of 8.74%. During the Annual General Shareholders' Meeting held on April 1, 2012, a dividend in respect of the year ended December 31, 2011 of €0.07 per share, taking into account the increase in our Class B Share capital as a result of our Extraordinary General Shareholders' Meeting, was approved. Part of the dividend (€0.03 per share) was paid on April 11, 2012 and the remaining part (€0.04 per share) was paid on July 4, 2012. This distribution represents a dividend payout ratio of 15% and amounts to a total dividend of €37.7 million.

DESCRIPTION OF THE SHARES

The following summary provides information concerning Abengoa's share capital and briefly describes certain significant provisions of its by-laws (estatutos) and Spanish corporate law. This summary does not purport to be complete and is qualified in its entirety by reference to Abengoa's by-laws and Spanish corporate law. Copies of Abengoa's by-laws are available at its principal administrative office.

Share Capital

On December 31, 2008, 2009 and 2010, our share capital stood at €22,617,420 represented by 90,469,680 shares of the same class, with a nominal value of €0.25 each. Our share capital increased by €67,852,260 in 2011 due to the increase in the unit nominal value from €0.25 to €1.00 per share, charged against freely disposable profits, which was agreed at the Annual General Shareholders' Meeting held on April 10, 2011. On this date, we received shareholder approval to amend our By-laws and create three different classes of shares, as follows: (i) Class A Shares, with a par value of €1.00 each, belonging to the same class and series, each share carrying 100 votes, of which 85,619,507 shares have been issued and outstanding as of the date of this document, (ii) Class B Shares, with a par value of €0.01 each, belonging to the same class and series, each share carrying one vote, with certain privileges as established in Article 8 of the By-laws, as amended of which 452,443,183 shares have been issued and remain outstanding; and (iii) Class C Shares, with a par value of €0.01 each, belonging to the same class and series, being shares without voting rights, with certain privileges as established in Article 8 of the By-laws, as amended of which no shares have been issued or are currently outstanding.

In October 2011, we issued 17,142,858 Class B Shares and warrants to purchase an additional 4,020,124 Class B Shares to First Reserve as part of their €300 million investment in Abengoa, which meant an increase of €171,429 in share capital. For more information regarding First Reserve's investment in our Class B Shares, see "Business — History and Development of our Group."

On September 30, 2012, the Extraordinary General Shareholders' Meeting approved an increase in Class B Share capital, charged to our freely available reserves, which has been distributed for no consideration to all existing shareholders on the basis of four Class B Shares for each Class A Share or Class B Share which they hold. The main purpose of the transaction is to provide our Class B Shares with greater liquidity, which we expect to increase our financial flexibility and access to equity capital markets while preserving shareholder stability. The Board of Directors agreed it will not pass any resolution with the aim of further increasing the share capital of Abengoa for six months following the date of the Extraordinary General Shareholders' Meeting (except as required to cover the issuance of any convertible instrument).

In accordance with the shareholder approval of the amendments to our share capital and classes of shares, the Class C Shares shall not have any capital allocated to them until the issuance of shares of such class is authorized in accordance with applicable legal requirements.

As of the date of this document, after giving effect to (i) the increase in Class B Share capital approved on September 30, 2012 by the Extraordinary General Shareholders' Meeting (resulting in the distribution for no consideration to all existing shareholders of four Class B Shares for each Class A Share or Class B Share held) and (ii) the voluntary conversions of 4,850,173 Class A Shares to Class B Shares, our share capital is €90,143,939, represented by 85,619,507 Class A Shares, with a par value of €1.00 each, and 452,443,183 Class B Shares, with a par value of €0.01 each. The shares are in book-entry form, indivisible and each share confers on holders identical financial rights, although each Class A Share carries 100 voting rights and each Class B Share carries one voting right. Co-owners of one share must designate a single person to exercise

their shareholders' rights, but they are jointly and severally liable to Abengoa for all the obligations deriving from their status as shareholders.

The "*Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal*", known as IBERCLEAR (the Spanish Central Securities Depository) maintains a registry reflecting the number of shares held by each of its member entities ("*entidad participante*") as well as the amount of these shares held on behalf of beneficial owners. Each member entity, in turn, maintains a registry of the owners of these shares. Transfers of shares quoted on a Spanish stock exchange must be made through or with the participation of a member of a Spanish stock exchange that is an authorized stockbroker by book-entry or delivery of evidence of title to the buyer. Each Class A Share confers to its holder a right to obtain its conversion into a Class B Share, exercisable up until December 31, 2017.

Memorandum and By-laws

Share Capital

Abengoa's share capital is divided into three classes: Class A Shares, Class B Shares and Class C Shares. As of the date of this document, after giving effect to the increase in Class B Share capital approved on September 30, 2012 by the Extraordinary General Shareholders' Meeting and the voluntary conversions of 4,850,173 Class A Shares to Class B Shares as described under "Share Capital" above, 85,619,507 fully paid-up Class A Shares and 452,443,183 fully paid-up Class B Shares are outstanding. No Class C Shares are currently outstanding.

Class A Shares

Class A Shares with a par value of one (1.0) euro ("Class A Shares") endow their owners with the rights established under law and in the By-laws, with the following stipulations:

Voting Rights

Each Class A Share carries 100 voting rights.

Pre-Emptive Rights and Rights to Free Assignment of New Shares

Except in the case of inexistence or exclusion of pre-emptive rights or of rights to free assignment or any similar pre-emptive rights, successive capital increases or successive issues of convertible or exchangeable bonds or any other security or instrument which could give rise to subscription, conversion, exchange or acquisition or in any other way grants the right to receive Abengoa shares shall be adopted by Abengoa with one of the following structures: simultaneous issue of Class A Shares, Class B Shares and Class C shares in the proportion in which the number of shares of each share class represents on the total number of shares already issued in which corporate equity is divided at the time of their issuing or increase; or issue of any security or instrument which may give rise to subscription, conversion, exchange, acquisition or that in any other way grants the right to receive Class A, Class B and Class C Shares in the proportion indicated.

Class A pre-emptive rights, rights to free assignment of shares and any other similar pre-emptive right shall be exercised only over Class A Shares granting the holder the right to acquire, convert, subscribe or to receive Class A Shares (or convertible or exchangeable bonds, warrants or other securities and instruments granting rights to subscription or acquisition of the same) in any other way, provided that the principle of proportionality set forth in the above paragraph is fully respected.

In the case of capital increases using reserves or premiums obtained from the issuance of shares executed by increasing the nominal value of the shares of both classes, Class A Shares as a whole shall be entitled to a nominal value increase in a proportion similar to the total nominal value of the Class A Shares in circulation at the time of the execution of the agreement it represents with regards to Abengoa's stock capital represented

by the Class A Shares and by the Class B Shares, and by the Class C Shares issued and circulating at such time.

Notwithstanding the above, the General Shareholders' Meeting shall be entitled to increase the share capital by charge to reserves through the issue of only new Class A Shares, provided always that a favorable vote is separately obtained by the majority of the shares in each of the various classes of shares outstanding, and otherwise at all times respecting an equal treatment between all classes of shares. See "−Pre-emptive Rights".

Right to Convert Class A Shares into Class B Shares

Each Class A Share confers on its holder a right to obtain its conversion into a Class B Share, exercisable up until December 31, 2017.

The conversion right shall be exercised by its holder by providing Abengoa (or, alternatively, the nominee entity appointed for such purpose, through the participating entity in Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (Iberclear), by any means allowing to establish receipt, of a notice, deemed to be issued on a firm, irrevocable and unconditional basis, in which the holder shall express the total number of Class A Shares it holds and the exact number of Class A Shares over which it wishes to exercise its conversion right, so that Abengoa may carry out the necessary acts and pass the necessary resolutions to effect said conversion and may duly report this to the Spanish National Securities Market Commission by issuing the relevant communication of a relevant fact.

The above described notice shall be accompanied by the relevant certificate attesting to the legitimate ownership of the relevant Class A Shares, issued by an entity participating in the systems managed by Iberclear, or by an intermediary or custodian financial entity, or a managing entity of the shares, on the terms provided in the rules on representation of securities in book-entry form or through any other means of evidence to which Abengoa accords sufficient validity for the purposes hereof.

Upon the Class A shareholder exercising its conversion right, the share capital of Abengoa shall be deemed reduced in the amount of the difference between the par value of the Class A Shares on which the right is exercised and the par value of the same number of Class B Shares, which amount shall increase the restricted reserve which, for these purposes and pursuant to the provisions of section 335.c) of the Capital Companies Act, Abengoa shall have established in advance.

It shall be the Board of Directors' duty, with express power of substitution in favor of the Chairman or the Chief Executive Officer, to determine the term, frequency and procedures to exercise the conversion right, including where appropriate, the assessment of the adequacy of the equivalent means of evidence referred to above, as well as any other aspects as may be necessary for the effective exercise of said right, all of which shall be duly reported through the issue of the relevant communication of relevant fact.

Other Rights

Without prejudice to the provisions described under "−Voting Rights" "— Pre-emptive Rights and Rights to Free Assignment of New Shares", each Class A Share confers upon its holder the remaining rights, including the financial rights recognized under Spanish law and the By-laws, to which shareholders are entitled as shareholders in the company.

Class B Shares

Class B Shares with a par value of one cent (0.01) of euro endow their owners with the rights established under Spanish law and in the By-laws with the following stipulations:

Voting Rights

Each Class B Share carries one (1) voting right.

Pre-Emptive Rights and Rights to Free Assignment of New Shares

With full observance of the principle of proportionality referred to under "– Memorandum and By-Laws – Class A Shares – Pre-Emptive Rights and Rights to Free Assignment of New Shares", based on the proportion that the number of shares of each class bears to the total number of shares of all classes already issued into which our share capital is divided at the time of the issuance triggering such pre-emptive rights, the pre-emptive rights, rights to free assignment of shares and any other similar pre-emptive right of holders of Class B Shares shall be exercised only over Class B Shares (or convertible or exchangeable bonds, warrants or other securities and instruments granting rights to subscription or acquisition of the same).

In the case of capital increases effected using reserves or premiums obtained from prior issuances of shares to increase the nominal value of the issued and outstanding shares, the Class B Shares as a class shall be entitled to a nominal value increase in the proportion that the aggregate nominal value of the issued and outstanding Class B Shares at the time of the execution of the resolution respecting such capital increase bears to Abengoa's share capital represented by the Class A Shares, Class B Shares and Class C Shares issued and outstanding at such time.

Notwithstanding the above, the General Shareholders' Meeting shall be entitled to increase the share capital by charge to reserves through the issue of only new Class B Shares, provided always that a favorable vote is separately obtained by the majority of the shares in each of the various classes of shares outstanding, and at all times respecting an equal treatment between all classes of shares. See "−Pre-emptive Rights".

Other Rights

Except as described under "— Voting Rights" and "−Pre-emptive Rights and Rights to Free Assignment of New Shares" above and except for the regulations in force, and notwithstanding the Class B Shares having a lower par value per share, each Class B Share confers the same rights and protection rights (except the right to appoint Board Members), including financial rights, as a Class A Share, and we shall grant Class B shareholders the same treatment recognized for Class A shareholders insofar as it does not contradict the stipulations of the regulations in force. In particular, each Class B Share grants its holder the right to receive the same dividend, the same liquidation quota, the same restitution of contributions in the event of capital reduction, distribution of reserves of any kind (including, as the case may be, premiums for attendance at the General Shareholders' Meeting), issuing premiums and any other allocations as a holder of Class A Shares shall receive, all the aforesaid in the same terms as are applied to Class A Shares.

In the event of capital reduction due to losses through the reduction of the par value of the shares, Class A and Class B Shares shall be affected in proportion to their respective par values.

Separate Voting in the Event of Modifications of the By-laws or Resolutions and Other Transactions that May Negatively Affect Class B Shares

Bylaw or resolution amendments that may directly or indirectly prejudice or adversely affect the pre-emptive rights or privileges of Class B Shares (including any amendment of the provisions of the By-laws relating to Class B Shares or to any resolution that may prejudice or adversely affect Class B Shares relative to the Class A Shares or that may benefit or favorably affect Class A Shares relative to Class B Shares) shall require, in addition to being approved pursuant to the provisions of the By-laws, the approval by holders of a majority of the then-issued and outstanding Class B Shares. By way of explanation but without limiting the generality of the foregoing, such separate class voting right shall apply to the following: (i) the elimination or modification of the principle of proportionality among the Class A Shares, the Class B Shares and the Class C Shares (if previously issued) relative to the total number of Abengoa's issued and outstanding shares in connection with the issuance of new shares or securities or instruments that may give rise to subscription for, conversion into, exchange for or acquisition of, or in any other way grants the right to receive, Abengoa's shares; (ii) the partial or total exclusion, applied in an unequal manner, of the pre-emptive and other analogous rights that

may be attached under Spanish law and the By-laws to Class A Shares, Class B Shares and Class C Shares (as the case may be); (iii) the repurchase or acquisition of Abengoa's own shares in a manner that may affect Class A Shares, Class B Shares and Class C Shares (as the case may be) unequally, whether in the applicable terms and conditions, the purchase price or in any other manner, and which may exceed that which is produced under the framework of ordinary operation of treasury stock or which may give rise to amortization of shares or to the reduction of capital in an unequal manner for Class A Shares, Class B Shares or Class C Shares (as the case may be); (iv) the approval of a structural modification to Abengoa that results in unequal treatment of Class A Shares and Class B Shares in any aspect; (v) the exclusion of the shares of Abengoa from trading on any secondary stock exchange or securities market except through the launching of a delisting public tender offer that provides for the payment of the same consideration to holders of the Class A Shares, Class B Shares and Class C Shares (as the case may be); and (vi) the issuance of Class C Shares or of any other class of preferred or privileged shares that may be created in the future.

Notwithstanding the foregoing, separate class voting shall not be required to approve any resolution authorizing a partial or total exclusion of pre-emptive rights and other analogous rights that may be applicable under Spanish law and the By-laws in relation to Class A Shares, Class B Shares and Class C Shares (as the case may be) where such exclusion applies in an equal manner across all such share classes.

Redemption Rights of Class B Shares

In the event that a tender offer is made for the acquisition of all of the voting shares of Abengoa, following which the offeror, together with any persons acting in concert with the offeror, (i) directly or indirectly holds 30% or more of the voting rights of Abengoa (except where another person, individually or together with other persons acting in concert with it, already held a percentage of voting rights equal to or greater than that held by the offeror after such tender offer), or (ii) becoming the holder of a shareholding below 30%, appoints a number of directors to Abengoa's Board of Directors that, either by themselves or collectively with those already appointed previously (as the case may be), constitute more than 50% of Abengoa's Board of Directors, each holder of Class B Shares shall be entitled to have all of its Class B Shares redeemed by Abengoa except where the holders of Class B Shares had the right to participate in such tender offer in the same manner and on the same terms and conditions and, in any event, for the same consideration, as the holders of Class A Shares (each such event under clauses (i) and (ii) above, a "Redemption Event"). In the event that the total nominal share capital represented by the Class B Shares that are presented for redemption exceeds 25% of the nominal share capital of Abengoa a pro-rata rule will be applied in order to determine the number of shares that each holder will be allowed to redeem. As of this date, all of the Class B Shares would be entitled to redemption, as the total sum of their nominal value is below the aforesaid 25% limit.

Redemption Procedure

Upon a Redemption Event, for the purpose of information and within seven calendar days from the date of either the settlement of the tender offer or the offeror's appointment of directors to Abengoa's Board of Directors who, either by themselves or collectively with those already appointed (as the case may be), constitute more than 50% of our Board of Directors, we shall publish an announcement informing holders of Class B Shares of the procedure for exercising their redemption rights in relation to such Redemption Event in the Commercial Registry Official Gazette, in the Spanish Stock Exchange Listing Bulletin, on our website and in a national newspaper of general circulation.

Each holder of Class B Shares may exercise its redemption rights within two months from the date of the last of the announcements mentioned in the paragraph above, by notifying us. We shall ensure that said notice for the exercise of the redemption rights may be issued through the systems established by IBERCLEAR.

The redemption price that Abengoa shall promptly pay for each Class B Share surrendered by a holder for redemption shall be equal to the consideration paid by the offeror in the tender offer to holders of Class A

Shares giving rise to the Redemption Event, as increased by interest accruing at the legal interest rate on the aforementioned amount from the date of issuance of notice of the exercise of redemption rights by such holder until the date payment is actually made to such holder. Abengoa's directors shall be authorized to execute such resolutions and take such actions as may be necessary or appropriate to ensure that Abengoa fully complies with its obligation to pay the redemption price for any Class B Shares as to which the redemption rights are exercised.

Upon payment of the redemption price, the share capital of Abengoa shall be deemed reduced in the amount of the par value of the redeemed shares. The amount of the reduction of share capital must not exceed one quarter of the total share capital. We will place priority on the redemption requests placed by those shareholders who exclusively hold Class B Shares and to those who, although holding both Class A and Class B Shares, provide evidence that they refused to accept, neither totally nor partially, the takeover bid that triggered the Redemption Event. In this case, Abengoa will reduce its share capital by meeting all such priority redemption requests in proportion to the number of Class B Shares held by each shareholder.

As to any non-monetary consideration paid in the offer, it shall be valued at its market value as of the initial settlement date of the offer, which valuation must be accompanied by a report issued by an independent expert appointed by Abengoa, selected from among audit firms of international repute.

Restrictions on Payment of Dividends until Redemption Price is Paid

From the moment the tender offer is commenced until the payment in full of the redemption price (including any accrued interest thereon) in respect of any Class B Shares as to which redemption rights have been exercised, Abengoa may not pay any dividend, distribution or other similar payment whatsoever to its shareholders, regardless of whether such dividend, distribution or other similar payments are paid in cash, securities of Abengoa or any of its subsidiaries or in the form of any other securities, assets or rights.

Class C Shares

Class C Shares with a par value of €0.01 ("Class C Shares"), of which none are outstanding to date, endow their owners with the following rights established under Spanish law and in the By-laws with the following stipulations:

Voting Rights

Class C Shares do not carry voting rights.

Preferential Dividend

Each Class C Share confers on its holder the right to receive an annual minimum preferential dividend of €0.01 per Class C Share charged against ordinary distributable profits for each applicable fiscal year at the end of which such Class C Share remains outstanding ("Preferential Dividend").

Abengoa is required to declare and pay the Preferential Dividend before paying out any dividend whatsoever to holders of voting shares that is charged against the ordinary distributable profits earned by Abengoa in each fiscal year.

The Preferential Dividend in respect of Class C Shares must be paid within nine months of the end of the fiscal year in respect of which it is due. The aggregate amount of the Preferential Dividend paid on the outstanding Class C Shares in respect of any fiscal year shall not exceed the sum of distributable profits earned by Abengoa in such fiscal year.

In the event that Abengoa does not earn sufficient distributable profits in any fiscal year to pay the Preferential Dividend on all Class C Shares existing at the close of such fiscal year, the Preferential Dividend shall not be paid out and the part of the aggregate sum of said Preferential Dividend exceeding the

distributable profits earned by Abengoa in such year shall not accumulate as a dividend to be paid out in the future.

The total or partial failure to pay out the Preferential Dividend in respect of any fiscal year due to failure to earn sufficient distributable profits for full payment of the Preferential Dividend in such fiscal year shall not confer any voting rights on the Class C Shares.

Other Dividends and Distributions

Each Class C Share confers the right of the holder to receive, in addition to the Preferential Dividend, the same dividend, the same liquidation quota, the same restitution of contributions in the event of share capital reduction, distribution of reserves of all kinds or the issuance premium and whatsoever other allocations and distributions as our voting shares, all in the same terms and conditions that correspond to voting shares.

Preferential Liquidation Right

Each Class C Share confers on its holder the right to receive, in the event Abengoa is wound up and liquidated, an amount (the "Preferential Liquidation Quota") equivalent to the paid up value of Class C Shares.

Abengoa shall pay out the Preferential Liquidation Quota for Class C Shares before paying any liquidation quota whatsoever to holders of voting shares. Regarding the rest of the liquidation quota that may correspond to them, they shall be entitled to the same rights as voting shares.

Redemption Rights for Class C Shares

In the event that a tender offer for all or part of the shares of Abengoa is made and wholly or partially settled, each holder of Class C Shares shall be entitled to have its Class C Shares redeemed pursuant to the procedure established for the redemption of Class B Shares, provided that such redemption right shall not be available if the holder of Class C Shares had the right to participate in such tender offer in the same manner and on the same terms and conditions and, in any events, for the same consideration, as the holders of Class A Shares (each such tender offer, a "Class C Shares Redemption Event").

Notwithstanding the above, the number of Class C Shares redeemed as a consequence of a Class C Shares Redemption Event may not represent a percentage of the total number of Class C Shares issued and outstanding at the date of the Class C Shares Redemption Event that is greater than the proportion that (a) the sum of Class A Shares and Class B Shares (as the case may be) (i) held by persons to whom the tender offer giving rise to the Class C Shares Redemption Event is made, (ii) held by the offeror in said tender and (iii) held by persons acting in concert with such offeror or persons who signed agreements with the offeror in relation to the offer, bears to (b) all of the Class A Shares and Class B Shares (as the case may be) issued and outstanding on the date of the tender offer giving rise to the Class C Shares Redemption Event.

In the event that, as a result of applying the limitations set forth above, the redemption of all the Class C Shares as to which the rights of redemption have been exercised in connection with such Class C Shares Redemption Event, is deemed inadmissible, the Class C Shares to be redeemed from each holder of Class C Shares shall be reduced on a pro rata basis, so as not to exceed such limitation.

Pre-Emptive Rights and Rights to Free Assignment of New Shares

With full observance of the principle of proportionality based on the proportion that the number of shares of each share class bears to the total number of shares of all classes already issued into which our share capital is divided at the time of the issuance triggering such pre-emptive rights, the pre-emptive rights, rights to free assignment of shares and any other similar pre-emptive right of holders of Class C Shares shall be exercised only over Class C Shares (or convertible or exchangeable bonds, warrants or other securities and instruments granting rights to subscription or acquisition of the same).

In the case of capital increases effected using reserves or premiums obtained from prior issuances of shares to increase the par value of the issued and outstanding shares, the Class C Shares as a class shall be entitled to a par value increase in the proportion that the aggregate par value of the issued and outstanding Class C Shares at the time of the execution of the resolution approving such capital increase bears to Abengoa's share capital represented by the Class A Shares, Class B Shares and Class C Shares issued and outstanding at such time.

Notwithstanding the above, the General Shareholders' meeting shall be entitled to increase the share capital by charge to reserves through the issue of only new Class C Shares, provided always that a favorable vote is separately obtained by the majority of the shares in each of the various classes of shares outstanding, and at all times respecting an equal treatment between all classes of shares.

Separate Voting in the Event of Modifications of the By-laws or Agreements and Other Operations that May Negatively Affect Class C Shares

Notwithstanding Article 103 of the Spanish Companies Act, the By-laws or any resolution amendments that may directly or indirectly prejudice or adversely affect the pre-emptive rights or privileges of Class C Shares (including any amendment of the provisions of the By-laws relating to Class C Shares or to any resolution that may prejudice or adversely affect Class C Shares relative to the Class A Shares and/or Class B Shares or that may benefit or favorably affect Class A Shares and/or Class B Shares relative to Class C Shares) shall require, in addition to being approved pursuant to the provisions of the By-laws, the approval by holders of a majority of the then-issued and outstanding Class C Shares. By way of explanation but without limiting the generality of the foregoing, such separate class voting right shall apply to the following: (i) the elimination or modification of the principle of proportionality among the Class A Shares, the Class B Shares and the Class C Shares relative to the total number of Abengoa's issued and outstanding shares in connection with the issuance of new shares or securities or instruments that may give rise to subscription for, conversion into, exchange for or acquisition of, or in any other way grants the right to receive, Abengoa's shares; (ii) the partial or total exclusion, applied in an unequal manner, of the pre-emptive and other analogous rights that may be attached under Spanish law and the By-laws to Class A Shares and/or Class B Shares and Class C Shares (as the case may be); (iii) the repurchase or acquisition of Abengoa's own shares in a manner that may affect Class A Shares and/or Class B Shares relative to Class C Shares unequally, whether in the applicable terms and conditions, the purchase price or in any other manner, and which may exceed that which is produced under the framework of ordinary operation of treasury stock or which may give rise to amortization of shares or to the reduction of capital in an unequal manner for Class A Shares, Class B Shares or Class C Shares (as the case may be); (iv) the approval of a structural modification to Abengoa that results in unequal treatment of Class A Shares or Class B Shares (as the case may be) relative to Class C Shares in any aspect; (v) the exclusion of the shares of Abengoa from trading on any secondary stock exchange or securities market except through the launching of a delisting tender offer that provides for the payment of the same consideration to holders of the Class A Shares, Class B Shares and Class C Shares (as the case may be); and (vi) the issuance of any other class of preferred or privileged shares that may be created in the future.

Notwithstanding the provisions of Article 293 of the Spanish Companies Act Law, any agreement by us to increase capital by any method and under any formula whatsoever entailing the first issue of Class C Shares shall also require approval, in addition to the approval in compliance with the applicable law and the provisions of Article 30 of the By-laws, of the majority of Class B Shares then issued and outstanding.

Payment for Shares (Dividendos Pasivos)

The General Shareholders' meeting or the Board of Directors by delegation may from time to time make calls upon the shareholders in respect of any amounts unpaid on their shares. Each shareholder shall pay the specified amount at the established time or times. If an amount called in respect of a share by the General

Shareholders' Meeting is not paid before or on the day appointed for payment, Abengoa may, at its discretion, adopt any of the following decisions:

(a) institute legal proceedings to enforce compliance with the obligation to pay the amount called on the shares plus legal interest and to seek damages sustained as a result of non-payment;

(b) take enforced collection action against the shareholder, seizing his or her property to satisfy the amount called on the shares plus interest. The enforcement order can be issued on the basis of certification by Abengoa accrediting that the debtor is a shareholder and the resolution adopted by the Board of Directors to issue a call on shares; or

(c) execute the transfer of the shares before a notary public and replace the original share certificate with a duplicate. All expenses incurred in this respect shall be for the account of the defaulting member. If, for any reason, the shares cannot be sold, Abengoa has the right to terminate the contract with the defaulting member and cancel the shares in question, with the corresponding reduction of capital. Any amounts already paid on the shares shall revert to Abengoa.

The transferee of shares that are not fully paid up shall be jointly and severally liable with all previous transferors, as the Directors may determine, for the payment of sums due on shares. The liability of the transferor shall expire three years from the date of the transfer. All shares shall be freely transferable, there being no restrictions or limitations in this respect.

The By-laws do not contain any provision relating to sinking funds or potential liability of shareholders to further capital calls.

General Meetings

General Shareholders' meetings may be Annual General Shareholders' Meetings or Extraordinary General Shareholders' meetings. The Annual General Shareholders' Meeting is held within the first six months of each fiscal year in order to review, among other things, the management of Abengoa, and to approve, if applicable, consolidated financial statements for the previous fiscal year. Extraordinary General Shareholders' Meetings are those meetings that are not ordinary. The requirements mentioned below concerning the constitution and adoption of resolutions are applicable to both categories of general meetings.

The Annual General Shareholders' Meeting of Abengoa is held in Seville, during the first six months of each year on a date fixed by the Board of Directors. Extraordinary General Shareholders' Meeting may be called by the Board of Directors whenever deemed appropriate or at the request of shareholders representing at least 5% of Abengoa's share capital or 5% of the voting shares. Notices of all general meetings are published in the Commercial Registry's Official Bulletin and in one Seville area newspaper at least one month prior to the meeting or by any other means (including publication on our website) authorized under applicable law. Shareholders representing at least 5% of Abengoa's share capital or 5% of the voting shares have the right to request the publication of an amended notice including one or more additional agenda items.

A holder of a minimum of 375 shares, whether they are Class A Shares or Class B Shares, shall have the right to attend the General Shareholders' Meeting, provided that the shareholder registers prior to the date on which the meeting is to be held and presents an attendance card issued in his name and stating the number, class and series of shares and the number of votes to which such holder is entitled. The card shall be issued by the entity responsible for book-entry registration to those shareholders who present proof of shares entered in the register five days prior to the scheduled date of the meeting.

Any shareholder who is entitled to attend may be represented at the General Shareholders' Meeting through another natural person who must be a shareholder entitled to attend in his or her own right. Said representation must be granted specifically in writing for each meeting.

Legal persons, minors and persons under civil disqualification may be represented at meetings by their legal representatives, who shall present evidence of their condition to the chair of the general meeting, without prejudice to the provisions contained in the Spanish Companies Act in relation to family representation and general powers of attorney.

General Shareholders' Meetings shall be held in Seville on the day designated in the notice calling them. Sessions however may be extended during one or more consecutive days. Said extensions may be agreed upon request by the Board of Directors or by shareholders holding at least 25% of the equity present or represented at the General Shareholders' Meeting in question or 25% of the voting shares.

Action is taken at the Annual General Shareholders' Meeting on the following matters: the approval of the management of Abengoa by the directors during the previous fiscal year; the approval of the financial statements from the previous fiscal year; and the application of the previous fiscal year's income or loss. All other matters can be considered at either the Annual General Shareholders' Meeting or an Extraordinary General Shareholders' Meeting if the matter is within the authority of the meeting and is included on the agenda.

Shareholders representing 1% of the share capital or 1% of voting shares are entitled to request the presence of a Notary Public to record the minutes of the general meeting.

Shareholders representing 5% of the share capital or 5% of the voting shares of Abengoa are entitled to call a General Shareholders' Meeting to resolve on the corporate action claiming liability against directors, and to exercise, even without a resolution of the Meeting or against its will, a corporate action claiming liability of directors, as well as to challenge, settle or waive such action.

The quorum required for business to be transacted at a General Shareholders' Meeting (either the Annual General Shareholders' Meeting or an extraordinary general meeting) shall be the holders present in person or by proxy of at least 25% of the subscribed voting share capital. In the event that a meeting stands adjourned because the quorum requirement is not met, there shall be no minimum quorum required at the adjourned meeting.

Under the Spanish Companies Act, the rights of shareholders may only be changed by an amendment to the By-laws that complies with the quorum requirements explained above, plus the affirmative vote of the majority of the shares of the class that will be affected by the amendment. As noted above holders of Class B and Class C Shares (if any) are entitled to vote as separate classes in the event of any modification of the By-laws or resolution for transaction that may adversely affect such Class B and Class C Shares.

However, certain resolutions, specifically those relating to the issue of bonds, the increase or reduction of capital, a change of corporate form, the merger, demerger, global assignment of assets and liabilities, cancellation or restriction of pre-emptive rights, or the transfer of the registered office abroad of Abengoa and, in general, any amendment to the By-laws, can only be taken at general shareholders' meetings when the holders of at least 50% of the issued voting share capital are present in person or by proxy. In the event that a meeting stands adjourned because the quorum requirement is not met, such decisions can be taken at the adjourned meeting when holders of at least 25% of the issued voting share capital are present in person or by proxy. The interval between the first and second call for a shareholders' meeting must be at least 24 hours. However, when less than 50% of the voting share capital is present at the meeting in person or by proxy, a reinforced majority of two thirds of the voting share capital present in person or by proxy is required for the adoption of the aforementioned resolutions (merger, demerger, increase or reduction of capital, etc.).

Abengoa's shareholders may, at any time, request certifications of resolutions adopted by the general meeting.

A resolution passed in a General Shareholders' Meeting is binding on all shareholders. However, it may be contested if such resolution is: (i) contrary to Spanish law or our By-laws; or (ii) prejudicial to our interests

and beneficial to one or more shareholders or third parties. In the case of resolutions contrary to Spanish law, the right to contest is extended to all shareholders, directors and interested third parties. In the case of resolutions prejudicial to our interests or contrary to our By-laws, such right is extended to shareholders who attended the General Shareholders' meeting and recorded their opposition in the minutes of the meeting, to shareholders who were absent and to those unlawfully prevented from casting their vote as well as to members of the Board of Directors. In certain circumstances (such as a modification of corporate purpose or change of the corporate form, transfer of domicile to a foreign country, intra European Union merger with transfer of domicile to another European Union country or incorporation of a limited liability European holding company if the dissenting shareholder is a partner of the promoter companies), Spanish corporate law gives dissenting or absent shareholders the right to withdraw from Abengoa. If this right were exercised, we would be obliged to purchase the relevant shareholding(s) at prices determined in accordance with established formula or criteria relating to the average price of the shares within certain periods of time.

The regulations that govern the General Shareholders' Meeting were approved by resolution of the Board of Directors on February 24, 2003 and by resolution of the General Shareholders' meeting on June 29, 2003, and were amended by resolution of the Extraordinary General Shareholders' Meeting on September 30, 2012. The existence of such regulations is obligatory for all corporations listed on a Spanish stock exchange following the adoption of Law 26/2003.

Board of Directors

The General Shareholders' Meeting — or, where appropriate, the Board of Directors exercising the power legally conferred on it to fill vacancies arising from time to time caused by the resignation or removal of a director during a term — shall appoint the members of the Board of Directors in accordance with the applicable laws. Abengoa's directors are elected for terms of four years. They may be re-elected for one or further four-year terms.

Under Spanish corporate law, shareholders who voluntarily aggregate their shares so that the capital stock so aggregated is equal to or greater than the result of dividing the total capital stock by the number of directors have the right to appoint a corresponding proportion of the members of the Board of Directors (disregarding fractions). Shareholders who exercise this right may not vote on the appointment of other directors.

Vacancies occurring in the period between re-elections may be filled by shareholders appointed by the Board of Directors until the following Annual General Shareholders' Meeting is held. A director appointed in the manner aforesaid shall be subject to retirement at the same time as if he had become a director on the day on which the director in whose place he is appointed was last elected a director.

