

ABENGOA



With the sun... we produce thermoelectric and photovoltaic electric energy



With biomass... we produce ecologic fuels and animal feed



With wastes... we produce new materials by recycling, and we also treat and desalt water to achieve a sustainable globe



With Information Technology... we transform data into knowledge, providing effective operational and business real-time decision making for traffic, transport, energy and environment



With engineering... we construct and operate conventional and renewable energy power plants, power transmission systems and industrial infrastructures

Activity Report 2006

Your Partner in Resources and Technical Solutions

ABENGOA

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In Abengoa, we believe that the globe requires **Solutions** that allow our development to be more sustainable. Scientists tell us that **Climate Change** is a reality and from Abengoa, we believe the time has come to pursue and put these solutions into practice.

More than ten years ago, Abengoa decided to focus its growth on the creation of new technologies that contribute to **Sustainable Development** by:

- Generating **Energy** from renewable resources.
- Recycling Industrial **Wastes** and **Water** production and management.
- Creating **Infrastructures** that prevent new investments in assets that generate emissions.
- Creating **Information Systems** that assist in ensuring more efficient management of existing infrastructures.
- Establishing **New Horizons** for development and innovation.

To this end, we invest in Research, Development and Innovation, **R&D&I, Globally** extend the technologies with the greatest potential, and attract and develop the necessary **Talent**.

Moreover, through the **Focus-Abengoa Foundation**, we dedicate human and economic resources to promoting social action policies that contribute to social and human progress.

By doing this, we create **Long-Term Value** for our shareholders, contribute to the development of society in the areas in which we conduct our activities, and help to make the globe a better and more sustainable place for future generations.

Highlights

Economic Data

Profit and Loss Account (Millions €)	2006	% Variation (06-05)	2005	1996	% CAGR (96-06) (*)
Sales	2,677.2	32.3	2,023.5	578.8	16.5
Net Earnings attrib to Parent Company	100.3	52.0	66.0	16.1	20.1
Gross Cash Flows from Operating Activities	287.9	33.0	216.4	53.8	18.3
Significant Variables					
Margin (% Gross Cash Flows/Sales))	10.8		10.7	9.3	
Gross Cash Flows/Financial results	3.13		3.68	3.32	
Return on equity (ROE) (%) (**)	22.45		14.91	10.09	
<u>Data per share:</u>					
- Earnings per Share (€)	1.11		0.73	0.18	19.9
- Dividend per Share (€)	0.16		0.15	0.05	12.3

(*) CAGR: Compound Annual Growth Rate.

(**) Net earnings/ Shareholders' funds

Diversification

Evolution 1996 - 2006				
	Engineering Company		5 Business Units	
Business	1996		2006	
	Sales %	Gross Cash Flows %	Sales %	Gross Cash Flows %
- Solar	-	-	-	-
- Bioenergy	-	-	18	17
- Environmental Services	8	8	21	20
- Information Technologies	24	14	17	15
- Industrial Engineering and Construction	68	78	44	48
Geography	%		%	
USA and Canada	-		10.6	11.3
Latin America	26.3		27.6	24.4
Europe (excluding Spain)	2.8		11.9	9.0
Africa	0.9		4.0	3.0
Asia	4.2		1.6	1.4
Oceania	-		0.3	0.5
Total Abroad	34.2		56.0	49.6
Total Spain	65.8		44.0	50.4
Consolidated Total	100.0		100.0	100.0

Summary 2006

“Utilizing solar energy, biomass, wastes, information technologies, and engineering, Abengoa applies technological and innovative solutions for sustainable development”

The rational use of natural resources and our concern for ensuring that future generations may be able to use them as we ourselves have done is Abengoa's roadmap for the future. Moreover, as far as Abengoa is concerned, what is known nowadays as sustainable development does not exclusively mean preservation of the environment. Abengoa goes beyond that vision and raises its commitment to the social and human side of things.

In Abengoa, we have come to understand that out traditional engineering activity is nothing more than a valuable tool by which we can build a more sustainable world. In addition, over the past decade Abengoa's strategic plan has been much more intense and this is clearly demonstrated by the fact that we have undertaken an array of activities, among which the following are of note:

Solar

In 2006, construction was completed on the world's largest tower and heliostat field technology 11 MW solar thermal power plant, and on a 1.2 MW double concentration photovoltaic power plant. These plants are located in the municipal district of Sanlúcar la Mayor (Seville, Spain) and are part of a future platform of solar thermal and photovoltaic power plants that will eventually produce more than 300 MW.

Abengoa is the leader on the home market in electricity generation from solar energy, with a development plan for more than 300 MW over the next few years

With the sun... we produce thermoelectric and photovoltaic electric energy.

Bioenergy

In 2000, start-up of the first Bioethanol facility in Spain with an initial production capacity of 100 M liters/year currently 150 M liters/year), which required a 93.8 M € investment.

In 2002, acquisition of High Plains Corporation (now Abengoa Bioenergy Corporation), the fifth largest bioethanol producer in the United States (current production capacity of 108 M gal/year), by means of a 100 M € takeover bid. Start-up of the second Bioethanol facility in Spain (Bioetanol Galicia), with a 126 M liters/year production capacity (currently 176 M liters/year), which required a 92.1 M € investment.

Also in 2002, Abengoa was awarded by the United States Department of Energy (DOE) an R&D&I project to enhance ethanol production process technology, utilizing biomass to improve the economy of process and increase energy yield from ethanol production and, thereby, reduce the production cost thereof and make it more competitive with gasoline. The total investment, co-funded by the DOE, is 35.4 M \$US, from 2003 to 2006.

In 2003, commencement of the construction of the third Bioethanol facility in Spain, in Babilafuente, which produces 200 M liters/year of Bioethanol for direct blending in gasoline. The raw materials will be grain, wine alcohol and biomass, the latter in a Bioethanol production facility that will be the first of its kind worldwide.

In 2005, commencement of the construction of the fourth bioethanol facility in Nebraska (US) which will produce 330 million liters per year. Agreement with Cepsa for the construction of a biodiesel production plant on the lands of Cepsa's

"Gibraltar" Refinery, in San Roque (Cadiz). The foreseen investment for the plant is 42 M €. In 2006, work commenced on the construction, in Lacq (France) of a 250 million liter/year capacity bioethanol production plant. It will be Europe's first corn-based bioethanol production facility, something that is very common in the US.

Abengoa is Europe's largest bioethanol producer and fifth in the US.

With biomass... we produce ecologic fuels and animal feed.

Environmental Services.

In 2000, a 300 M € investment to acquire Befesa through a takeover bid.

Recently, during the last quarter of 2006, Befesa acquired the company B.U.S., Europe's largest industrial waste recycler.

Abengoa has increased desalination capacity to more than 1,000,000 m³/day, which will enable supply for a population of 4.8 million.

Abengoa is international leader in industrial waste treatment and environmental engineering.

With wastes... we produce new materials by recycling, and we also treat and desalt water to achieve a sustainable globe.

Information Technologies

The technologies developed by Telvent allow high-performing companies to make real-time business decisions utilizing data acquisition and control systems and advanced operational applications that provide secure actionable information delivery to the enterprise in four industry segments considered essential for sustainable development: Energy, Traffic, Transport and the Environment.

In 2003, Telvent acquired Metso Corporation's Network Management Solutions Division, now called Telvent Canada and Telvent USA, which put Telvent in a leading position at international level in the Real-Time Control and Information Systems market for the oil, gas, and electricity sectors, and for the water sector.

In 2004, in order to facilitate the continuity of the expansion strategy for the Information Technology activity, while also increasing its potential through the development of R&D&I activities, Telvent GIT commenced its effective listing on the American NASDAQ technological market. In the same year, the North American company Miner & Miner Consulting Engineers Incorporated (M&M), one of the world leaders in the development and implementation of Geographic Information Systems (GIS) software, was acquired.

In 2005, the Perth based Australian company Almos Systems (now Telvent Australia), a leading provider of meteorological solutions, was acquired.

In 2006, work continued under the strategy adopted several years ago with the acquisition of Blue Shield, PB Farradyne, and Maexbic.

Abengoa is international leader in the energy, traffic, transport and environment sectors

With Information Technology... we transform data into knowledge, providing effective operational and business real-time decision making for traffic, transport, energy and environment.

Industrial Engineering and Construction

In Abengoa, we have come to understand that out traditional engineering activity is nothing more than a valuable tool by which we can build a more sustainable world. Many of the engineering products we develop are focused on sectors related with renewable energies, biofuels, industrial waste management and desalination.

We are putting our trust in improving energy efficiency through cogeneration power plants. Abengoa produces more than 2,000,000 MW/h per year by this method.

In 2006, with the aim of strengthening our sustainable energy project execution capacity, the Poland based company Energoprojekt Gliwice, dedicated to engineering and consultancy services in the energy and industry sectors was acquired.

Abengoa is the leader in Industrial Engineering and Construction projects in Spain and Latin America.

With engineering... we construct and operate conventional and renewable energy power plants, power transmission systems and industrial infrastructures.

New Horizons

In Abengoa, we are convinced that the innovative company, within a context of change and global competition, is an efficient and essential instrument for enabling progress towards a sustainable development society. The constant generation of new development and innovation horizons is one of our main strategic pillars.

- Hydrogen Technologies: with a clear perception of the need to search for new clean energy sources, in Abengoa we promote the development of hydrogen and fuel cell technologies by means of the design, development and construction

of energy systems based on the production and storage of this gas as an energy vector.

- ZeroEmissions Technologies: a new company established by Abengoa to agglutinate the activities focused on the fight against climate change. The activities developed are as follows:
 1. R&D&I focused on developing alternative solutions that enable the elimination of high-capacity greenhouse effect gases. Their total elimination would mean the meeting of the most demanding reduction goals laid down internationally.
 2. R&D&I in CO₂ sequestration and capture technologies as the first step towards the horizon of new CO₂ free generation plants. In this respect, Abengoa is participating in different national and international platforms and projects that are the first of their kind in this material.
 3. CDM/JI Projects (Clean Development Mechanisms and Joint Implementation). By means of these two mechanisms developed in the Kyoto Protocol, countries that need to reduce emissions can achieve attainment of reduction commitments utilizing projects executed in other countries.
 4. Participation in Carbon Funds: as a further step towards the attaining of Sustainable Development, Abengoa has decided to support diverse initiatives developed by Multilateral Institutions, different countries and important European companies. Abengoa has already committed itself to participating in the Spanish Carbon Fund (World Bank) and the Multilateral Carbon Credit Fund (EIB-EBRD).