Directors shall vacate their office on expiration of the appointment, death or resignation and by resolution of the General Shareholders' Meeting in the case of incapacity or removal.

In addition to compliance with all legal and statutory requirements as to eligibility, directors appointed to the Board shall also be solvent and possess the knowledge, standing, expertise and professional experience required to fulfill the duties of a director.

In conducting the business of Abengoa, directors shall discharge their duties with due care, exercising good business judgment, and due loyalty. They may be held liable by Abengoa and third parties for damages when they act contrary to the provisions of the Spanish Companies Act or the By-laws or act without due care.

In such cases, all the members of the Board who carried out the detrimental act or who adopted the detrimental resolution shall be jointly and severally liable, except those who can prove that they played no part in any such action and were either unaware of it, did all in their power to prevent any damage or, at least, expressed their objection to it.

Likewise and by virtue of their office, directors are bound, among others and in particular, to:

(a) Avoid conflicts of interest and report any potential conflicts to the Board of Directors, through the Secretary to the Board of Directors;

(b) Refrain from holding offices in competing companies or in companies belonging to the group of a competitor of Abengoa. In this sense, directors shall not hold any office, either directly or through an intermediary, in rival companies or undertakings or in the groups of such companies or undertakings, nor shall they provide representation or consultation services to them. They shall consult the Board of Directors before accepting any executive office or directorship of any other company or entity;

(c) Refrain from using non-public information pertaining to Abengoa for their own benefit;

(d) Refrain from making improper use of corporate assets and from using their position in Abengoa for personal gain without the corresponding consideration;

(e) Refrain from using business opportunities made known to them in the course of their work as directors of Abengoa for their own benefit;

(f) Refrain from voting on proposals for the appointment, removal and remuneration of directors in which they have a personal interest; and

(g) Inform the Board of Directors of any securities or derivatives they hold, whether directly or indirectly, in Abengoa.

In compliance with the duty of loyalty to Abengoa by which they are bound, directors shall not authorize and, should the case arise, shall report, any operations carried out by members of their own family or by companies in which they hold an executive office or a significant ownership interest, when they are not subject to the conditions and controls referred to above.

The duty to act as loyal representatives requires directors to inform Abengoa of any shares, options on shares or equity derivatives that it holds in Abengoa either directly or through companies in which they have a significant shareholding, in accordance with the internal Code of Market Conduct.

Directors shall abstain from taking part in deliberations and votes relating to proposals for the appointment, re-election or removal of directors in which they have a personal interest. Voting on such matters shall be by secret ballot.

The Board of Directors of Abengoa is composed of 15 directors.

The Board of Directors shall meet when it is in the interest of Abengoa to do so, at the discretion of the chairman or at the request of at least two directors, at the registered office of Abengoa or elsewhere. It shall meet at least three times a year, and the first meeting of the year shall be held in the first quarter. Meetings shall be summoned by the Secretary on the instructions of the chairman or, in his absence or incapacity, on the instructions of the director taking his place. The notice, which shall state the agenda, place, day and hour of the meeting, shall be delivered to the members of the Board in writing no less than 10 days prior to the meeting. However, notice requirements may be dispensed with if all the members of the Board are present or give their written consent to such a meeting. Decisions can be taken by voting in writing, provided that all members so agree.

No business may be transacted at a meeting of the Board of Directors unless half plus one of the directors are present in person or by proxy, except in the event that a meeting is held without notice, in which case all the members of the Board of Directors must be present.

Directors may appoint another director as their proxy. There is no restriction on the number of instruments of proxy that any one director may hold for a specific meeting. Proxies may be granted in any written form, including telegram, telex or telefax, and shall be addressed to the chairman of the Board.

Resolutions shall be carried by a majority vote of those present at the meeting in person or by proxy. In the event of an equality of votes, the chairman of the Board of Directors shall have the casting vote.

The Board of Directors of Abengoa has made available, from the year 1998, the Regulations that regulate its operation and the operation of its Committees. The existence of Regulations that govern the structure and functions of the Board of Directors and its supervision and control is obligatory for all corporations listed on a Spanish stock exchange in accordance with Law 26/2003, of July 17, 2003.

Pre-emptive Rights

Pursuant to Spanish law, shareholders have preferential subscription rights to subscribe for any new shares and for bonds convertible into shares. However, the pre-emptive rights of holders of shares may not be available under special circumstances if they are excluded by a resolution passed at a general meeting in accordance with Articles 308, 504 and 505 of the Spanish Companies Act or by the Board of Directors pursuant to the authority to do so conferred to it by a shareholders' resolution.

Further, pre-emptive rights are not available in the event of an increase in capital in connection with: (i) the conversion of convertible bonds into shares in accordance with their terms; (ii) a merger or a public exchange offer in which shares are issued as consideration; (iii) an acquisition of assets from another company in which shares are issued as consideration; or (iv) in the case of capital increases with non-monetary contributions or by way of capitalization of credits held vis-à-vis with Abengoa.

Pre-emptive rights are transferable, may be traded on the Automated Quotation System and may be of value to existing shareholders because new shares may be offered for subscription at prices lower than prevailing market prices.

In the case of a listed company, when the shareholders authorize the Board of Directors to issue new shares or bonds convertible into shares, they can also authorize the Board of Directors to not grant pre-emptive rights in connection with such new shares or bonds convertible into shares if it is in the best interests of the company.

On April 1, 2012, the Company's Ordinary General Shareholders' Meeting delegated to the Board of Directors the authority to increase the Company's share capital through the issuance of any form of new shares, of Class A and/or B and/or C, up to €45,320,554, equivalent to 50% of the Company's share capital at that time and for a period of five (5) years, as well as the authority to issue, among other kind of securities, convertible or exchangeable bonds (including warrants) up to a maximum amount of €5 billion, with the possibility of excluding pre-emptive rights in both cases. Likewise, on September 30, 2012, the Company's Extraordinary General Shareholders' Meeting delegated to the Board of Directors the authority to issue debt convertible into Class B Shares of up to a maximum amount of €1 billion with the possibility of excluding pre-emptive rights.

Shareholder Suits

Shareholders in their capacity as shareholders may bring actions challenging resolutions adopted at General Shareholders' meeting. The court of first instance in the company's corporate domicile has exclusive jurisdiction over shareholder suits.

Under the Spanish Companies Act, directors are liable to the company and the shareholders and creditors of the company for acts and omissions contrary to Spanish law or the company's By-laws and for failure to carry

out the duties and obligations required of directors. Directors have such liability even if the transaction in connection with which the acts or omissions occurred is approved or ratified by the shareholders.

The liability of the directors is joint and several, except to the extent any director can demonstrate that he or she did not participate in decision making relating to the transaction at issue, was unaware of its existence or being aware of it, did all that was possible to mitigate any damages or expressly disagreed with the decision making relating to the transaction.

Reporting Requirements

Acquisition of shares

Pursuant to Royal Decree 1362/2007, of October 19, any individual or legal entity who, by whatever means, purchases or transfers shares which grant voting rights in a company for which Spain is the Country of Origin (*Estado de origen*) (as defined therein) and which is listed on an official secondary market or other regulated market in the EU, must notify the relevant issuer and the CNMV, if, as a result of such transaction, the proportion of voting rights held by that individual or legal entity reaches, exceeds or falls below a 3% threshold of the company's total voting rights. The notification obligations are also triggered at thresholds of 5% and multiples thereof (excluding 55%, 65%, 85%, 95% and 100%).

The individual or legal entity obliged to carry out the notification must serve it by means of the standard form approved by the CNMV within four business days from the date on which the transaction is acknowledged (Royal Decree 1362/2007 deems a transaction to be acknowledged within two business days from the date on which such transaction is entered into).

The reporting requirements apply not only to the purchase or transfer of shares, but also to those transactions in which, without a purchase or transfer, the proportion of voting rights of an individual or legal entity reaches, exceeds or falls below the threshold that triggers the obligation to report as a consequence of a change in the total number of voting rights of a company on the basis of the information reported to the CNMV and disclosed by it.

Regardless of the actual ownership of the shares, any individual or legal entity with a right to acquire, transfer or exercise voting rights granted by the shares, and any individual or legal entity who owns, acquires or transfers, whether directly or indirectly, other securities or financial instruments which grant a right to acquire shares with voting rights, will also have an obligation to notify the company and the CNMV of the holding of a significant stake in accordance with the regulations.

The ownership thresholds that trigger these reporting obligations are reduced to 1% and any multiple of 1% for purchasers residing in designated tax havens or jurisdictions where such ownership is not taxable or where no effective mechanisms exist for the exchange of tax information, pursuant to current regulation. Furthermore, any person or legal entity must similarly report any acquisition or transfer, regardless of size, of equity securities of a company listed on a Spanish stock exchange if such person or legal entity is a member of the Board of Directors of such company.

All members of the Board of Directors must report to both the company and the CNMV the percentage and number of voting rights in the company held by them at the time of becoming or ceasing to be a member of the Board of Directors. Furthermore, all members of the Board of Directors must report any change in the percentage of voting rights they hold, regardless of the amount, as a result of any acquisition or disposition of shares or voting rights, or financial instruments which carry a right to acquire or dispose of shares which have voting rights attached, including any stock-based compensation that they may receive pursuant to any compensation plans.

Members of the senior management must also report any share-based compensation that they may receive pursuant to any compensation plans or any subsequent amendment to such plans. Royal Decree 1362/2007 refers to the definition given by Royal Decree 1333/2005, of November 11, developing the Spanish Securities Market Act, regarding market abuse, which defines senior management (*directivos*) as those "high-level employees in positions of responsibility with regular access to insider information (*información privilegiada*) related, directly or indirectly, to the issuer and that, furthermore, are empowered to adopt management decisions affecting the future development and business perspectives of the issuer".

In addition, pursuant to Royal Decree 1333/2005 of November 11 (implementing European Directive 2004/72/EC), any member of the Board of Directors and the senior management, or any parties closely related to any of them, as such terms are defined therein, must report to the CNMV any transactions carried out with respect to the company's shares or derivatives or other financial instruments relating to the company's shares within five business days of such transaction. The notification of the transaction must include particulars of, among others, the type of transaction, the date of the transaction and the market in which the transactions were carried out, the number of shares traded and the price paid.

Disclosure of net short positions

On July 23, 2012, the CNMV adopted a ban on any legal or natural person from entering into transactions which might constitute or increase a net short position on stocks admitted to trading in a Spanish regulated market for which the CNMV is the competent authority for the purposes of Article 9 of the Commission Regulation (EC) No. 1287/2006. The ban was introduced as a temporary preventive measure with immediate effect, based on Article 85.2 j of Law 24/1988, of 28th July, on Securities Markets. The ban was initially effective until the closing of the market session of October 23, 2012 inclusive and could be renewed or lifted as needed.

The CNMV has been assessing the impact on individuals and in the whole market of restrictive measures on net short positions Spanish shares adopted in July 2012, for which it has taken into account the situation facing the Spanish financial system.

On October 19, 2012 the CNMV decided to extend until October 31, 2012 the precautionary ban on transactions in securities and financial instruments that create or increase net short positions in Spanish shares. In addition, and on the basis of the exceptional circumstances that exist, the CNMV also decided to immediately commence the proceedings to notify European Securities and Markets Authority ("ESMA") of its intention to impose restrictions, effective November 1, 2012 for a period of 3 months, on short sales and similar transactions under Article 20 of Regulation (EU) No. 236/2012. On November 1, 2012, the CNMV made public that ESMA had considered the CNMV's proposed measure as appropriate and proportional, and it adopted the agreement to impose the aforementioned restrictions. As a result of the above, the precautionary ban on transactions in securities and financial instruments that create or increase net short positions in Spanish shares, including the shares of Abengoa, has been extended for a period of 3 months until January 31, 2013, inclusive. The precautionary ban will not apply to market-making in the terms provided in Regulation (EU) No. 236/2012. The CNMV will supervise the market-making activities addressed by this exemption in the Spanish securities markets.

According to the CNMV's publication dated November 1, 2012, the following transactions are also excluded from the ban:

- The creation of, or increase in, short positions arising from transactions whose main objective is not a positive economic outcome resulting from a decline in the share price but, rather, from corporate transactions whose main objective is industrial- or business-related. In this case, execution of the transaction will require prior authorization by the CNMV.

- The creation of, or increase in, net short positions in the framework of a stabilization process in accordance with the provisions of chapter III of Regulation (EC) No. 2273/2003 of December 22, 2003 implementing Directive 2003/6/EC of the European Parliament and of the Council as regards exemptions for buy-back programs and stabilization of financial instruments.
- The creation of, or increase in, net short positions when the investor who acquires a convertible bond has a delta-neutral position between the equity component of the convertible bond and the short position taken to cover that component.
- The creation of, or increase in, net short positions where the creation of, or increase in, the short position in shares is hedged by a purchase that is equivalent in terms of proportion on subscription rights.

These restrictions *may be renewed or lifted as necessary in accordance with Regulation (EU) No 236/2012.*

Acquisition of own shares

In application of the law, the maximum percentage permitted in relation to the treasury shares held by Abengoa is 10% of its share capital. If an acquisition or series of acquisitions of shares of Abengoa reaches or exceeds or causes Abengoa's and its affiliates' holdings to exceed 1% of Abengoa's share capital, Abengoa must notify its final holding of treasury stock to the CNMV. If such threshold is reached as a result of a series of acquisitions, such reporting obligation will only arise after the closing of the acquisition which, taken together with all acquisitions made since the last of any such notifications, causes Abengoa's and its affiliates' holdings to exceed 1% of Abengoa's share capital. Sales and other dispositions of Abengoa's treasury stock will not be deducted in the calculation of such threshold. This requirement also applies if the stock is acquired by a majority owned subsidiary of Abengoa.

Shareholder agreements

Parties which enter into, extend or amend certain types of shareholders' agreements regarding publicly traded corporations must notify the relevant corporation and the CNMV and provide them with a copy of the relevant clauses of the document, which should also be deposited with the commercial register. This agreements must be registered in the company's file at the Commercial Registry of Seville and shall be published as a Relevant Event through the CNMV and at the company's webpage.

Shareholders' agreements that need to be notified are agreements whose objective is the exercise of the right to vote in General meetings and agreements that restrict or condition the free transferability of shares or bonds convertible into shares.

Such a shareholders' agreement has no effect with respect to the regulation of the right to vote in General meetings and restrictions or conditions on the free transferability of shares and bonds convertible into shares until such time as the aforementioned notifications, deposits and publications are made.

Upon request by the interested parties, the CNMV may waive the requirement to report, deposit and publish the agreement when publishing the shareholders' agreement could cause harm to the company.

Currently, Abengoa is aware of the existence of the following agreements between shareholders:

(a) Agreement between Inversión Corporativa, Finarpisa, S.A. and First Reserve

According to the terms and conditions provided in the investment agreement fully enforceable from November 7, 2012, as amended on August 23, 2012 (the "Investment Agreement") between Abengoa and First Reserve Fund XII, L.P., who subsequently assigned its contractual rights and obligations thereunder to First Reserve Alfajor Holding, S.à.r.l. (the "Investor"), Inversión Corporativa and Finarpisa, S.A., shareholders of Abengoa, entered into an agreement on October 3, 2011 (amended on August 27, 2012),

which regulates the exercise of their respective rights to vote in Abengoa's general meetings in relation with the proposal, appointment, ratification, reelection or substitution of a director in representation of First Reserve.

Inversión Corporativa and Finarpisa, S.A. jointly and severally undertake, subject to the terms and conditions stated in the Investment Agreement, as applicable:

(i) through their respective domanial directors ("*consejeros dominicales*") at the Board of Directors of Abengoa to vote in favor of (x) the appointment to such Board of the Investor's nominee for the Director designated by the Investor pursuant to the *cooptación* procedure provided under the Spanish Capital Companies Act, and (y) the proposal to recommend to Abengoa's shareholders the election of any replacement Director designated by the Investor to the Board of Directors at Abengoa's next Annual General Meeting of Shareholders;

(ii) to vote, at the corresponding Annual General Meeting of Shareholders of Abengoa, in favour of the appointment of the Investor's nominee for the Designated Investor Director to be appointed to the Board of Directors; and

(iii) so long as the Investor or any of its permitted transferees owns any Class B Shares or any other security convertible into, or exchangeable for, Class B Shares issued pursuant to the Investment Agreement or any other transaction document, not to propose, or request to the Board of Directors to recommend, to the shareholders any amendment to the Abengoa's organizational documents that would adversely modify the equal rights of Class B Shares and Class A Shares in relation to dividends or other distributions as currently set forth in the organizational documents and, if proposed by any shareholder or by the Board of Directors, to vote against such amendment.

(b) Shareholders agreement between Inversión Corporativa and Abengoa

Inversión Corporativa has entered into a shareholders' agreement with Abengoa, whereby the first undertakes, directly or indirectly through its subsidiary Finarpisa, S.A., among other things, (i) to exercise their voting rights up to a maximum of 55.93% of the total voting rights of Abengoa in the event that, as a result of the exercise of the right of Class A Shares to be converted into Class B Shares, the total percentage of voting rights it holds increases in relation to the total voting rights of Abengoa, and (ii) that their voting rights are in no event more than four times their economic rights from the total rights of Abengoa and that, if so occurred, it will transfer Class A Shares or convert Class A Shares into Class B Shares in the amount required to maintain that ratio.

Share Repurchases

Pursuant to Spanish corporate law, we may only repurchase our own shares within certain limits and in compliance with the following requirements:

- the repurchase must be authorized by the general shareholders' meeting by a resolution establishing the maximum number of shares to be acquired, the minimum and maximum acquisition price and the duration of the authorization, which may not exceed five years from the date of the resolution;
- the aggregate par value of the shares repurchased, together with the aggregate par value of the shares already held by us and our subsidiaries, must not exceed 10% of our share capital;
- the acquisition may not lead to net equity being lower than the share capital plus non-distributable reserves in accordance with Spanish corporate law and our By-laws; and

- the shares repurchased must be fully paid, and must be free of ancillary contributions ("*prestaciones accesorias*").

Treasury shares do not have voting rights or economic rights (e.g., the right to receive dividends and other distributions and liquidation rights), except the right to receive bonus shares, which will accrue proportionately to all of our shareholders. Treasury shares are counted for purposes of establishing the quorum for shareholders' meetings and majority voting requirements to pass resolutions at shareholders' meetings.

Directive 2003/6/EC of the European Parliament and the European Council dated January 28, 2003 on insider dealing and market manipulation establishes rules in order to ensure the integrity of European Community financial markets and to enhance investor confidence in those markets. Article 8 of this Directive establishes an exemption from the market manipulation rules regarding share buy-back programs by companies listed on a stock exchange in a Member State. European Commission Regulation No. 2273/2003, dated December 22, 2003, implemented the aforementioned Directive with regard to exemptions for buy-back programs. Article 3 of this regulation states that in order to benefit from the exemption provided for in Article 8 of the Directive, a buy-back program must comply with certain requirements established under such regulation and the sole purpose of the buy-back program must be to reduce the share capital of an issuer (in value or in number of shares) or to meet obligations arising from either of the following:

- debt financial instruments exchangeable into equity instruments; or
- employee share option programs or other allocations of shares to employees of the issuer or an associated company.

In addition, the CNMV issued on December 19, 2007 Circular 3/2007 setting out the requirements to be met by liquidity contracts entered into by issuers with financial institutions for the management of its treasury shares to constitute an accepted market practice and, therefore, be able to rely on a safe harbor for the purposes of market abuse regulations.

Restrictions on Investments in Spanish Companies

The Spanish stock exchanges and other securities markets are open to foreign investors.

Under Abengoa's By-laws, all the shares forming part of the share capital of the company are transferable to foreign investors, provided all statutory and legal requirements are met.

Pursuant to Law 18/1992, of July 1, 1992, and Royal Decree 664/1999, of April 23, foreign investors may freely invest in shares of Spanish companies (as well as transfer invested capital, capital gains and dividends out of Spain without limitation, subject to applicable taxes and exchange controls) and need only notify the Spanish Ministry of Economy of their investment after it has been made and for administrative, economic and statistical purposes, for the purposes of its registration with the Spanish Registry of Foreign Investments.

If the foreign investor is a resident of a tax haven, as defined under Spanish law (Royal Decree 1080/1991, of July 5), notice must be provided to the Registry of Foreign Investments prior to making the investment, as well as after consummating the transaction. However, prior notification is not necessary in the following cases:

- investments in listed securities, whether or not trading on an official secondary market, as well as investments in participations in investment funds registered with the CNMV; and
- foreign shareholdings that do not exceed 50% of the capital of the Spanish company in which the investment is made.

The Spanish Council of Ministers, acting on the recommendation of the Ministry of Economy and Competitiveness, may suspend the aforementioned provisions relating to foreign investments for reasons of public policy, health or safety, either generally or in respect of investments in specified industries, in which case any proposed foreign investments falling within the scope of such a suspension would be subject to prior authorization from the Spanish government, acting on the recommendation of the Ministry of Economy and Competitiveness.

Law 19/2003 of July 4, 2003, which has as its purpose the establishment of a regulatory regime relating to capital flows to and from legal or natural persons abroad and the prevention of money laundering, generally provides for the liberalization of the regulatory environment with respect to acts, businesses, transactions and other operations between Spanish residents and non-residents of Spain in respect of which charges or payments abroad will occur, as well as money transfers, variations in accounts or financial debit or credits abroad. These operations must be reported to the Ministry of the Economy and Competitiveness and the Bank of Spain only for informational and statistical purposes.

The most important developments resulting from Law 19/2003 are the obligations on financial intermediaries to provide to the Spanish Ministry of Economy and Competitiveness and Finance and the Bank of Spain information corresponding to client transactions.

Finally, in addition to the notices relating to significant shareholdings that must be sent to the relevant company, the CNMV and the relevant Spanish Stock Exchanges, as described in this section under "Reporting Requirements", foreign investors are required to provide such notices to the Registry of Foreign Investments.

Exchange Control Regulations

Pursuant to Royal Decree 1816/1991 of December 20, relating to economic transactions with non-residents, and EC Directive 88/361/EEC, receipts, payments or transfers between non-residents and residents of Spain must be made through registered entities such as banks and other financial institutions properly registered with the Bank of Spain and/or the CNMV, through bank accounts opened with foreign banks or foreign branches of registered entities or in cash or by a cheque payable to bearer.

Markets

The primary trading market for our Class A and Class B Shares is the Madrid Stock Exchange. Our Class A and B shares are also listed on the Barcelona Stock Exchange and the Automatic Quotation System.

Spanish Securities Market Legislation

Law 24/1988, of July 28, 1988, on the Securities Markets, as amended, (*Ley 24/1988, de 28 de julio, del Mercado de Valores*, the "LMV") regulates the primary and secondary securities markets in Spain by establishing principles for their organization and operation, rules governing the activities of persons and institutions operating in these markets and a system for their supervision. The LMV and its implementing regulations (mainly, as far as private issuers are concerned, Royal Decree 1333/2005, of November 11, regarding market prices, as regards market abuse, Royal Decree 1310/2005, of November 4, in relation to the issuance of securities and their admission to listing in official secondary markets, and Royal Decree 1362/2007, of October 19, concerning the transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market), establishes:

- an independent regulatory authority, the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores,* the "CNMV"), to supervise the securities markets;
- the rules for surveillance, supervision and sanction provided for the representation of transferable securities by book-entries or by certificate;

- a framework for the issuance of securities;
- a framework for trading activities;
- the disclosure obligations of issuers, particularly the obligation to publish annual audited consolidated financial statements and half-yearly consolidated condensed interim financial statements;
- the framework for tender offers; and
- the general code of conduct for all market participants; and regulates market abuse infringements.

On March 11, 2005 Royal Decree Law 5/2005 was approved, modifying the LMV in order to implement the Directive 2003/71/EC of the European Parliament and of the Council on the registration statement to be published when securities are offered to the public or admitted to trading. The Directive: (i) harmonizes the requirements for the process of approval of the registration statement in order to grant to the issuer a single passport for such document, valid throughout the European Union; (ii) incorporates the application of the country of origin principle by which the registration statement will be approved by the Member States of the European Union where the issuer has its registered office but it also introduces as a new matter the possibility that in certain circumstances the issuer may designate the relevant European Union competent authority for registration statement approval.

Subsequently, Royal Decree 1310/2005 partially developed the LMV in relation to the admission to trading of securities in the official secondary markets, the sales or subscription public offers and the registration statement required to those effects.

Royal Decree 1333/2005 developed the LMV in relation to market abuse (*abuso de mercado*), implementing Directive 2003/6/EC of the European Parliament and of the Council, relating to (i) insider dealing and (ii) market manipulation practices (together, "market abuse").

On April 12, 2007, Law 6/2007 was approved, modifying the LMV in order to implement Directive 2004/25/EC of the European Parliament and of the Council relating to public tender offers and Directive 2004/109/EC relating to the transparency of issuers. Law 6/2007 intends: (i) to encourage an efficient market for corporate control, while protecting the rights of minority shareholders of listed companies and (ii) to enforce transparency in financial markets.

In relation to public tender offers, Law 6/2007 (i) establishes the cases in which a bidder must launch a takeover bid over the whole share capital of the target company; (ii) establishes that takeover bids shall be launched once a specific stake on the share capital of the company has been reached; (iii) establishes the obligations applying to the board of directors of the target company with respect to the defensive measures against the takeover bid; and (iv) regulates the squeeze-out and the sell-out procedures when 90% of the share capital is held by the bidder following a takeover bid and, in addition, the takeover bid has been accepted by holders of securities representing 90% of the voting rights covered by the takeover bid. Royal Decree 1066/2007, of July 27 completes the regulation currently in place for takeover bids in Spain.

Regarding transparency of issuers whose shares are accepted to trading on an official market, Law 6/2007 (i) modifies the reporting requirements of the periodic financial information of listed companies and issuers of listed securities; (ii) establishes a new disclosure regime for significant shareholders; (iii) adds new information and disclosure requirements for issuers of listed securities; (iv) establishes a civil liability procedure of the issuer and board of directors in connection with the financial information disclosed by issuers of securities; and (v) confers new supervisory powers upon the CNMV with respect to the review of accounting information.

On December 19, 2007 Law 47/2007 was approved, modifying the LMV in order to implement the Directive 2004/39/EC of the European Parliament and of the Council, on Markets in Financial Instruments (MiFID); Directive 2006/73/EC of the European Parliament and of the Council on organizational requirements and operating conditions regarding the Market in Financial Instruments Directive, and Directive 2006/49/EC of the European Parliament and of the Council on the capital adequacy of investment firms and credit institutions. Its principal aim is to establish a general legal framework for financial markets in the European Union, in particular with regard to financial services, as well as to ensure appropriate transparency for investors through a regular flow of the relevant information concerning security issuers. Amongst other things, the new regime (i) establishes new multilateral trading facilities for listing shares apart from the stock markets; (ii) reinforces the measures for the protection of investors; (iii) establishes new organizational requirements for investment firms; and (iv) implements new supervisory powers for CNMV, establishing cooperation mechanisms amongst national supervisory authorities.

On July 4, 2009, Law 3/2009, regarding structural modifications on Spanish corporations (*Ley 3/2009, de 3 de abril, sobre modificaciones estructurales de las sociedades mercantiles*) came into force, modifying the maximum threshold established in the Spanish Companies Act as to the number of treasury shares held by listed companies and their subsidiaries from 5% up to 10% of their total capital outstanding.

Securities Trading in Spain

The Spanish securities market for equity securities consists of four stock exchanges located in Madrid, Bilbao, Barcelona and Valencia (the "Spanish Stock Exchanges") linked through the Automated Quotation System (*Sistema de Interconexión Bursátil or Mercado Continuo*). During 2011, the Automated Quotation System accounted for the majority of the total trading volume of equity securities on the Spanish stock exchanges.

Automated Quotation System

The Automated Quotation System is the current trading platform that links the Spanish stock exchanges, providing those securities listed on it with a uniform continuous market that eliminates certain of the differences among the local exchanges, ensuring a single point of liquidity per share and facilitating direct, real time communication among the Spanish stock exchanges, allowing for a single price and order book per share. The principal features of the system are the computerized matching of buy and sell orders at the time of entry of the order. Each order is executed as soon as a matching order is entered, but can be modified or canceled before it is executed. The activity of the market can be continuously monitored by investors and brokers. The Automated Quotation System is operated and regulated by Sociedad de Bolsas, S.A., a corporation equally owned by the four companies that manage the Spanish stock exchanges ("Sociedad de Bolsas"). All trades on the Automated Quotation System must be placed through a brokerage firm, an official stock broker or a dealer firm that is a member of a Spanish stock exchange. Beginning January 1, 2000, Spanish financial institutions were allowed to become members of Spanish stock exchange and, therefore, can trade through the Automated Quotation System. The main difference between these is that dealer firms may only trade on behalf of third parties, whereas official stock brokers and financial institutions can trade both on behalf of third parties and on their own account. Official stock brokers, dealer firms and financial institutions are subject to supervision, inspection and monitoring by the CNMV, in all issues relating to their operations on the securities market.

In a pre-opening session held from 8:30 a.m. to 9:00 a.m. each trading day, an opening price is established for each security traded on the Automated Quotation System based on a real-time auction (the "Opening Auction"). The regime concerning opening prices sets forth that all references to maximum changes in share prices will be substituted by static and dynamic price ranges for each listed share, calculated on the basis of the most recent historical volatility of each share, and made publicly available and updated on a regular basis

by Sociedad de Bolsas. The computerized trading hours are from 9:00 a.m. to 5:30 p.m. (the open session), during which time the trading price of a security is permitted to vary by up to the stated levels. If, during the open session, the quoted price of a share exceeds these static or dynamic price ranges, volatility auctions would be triggered, resulting in new static or dynamic price ranges for such share. Between 5:30 p.m. and 5:35 p.m. a closing price is established for each security through a five-minute auction system similar to the one held for the Opening Auction (the "Closing Auction"). The price resulting from the Closing Auction shall be the share closing price of that trading day. All auctions have a random-end of 30 seconds.

Trading hours for block trades are also from 9:00 a.m. to 5:30 p.m.

Likewise, following a communication to Sociedad de Bolsas, between 5:40 p.m. and 8:00 p.m., certain "special transactions" (*operaciones especiales*) may occur outside the computerized matching system at a price within the range of 5% above the higher of the average price and closing price for the day and 5% below the lower of the average price and the closing price for the day if there are no outstanding bids or offers, respectively, on the system matching or bettering the terms of the proposed off-system transaction and, if, among other things, the trade involves more than €300,000 and more than 20% of the average daily trading volume of the stock during the preceding three months. These trades must also relate to individual orders from the same person or entity and be reported to Sociedad de Bolsas before 8:00 p.m. (communicated special transactions). In addition, following the prior authorization of Sociedad de Bolsas, trades may take place at any time and at any price (authorized special transactions) if:

- the trade involves more than €1.5 million and more than 40% of the average daily volume of the stock during the preceding three months; or
- the transaction derives from a merger or spin-off process, or from the reorganization of a group of companies; or
- the transaction is executed for the purposes of settling a litigation or completing a complex group of contracts; or
- Sociedad de Bolsas finds other justifiable cause.

Information with respect to the computerized trades between 9:00 a.m. and 5:30 p.m. is made public immediately after closing, whilst information with respect to trades outside the computerized matching system would be reported to Sociedad de Bolsas by the end of the trading day and published in each Spanish stock exchanges "trading gazette" (*boletín de cotización*) and in the computer system by the beginning of the next trading day.

Clearance and settlement system

The Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores S.A.U. ("Iberclear"), was created by the Law on Meassures to Reform the Financial System (*Ley 44/2002 de Medidas de Reforma del Sistema Financiero*), enacted on November 22, 2002 to increase the efficiency of the Spanish financial markets. Such law introduced a new article, 44 bis to the LMV which established the framework for the constitution of Iberclear.

Iberclear is regulated by the LMV and where appropriate by Royal Decree 505/1987 of April 3, Royal Decree 166/1992 of February 14, among other regulation. This company, which is a wholly owned subsidiary of Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A. (Bolsas y Mercados Españoles), has the following functions:

- bookkeeping of securities represented by means of book-entries admitted to trading in the stock markets or in the public debt book-entry market;

- managing the clearance and settlement system for the brokerage transactions in the stock markets and at the public debt book entry market; and
- providing technical and operational services directly linked to the registry, clearance and settlement of securities, or any other service required by Iberclear to be integrated with any other registry, clearance, and settlement systems.

Iberclear will provide the CNMV, the Bank of Spain and the Ministry of Economy and Competitiveness with the information that these entities may request regarding the registry clearance and settlement performed within the systems managed by Iberclear.

Transactions carried out on the Spanish stock exchanges are cleared and settled through Iberclear.

Only members of the system are entitled to use Iberclear, and membership is restricted to authorized broker members of the Spanish stock exchanges, the Bank of Spain (when an agreement, approved by the Spanish Ministry of Economy, is reached with Iberclear) and, with the approval of the CNMV, other brokers not members of the Spanish stock exchanges, banks, savings banks and foreign settlement and clearing systems. The clearance and settlement system and its members are responsible for maintaining records of purchases and sales under the book-entry system. Shares of listed Spanish companies are held in book-entry form. Iberclear, which manages the clearance and settlement system, maintains a registry reflecting the number of shares held by each of its member entities (each, an "*entidad participante*") as well as the amount of such shares held on behalf of beneficial owners. Each member entity, in turn, maintains a registry of the owners of such shares. Spanish law considers the legal owner of the shares to be the member entity appearing in the records of Iberclear as holding the relevant shares in its own name or the investor appearing in the records of the member entity as holding the shares.

The settlement of any transactions must be made three business days following the date on which the transaction was carried out.