Development towards a sustainable world

Abengoa's strategic development is based on the generation of future options that are necessary to attain a sustainable world. This is achieved basically by:

- The strengthening of the geographic diversification of existing products
- The introduction of new products that help combat climate change
- The intensification of R&D&I activities
- The commitment to social and human progress

As a result of said strategy and as a consequence of the investment plan underway, Abengoa offers a combination of activities that represent greater diversification in markets and customer portfolio, while also consolidating its capacities as regards its original Engineering business.

Evolution 1996 - 2006

	Engineering Company		5 Business Units	
	1996		2006	
Business	Sales %	Gross Cash Flows %	Sales %	Gross Cash Flows %
- Solar	-	-	-	-
- Bioenergy	-	-	18	17
- Environmental Services	8	8	21	20
- Information Technologies	24	14	17	15
- Industrial Engineering and Construction	68	78	44	48
Geography	%		%	%
USA and Canada	-		10.6	11.3
Latin America	26.3		27.6	24.4
Europe (excluding Spain)	2.8		11.9	9.0
Africa	0.9		4.0	3.0
Asia	4.2		1.6	1.4
Oceania	-		0.3	0.5
Total Abroad	34.2		56.0	49.6
Total Spain	65.8		44.0	50.4
Consolidated Total	100.0		100.0	100.0

- **The strengthening of the geographic diversification of existing products** by reinforcing the markets in which, a priori, the best possibilities for expansion exist and in which Abengoa is already operating, with these being basically the United States, Canada, China, India, Brazil, Mexico, Northern Africa, and Europe.

Activity Abroad							
	2006		2005		1996		CAGR (96-06)
	M €	%	M €	%	M€	%	%
Exportation and Local Company Sales							
- USA and Canada	284.7	10.6	270.3	13.4	0.0	0.0	-
- Latin America	739.5	27.6	492.3	24.3	152.4	26.3	17.1
- Europa (excluding Spain)	319.0	11.9	122.2	6.0	16.4	2.8	34.6
- Africa	104.3	4.0	46.3	2.3	5.2	0.9	34.8
- Asia	43.5	1.6	47.3	2.3	24.4	4.2	5.9
- Oceania	8.8	0.3	3.4	0.2	0.0	0.0	-
Total Abroad	1,499.8	56.0	981.8	48.5	198.4	34.2	22.4
Total Spain	1,177.4	44.0	1,041.7	51.5	380.4	65.8	12.0
Consolidated Total	2,677.2	100.0	2,023.5	100.0	578.8	100.0	16.5

- **The introduction of new products that help combat climate change** by means of an investment plan, especially in the sectors related to Bioenergy (new bioethanol production plants in Europe and the United States), Solar (with a solar power plant construction program that will eventually reach a total installed output of more than 300 MW), Desalination (with desalination plants under construction in Algeria, India and Spain), High Voltage Line Concession Contracts (in Latin America and Asia) as well as future concession contracts for Public Buildings in Spain and abroad, and also in other more mature sectors such as Environmental Services (with the recent acquisition of Europe's largest industrial waste recycling company) and Information Technologies.
- **The intensification of R&D&I activities**, focused on results that allow diversification to be increased by creating new products and services and developing new markets by increasing differentiation, improving and adapting existing products and enhancing processes.

Main Projects	2005		2006		2007 (P)	
	M€	% / Sales	M€	% / Sales	M€	% / Sales
Solar Energy	31.7		17.4		15.7	
Biomass conversion to bioethanol	13.5		26.2		18.0	
Enhancement bioethanol efficiency (residual starch)	1.1		1.6		1.1	
Hydrogen Technology. Fuel Cells	2.7		2.1		6.6	
Electricity, environmental, oil and gas control centers	6.8		7.6		8.8	
Road and rail traffic, and ticketing systems	3.6		5.6		4.5	
Public Administration support systems	2.1		2.2		2.4	
Geographic Information Systems (GIS)	2.2		2.3		2.9	
Vitrification	0.0		0.4		0.1	
Environmental Technology Center	0.0		0.0		0.8	
Desalination	0.0		1.0		1.6	
Enhancement aluminum efficiency	0.2		0.1		0.1	
Other Projects	2.0		2.0		6.9	
Total Investment R&D&I	65.9	3.3%	68.5	2.6%	69.5	2.4%

- The commitment to social and human progress while at the same time contributing to environmental preservation is, in Abengoa, one of the essential pillars on which Corporate Social Responsibility is based. Through the Focus-Abengoa Foundation the company's social activity policies are brought into practice. This is done in a non-profit making manner with objectives being of general interest, focused on assistance, educational, cultural, scientific, research and technological development work. In 2006, Abengoa allocated 5.8 M€ to these activities that strengthen the company's commitment to society and sustainable development.

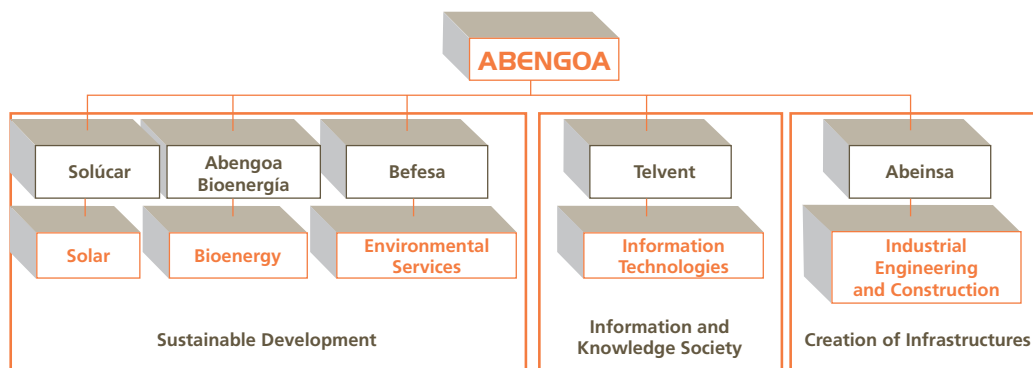
Current Organization and Nature of Business

There are two types of products in Abengoa:

- Integrated Product:** in which the responsibility is global, including from the active promotion of the business, with or without investment in the capital, to the providing of financing solutions, the defining and design of the technologies to be applied, the turnkey construction and subsequently the Business Operation, Maintenance and Management Service. With these products there is a clear recurrence that endows more stability on Abengoa's financial statements (business induced).
- Conventional Product:** in which a specific item or service is sold and the investment in which goes against the customer's balance sheet and, in addition, in which we are not responsible for the management thereof.

Abengoa is a technological company that applies innovative solutions for sustainable development in the infrastructures, environment and energy sectors.

It is present in more than 70 countries, where it operates with its five Business Units: Solar, Bioenergy, Environmental Services, Information Technology, and Industrial Engineering and Construction.



It provides solutions for:

- **Sustainable development:**

- ✓ Abengoa produces 619 million liters of bioethanol per year which avoids the emission of 1,691,486 tons of CO₂ to the atmosphere, which is equivalent to the annual emissions from a fleet of 700,000 vehicles.
- ✓ Abengoa produces 2,000.122 MW/h per year of electricity from cogeneration, which means the prevention of the emission of 983,963 tons of CO₂ were this energy to be produced by conventional carbon thermoelectric power plants.
- ✓ Abengoa has a production plan for more than 300 MW of electric energy using the sun, equivalent to the annual consumption by a population of 500,000, which will prevent the emission of 742,900 tons of CO₂ per year.
- ✓ Abengoa treats more than 2,563,140 tons of industrial wastes, dedicating them to the production of new materials through the recycling of more than 1,297,000 tons.
- ✓ Abengoa has increased desalination capacity to more than 1,000,000 m³/day, which will enable supply for a population of 4.8 million.

- **The Information and Knowledge Society:** Our solutions:

- ✓ Manage more than 60% of the movements of hydrocarbons in pipelines in North and Latin America.
- ✓ Transport and distribute more than 140,000 GW/h that provide electricity for a population of more than 80 million.
- ✓ Control vehicle traffic at more than 6,000 intersections that are used by more than 170 million people per day.
- ✓ Manage the displacements of more than 2,500 million passengers per year on train and metro networks.
- ✓ On a yearly basis, provide real-time traffic information on the state of roads and traveling times in response to 405,000 telephone enquiries and 5,000,000 monthly website visits.
- ✓ Provide landing and take-off security and efficiency for more than 700 million passengers a year at more than 150 airports.

- ✓ Manage water distribution for a population of more than 30 million throughout Europe, North America, Latin America and the Middle East.
 - ✓ Monitor and report on the quality of the air inhaled by more than 20 million people in Europe and Latin America.
 - ✓ For more than 30 million European citizens, facilitate access and e-business management with their public administrations and with other organizations and institutions.
 - ✓ Reduce the patient waiting list by 15% in more than 250 health centers managed by more than 40,000 Health professionals.
 - ✓ Verify the integrity and veracity of the passports of more than 18 million passengers per year.
 - ✓ Enable 13 million users at more than 4,000 universities and research centers throughout Europe to exchange information.
 - ✓ Provide the technological infrastructure from which news is distributed 24 hours a day to more than 400 million Spanish speaking inhabitants worldwide.
 - ✓ Ensure the correct distribution of more than 1,000 million liters of gasoline per month, sufficient to fill the fuel tanks of more than 22 million cars.
- **Creation of Infrastructures:**
 - ✓ Abengoa has constructed energy generation plants that, with a global installed rating of more than 5,000 MW, supply electric energy for a population of more than 4 million on four continents.
 - ✓ Abengoa possesses 4,406 km of high-voltage lines under concession contracts in Latin America, with a capacity of almost 9,300 MW, equivalent to the annual needs of a population of 10 million.
 - ✓ In Spain, in 2006, Abengoa has installed almost 140,000 new ADSL lines that allow more than 600,000 people to have broadband access to new value-add services.
 - ✓ In 2006, Abengoa conducted maintenance works, in Spain, on approximately 2,275,000 telephone lines (voice, data and video) with 24-hour SLA, providing coverage to some 5 million subscribers (11% of the population)

Evolution of 2006 Financial Year Results

	M€		Variation %	% of total		M€	% of total	% CAGR
	2006	2005	06/05	2006	2005	1996	1996	96/06
Sales	2,677.2	2,023.5	32.3	100.0	100.0	578.8	100.0	16.5
Net Profit attributable to Parent company	100.3	66.0	52.0	3.7	3.3	16.1	2.8	20.1
Gross Cash Flows from Operating Activities	287.9	216.4	33.0	10.8	10.7	53.8	9.3	18.3

- The consolidated sales to 31/12/06 reached 2,677.2 M €, which is a 32.3% increase on the previous year's figure. All Abengoa's Business Units increased their sales figure over 20%.

Sales M€			
	2006	2005	%Variation (06-05)
- Bioenergy	476.2	392.7	21.3
- Environmental Services	555.3	402.4	38.0
- Information Technology	476.3	362.6	31.4
- Industrial Engineering and Construction	1,169.4	865.8	35.1
Total	2,677.2	2,023.5	32.3

- It is important to consider the company's efforts in R&D&I activities, whose impact on the financial statements goes from 18.3 M € in 2005 to 23.2 M € in 2006 (up 26.8%).
- The after tax result attributable to the parent company is 100.3 M € which is a 52.0% increase on the 2005 financial year figure (66.0 M €).

The above result means a profit of 1.11 € per share as against the 0.73 € per share obtained in 2005.

- The Gross Cash Flows from Operating Activities reached 287.9 M €, which represents a 71.5 M € increase on the previous year (+ 33.0%)

Among the contributions to these Gross Cash Flows, of note is that from the Industrial Engineering and Construction business unit which increased considerably to 137.5 M € (98.9 M € the previous year), which represents a 39.1% increase, and also that from the Environmental Services business unit with 58.0 M € (40.4 M € the previous year), which represents a 43.7% increase.

Gross Cash Flows from Operating Activities M €			
	2006	2005	%Variation (06-05)
- Bioenergy	49.9	43.8	14.0
- Environmental Services	58.0	40.4	43.7
- Information Technology	42.3	33.3	27.2
- Industrial Engineering and Construction	137.5	98.9	39.1
Total	287.9	216.4	33.0

- The non-recourse financing applied to projects has risen 86.9%, from 670.8 M € in 2005 to 1,253.9 M € in 2006.
- Abengoa's Net Debt in 2006 is 153.8 M € (net cash position) as against 118.4 M € (net cash position) in 2005.

Share Performance

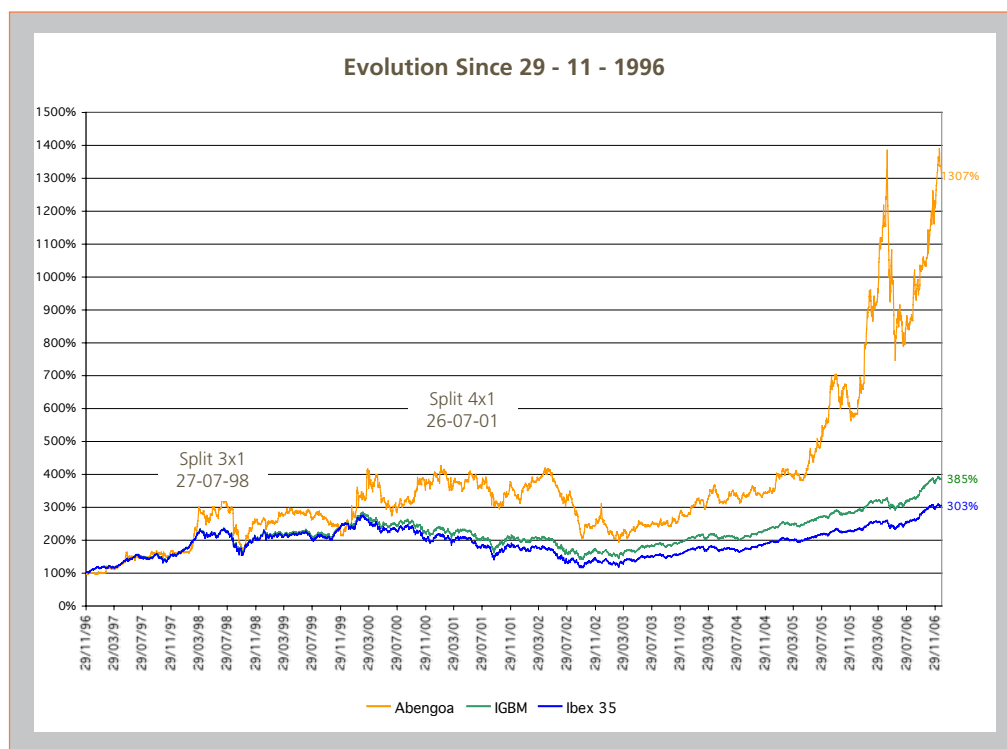
According to the data supplied to Abengoa by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores S.A. (Securities Recording, Clearing and Settlement Management Company) for the last Ordinary General Meeting held on April 9, 2006, Abengoa, S.A. had 6,663 shareholders.

As on December 31, 2006, the company believes the free float to be 43.96% if the shareholding of Inversión Corporativa I.C.S.A. and its subsidiary Finarpisa (56.04%) is deducted.

According to the figures supplied to the company by Sociedad Rectora de la Bolsa de Valores de Madrid (Governing Body of the Madrid Stock Exchange) 118,874,315 shares were traded in 2006. The average volume of daily trading over the year was 468,009 shares. Minimum, maximum and average listed share prices in 2005 were 12.35 euro, 29.98 euro and 20.79 euro, respectively. The last closing price quoted for Abengoa shares in 2006 was 27.81 euro, 124% up on that of December 31, 2005, and 1,207% higher than the share price established for the Public Offering on November 29, 1996.

Evolution since Initial Public Offering in 1996

As a historical reference, since Abengoa's Initial Public Offering on November 29, 1996, the company's shares have revalorized 1,207% which is 13.07 times the initial price. During this same period, the Madrid Stock Exchange has revalorized 285% and the select IBEX 35 has gone up 203%.



In its search for synergies and cross-selling to achieve the creation of value and growth, Abengoa is organized into five business units, Latin America as a stable market as well as a corporate area.

Sustainable Development



Solar

With the sun...
we produce thermoelectric
and photovoltaic electric
energy



Bioenergy

With biomass...
we produce ecologic fuels
and animal feed



Environmental Services

With wastes...
we produce new materials
by recycling, and we also
treat and desalt water to
achieve a sustainable globe

Information and
Knowledge
Society



Information Technologies

With Information Technology...
we transform data into
knowledge, providing effective
operational and business
real-time decision making for
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and environment

Creation of
Infrastructures



Industrial Engineering and Construction

With engineering...
we construct and operate
conventional and renewable
energy power plants, power
transmission systems and
industrial infrastructures

Solucar Energía is its holding company. This Business Unit's activity focuses on the design, promotion, finance attainment, construction and operation of electric energy generating plants that utilize the sun as their primary energy source. It possesses the know-how and technology required for thermoelectric solar power plants: plant receiver systems, parabolic cylinder and parabolic dish collectors, and for photovoltaic plants, with and without concentration.



With the sun...
we produce thermoelectric
and photovoltaic electric
energy

Leader on the home market in
electricity generation from solar energy,
with a development plan for more than
300 MW over the next few years

As a result of more than twenty years investing in solar energy research and development projects, Abengoa has established a specific business unit called Solucar to conduct its solar energy electricity generating activity.

Abengoa, through Solucar, currently occupies a privileged position in the solar energy exploitation sector as it has compatibilized, during the course of its activity in this field, the dedication to the two technologies that allow electricity generation utilizing solar energy: thermal and photovoltaic technologies. In the respect, Solucar is currently capable of designing, constructing and operating efficient and dependable solar thermal power plants with central receiver systems (tower and heliostats), and also with parabolic trough collector systems. Moreover, the company is vastly experienced in the development of photovoltaic projects, with and without concentration, that directly convert solar radiation into electricity through the use of photovoltaic cells and modules.

Within this new business unit, design, promotion, construction and operation activities are being conducted for energy production plants that utilize the sun as their primary energy source. In addition, research and development activities are being carried out on solar technologies to achieve continuous reduction of costs for general improvement of existing technologies.

During the course of 2006, the promotion and construction activities related to solar thermal and photovoltaic power plants were consolidated in Spain, while the first international projects were undertaken. In forthcoming years, we expect continuous growth in the promotion and construction activity in Spain and in the international market too, and we also expect to be able to offer more efficient in-house technologies in both solar thermal and photovoltaic fields.

Solucar is formed by several companies:

- Solúcar Energía: It promotes, constructs and operates, in Spain, electric energy production plants that utilize the sun as their primary energy source.



- Solúcar PV: Its activity focuses on the promotion, construction and operation of solar photovoltaic power plants in Spain.
- Solúcar R&D: A company dedicated to the design, research and development of new thermal and photovoltaic technologies.
- Solúcar Inc: A recently constituted company responsible for developing the solar business in the United States.
- Solúcar Solar: It concentrates the resources dedicated to the development of new businesses.





Promotion in Spain (Solúcar Energía and Solúcar PV)

In Spain, Solucar operates with two clearly differentiated solar technologies, as in the case of solar photovoltaic energy and solar thermal energy, and possesses an extensive MW output portfolio in both technologies.

Solucar's main activities are dedicated to the promotion of projects and the obtaining of permits up to financial closure stage, the construction of plants with supervision of the turnkey contracted works and operation of plants in production.

Over the next eight years, plans are for a Solar Platform is to be constructed in the vicinity of Sanlúcar la Mayor (Seville). This complex of solar thermal and photovoltaic facilities will eventually exceed 300 MW output. The company is thereby putting its trust in the potential of solar energy for electricity production purposes, while also contributing to sustainable development and conservation of the environment and natural resources.

The most important references in 2006 are those related to the construction, and start-up of the first commercial solar thermal power plant in Europe, PS10; the commencement of the construction of PS20; and the advance in Solnova 1 and Solnova

3 promotion operations. The last two are 50 MW parabolic trough power plants on which construction is scheduled to commence in 2007. Also of note is the signing of an agreement with Sepides and the IDEA for the joint development a 20 MW plant in Almacén. As regards photovoltaic energy, several facilities have been, or are being, constructed in the south of Spain. In addition, Solucar continues to work on the development of new sites for new solar thermal and photovoltaic power plants that will expand its project portfolio.

Solar thermal technology projects PS10 Power Plant

On June 28, 2004, the foundation stone laying ceremony for the PS10 power plant took place and work continued throughout 2005 on the construction and assembly of the different components. The site of the solar facilities is within the property of the Sanlúcar la Mayor solar platform, in the province of Seville (Spain). During 2006, construction of the PS10 plant was completed and the testing stage thereof commenced towards year-end.