Obtaining legal title to shares of a company listed on a Spanish stock exchange requires the participation of a Spanish official stockbroker, broker dealer or other entity authorized under Spanish law to record the transfer of shares. To evidence title to shares, at the owner's request, the relevant member entity must issue a certificate of ownership. In the event the owner is a member entity, Iberclear is in charge of the issuance of the certificate with respect to the shares held in the member entity's name.

TERMS AND CONDITIONS OF THE NOTES

The following, save for the paragraphs in italics, are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and endorsed on the Notes in definitive form. The use of the word "conversion" (and related terms) in the following Terms and Conditions of the Notes shall be construed as encompassing the exchange of Notes for new and/or existing Class B Shares.

The issue of the euro 400,000,000 6.25 per cent. Senior Unsecured Convertible Notes due 2019 (the "Notes", which expression shall, unless otherwise indicated, include any further notes issued pursuant to Condition 16 and consolidated and forming a single series with the Notes) was (save in respect of any such further notes to be issued pursuant to Condition 16) authorised by resolutions of an extraordinary general meeting of shareholders of Abengoa, S.A. (the "Issuer") passed on 30 September 2012 and resolutions of the Board of Directors of the Issuer passed on January 8, 2013 and January 9, 2013. A fiscal, transfer and conversion agency agreement dated January 17, 2013 (the "Fiscal Agency Agreement") has been entered into in relation to the Notes between the Issuer, Deutsche Bank AG, London Branch, as fiscal agent (the "Fiscal Agent", which expression shall include any successor as fiscal agent under the Fiscal Agency Agreement), the paying, transfer and conversion agents for the time being (such persons, together with the Fiscal Agent, being referred to below as the "Paying, Transfer and Conversion Agents", which expression shall include their successors as Paying, Transfer and Conversion Agents under the Fiscal Agency Agreement), Deutsche Bank Luxembourg S.A. in its capacity as registrar (the "Registrar", which expression shall include any successor as registrar under the Fiscal Agency Agreement) and Deutsche Bank, S.A.E. as commissioner of the Syndicate of Noteholders.

Copies of the Fiscal Agency Agreement and these terms and conditions (the "Conditions") are available during normal business hours at the specified office of each of the Paying, Transfer and Conversion Agents and the Registrar. The Noteholders are deemed to have notice of all the provisions of the Fiscal Agency Agreement and these Conditions which are applicable to them. The Fiscal Agency Agreement includes the form of the Notes. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Fiscal Agency Agreement.

The Issuer, as required by Spanish law, has executed an escritura pública (the "Public Deed") before a Spanish notary public in relation to the issue of the Notes and has registered the Public Deed with Seville's Mercantile Registry. The Public Deed contains, among other information, these Conditions.

Capitalised terms used but not defined in these Conditions shall have the meanings attributed to them in the Fiscal Agency Agreement unless the context otherwise requires or unless otherwise stated.

1 Form, Denomination, Title and Status

(a) Form and Denomination

The Notes are in registered form, serially numbered, in nominal amounts of euro 100,000 each (the "Authorised Denomination").

The Notes are represented by two or more global certificates, each of which shall represent either Notes sold in the United States to qualified institutional buyers as defined in, and in reliance on, Rule 144A under the Securities Act (as defined below) (each such global certificate, a "Rule 144A Global Note") or Notes sold to persons outside the United States in reliance on Regulation S under the Securities Act (each such global certificate, a "Regulation S Global Note" and, together with the Rule 144A Global Notes, the "Global Notes").

(b) *Title*

Title to the Notes will pass by transfer and registration as described in Condition 4. The holder (as defined below) of any Note will (except as otherwise required by law or as ordered by a court of competent jurisdiction) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or its theft or loss (or that of the related certificate, as appropriate) or anything written on it or on the certificate representing it (other than a duly executed transfer thereof)) and no person will be liable for so treating the holder.

(c) *Status of the Notes*

The Notes constitute direct, unconditional, unsubordinated and (subject to Condition 2) unsecured obligations of the Issuer ranking *pari passu* and rateably, without any preference among themselves, and equally with all other existing and future unsecured and unsubordinated indebtedness of the Issuer but, in the event of winding-up, save for such obligations that may be preferred by provisions of law that are mandatory and of general application.

2 Negative Pledge

So long as any of the Notes remain outstanding (as defined in the Fiscal Agency Agreement), the Issuer will not create or permit to subsist, and will ensure that none of its Material Subsidiaries will create or permit to subsist, any mortgage, charge, lien, pledge or other form of encumbrance or security interest (each a "Security Interest") upon the whole or any part of its present or future property or assets (including any uncalled capital) to secure any Relevant Indebtedness or any guarantee of or indemnity in respect of any Relevant Indebtedness unless in any such case, before or at the same time as the creation of the Security Interest, any and all action necessary shall have been taken to ensure that:

(i) all amounts payable by the Issuer under the Notes are secured equally and rateably with the Relevant Indebtedness or guarantee or indemnity, as the case may be; or

(ii) such other Security Interest or guarantee or other arrangement (whether or not including the giving of a Security Interest) is provided in respect of all amounts payable by the Issuer under the Notes as shall be approved by a resolution of the Syndicate of Noteholders,

provided that any Subsidiary acquired after the Closing Date may have an outstanding Security Interest with respect to Relevant Indebtedness (or any guarantee or indemnity in respect of such Relevant Indebtedness) of such Subsidiary so long as:

(a) such Security Interest was outstanding on the date on which such Subsidiary became a Subsidiary and was not created in contemplation of such Subsidiary becoming a Subsidiary or such Security Interest was created in substitution for or to replace either such outstanding Security Interest or any such substituted or replacement Security Interest; and

(b) the nominal amount of the Relevant Indebtedness (or any guarantee or indemnity in respect of such Relevant Indebtedness) is not increased after the date that such Subsidiary became a Subsidiary.

3 Definitions

In these Conditions, unless otherwise provided:

"Additional Cash Amount" has the meaning provided in Condition 6(*j*).

"Additional Class B Shares" has the meaning provided in Condition 6(*d*).

"Authorised Denomination" has the meaning provided in Condition 1(*a*).

"business day" means, in relation to any place, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business in that place.

"Cash Averaging Period" has the meaning provided in Condition 6(*j*).

"Cash Settlement Amount" means an amount in euros calculated in accordance with the following formula:

$$CSA = \sum_{n=1}^{N} \frac{1}{N} \, x \, S \, x \, P_n$$

where:

CSA	=	the Cash Settlement Amount;
S	=	the number of Remaining Reference Shares;
P_n	=	the Volume Weighted Average Price of a Class B Share on the Nth Trading Day of the Cash Averaging Period, converted into euros at the Prevailing Rate; and
N	=	15, being the number of Trading Days in the Cash Averaging Period,

provided that if any Distribution or other entitlement in respect of the Class B Shares is announced on or prior to the relevant Conversion Date in circumstances where the record date or other due date for the establishment of entitlement in respect of such Distribution or other entitlement shall be on or after the relevant Conversion Date and if on any Trading Day in the Cash Averaging Period the Volume Weighted Average Price of a Class B Share is based on a price ex-Distribution or ex-any other entitlement, then such price shall be increased by an amount equal to the Fair Market Value of such Distribution or entitlement per Class B Share as at the first date on which the Class B Shares are traded ex-the relevant Distribution or entitlement.

"Cash Settlement Election" has the meaning provided in Condition 6(*j*).

"Cash Settlement Election Date" has the meaning provided in Condition 6(*j*).

"Class A Shares" means fully paid Class A shares in the capital of the Issuer currently with a par value of euro 1.00 each.

"Class B Shares" means fully paid Class B shares in the capital of the Issuer currently with a par value of euro 0.01 each.

"Closing Date" means January 17, 2013.

"Closing Price" means, in respect of any Trading Day, the last officially published price of the Class B Shares by the Relevant Stock Exchange on that Trading Day.

"CNMV" has the meaning provided in Condition 7(*d*).

"Commissioner" has the meaning provided in Condition 14.

"control" means (a) the acquisition or control of more than 50 per cent. of the Voting Rights or (b) the right to appoint and/or remove all or the majority of the members of the Issuer's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of Voting Rights, contract or otherwise and "controlled" shall be construed accordingly.

"Conversion Date" has the meaning provided in Condition 6(*g*).

"Conversion Notice" has the meaning provided in Condition 6(*g*).

"Conversion Period" has the meaning provided in Condition 6(*a*).

"Conversion Price" has the meaning provided in Condition 6(*a*).

"Conversion Right" has the meaning provided in Condition 6(*a*).

"Current Market Price" has the meaning provided in Condition 6(*b*)(*iv*).

"Deliverable Shares" has the meaning provided in Condition 6(*j*).

"Distribution" has the meaning provided in Condition 6(*b*).

"Distribution Date" has the meaning provided in Condition 6(*b*).

"EBITDA" means:

(i) in relation to the Issuer for any relevant period, the consolidated net operating profit (loss) (*resultado de explotación*), after adding back research and development costs and depreciation and amortisation expense of the Issuer and its Subsidiaries; and

(ii) in relation to any Subsidiary of the Issuer for any relevant period, the consolidated net operating profit (loss) (*resultado de explotación*), after adding back research and development costs and depreciation and amortisation expense of such Subsidiary (consolidated in the case of a Subsidiary that prepares consolidated accounts),

in each case as derived from the relevant accounts or financial statements of the relevant entity in respect of such period.

"equity share capital" means, in relation to any entity, its issued share capital excluding any part thereof which, neither as regards dividends, nor as regards capital, carries any right to participate beyond a specified amount in a distribution.

"Fair Market Value" means, with respect to any property on any date, the fair market value of that property as determined by an Independent Financial Advisor provided that:

(i) the Fair Market Value of a cash Distribution shall be the amount of such cash Distribution;

(ii) the Fair Market Value of any other cash amount shall be the amount of such cash;

(iii) where Securities, Spin-Off Securities, options, warrants or other rights are publicly traded in a market of adequate liquidity (as determined by an Independent Financial Advisor), the Fair Market Value (a) of such Securities or Spin-Off Securities shall equal the arithmetic mean of the daily Volume Weighted Average Prices of such Securities or Spin-Off Securities and (b) of such options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights, in the case of both (a) and (b) during the period of five Trading Days on the relevant market commencing on such date (or, if later, the first such Trading Day such Securities, Spin-Off Securities, options, warrants or other rights are publicly traded) or such shorter period as such Securities, Spin-Off Securities, options, warrants or other rights are publicly traded;

(iv) where Securities, Spin-Off Securities, options, warrants or other rights are not publicly traded (as aforesaid), the Fair Market Value of such Securities, Spin-Off Securities, options, warrants or other rights shall be determined by an Independent Financial Advisor, on the basis of a commonly accepted market valuation method and taking account of such factors as it considers appropriate, including the market price per Class B Share, the dividend yield of a Class B Share, the volatility of such market

price, prevailing interest rates and the terms of such Securities, Spin-Off Securities, options, warrants or other rights, including as to the expiry date and exercise price (if any) thereof.

Such amounts shall, in the case of (i) above, be translated into the Relevant Currency (if declared or paid or payable in a currency other than the Relevant Currency) at the rate of exchange used to determine the amount payable to Shareholders who were paid or are to be paid or are entitled to be paid the cash Distribution in the Relevant Currency; and in any other case, shall be translated into the Relevant Currency (if expressed in a currency other than the Relevant Currency) at the Prevailing Rate on that date. In addition, in the case of (i) and (ii) above, the Fair Market Value shall be determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit.

"Final Maturity Date" means January 17, 2019.

"Iberclear" means the Spanish clearing and settlement system (*Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.*).

"Independent Financial Advisor" means an independent financial institution of international repute appointed by the Issuer at its own expense from time to time and whenever required by these Conditions.

"Interest" has the meaning provided in Condition 6(*e*).

"Interest Payment Date" has the meaning provided in Condition 5(*a*).

"Interest Period" has the meaning provided in Condition 5(*a*).

"Madrid business day" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business in Madrid.

"Market Price" means the Volume Weighted Average Price of a Class B Share on the relevant Reference Date, provided that if any Distribution or other entitlement in respect of the Class B Shares is announced on or prior to the relevant Conversion Date in circumstances where the record date or other due date for the establishment of entitlement in respect of such Distribution or other entitlement shall be on or after the Conversion Date and if, on the relevant Reference Date, the Volume Weighted Average Price of a Class B Share is based on a price ex-Distribution or ex-any other entitlement, then such price shall be increased by an amount equal to the Fair Market Value of such Distribution or entitlement per Class B Share as at the date of first public announcement of such Distribution or entitlement (or if that is not a Trading Day, the immediately preceding Trading Day).

"Material Subsidiary" means, at any relevant time, a Subsidiary of the Issuer (not being a Non-Recourse Subsidiary):

(a) whose total assets or EBITDA (or, where the Subsidiary in question prepares consolidated accounts, whose total consolidated assets or EBITDA) at any relevant time represent no less than 5 per cent. of the total consolidated assets or EBITDA, respectively, of the Issuer and its Subsidiaries, as calculated by reference to the then latest consolidated audited accounts or consolidated six-monthly reports of the Issuer and the latest accounts or six-monthly reports of each relevant Subsidiary (consolidated or, as the case may be, unconsolidated) prepared in accordance with International Financial Reporting Standards, provided that (i) if the then latest consolidated audited accounts or consolidated six-monthly reports of the Issuer show EBITDA as a negative number for the relevant financial period then there shall be substituted for the words "EBITDA" the words "net turnover" for the purposes of this definition and (ii) in the case of a Subsidiary acquired after the end of the financial period to which the then latest consolidated audited accounts or consolidated six-monthly reports of the Issuer relate, then for the purpose of applying each of the foregoing tests, the reference to the Issuer's latest consolidated audited accounts or consolidated six-monthly reports shall be deemed to be a reference to such

accounts or reports as if such Subsidiary had been shown therein by reference to its then latest relevant financial statements, adjusted as deemed appropriate by the auditors of the Issuer for the time being after consultation with the Issuer; or

(b) to which is transferred all or substantially all of the assets and undertaking of a Subsidiary which, immediately prior to such transfer, is a Material Subsidiary.

"Non-Recourse Financing" means any indebtedness which is, or is expected to be, recorded as "non-recourse financing" in the Issuer's annual consolidated financial statements.

"Non-Recourse Subsidiary" means any present or future Subsidiary of the Issuer, the principal business of which involves the ownership, acquisition, construction, creation, development, maintenance and/or operation of an asset (whether or not an asset of the Issuer or any of its Subsidiaries), or any associated rehabilitation works which has been or is intended to be primarily financed with Non-Recourse Financing.

"Noteholder" and "holder" mean the person in whose name a Note is registered in the Register (as defined in Condition 4(*a*)).

"Optional Redemption Date" has the meaning provided in Condition 7(*b*).

"Optional Redemption Notice" has the meaning provided in Condition 7(*b*).

"Other Securities" means equity securities of the Issuer (including hybrid instruments) other than Class B Shares.

a "person" includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, unincorporated association, limited liability company, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity).

"Prevailing Rate" means, in respect of any currencies on any day, the spot rate of exchange between the relevant currencies prevailing as at or about 12 noon (London time) on that date as appearing on or derived from the Relevant Page or, if such a rate cannot be determined at such time, the rate prevailing as at or about 12 noon (London time) on the immediately preceding day on which such rate can be so determined or if such rate cannot be so determined by reference to the Relevant Page, the rate determined in such other manner as an Independent Financial Advisor shall prescribe.

"Purchase Rights" has the meaning provided in Condition 6(*b*).

"Put Date" has the meaning provided in Condition 7(*d*).

"Put Exercise Notice" has the meaning provided in Condition 7(*d*).

"Put Period" has the meaning provided in Condition 7(*d*).

"Put Price" has the meaning provided in Condition 7(*d*).

"QIB" means qualified institutional buyer as defined in Rule 144A.

"Record Date" has the meaning provided in Condition 8(*c*).

"Reference Date" has the meaning provided in Condition 6(*h*).

"Reference Shares" has the meaning provided in Condition 6(*j*).

"Registry Date" has the meaning provided in Condition 6(*g*).

"Regulation S" means Regulation S under the Securities Act.

"Relevant Currency" means euro or, if at the relevant time or for the purposes of the relevant calculation or determination, the Spanish Stock Exchanges are not the Relevant Stock Exchange, the currency in which the Class B Shares are quoted or dealt in on the Relevant Stock Exchange at such time.

"Relevant Date" means, in respect of any Note, whichever is the later of (i) the date on which payment in respect of it first becomes due and (ii) if any amount of the money payable is improperly withheld or refused the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given by the Issuer or to the Noteholders in accordance with Condition 15 that, upon further presentation of the Note, where required pursuant to these Conditions, being made, such payment will be made, provided that such payment is in fact made as provided in these Conditions.

"Relevant Person Triggering Event" has the meaning provided in Condition 7*(d)*.

"Relevant Person Triggering Event Period" has the meaning provided in Condition 7(*e*).

"Relevant Indebtedness" means any present or future indebtedness (whether being principal, interest or other amounts), in the form of or evidenced by notes, bonds, debentures, loan stock or other similar debt instruments, whether issued for cash or in whole or in part for a consideration other than cash, and which are, or are capable of being, quoted, listed or ordinarily dealt in or traded on any recognised stock exchange, over-the-counter or other securities market but shall not in any event include any Non-Recourse Financing.

"Relevant Page" means the relevant page on Bloomberg or Reuters or such other information services provider which displays the relevant information.

"Relevant Stock Exchange" means the Spanish Stock Exchanges or if at the relevant time the Class B Shares are not at that time listed and admitted to trading on the Spanish Stock Exchanges, the principal stock exchange or securities market on which the Class B Shares are then listed or quoted or dealt in.

"Remaining Reference Shares" has the meaning provided in Condition 6(*j*).

"Retroactive Adjustment" has the meaning provided in Condition 6(*d*).

"Rule 144A" means Rule 144A under the Securities Act.

"Securities" means any securities including, without limitation, shares in the capital of the Issuer, or options, warrants or other rights to subscribe for or purchase or acquire shares in the capital of the Issuer.

"Securities Act" means the United States Securities Act of 1933, as amended.

"Shares" means Class A Shares and/or, as the case may be, Class B Shares.

"Shareholders" means the holders of Class B Shares.

"Share Record Date" has the meaning provided in Condition 6(*g*).

"Spanish Stock Exchanges" means the Madrid, Barcelona, Bilbao and Valencia stock exchanges and the automated quotation system.

"Spin-Off" means:

(a) a distribution of Spin-Off Securities by the Issuer to Shareholders as a class; or

(b) any issue, transfer or delivery of any property or assets (including cash or shares or securities of or in or issued or allotted by any entity) by any entity (other than the Issuer) to Shareholders as a class pursuant to any arrangements with the Issuer or any of its Subsidiaries.

"Spin-Off Securities" means equity share capital of an entity other than the Issuer or options, warrants or other rights to subscribe for or purchase equity share capital of an entity other than the Issuer.

"Subsidiary" of any person means (i) a company more than 50 per cent. of the Voting Rights of which is owned or controlled, directly or indirectly, by such person or by one or more other Subsidiaries of such person or by such person and one or more Subsidiaries thereof or (ii) any other person in which such person, or one or more other Subsidiaries of such person or such person and one or more other Subsidiaries thereof, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Syndicate of Noteholders" has the meaning provided in Condition 14.

"TARGET Business Day" means a day on which the TARGET System is operating.

"TARGET System" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System.

"Tender Offer Triggering Event" has the meaning provided in Condition 7(d).

"Tender Offer Value" has the meaning provided in Condition 7(d).

"Threshold Amount" has the meaning provided in Condition 6(*b*)(*v*).

"Trading Day" means any day (other than Saturday or Sunday) on which the Relevant Stock Exchange is open for business and Class B Shares may be dealt in.

"Triggering Event" has the meaning provided in Condition 7(*d*).

"Volume Weighted Average Price" means, in respect of a Class B Share, Security or, as the case may be, a Spin-Off Security on any Trading Day, the order book volume-weighted average price of a Class B Share, Security or, as the case may be, a Spin-Off Security published by or derived (in the case of a Class B Share) from Bloomberg page VAP or (in the case of a Security (other than Class B Shares) or Spin-Off Security) from the principal stock exchange or securities market on which such Securities or Spin-Off Securities are then listed or quoted or dealt in, if any or, in any such case, such other source as shall be determined to be appropriate by an Independent Financial Advisor on such Trading Day, provided that if on any such Trading Day such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of a Class B Share, Security or a Spin-Off Security, as the case may be, in respect of such Trading Day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding Trading Day on which the same can be so determined or, if such price cannot be so determined, as determined in good faith by an Independent Financial Advisor.

"Voting Rights" means the right generally to vote at a general meeting of shareholders of the Issuer (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency).

References to any provision of any statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under such modification or re-enactment.

References to any issue or offer or grant to Shareholders "as a class" or "by way of rights" shall be taken to be references to an issue or offer or grant to all or substantially all Shareholders, other than Shareholders to whom, by reason of the laws of any territory or requirements of any recognised regulatory body or any other stock exchange or securities market in any territory or in connection with fractional entitlements, it is determined not to make such issue or offer or grant.

In making any calculation or determination of Current Market Price or Volume Weighted Average Price, such adjustments (if any) shall be made as an Independent Financial Advisor considers appropriate to reflect any consolidation or sub-division of the Class B Shares or any issue of Class B Shares by way of capitalisation of profits or reserves, or any like or similar event.

For the purposes of Conditions 6(*b*), (*d*), (*g*) and (*h*) and Condition 10 only, (*a*) references to the "issue" of Class B Shares shall include the transfer and/or delivery of Class B Shares, whether newly issued and allotted or previously existing or held by or on behalf of the Issuer or any of its Subsidiaries, and (*b*) Class B Shares held by or on behalf of the Issuer or any of its respective Subsidiaries (and which, in the case of Condition 6(*b*)(i), (ii) and (iv), do not rank for the relevant right or other entitlement) shall not be considered as or treated as "in issue."

4 Registration and Transfer of Notes

(a) *Registration*

The Issuer will cause a register (the "Register") to be kept at the specified office of the Registrar outside the United Kingdom on which will be entered the names and addresses of the holders of the Notes and the particulars of the Notes held by them and of all transfers, redemptions and conversions of Notes.

(b) *Transfer*

Notes may, subject to the terms of the Fiscal Agency Agreement and to Conditions 4(*d*) and 4(*e*), be transferred in whole or in part in an Authorised Denomination by lodging the relevant Note (with the form of application for transfer in respect thereof duly executed and duly stamped where applicable) at the specified office of the Registrar or any Paying, Transfer and Conversion Agent.

No transfer of a Note will be valid unless and until entered on the Register. A Note may be registered only in the name of, and transferred only to, a named person (or persons, not exceeding four in number).

The Registrar will within 7 (seven) business days, in the place of the specified office of the Registrar, of any duly made application for the transfer of a Note, deliver a new Note to the transferee (and, in the case of a transfer of part only of a Note, deliver a Note for the untransferred balance to the transferor) at the specified office of the Registrar or (at the risk and, if mailed at the request of the transferee or, as the case may be, the transferor otherwise than by ordinary mail, at the expense of the transferee or, as the case may be, the transferor) mail the Note by uninsured mail to such address as the transferee or, as the case may be, the transferor may request.

(c) *Exchange of Notes Represented by the Rule 144A Global Note for Notes Represented by the Regulation S Global Note and Vice Versa*

Subject to the terms of the Fiscal Agency Agreement, the Notes represented by the Rule 144A Global Note may be exchanged for Notes represented by the Regulation S Global Note and vice versa. Such exchanges shall be recorded on the Register and shall be effected by an increase or a reduction in the aggregate amount of Notes represented by the Rule 144A Global Note by the aggregate principal amount of Notes so exchanged and a corresponding reduction or increase in the aggregate amount of Notes represented by the Regulation S Global Note.

(d) *Formalities Free of Charge*

Such transfer will be effected without charge subject to (i) the person making such application for transfer paying or procuring the payment of any taxes, duties and other governmental charges in connection therewith; (ii) the Registrar being satisfied with the documents of title and/or identity of the person making the application; and (iii) such reasonable regulations as the Issuer may from time to time agree with the Registrar.

(e) *Closed Periods*

Neither the Issuer nor the Registrar will be required to register the transfer of any Note (or part thereof) (i) during the period of 15 (fifteen) days immediately prior to the Final Maturity Date or any earlier date fixed for redemption of the Notes pursuant to Condition 7(*b*); (ii) in respect of which a Conversion Notice has been delivered in accordance with Condition 6(*g*); or (iii) in respect of which a holder has exercised its right to require redemption pursuant to Condition 7(*d*); or (iv) during the period of 15 (fifteen) days ending on (and including) any Record Date (as defined in Condition 8(*c*)) in respect of any payment of interest on the Notes.

5 Interest

(a) *Interest Rate*

The Notes bear interest from and including the Closing Date at the rate of 6.25 per cent. per annum calculated by reference to the nominal amount thereof and payable semi-annually in arrear in equal instalments on January 17 and July 17 in each year (each an "Interest Payment Date"), commencing with the Interest Payment Date falling on July 17, 2013. Subject to the paragraph below, the amount of interest payable on each Interest Payment Date in respect of the Interest Period ending on such Interest Payment Date shall be euro 3,125 per euro 100,000 in nominal amount of Notes.

Interest for any Interest Period and where interest is required to be calculated for any period which is shorter than an Interest Period will be calculated on the basis of the number of days in the relevant period from (and including) the first day of such period to (but excluding) the last day of such period divided by the product of the number of days in the Interest Period in which the relevant period falls and the number of Interest Periods normally ending in any year.

"Interest Period" means the payment period beginning on (and including) the Closing Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

(b) *Accrual of Interest*

Each Note will cease to bear interest (i) where the Conversion Right shall have been exercised by a Noteholder, from the Interest Payment Date immediately preceding the relevant Conversion Date or, if none, the Closing Date (subject in any such case as provided in Condition 6(*i*)); or (ii) where such Note is being redeemed or repaid pursuant to Condition 7 or Condition 10, from the due date for redemption thereof unless, upon due presentation thereof, payment of the principal amount of the Notes is improperly withheld or refused, in which event interest will continue to accrue as provided in Condition 5(a) (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant holder, and (b) the day 7 (seven) days after the Fiscal Agent has notified Noteholders of receipt of all sums

due in respect of all the Notes up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

6 Conversion of Notes

(a) Conversion Period and Conversion Price

Subject to the right of the Issuer to make a Cash Settlement Election pursuant to Condition 6(*j*) and otherwise as provided below, each Note shall entitle the holder (a "Conversion Right") to convert such Note into new and/or existing Class B Shares, in each case credited as fully paid, subject to and as provided in these Conditions.

The number of Class B Shares to be issued or delivered on exercise of a Conversion Right in respect of a Note shall be determined by dividing the nominal amount of the relevant Note by the conversion price (the "Conversion Price") in effect on the relevant Conversion Date.

The initial Conversion Price is euro 3.2695 per Class B Share. On the basis of the initial Conversion Price, each euro 100,000 nominal amount of Notes would entitle the holder to receive (subject to and as provided in these Conditions) 30,585 Class B Shares. The Conversion Price is subject to adjustment in the circumstances described in Condition 6(*b*).

A Noteholder may exercise the Conversion Right in respect of a Note by delivering such Note (together with a duly completed Conversion Notice (as defined below)) to the specified office of any Paying, Transfer and Conversion Agent in accordance with Condition 6(*g*) whereupon the Issuer shall (subject to and as provided in these Conditions) procure the delivery, to or as directed by the relevant Noteholder, of Class B Shares credited as paid up in full as provided in this Condition 6.

Subject to, and as provided in these Conditions, the Conversion Right in respect of a Note may be exercised, at the option of the holder thereof, at any time (subject to any applicable fiscal or other laws or regulations and as hereinafter provided) from February 27, 2013 to the close of business (at the place where the relevant Note is delivered for conversion) on the date falling 7 (seven) Trading Days prior to the Final Maturity Date (both days inclusive), which date is expected to be January 8, 2019 or, if the Notes shall have been called for redemption pursuant to Condition 7(*b*) prior to the Final Maturity Date, then up to the close of business (at the place aforesaid) on the seventh Trading Day before the date fixed for redemption thereof (both days inclusive) pursuant to Condition 7(*b*), unless there shall be default in making payment in respect of such Note on any such date fixed for redemption, in which event the Conversion Right shall extend up to (and including) the close of business (at the place aforesaid) on the date on which the full amount of such payment becomes available for payment and notice of such availability has been duly given in accordance with Condition 15 or, if earlier, the Final Maturity Date; provided that, in each case, if the final such date for the exercise of Conversion Rights is not a business day at the place aforesaid, then the period for exercise of the Conversion Right by Noteholders shall end on the immediately preceding business day at the place aforesaid.

Conversion Rights may not be exercised in respect of a Note which the relevant holder has either (i) given notice pursuant to Condition 10; or (ii) exercised its right to require the Issuer to redeem pursuant to Condition 7(*d*).

Save where an Optional Redemption Notice is given by the Issuer in the circumstances provided in Condition 6(*i*), Conversion Rights may not be exercised by a Noteholder in circumstances where the relevant Conversion Date would fall during the period commencing on the Record Date in respect of

any payment of interest on the Notes and ending on the relevant Interest Payment Date (both days inclusive).

The period during which Conversion Rights may (as provided below) be exercised by a Noteholder is referred to as the "Conversion Period."

Conversion Rights may only be exercised in respect of an Authorised Denomination. Where Conversion Rights are exercised in respect of part only of a Note, the old Note shall be cancelled and a new Note for the balance thereof shall be issued in lieu thereof without charge but upon payment by the holder of any taxes, duties and other governmental charges payable in connection therewith and the Registrar will within 7 (seven) business days, in the place of the specified office of the Registrar, following the relevant Conversion Date deliver such new Note to the Noteholder at the specified office of the Registrar or (at the risk and, if mailed at the request of the Noteholder otherwise than by ordinary mail, at the expense of the Noteholder) mail the new Note by uninsured mail to such address as the Noteholder may request.

Fractions of Class B Shares will not be issued or delivered on conversion or pursuant to Condition 6(*d*). However, and except where any individual entitlement would be less than euro one (1.00), a cash payment shall be made by the Issuer in respect of any such fraction determined by reference to the Current Market Price (as defined in Condition 6(*b*)(*vi*)) per Class B Share on the Trading Day (as defined in Condition 3) immediately preceding the relevant Conversion Date and the Issuer shall make payment of the relevant amount to the relevant holder not later than 5 (five) Madrid business days (as defined in Condition 3) following the relevant Conversion Date in accordance with instructions contained in the relevant Conversion Notice. If the Conversion Right in respect of more than one Note is exercised at any one time such that Class B Shares to be delivered on conversion pursuant to Condition 6(*d*) are to be registered in the same name, the number of such Class B Shares to be delivered in respect thereof shall be calculated on the basis of the aggregate nominal amount of such Notes being so converted and rounded down to the nearest whole number of Class B Shares.

The Issuer will procure that Class B Shares to be delivered or transferred on conversion will be delivered or transferred to the holder of the Notes completing the relevant Conversion Notice or his nominee.

(b) *Adjustment of Conversion Price*

Upon the occurrence of any of the events described in Condition 6(*b*)(*i*) to (*v*) below, the Conversion Price shall be adjusted as follows:

(i) *Increase of capital by means of capitalisation of reserves, profits or premia by distribution of Class B Shares, or division or consolidation of Class B Shares:*

Subject to Condition 6(*e*), in the event of a change in the Issuer's share capital as a result of capitalisation of reserves, profits or premia, by means of the distribution of Class B Shares, and in the event of division or consolidation of Class B Shares, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such change by the result of the following formula:

$$N_{Old} / N_{New}$$

where:

N_{Old} is the number of Class B Shares existing before the change in share capital; and

N_{New} is the number of Class B Shares existing after the change in share capital.

Such adjustment shall become effective on the date on which such Class B Shares are distributed or, in the event of division or consolidation of Class B Shares, on the first day the Class B Shares are traded on the new basis on the Relevant Stock Exchange.