The 11.0 MW rated, PS10 plant, has been designed to supply approximately 6,000 homes under the Special Regime for electricity production, and it will also prevent the emission of 18,000 tons of CO₂ per year.



PS10 comprises a large field of heliostats, mobile mirrors that reflect and concentrate solar radiation onto a receiver on top of a 115 m tower. Each one of the 120 m² reflective area heliostats reflects a cavity of approximately 200 m² of water cooled energy exchange surface area onto the receiver; the thermal energy required to produce steam. This is forwarded to the turbine where it expands to generate, by means of the corresponding connection to an alternator, the electricity.

Following several years of Research and Development by Abengoa, this project represents the launching of the technology known as tower and heliostat field employed for electric exploitation of the renewable solar resource. The main contribution by the PS10 project to the development of this technology is the fact that it is the first solar thermal power plant in the world that will produce electricity in a stable and commercial manner.

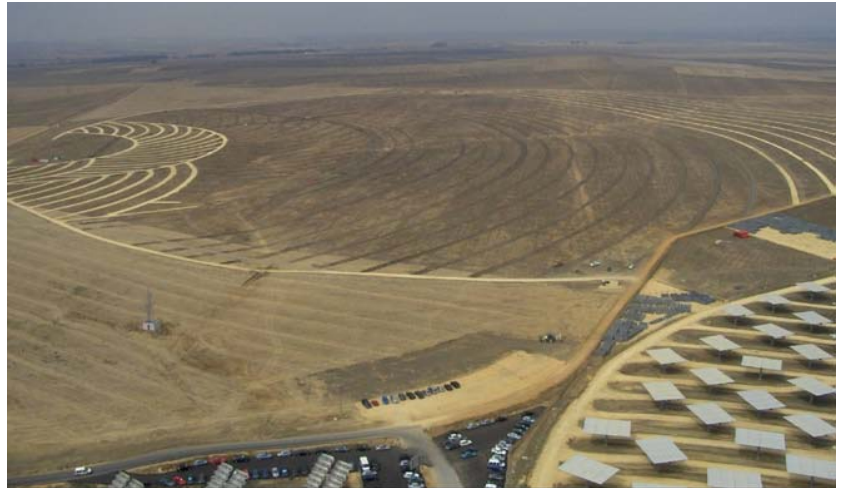
This project has become a reality thanks to the collaboration received from public and private institutions including, among others, Ciemat, the IDEA, and the University of Seville.

PS20 Power Plant

Once all the necessary permits had been obtained, work commenced during the second half of 2006 on the construction of the PS20 power plant. This plant is the second with tower and heliostat field technology to be included in the Sanlúcar la Mayor Solar Platform, and will have twice the PS10 output.

The solar radiation capturing area comprises more than 1,000 two-axis sun tracking heliostats, each of 120 square meters. This field of heliostats will concentrate solar radiation onto the receiver on top of a tower approximately 165 meters high.

The plant's electricity production capacity will enable energy supply to approximately 12,000 homes and will prevent the emission of a million tons of CO₂ over its 25-year useful life. This project represents continuity in the launching of tower and heliostat field projects, following the experience gained



from the PS10 project. In fact, PS20 represents a second generation of this technology with important improvements to critical elements such as the receiver, which will enable progression to more efficient tower technology plants in the future.

Solnova One and Three Power Plants

Early in 2007, work will commence on the construction of the 50 MW rated Solnova One solar thermal power plant that will utilize parabolic trough collector technology. It will comprise a large field of collectors, designed by Solucar, that reflect and concentrate the solar radiation they receive onto an axis in which the heat-carrying fluid circulates.

The steam produced is then forwarded to the turbine where it expands, by means of the corresponding connection to an alternator, to generate electric energy. In addition, the plant will have a thermal storage system that will contribute stability for energy production.

Construction is scheduled to begin early in the second half of 2007 on the Solnova Three power plant, of the same technical characteristics as Solnova One. Both plants will form part of the Sanlúcar la Mayor Solar Platform.



Almaden 20 Power Plant

During the second half of 2006, the company Almaden Solar was jointly constituted with Sepides, a subsidiary of the SEPI Group responsible for business development, and the IDEA, the Ministry of Industry's Institute for Energy Diversification and Saving.

The Almaden Solar project contemplates the development of a 20 MW tower technology solar thermal power plant in the municipal district of Almaden. The power plant, with a configuration very similar to the PS20 plant already under construction in Seville, will consist of a field of more than 1,000 heliostats that will enable concentration of the solar radiation received onto a receiver located on the upper part of a 155 meter tower.

The construction and operation of this plant will contribute greatly to strengthening industrial development and employment in the area, as estimates are for the creation of 250 to 300 local jobs per year associated with the manufacturing and construction stage, and a further 25 jobs for operation and maintenance of the plant over its 25-year useful life. This will contribute to the industrialization of an area that is in search of initiatives to activate its development.

The entry into operation of this plant will contribute to the generation of clean electricity to supply a total of 12,000 homes while also preventing the annual emission of 35,100 tons of CO₂.

Solar photovoltaic technology projects Sevilla PV

Solucar has constructed, together with the IDEA which holds a 20% stake, the first commercial photovoltaic power plant, with concentration, in Europe. Early in 2006, works were completed on the engineering, connection of the project's most important supplies, photovoltaic modules, inverters, mirrors and trackers and field assembly of all the equipment, up to connection to the grid. The plant was brought into operation in July 2006.



The 1.2 MW Sevilla PV solar photovoltaic power plant utilizes low concentration (1.5X and 2.2X) and two-axis sun tracking concepts. It will produce electricity and prevent emission into the atmosphere of 1,800 tons of CO₂ per year, which means it will have prevented the emission of 45,000 tons of CO₂ at the end of its useful life, estimated to be 25 years. With the data collected, electricity production from this plant at the end of December 2006 had successfully met production estimates.

The Sevilla PV power plant has 154 tracking devices, each with an opening of 100 m², that combine in almost equal parts the capturing area of photovoltaic modules and mirrors. The facility is included in the Sanlúcar la Mayor Solar Platform complex.



Other photovoltaic projects

During 2006 and 2007 work has been and will continue to be carried out on the construction, together with Emasesa, the city of Seville water management company, of several photovoltaic plants (Copero). Moreover, in 2007, work will commence on the construction of several plants at the Sanlúcar Solar Platform complex and in other locations in the south of Spain.

International Promotion

In 2006, Solúcar began to develop its first activities outside Spain and, to-date these have resulted in two projects:

- The setting up of a small team in the United States responsible for developing the Solar business. With the objective of achieving rapid implantation, several people with a long history in the American solar thermal market have joined Solúcar and the business of the company IST dedicated to the design and installation of parabolic trough collector systems to supply steam to industries and large buildings was acquired. This system can also be used to provide solar origin air-conditioning.
- Solúcar will participate in the construction and operation of the first combined gas-solar power plant that Abengoa will construct in Algeria.

R&D&I Activities (Solúcar R&D)

Throughout 2006, the development of R&D&I projects under way continued and new lines of technological research and development were launched. In addition, the execution of a series of demonstration and experimentation construction projects was undertaken.

Demonstration and Experimentation Projects

Parabolic trough demonstration facility:

During 2006 and early 2007 work has continued on the construction of a demonstration facility for parabolic trough collectors that utilize oil as their thermal fluid. This facility will serve for the conducting of a series of projects focused on improving Solúcar's parabolic trough collector technology.



Installation of 7 Stirling Dishes (Azna collar TH):

In 2006 and 2007, seven in-house design Stirling Dishes are being installed at the Sanlúcar Solar Platform complex. These 7 dishes will serve to prove the efficiency and durability of different designs and components.

Solar Thermal Concentration R&D&I Projects

E-2: Design and testing of a new parabolic trough collector that is more efficient than that currently in use.

Medcal: Systems to Improve the Precision of Sun Targeting, and Increase Efficiency in Solar Power Plants.

Almería Solar GDV: A 5 MW Parabolic Trough Collector Plant with Direct Steam Generation, in Almería.

Photovoltaic R&D&I Projects

Fresnel PV-5x: Development of the Medium Concentration Photovoltaic Concept at Values between 5X and 10X.

CAC-30x: Development of a Controlled Atmosphere Photovoltaic Concentrator of around 30X.

Hicon PV: Development of a High Concentration Photovoltaic Concentrator (1,000X).



Abengoa Bioenergía is its holding company. The Business Unit is dedicated to the production and development of biofuels for transport, bioethanol and biodiesel, among others that utilize biomass (cereals, cellulosic biomass, and oleaginous seeds) as the raw material. The biofuels are utilized for ETBE production (gasoline additive), or for direct blending in gasoline or gas oil. Given that they are renewable energy sources, biofuels reduce CO₂ emissions and contribute to the security and diversification of the energy supply while reducing the dependency on fossil fuels utilized in the transport sector and helping towards compliance with the Kyoto Protocol.



With biomass...
we produce ecologic fuels
and animal feed

Europe's largest bioethanol producer
(340 million liter production capacity)
and fifth in the US (415 million liters)

Organization

The Business Unit comprises the management of the following companies:

Abengoa Bioenergía, S.A.
 Ecocarburantes Españoles, S.A.
 Bioetanol Galicia, S.A.
 Biocarburantes de Castilla y León, S.A.
 Ecoagrícola, S.A.
 Bioener Energía, S.A.
 AB Bioenergy France, S.A.
 AB Bioenergy Hannover, GMBH
 Abengoa Bioenergía San Roque, S.A.
 Abengoa Bioenergy UK, Ltd
 Abengoa Bioenergy Netherlands B.V.
 Abengoa Bioenergy Belgium N.B
 Abengoa Bioenergy Trading B.V.
 Abengoa Bioenergy U.S. Holding, Inc.
 Abengoa Bioenergy Corporation
 Abengoa Bioenergy Trading U.S., LLC
 Abengoa Bioenergy Engineering & Construction, LLC
 Abengoa Bioenergy of Nebraska, LLC
 Abengoa Bioenergy of Kansas, LLC
 Abengoa Bioenergy of Indiana, LLC
 Abengoa Bioenergy R&D, Inc.
 Greencell, S.A.

Europe

The main milestones achieved during the year 2006 in the European Operations scope have been:

- Biocarburantes Castilla y León start-up.
- Bioethanol Supply of 190 Ml to the European Exports Markets (France, Germany and Sweden).
- Ecoagrícola starts operating in Europe through contracts with producers in the United Kingdom and Germany.
- Abengoa Bioenergy France obtains additional tax exempt amounts of 60,000 t and 20,000 t.
- Abengoa Bioenergy France obtains the construction permit in March and Production permit at the end of June.
- The Abengoa Bioenergy France Plant begins construction in Lacq.