(ii) *Issues of Class B Shares or Other Securities to Shareholders by way of conferring subscription or purchase rights:*

Subject to Condition 6(*e*), if (a) the Issuer issues or grants to Shareholders any rights or options, warrants or other rights per Class B Share to subscribe for or acquire Class B Shares, Other Securities or securities convertible or exchangeable into Class B Shares or Other Securities or (b) any third party with the agreement of the Issuer issues to Shareholders any rights, options or warrants to purchase any Class B Shares, Other Securities or securities convertible or exchangeable into Class B Shares or Other Securities (the rights referred to in (a) and (b) collectively and individually being the "Purchase Rights"), in each case in circumstances whereby such Purchase Rights are issued or granted to holders as a class, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue or grant by the result of the following formula:

$$(P_{cum} - R) / P_{cum}$$

where:

P_{cum} is the arithmetic average of the Closing Prices of one Class B Share on the 5 (five) consecutive Trading Days ending immediately prior to whichever is the later of (x) the last Trading Day preceding the date on which the Class B Shares are first traded ex-Purchase Rights on the Relevant Stock Exchange or (y) the Trading Day when the price for the Purchase Right is announced, or, if the day the subscription or purchase price is announced is not a Trading Day, the next following Trading Day; and

R is the value of the Purchase Right relating to one Class B Share or Other Security, such value to be calculated as follows:

(A) in the event the Purchase Rights relate to Class B Shares:

$$R = P_{cum} - TERP$$

where:

$$TERP = (N_{old} \times P_{cum} + N_{new} \times (X_{rights} + Div)) / (N_{old} + N_{new})$$

and:

TERP is the theoretical ex-Purchase Rights price; and

N_{old} is the number of Class B Shares existing before the change in share capital; and

N_{new} is the number of Class B Shares being newly issued; and

X_{rights} is the price at which one new Class B Share can be subscribed, exercised or purchased; and

Div is the amount (in euro), if any, by which the dividend entitlement per existing Class B Share exceeds the dividend entitlement per new Class B Share, (x) if dividends have already been proposed to the general meeting of shareholders but not yet paid, based on the proposed dividend amount, or (y) if dividends have not yet been proposed based on the last paid dividend;

provided, however, that no such adjustment shall be made if the subscription or purchase price at which one new Class B Share can be subscribed or purchased is at least 95 per cent. of the arithmetic average of the Closing Prices of one Class B Share on the 5 (five) consecutive Trading Days ending immediately prior to whichever is the later of (x) the last Trading Day preceding the date on which the Class B Shares are first traded ex-Purchase Rights on the Relevant Stock Exchange or (y) the Trading Day when the price for the Purchase Right is announced, or, if the day the subscription or purchase price is announced is not a Trading Day, the next following Trading Day;

(B) in the event the Purchase Rights relate to Other Securities or to securities convertible or exchangeable into Class B Shares or Other Securities and where such Purchase Rights are traded on a regulated stock exchange in Switzerland, the European Union, the United States of America, Canada or Japan:

$$R = N_{rights} \text{ x } P_{rights}$$

where:

N_{rights} is the number of Purchase Rights granted per Class B Share; and

P_{rights} is the average of the last paid prices on the Relevant Stock Exchange (or, if no dealing is recorded, the arithmetic mean of the bid and offered prices) on a spot basis of one Purchase Right on each Trading Day during the time period the Purchase Rights are traded, but not longer than the first 10 (ten) Trading Days.

(C) in all other cases where neither of the previous paragraphs (A) or (B) is applicable:

R will be determined by an Independent Financial Advisor.

Such adjustment shall become effective:

(1) in the case of Condition 6(b)(ii)(A), on the first day on which the Class B Shares are traded ex-Purchase Rights on the Relevant Stock Exchange;

(2) in the case of Condition 6(b)(ii)(B), 5 (five) Trading Days after (x) the end of the period during which the Purchase Rights are traded or (y) the 10th (tenth) Trading Day of the subscription or purchase period, whichever is sooner; and

(3) in the case of Condition 6(b)(ii)(C), on the date determined by the Independent Financial Advisor.

(iii) *Issues of Class B Shares or Other Securities to Third Parties:*

Subject to Condition 6(*e*), if (a) the Issuer issues (whether for cash or non-cash consideration or for no consideration) (otherwise than as mentioned in Condition 6(*b*)(*ii*) above) to a third party any Class B Shares or options, warrants or, Other Securities or securities convertible or exchangeable into Class B Shares or Other Securities or (b) any third party with the agreement of the Issuer issues (whether for cash or non-cash consideration or for no consideration) (otherwise than as mentioned in Condition 6(*b*)(*ii*) above) to a third party any Class B Shares or options, warrants or, Other Securities or securities convertible or exchangeable into Class B Shares or Other Securities, in each case in circumstances whereby Purchase Rights are not issued or granted to Shareholders as a class (the issuance of such securities referred to in (a) and (b) collectively and individually being a "Non Pre-Emptive Issue of Securities"), the

Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue by the result of the following formula:

$$(P_{cum} - D) / P_{cum}$$

where:

P_{cum} is the arithmetic average of the Closing Prices of one Class B Share on the 5 (five) consecutive Trading Days ending immediately prior to the date of the first public announcement of the terms of the relevant Non Pre-Emptive Issue of Securities; and

D is the dilution as a result of the issue of Class B Shares or Other Securities, such dilution to be calculated as follows:

(A) in the event of the issue of Class B Shares:

$D = P_{cum} - TDP$

where:

$TDP = (N_{old} \times P_{cum} + N_{new} \times (X_{issue} + Div)) / (N_{old} + N_{new})$

and:

TDP is the theoretical diluted price; and

N_{old} is the number of Class B Shares existing before the change in share capital; and

N_{new} is the number of Class B Shares being newly issued; and

X_{issue} is the issue price at which one new Class B Share was issued to a third party as determined by an Independent Financial Advisor; and

Div is the amount (in euro), if any, by which the dividend entitlement per existing Class B Share exceeds the dividend entitlement per new Class B Share, (x) if dividends have already been proposed to the general meeting of shareholders but not yet paid, based on the proposed dividend amount, or (y) if dividends have not yet been proposed based on the last paid dividend;

provided, however, that no such adjustment shall be made if the issue price at which one new Class B Share is issued is at least 95 per cent. of the arithmetic average of the Closing Prices of one Class B Share on the 5 (five) consecutive Trading Days ending immediately prior to the Trading Day when the Non Pre-Emptive Issue Securities is announced, or, if the day the Non Pre-Emptive Issue of Securities is announced is not a Trading Day, the next following Trading Day;

(B) in all other cases where the previous paragraph (A) is not applicable:

D will be determined by an Independent Financial Advisor.

Such adjustment shall become effective on the date the relevant security is issued.

(iv) *Spin-offs and capital distributions other than cash distributions:*

Subject to Condition 6(*e*), if in respect of a Spin-Off or a capital distribution (including by way of a reduction in share capital and distribution of any distributable reserve and share premium), other than a cash Distribution as referred to in Condition 6(*b*)(*v*) below, the Issuer shall issue or distribute to holders of its Class B Shares any assets, evidence of indebtedness of the Issuer,

shares, put options or other rights per Class B Share (other than as referred to in Condition 6(*b*)(*ii*) above) (a "Distribution"), the Conversion Price shall be adjusted as follows:

(A) where the Distribution (x) consists of securities that are traded on a regulated stock exchange in Switzerland, the European Union, the United States of America, Canada or Japan or (y) has otherwise a value which is determinable by reference to a stock exchange quotation or otherwise, by multiplying the Conversion Price in force immediately prior to such issue or distribution by the result of the following formula:

$$(P_{cum} - D) / P_{cum}$$

where:

P_{cum} is the arithmetic average of the Closing Prices of one Class B Share on the 5 (five) consecutive Trading Days ending immediately prior to the date on which the Class B Shares are first traded ex-Distribution on the Relevant Stock Exchange following the relevant Distribution; and

D is the value of the Distribution (in euro) attributable to one Class B Share on the Trading Day immediately following the date in respect of which P_{cum} has been determined, as determined by an Independent Financial Advisor based, in principle, on the closing price on the Relevant Stock Exchange in case of 6 (b) (*iv*) (A) (x) or by an Independent Financial Advisor in case of 6 (b) (*iv*) (A) (y);

(B) in all other cases and where there is one (but not more than one) Distribution on a given Trading Day, by multiplying the Conversion Price in force immediately prior to such Distribution by the result of the following formula:

$$P_{after} / P_{before}$$

where:

P_{after} is the Current Market Price per Class B Share after the date such Distribution was made (the "Distribution Date"); and

P_{before} is the Current Market Price per Class B Share before the Distribution Date;

whereby for the purposes of these Conditions (but other than in respect of this provision) the Current Market Price per Class B Share in respect of any Trading Day shall be deemed to be the average of the Closing Prices on each of the 5 (five) consecutive Trading Days ending on the Trading Day immediately preceding such Trading Day and, for the purposes of this provision only, the Current Market Price per Class B Share shall be deemed to be the average of the Closing Prices, (x) in the case of P_{before}, on the 5 (five) consecutive Trading Days before the Distribution Date, and (y) in the case of P_{after}, on the 5 (five) consecutive Trading Days following the Distribution Date, as determined by an Independent Financial Advisor. When calculating the average of the Closing Prices, the gross amount, if any, of any cash Distribution paid during either of the above mentioned periods of 5 (five) consecutive Trading Days, shall be added back to the Closing Prices on each of the Trading Days on which the Class B Shares are traded ex-cash Distribution; and

(C) in all other cases where there is more than one such Distribution on a given Trading Day, the Independent Financial Advisor will determine the necessary adjustment.

Such adjustment shall become effective, in the case of (A), on the date on which the Distribution is made and, in the case of (B) and (C), 5 (five) Trading Days after the Distribution Date.

(v) *Extraordinary Distributions:*

Subject to Condition 6(*e*), in the event of an Extraordinary Distribution by the Issuer to holders of its Class B Shares, the Conversion Price shall be adjusted by multiplying the Conversion Price by the following fraction:

$$(P_{cum} - D) / P_{cum}$$

where:

P_{cum} is the Closing Price on the Trading Day immediately preceding the date on which the Class B Shares are first traded ex-Distribution;

D is the portion of the Fair Market Value of the Extraordinary Distribution attributable to one Class B Share (as adjusted for any split or consolidation of the Class B Shares pursuant to Condition 6(*b)(i)*) paid in the Relevant Fiscal Year (as defined below).

Such adjustment shall become effective on the Trading Day on which the Class B Shares are first traded ex-Distribution.

"Extraordinary Distribution" means any cash Distribution ((a) including any repayments in part of the nominal amount of the Class B Shares but not including any distributions for which an adjustment is otherwise made according to Condition 6(*b*) or 6(*d*) or is excluded in accordance with Condition 6(*e*) and (*b*) determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit) (the "Relevant Distribution") paid in a calendar year (the "Relevant Fiscal Year"), if the sum of:

(a) the Fair Market Value of the Relevant Distribution per Class B Share; and

(b) the aggregate of the Fair Market Value per Class B Share of any other cash Distribution or cash Distributions per Class B Share paid in the Relevant Fiscal Year (disregarding for such purpose any amount previously determined to be an Extraordinary Distribution in the Relevant Fiscal Year)

such sum being the "Current Year's Dividends", exceeds the Threshold Amount for such Relevant Fiscal Year, and in such case the amount of the relevant Extraordinary Distribution shall be the lesser of (i) the amount by which the Current Year's Dividends exceeds the Threshold Amount and (ii) the amount of the Relevant Distribution.

"Threshold Amount" means, for any Relevant Fiscal Year, the amount per Class B Share corresponding to the amount set out below in respect of such Relevant Fiscal Year (adjusted *pro rata* for any adjustments to the Conversion Price made pursuant to the provisions of this Condition 6*(b)*).

	Threshold Amount
	(euro)
Relevant Fiscal Year ending:	
December 31, 2013	0.072
December 31, 2014	0.074
December 31, 2015	0.076
December 31, 2016	0.078
December 31, 2017	0.080
December 31, 2018	0.082
December 31, 2019	0.084

(c) *Calculation of Adjustments*

Each adjustment to be made pursuant to Condition 6(*b*) or Condition 7(*f*) shall be determined by an Independent Financial Advisor appointed by the Issuer and shall (in the absence of manifest error) be binding on all parties concerned. In addition, any written opinion of the Independent Financial Advisor, where required by Condition 6(*b*), shall be conclusive and binding on all concerned save in the case of manifest error.

If in case of any adjustment the resulting Conversion Price is not an integral multiple of euro 0.01 (one hundredth of a euro), it shall be rounded down to the nearest whole or multiple of euro 0.01 (one hundredth of a euro). No adjustment shall be made to the Conversion Price where such adjustment (rounded down, if applicable) would be less than one per cent. (1%) of the Conversion Price then in effect. Any adjustment not required to be made, and/or any amount by which the Conversion Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment, and such subsequent adjustment shall be made on the basis that the adjustment not required to be made had been made at the relevant time.

The Issuer will procure that a notice is published in the manner described in Condition 15 as soon as practicable after either the date on which any adjustment to the Conversion Price becomes effective or, if no adjustment is required, the date on which it is possible to determine that such is the case.

A holder may, in some circumstances, as a result of an adjustment or the non-occurrence of an adjustment to the conversion rate, including an adjustment to the conversion rate in resepct of a cash distribution to holders of Class B Shares, be deemed to have received a dividend subject to U.S. federal income tax. For a discussion of the U.S. federal income tax treatment of an adjustment to the conversion rate, see "Taxation – Certain U.S. Federal Income Tax Consideration."

(d) *Retroactive Adjustments*

If the Share Record Date in relation to the conversion of any Note shall be after an adjustment event specified in Condition 6(*b*), in any case in circumstances where the relevant Conversion Date falls before the relevant adjustment becomes effective under Condition 6(*b*) (such adjustment, a "Retroactive Adjustment"), then the Issuer shall (conditional upon the relevant adjustment becoming effective) procure that there shall be issued or delivered to the converting Noteholder, in accordance with the instructions contained in the Conversion Notice, such additional number of Class B Shares (if

any) (the "Additional Class B Shares") as, together with the Class B Shares issued or to be issued or delivered on conversion of the relevant Note (together with any fraction of a Class B Share not so issued), is equal to the number of Class B Shares which would have been required to be issued or delivered on conversion of such Note if the relevant adjustment (more particularly referred to in the said provisions of Condition 6(*b*), Condition 6(*f*) or Condition 7(*e*)) to the Conversion Price had in fact been made and become effective immediately prior to the relevant Conversion Date.

(e) *Events not Giving Rise to Adjustments*

No adjustment to the Conversion Price will be made:

(i) if the Issuer sells any share, right, warrant or other securities representing the same (an "Interest") in any of its Subsidiaries to Shareholders at fair value, and for this purpose:

(x) where such Interest is listed, traded, or dealt in on any stock exchange, the fair value of such Interest shall be at least 95 per cent. of the Fair Market Value of the Interest, as determined by an Independent Financial Advisor;

(y) where such Interest is not so listed, traded or dealt in, the fair value of such Interest shall be at least 95 per cent. of the intrinsic value thereof. The Issuer shall, at its own expense, instruct an Independent Financial Advisor to determine as soon as practicable the intrinsic value of such Interest; or

(ii) if Class B Shares or Other Securities (including pre-emptive rights, options, warrants or any other Purchase Rights in relation to Class B Shares or Other Securities) are issued, offered or granted to, or for the benefit of, directors or employees, or former directors or employees or consultants or former consultants of the Issuer or any of its Subsidiaries or any associated company or to trustees to be held for the benefit of any such person in any such case pursuant to any employee share or option scheme; or

(iii) if an increase in the Conversion Price would result from such adjustment, except in the case of an exchange of the Class B Shares for Other Securities or a consolidation of Class B Shares; or

(iv) without prejudice to Condition 11, if the Conversion Price would fall below the nominal value of a Class B Share. In this case, the Conversion Price will be adjusted to the nominal value of a Class B Share and any remaining reduction of the Conversion Price resulting from such adjustment or from any further adjustment will be carried forward and only be applied if and to the extent the nominal value of a Class B Share will be reduced.

(f) *Other Events*

If the Issuer determines, at its discretion, that notwithstanding Condition 6(*b*) and Condition 6(*d*) an adjustment should be made to the Conversion Price as a result of one or more events or circumstances not referred to in Condition 6(*b*) or circumstances including circumstances listed in Condition 6(*d*) have arisen which have an adverse effect on the right to convert Notes and no adjustment to the Conversion Price under Condition 6(*b*) would otherwise arise or is excluded according to Condition 6(*e*), the Issuer shall engage the advice or services of an Independent Financial Advisor to determine as soon as practicable what adjustment, if any, to the Conversion Price or amendment, if any, to the terms of this Condition 6 is fair and reasonable to take account thereof and the date on which such adjustment should take effect. If several events occur which become effective on the same Trading Day and which would lead to an adjustment of the Conversion Price pursuant to Condition 6(*b*), the decision as to the manner of or calculating the adjustment of the Conversion Price shall be taken by the Independent Financial Advisor. The decision of the Independent Financial Advisor shall be binding

on all concerned, save in the case of manifest error. The Fiscal Agent shall have no responsibility to make any inquiries as to whether or not any event has occurred which might require an adjustment to the Conversion Price or amendment, if any, to the terms of Condition 6.

(g) *Procedure for exercise of Conversion Rights*

The Conversion Right may be exercised by a Noteholder during the Conversion Period by delivering the relevant Note to the specified office of any Paying, Transfer and Conversion Agent, during its usual business hours, accompanied by a duly completed and signed notice of conversion (a "Conversion Notice") in the form (for the time being current) obtainable from any Paying, Transfer and Conversion Agent. Conversion Rights shall be exercised subject in each case to any applicable fiscal or other laws or regulations applicable in the jurisdiction in which the specified office of the Paying, Transfer and Conversion Agent to whom the relevant Conversion Notice is delivered is located. If such delivery is made after the end of normal business hours or on a day which is not a business day in the place of the specified office of the relevant Paying, Transfer and Conversion Agent, such delivery shall be deemed for all purposes of these Conditions to have been made on the next following such business day.

A Conversion Notice, once delivered, shall be irrevocable.

Upon exercise of a Conversion Notice, a holder converting Notes shall be required to represent and agree in the Conversion Notice that at the time of signing and delivery of the Conversion Notice, it, or the person who has a beneficial interest in such Notes, is (a) not a U.S. person or located in the United States (within the meaning of Regulation S under the Securities Act and it or such person purchased such Notes, or the beneficial interest therein, in a transaction made in accordance with Rule 903 or Rule 904 of Regulation S or (b) (i) a QIB within the meaning of Rule 144A under the Securities Act, (ii) acquired such Notes for its own account or for the account of a QIB, (iii) understands that the Class B Shares issuable or deliverable upon conversion of the Notes have not been registered under the Securities Act and (iv) agrees that (1) if it or such person should offer, sell, pledge or otherwise transfer such Class B Shares, it or such person will do so only in compliance with the Securities Act and other applicable laws and only (A) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB, (B) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S or (C) pursuant to the exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), in each case in accordance with any applicable securities laws of any State of the United States and (2) it and such person will not deposit or cause to be deposited any of such Class B Shares in any unrestricted depositary receipt facility for shares of the Issuer which may be created in the United States. No Class B Shares will be delivered to a holder of Notes or a beneficial interest therein unless such holder satisfies the foregoing conditions. If such holder is unable to satisfy the foregoing conditions, such holder may transfer its Notes or beneficial interest therein subject to compliance with the transfer restrictions set forth in the Fiscal Agency Agreement.

The conversion date in respect of a Note (the "Conversion Date") shall be the Madrid business day immediately following the date of the delivery of the Notes and the Conversion Notice and, if applicable, the making of any payment to be made as provided below.

A Noteholder exercising a Conversion Right must pay directly to the relevant authorities any taxes and capital, stamp, issue and registration duties arising on conversion (other than any taxes or capital duties or stamp duties payable in the United Kingdom, Luxembourg, Belgium or the Kingdom of Spain in respect of the allotment and issue and/or transfer of any Class B Shares on such conversion (including any Additional Class B Shares), which shall be paid by the Issuer) and such Noteholder must pay all, if

any, taxes arising by reference to any disposal or deemed disposal of a Note or interest therein in connection with such conversion.

The Issuer may, in its own discretion, decide to fulfil its obligations, in connection with any Conversion Notice received, by the transfer of existing Class B Shares or the allotment and issue of new Class B Shares and subject always to Conditions 6(*j*) and 6(*h*) and provided that the Issuer shall treat all Noteholders converting their Notes on the same Conversion Date equally.

Subject to and as provided in the immediately following paragraph, Conversion Notices will be acted upon by the Issuer on the first day of each calendar month or, if such day is not a Madrid business day, the following Madrid business day, in relation to Conversion Notices in respect of which the Conversion Dates occurred at least 7 (seven) Madrid business days prior to such day. Any Conversion Notice in respect of which the Conversion Date falls after the seventh Madrid business day prior to the first day of a calendar month or if such day is not a Madrid business day, the following Madrid business day, will be acted upon on the first day of the immediately following calendar month or if such day is not a Madrid business day, the following Madrid business day.

Notwithstanding the provisions of the preceding paragraph, in the case of Conversion Notices delivered in respect of which the Conversion Date falls after the seventh Madrid business day prior to the month in which the Final Maturity Date falls or the Optional Redemption Date falls or the last day of the Relevant Person Triggering Event Period falls (as the case may be), the Issuer shall act upon any such Conversion Notice not later than the Madrid business day prior to the Final Maturity Date, Optional Redemption Date or last day of the Relevant Person Triggering Event Period (as the case may be).

The date upon which any member of the Board of Directors of the Issuer acts upon the relevant Conversion Notice will be the date upon which the Notes are converted into Class B Shares and shall be the date from which the relevant Noteholder shall be entitled to the economic rights of a holder of Class B Shares and is referred to herein as the "Share Record Date." On the Share Record Date, subject to the next following sentence, the relevant Noteholder will become entitled to the economic rights of a Shareholder for the purposes of dividend entitlement and otherwise. However, the relevant Noteholder will not be able to transfer newly-issued Class B Shares until they have been registered in Iberclear or existing Class B Shares until they have been credited to the account of the relevant Noteholder or its nominee with Iberclear. The date that the newly-issued Class B Shares are registered in, or existing Class B Shares are credited to, Iberclear, is referred to herein as the "Registry Date".

The Issuer shall use its reasonable endeavours to register newly-issued Class B Shares and have these Class B Shares listed on the Spanish Stock Exchanges or credit existing Class B Shares (as applicable) in Iberclear as soon as practicable but in no event later than 15 (fifteen) Trading Days, in the case of new Class B Shares, and 5 (five) Trading Days, in the case of existing Class B Shares, after the relevant Share Record Date.

The Registry Date for existing Class B Shares and for newly-issued Class B Shares is generally expected to occur between one and two weeks after the relevant Share Record Date.

On or as soon as reasonably practicable after the Share Record Date with respect to any Notes in respect of which the Conversion Right has been exercised, the Issuer, through the Fiscal Agent, will notify the relevant Noteholder of the Share Record Date and the number of existing Class B Shares and/or newly-issued Class B Shares (as the case may be) to be transferred and/or issued upon such conversion. On or as soon as reasonably practicable after the Registry Date, the Issuer, through the Fiscal Agent, will notify the relevant Noteholder of the Registry Date and in the event that any newly-issued Class B Shares are issued, the Issuer will also notify the relevant Noteholder of the date of

listing. In the relevant Conversion Notice the Noteholder is required to designate, *inter alia*, details of the Iberclear account and the name or names in which the newly-issued Class B Shares shall be issued and registered (or in the case of existing Class B Shares, credited).

Notwithstanding delivery by a Noteholder of a Conversion Notice with respect to any Notes, such Noteholder shall remain a Noteholder for the purposes of these Conditions until the relevant Share Record Date, provided that once Conversion Rights with respect to a Note have been exercised, such Note will not be redeemable, subject to this Condition 6(*g*), on the Final Maturity Date or otherwise.

(h) *Class B Shares*

(i) Class B Shares delivered or issued upon conversion of the Notes will be fully paid and will in all respects rank *pari passu* with the fully paid Class B Shares in issue on the relevant Share Record Date or, in the case of Additional Class B Shares, on the relevant Reference Date, except that such Class B Shares or, as the case may be, Additional Class B Shares will not rank for any rights, distributions or payments the record date or other due date for the establishment of entitlement for which falls prior to the relevant Share Record Date or, as the case may be, the relevant date upon which any retroactive adjustment under Condition 6(*d*) becomes effective (the "Reference Date").

(ii) Save as provided in Condition 6(*i*), no payment or adjustment shall be made on conversion for any interest which otherwise would have accrued on the relevant Notes since the last Interest Payment Date preceding the Conversion Date relating to such Notes (or, if such Conversion Date falls before the first Interest Payment Date, since the Closing Date).

(i) *Interest on Conversion*

If an Optional Redemption Notice is given pursuant to Condition 7(*b*) on or after the fifteenth Madrid business day prior to a record date which has occurred since the last Interest Payment Date (or in the case of the first Interest Period, since the Closing Date) in respect of any Distribution payable in respect of the Class B Shares where such notice specifies a date for redemption falling on or prior to the date which is 14 (fourteen) days after the Interest Payment Date next following such record date, interest shall accrue at the rate provided in Condition 5 on Notes in respect of which Conversion Rights shall have been exercised and in respect of which the Conversion Date falls after such record date and on or prior to the Interest Payment Date next following such record date in respect of such Distribution, in each case from and including the preceding Interest Payment Date (or, if such Conversion Date falls before the first Interest Payment Date, from the Closing Date) to but excluding such Conversion Date. The Issuer shall pay any such interest by not later than 14 (fourteen) days after the relevant Conversion Date by transfer to, a euro account with a bank in a city in which banks have access to the TARGET System and in accordance with instructions given by the relevant Noteholder in the relevant Conversion Notice.

(j) *Cash Settlement*

Upon exercise of a Conversion Right by a Noteholder, the Issuer may make an election (a "Cash Settlement Election"), by giving written notice of its election by not later than the date falling three Madrid business days following the relevant Conversion Date, to the address (or, if a fax number is provided, that number) specified for that purpose in the relevant Conversion Notice, with a copy to the Fiscal Agent, to satisfy the exercise of Conversion Rights by a Noteholder relating to such Notes by (i) paying to the relevant Noteholder the Cash Settlement Amount and/or (ii) delivering to the relevant Noteholder the Deliverable Shares, such number of Deliverable Shares being specified in the Issuer's written notice. The date upon which the Issuer notifies the Noteholder and the Fiscal Agent of its Cash

Settlement Election shall be referred to as the "Cash Settlement Election Date." If the Issuer shall make an election pursuant to this Condition in respect of the exercise of a Conversion Right, it shall make the same exercise in respect of all exercises of Conversion Rights where the Conversion Date falls on the same day as the Conversion Date in respect of such exercise. The Issuer shall pay the Cash Settlement Amount by not later than five TARGET Business Days following the end of the Cash Averaging Period by transfer to a euro account with a bank in a city in which banks have access to the TARGET System in accordance with the instructions contained in the relevant Conversion Notice. The Deliverable Shares shall be delivered as provided for in Condition 6(g).

If there is a Retroactive Adjustment to the Conversion Price following the exercise of Conversion Rights by a Noteholder, in circumstances where a Cash Settlement Election was made in respect of such exercise of Conversion Rights, the Issuer shall pay to the relevant Noteholder an additional amount (the "Additional Cash Amount") equal to the Market Price of such number of Class B Shares equal to the difference between the (i) number of Remaining Reference Shares and (ii) the number of Remaining Reference Shares calculated on the basis that the relevant adjustment to the Conversion Price had been made and become effective immediately prior to the relevant Conversion Date. The Issuer will pay the Additional Cash Amount not later than five TARGET Business Days following the relevant Reference Date by transfer to a euro account with a bank in a city in which banks have access to the TARGET System in accordance with instructions contained in the relevant Conversion Notice.

"Cash Averaging Period" means the period of 15 consecutive Trading Days commencing on the third Trading Day immediately following the relevant Cash Settlement Election Date.

"Deliverable Shares" means the Class B Shares (excluding for the avoidance of doubt any fraction of a Class B Share) not exceeding the relevant number of Reference Shares that the Issuer has elected to deliver to the relevant Noteholder upon exercise by that Noteholder of Conversion Rights.

"Reference Shares" means, for the purposes of determining the Cash Settlement Amount, the number of Class B Shares (excluding for the avoidance of doubt any fraction of a Class B Share) determined by dividing the aggregate nominal amount of Notes the subject of the relevant exercise of Conversion Rights by the relevant Noteholder by the Conversion Price in effect on the relevant Conversion Date.

"Remaining Reference Shares" means, in respect of any exercise of Conversion Rights, the number of Reference Shares less the number of Deliverable Shares.

(k) *Purchase or Redemption of Class B Shares*

The Issuer may exercise such rights as it may from time to time enjoy to purchase or redeem or buy back its own shares (including Class B Shares) or any depositary or other receipts representing the same without the consent of the Noteholders.

(l) *Consolidation, Amalgamation or Merger*

Without prejudice to Condition 7(*e*), in the case of any consolidation, amalgamation or merger of the Issuer with any other corporation (other than a consolidation, amalgamation or merger in which the Issuer is the continuing corporation), or in the case of any sale or transfer of all, or substantially all, of the assets of the Issuer, the Issuer will forthwith notify the Noteholders of such event and take such steps as shall be required to ensure that each Note then outstanding will (during the period in which Conversion Rights may be exercised) be convertible into the class and amount of shares and other securities property and cash receivable upon such consolidation, amalgamation, merger, sale or transfer by a holder of the number of Class B Shares which would have become liable to be issued or delivered if the Conversion Rights had been exercised immediately prior to such consolidation,

amalgamation, merger, sale or transfer. The above provisions of this Condition 6(*l*) will apply, *mutatis mutandis* to any subsequent consolidations, amalgamations, mergers, sales or transfers.

7 Redemption, Purchase and Triggering Event Protections

(a) Final Redemption

Unless previously purchased and cancelled, redeemed or converted as herein provided, the Notes will be redeemed at their principal amount on the Final Maturity Date. The Notes may not be redeemed at the option of the Issuer other than in accordance with Condition 7(*b*).

(b) Redemption at the Option of the Issuer

On giving not less than 30 (thirty) nor more than 90 (ninety) days' notice (an "Optional Redemption Notice") to the Noteholders in accordance with Condition 15, the Issuer may redeem all but not some only of the Notes on the date (the "Optional Redemption Date") specified in the Optional Redemption Notice at the principal amount, together with accrued and unpaid interest to such date (the "Optional Redemption Price"):

(i) if, at any time prior to the date the relevant Optional Redemption Notice is given, Conversion Rights shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 85 per cent. or more in nominal amount of the Notes originally issued; or

(ii) at any time within the period of 90 days commencing on the calendar day following the end of the Put Period.

(c) Optional Redemption Notices

Any Optional Redemption Notice shall be irrevocable. Any such notice shall specify (i) the Optional Redemption Date and the Optional Redemption Price, (ii) the Conversion Price, the aggregate nominal amount of the Notes outstanding and the closing price of the Class B Shares as derived from the Relevant Stock Exchange, in each case as at the latest practicable date prior to the publication of the Optional Redemption Notice and (iii) the last day on which Conversion Rights may be exercised by Noteholders.

(d) Redemption at the option of Noteholders following a Triggering Event

(i) If a Tender Offer Triggering Event shall occur, the holder of each Note will have the right to require the Issuer to redeem that Note on the Put Date at the Put Price, together with accrued interest to (but excluding) the Put Date.

(ii) If a Relevant Person Triggering Event shall occur, the holder of each Note will have the right to require the Issuer to redeem that Note on the Put Date at its principal amount, together with accrued interest to (but excluding) the Put Date.

To exercise the right set out in paragraphs (i) and (ii) above, the holder of the relevant Note must present such Note at the specified office of any Paying, Transfer and Conversion Agent together with a duly completed and signed notice of exercise, in the form for the time being current, obtainable from the specified office of any Paying, Transfer and Conversion Agent (a "Put Exercise Notice") at any time in the period (the "Put Period") of 60 days commencing on the occurrence of the Triggering Event (as defined below) and ending 60 days thereafter, or, if later, 60 days following the date upon which notice as required by Condition 7(f) is given to Noteholders by the Issuer. The "Put Date" shall be, the fourteenth calendar day after the expiry of the Put Period.

Payment in respect of any such Note shall be made by transfer to a bank in a city in which banks have access to the TARGET System specified by the relevant Noteholder in the applicable Put Exercise Notice.

In these Conditions:

"CNMV" means Spain's Comisión Nacional del Mercado de Valores.

"Determination Date" means the last day of the Tender Offer Period.

"Put Price" means, in respect of a Note, the greater of (i) the principal amount of such Note and (ii) the Tender Offer Value.

"Relevant Person" means Inversión Corporativa IC, S.A. and/or any person or persons controlled by Inversión Corporativa IC, S.A.

A "Relevant Person Triggering Event" shall occur if a Relevant Person and/or any person or persons acting together with a Relevant Person acquires or becomes entitled to control more than 80 per cent. of the total aggregate number of outstanding Class B Shares in issue.

"Tender Offer" means a tender offer (including a competing tender offer) made in accordance with applicable Spanish laws and regulations following approval from the CNMV.

"Tender Offer Consideration" means the consideration (on a per Share basis, as the case may be) receivable by holders of Shares in respect of the relevant Tender Offer, provided that:

(a) if the consideration is comprised solely of cash or there is alternative consideration that is comprised solely of cash, the Tender Offer Consideration shall be the amount of such cash;

(b) if the consideration is comprised solely of a consideration other than cash, the Tender Offer Consideration shall be determined by an Independent Financial Advisor as the Fair Market Value of such consideration as at the Determination Date;

(c) if the consideration is comprised partly of cash and partly of a consideration other than cash, the Tender Offer Consideration shall be determined by an Independent Financial Advisor as the aggregate of (x) the relevant cash amount and (y) the Fair Market Value of such non-cash consideration as at the Determination Date;

(d) if there is alternative consideration that the shareholders may elect to receive, neither of which alternative consideration is comprised solely of cash, the Tender Offer Consideration shall be determined by an Independent Financial Advisor as the consideration having the highest value, based on any cash amount comprised in either or any alternative consideration and the Fair Market Value of the non-cash consideration comprised in either or any alternative consideration as at the Determination Date; and

(e) if the Tender Offer Consideration as determined as provided above is in a currency other than euro, it shall be translated, if necessary, into euro at the Prevailing Rate on the Determination Date.

"Tender Offer Period" means the period during which shareholders are able to tender Shares pursuant to the relevant Tender Offer.

A "Tender Offer Triggering Event" shall occur where a Tender Offer is made to all (or as nearly as may be practicable all) shareholders of Class A Shares and/or Class B Shares (or all (or as

nearly as may be practicable all) such shareholders other than the offeror and/or any person or persons acting together with the offeror) to acquire all or any of the issued Class A Shares and/or Class B Share capital of the Issuer and where, immediately following completion of the Tender Offer, the offeror has control of the Issuer, where for this purpose "control" means (i) the acquisition or holding or legal or beneficial ownership or control of more than 50 per cent. of the Voting Rights of the Issuer or (ii) the right to appoint and/or remove all or the majority of the members of the Issuer's Board of Directors or other governing body, whether obtained directly or indirectly and whether obtained by ownership of share capital, the possession of Voting Rights, contract or otherwise.