- Launching of the project of a biodiesel manufacturing plant within the boundaries of the Cepsa Refinery "Gibraltar" in San Roque (Cádiz), with a capacity of 200,000 t.
- New sites in Europe being identified for the development of future projects.
- Development and promotion of Flexible Fuel Vehicles FFV (e85) in Spain. Commercial agreements with Ford, General Motors, and Saab.

United States

The Bioethanol industry continues to experience rapid growth in the United States, and Abengoa Bioenergy played a significant part in this growth, achieving the following milestones in the United States during 2006:

- Plant expansion activities were completed at both Portales, New Mexico and Colwich, Kansas plants, and record daily production volumes have been achieved at each facility.
- Construction of the new Ravenna, Nebraska plant is well under way with expected start up in early 2007.
- Initial evaluation and development of several new bioethanol production projects, with preliminary permitting filed for two new projects which could start construction in 2007.
- Partnership with General Motors and Kroger Stores was initiated to supply e85 bioethanol fuel to Dallas and Houston Texas.
- Restructure of the U.S. organization to facilitate future growth was completed and effective January 1, 2007, creating separate companies for the operating facilities, the new projects, and marketing and developmental functions.
- Initiation of training partnerships with local colleges, and continued implementation of internal competency, development and compensation programs strengthen and protect key employee base.



Research and Development

Abengoa Bioenergy R&D, Inc. is a subsidiary of Abengoa Bioenergy Corp (ABC).

ABRD's efforts are focused on four high priority projects:

- Improve actual production process yields and coproduct quality at existing drymills.
- Increase bioethanol capacity and develop new feed co-products.
- Develop and demonstrate cost competitive technologies for new biomass facilities.
- Develop demonstration programs which permit an increase in the field of bioethanol utilization (i.e., e-diesel and hydrogen fuel cells).

ABRD is leveraged by grants from the U.S. Department of Energy, the European Union and various ministries within the Spanish Government. Greencell, our affiliate in Spain, is responsible for the management of our European activities, reporting to ABRD.

Operations in Europe

Introduction

Abengoa Bioenergy is the European leader in the production of bioethanol for use as a biofuel, and currently operates with three plants in Spain, Ecocarburantes Españoles, in Cartagena (Murcia), Bioetanol Galicia in Teixeiro (La Coruña), and Biocarburantes Castilla y León (Babilafuente), which have a total installed capacity of 150, 176, and 200 million liters annually, respectively. It has also begun the construction of its fourth plant in Europe, through Abengoa Bioenergy France, in the Petro- Chemical Complex in Lacq, Pyrénées Atlantiques (France).

Ecocarburantes Españoles

Ecocarburantes Españoles, S.A. is the holding company of a bioethanol production plant in Escombreras, en Cartagena (Murcia). This company is owned 95% by Abengoa Bioenergía, S.A., and 5% by the Instituto para la Diversificación y Ahorro Energético IDAE (Institute for Diversification and Energy Saving).



The main facts of this plant are:

- 70 million euro investment.
- Began operating in the year 2000.
- The produced bioethanol is destined to the production of ETBE
- Annual installed capacity of 150,000 m³ of bioethanol and 110,000 t of Eco-protein.
- 300,000 t of cereal consumption annually.

Bioetanol Galicia

A second plant, property of Bioetanol Galicia, S.A., is operating in Teixeiro (La Coruña), with an annual bioethanol production capacity of 176 million liters. This company is owned 90% by Abengoa Bioenergía, and 10% by Xes Galicia.

Below are the main facts for the facility:

- 85 million euro investment.
- Begun operating in the year 2002.
- The produced bioethanol is destined to the production of ETBE
- Annual installed capacity of 176,000 m³ of bioethanol and 120,000 t of Eco-protein.
- 340,000 t of cereal consumption annually.

Biocarburantes de Castilla y León

The third plant, property of Biocarburantes de Castilla y León, S.A. in Babilafuente (Salamanca), with an annual bioethanol production capacity of 200 million liters, of which 5 millions will be obtained from the conversion of cereal biomass into bioethanol by means of a new technology under development by Abengoa Bioenergy R&D.



This plant will be the first of its kind in the world with the possibility of producing bioethanol from biomass, in particular from cereal straw, with Enzymatic Hydrolysis technology.

The company Biocarburantes de Castilla y León is owned 50% by Abengoa Bioenergía, S.A., and 50% by Ebro Puleva, the largest nutritional group in Spain. The startup with grain took place on April 7th, 2006, passing the working capacity tests in the month of July.

Below are the main facts for the facility:

- 170 million euro investment.
- Began operating in the year 2006.
- The produced bioethanol is destined to direct-blending with 5% bioethanol (e5).
- Annual installed capacity of 200,000 m³ of bioethanol and 120,000 t of Eco-protein.
- 585,000 t of cereal consumption annually.

Abengoa Bioenergy France

Abengoa Bioenergy France has been conceived as a Specific Purpose Company for the promotion, construction and production of a bioethanol manufacturing plant from corn and alcohols of lower quality (wine alcohol, and others), located in the Petro-Chemical complex in Lacq. Abengoa Bioenergy France is owned 64% by Abengoa Bioenergía; 8% by Océol, grouping of the main regional agricultural corporations and industries; 35% by Euralis and Maisadûr; and 1% by AGPM.

The main facts of this plant are:

- The total capacity of the projected annual production is 197,500 t of Anhydric Ethanol, on a 335 days per year production basis, of which 158,000 t will use corn as raw material, and 39,500 t derived from the distillation of lower quality alcohols (wine alcohol and others).
- Estimated annual cereal consumption (corn) around 500,000 t.
- Estimated annual consumption of wine alcohol and other alcohols around 40,000 t.
- Estimated annual Ecoproteine production around 145,000 t.



- 200 million euro total investment.
- First Phase starting date of commercial production using wine alcohol and other alcohols early in 2007, and the plant as a whole by mid 2008.

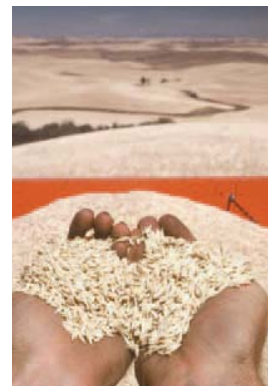
Abengoa Bioenergía San Roque

Abengoa Bioenergía San Roque, S.A. has begun the construction of a new biodiesel plant in San Roque (Cádiz), in an area adjacent to Cepsa's Gibraltar Refinery, with the objective to produce 200,00 t annually. The plant will be operative in 2008 and will consume 200,000 t of vegetable oils (rape, soy, and palm)

Ecoagrícola

Ecoagrícola is the company within the Abengoa Bioenergy Business Group, dedicated to the management of grain purchases and DDGS commercialization (proteic animal feed), which acts as a cereal receiver (wheat, barley, and corn) to convert it into Bioethanol and proteic feed in Abengoa Bioenergy's plants (currently Ecocarburantes Españoles, Bioetanol Galicia, and Biocarburantes Castilla y León, and later AB Bioenergy France y other future plants in Europe).

For the past eight years Ecoagrícola has contracted the cereal supply for the plants, both by purchases in the Free Market, and by direct contracts with farmers in accordance to the CAP programs. In particular, this last approach started offering contracts for Set-Aside Lands and continued with



contracts for Energy Crops, since the policies regulating these were not in place up until the year 2003.

Hence, Ecoagrícola has accumulated a wide experience in the different fields, both in large cereal purchases in the market, and second, in establishing contracts directly with the farmers, thereby ensuring the cereal supply to the business group plants. It also holds a great knowledge of the applicable policies in order to proceed legally within the EU legislation.

Since Ecoagrícola started purchasing cereal in 1998, the growth in contracts has been progressive, and since nowadays the Abengoa Bioenergy Business Group is the European leader in Bioethanol production, Ecoagrícola is equally the European leader in Cereal Contracts for energy use, offering farmers the possibility to benefit from the special incentives established by the recent Common Agricultural Policy. In the same manner, Ecoagrícola contracts production from the lands farmers leave uncultivated by imperatives in the CAP, these are referred as Set-Aside Lands.

Ecoagrícola guarantees farmers a harvest purchase price through a contract and offers necessary technical assistance through its purchasing cooperators.

Ecoagrícola has been developing its activity in Spain since 1998, and has recently initiated operating in Europe. The numbers below clearly reveal its leading position in the cereal market under the EU incentives programs

Cereal Supply 2006

Purchases (t)	Free Market		Set-Aside Lands		Energy Crops		Total Cereal
	Wheat	Barley	Wheat	Barley	Wheat	Barley	
Spain	575,000	164,800	11,000	64,000	48,000	212,000	1,074,800
Europe	-	13,200	300	-	7,000	-	20,500
Total	575,000	178,000	11,300	64,000	55,000	212,000	1,095,300

DDGS Commercialization 2006

Sales (t)	DDGS		Total DDGS
	Wheat	Barley	
Ecocarburantes Españoles	-	130,000	331,000
Bioetanol Galicia	114,000	-	
Biocarburantes Castilla y León	87,000	-	

- Ecoagrícola has lead for years cereal contracting for biofuel production in Spain, proof of this the 10,000 farmers that currently contract directly with the company.
- Equally relevant are the offered services, since it is present in all 41 provinces in Spain, apart from United Kingdom and Germany, altogether coordinated through its own network of cooperators to a total of 140 agents.
- Ecoagrícola holds a vast knowledge of international cereal markets, which allows the company to forecast the prices the farmer will receive should the harvest be destined to biofuel production, hence guaranteeing him a production final price and future income, even before planting the crops.
- Ecoagrícola controls each and every single operation necessary for the execution of the contracted goods, from the origin to its destiny in the plants warehouses, offering services for the whole process: land and sea transport, storage, quality controls, etc.



As regards the upcoming new projects and the Bioenergy business group's expected growth in forthcoming years, its become utterly necessary Ecoagrícola's presence in the cereal originating countries to ensure a regular supply for the plants, since the purchases needs in the next few years will be considerably increased. Therefore, the knowledge of the raw material markets from its origin to our plants shall reinforce Ecoagrícola's position within the business group as the main source of origin and imports of cereal from EU countries. This practice has already been started during the year 2006.

Abengoa Bioenergy Trading

Abengoa Bioenergy has incorporated in 2006 the company Abengoa Bioenergy Trading (ABT), 100% owned by AB, to articulate the bioethanol marketing through a trading company with European wide activity, integrated service, risk management and infrastructures capabilities.

ABT is incorporated in The Netherlands with offices located in Rotterdam.

ABT will provide services to Abengoa Bioenergy (AB) in Europe by:

- Marketing bioethanol produced by AB and by any third party with whom it has previously signed a marketing agreement (volume mix).
- Managing on behalf of AB's facilities in Europe the contracts for exceeding capacity over LT contracts and those LT or spot contracts which are not linked to special detax regimen, under pool system.
- Supplying & pricing management based on same average CIF price for customers (pool). Invoicing to be made and controlled by each production company directly to customers.
- Originating bioethanol for trading purposes and raw alcohol to be processed in Europe.
- Managing the control and coordination of the logistics involved in the marketing of the bioethanol, including freights and storage/handling.
- Developing terminals to improve logistics capabilities.

Achieved Milestones

Industry

- Exports of bioethanol to France, Germany, and Sweden of 190 million liters.
- Development and promotion of Flexible Fuel Vehicle FFV (e85) fleet in Spain. Commercial agreements with For, General Motors, and Saab.

Legislation

- Approval of mandatory objectives and/or tax exemptions in Spain, Netherlands, United Kingdom, France, and Italy.
- Development of mandatory objectives and/or tax exemptions in Germany, Sweden, Belgium, and Poland.

Internal

- Biocarburantes de Castilla y León Plant in Salamanca start-up.
- Beginning of construction of the Abengoa Bioenergy France Plant in Lacq.
- Launching of the project of a biodiesel manufacturing plant within the boundaries of the Cepsa Refinery "Gibraltar" in San Roque (Cádiz).
- Agreements towards the development of Energy Crops and Set-Aside Lands in Europe by Ecoagrícola.
- World Biofuels Conferences took place for the fifth year, consecutively.

Operational Results

Operational results of the plants (bioethanol, DDGS, and production of electricity).

Production	Ecocarburantes	Bioetanol Galicia	Biocarburantes Castilla y León
Bioethanol (m³)	129,678	159,675	106,907
DDGS (t)	124,967	119,287	89,061
Exported Electricity (Mwh)	144,256	165,011	88,311

New Projects

Abengoa Bioenergy's Business Plan includes the promotion and construction of a new bioethanol plant in Bilbao's Harbor, in the town of Zierbana, under the company named Bioener Energía, S.A., owned 50% by Abengoa Bioenergy, and 50% by



the Basque Energy Entity (Ente Vasco de la Energía). The project is in the phase of promotion and shall be operative in the year 2009.

Furthermore, Abengoa Bioenergy's Business Development Plan in Europe includes the promotion and construction of three new bioethanol plants from cereal, which are currently in the phase of permits acquisition. The new production capacity will be installed in countries where the demand and the legislation allow a fast and effective bioethanol development, under the approved guidelines in the European Directives for Promotion and Taxation of Biofuels.

Environmental Studies

The transportation sector is responsible for 25% of the world's energy-related greenhouse gas emissions.

In 2005 the Spanish Government published an audit of the life-cycle greenhouse gas emissions of bioethanol from Abengoa Bioenergy's first two bioethanol plants in Spain, and compared them with the emissions produced from petrol made in a typical Spanish oil refinery. It presented the results by comparing the emissions of a representative car running on pure petrol, with the same car using a 5% bioethanol blend in petrol (e5) and also with an 85% blend of bioethanol with petrol (e85). Under its base case scenario the results were as follows:

- Pure petrol emits 206 grams of Greenhouse gases (fossil CO₂ equivalent) / kilometer;
- e5 blend emits 198 grams of greenhouse gases / kilometer (a 3% saving); and
- E85 blend emits 61 grams of greenhouse gas / kilometer (a 70% saving).

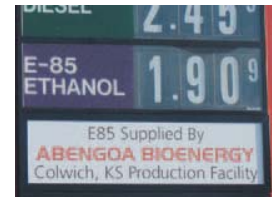
Since bioethanol contains no fossil fuel, we can deduce from these results that each liter of bioethanol made from our Spanish plants saves more than 80% of the greenhouse gases coming from petrol.

US Operations

Introduction

Abengoa Bioenergy is currently the 5th largest producer of Bioethanol in the United States. We presently have approximately 110 million gallons of installed capacity from three plants in operation and have a 4th plant under construction which is expected to add another 88 million gallons of capacity in early 2007. During 2006 we have continued to improve the strength and quality of our customer base, broadening our existing relationships and adding new customers. We still market most of our product in the form of e10, but we have developed new relationships and significantly increased sales into the e85 market. Total sales of bioethanol into these markets totalled over 102 million gallons in 2006.

In order to strengthen the U.S. organizational structure and to provide a better platform for rapid growth and development of new projects, U.S. Bioenergy operations were reorganized in 2006. The three existing plants continue to be owned by Abengoa Bioenergy Corporation, but separate companies have been created for each new project, as well as for the trading and marketing functions, and the engineering and construction divisions of the company.



Abengoa Bioenergy Trading U.S., LLC was formed to manage the critical functions of grain procurement, ethanol and DDGS co-product marketing, and hedging and risk management for all commodities, including energy needs.

Similarly, the technical development and construction supervision of new projects is seen as a key function which needs to be controlled and administered uniformly throughout the U.S. organization. Abengoa Bioenergy Engineering & Construction, LLC has been formed to accomplish those tasks.

Achieved Milestones

Industry

The U.S. bioethanol industry continued its rapid expansion during 2006 with 14 new plants coming on line and several expansion projects completed. Operating plants now total 106 in number with installed capacity in excess of 5 billion gallons. This represents an increase of approximately 800 million gallons since January 2006. Even more dramatic growth is expected during 2007 with an additional 48 plants representing additional capacities of 3.5 billion gallons per year currently under construction.

Legislation

The Energy Bill (including its Renewable Fuels Standard, or RFS) passed by the U.S. Congress in July of 2005 was a major factor driving the growth of the U.S. bioethanol industry during 2006. In late 2006 the Environmental Protection Agency (EPA) published its proposed rules for the establishment of the banking and trading program for bioethanol credits within this program, which solidifies the program and enhances the value of both cellulosic bioethanol, and ethanol produced from waste energy resources such as the landfill gas utilized at our Colwich, Kansas facility. Much additional legislation has been proposed and discussed which would further expand and enhance the RFS, and strengthen the bioethanol industry. A new Farm Bill is expected to receive high priority in the 2007 congress, and strong support for bioethanol and renewable fuels is already being considered through an Energy Title to the Farm Bill. The Democratic Party's control of both houses of the



U.S. Congress resulting from the 2006 elections is expected to continue this strong support of biofuels into the 2007 congress.

State legislation also continues to favour renewable fuels. While no new legislation was passed in 2006 to further restrict the use of MTBE, refiners moved strongly in 2006 to reduce the use of that product on a nationwide basis, primarily replacing MTBE volumes with ethanol. At the end of 2006, legislation in individual states provided the following support for the ethanol industry:

- 25 states have passed bans or restrictions on the use of MTBE.
- 4 states have adopted state RFS usage requirements
- 12 states incentivize the use of bioethanol blends and e85.
- 15 states have bioethanol production incentive programs
- 37 states have passed laws eliminating negative pump labelling requirements for bioethanol blends.

Plant Operations Results

Production	York, NE	Colwich, KS	Portales, NM	Total
Bioethanol (mm gals)	56.6	23.1	22.6	102.3
DDGS (Dry tons)	173,500	70,900	70,300	314,715

Bioethanol and Co-Product Market Overview

Bioethanol prices in 2006 were higher than expected. Significantly higher crude oil prices, concerns regarding global stocks of gasoline and other refined products (in part due to the still lingering 2005 US hurricane season, less than adequate refining capacity and tremendous global demand) have resulted in a significant improvement in bioethanol prices for 2006. This coupled with the passage of the Energy Bill in August 2005, which virtually eliminated the usage of MTBE as an oxygenate for gasoline blending component in favor of bioethanol, provided never seen before values due in part to an already constrained logistical system, inadequate infrastructure and high demand in the spring of the year both on the East Coast and Gulf Coast.

Abengoa Bioenergy has continued its strong presence in the marketplace by maintaining and growing relationships with the leading refiners and marketers in the country. We have ongoing discussions with these energy sector leaders with over 70% of our current production volume sold to these industry leaders.

We are extremely pleased with our continued 100% customer satisfaction rating in 2006 with no customer complaints and our consistent on time delivery of product. We are proud to say that we received the ultimate in support of that customer satisfaction commitment when the scheduling group at one of these energy sector leaders indicated they wished all their bioethanol supply could be purchased from Abengoa Bioenergy Corp.

Co-Product Sales and Marketing in the US continues to be an important contributor to company revenues. Distillers grains are increasing domestic market share in traditional cattle markets and making headway into hog and poultry rations. Continued improvements in quality and consistency of distillers are combining with high corn prices to increase demand.



New Projects

Construction on the Ravenna, Nebraska project has progressed substantially and the initial start-up of the 88 million gallon per year facility is still expected in the first quarter of 2007.

Additional projects are also being developed for 2007 that could further increase our presence and supply possibilities for the American Market. Several potential sites have been identified, and initial permitting proposals have been submitted for two specific sites which could be started in 2007. Our plans to strengthen our leadership position in the U.S bioethanol industry and to substantially increase our production volumes are well under way, and we expect to significantly increase our market presence in 2007, with growth in both volume and increased market penetration through our e85 programs.



Research and Development

Introduction

The mission of Abengoa Bioenergy R&D, Inc. is to develop and demonstrate new technology solutions through science and innovation to achieve Agengoa Bioenergy's Strategic Business Plan Objectives.

Main Strategic Milestones Achieved

Starch Program

Various process improvements were identified in 2005 to achieve bioethanol yield of 2.9 gallons per bushel of corn. Pilot plant experiments were conducted to validate the yield improvements in detailed experimental investigations. Due to low price of corn, process improvements are being evaluated using EBITDA model rather than purely ethanol yield. Based on the validation work, one of the process improvements is being implemented in the York facility. The process improvement will be validated at pilot scale in York facility in the first quarter of 2007. Work will continue to validate other process improvements using the EBITDA model in 2007.

In addition to process improvements, pilot plant experiments were also conducted to evaluate new enzymes and their impact on yield improvements. Work is in progress to implement better performing enzymes in plants.