"Tender Offer Value" means an amount in cash in euro per Note calculated by multiplying the quotient of the principal amount of such Note divided by the Conversion Price prevailing on the Determination Date (with the Conversion Price for this purpose being calculated by reference to the formula in Condition 7(e) below, save that for the purposes of this formula "RP" shall mean the Conversion Price prevailing on the Determination Date, divided by (1 + CP)), by the Tender Offer Consideration (with the result rounded, if necessary, to the nearest euro 0.01, with euro 0.005 being rounded down).

"Triggering Event" means a Relevant Person Triggering Event or a Tender Offer Triggering Event, as the case may be.

(e) *Conversion Price and Protection in relation to a Relevant Person Triggering Event*

If a Relevant Person Triggering Event shall occur, the Conversion Price shall be adjusted in accordance with the formula set out below, provided that any adjustment to the Conversion Price pursuant to this Condition 7(*e*) shall apply only to Notes in respect of which Conversion Rights are exercised and the relevant Conversion Date falls within the period (the "Relevant Person Triggering Event Period") commencing on and including the date the Relevant Person Triggering Event occurs and ending on and including the date falling 60 (sixty) days thereafter or, if later, 60 (sixty) days after the date on which notice of the Relevant Person Triggering Event is given to Noteholders in accordance with Condition 7*(f)*:

Conversion Price = RP x (1 + (CP x (1 - c/t))) where:

RP is the Conversion Price prevailing on the relevant Conversion Date, divided by (1 + CP);

CP is 30 per cent. (expressed as a fraction);

c is the number of days from and including the first day when the adjusted Conversion Price is applicable to but excluding the Final Maturity Date, calculated on an Act/Act ICMA basis; and

t is the number of days from and including the Closing Date to but excluding the Final Maturity Date, calculated on an Act/Act ICMA basis.

(f) *Notice of Triggering Event*

Within 14 (fourteen) calendar days following the occurrence of a Triggering Event, the Issuer shall give notice thereof to the Noteholders in accordance with Condition 15. Such notice shall (in the case of a Relevant Person Triggering Event) contain a statement informing Noteholders of their entitlement to exercise their Conversion Rights as provided in these Conditions, and (in any case) to exercise their rights to require redemption of their Notes pursuant to Condition 7(*d*)(*i*).

Such notice shall also specify:

(a) all information material to Noteholders concerning the Triggering Event;

(b) the Conversion Price immediately prior to the occurrence of the Triggering Event and (in the case of a Relevant Person Triggering Event) the Conversion Price applicable pursuant to Condition 7(*e*) during the Relevant Person Triggering Event Period on the basis of the Conversion Price in effect on the date the Relevant Person Triggering Event occurs;

(c) the Closing Price of the Class B Shares as derived from the Relevant Stock Exchange as at the latest practicable date prior to the publication of the relevant notice;

(d) the last day of the Put Period and (if applicable) the Relevant Person Triggering Event Period;

(e) the Put Date; and

(f) (in the case of a Tender Offer Triggering Event) the Put Price.

A Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem all Notes the subject of Put Exercise Notices delivered as aforesaid on the relevant Put Date.

(g) Purchase

Subject to the requirements (if any) of any stock exchange on which the Notes may be admitted to listing and trading at the relevant time and subject to compliance with applicable laws and regulations, the Issuer or any Subsidiary of the Issuer may at any time purchase Notes in the open market or otherwise at any price.

(h) Cancellation

All Notes which are redeemed or in respect of which Conversion Rights are exercised will be cancelled and may not be reissued or resold. Notes purchased by the Issuer or any of its Subsidiaries shall be surrendered to the Fiscal Agent for cancellation and may not be reissued or re-sold.

(i) Multiple Notices

If more than one notice of redemption is given pursuant to this Condition 7, the first of such notices to be given shall prevail.

8 Payments

(a) Principal and Premium

Payment of principal and premium in respect of the Notes and accrued interest payable on a redemption of the Notes (other than on an Interest Payment Date) will be made to the persons shown in the Register at the close of business on the Record Date and subject to the surrender (or, in the case of partial payment only, endorsement) of the relevant Notes at the specified office of the Registrar or of any of the Paying, Transfer and Conversion Agents.

(b) Interest and other Amounts

(i) Payments of interest due on an Interest Payment Date will be made to the persons shown in the Register at close of business on the Record Date.

(ii) Payments of all amounts other than as provided in Condition 8(*a*) and (*b*)(i) will be made as provided in these Conditions.

(c) *Record Date*

"Record Date" means the seventh business day, in the place of the specified office of the Registrar, before the due date for the relevant payment.

(d) *Payments*

Each payment in respect of the Notes pursuant to Condition 8(*a*) and (*b*)(i) will be made by transfer to a euro account maintained by the payee with a bank in a city in which banks have access to the TARGET System.

(e) *Payments subject to fiscal laws*

Without prejudice to the application of the provisions of Condition 9, all payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations. No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(f) *Delay in payment*

Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due (i) as a result of the due date not being a business day or (ii) if the Noteholder is late in surrendering the relevant Note (where such surrender is required pursuant to these Conditions as a precondition to any payment).

(g) *Business Days*

In this Condition 8, "business day" means a day (other than a Saturday or Sunday) which is a TARGET Business Day and in the case of presentation or surrender of a Note on which commercial bank and foreign exchange markets are open for business in the place of the specified office of the Registrar or relevant Paying, Transfer and Conversion Agent, to whom the relevant Note is presented or surrendered.

(h) *Paying, Transfer and Conversion Agents, etc.*

The initial Paying, Transfer and Conversion Agents and Registrar and their initial specified offices are listed below. The Issuer reserves the right under the Fiscal Agency Agreement at any time to vary or terminate the appointment of any Paying, Transfer and Conversion Agent or the Registrar and appoint additional or other Fiscal Agents, provided that it will (i) maintain a Fiscal Agent, (ii) maintain Paying, Transfer and Conversion Agents having specified offices in at least two major European cities, (iii) maintain a Paying, Transfer and Conversion Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive, (iv) maintain a Paying, Transfer and Conversion Agent with a specified office outside of Luxembourg and (v) maintain a Registrar with a specified office outside the United Kingdom. Notice of any change in the Paying, Transfer and Conversion Agents or the Registrar or their specified offices will promptly be given by the Issuer to the Noteholders in accordance with Condition 15. In addition, at any time when a determination is required to be made by an Independent Financial Advisor, the Issuer shall promptly appoint and maintain such an Independent Financial Advisor.

(i) *Fractions*

When making payments to Noteholders, if the relevant payment is not of an amount which is a whole multiple of the smallest unit of the relevant currency in which such payment is to be made, such payment will be rounded down to the nearest unit.

9 Taxation

All payments in respect of the Notes by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature, unless such withholding or deduction is required by applicable laws or regulations. If any such withholding or deduction is so required, the relevant payment shall be made subject to and after any such withholding or deduction and no additional amounts shall be payable by the Issuer in respect of any such withholding or deduction.

10 Events of Default

If any of the following events (each an "Event of Default") shall have occurred and is continuing:

(a) default is made in the payment on the due date of principal, premium or interest or any other amount in respect of any of the Notes and such failure continues for a period of 5 (five) days in the case of principal or premium and 7 (seven) days in the case of interest; or

(b) the Issuer does not perform or comply with any one or more of its other obligations in respect of the Notes, which default is incapable of remedy or, is not remedied within 30 (thirty) days after written notice of such default shall have been given to the Fiscal Agent at its specified office by any Noteholder; or

(c)

(i) any other present or future indebtedness for or in respect of moneys borrowed or raised of the Issuer or any Material Subsidiary becomes, or is declared, due and payable prior to its stated maturity otherwise than at the option of the Issuer or the relevant Material Subsidiary; or

(ii) any such indebtedness for or in respect of moneys borrowed or raised is not paid when due or, as the case may be, within any applicable grace period; or

(iii) the Issuer or any Material Subsidiary fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any indebtedness for or in respect of moneys borrowed or raised,

provided that the aggregate amount of the indebtedness, guarantees or indemnities in respect of which one or more of the events mentioned above in this paragraph (c) have occurred equals or exceeds euro 30,000,000 or its equivalent; or

(d) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Issuer or any Material Subsidiary and is not discharged or stayed within 30 (thirty) days provided that the aggregate amount of property, assets and/or revenues involved in any such distress, attachment, execution or legal process equals or exceeds euro 30,000,000 or its equivalent; or

(e) any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any Material Subsidiary in respect of an obligation the principal amount of which equals or exceeds euro 30,000,000 or its equivalent is enforced (including by the taking of possession or the appointment of a receiver, administrative receiver, administrator manager or other similar person); or

(f) the Issuer or any Material Subsidiary is insolvent or bankrupt (*concurso*) or unable to pay its debts, or is declared or a voluntary request has been submitted to a relevant court for the declaration of insolvency or bankruptcy, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of the debts of the Issuer or any Material Subsidiary; or

(g) an order is made or an effective resolution passed for the winding-up (*liquidación*) or dissolution (*disolución*) of any Material Subsidiary, or the Issuer or any Material Subsidiary ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by a resolution of the Syndicate of Noteholders; or (ii) in the case of a Material Subsidiary, whereby the undertaking and assets of the Material Subsidiary are transferred to or otherwise vested in the Issuer or another Material Subsidiary; or

(h) any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, license, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Notes; (ii) to ensure that those obligations are legally binding and enforceable; and (iii) to make the Notes admissible in evidence is not taken, fulfilled or done; or

(i) any event occurs which under the laws of any relevant jurisdiction has a similar effect to any of the events referred to in any of the foregoing paragraphs; or

(j) it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes,

then, any Note may, by notice in writing given to the Fiscal Agent at its specified office by (i) the Commissioner acting upon a resolution of the Syndicate of Noteholders, in respect of all Notes, or (ii) unless there has been a resolution to the contrary by the Syndicate of Noteholders, any Noteholder in respect of such Note, be declared immediately due and payable whereupon it shall become immediately due and payable at their principal amount, together with accrued interest, without further formality.

11 Undertakings

Whilst any Conversion Right remains exercisable, the Issuer will, save with the approval of a resolution of the Syndicate of Noteholders:

(a) not issue or pay up any Securities, in either case by way of capitalisation of profits or reserves, other than:

(i) by the issue of fully paid Class B Shares to Shareholders and other holders of shares in the capital of the Issuer which by their terms entitle the holders thereof to receive Class B Shares or other shares or securities on a capitalisation of profits or reserves; or

(ii) by the issue of Class B Shares paid up in full (in accordance with applicable law) and issued wholly, ignoring fractional entitlements, in lieu of the whole or part of a cash dividend; or

(iii) by the issue of fully paid equity share capital (other than Class B Shares) to the holders of equity share capital of the same class and other holders of shares in the capital of the Issuer

which by their terms entitle the holders thereof to receive equity share capital (other than Class B Shares); or

(iv) by the issue of Class B Shares or any equity share capital to, or for the benefit of, any employee or former employee, director or executive holding or formerly holding executive office of the Issuer or any of its Subsidiaries or any associated company or to trustees or nominees to be held for the benefit of any such person, in any such case pursuant to an employee, director or executive share or option scheme whether for all employees, directors, or executives or any one or more of them,

unless, in any such case, the same constitutes a Distribution or otherwise gives rise (or would, but for the provisions of Condition 6(*c*) relating to roundings or the carry forward of adjustments, give rise) to an adjustment to the Conversion Price;

(b) not in any way modify the rights attaching to the Class B Shares with respect to voting, dividends or liquidation nor issue any other class of equity share capital carrying any rights which are more favourable than the rights attaching to the Class B Shares but nothing in this Condition 11(b) shall prevent:

(i) any consolidation, reclassification or subdivision of the Class B Shares; or

(ii) any issue of Class B Shares or any equity share capital to, or for the benefit of, any employee or former employee, director or executive holding or formerly holding executive office of the Issuer or any of its Subsidiaries or any associated company or to trustees or nominees to be held for the benefit of any such person, in any such case pursuant to an employee, director or executive share or option scheme whether for all employees, directors, or executives or any or more of them; or

(iii) any modification of such rights which is not, in the opinion of an Independent Financial Advisor (acting as an expert), materially prejudicial to the interests of the holders of the Notes; or

(iv) any issue of equity share capital where the issue of such equity share capital results, or would, but for the fact that the consideration per Class B Share receivable therefore is at least 95 per cent. of the Current Market Price per Class B Share, otherwise result, in an adjustment to the Conversion Price; or

(v) any issue of equity share capital or modification of rights attaching to the Class B Shares, where prior thereto the Issuer shall have instructed an Independent Financial Advisor to determine what (if any) adjustments should be made to the Conversion Price as being fair and reasonable to take account thereof and such Independent Financial Advisor shall have determined either that no adjustment is required or that an adjustment resulting in an increase in the Conversion Price is required and, if so, the new Conversion Price as a result thereof and the basis upon which such adjustment is to be made and, in any such case, the date on which the adjustment shall take effect (and so that the adjustment shall be made and shall take effect accordingly);

(c) procure that no Securities (whether issued by the Issuer or any Subsidiary of the Issuer or procured by the Issuer or any Subsidiary of the Issuer to be issued or issued by any other person pursuant to any arrangement with the Issuer or any Subsidiary of the Issuer) issued without rights to convert into, or subscribe for, Class B Shares shall subsequently be granted such rights exercisable at a consideration per Class B Share which is less than 95 per cent. of the Current Market Price per Class B Share at the close of business on the last Trading Day preceding the date of the first public announcement of the proposed inclusion of such rights unless the same gives rise to an adjustment to the Conversion Price

and that at no time shall there be in issue Class B Shares of differing nominal values, save where such Class B Shares have the same economic rights;

(d) not make any issue, grant or distribution or any other action taken if the effect thereof would be that, on the exercise of Conversion Rights, Class B Shares could not, under any applicable law then in effect, be legally issued as fully paid;

(e) not reduce its issued share capital, share premium (*prima de emisión de acciones*) account or capital redemption reserve (*reserva por capital amortizado*) or any uncalled liability in respect thereof, or any non-distributable reserves, except:

(i) pursuant to the terms of issue of the relevant share capital; or

(ii) a reduction of share premium (prima de emisión de acciones) account or capital redemption reserve to facilitate the writing off of goodwill arising on consolidation which does not involve the return, either directly or indirectly, of an amount standing to the credit of the share premium (*prima de emisión acciones*) account or capital redemption reserve (reserva por capital amortizado) of the Issuer and in respect of which the Issuer shall have tendered to the court of competent jurisdiction such undertaking as it may require (if any) limiting, so long as any of the Notes remains outstanding, the extent of any distribution (except by way of capitalisation issue) of any reserve which arise in the books of the Issuer as a result of such reduction; or

(iii) as permitted under applicable law and whether by way of transfer to reserves or otherwise, as long as no Distribution is made to Shareholders; or

(iv) where the reduction is permitted by applicable law and either it results in an adjustment to the Conversion Price or the Independent Financial Advisor (acting as expert) advises that the interests of the Noteholders will not be materially prejudiced,

provided that, without prejudice to the other provisions of these Conditions, the Issuer may exercise such rights as they may from time to time enjoy pursuant to applicable law to purchase its Class B Shares and any depositary or other receipts or certificates representing Class B Shares without the consent of Noteholders;

(f) if any offer is made to all (or as nearly as may be practicable all) Shareholders (or all (or as nearly as may be practicable all) Shareholders other than the offeror and/or any associate (or affiliate) of the offeror) to acquire the whole or any part of the issued Class B Shares, or if any person proposes a scheme with regard to such acquisition, give notice of such offer or scheme to the Noteholders at the same time as any notice thereof is sent to the Shareholders (or as soon as practicable thereafter) that details concerning such offer or scheme may be obtained from the specified offices of the Paying, Transfer and Conversion Agents and, where such an offer or scheme has been recommended by the Board of Directors of the Issuer, or where such an offer has become or been declared unconditional in all respects, use all reasonable endeavours to procure that a like offer is extended to the holders of any Class B Shares issued during the period of the offer arising out of the exercise of the Conversion Rights by the Noteholders;

(g) use its reasonable endeavours to ensure that (i) its issued and outstanding Class B Shares shall be admitted to listing and to trading on the Relevant Stock Exchange, (ii) the Class B Shares issued upon exercise of Conversion Rights will, as soon as is practicable, be admitted to listing and to trading on the Relevant Stock Exchange and will be listed, quoted or dealt in, as soon as is practicable, on any other stock exchange or securities market on which the Class B Shares may then be listed or quoted or dealt in and comply with such requirements and conditions as may be imposed by the managing companies of the Spanish Stock Exchanges (*Sociedades Rectoras de las Bolsas*) or the CNMV for the

official admission to listing of shares and (iii) the Notes are admitted to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Luxembourg Stock Exchange's Euro MTF Market and that such admissions are maintained for so long as any Notes remain outstanding, unless to do so proves unduly onerous, in which case, it shall use its reasonable endeavours to maintain a listing and admission to trading for the Notes on such other international stock exchange as it may reasonably decide;

(h) issue and allot or, as the case may be, transfer and deliver Class B Shares on exercise of Conversion Rights and keep available for issue free from pre-emptive rights out of its authorised but unissued capital sufficient authorised but unissued Class B Shares to enable the exercise of a Conversion Right, and all rights of subscription and conversion for Class B Shares, to be satisfied in full;

(i) appoint an Independent Financial Advisor to carry out any action requested of them under the Notes;

(j) not take any action (nor refrain from taking any action) that would cause the Issuer to be subject generally to the taxing jurisdiction of a territory or a taxing authority of or in that territory with power to tax other than or in addition to the Kingdom of Spain if, at such time and under current laws and regulations, the Issuer would be required generally to make any withholding or deduction for or on account of any taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of such territory or any political subdivision thereof or therein having power to tax in respect of payments of interest on the Notes and where any such withholding or deduction exceeds any such withholding or deduction imposed or levied by or on behalf of the Kingdom of Spain; and

(k) ensure that (i) the Class B Shares rank *pari passu* and shall have no less favourable rights and be entitled to no less favourable benefits in all respects (other than in respect of voting rights and the right to appoint members of the Board of Directors of the Issuer) with respect to the Class A Shares, and (ii) no issue or grant of any rights, benefits or entitlements (including the payment of any dividend and the making of any Distribution) is made in respect of the Class A Shares unless an issue or grant, *mutatis mutandis* shall be made in respect of the Class B Shares.

12 Prescription

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within 10 (ten) years (in the case of principal or premium) or 5 (five) years (in the case of interest) from the appropriate Relevant Date in respect of such payment and thereafter any principal, premium interest or other sums payable in respect of such Notes shall be forfeited and revert to the Issuer.

13 Replacement of Notes

If any Note is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of any Paying, Transfer and Conversion Agent subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence and indemnity as the Issuer may require. Mutilated or defaced Notes must be surrendered before replacements will be issued.

14 Syndicate of Noteholders, Modification and Waiver

(a) *Syndicate of Noteholders*

Noteholders shall meet in accordance with certain regulations governing the Syndicate of Noteholders (the "Regulations"). The Regulations contain the rules governing the Syndicate of Noteholders and the

rules governing its relationship with the Issuer and are attached to the Public Deed (as defined in the introduction to these Conditions) and are included in the Fiscal Agency Agreement.

Deutsche Bank, S.A.E. will be appointed as a temporary Commissioner for the Noteholders. Noteholders shall, by virtue of purchasing and/or holding Notes, be deemed to have agreed to: (i) the appointment of the temporary Commissioner; and (ii) become a member of the Syndicate of Noteholders. Upon the subscription of the Notes, the temporary Commissioner will call a general meeting of the Syndicate of Noteholders to ratify or reject the acts of the temporary Commissioner, confirm its appointment or appoint a substitute Commissioner for it and to ratify the Regulations. Noteholders shall, by virtue of purchasing and/or holding Notes, be deemed to have granted to the Fiscal Agent full power and authority to take any action and/or to execute and deliver any document or notices for the purposes of attending the first meeting of the Syndicate of Noteholders called to confirm the appointment of the temporary Commissioner, approve its actions and ratify the Regulations contained in the Fiscal Agency Agreement, and vote in favour of each of those resolutions and/or approve the same by way of written resolution.

Provisions for meetings of the Syndicate of Noteholders are contained in the Regulations and in the Fiscal Agency Agreement. Such provisions shall have effect as if incorporated herein.

The Issuer may, with the consent of the Fiscal Agent and the Commissioner, but without the consent of the holders of the Notes, amend these Conditions insofar as they may apply to the Notes to correct a manifest error or which amendments are of a formal, minor or technical nature or to comply with mandatory provisions of law.

In addition to the above, the Issuer and the Noteholders, the latter with the sanction of a resolution of the Syndicate of Noteholders, may agree any modification, whether material or not, to these Conditions and any waiver of any breach or proposed breach of these Conditions.

For the purposes of these Conditions,

(i) "Commissioner" means the comisario as this term is defined under the Spanish Companies Act (*Ley de Sociedades de Capital*) of the Syndicate of Noteholders; and

(ii) "Syndicate of Noteholders" means the *sindicato* as this term is described under the Spanish Companies Act (*Ley de Sociedades de Capital*).

In accordance with Spanish law, a general meeting of the Syndicate of Noteholders shall be validly constituted upon first being convened provided that Noteholders holding or representing two-thirds of the Notes outstanding attend. If the necessary quorum is not achieved at the first meeting, a second general meeting may be convened one month after the first general meeting and shall be validly constituted regardless of the number of Noteholders who attend. A resolution shall be passed by holders holding an absolute majority in nominal amount of Notes at any properly constituted assembly.

(b) Modification of Fiscal Agency Agreement

The Issuer shall only permit any modification, waiver or authorisation of any breach or proposed breach or any failure to comply with the Fiscal Agency Agreement if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders.

(c) Notification to the Noteholders

Any modification, waiver or authorisation in accordance with this Condition 14 shall be binding on the Noteholders and shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 15.

15 Notices

All notices regarding the Notes will be valid if sent to the address of the relevant Noteholder as specified in the Register. The Issuer shall also ensure that all notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed and/or admitted to trading. Any such notice shall be deemed to have been given on the date of such notice's publication, or, if such notice is published more than once, on the first date on which publication is made. If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Fiscal Agent may approve.

Notwithstanding the above, while all the Notes are represented by the Global Notes and the Global Notes are deposited with a common depositary for Euroclear Bank SA/NV ("Euroclear") and/or Clearstream, Luxembourg, *société anonyme* ("Clearstream, Luxembourg"), notices to Noteholders may be given by delivery of the relevant notice to Euroclear or Clearstream, Luxembourg and such notices shall be deemed to have been given to Noteholders on the day following the day of delivery to Euroclear and/or Clearstream, Luxembourg; provided that for so long as any of the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, a notice will also be published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, alternatively on the website of the Luxembourg Stock Exchange (www.bourse.lu).

16 Further Issues

The Issuer may from time to time without the consent of the Noteholders create and issue additional notes, bonds or debentures either having the same terms and conditions in all respects as the outstanding notes, bonds or debentures of any series (including the Notes) or in all respects except for the first payment of interest on them and so that, except as provided below, such additional notes, bonds or debentures may be consolidated and form a single series with the outstanding notes, bonds or debentures of any series (including the Notes) or upon such terms as to interest, conversion, premium, redemption and otherwise as the Issuer may determine at the time of their issue.

If any additional notes are not fungible with the Notes for U.S. fedral income tax purposes, such additional Notes must have a different ISIN and Common Code and any other identifying number from the ISIN and Common Code and any other identifying number assigned to the Notes.

17 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

18 Governing Law and Jurisdiction

(a) *Governing Law*

(b) The Fiscal Agency Agreement and the Notes and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law. The provisions of Condition 14 relating to the appointment of the Commissioner and the Syndicate of Noteholders and of Condition 1 (c) relating to the Status of the Notes are governed by, and shall be construed in accordance with, Spanish law.

(c) *Jurisdiction*

The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes and accordingly any legal action or proceedings arising out of or in

connection with the Notes ("Proceedings") may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the Noteholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(d) *Agent for Service of Process*

The Issuer has appointed Befesa Salt Slags Limited at its registered office for the time being, currently at Fenns Bank, Whitchurch, Shropshire SY13 3PA as its agent in England to receive service of process in any Proceedings in England. If for any reason the Issuer does not have such an agent in England, it will promptly appoint a substitute process agent and notify the Noteholders of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.

REGULATIONS OF THE SYNDICATE OF NOTEHOLDERS

The following are the Regulations of the Syndicate of Noteholders referred to in the Terms and Conditions of the Notes which will be incorporated by reference into the Global Note and endorsed on the Notes in definitive form. The use of the word "conversion" (and related terms) in the following shall be construed as encompassing the exchange of Notes for new and/or existing Class B Shares. The Spanish version of the Regulations of the Syndicate of Noteholders is the legally binding version. The English translation provided below is for information purposes only.

REGULATIONS	**REGLAMENTO**
The regulations that follow correspond to the Syndicate of Noteholders of the bonds issue of Abengoa, S.A. called "ISSUE OF CONVERTIBLE NOTES OF ABENGOA, S.A., 2013" (respectively, the "**Issue**" and the "**Bonds**"). In the case of discrepancy, the Spanish version shall prevail.	A continuación se recoge el reglamento del sindicato de Bonistas de la emisión de bonos de Abengoa, S.A. denominada "EMISIÓN DE BONOS CONVERTIBLES DE ABENGOA, S.A., 2013" (respectivamente, la "**Emisión**" y los "**Bonos**"). En caso de discrepancia prevalecerá la versión española.
TITLE I **INCORPORATION, NAME, PURPOSE, ADDRESS AND DURATION FOR THE SYNDICATE OF NOTEHOLDERS**	**TÍTULO I** **CONSTITUCIÓN, DENOMINACIÓN, OBJETO, DOMICILIO Y DURACIÓN DEL SINDICATO DE BONISTAS**
ARTICLE 1º.—INCORPORATION In accordance with the provisions of Chapter IV of Title XI of the Spanish Royal Decree 1/2010, of July 2, 2010, approving the Consolidated Wording of the Spanish Companies Act (the "**Spanish Companies Act**"), there shall be incorporated, once the Public Deed of the Issue has been filed with the Commercial Registry, a Syndicate of the owners of the Notes (hereinafter, the "**Noteholders**") which compose the "**ISSUE OF CONVERTIBLE NOTES OF ABENGOA, S.A., 2013**". This Syndicate shall be governed by these regulations and by the Spanish Companies Act and other applicable legislation.	**ARTÍCULO 1º.—CONSTITUCIÓN** Con sujeción a lo dispuesto en el Capítulo IV del Título XI del Real Decreto Legislativo 1/2010, de 2 de julio, por el que se aprueba el Texto Refundido de la Ley de Sociedades de Capital (la "**Ley de Sociedades de Capital**"), quedará constituido, una vez inscrita en el Registro Mercantil la escritura pública relativa a la Emisión, un sindicato de los titulares de los Bonos (los "**Bonistas**") que integran la "**EMISIÓN DE BONOS CONVERTIBLES DE ABENGOA, S.A., 2013**". Este Sindicato se regirá por el presente reglamento y por la Ley de Sociedades de Capital y demás disposiciones legales vigentes.
ARTICLE 2º.—NAME The Syndicate shall be named "**SYNDICATE OF NOTEHOLDERS OF THE ISSUE OF CONVERTIBLE NOTES OF ABENGOA, S.A., 2013**".	**ARTÍCULO 2º.—DENOMINACIÓN** El Sindicato se denominará "**SINDICATO DE BONISTAS DE LA EMISIÓN DE BONOS CONVERTIBLES DE ABENGOA, S.A., 2013**".
ARTICLE 3º.—PURPOSE This Syndicate is formed for the purpose of representing and protecting the lawful interest of the Noteholders before Abengoa, S.A. (the "**Issuer**"), by means of the exercise of the rights granted by the	**ARTÍCULO 3º.—OBJETO** El Sindicato tendrá por objeto la representación y defensa de los legítimos intereses de los Bonistas frente a Abengoa, S.A. (la "**Sociedad Emisora**"), mediante el ejercicio de los derechos que le

applicable laws and the regulations set forth herein, to exercise and preserve them in a collective way and under the representation determined by these regulations.	reconocen las Leyes por las que se rigen y el presente reglamento, para ejercerlos y conservarlos de forma colectiva, y bajo la representación que se determina en las presentes normas.
ARTICLE 4º.—ADDRESS The address of the Syndicate shall be located at Paseo del General Martínez Campos, 15, 6th floor, Madrid. However, the Noteholders' general meeting (the "**General Meeting**") is also authorised to hold a meeting, when considered convenient, in any other place in Madrid that is specified in the notice convening the meeting.	**ARTÍCULO 4º.—DOMICILIO** El domicilio del Sindicato se fija en Paseo del General Martínez Campos, 15, 6ª planta, Madrid. La asamblea general de Bonistas (la "**Asamblea General**") podrá, sin embargo, reunirse, cuando se considere oportuno, en otro lugar de la ciudad de Madrid, expresándose así en la convocatoria.
ARTICLE 5º.—DURATION This Syndicate shall be in force until the Noteholders have been reimbursed for any rights they may hold for the principal, interest or any other concept, or until all of the Notes have been converted into shares as set forth in the terms and conditions of issue of the Notes.	**ARTÍCULO 5º.—DURACIÓN** El Sindicato estará en vigor hasta que los Bonistas se hayan reintegrado de cuantos derechos por principal, intereses o cualquier otro concepto les corresponda, o se hubiese procedido a la conversión de la totalidad de los Bonos, de acuerdo con los términos y condiciones de emisión de los Bonos.
TITLE II **SYNDICATE'S REGIME**	**TÍTULO II** **RÉGIMEN DEL SINDICATO**
ARTICLE 6º.—SYNDICATE MANAGEMENT BODIES The Management bodies of the Syndicate are: a) The General Meeting. b) The Commissioner of the General Meeting (the "**Commissioner**").	**ARTÍCULO 6º.—ÓRGANOS DEL SINDICATO** El gobierno del Sindicato corresponderá: a) A la Asamblea General. b) Al Comisario de la Asamblea General (el "**Comisario**").
ARTICLE 7º.—LEGAL NATURE The General Meeting, duly called and constituted, is the body of expression of the Noteholders' will, subject to the provisions of these regulations, and its resolutions are binding for all the Noteholders in the way established by the Law.	**ARTÍCULO 7º.—NATURALEZA JURÍDICA** La Asamblea General, debidamente convocada y constituida, es el órgano de expresión de la voluntad de los Bonistas, con sujeción al presente reglamento, y sus acuerdos vinculan a todos los Bonistas en la forma establecida por las Leyes.
ARTICLE 8º.—CONVENING MEETINGS The General Meeting shall be convened by the Board of Directors of the Issuer or by the Commissioner, whenever they may deem it convenient. Nevertheless, the Commissioner shall convene a General Meeting when Noteholders holding at least the twentieth of the non-amortised entire amount of the Issue, request it by writing. In such case, the General Meeting shall be held within thirty days following receipt of the written notice by the	**ARTÍCULO 8º.—LEGITIMACIÓN PARA CONVOCATORIA** La Asamblea General será convocada por el Consejo de Administración de la Sociedad Emisora o por el Comisario, siempre que cualquiera de ellos lo estime conveniente. No obstante, el Comisario deberá convocarla cuando lo soliciten por escrito, y expresando el objeto de la convocatoria, los Bonistas que representen, por lo menos, la vigésima parte del importe total de la

Commissioner.	Emisión que no esté amortizado. En este caso, la Asamblea General deberá convocarse para ser celebrada dentro de los treinta días siguientes a aquél en que el Comisario hubiere recibido la solicitud por escrito.
ARTICLE 9º.—PROCEDURE FOR CONVENING MEETINGS The General Meeting shall be convened at least fifteen days before the date set for the meeting, by (i) notice published in the Official Gazette of the Commercial Registry and, if considered convenient, in one or more newspapers of significant national or international circulation, or (ii) notice to the Noteholders in accordance with the terms and conditions of the Notes. When the General Meeting is convened to consider or resolve matters relating to the amendment of the terms and conditions of issue of the Notes or any other matters considered to be of similar relevance by the Commissioner, it should be convened in the manner set out in the Spanish Companies Act for the general meeting of shareholders. In addition, Noteholders may also be notified in accordance with the terms and conditions of the Notes. In any case, the notice shall state the place and the date for the meeting, the agenda for the meeting and the way in which the ownership of the Notes shall be proved in order to have the right to attend the General Meeting.	**ARTÍCULO 9º.—FORMA DE CONVOCATORIA** La convocatoria de la Asamblea General se hará por lo menos quince días antes de la fecha fijada para su celebración, mediante (i) anuncio que se publicará en el "Boletín Oficial del Registro Mercantil" y, si se estima conveniente, en uno o más periódicos de difusión significativa a nivel nacional o internacional, o (ii) notificación a los Bonistas de conformidad con los términos y condiciones de los Bonos. Cuando la Asamblea General sea convocada para tratar o resolver asuntos relativos a la modificación de los términos y condiciones de emisión de los Bonos y otros de trascendencia análoga, a juicio del Comisario, deberá ser convocada en la forma establecida en el Texto Refundido de la Ley de Sociedades de Capital para la junta general de accionistas. Además, los Bonistas podrían ser notificados de conformidad con los términos y condiciones de los Bonos. En todo caso, se expresará en el anuncio el lugar y la fecha de reunión, los asuntos que hayan de tratarse y la forma de acreditar la titularidad de los Bonos para tener derecho de asistencia a la Asamblea General.
ARTICLE 10º.—RIGHT TO ATTEND MEETINGS Noteholders who have been so at least five days prior to the date on which the General Meeting is scheduled, shall have the right to attend the meeting. The members of the Board of Directors of the Issuer and the Fiscal Agent under the Issue shall have the right to attend the General Meeting even if they have not been requested to attend.	**ARTÍCULO 10º.—DERECHO DE ASISTENCIA** Tendrán derecho de asistencia a la Asamblea General los Bonistas que lo sean, con cinco días de antelación, por lo menos, a aquél en que haya de celebrarse la Asamblea General. Los Consejeros de la Sociedad Emisora y el Agente Fiscal (*Fiscal Agent*) de la Emisión tendrán derecho de asistencia a la Asamblea General aunque no hubieren sido convocados.
ARTICLE 11º.—RIGHT TO BE REPRESENTED All Noteholders having the right to attend the General Meeting also have the right to be represented by another person. Appointment of a proxy must be in writing and only for each particular General Meeting.	**ARTÍCULO 11º.—DERECHO DE REPRESENTACIÓN** Todo Bonista que tenga derecho de asistencia a la Asamblea General podrá hacerse representar por medio de otra persona. La representación deberá conferirse por escrito y con carácter especial para cada Asamblea General.