ABRD also concluded all the work with wheat, rye and barley program. Based on the pilot plant work, recommendations were transferred to European plants for implementation.

ABRD is also evaluation dry corn fractionation technology as front-end processing for bioethanol plants. This work will continue in 2007.

Co-Products

Novel processing methods have been developed to enhance the nutritive content and value of distiller's co-products. To date, results are very positive with



significant improvements being obtained. Efforts are underway to secure intellectual property protection for the novel processing methods.

Biomass Enzymatic Hydrolysis

Process Development

ABRD developed an AspenPlus simulation model for the fractionation and conversion of lignocellulosic biomass to ethanol and co-products. This model forms the design basis for a commercial hybrid cereal and biomass production facility recently proposed to the US DOE.



Biomass Pilot Plant Design and Construction

ABRD develops P&IDs, process and functional descriptions, equipment layout, equipment specifications, and purchase all the equipment. A local mechanical contractor was hired to install the equipment. Phase 1 equipment (biomass preparation and pretreatment areas) and 80% of Phase 2 equipment (fractionation, enzymatic hydrolysis, fermentation, and co-product recovery) are expected to be installed by the end of 2006.

Biocarburantes de Castilla y León

The detailed engineering design is essentially complete. Construction of the 5-million L/yr straw-to-ethanol commercial demonstration plant is in progress. Installation of the large fermentors and heat exchangers was completed. Purchasing and fabrication of the remaining equipment is in progress. Installation of the feedstock storage building, equipment foundations, pretreatment building, control room, lab, and yeast propagation building is in progress.

Gasification and Catalysis

- Accomplished activities for the development of a bioethanol synthesis catalyst under the ACES project.
- A project for bioethanol synthesis catalyst improvement selected for award by DoE.
- Process design and analysis. Techno-economical and environmental assessments.
- Synthesis reactor studies: Biocomb project, funded under the Spanish National Plan for Research and Development.
- Feasibility study of natural gas substitution by biomass gasification.

Background project information:

The technology for bioethanol production from biomass via thermochemical processes is being developed based in an integrated approach, so

that actions are targeted in process design, catalyst research and reactors studies in a parallel scheme. First, regarding catalysis development, Aces project has been accomplished, and a first screening of several metal combinations has been done. Some promising catalytic pathways have been identified.

The developed catalysts will be tested at different conditions by the Industrial Research Association of Andalusía (AICIA), in both fixed bed and slurry flow reactors, within the Renew project (funded by the European Commission 6th Framework Programme) and the Biocomb project (supported by the Spanish Ministry of Education and Science)

As for the process approach, several technologies and process configurations are designed and studied to identify the best cases and prospects of the technology, to design the production technology and to evaluate the advances in the catalysis research.

Furthermore, a feasibility study is being made, in order to assess the possibility of installing biomass gasifiers in bioethanol plants, so that the natural gas consumption is reduced. Several technologies and scenarios have been considered, in principle in the US bioethanol plants.



Fleet Demonstration (e-diesel, FFV, e95)

- Continue e-diesel laboratory and engine tests at UCLM to select stable blends
- Determine the implementation costs of e-diesel in captive fleets
- Implement e-diesel in a captive fleet

Background project information:

E-diesel is a blend of bioethanol and diesel that could be used in diesel engines without modifications, in order to improve the environmental performance of the engines and to increase the bioethanol market.

Other activities accomplished are:

- Establish agreement with the public transport of Seville (buses) to test e-diesel in several buses
- Contact with other fleet operators (Rotterdam, Azvi, Ciudad Real, Belgium)
- Project supported by the European Commission to carry out a state of the art study of bioethanol diesel blends.

Bioethanol Reforming

The target of this project was to design, construct and operate a 300 kW (at fuel cell outline) bioethanol reformer plant, with high energy integration and a gas cleaning and conditioning system associated able to produce a gas useful for PEM (polymer electrolyte membrane) fuel cells.

The initial objectives of the project have been accomplished and a second phase to design and build a compact system will be initiated next year:

- The design, construction and start up were met in accordance with all the specifications. The reformer produced high quality hydrogen with less than 20 ppm in CO content, suitable for PEM fuel cells.

bioethanol reforming is a promising way to produce hydrogen from a renewable source using a patented catalyst, owned by Abengoa Bioenergy. This is the first time that a bioethanol reformer, at such scales (medium size), works with an integrated energy



management system at high efficiency, using the heat of the flue and process gases for water and bioethanol evaporation and reheating.

Singular Strategic Project (PSE) on energy crops

- Selection of starch energy crops for bioethanol production: new varieties of cereals
- Sugar energy crops: stalks of Jerusalem artichoke and sweet sorghum
- Lignocellulosic energy crops

Background project information:

Abengoa Bioenergy, Ecoagricola and Greencell are taking part in this project, awarded by the Spanish Government to develop energy crops for different applications (heat, electricity and biofuels).

Abengoa Bioenergy leads the development of starch crops for bioethanol production.

Other partners of this subproject are Ecoagricola and the Agrarian Technological Institute of Castilla y León. An evaluation of the subsector of herbaceous crops (cereals) for bioethanol production has been carried out by Abengoa Bioenergy with the participation of the consulting company Deloitte. Interesting and useful results have been obtained that will help the Administration evaluate the benefits and barriers of energy crops in Spain. Also under this subproject Ecoagricola has evaluated the potential of barley and wheat straw as raw material for the biomass-to-bioethanol plant in Salamanca.

Abengoa Bioenergy is leading another subproject dealing with J. Artichoke and sweet sorghum as potential sugar crops to produce bioethanol. To implement these crops it is first necessary to determine crop procedures, harvesting periods and sugar yield.

New Projects

I+DEA Project

- The I+DEA project has been presented to the Cenit call for 2007-2010.
- The budget reaches 33 M€
- The Consortium is formed by 25 partners
- 27 research centers carry out part of the research work.

Background project information:

Greencell is leading the project in pursuit of three main objectives:

- Develop energy crops for both the current technology and second generation technologies
- Catalyst selection and design and integration of the gasification and catalytic bioethanol synthesis process
- Develop bioethanol market through e10, e85, e100, e-diesel and bioethanol-biodiesel-diesel blends.

The consortium is formed by important companies, such as Syngenta, KWS, Oryzon Genomics, Cepsa, Derbi, Ros Roca, Idiada...

Bioscopes

- State of the art study about bioethanol-diesel blends for the European Commission

Background project information:

The study has been awarded to Ecofys and Greencell by the European Commission with the aim to evaluate the potential of e-diesel as biofuel for diesel engines. VTT and O2Diesel are collaborators to perform the study. The final report will be published by the beginning 2007.

Biosynergy

- Advanced physical/chemical fractionation of biomass
- Conceptual design of a biorefinery plant
- Demonstration at pilot scale at Babilafuente

Background project information:

Biosynergy aims to use biomass for the synthesis of bio-products –chemicals and/or materials– together



with the production of secondary energy carriers –transportation fuels, power and/or CHP– through the biorefinery approach. The research is focused on the development of advanced and innovative fractionation and conversion processes combining both biochemical and thermo-chemical pathways, and process development from lab-scale to demonstration at pilot-scale.

The coordinator of the project is ECN and the Consortium is formed by companies such as DoW Europe, VTT, Biorefinery.de, CRES, Universities of Aston and Delft,...

The objective of Abengoa Bioenergy activities is to generate data necessary for the evaluation of various options for physical or chemical fractionation of pretreated feedstock and post-treated materials. These data are necessary for developing process configuration and selecting appropriate equipment for the biorefinery plant. Also to develop a conceptual design of a biorefinery plant that converts agricultural residues of energy crops into bioethanol and value-added co-products.

Hybrid Project

ABRD has prepared and submitted to DoE a proposal for a large Biorefinery demonstration plant. The total investment cost would be ca. \$ 200 Million, with \$80 Million (40%) coming from a potential DoE award. The biorefinery would be collocated with a starch bioethanol plant, to form a hybrid complex.

The biorefinery will have a conversion capacity of minimum 700 dry metric tons/day and consist of two parts: an Enzymatic Hydrolysis (EH), and a Gasification part. The EH part will convert biomass (400 dry metric tons/day) to bioethanol, lignin, and biomass animal feed. The Gasification part will convert 300 tons per day biomass to syngas, which will be combusted for steam generation. The steam will be used internally in the biomass facility, with the excess being sold to the adjacent starch plant.

Partnerships

New Partnerships

Dyadic Investment

As part of the Abengoa Bioenergy R&D (ABRD) strategy to develop an enzymatic hydrolysis technology to convert agricultural residues and energy crops, ABRD made a strategic investment into an emerging enzyme production company.

The present business model used by the enzymes companies in grain conversion does not provide an opportunity to capture value on the enzyme production side, an integral part of the enzymatic process and pathway to future production cost reductions. The objective of the Dyadic investment is to capture value on the future growth of the enzyme business and secure an enzyme system for the biomass process on a prefer basis.

Existing Partnerships O2 Diesel:

ABRD entered into a strategic alliance last year with O2 Diesel to provide funding and commercial support for the development of the oxygenated diesel market in Europe.

ABRD maintains numerous partnerships to achieve our strategic objectives. Some of our partners are: Novozymes (enzyme application), Genencor (enzyme supplier), Auburn University (analytical support), NREL (pretreatment, AspenPlus Model, NIR Rapid Analysis), NatureWorks (fermentation) and Taylor Biomass Energy (gasification).

Befesa Medio Ambiente, the holding company of Abengoa's environmental services Business Unit, focuses its activity on providing environmental services for industry and on the construction of environmental infrastructures, while conducting aluminum waste recycling, zinc recycling, industrial waste management and environmental engineering activities.



With wastes...
we produce new materials by
recycling, and we also treat
and desalt water to achieve a
sustainable globe

International leader in industrial
waste treatment and environmental
engineering

Introduction

2006 has been a very important year for Befesa, both for the excellent results which consolidate the growth from previous years, as well as for the 330 million euro acquisition of the recycling company Bus which has made Befesa the European leader in industrial waste recycling.

During 2006 Befesa has continued to treat higher volumes of industrial waste, totalling more than 2,536,140 tons, representing a 34.percent increase compared to 2005. Furthermore, its seawater desalination capacity has also increased to more than one million cubic metres per day, equivalent to supplying more than 4.8 million people.