ARTICLE 12º.—QUORUM FOR MEETINGS AND TO PASS RESOLUTIONS The General Meeting shall be entitled to pass resolutions if Noteholders representing at least two thirds of the outstanding Notes are present at the General Meeting, and these resolutions shall be approved by an absolute majority of the outstanding Notes present or duly represented at the meeting. In the case that two thirds of the outstanding Notes do not attend, a new General Meeting may be convened to be held one month after the call, and will be validly constituted regardless of the number of outstanding Notes presented or duly represented and the resolutions may be passed by an absolute majority of the outstanding Notes present or duly represented. However, the General Meeting shall be deemed validly constituted to transact any business within the remit of the Syndicate if Noteholders representing all outstanding Notes are present and provided that the Noteholders present unanimously approve the holding of such General Meeting.	**ARTÍCULO 12º.—QUÓRUM DE ASISTENCIA Y ADOPCIÓN DE ACUERDOS** La Asamblea General podrá adoptar acuerdos siempre que los asistentes representen al menos las dos terceras partes del saldo vivo de los Bonos en circulación, debiendo adoptarse estos acuerdos por mayoría absoluta del saldo vivo de los Bonos asistente o debidamente representado. En el caso de que no se lograre la concurrencia de las dos terceras partes del saldo vivo de los Bonos en circulación, podrá convocarse una nueva Asamblea General para su celebración un mes después de su convocatoria, pudiendo entonces tomarse los acuerdos con independencia del saldo vivo de los Bonos que asista o esté debidamente representado en la misma y adoptándose los acuerdos por mayoría absoluta del saldo vivo de los Bonos asistente o debidamente representado. No obstante, la Asamblea General se entenderá convocada y quedará válidamente constituida para tratar de cualquier asunto de la competencia del Sindicato, siempre que estén presentes los Bonistas representantes de todos los Bonos en circulación y los asistentes acepten por unanimidad la celebración de la Asamblea General.
ARTICLE 13º.—VOTING RIGHTS In the meetings of the General Meeting, each Note, present or represented, shall have the right to one vote.	**ARTÍCULO 13º.—DERECHO DE VOTO** En las reuniones de la Asamblea General cada Bono, presente o representado, conferirá derecho a un voto.
ARTICLE 14º.—PRESIDENT OF THE GENERAL MEETING The Commissioner shall be the president of the General Meeting, shall chair the discussions, shall have the right to bring the discussions to an end when he considered it convenient and shall arrange for matters to be put to the vote.	**ARTÍCULO 14º.—PRESIDENCIA DE LA ASAMBLEA GENERAL** La Asamblea General estará presidida por el Comisario, quien dirigirá los debates, dará por terminadas las discusiones cuando lo estime conveniente y dispondrá que los asuntos sean sometidos a votación.
ARTICLE 15º.—ATTENDANCE LIST Before discussing the agenda for the meeting, the Commissioner shall complete the attendance list, stating the nature and representation of each of the Noteholders present and the number of Notes at the meeting, both directly owned and/or represented.	**ARTÍCULO 15º.—LISTA DE ASISTENCIA** El Comisario formará, antes de entrar a discutir el orden del día, la lista de los asistentes, expresando el carácter y representación de cada uno y el número de Bonos propios o ajenos con que concurren.

ARTICLE 16º.—POWER OF THE GENERAL MEETING	ARTÍCULO 16º.—FACULTADES DE LA ASAMBLEA GENERAL
The General Meeting may pass resolutions necessary for the best protection of Noteholders' lawful interests before the Issuer; to modify, in accordance with it, the terms and conditions of the Notes; to dismiss or appoint the Commissioner; to exercise, when appropriate, the corresponding legal claims and to approve the expenses caused by the defense of the Noteholders' interest.	La Asamblea General podrá acordar lo necesario para la mejor defensa de los legítimos intereses de los mismos frente a la Sociedad Emisora; modificar, de acuerdo con la misma, los términos y condiciones de los Bonos; destituir o nombrar Comisario; ejercer, cuando proceda, las acciones judiciales correspondientes y aprobar los gastos ocasionados por la defensa de los intereses de los Bonistas.
ARTICLE 17º.—CHALLENGE OF RESOLUTIONS	**ARTÍCULO 17º.—IMPUGNACIÓN DE LOS ACUERDOS**
The resolutions of the General Meeting may be challenged by the Noteholders in accordance with Chapter IX of Title V of the Spanish Companies Act.	Los acuerdos de la Asamblea General podrán ser impugnados por los Bonistas conforme a lo dispuesto en el Capítulo IX del Título V de la Ley de Sociedades de Capital.
ARTICLE 18º.—MINUTES	**ARTÍCULO 18º.—ACTAS**
The minutes of the meeting may be approved by the General Meeting, after the meeting has been held, or, if not, within a term of fifteen days, by the Commissioner and at least one Noteholder appointed for such purpose by the General Meeting.	El acta de la sesión podrá ser aprobada por la propia Asamblea General, acto seguido de haberse celebrado ésta, o, en su defecto, dentro del plazo de quince días, por el Comisario y al menos un Bonista designado al efecto por la Asamblea General.
ARTICLE 19º.—CERTIFICATES	**ARTÍCULO 19º.—CERTIFICACIONES**
The certificates of the minutes shall be issued by the Commissioner.	Las certificaciones de las actas serán expedidas por el Comisario.
ARTICLE 20º.—INDIVIDUAL EXERCISE OF ACTIONS	**ARTÍCULO 20º.—EJERCICIO INDIVIDUAL DE ACCIONES**
The Noteholders will only be entitled to individually exercise judicial or extra judicial claims if such claims do not contradict the resolutions previously adopted by the Syndicate, within its powers, and are compatible with the faculties conferred upon the Syndicate.	Los Bonistas sólo podrán ejercitar individualmente las acciones judiciales o extrajudiciales que corresponda cuando no contradigan los acuerdos adoptados previamente por el Sindicato, dentro de su competencia, y sean compatibles con las facultades que al mismo se hubiesen conferido.
TITLE III **THE COMMISSIONER**	**TITULO III** **DEL COMISARIO**
ARTICLE 21º.—NATURE OF THE COMMISSIONER	**ARTÍCULO 21º.—NATURALEZA JURÍDICA DEL COMISARIO**
The Commissioner shall bear the legal representation of the Syndicate and shall be the body for liaison between the Syndicate and the Issuer.	Incumbe al Comisario ostentar la representación legal del Sindicato y actuar de órgano de relación entre éste y la Sociedad Emisora.

ARTICLE 22º.—APPOINTMENT AND DURATION OF THE OFFICE Notwithstanding the appointment of the Commissioner, which will require the ratification of the General Meeting, this latter shall have the power to appoint him and he shall exercise his office as long as he is not dismissed by the General Meeting.	**ARTÍCULO 22º.—NOMBRAMIENTO Y DURACIÓN DEL CARGO** Sin perjuicio del nombramiento del Comisario, que deberá ser ratificado por la Asamblea General, esta última tendrá facultad para nombrarlo y ejercerá su cargo en tanto no sea destituido por la Asamblea General.
ARTICLE 23º.—FACULTIES The Commissioner shall have the following faculties: 1º To protect the common interest of the Noteholders. 2º To call and act as president of the General Meeting. 3º To inform the Issuer of the resolutions passed by the Syndicate. 4º To carry out all those actions provided for in the terms and conditions of the Notes to be carried out or that may be carried out by the Commissioner. 5º To execute the resolutions of the General Meeting. 6º To exercise the actions corresponding to the Syndicate. 7º In general, the ones granted to him by Law and the present regulations.	**ARTÍCULO 23º.—FACULTADES** Serán facultades del Comisario: 1º Tutelar los intereses comunes de los Bonistas. 2º Convocar y presidir las Asambleas Generales. 3º Informar a la Sociedad Emisora de los acuerdos del Sindicato. 4º Llevar a cabo todas las actuaciones que estén previstas realice o pueda llevar a cabo el Comisario en los términos y condiciones de los Bonos. 5º Ejecutar los acuerdos de la Asamblea General. 6º Ejercitar las acciones que correspondan al Sindicato. 7º En general, las que le confiere la Ley y el presente reglamento.
TITLE IV	**TITULO IV**
SPECIAL DISPOSITIONS	**DISPOSICIONES ESPECIALES**
ARTICLE 24º.—JURISDICTION For any dispute arising from these regulations, which shall be governed by Spanish law, the Noteholders, by the own fact of being so, shall submit to the exclusive jurisdiction of the courts and tribunals of the city of Madrid and expressly waiving the jurisdiction of other courts or tribunals.	**ARTÍCULO 24º.—SUMISIÓN A FUERO** Para cuantas cuestiones se deriven de este reglamento, que se regirán por la ley española, los Bonistas, por el solo hecho de serlo, se someten de forma exclusiva, con renuncia expresa a cualquier otro fuero que pudiera corresponderles, a la jurisdicción de los Juzgados y Tribunales de la ciudad de Madrid.

FORM OF NOTES AND TRANSFER RESTRICTIONS

The following information relates to the form, transfer and delivery of the Notes. Because of the restrictions set out below, purchasers of Notes offered in the United States in reliance on Rule 144A are advised to consult appropriately qualified legal counsel prior to making any offer, resale, pledge or transfer of Notes. Capitalized terms used but not defined herein have the meanings provided in the section entitled "Terms and Conditions of the Notes."

1 Form of Notes

All Notes will be in definitive registered form, without interest coupons attached. Notes offered and sold outside the United States in reliance on Regulation S will be represented by interests in the Unrestricted Global Note, in definitive registered form, without interest coupons attached, and Notes offered and sold in reliance on Rule 144A will be represented by interests in the Restricted Global Note, in definitive registered form, without interest coupons attached. The Global Notes will be deposited on or about the Closing Date with a common depositary for, and registered in the name of, a nominee for such common depositary in respect of interests held through Euroclear and Clearstream, Luxembourg. The Restricted Global Note (and any Restricted Note Certificates issued in exchange therefor) will be subject to certain restrictions on transfer contained in a legend appearing on the face of such Note as set forth under "Transfer Restrictions" below.

Each of the Unrestricted Global Note and the Restricted Global Note will have a separate ISIN number.

2 Transfer Restrictions

On or prior to the 40th day after the Closing Date, a beneficial interest in the Unrestricted Global Note may be transferred to a person who wishes to take delivery of such beneficial interest through a Restricted Global Note only upon receipt by the Registrar of a written certification from the transferor (in the form scheduled to the Fiscal Agency Agreement) to the effect that such transfer is being made to a person whom the transferor reasonably believes is a qualified institutional buyer within the meaning of Rule 144A, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction. After such 40th day, such certification requirements will no longer apply to such transfers, but such transfers will continue to be subject to the transfer restrictions contained in the legend appearing on the face of such Note, as set out below.

The Restricted Global Note will bear a legend substantially identical to that set out below and neither a Restricted Global Note nor any beneficial interest in the Restricted Global Note may be transferred, except in compliance with the transfer restrictions set forth in such legend.

A beneficial interest in the Restricted Global Note may be transferred to a person who wishes to take delivery of such beneficial interest through the Unrestricted Global Note only upon receipt by the Registrar of a written certification from the transferor (in the form scheduled to the Fiscal Agency Agreement) to the effect that such transfer is being made in accordance with Regulation S or Rule 144 (if available) under the Securities Act.

Any beneficial interest in either the Restricted Global Note or the Unrestricted Global Note that is transferred to a person who takes delivery in the form of a beneficial interest in the other Global Note will, upon transfer, cease to be a beneficial interest in such Global Note and become a beneficial interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to a beneficial interest in such other Global Note for so long as such person retains such an interest.

The Notes and the Class B Shares issuable or deliverable upon conversion of the Notes have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are being offered and sold in the United States only to qualified institutional buyers within the meaning of and in reliance on Rule 144A. Because of the following restrictions, purchasers of Notes offered in the United States in reliance on Rule 144A are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such Notes.

Restricted Notes

Each prospective purchaser of Notes in reliance on Rule 144A (a "144A Offeree"), by accepting delivery of this Offering Circular, will be deemed to have represented, agreed and acknowledged as follows:

(a) such 144A Offeree acknowledges that this Offering Circular is personal to such 144A Offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Notes. Distribution of this Offering Circular, or disclosure of any of its contents to any person other than such 144A Offeree and those persons, if any, retained to advise such 144A Offeree with respect thereto and other persons meeting the requirements of Rule 144A or Regulation S is unauthorized, and any disclosure of any of its contents, without the prior written consent of Abengoa, is prohibited; and

(b) such 144A Offeree agrees to make no photocopies of this Offering Circular or any documents referred to herein.

Each purchaser of Restricted Notes within the United States, by accepting delivery of this Offering Circular, will be deemed to have represented, agreed and acknowledged as follows (terms used herein that are defined in Rule 144A or in Regulation S are used herein as defined therein, as applicable):

(a) the purchaser (i) is a qualified institutional buyer within the meaning of Rule 144A ("QIB"), (ii) is acquiring the Notes for its own account or for the account of a QIB and (iii) is aware that the sale of the Notes to it is being made in reliance on Rule 144A. If it is acquiring any Notes for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account;

(b) the purchaser understands that such Restricted Notes are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, such Restricted Notes and the Class B Shares issuable or deliverable upon conversion of the Notes have not been registered under the Securities Act or any other applicable State securities laws, the purchaser acknowledges that such Restricted Note is a "restricted security" (as defined in Rule 144(a)(3) under the Securities Act) and that (i) such Restricted Notes and Class B Shares may be offered, sold, pledged or otherwise transferred only (A) in the United States to a person that the seller reasonably believes is a QIB purchasing for its own account in a transaction meeting the requirements of Rule 144A whom the seller has notified, in each case, that the offer, resale, pledge or other transfer is being made in reliance on Rule 144A, (B) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, or (C) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available); in each case in accordance with any applicable securities laws of any state of the United States and (ii) no representation can be made as to the availability at any time of the exemption provided by Rule 144 for the resale of the Notes or the Class B Shares;

(c) the Restricted Notes offered hereby will bear a legend to the following effect, unless Abengoa determines otherwise in accordance with applicable law:

"THIS NOTE AND THE CLASS B SHARES ISSUABLE OR DELIVERABLE UPON CONVERSION HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT THE REOFFER, RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (4) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAW OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALE OF THIS NOTE AND THE CLASS B SHARES. THIS NOTE AND RELATED DOCUMENTATION MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR RESALES AND OTHER TRANSFERS OF THIS NOTE TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO THE RESALE OR TRANSFERS OF RESTRICTED SECURITIES GENERALLY. BY THE ACCEPTANCE OF THIS NOTE, THE HOLDER HEREOF SHALL BE DEEMED TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT.";

(d) It understands that to exercise its right to convert the Notes, it must make the representations, warranties and undertakings, including with respect to certain restrictions on transfer which may apply to the Class B Shares received upon Conversion, contained in the Conversion Notice described under "Terms and Conditions of the Notes — Conversion of Notes — Procedure for Exercise of Conversion Right;"

(e) the purchaser understands that Notes offered in reliance on Rule 144A will be represented by a Restricted Global Note. Before any interest in a Note represented by a Restricted Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Note, it will be required to provide the Registrar with a written certification (in the form provided in the Fiscal Agency Agreement) as to compliance with applicable securities laws; and

(f) Abengoa, the Registrar and the Managers and their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements. If it is acquiring any Notes for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

For so long as the Notes are held in global form, Noteholders may not require transfers to be registered during the period beginning on the third business day before the due date for any payment of principal or interest in respect of such Notes.

Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Unrestricted Notes

Each purchaser of Notes outside the United States pursuant to Regulation S and each subsequent purchaser of such Notes in resales prior to the expiration of the distribution compliance period, by accepting delivery of this Offering Circular and the Notes, will be deemed to have represented, agreed and acknowledged that:

(a) It is, or at the time Notes are purchased will be, the beneficial owner of such Notes and (a) it is not a U.S. person and it is located outside the United States (within the meaning of Regulation S) and (b) it is not an affiliate of Abengoa or a person acting on behalf of such an affiliate.

(b) It understands that such Notes and the Class B Shares issuable or deliverable upon conversion of the Notes have not been and will not be registered under the Securities Act and that, prior to the expiration of the distribution compliance period, it will not offer, sell, pledge or otherwise transfer such Notes except (a) in accordance with Rule 144A under the Securities Act to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or the account of a QIB or (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any State of the United States.

(c) It understands that to exercise its right to convert the Notes, it must make the representations, warranties and undertakings, including with respect to certain restrictions on transfer which may apply to the Class B Shares received upon Conversion, contained in the Conversion Notice described under "Terms and Conditions of the Bonds — Conversion of Notes — Procedure for Exercise of Conversion Rights."

(d) Abengoa, the Registrar, the Managers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

(e) It understands that the Notes offered in reliance on Regulation S will be represented by the Unrestricted Global Note. Prior to the expiration of the distribution compliance period, before any interest in the Unrestricted Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Restricted Global Note, it will be required to provide the Registrar with a written certification (in the form provided in the Fiscal Agency Agreement) as to compliance with applicable securities laws.

(f) None of Abengoa, the Managers or any person representing any such entity has made any representation to it with respect to any such entity or the offering or sale of any Notes, other than the information in this Offering Circular.

(g) It understands that the Notes, while represented by the Unrestricted Global Note or, if issued in exchange for an interest in the Unrestricted Global Note, by the Unrestricted Note Certificates, will bear a legend to the following effect:

"THIS NOTE AND THE CLASS B SHARES ISSUABLE OR DELIVERABLE UPON CONVERSION HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE "SECURITIES ACT"). THIS NOTE AND THE CLASS B SHARES ISSUABLE OR DELIVERABLE UPON CONVERSION MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO OR FOR THE ACCOUNT OR BENEFIT OF ANY U.S. PERSON EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT OF 1933, AS AMENDED."

3 Exchange

Registration of title to Notes initially represented by the Restricted Global Note or the Unrestricted Global Note in a name other than the nominee of the common depositary for Euroclear and Clearstream, Luxembourg will not be permitted unless:

The Restricted Global Note or the Unrestricted Global Note is exchangeable in whole but not in part (free of charge to the holder) for individual note certificates ("Restricted Note Certificates" or "Unrestricted Note Certificates", together the Note Certificates) if the Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or any other clearing system (the "Alternative Clearing System") and any such clearing system: (i) is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or (ii) announces an intention permanently to cease business or does in fact do so by such holder giving notice to the Fiscal Agent of its intention to exchange the Global Note for individual note certificates on or after the Exchange Date specified in the notice.

On or after the Exchange Date the holder of the relevant Global Note may surrender the relevant Global Note to or to the order of the Registrar (as defined herein). In exchange for the relevant Global Note, Abengoa shall deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated definitive registered Notes.

"Exchange Date" means a day falling not less than 60 days after the date on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Registrar is located and in the cities in which Euroclear and Clearstream, Luxembourg or, if relevant, the Alternative Clearing System are located.

Except as otherwise described in the Global Notes, the Global Notes are subject to the Terms and Conditions of the Notes (the "Conditions") and the Fiscal Agency Agreement and, until it is exchanged for individual note certificates, its holder shall be entitled to the same benefits as if it were the holder of the individual note certificates for which it may be exchanged and as if such individual note certificates had been issued on the date of the relevant Global Note.

The holder of a Note may transfer such Note in accordance with the provisions of Condition 4 of the Terms and Conditions of the Notes (see "Terms and Conditions of the Notes — Registration and Transfer of Notes"). Note Certificates may not be eligible for trading in the Euroclear and Clearstream, Luxembourg.

Upon the transfer, exchange or replacement of a Restricted Note Certificate bearing the legend referred to under "Transfer Restrictions", or upon specific request for removal of the legend on a Restricted Note Certificate, Abengoa will deliver only Restricted Note Certificates that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to Abengoa and the Registrar such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by Abengoa that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

The Registrar will not register the transfer of or exchange of interests in a Global Note for Note Certificates for a period of 15 calendar days ending on the due date for payment of principal or interest.

4 Euroclear and Clearstream, Luxembourg Arrangements

So long as Euroclear, Clearstream, Luxembourg or the nominee of their common depositary is the registered holder of a Global Note, Euroclear, Clearstream, Luxembourg or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Global Note for all purposes under the Fiscal Agency Agreement and the Notes. Payments of principal, interest and additional amounts, if any, in

respect of the Global Notes will be made to Euroclear, Clearstream, Luxembourg or such nominee, as the case may be, as the registered holder thereof. None of Abengoa, any Agent or any Manager or any affiliate of any of the above or any person by whom any of the above is controlled for the purposes of the Securities Act will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Distributions of principal and interest with respect to book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by Euroclear or Clearstream, Luxembourg from the Principal Paying Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg customers in accordance with the relevant system's rules and procedures.

Distributions in the United States will be subject to relevant U.S. tax law and regulations.

Interest on the Notes (other than interest on redemption) will be paid to the holder shown on the Register at the close of business on the record date which shall be on the Clearing System Business Day immediately prior to the date for payment, where Clearing System Business Day means Monday to Friday inclusive except December 25 and January 1 (the "Record Date"). Trading between the Restricted Global Note and the Unrestricted Global Note, as the case may be, will therefore be net of accrued interest from the relevant Record Date to the relevant interest payment date.

The laws of some states of the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer interests in a Global Note to such persons will be limited. Because Euroclear and Clearstream, Luxembourg can only act on behalf of participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in a Global Note to pledge such interest to persons or entities which do not participate in the relevant clearing system, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate in respect of such interest.

The holdings of book-entry interests in the Notes through Euroclear and Clearstream, Luxembourg will be reflected in the book-entry accounts of each such institution. As necessary, the Registrar will adjust the amounts of Notes on the Register to reflect the amounts of Notes held through Euroclear and Clearstream, Luxembourg, respectively. Beneficial ownership of Notes will be held through financial institutions as direct and indirect participants in Euroclear and Clearstream, Luxembourg.

Interests in the Unrestricted Global Note and the Restricted Global Note will be in uncertificated book-entry form.

5 Notices

So long as the Global Notes are held by or on behalf of Euroclear or Clearstream, Luxembourg or the Alternative Clearing System, notices required to be given to Noteholders may be given by their being delivered to Euroclear and Clearstream, Luxembourg or, as the case may be, the Alternative Clearing System, rather than by publication as required by the Terms and Conditions of the Notes, in which case such notices shall be deemed to have been given to Noteholders on the date of delivery to Euroclear and Clearstream, Luxembourg or, as the case may be, the Alternative Clearing System. All such notices shall, for so long as the Notes are listed on the Euro MTF Market of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, also be published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) and/or on the website of the Luxembourg Stock Exchange (www.bourse.lu).

6 Events of Default

In certain limited circumstances where the Issuer fails to deliver definitive notes certificates following an event of default, Noteholders may obtain direct enforcement rights, as set forth more fully in the Global Notes and the Fiscal Agency Agreement.

7 Prescription

Claims in respect of principal, interest and other amounts payable in respect of the Global Notes will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest or any other amounts) from the appropriate Relevant Date.

8 Meetings

The holder of the relevant Global Note shall be treated as one person for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, as having one vote in respect of each €100,000 principal amount of Notes for which a Global Note may be exchanged. Any accountholder (or the representative of any such person) of a clearing system with an interest in the Notes ("accountholders") represented by a Global Note, on confirmation of entitlement and proof of identity, may attend and speak (but not vote) at any meeting of Noteholders.

9 Purchase and Cancellation

Cancellation of any Note represented by the relevant Global Note which is required by the Terms and Conditions of the Notes to be cancelled will be effected by reduction in the nominal amount of the Global Note on its presentation to or to the order of the Fiscal Agent for notation in Schedule B of the Global Note.

10 Conversion

For so long as the relevant Global Note is held on behalf of any one or more of Euroclear, Clearstream, Luxembourg or the Alternative Clearing System, Conversion Rights (as defined in the Terms and Conditions of the Notes) may be exercised as against Abengoa at any time during the Conversion Period by the presentation to or to the order of the Fiscal Agent of the Global Note for appropriate notation, together with one or more Conversion Notices in accordance with the standard procedures for Euroclear and/or Clearstream, Luxembourg and/or any Alternative Clearing System (which may include notice being given on such accountholder's instructions by Euroclear and/or Clearstream, Luxembourg and/or any Alternative Clearing System or any common depositary for them to the Fiscal Agent by electronic means) and in a form acceptable to Euroclear and/or Clearstream, Luxembourg and/or any Alternative Clearing System.

11 Redemption at the Option of Noteholders

The option of the Noteholders provided for in Condition 7(d) may be exercised by the holder of a Global Note giving notice to the Fiscal Agent within the time limits set out in Condition 7(d), in accordance with the standard procedures for Euroclear and/or Clearstream, Luxembourg and/or any Alternative Clearing System (which may include notice being given on such accountholder's instructions by Euroclear and/or Clearstream, Luxembourg and/or any Alternative Clearing System or any common depositary for them to the Fiscal Agent by electronic means) and in a form acceptable to Euroclear and/or Clearstream, Luxembourg and/or any Alternative Clearing System, stating the principal amount of the Notes in respect of which the option is exercised and at the same time presenting the relevant Global Note to the Fiscal Agent for notation accordingly in Exhibit B of the relevant Global Note.

12 Redemption at the Option of the Issuer

Any option of the Issuer provided for in the Terms and Conditions shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Terms and Conditions.

13 Payments

Payments of principal and premium in respect of Notes represented by the relevant Global Note and accrued interest payable on redemption of such Notes (other than on an Interest Payment Date) will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where Clearing System Business Day means Monday to Friday inclusive except December 25 and January1.

14 Secondary Market Trading in Relation to Global Notes

Abengoa has obtained the information in this section concerning Euroclear and Clearstream, Luxembourg and their book-entry systems from sources made publicly available by Euroclear and Clearstream, Luxembourg, which Abengoa believes to be reliable and which has been accurately extracted and/or summarized from those sources. Abengoa takes no responsibility for the accuracy of this information and only accepts responsibility for accurately extracting the information from those sources.

Trading between Euroclear and/or Clearstream, Luxembourg participants Secondary market sales of book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg to purchasers of book-entry interests in the Notes through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional eurobonds.

TAXATION

Spanish Tax Considerations

Introduction

The following summary describes the main Spanish tax implications arising in connection with the acquisition holding, transfer, redemption or conversion of the Notes and the Class B Shares, as the case may be, by Beneficial Owners. The information provided below does not purport to be a complete analysis of the tax law and practice currently applicable in Spain and does not purport to address the tax consequences applicable to all categories of investors, some of which may be subject to special rules.

All the tax consequences described in this section are based on the general assumption that the Notes are initially registered for clearance and settlement in Euroclear and Clearstream, Luxembourg.

Prospective purchasers of the Notes should consult their own tax advisors as to the tax consequences, including those under the tax laws of the country of which they are resident, of purchasing, owning and disposing of Notes.

The term "Holder" means a beneficial owner of our Notes or Class B Shares.

The summary set out below is based upon Spanish law as in effect on the date of this Prospectus and is subject to any change in such law that may take effect after such date, including changes with retroactive effect.

Spanish Tax Consideration concerning the Notes

This information has been prepared in accordance with the following Spanish tax legislation in force at the date of this Offering Circular:

(i) of general application, Second Additional Provision of Law 13/1985, of May 25, on investment ratios, own funds and information obligations of financial intermediaries as amended by, among others, Law 19/2003 of July 4 on legal rules governing foreign financial transactions and capital movements and various money laundering prevention measures, Law 23/2005, dated November 18, 2005 on certain tax measures to promote productivity and Law 4/2008 of December 23, which abolishes Net Wealth Tax, provides for a monthly Value Added Tax refund system and introduces other amendments to Spanish tax legislation and Law 6/2011, of April 11, which modifies Law 13/1985, Law 24/1988, dated July 28, on the Securities Exchange, and Royal Decree 1298/1986 of June 28, about the adaptation of the current law about financial entities to the law of the European Union, ("Law 13/1985"), as well as Royal Decree 1065/2007, of July 27, as amended by Royal Decree 1145/2011, of July 29 ("Royal Decree 1145/2011");

(ii) for individuals resident for tax purposes in Spain which are subject to the Personal Income Tax ("PIT"), Law 35/2006, of November 28, on PIT and partial amendment of Corporate Income Tax Law and Non Residents Income Tax Law, and Royal Decree 439/2007, of March 30, enacting the PIT Regulations, along with Law 19/1991, of June 6, on Net Wealth Tax, as amended by Law 4/2008, of December 23, which abolishes Net Wealth Tax, provides for a monthly Value Added Tax refund system and introduces other amendments to Spanish tax legislation and by Royal Decree-law 13/2011, of September 16, and the Law 16/ 2012, of December 27, which re-establish, temporarily, the Net Wealth Tax and Law 29/1987, of December 18, on Inheritance and Gift Tax;

(iii) for legal entities resident for tax purposes in Spain which are subject to the Corporate Income Tax ("CIT"), Royal Legislative Decree 4/2004, of March 5, promulgating the Consolidated Text of the CIT Law, and Royal Decree 1777/2004, of July 30, promulgating the CIT Regulations; and

(iv) for individuals and entities who are not resident for tax purposes in Spain which are subject to the Non-Resident Income Tax ("NRIT"), Royal Legislative Decree 5/2004, of March 5, promulgating the Consolidated Text of the NRIT Law along with Law 19/1991, dated June 6, 1991 on Net Wealth Tax, as amended by Law 4/2008, of December 23, which abolishes Net Wealth Tax, provides for a monthly Value Added Tax refund system and introduces other amendments to Spanish legislation and by Royal Decree-law 13/2011, of September 16, and the Law 16/ 2012, of December 27, which re-establish temporarily Net Wealth Tax, and Royal Decree 1776/2004, of July 30, promulgating the NRIT Regulations, Law 29/1987, of December 18, on Inheritance and Gift Tax.

Whatever the nature and residence of the Noteholder, the acquisition and transfer of Notes will be exempt from indirect taxes in Spain, i.e., exempt from Transfer Tax and Stamp Duty, in accordance with the Consolidated Text of such tax promulgated by Royal Legislative Decree 1/1993, of September 24, and exempt from Value Added Tax, in accordance with Law 37/1992, of December 28, regulating such tax.

Individuals with tax residence in Spain

Personal income tax (Impuesto sobre la Renta de las Personas Físicas)

Both interest periodically received and income derived from the transfer, redemption or conversion of the Notes constitute a return on investment obtained from the transfer of a person's own capital to third parties in accordance with the provisions of Section 25 of the PIT Law, and therefore will form part of the so called savings income tax base pursuant to the provisions of the aforementioned Law and will be subject to the following taxes: (i) income up to €6,000 will be taxed at a flat rate of 21%; (ii) income between €6,001 and €24,000 will be taxed at a flat rate of 25%; and (iii) the excess over €24,000 will be subject to a flat rate of 27%. From January 1, 2014 onwards the applicable rates on this type of income are expected to be 19% for taxable income up to €6,000 and 21% for any taxable income in excess of €6,000.

No withholding on account of PIT will be imposed on interest or on income derived from the redemption of the Notes, by individual investors subject to PIT provided that certain requirements (including certain formalities to be complied with by the Paying Agent described in "Compliance with Certain Requirements in Connection with Income Payments") are met. The same treatment will apply with respect to income obtained upon the conversion of the Notes into our Class B Shares in case of cash settlement or conversion of the Notes in part in cash and in part share settlement (but only to the extent of the amount of cash delivered to the converting holders).

Spanish withholding tax at the applicable rate (currently 21%) may have to be deducted by other entities (such as depositaries or financial entities), provided that such entities are resident for tax purposes in Spain or have a permanent establishment in the Spanish territory on income derived from the transfer of the Notes.

In any event, individual Noteholders may credit the withholding against their final PIT liability for the relevant fiscal year.

In accordance with Section 75.3(c) of the PIT Regulations, there is no obligation to withhold on income obtained upon the conversion of the Notes into our Class B Shares (i.e. physical settlement or a combination of cash and share settlement (but only with respect to the Class B Shares delivered to the converting holders)).

Net Wealth Tax (Impuesto sobre el Patrimonio)

According to Royal Decree-law 13/2011 dated September 16, Net Wealth Tax has been restored temporarily for tax periods 2011 and 2012. In addition, please note that the Spanish Parliament has recently approved the

Law 16/2012 on certain tax measures (*Ley 16/2012, de 27 de diciembre, por la que se adoptan diversas medidas tributarias dirigidas a la consolidación de las finanzas públicas y al impulso de la actividad económica*), according to which Net Wealth Tax will also be restored for tax period 2013.

This tax is levied on the net worth of an individual's assets and rights to the extent that their net worth exceeds €700,000. The marginal rates ranging between 0.2% and 2.5% and some reductions could apply. Individuals with tax residency in Spain who are under the obligation to pay Net Wealth Tax must take into account the amount of the Notes which they hold as at December 31, in each year, when calculating their Net Wealth Tax liabilities.

Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones)

Individuals resident in Spain for tax purposes who acquire ownership or other rights over any Notes by inheritance, gift or legacy will be subject to the Spanish Inheritance and Gift Tax in accordance with the applicable Spanish regional and State rules. The applicable tax rates range between 7.65% and 81.6%, depending on relevant factors.

Legal entities with tax residence in Spain

Corporate Income Tax (Impuesto sobre Sociedades)

Both interest periodically received and income derived from the transfer, redemption or conversion of the Notes will be included in the CIT taxable income and will be taxed at the general tax rate of 30% in accordance with the rules for this tax.

No withholding on account of CIT will be imposed on interest or on income derived from the redemption of the Notes, by Spanish CIT taxpayers, provided that certain requirements (including certain formalities to be complied with by the Paying Agent described in "— Compliance with Certain Requirements in Connection with Income Payments") are met. The same treatment will apply with respect to income obtained upon the conversion of the Notes into our Class B Shares in case of cash settlement or combination of cash and share settlement (but only to the extent of the amount of cash delivered to the converting holders).

In accordance with Section 59(f) of the CIT Regulations, there is no obligation to withhold on income obtained upon the conversion of the Notes into our Class B Shares (i.e. physical settlement or combination of cash and share settlement (but only with respect to the Class B Shares delivered to the converting holders)).

Finally, with regard to income derived from the transfer of the Notes, in accordance with Section 59(s) of the CIT Regulations, there is no obligation to withhold on income obtained by Spanish CIT taxpayers from financial assets listed on an organized market of an OECD country, as in the case of the Note. The Spanish Directorate General of Taxes (*Dirección General de Tributos*) issued a ruling dated July 27, 2004 in which it determined that issues made by persons resident in Spain, such as Abengoa, may benefit from the OECD withholding tax exemption mentioned above if the relevant securities are both listed and placed in a OECD State other than Spain. Abengoa considers that the issue of the Notes falls within the scope of this exemption since the Notes are to be placed outside Spanish territory and in the international capital markets and none of the entities initially placing the Notes is resident in Spain. Therefore, income deriving from the transfer of the Notes by Spanish CIT taxpayers that provide relevant information to qualify as such will not be subject to Spanish withholding tax.

Notwithstanding the above, amounts withheld, if any, may be credited by the relevant investor against its final CIT liability for the relevant fiscal year.

Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones)

Legal entities resident in Spain for tax purposes which acquire ownership or other rights over the Notes by inheritance, gift or legacy are not subject to the Spanish Inheritance and Gift Tax but must include the market value of the acquired Notes in their taxable income for Spanish CIT purposes.

Net Wealth Tax (Impuesto sobre el Patrimonio)

Legal entities are not subject to Net Wealth Tax.

Individuals and legal entities with no tax residence in Spain

Non-Resident Income Tax (Impuesto sobre la Renta de no Residentes) — Non-Spanish tax resident investors acting through a permanent establishment in Spain

Ownership of the Notes by investors who are not resident for tax purposes in Spain will not in itself create the existence of a permanent establishment in Spain.

If the Notes form part of the assets of a permanent establishment in Spain of a person or legal entity who is not resident in Spain for tax purposes, the tax rules applicable to income deriving from such Notes are, generally, the same as those previously set out for Spanish CIT taxpayers. See "— Legal entities with tax residence in Spain — Corporate Income Tax (*Impuesto sobre Sociedades*)."

Non-Resident Income Tax (Impuesto sobre la Renta de no Residentes) — Non-Spanish tax resident investors not acting through a permanent establishment in Spain

Both interest payments periodically received and the "Payment Amount" derived from the transfer, redemption or conversion of the Notes obtained by individuals or entities who are not resident in Spain for tax purposes and do not act, with respect to the Notes, through a permanent establishment in Spain, are exempt from NRIT. "Payment Amount" means (i) with respect to the conversion of the Notes in respect of a cash settlement or a combination of cash and share settlement (but only with respect to the amount of cash delivered to the converting Noteholders), the excess, if any, of the market value of the shares and cash delivered on such date over the aggregate principal amount of the converted Notes, (ii) with respect to a redemption of Notes, the excess, if any, of the aggregate redemption price of the Notes being redeemed on such date over the aggregate principal amount of such Notes and (iii) with respect to the transfer of Notes, the excess, if any, of the transfer price over the acquisition price. However, in order for payments to be exempt from withholding at source, according to Royal Decree 1145/2011, the Paying Agent must comply with the new simplified information procedures described in "— Compliance with Certain Requirements in connection with Income Payments" below. If these requirements are not complied with, Abengoa will withhold 21% on payments of interest and on any Payment Amount upon the conversion or redemption of the Notes and Abengoa will not pay additional amounts. No withholding will be imposed on conversion of the Notes solely into Class B Shares.

Holders not resident in Spain for tax purposes and entitled to exemption from NRIT, as described in the paragraph above, but who have been subject to Spanish withholding tax, may obtain a refund of the amount withheld, with no need for action on their part, if the Paying Agent provides Abengoa with a Payment Statement no later than the 10th calendar day of the month immediately following the relevant payment date. In addition, following the 1st of February of the year following the relevant payment date, Holders may also apply directly to the Spanish tax authorities for any refund to which they may be entitled. Holders should consult their own tax advisers with respect to their entitlement to any such refund. See "—Refund by the State" for a discussion of how a Holder may obtain such refund.

Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones)

Individuals not resident in Spain for tax purposes who acquire ownership or other rights over Notes by inheritance, gift or legacy, will be subject to the Spanish Inheritance and Gift Tax in accordance with the applicable Spanish rules, unless they reside in a country for tax purposes with which Spain has entered into a treaty for the avoidance of double taxation in relation to inheritance tax. In such case, the provisions of the relevant treaty for the avoidance of double taxation will apply.

Non-Spanish tax resident entities which acquire ownership or other rights over Notes by inheritance, gift or legacy are not subject to the Spanish Inheritance and Gift Tax. Such acquisitions will be subject to NRIT (as described above), subject to the provisions of any applicable treaty for the avoidance of double taxation entered into by Spain and the investor's country of residence. In general, treaties for the avoidance of double taxation provide for the taxation of this type of income in the country of residence of the beneficiary.

Net Wealth Tax (Impuesto sobre el Patrimonio)

According to Royal Decree-Law 13/2011, of September 16, Net Wealth Tax was restored temporarily for tax periods 2011 and 2012. In addition, please note that the Spanish Parliament has recently approved the Law 16/2012 on certain tax measures (*Ley 16/2012, de 27 de diciembre, por la que se adoptan diversas medidas tributarias dirigidas a la consolidación de las finanzas públicas y al impulso de la actividad económica*), according to which Net Wealth Tax will also be restored for tax period 2013.

To the extent that income deriving from the Notes is exempt from NRIT, individuals who do not have tax residency in Spain who hold such Notes will be exempt from Net Wealth Tax. Furthermore, individuals resident in a country with which Spain has entered into a double tax treaty in relation to Net Wealth Tax will generally be exempt from Net Wealth Tax. Spain and the United States have not signed a tax treaty in relation to Net Wealth Tax. If the exemptions outlined do not apply, individuals who are not tax residents in Spain will be subject to Net Wealth Tax to the extent that the Notes are located in Spain or the rights deriving from the Notes can be exercised in Spain. Although it is not entirely clear, Abengoa believes the Notes and the rights deriving from the Notes will be deemed to be located in Spain for Net Wealth Tax purposes because Abengoa is a Spanish company.

Non-resident legal entities are not subject to Net Wealth Tax.

Compliance with Certain Requirements in Connection with Income Payments

As described under "— Legal Entities with Tax Residency in Spain — Corporate Income Tax (*Impuesto sobre Sociedades*)" and "— Individuals with Tax Residency in Spain — Personal Income Tax (*Impuesto sobre la Renta de las Personas Físicas*)", and provided, among other conditions set forth in Law 13/1985, that the Notes are listed on an organized market in an OECD country on any income payment date, interest and other financial income such as income derived from the conversion of the Notes in the case of combination of cash and share settlement (but only with respect to the amount of cash delivered to the converting holders) or a cash settlement or the redemption of such Notes, paid with respect to the Notes for the benefit of non-Spanish tax resident investors not acting, with respect to the Notes, through a permanent establishment in Spain, or for the benefit of Spanish CIT or PIT taxpayers, will not be subject to Spanish withholding tax unless the Paying Agent fails to comply with certain formalities described below.

The tax formalities to be complied with in order to apply the exemption are those laid down in Section 44 of Royal Decree 1065/2007, of July 27, as amended by Royal Decree 1145/2011 ("Section 44").

In accordance with sub-section 5 and 6 of Section 44, a Payment Statement (the form of which is attached as Annex 1 hereto) (the "Payment Statement") must be submitted to Abengoa by the Paying Agent by no later than the close of business of the business day immediately preceding the relevant payment date. In

accordance with the form attached as Annex to Royal Decree 1145/2011, the Payment Statement shall include the following information:

(i) Identification of the Notes and payment date;

(ii) total amount of income to be paid on the relevant payment date; and

(iii) total amount of income corresponding to Notes held trough each clearing system located outside Spain (such as Euroclear and Clearstream, Luxembourg).

If this requirement is complied with, Abengoa will pay gross (without deduction of any withholding tax) all interest under the Notes and any redemption or conversion proceeds to all Noteholders (irrespective of whether they are tax resident in Spain).

In the event that the Paying Agent designated by Abengoa were to fail to provide the information detailed above, according to section 7 of Article 44 of Royal Decree 1065/2007, as amended by Royal Decree 1145/2011, Abengoa (or the Paying Agent acting on instructions from Abengoa) would be required to withhold tax from the relevant interest payments or the relevant Payment Amount upon the conversion or redemption of the Notes at the general withholding tax rate (currently, 21%). If on or before the 10th calendar day of the month following the month in which the interest is payable, the Paying Agent designated by Abengoa were to submit such information, Holders would be entitled to receive a refund of the total amount of taxes withheld.

Investors should note that none of Abengoa or the Managers accept any responsibility relating to the procedures established for the provision of the Payment Statement. Accordingly, neither Abengoa nor the Managers shall be liable for any damage or loss suffered by any Beneficial Owner who would otherwise be entitled to an exemption from Spanish withholding tax but whose income payments are nonetheless paid net of Spanish withholding tax either because the procedures established to facilitate the provision of the Payment Statement prove ineffective or because the Paying Agent otherwise fails or for any reason is unable to deliver a Payment Statement to Abengoa on a timely manner. Moreover, Abengoa will not pay any additional amounts with respect to any such withholding. See "Risk Factors."

The procedures to be carried out by the Paying Agent pursuant to the Fiscal Agency Agreement are subject to any changes in Spanish tax law and/or regulations, or the administrative interpretation thereof, which the Spanish Tax Authorities may promulgate from time to time. These procedures are fully described in the Fiscal Agency Agreement, which may be inspected during normal business hours at the specified office of the Fiscal Agent. None of Abengoa or the Managers assume any responsibility therefore.

Refund by the State

Noteholders who might otherwise have been entitled to receive income payments in respect of the Notes free of any Spanish withholding taxes but in respect of whom income payments have been made net of Spanish withholding tax may seek a refund of Spanish tax withheld directly from the Spanish Tax Authorities, in the manner described in Annex II.

Spanish Tax Considerations concerning the Class B Shares

Individual with Tax residence in Spain

Personal Income Tax (Impuesto sobre la Renta de las Personas Físicas)

Dividends

Dividends derived by Spanish tax resident individuals from the Class B Shares will form part of the so-called PIT savings income tax base pursuant to the provisions of the PIT Law. The saving income tax base will be subject to the following tax rates: (i) income up to €6,000 will be taxed at a flat rate of 21%; (ii) income between €6,001 and €24,000 will be taxed at a flat rate of 25%; and (iii) the excess over €24,000 will be subject to a flat rate of 27%. From January 1, 2014 onwards the applicable rates on this type of income are expected to be 19% for taxable income up to €6,000 and 21% for any taxable income in excess of €6,000.

However, the first €1,500 of any dividends received annually by an individual deriving from shares (such as the Class B Shares) will be exempt from PIT, save if the Class B Shares are acquired within the two-month period preceding the distribution date if within the two-month period following that date the relevant Noteholder transfers homogenous securities.

Under Spanish law, dividends deriving from the Class B Shares by a non-Spanish tax resident Noteholder are subject to NRIT, withheld at the source on the gross amount of dividends, currently at a tax rate of 21%. For these purposes, the aforementioned €1,500 exemption will not be taken into account. Amounts withheld may be credited against the final Holder's PIT liability. If the amount of tax withheld is greater than the amount of the net PIT payable, the taxpayer will be entitled to a refund of the excess in accordance with the PIT Law.

Capital gains

Upon the disposal of the Class B Shares, Spanish tax-resident individuals will realize a capital gain or loss in an amount equal to the difference between the transfer value and the acquisition value of their Class B Shares calculated in accordance with the provisions set out in the Spanish PIT Law. Costs and expenses effectively borne on the acquisition and/or disposal of the Class B Shares may be taken into account for this calculation, provided that they can be duly evidenced.

Capital gains arising from the transfer of Class B Shares that had been held by Spanish tax resident individuals for more than one year shall be included in the savings taxable base corresponding to the period in which the transfer takes place, and any gain resulting from such compensation will be taxed at a flat rate of 21% in the first €6,000, 25% on income between €6,001 and €24,000, and 27% for any amount in excess of €24,000 regardless of when the gain was originated.

From January 1, 2014 onwards the applicable rates on this type of income are expected to be 19% for taxable income up to €6,000 and 21% for any taxable income in excess of €6,000.

Capital losses resulting from the disposal of Class B Shares, when similar securities are acquired within the two months preceding or following their disposal will not be considered for tax purposes until such similar securities are transferred.

Capital gains deriving from the Class B Shares will not be subject to Spanish withholding tax on account of PIT.

Net Wealth Tax (Impuesto sobre el Patrimonio)

For tax years 2011 and 2012, Spanish resident tax individuals are subject to Spanish Net Wealth Tax (Spanish Law 19/1991), which imposes a tax on property and rights in excess of €700,000 held on the last day of any year. Spanish tax resident individuals whose net worth is above €700,000 and who hold Class B Shares on the

last day of any year would therefore be subject to Spanish Net Wealth Tax for such year at marginal rates varying between 0.2% and 2.5% of the average market value of the Class B Shares during the last quarter of such year.

In addition, please note that the Spanish Parliament has recently approved the Law 16/2012 on certain tax measures (*Ley16/2012, de 27 de diciembre, por la que se adoptan diversas medidas tributarias dirigidas a la consolidación de las finanzas públicas y al impulso de la actividad económica*), according to which Net Wealth Tax will also be restored for tax period 2013.

Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones)

Individuals resident in Spain for tax purposes who acquire ownership or other rights over any Class B Shares by inheritance, gift or legacy will be subject to the Spanish Inheritance and Gift Tax in accordance with the applicable Spanish regional and State rules. The applicable tax rates range between 7.65% and 81.6%, depending on relevant factors.

Legal Entities with Tax Residence in Spain

Corporate Income Tax (Impuesto sobre Sociedades)

Dividends

Dividends deriving from the Class B Shares obtained by legal entities which are resident for tax purposes in Spain, less any expenses inherent to holding the Class B Shares, shall be included in the CIT taxable base. The general CIT rate is, currently, 30%. Special rates apply in respect of certain types of entities.

CIT taxpayers will be entitled to a tax credit of 50% of the gross tax due which corresponds to the taxable income derived from the relevant dividends. The taxable income derived from dividends will be the gross amount thereof. The mentioned tax credit will be 100% of the gross tax due which corresponds to the taxable income derived from the relevant dividends when the Holder holds, directly or indirectly, an interest of at least 5% (which may be reduced to 3% under certain conditions) of Abengoa for at least one year as of the relevant distribution date or it commits to hold the Class B Shares for the time needed to complete such one year holding period. However, these tax credits will not apply if dividends correspond to Class B Shares acquired within the two-month period prior to the distribution date if, within the two-month period following such date, the Holder transfers homogeneous securities.

As a general rule, dividends will be subject to withholding tax on account of the Holder’s final CIT liability, at a rate of, currently, 21%. However, no withholding tax will apply on dividends payable to a Holder who is entitled to the 100% tax credit mentioned above. If the amount of tax withheld is greater than the amount of the net CIT payable, the taxpayer will be entitled to a refund of the excess withheld in accordance with the CIT Law.

Capital Gains

Spanish tax resident legal entities will realize a capital gain or loss in an amount equal to the difference between the transfer value and the acquisition value of the transferred Class B Shares. Capital gains will be included in the CIT taxable base and subject to CIT at a rate of, generally, 30%. Holders of at least 5% of the share capital of Abengoa for one year or more uninterruptedly will be entitled to a tax credit generally equal to 30% thereafter of the reserves of Abengoa which correspond to their participation and which have been accumulated during their holding period, to the extent such reserves had effectively been taxed at the level of Abengoa.

Alternatively (or as far as the excess which has not benefited from the abovementioned tax credit is concerned), Holders of at least 5% of the share capital of Abengoa may benefit from a reinvestment tax credit of, generally, 12%, subject to certain requirements.

Capital gains deriving from Class B Shares will not be subject to withholding tax on account of CIT.

Other Spanish tax issues

Spanish tax resident legal entities are not subject to Spanish Net Wealth Tax.

Spanish tax resident legal entities are neither subject to Spanish Inheritance and Gift Tax. However, Spanish legal entities which are resident for tax purposes in Spain should include the market value of the Class B Shares received for free in the taxable income of their CIT.

Individuals and Legal Entities with no Tax Residence in Spain

Non-Resident Income Tax (Impuesto sobre la Renta de no Residentes) — Non-Spanish tax resident investors acting through a permanent establishment in Spain

Dividends and capital gains derived from Class B Shares by non-Spanish tax resident individuals and legal entities which act in relation to the same through a permanent establishment in Spain will be subject to NRIT, in accordance with the applicable rules set out in the corresponding law and regulations which, in general terms, are the same as those applicable to CIT taxpayers.

Non-Resident Income Tax (Impuesto sobre la Renta de no Residentes) – Non-Spanish tax resident investors not acting through a permanent establishment in Spain

For the purposes of this section it has been assumed that none of the relevant Holders owns or has owned Class B Shares which represent 5% or more of the share capital of Abengoa. Holders which own or have owned Class B Shares which represent 5% or more of the share capital of Abengoa may be subject to a different taxation than that described below, and therefore they should consult their own tax advisors as to the relevant tax consequences.

Dividends

Under Spanish law, dividends deriving from the Class B Shares received by a non-Spanish tax resident Holder are subject to NRIT, withheld at the source on the gross amount of dividends, currently at a tax rate of 21%.

However, the first €1,500 of any Spanish-sourced dividends received annually by individual Holders who are not acting through a tax haven (as defined by Spanish Royal Decree 1080/1991 of July 5, as amended) and who are resident for tax purposes in a Member State or in a territory or country that has entered with Spain into an agreement that includes an effective exchange of fiscal information clause will be tax exempt. In any event, NRIT withholdings will be deducted by Abengoa without taking into account this €1,500 exemption and Holders will have to seek a refund of such withholding taxes from the Spanish tax authorities by following the Spanish ordinary refund procedure.

In addition, Holders resident in countries that have entered into a convention for the avoidance of double taxation with Spain (a "Tax Treaty") may be entitled to the benefits of the applicable Tax Treaty. Such Holders may benefit from a reduced tax rate or an exemption, subject to the satisfaction of any conditions specified in the relevant Tax Treaty or the Spanish domestic law, including providing evidence of the tax residence of the Holder by means of a valid certificate of tax residence duly issued by the tax authorities of the country of tax residence of the Holder or, as the case may be, the equivalent document provided for in the Order which further develops the applicable Tax Treaty. The Tax Treaty between Spain and the United States generally provides for a 15% tax rate on dividends.

Upon distribution of a dividend, we or our paying agent will withhold an amount equal to the tax amount required to be withheld according to the general rules set forth above (i.e., applying the general withholding tax rate of 21% or 15% for U.S Holders) transferring the resulting net amount to the depositary. For this purpose, the depositary is the financial institution with which the Holder has entered into a contract of deposit or management with respect to our shares held for such Holder. If the depositary of the Holder is resident, domiciled or represented in Spain and it provides timely evidence (i.e., a certificate of tax residence issued by the relevant tax authorities of the Holder's country of residence stating that, to the best knowledge of such authorities, the Holder is a resident for tax purposes of such country within the meaning of the relevant Tax Treaty or, if applicable, the equivalent document provided for in the order which further develops the applicable Tax Treaty) of the Holder's right to obtain the Tax Treaty-reduced rate or exemption, it will immediately receive the excess amount withheld. For these purposes, the relevant certificate of residence must be provided before the tenth day following the end of the month in which the dividends were paid. The tax residence certificate is valid only for a period of one year from the date of issuance. For U.S. Holders, the certificate of residence form is IRS Form 6166. U.S. Holders must request the IRS Form 6166 certificate of residence by filing IRS Form 8802 with the IRS. The U.S. Holder must attach to IRS Form 8802 a statement declaring that it was or will be a resident of the United States for the period for which the treaty benefit was claimed.

If this certificate of residence or, if applicable, the equivalent document referred to above, is not provided within this time period, the Holder may subsequently obtain a refund of the amount withheld in excess from the Spanish tax authorities, following the standard refund procedure established by Royal Decree 1776/2004, dated July 30, and an Order dated December 17, 2010.

Capital Gains

Non-residents of Spain without a permanent establishment in Spanish territory will realize a capital gain or loss in an amount equal to the difference between the transfer value and the acquisition value of their Class B Shares calculated in accordance with the provisions set out in the Spanish PIT Law.

Capital gains and losses will be calculated separately for each transaction. It is not possible to offset capital losses against capital gains.

Capital Gains derived from the transfer of Class B Shares are taxable in Spain at the general tax rate of 21%.

However, the Spanish tax law sets forth a domestic exemption for capital gains realized upon the transfer of securities which are listed in a Spanish official secondary market, such as the Class B Shares, for residents in countries with which Spain has signed a Tax Treaty containing an "exchange of information" clause (currently all Tax Treaties entered into by Spain contain such an "exchange of information" clause) which do not hold the relevant securities either through a permanent establishment in Spain or through a tax haven (as defined under Spanish law from time to time).

In addition, Holders of Class B Shares which are resident in countries with which Spain has signed a Tax Treaty and act, with respect to the Class B Shares, without a permanent establishment in Spain, will not normally be taxed in Spain pursuant to the provisions of such Tax Treaties. Under the Tax Treaty between Spain and the United States, capital gains realized by U.S. persons arising from the disposition of Class B Shares will not be taxed in Spain provided that the seller has not maintained a direct or indirect holding of 25% of our capital during the 12-month period preceding the disposition of the stock and that our assets do not mainly consist, directly or indirectly, of Spanish real state.

Finally, the Spanish tax law also sets forth an exemption for capital gains derived from interests held in Spanish entities, such as Class B Shares, by residents in a Member State (other than Spain) or by permanent establishments in a Member State of such EU residents which do not hold the relevant securities either

through a permanent establishment in Spain or through a tax haven (as defined under Spanish law) to the extent that (i) they have not directly or indirectly held more than 25% of the share capital or equity of the relevant entity (in the case at hand, Abengoa) at any time during the preceding 12-month period; and (ii) the assets of the relevant entity are not mainly real estate located in Spain whether directly or indirectly. Capital gains will not be subject to Spanish withholding tax. NRIT payable, if any, should be paid by the Holder directly to the Spanish tax authorities.

Additionally, in order to benefit from a Spanish domestic or Tax Treaty exemption, the Holder must file with the Spanish tax authorities a Spanish "210 Form" together with a certificate of tax residence (or such other document or form required by the relevant Tax Treaty) from such Holder's local tax authority stating that the holder is a resident of the Tax Treaty jurisdiction within the meaning of the relevant Tax Treaty. Under Spanish law, a certificate of residence is generally valid for one year after issue.

Net Wealth Tax (Impuesto sobre el Patrimonio)

For tax years 2011 and 2012 Spanish non-resident tax individuals are subject to Spanish Net Wealth Tax (Spanish Law 19/1991), which imposes a tax on property and rights in excess of €700,000 that are located in Spain, or can be exercised within the Spanish territory, on the last day of any year.

Therefore, non-Spanish tax resident individuals whose net worth related to property located, or rights that can be exercised, in Spain is above €700,000 and who hold Class B Shares on the last day of any year would therefore be subject to Spanish Net Wealth Tax for such year at marginal rates varying between 0.2%. and 2.5% of the average market value of the Class B Shares during the last quarter of such year.

In addition, please note that the Spanish Parliament has recently approved the Law 16/2012 on certain tax measures (*Ley 16/2012, de 27 de diciembre, por la que se adoptan diversas medidas tributarias dirigidas a la consolidación de las finanzas públicas y al impulso de la actividad económica*), according to which Net Wealth Tax will also be restored for tax period 2013.

Non-resident tax legal entities are not subject to Net Wealth Tax.

Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones)

Unless otherwise provided under an applicable Tax Treaty, transfers of shares upon death and by gift to individuals not resident in Spain for tax purposes are subject to Spanish Inheritance and Gift Tax if the shares are located in Spain (as is the case with the Class B Shares) or the rights attached to such shares are exercisable in Spain, regardless of the residence of the heir or the beneficiary. The applicable tax rates currently range between 7.65% and 81.6%, depending on relevant factors.

Non-Spanish tax resident entities which acquire ownership or other rights over Class B Shares by inheritance, gift or legacy are not subject to the Spanish Inheritance and Gift Tax. Such acquisitions will be subject to NRIT (as described above), without prejudice to the provisions of any applicable Tax Treaty. In general, treaties for the avoidance of double taxation provide for the taxation of this type of income in the country of residence of the beneficiary.

Certain U.S. Federal Income Tax Considerations

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, HOLDERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THIS OFFERING CIRCULAR IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY HOLDERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON HOLDERS UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS INCLUDED HEREIN BY ABENGOA IN CONNECTION WITH THE PROMOTION OR MARKETING

(WITHIN THE MEANING OF CIRCULAR 230) BY ABENGOA OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) HOLDERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

* * * * *

The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes or Class B Shares by a U.S. Holder (as defined below). This summary deals only with initial purchasers of Notes that are U.S. Holders that acquire Notes in this offering at the issue price and that will hold the Notes or Class B Shares acquired on conversion of such Notes as capital assets. Generally, the issue price of a Note will be the first price at which a substantial amount of Notes is sold to persons other than bond houses, brokers, or similar persons or organisations acting in the capacity of underwriters, placement agents, or wholesalers. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes or Class B Shares by particular investors, and does not address state, local, foreign or other tax laws. This summary also does not address tax considerations applicable to investors that own (directly or indirectly) 10% or more of the voting stock of Abengoa, nor does this summary discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as certain financial institutions, insurance companies, investors liable for the alternative minimum tax, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, investors that will hold the Notes or Class B Shares as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes or investors whose functional currency is not the U.S. dollar).

As used herein, the term "U.S. Holder" means a beneficial owner of Notes or Class B Shares that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States or any State thereof, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for U.S. federal income tax purposes.

The U.S. federal income tax treatment of a partner in an entity treated as a partnership for U.S. federal income tax purposes that holds Notes or Class B Shares will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are entities treated as partnerships for U.S. federal income tax purposes should consult their tax advisers concerning the U.S. federal income tax consequences to their partners of the acquisition, ownership and disposition of Notes or Class B Shares by such entities.

The summary assumes that Abengoa is not and will not become a passive foreign investment company (a "PFIC") for U.S. federal income tax purposes, which Abengoa believes to be the case. Abengoa's possible status as a PFIC must be determined annually and therefore may be subject to change. If Abengoa were to be a PFIC in any year, materially adverse consequences could result for U.S. Holders.

This summary is based on the tax laws of the United States, including the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, as well as on the income tax treaty between the United States and Spain (the "Treaty"), all as of the date hereof and all subject to change at any time, possibly with retroactive effect.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING THE NOTES AND CLASS B SHARES, INCLUDING THEIR ELIGIBILITY FOR THE BENEFITS OF THE TREATY,

THE APPLICABILITY AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Notes

Payments of Interest

General. Interest on a Note will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, depending on the holder's method of accounting for tax purposes. The amount of interest taxable as ordinary income shall include amounts withheld in respect of Spanish taxes, if any. Interest paid by Abengoa on the Notes constitutes income from sources outside the United States. Non-refundable Spanish taxes withheld from interest income on a Note at the rate not exceeding any applicable rate under the Treaty generally will be creditable against the U.S. Holder's U.S. federal income tax liability, subject to applicable limitations that may vary depending upon the U.S. Holder's circumstances. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. The rules governing foreign tax credits are complex, and U.S. Holders should consult their own tax advisers regarding the availability of foreign tax credits in their particular circumstances. Instead of claiming a credit, the U.S. Holder may, at its election, deduct such Spanish taxes in computing its taxable income. An election to deduct foreign taxes instead of claiming foreign tax credits must apply to all taxes paid or accrued in the taxable year to foreign countries and possessions of the United States. U.S. Holders should consult their tax advisers concerning the applicability of the foreign tax credit and source of income rules to income attributable to the Notes.

Euro Denominated Interest. The amount of income recognised by a U.S. Holder that uses the cash method of tax accounting will be the U.S. dollar value of the interest payment (including a payment attributable to accrued but unpaid interest upon the sale or retirement of a Note), based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars. This U.S. dollar value will be the U.S. Holder's tax basis in the euros received.

A U.S. Holder that uses the accrued method of tax accounting may determine the amount of income recognised with respect to an interest payment denominated in euro in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, in the case of an accrual period that spans two taxable years of a U.S. Holder, the part of the period within the taxable year).

Under the second method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year). Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period, an electing accrual basis U.S. Holder may instead translate the accrued interest into U.S. dollars at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the Internal Revenue Service (the "IRS").

Upon receipt of the interest payment (including a payment attributable to accrued but unpaid interest upon the sale or retirement of a Note) denominated in euro, the U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

Sale and Retirement of the Notes

A U.S. Holder will generally recognise gain or loss on the sale or retirement of a Note equal to the difference between the amount realised on the sale or retirement and the holder's tax basis in the Note. A U.S. Holder's tax basis in a Note will generally be its U.S. dollar cost (as defined below). The U.S. dollar cost of a Note purchased with euros will generally be the U.S. dollar value of the purchase price on the date of purchase or the settlement date for the purchase, in the case of Notes traded on an established securities market, within the meaning of the applicable Treasury Regulations, that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects). The amount realised does not include the amount attributable to accrued but unpaid interest, which will be taxable as interest income to the extent not previously included in income. The amount realised on a sale or retirement for an amount in euros will be the U.S. dollar value of this amount on the date of sale or retirement, or the settlement date for the sale, in the case of Notes traded on an established securities market, within the meaning of the applicable Treasury Regulations, sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects).

A U.S. Holder will recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) on the sale or retirement of a Note equal to the difference, if any, between the U.S. dollar values of the U.S. Holder's purchase price for the Note (i) on the date of sale or retirement and (ii) the date on which the U.S. Holder acquired the Note. Any such exchange gain or loss (including any exchange gain or loss with respect to the receipt of accrued but unpaid interest) will be realised only to the extent of total gain or loss realised on the sale or retirement. Gain or loss recognised by a U.S. Holder on the sale or retirement of a Note (other than exchange gain or loss) will be capital gain or loss and will be long-term capital gain or loss if the Note was held by the U.S. Holder for more than one year. Gain or loss realised by a U.S. Holder on the sale or retirement of a Note generally will be U.S. source.

Disposition of Euro

Euro received as interest on a Note or on the sale or retirement of a Note will have a tax basis equal to its U.S. dollar value at the time the euro is received. Euro that is purchased will generally have a tax basis equal to the U.S. dollar value of the euro on the date of purchase. Any gain or loss recognised on a sale or other disposition of a euro (including its use to purchase Notes or upon exchange for U.S. dollars) will be U.S. source ordinary income or loss.

Conversion

Conversion of Notes into Class B Shares. A U.S. Holder's conversion of Notes into Class B Shares generally will not be a taxable event (except to the extent attributable to cash received in lieu of a fractional Class B Share) for U.S. federal income tax purposes. However, a U.S. Holder will recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) on the conversion of a Note as described above under "Sale and Retirement of the Notes," as if the conversion were a taxable sale of the Notes. Any such exchange gain or loss (including any exchange gain or loss with respect to the receipt of accrued but unpaid interest) will be realised only to the extent of total gain or loss that would have been realised had the conversion been a taxable sale or retirement of the Note. A U.S. Holder's tax basis in the Class B Shares received upon conversion will generally equal the U.S. Holder's tax basis in the converted Notes, exclusive of any tax basis attributable to a fractional Class B Share as described below, in the Notes converted, increased or decreased by any exchange gain or loss recognized on the conversion. If the Notes are traded on an established securities market, a cash method taxpayer who sells a Note is required to translate euros received into U.S. dollars at the exchange rate on the settlement date of the purchase or sale and an accrual method taxpayer may elect the same treatment for all purchases and sales of Notes. This election by accrual method taxpayers cannot be changed without the consent of the IRS.

Receipt of cash in lieu of a fractional share will generally be treated as a sale of such fractional share, and a U.S. Holder will recognize capital gain or loss upon such sale in an amount equal to the difference between the amount of cash received and the amount of tax basis that is allocable to the fractional share. A U.S. Holder's tax basis in a fractional share will be determined by allocating the U.S. Holder's tax basis in the Note between the Class B Shares received and the fractional share, in accordance with their respective fair market values.

A U.S. Holder's holding period for Class B Shares received upon conversion will include the period during which such U.S. Holder held the Notes.

Conversion of Notes into Cash. As discussed under "Terms and Conditions of the Notes — Conversion of Notes", Abengoa may choose to settle a conversion of Notes with cash rather than Class B Shares. If Notes are converted solely into cash, a U.S. Holder will recognize gain or loss in the same manner as if the U.S. Holder had disposed of the Note in a taxable disposition as described under "Sale and Retirement of the Notes".

Conversion of Notes into Cash and Class B Shares. As discussed under "Terms and Conditions of the Notes — Conversion of Notes", Abengoa may choose to settle a conversion of Notes with a combination of cash and Class B Shares. If a U.S. Holder receives a combination of cash and Class B Shares, Abengoa intends to take the position (and the following discussion assumes) that the conversion will be treated as a recapitalization for U.S. federal income tax purposes, although the tax treatment is uncertain.

Assuming such treatment, U.S. Holders will recognize capital gain, but not loss, equal to the excess of the sum of the fair market value of the Class B Shares and cash received (other than amounts attributable to accrued interest, which will be treated as such as described under "Payment of Interest" above) over their tax basis in the Note, but in no event will the capital gain recognized exceed the amount of cash received (excluding cash attributable to accrued interest or received in lieu of a fractional share) U.S. Holders will recognize U.S. source exchange gain or loss as described above under "—Conversion of Notes into Class B Shares."

A U.S. Holders tax basis in its Class B Shares and any fractional shares will be determined as described above under "-Conversion of Notes into Class B Shares" and in the case of Class B Shares (other than fractional shares) such basis will be reduced by the amount of cash received (excluding cash received in lieu of a fractional share and cash attributable to accrued interest), and increased by the amount of recognized gain (other than with respect to a fractional share) if any.

Receipt of cash in lieu of fractional shares will be taxed and a U.S. Holder's holding period for Class B shares will be determined as described above under "Conversion of Notes into Class B Shares".

As described in "Spanish Tax Considerations— Spanish Tax Considerations Concerning the Notes— Individuals and legal entities with no tax residence in Spain—*Non-Resident Income Tax (Impuesto sobre la Renta de no Residentes)*— Non-Spanish tax resident investors not acting through a permanent establishment in Spain*",* if the Paying Agent fails to provide certain information to the Issuer, Spanish withholding tax may be deducted from the Payment Amount, as that term is defined in "Spanish Tax Considerations— Spanish Tax Considerations Concerning the Notes—Individuals and legal entities with no tax residence in Spain—*Non-Resident Income Tax (Impuesto sobre la Renta de no Residentes)*— Non-Spanish tax resident investors not acting through a permanent establishment in Spain*"*, received by a U.S. Holder from the conversion of a Note into cash or a combination of cash and Class B Shares. U.S. Holders will not be able to claim a foreign tax credit against their U.S. federal income tax liability for any such Spanish taxes that are refundable. Under the Treaty, U.S. Holders entitled to the benefits of the Treaty should be entitled to a refund for all such Spanish taxes withheld. For a description of the how to claim a refund for such Spanish taxes, see "Spanish Tax Considerations—Spanish Tax Considerations Concerning the Notes—Individuals and legal entities with no

tax residence in Spain—Non-Resident Income Tax *(Impuesto sobre la Renta de no Residentes)*— Compliance with Certain Requirements in Connection with Income Payments*"* and "Annex II".

U.S. Holders should consult their tax advisors regarding the tax treatment of the receipt of cash and shares for Notes upon conversion.

Adjustment of Conversion Price. As discussed under "Terms and Conditions of the Notes — Conversion of Notes", the conversion ratio of the Notes is subject to adjustment in certain circumstances. These adjustments may be treated as a distribution subject to U.S. federal income tax as a dividend if a U.S. Holder's proportionate interest in our earnings and profits or assets is increased as a result of the adjustment. In certain circumstances, the failure to adjust the conversion ratio to reflect certain events may result in a taxable distribution to U.S. Holders of our Class B Shares or Notes, if as a result of such failure the proportionate interest of the stockholders or noteholders, as the case may be, in our assets or earnings and profits is increased. Any deemed distribution will be taxed in the same manner as an actual distribution, as described below under "Class B Shares — Dividends". Prospective purchasers should consult their tax advisers concerning the consequences of these adjustments and events.

Class B Shares

Dividends

General. Distributions paid by Abengoa out of current or accumulated earnings and profits (as determined for U.S. federal income tax purposes) , before reduction for any Spanish withholding tax paid by Abengoa with respect thereto, will generally be taxable to a U.S. Holder as foreign source dividend income, and will not be eligible for the dividends received deduction generally allowed to corporations. Distributions in excess of current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the U.S. Holder's basis in the Class B Shares and thereafter as capital gain. However, Abengoa does not maintain calculations of its earnings and profits in accordance with U.S. federal income tax accounting principles. U.S. Holders should therefore assume that any distribution by Abengoa with respect to Class B Shares will be reported as ordinary dividend income. U.S. Holders should consult their own tax advisers with respect to the appropriate U.S. federal income tax treatment of any distribution received from Abengoa.

Euro Dividends. Dividends paid in euro will be included in income in a U.S. dollar amount calculated by reference to the exchange rate in effect on the day the dividends are received by the U.S. Holder, regardless of whether the euro are converted into U.S. dollars at that time. If dividends received in euro are converted into U.S. dollars on the day they are received , the U.S. Holder generally will not be required to recognise foreign currency gain or loss in respect of the dividend income.

Effect of Spanish Withholding Taxes. As discussed in "Taxation — Spanish Tax Considerations", under current law payments of dividends by Abengoa to foreign investors are subject to a 21% Spanish withholding tax. The rate of withholding tax applicable to U.S. Holders that are eligible for benefits under the Treaty is generally reduced to a maximum of 15%. For U.S. federal income tax purposes, U.S. Holders will be treated as having received the amount of Spanish taxes withheld by Abengoa, and as then having paid over the withheld taxes to the Spanish taxing authorities. As a result of this rule, the amount of dividend income included in gross income for U.S. federal income tax purposes by a U.S. Holder with respect to a payment of dividends may be greater than the amount of cash actually received (or receivable) by the U.S. Holder from Abengoa with respect to the payment.

A U.S. Holder will generally be entitled, subject to certain limitations, to a credit against its U.S. federal income tax liability, or a deduction in computing its U.S. federal taxable income, for non-refundable Spanish income taxes withheld by Abengoa at a rate not exceeding the applicable rate under the Treaty. For purposes of the foreign tax credit limitation, foreign source income is classified in one of two "baskets", and the credit

for foreign taxes on income in any basket is limited to U.S. federal income tax allocable to that basket. Dividends paid by Abengoa generally will constitute foreign source income in the "passive category income" basket. In certain circumstances, a U.S. Holder may be unable to claim foreign tax credits (and may instead be allowed deductions) for foreign taxes imposed on a dividend if the U.S. Holder has not held the Class B Shares for at least 16 days in the 31-day period beginning 15 days before the ex dividend date.

U.S. Holders that are accrual basis taxpayers, and who do not otherwise elect, must translate Spanish taxes into U.S. Dollars at a rate equal to the average exchange rate for the taxable year in which the taxes accrue, while all U.S. Holders must translate taxable dividend income into U.S. Dollars at the spot rate on the date received. This difference in exchange rates may reduce the U.S. dollar value of the credits for Spanish taxes relative to the U.S. Holder's U.S. federal income tax liability attributable to a dividend. However, cash basis and electing accrual basis U.S. Holders may translate Spanish taxes into U.S. Dollars using the exchange rate in effect on the day the taxes were paid. Any such election by an accrual basis U.S. Holder will apply for the taxable year in which it is made and all subsequent taxable years, unless revoked with the consent of the IRS.

Prospective purchasers should consult their tax advisers concerning the foreign tax credit implications of the payment of Spanish taxes.

Sale or other Disposition

Upon a sale or other disposition of Class B Shares, a U.S. Holder generally will recognise capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the amount realised on the sale or other disposition and the U.S. Holder's tax basis in the Class B Shares, each determined in U.S. dollars. This capital gain or loss will be long-term capital gain or loss if the U.S. Holder's holding period in the Class B Shares exceeds one year.

For this purpose, the holding period of the Class B Shares includes the holding period of any Notes that were converted into the Class B Shares. Any gain or loss will generally be U.S. source. Prospective purchasers should consult their tax advisers as to the availability of and limitations on any foreign tax credit attributable to any Spanish tax on disposition of Class B Shares.

Disposition of Euro

Euro received on the sale or other disposition of a Class B Share will have a tax basis equal to its U.S. dollar value on the date of sale or other disposition. Euro that is purchased will generally have a tax basis equal to the U.S. dollar value of the euro on the date of purchase. Any gain or loss recognised on a sale or other disposition of euro (including upon exchange for U.S. dollars) will be U.S. source ordinary income or loss.

Passive Foreign Investment Company Considerations

Abengoa does not believe that it should be treated as a PFIC for U.S. federal income tax purposes but Abengoa's possible status as a PFIC must be determined annually and therefore may be subject to change. If Abengoa were to be treated as a PFIC, U.S. Holders of Class B Shares and under proposed regulations, Notes, would be required (i) to pay a special U.S. addition to tax on certain distributions and gains on sale and (ii) to pay tax on any gain from the sale of Class B Shares at ordinary income (rather than capital gains) rates in addition to paying the special addition to tax on this gain. Prospective purchasers should consult their tax advisers regarding the potential application of the PFIC regime.

Reportable Transactions

A U.S. taxpayer that participates in a "reportable transaction" will be required to disclose its participation to the IRS. Under the relevant rules, as the Notes are denominated in a foreign currency, a U.S. Holder may be required to treat a foreign currency exchange loss from the Notes as a reportable transaction if this loss exceeds the relevant threshold in the regulations (U.S.$50,000 in a single taxable year, if the U.S. Holder is an

individual or trust, or higher amounts for other non-individual U.S. Holders), and to disclose its investment by filing Form 8886 with the IRS. A penalty in the amount of U.S.$10,000 in the case of a natural person and U.S.$50,000 in all other cases is generally imposed on any taxpayer that fails to timely file an information return with the IRS with respect to a transaction resulting in a loss that is treated as a reportable transaction. Prospective purchasers are urged to consult their tax advisers regarding the application of these rules.

Backup Withholding and Information Reporting

Payments of principal, interest on, and the proceeds of sale or other disposition of Notes, as well as dividends and other proceeds with respect to Class B Shares, by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding may apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to report all interest and dividends required to be shown on its U.S. federal income tax returns. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability, and may entitle the U.S. Holder to a refund, provided that the required information is timely furnished to the IRS. U.S. Holders should consult their tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.

Foreign Financial Asset Reporting

Certain U.S. Holders who are individuals (and, under proposed Treasury Regulations, certain entities) may be required to report information relating to securities issued by a non-U.S. person (or foreign accounts through which the securities are held), subject to certain exceptions (including an exception for securities held in accounts maintained by U.S. financial institutions). U.S. Holders should consult their tax advisors regarding their reporting obligations with respect to the Notes and Class B Shares.

EU Savings Directive

Under European Council Directive 2003/48/EC on the taxation of savings income (the "Savings Directive", each Member State is required to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State; except that Austria and Luxemburg will instead impose a withholding system for a transitional period (subject to a procedure whereby, on meeting certain conditions and disclosing certain information, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period they elect otherwise.

The European Commission has proposed certain amendments to the Savings Directive, which may, if implemented, amend or broaden the scope of requirements described above.

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a person within their jurisdiction to, or collected by such a person for, an individual resident in another Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident in one of those territories.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither we nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Notes as a result of the imposition of such withholding tax. If a withholding tax is imposed on payment made by a Paying

Agent, we will be required to maintain a paying and conversion agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Directive.

Luxembourg

The following summary is of a general nature and is included herein solely for information purposes. It is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Notes should therefore consult their own professional advisors as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Withholding tax

Under Luxembourg tax law currently in effect, and subject to the provisions of the Laws (as defined below) and the Law (as defined below), there is no Luxembourg withholding tax on payments of principal, premium or interest (including accrued but unpaid interest), nor is any Luxembourg withholding tax payable on redemption, repurchase or exchange of the Notes.

Luxembourg non-resident individuals

Under the Luxembourg laws dated June 21, 2005 (the "Laws") implementing the Savings Directive and several agreements concluded between Luxembourg and certain dependent or associated territories of the European Union, a Luxembourg based paying agent (within the meaning of the Savings Directive) is required since July 1, 2005 to withhold tax on interest and other similar income paid by it to or to the immediate benefit of an individual beneficial owner or certain "residual entities" resident or established in another Member State or in certain EU dependent or associated territories, unless the beneficiary of the interest payments elects for the procedure of exchange of information or, in case of an individual beneficiary, for the tax certificate procedure. "Residual entities" within the meaning of Article 4.2 of the Savings Directive are entities established in a Member State or in certain EU dependent or associated territories which are not legal persons (the Finnish and Swedish companies listed in Article 4.5 of the Savings Directive are not considered as legal persons for this purpose), whose profits are not taxed under the general arrangements for the business taxation and that are not and have not opted to be treated as UCITS recognized in accordance with the European Council Directive 85/611/EEC as replaced by the European Council Directive 2009/65/EC or similar collective investment funds located in Jersey, Guernsey, the Isle of Man, the Turks and Caicos Islands, the Cayman Islands, Montserrat or the British Virgin Islands.

Where withholding tax is applied, it is currently levied at a rate of 35%. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Laws would at present be subject to withholding tax of 35%.

The European Commission has proposed certain amendments to the Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

Luxembourg resident individuals

Under the law dated December 23, 2005, as amended by the law of July 17, 2008 (the "Law"), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the benefit of an individual beneficial owner who is resident of Luxembourg will be subject to a withholding tax of 10%. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent.

Pursuant to the Law, Luxembourg resident individuals, acting in the course of their private wealth, can opt to self-declare and pay a 10% tax on interest payments made after December 31, 2007 by paying agents (defined

in the same way as in the Savings Directive) located in a Member State other than Luxembourg, a Member State of the European Economic Area other than a Member State or in a State or territory which has concluded an international agreement directly related to the Savings Directive.

Payments of interest under the Notes coming within the scope of the Law would be subject to withholding tax of 10% or to the 10% tax, if applicable.

PLAN OF DISTRIBUTION

Subscription Agreement

Pursuant to a subscription agreement dated January 9, 2013 (the "Subscription Agreement"), between us and Citigroup Global Markets Limited and Deutsche Bank AG, London Branch (the "Joint Lead Managers") and Natixis, as Co-Lead Manager without underwriting commitment (the "Co-Lead Manager" and, together with the Joint Lead Managers, the "Managers") each of the Joint Lead Managers severally (but not jointly) agreed, subject to certain customary closing conditions, to procure purchasers for or failing which to subscribe for one-half of the aggregate nominal amount of €400,000,000 of the Notes at an issue price of 100% of their nominal amount. The Managers are entitled, in certain customary circumstances, to be released and discharged from their obligations under the Subscription Agreement prior to the closing of the issue of the Notes.

The Managers propose to offer the Notes initially at the price indicated on the cover page hereof. After the initial offering of the Notes, the offering price and other selling terms of the Notes may from time to time be varied by the Managers without notice. Sales in the United States may be made through certain affiliates of the Managers.

The Joint Lead Managers shall receive an underwriting and management commission pursuant to the Subscription Agreement in respect of their services provided to us in connection with the issue of the Notes and an incentive fee. We have also agreed to pay the Co-Lead Manager certain fees and reimburse the Co-Lead Manager for certain expenses to the extent agreed between it and Abengoa for its services in connection with the issue of the Notes.

We have agreed to reimburse the Joint Lead Managers for certain costs and expenses incurred by them in connection with the issue of the Notes.

The Subscription Agreement provides that we will indemnify and hold harmless the Managers against certain liabilities, including liabilities under the Securities Act.

We have separately undertaken that through March 31, 2013, we will not and will procure that none of our subsidiaries or any other party acting on our or their behalf (other than the Managers) will, without the prior written consent of the Joint Lead Managers, (i) directly or indirectly, issue, offer, pledge, sell, contract to issue or sell, issue or sell any option or contract to purchase, purchase any option or contract to issue or sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of, directly or indirectly, shares of any class of shares of Abengoa or any securities convertible into or exercisable or exchangeable for any class of shares of Abengoa or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences of ownership of shares of any class of shares of Abengoa, whether any such swap or transaction described in (i) or (ii) above is to be settled by delivery of shares of any class of shares of Abengoa or such other securities, in cash or otherwise.

The restrictions set forth above shall not apply (A) to the issue of the Notes or to the issue or delivery of Class B Shares pursuant to conversion of the Notes or (B) to the entering into and performance by us of the stock lending arrangements discussed below, (C) to the entering into or performance by us of stock lending arrangements with Inversión Corporativa IC, S.A. to facilitate the performance of our obligations under the stock lending arrangements discussed below, or (D) upon exercise of options in respect of shares of any class of shares of Abengoa existing as at the date hereof or (E) to the grant of options under any employees' share scheme existing and publicly disclosed as of the date of the Subscription Agreement or (F) to the disposal or purchase of treasury shares (*autocartera*) in accordance with Abengoa's general policies and arrangements in force at the date of the Subscription Agreement.

For the purposes of the foregoing, shares includes shares of any class of shares of Abengoa, as well as participation certificates and any depositary or other receipt, instrument, rights or entitlement representing shares of any class of shares of Abengoa.

The Notes will constitute a new class of securities with no established trading market. Although application has been made for the Notes to be admitted to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF Market, we cannot assure you that the prices at which the Notes will sell in the market after this Offering will not be lower than the initial offering price or that an active trading market for the Notes will develop and continue after this Offering.

We expect that delivery of the Notes will be made against payment on the Notes on or about the date specified on the cover page of this Offering Circular, which will be six business days (as such term is used for purposes of Rule 15c6-1 of the Exchange Act) following the date of pricing of the Notes (this settlement cycle is being referred to as "T + 6"). Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally are required to settle in three business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes prior to the fourth business day following pricing will be required to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to make such trades should consult their own advisors.

The Managers or their respective affiliates from time to time have provided in the past, and may provide in the future, services such as investment banking, financial advisory, securities trading, investment management, principal investment, hedging, broker dealer and commercial banking services to us and our affiliates in the ordinary course of business for which they have received, or may receive, customary fees and commissions and reimbursement of expenses. In addition, the Managers are lenders (either directly or through their respective affiliates) under certain of our facilities. The Managers and their affiliates routinely hedge their credit exposure to us consistent with their customary risk management policies. Typically, the Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes.

Moreover, in the ordinary course of their various business activities, the Managers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve our securities and instruments, including our 2014 Notes , which we intend to partially repurchase and repay, as applicable, with the net proceeds from the issue of the Notes. See "Use of Proceeds".

Abengoa will, through the Joint Lead Managers, make available stock borrow liquidity to certain eligible investors in compliance with Rule 144A and Regulation S under the Securities Act while the Notes are outstanding for hedging purposes pursuant to a stock loan of up to an aggregate of 22,000,000 Class B Shares, amounting to a total of 4.86% of Abengoa's Class B share capital (including Class B Shares held in treasury) comprising both Abengoa's Class B Treasury Shares and Class B Shares made available through stock lending arrangements by Inversión Corporativa IC, S.A. to Abengoa. See "Major Shareholders."

Selling Restrictions

General

This Offering Circular does not constitute an offer by, or an invitation by or on behalf of, us or the Managers or any other person to subscribe for any of the Notes or the Class B Shares, or the solicitation of an offer to subscribe for or purchase any of the Notes or the Clas B Shares in any jurisdiction in which such offer or

invitation is not authorized or to any person to whom it is unlawful to make such offer or invitation. Neither we nor the Managers have taken any action that would, or is intended to, permit a public offer of the Notes or possession or distribution of the Offering Circular or any other offering or publicity material relating to the Notes in any country or jurisdiction where any such action for that purpose is required.

United States

The Notes and the Class B Shares to be issued upon conversion of the Notes have not been registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (within the meaning of Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer or sell the Notes or Class B Shares issuable or deliverable upon conversion of the Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes or Class B Shares issuable or deliverable upon conversion of the Notes (other than a sale pursuant to Rule 144A) during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes or Class B Shares, as the case may be, within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are being offered and sold outside of the United States to non-U.S. persons in reliance on Regulation S. The Subscription Agreement provides that the Managers may directly or through their respective U.S. broker-dealer affiliates arrange for the offer and resale of Notes within the United States only to qualified institutional buyers in reliance on Rule 144A.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes or Class B Shares issuable or deliverable upon conversion of the Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

United Kingdom

Each Manager has represented and agreed that:

(i) it has complied and will comply with all applicable provisions of the United Kingdom Financial Services and Markets Act 2000 ("FSMA") with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and

(ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of FSMA does not apply to Abengoa.

Spain

The Notes have not been and will not be registered with the CNMV. Accordingly, the Notes may not be offered in Spain save in accordance with the requirements of the Spanish Securities Market Law of July 28, 1988 (*Ley del Mercado de Valores de 28 de Julio*), as amended and restated and Royal Decree 1310/2005 of November, 4 (*Real Decreto 1310/2005 de 4 de Noviembre*), as amended and restated and the decrees and regulations made thereunder.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), each Manager with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") has not made and will not make an offer of the Notes to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

(a) to any legal entity which is a "qualified investor", as defined in the Prospectus Directive;

(b) to fewer than 100, or if the Relevant Member State has implemented the relevant provisions of the PD Amending Directive, 150 natural or legal persons (other than "qualified investors", as defined in the Prospectus Directive) in such Relevant Member State; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall require us or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (and any amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

LEGAL MATTERS

Certain legal matters in connection with this Offering are being passed upon for us by Linklaters, S.L.P. with respect to matters of U.S. federal, English and Spanish law. Certain legal matters in connection with this Offering are being passed upon for the Managers by Davis Polk & Wardwell LLP, with respect to matters of U.S. federal and English law and by DLA Piper Spain, S.L. with respect to matters of Spanish law.

INDEPENDENT ACCOUNTANTS

Our Audited Consolidated Financial Statements as of and for the years ended December 31, 2009, 2010 and 2011 incorporated by reference into this Offering Circular have been audited by PricewaterhouseCoopers Auditores, S.L., independent auditors, as stated in their reports appearing herein.

At the proposal of the Board of Directors and the Audit Committee, the General Shareholders' Meeting held on April 1, 2012 approved the appointment of Deloitte, S.L. as its independent registered public accounting firm for Abengoa's consolidated group and for its subsidiaries for the fiscal years ending December 31, 2012, 2013 and 2014. As a consequence, PricewaterhouseCoopers Auditores, S.L., is no longer the independent registered public accounting firm of the Company.

The reports of PricewaterhouseCoopers Auditores, S.L. on Abengoa's consolidated financial statements for each of the annual periods ended December 31, 2011, 2010 and 2009 did not contain any adverse opinion or disclaimer of opinion and was not qualified or modified as to uncertainty, audit scope, or accounting principles.

Deloitte, S.L. is registered with the Registro Oficial de Auditores de Cuentas in Spain and has its registered address at Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid, Spain. Deloitte, S.L. was appointed as independent auditor of Abengoa on April 1, 2012.

PricewaterhouseCoopers Auditores, S.L., is registered with the Registro Oficial de Auditores de Cuentas in Spain and has its registered address at Torre PwC, Paseo de la Castellana, 259B, 28046, Madrid, Spain.

GENERAL INFORMATION

1 Listing

Application has been made for the Notes to be listed on the Official List of the Luxembourg Stock Exchange; and traded on the Euro MTF Market.

We have undertaken to apply to have the Class B Shares issuable and/or deliverable upon conversion of the Notes listed on the Spanish Stock Exchanges.

2 Authorization

The creation and issue of the Notes has been authorized by resolutions of an Extraordinary General Shareholders' Meeting passed on September 30, 2012 and by resolutions of our Board of Directors passed on January 8, 2013 and January 9, 2013.

3 Clearing

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The International Securities Identification Number for the Unrestricted Global Note and the Restricted Global Notes is XS0875275819 and XS0875624925, respectively. The Common Code is 087527581 and 087562492, respectively. The address of Euroclear is 1 Boulevard de Roi Albert I, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855, Luxembourg. The ISIN number for the Class B Shares is ES0105200002.

Our Class B Shares are listed on the stock exchanges of Madrid, Barcelona and the Automatic Quotation System, which are the same exchanges which the Class A Shares are currently listed on.

4 Governmental, Legal or Arbitration Proceedings

We are not and have not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which we are aware) in the 12 months preceding the date of this Offering Circular which may have, or have had in the recent past, significant effects on our financial position or profitability.

5 Financial and Trading Position

Other than as set out in this Offering Circular (see especially "History and Development of our Group"), there has been no significant change in financial or trading position of us or the Group since the date of the last published unaudited interim financial information for the nine months ended September 30, 2012.

6 Available Information

We have agreed that, for so long as any Notes or Class B Shares issuable or deliverable upon conversion of the Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, we will, during any period in which it is neither subject to Section 13 or 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner or to the Commissioner for delivery to such holder, beneficial owner or prospective purchaser, in each case upon the request of such holder, beneficial owner, prospective purchaser or Commissioner, the information required to be provided by Rule 144A(d)(4) under the Securities Act.

7 Financial Information

PricewaterhouseCoopers Auditores, S.L., whose address is Edificio Pórtico, Concejal Francisco Ballesteros, 4, 41018, Seville, Spain, audited our Audited Consolidated Financial Statements as of and for the years ended December 31, 2009, December 31, 2010 and December 31, 2011. The reports in respect of such Audited Consolidated Financial Statements were unqualified.

8 Documents on Display

So long as the Notes are listed in the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF market and the rules of the Luxembourg Stock Exchange shall so require, copies of the following documents (and, where appropriate, English translations) will be available free of charge at the offices of the Paying, Transfer and Conversion Agents in Luxembourg and may be inspected during normal business hours at the offices of Abengoa at Avenida de la Buhaira, 2, 41018, Seville, Spain for so long as any of the Notes remain outstanding.

Documents on display:

- our by-laws;
- our most recent Audited Consolidated Financial Statements, which include the auditor's reports and the consolidated management' report;
- the first nine months results announcement published by us on November 15, 2012 in respect of our unaudited Consolidated Interim Financial Information as of and for the nine month period ended September 30, 2012 and 2011 and any subsequent interim financial statements will be available; and
- the Fiscal Agency Agreement.

Investors may find historical and future share price information in respect of the Class B Shares at the website of Abengoa (www.abengoa.com/web/en/accionistas_y_gobierno_corporativo/abengoa_en_bolsa/abengoa_b). In addition, this Offering Circular is also available at the website of the Luxembourg Stock Exchange (www.bourse.lu).

9 Notices

Financial notices concerning us, including annual accounts, quarterly interim reports and notices of general meetings, shall be published on our website at www.abengoa.es.

All notices regarding the Notes and any notices relevant to the rights attaching to the Class B Shares shall be published (for so long as the Notes are admitted to the Official List of the Luxembourg Stock Exchange and traded on the Euro MTF Market of the Luxembourg Stock Exchange and the rules of that exchange so require), in a leading daily newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange on www.bourse.lu. The additional publication of such notices on the Luxembourg Stock Exchange does not alter the effectiveness of the publication in a leading newspaper or as otherwise prescribed by the Terms and Conditions of the Notes.

ANNEX I

FORM OF PAYMENT STATEMENT TO BE DELIVERED BY THE PAYING AGENT

[English translation provided for informational purposes only]

Modelo de declaración a que se refieren los apartados 3, 4 y 5 del artículo 44 del Reglamento General de las actuaciones y los procedimientos de gestión e inspección tributaria y de desarrollo de las normas comunes de los procedimientos de aplicación de los tributos[1]

Model declaration form referred to in paragraphs 3, 4 and 5 of section 44 of the General Regulations of conduct and procedures relating to tax administration and inspection and the development of general rules of procedures for the enforcement of taxes

Don (nombre), con número de identificación fiscal (1) (…), en nombre y representación de (entidad declarante), con número de identificación fiscal (1) (….) y domicilio en (…) en calidad de (marcar la letra que proceda):

Mr. (name), with tax identification number (1) (...), in the name and on behalf of (declaring entity), with tax identification number (1) (...), with domicile in (address) acting in its capacity as (check as appropriate)

(a) **Entidad Gestora del Mercado de Deuda Pública en Anotaciones**

(a) Managing Entity of the Public Debt Book — Entry Market

(b) **Entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero**

(b) Clearing and settlement entity located outside Spain

(c) **Otras entidades que mantienen valores por cuenta de terceros en entidades de compensación y liquidación de valores domiciliadas en territorio español**

(c) Other entities that hold securities on behalf of third parties in clearing and settlement systems domiciled in Spain

(d) **Agente de pagos designado por el emisor**

(d) Paying Agent appointed by the issuer

Formula la siguiente declaración, de acuerdo con lo que consta en sus propios registros:

Files the following statement, in accordance with the information set forth in its own registers:

1 En relación con los apartados 3 y 4 del artículo 44:

1. Regarding sections 3 and 4 of section 44:

1.1 Identificación de los valores

1.1. Identification of the securities

[1] The Paying Agent will only need to provide responses to the questions set forth in Section 2 of this from (i.e., questions 2.1 to 2.6).

1.2 Fecha de pago de los rendimientos (o de reembolso si son valores emitidos al descuento o segregados)

1.2. Date on which payment will be made (or reimbursement date in case of securities issued at a discount or segregated securities)

1.3 Importe total de los rendimientos (o importe total a reembolsar, en todo caso, si son valores emitidos al descuento o segregados)

1.3. Total amount of payment (or total amount to be reimbursed, in any event, in case of securities issued at a discount or segregated securities)

1.4 Importe de los rendimientos correspondiente a contribuyentes del Impuesto sobre la Renta de las Personas Físicas, excepto cupones segregados y principales segregados en cuyo reembolso intervenga una Entidad Gestora

1.4. Amount of payment corresponding to Spanish Individual Income Tax taxpayers, except with respect to segregated coupons and segregated principal the payment of which is handled by a Managing Entity

1.5 Importe de los rendimientos que conforme al apartado 2 del artículo 44 debe abonarse por su importe íntegro (o importe total a reembolsar si son valores emitidos al descuento o segregados)

1.5. Amount of payment that, pursuant to section 2 of section 44, must be paid in full (or the total amount to be reimbursed in the case of securities issued at a discount or segregated securities)

2 En relación con el apartado 5 del artículo 44:

2. Regarding section 5 of section 44:

2.1 Identificación de los valores

2.1. Identification of the securities

2.2 Fecha de pago de los rendimientos (o de reembolso si son valores emitidos al descuento o segregados)

2.2. Date on which payment will be made (or reimbursement date in case of securities issued at a discount or segregated securities)

2.3 Importe total de los rendimientos (o importe total a reembolsar si son valores emitidos al descuento o segregados

2.3. Total amount of payment (or total amount to be reimbursed, in any event, in case of securities issued at a discount or segregated securities)

2.4 Importe correspondiente a la entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero A

2.4. Amount of payment corresponding to clearing and settlement entity "A"[2] located outside Spain

2.5 Importe correspondiente a la entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero B

2.5. Amount of payment corresponding to clearing and settlement entity "B"[3] located outside Spain

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[2] References to A, B and C, respectively, shall be replaced by the complete denomination of the relevant foreign clearing and settlement entity (such as Euroclear and Clearstream, Luxembourg).

2.6 Importe correspondiente a la entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero C

2.6. Amount of payment corresponding to clearing and settlement entity "C"[3] located outside Spain[3]

Lo que declaro en ....….a …. de ....…de ….

I declare the above in [location] on the [day] of [month] of [year].

(1) **En caso de personas, físicas o jurídicas, no residentes sin establecimiento permanente se hará constar el número o código de identificación que corresponda de conformidad con su país de residencia.**

(1) In case of individuals or corporations that are not resident in Spain and do not act through a permanent establishment in Spain, please include the identification number or code that corresponds in accordance with the laws of their country of residence.

[3] To be complemented as appropriate if the relevant payment of income is made through more than three different clearing and settlement entities located outside Spain.

ANNEX II

DIRECT REFUND FROM SPANISH TAX AUTHORITIES PROCEDURES

1. Beneficial Owners entitled to receive income payments in respect of the Notes free of any Spanish withholding taxes but in respect of whom income payments have been made net of Spanish withholding tax may apply directly to the Spanish tax authorities for any refund to which they may be entitled, following the 20th calendar day of the month immediately following the relevant payment date.

2. Beneficial Owners may claim the amount withheld from the Spanish Treasury within the first four years following the last day on which Abengoa may pay any amount so withheld to the Spanish Treasury (which is generally the 20th calendar day of the month immediately following the relevant payment date), by filing with the Spanish tax authorities since February of the following year in which the amount has been withheld (i) the relevant Spanish tax form, (ii) proof of beneficial ownership and (iii) a certificate of residency issued by the tax authorities of the country of tax residence of such Beneficial Owner (to be obtained from the IRS in the case of U.S. resident Beneficial Owners), among other documents.

REGISTERED OFFICE

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