This year the Aluminium Waste Recycling Unit has been characterised by the strong revaluation in the prices of raw materials as a result of growing world demand and the increase in energy costs. The unit managed 361,000 tons of aluminium, a 12 percent increase on the previous year. This year has also seen strong growth in the Technology Division at Befesa Aluminio Bilbao which as well as supporting the unit's plants has won important new contracts, including three orders to supply ingot lines to the primary aluminium producers Slovalco, Aluminum Bahrain and Sohar Aluminum.

In addition, the Zinc Waste Recycling unit has successfully completed the Environmental Upgrading and Improvement Project at its Asua-Erandio facility which commenced back in 2004. Of note among the most relevant activities is the substitution of the old Waelz kiln by a new larger and more technologically advanced one. This operation is part of Befesa Zinc's environmental strategy and is a consequence of the Voluntary Agreements signed the Basque Government's Territorial and Environment Development Department and the companies from the ferrous smelting, non-ferrous smelting and non-ferrous metallurgy sector. During the year, this unit managed 226,603 tons of wastes.



Another important event was the signing of the purchase agreement for 100% of the share capital of the Swedish company B.U.S Group AB for €330 million by Aser Recuperación del Zinc, S.L, a wholly owned subsidiary of Befesa Medio Ambiente, S.A. The Swedish company has five operational plants in Europe dedicated to recycling waste from the iron and steel industry generated from the manufacture of common and stainless steel. The agreement became effective on 4 December following the approval of the German antitrust authorities. This acquisition complements Befesa's business carried out by Befesa Zinc Aser in Spain, it strengthens its leadership position in the national environmental sector and it consolidates its presence in the European market through its Zinc Waste Recycling division. The acquisition was financed through a non-recourse loan from Barclays Capital.

It has also been an important year for the Industrial Waste Management business which saw the merger of the cleaning and waste units in September to form a single company called Befesa Gestión de Residuos Industriales. This has allowed Befesa to provide a more comprehensive service to the industry and to maintain its leadership position having treated 1,040,924 tons of hazardous and non-hazardous waste during the year, 10% more than in the previous year.

In 2006 Befesa launched its integral management service for agricultural plastic waste (GIRPA) via its Plásticos subsidiary, which provides the company, a specialist plastic pellet manufacturer, with the raw materials required for its production process.

2006 was also a very strong year for the Environmental Engineering business both nationally and internationally, achieving sales of €285 million and valuing the order book at year end at €413 million. This year the works has continued on the desalination plant at Skikda in Algeria; financing has been finalised and construction has begun on the desalination plant at Benisaf (Algeria); and the capacity of our plants in Algeria has increased to 500,000 m³/day. Furthermore, Befesa was awarded the contract for the desalination plant at Bajo Almanzora (Almeria) with a capacity of 60,000 m³, which forms part of the Spanish government's A.G.U.A. plan. The company also set up a joint venture with the town of Qingdao to construct and operate a 30,000 m³ desalination plant which can be increased to 100,000 m³.

In relation to Latin America, Befesa has continued to operate well in Argentina, Chile and Peru. Most notably, Mexico has obtained all the licences necessary to construct the industrial waste confinement and treatment centre as well as finalising financing using a project finance scheme. The centre, which is already under construction, is scheduled to come on line in the first half of 2007.

During 2006 we have continued to develop our strategic R&D&I plan which we launched the previous year and which has allowed us to continue driving our strategy in this field. The projects undertaken are designed to maintain our leadership in desalination and waste water treatment; to develop new technologies for managing industrial waste; and to keep Befesa technologically competitive in the aluminium and zinc industry.

Befesa is aware of its responsibility to society and is very conscious of the need for sustainable development. It has to ensure that industrial and financial progress is compatible with environmental stability. This is evidenced by the environmental and quality standards ISO 9001 and ISO 14001 that virtually all companies in the Group already hold. This effort is also reflected in the "Andalucía" environment award presented by the Department of the Environment of the regional government of Andalusia. The award is given to recognise those people, groups or companies in the region who excel in their work to defend environmental values and that have significantly contributed to the preservation, protection and awareness of these values.

Every Befesa company has also achieved certification for occupational risk prevention according to the OHSAS 18001 standard, highlighting the concern and growing interest by the company to stay at the forefront of occupational health for its employees.



Summary of activities

Aluminum Waste Recycling

This Business Unit is dedicated to the recycling of Aluminum wastes, recycling of salt slags, sale of machinery, and development of aluminum-related technologies.

Aluminum waste recycling

The most important destinations for the aluminum waste recycling activity for the production of alloys are the manufacturing of components for the automobile industry and the construction sector.

The year 2006 was characterized by a strong revalorization of the prices of raw materials, as a consequence of the growing demand worldwide, and the increase in energy costs.

Befesa consolidated medium and long-term agreements with customers and providers which guarantee a stable growth and profitability framework. In addition, Befesa Aluminio concluded the final objectives of its restructuring and investment program, which have endowed it with a costs structure and profitability levels that suit market demands. All the activities undertaken during the year focused on increasing the productivity of the different facilities, the reduction of operating costs, and enhancement of our customer service.

In 2006, almost 140,000 tons of different aluminum wastes were recycled, with record production and sales of 96,000 tons of alloys.

Aluminum slag recycling

Salt slag is a hazardous waste generated in secondary aluminum refineries. It is formed by the contaminants contained in the raw materials utilized and by the fluxes added in the casting and refining process.

Befesa possesses two plants for the complete valorization of this waste: Befesa Escorias Salinas, located in Valladolid, with a 130,000 ton/year capacity, which provides services for the entire sector in Spain, and Befesa Salt Slags, located in Whitchurch-Shropshire (United Kingdom), with a



70,000 ton/year capacity, which provides a service for all the secondary aluminum foundries in the United Kingdom. Moreover, these plants are prepared for the management of other solid wastes from the aluminum industry; including aluminum slags and the powders generated in the crushing process, filter powders, etc.

Befesa is leader in Spain and the United Kingdom in the management of these wastes, and treated an overall of 221,000 tons in 2006, which is a 12 percent increase on the previous year's figure, thereby consolidating a two-figure sustained growth rate in the last few years. Of special note is the growth experienced by the United Kingdom plant and its consolidation as a profitable unit within the suite of Befesa companies.

The solvency of the business in Spain and the United Kingdom allows us to consider new challenges to maintain our growth and profitability levels. These include the enlargement of the capacity of our facility in Spain to 150,000 tons/year of salt slags, the development of new processes that allow other wastes from the aluminum industry to be valorized, and the marketing of other aluminum wastes in the United Kingdom.

Sale of Machinery and Technology

Befesa Aluminio Bilbao's Technology Division, in addition to providing technical assistance to the Business Unit's plants, carries out the design, construction, assembly and start-up of turnkey



facilities for the aluminum and zinc industries. The Division possesses a large list of references for more than 100 facilities in 40 countries. The Division's main products are:

- Automated lines for the production of 5-25 kg aluminum ingots.
- Running out wheels: these are the links between the kiln and the ingoting line that ensure uniform and foam-free filling of molds. They are part of the ingoting line, but are also designed for existing lines.
- Truck loader: an automatic continuous system for loading trucks with the recently produced ingot stacks has been designed.
- Rotating kilns: these are very productive, low energy consumption kilns, especially suitable for low metallic content materials.
- Slag coolers: for this process, there is an installation whose efficiency has been proven worldwide. It cools the slags and classifies them according to their metal content in accordance with the customer's needs. This process is important to prevent the emission of fumes and combustion of the metal, so that the average value of the resulting slag is increased. In 2002, a new slag cooling system was patented: the compactor, of greater constructive simplicity than the previous system, together with a more compact end product.
- Slag treatment facilities: Befesa has developed a system to enrich slags with a minimum loss of metal. The crushing process respects the metal portion and only pulverizes the non-metallic portion.

The main activities in the 2006 trading year were:

- Construction and sale of a 25 ton rotating kiln for the South African company Goswell, responsible for treating all the slags from the Billiton Group.
- Design and manufacturing of an ingoting line for Nordural, Iceland. This 27 ton/hour capacity production line included the treatment of the cooling water and was brought into operation in May 2006.
- Design and manufacturing of a stripping system that has been implemented in the Asua plant.

- Design and manufacturing of an ingoting line for Slovalco, Slovakia. The novelty of this 25 ingot per minute capacity production line was the predefined cooling programs in function of the alloy batch.
- Sale of two pouring lines with trailer loader for Alba, Bahrain, which are under construction and will be brought into operation during the first half of 2007.
- Sale to Hillside, a Billiton Group company, of the project to integrate into its five ingoting lines, supplied in 1996, the main innovations that have been developed since then.

The 2006 trading year was consolidated at exceptional activity levels and the backlog of business guarantees similar levels up to 2008.

Zinc Waste Recycling

The Zinc Waste Business Unit, with all its production centers located in Biscay (Spain), is formed by the following companies: Befesa Zinc Aser, S.A., dedicated to the valorization of steel powders from electric arc kilns and foundries at its plant in Asua (Eradio); Befesa Zinc Comercial, S.A., responsible for the marketing and sale of the primary zinc castings from the Waelz Oxide fabricated by the former; Befesa Zinc Sondika, S.A., dedicated to the recycling of zinc wastes, the majority of which are from the galvanizing industry, to obtain high purity zinc oxide; Befesa Zinc Amorebieta, S.A., which does the same with other zinc wastes and scrap to manufacture rough cast zinc ingot and electrolytic zinc ingot, as



well as fine zinc ashes; and Befesa Desulfuración, S.A., whose facilities in Baracaldo produce sulfuric acid and oleum (compound rich in SO_3) from residual sulfur recovered in petrochemical sector plants.

This year, Befesa Zinc Aser treated 95,273 dry tons of steel powders from electric arc kilns and foundries, and 2,930 tons of other wastes with high zinc content, from which it obtained 39,875 dry tons of Purified Waelz Oxide (D.L.W.O.), with average zinc content above 65 percent. Most of the total volume of wastes from the home market was received thanks to the framework agreements signed with Oñeder and Arcelor for Befesa Zinc Aser to manage the powders generated in the main Basque Region steelworks.

Up until now, Befesa Zinc Aser has recycled approximately 1,785,000 moist tons of powders that contained 400,000 tons of zinc and 25,000 moist tons of other wastes rich in this metal, with which 635,000 dry tons of Waelz Oxide with an average of 60 percent zinc, have been produced, which represents some 380,000 tons of recovered zinc metal.

Befesa Zinc Comercial has sold practically all the Purified Waelz Oxide manufactured by Befesa Zinc Aser over the period. Of note is that this product has gone to the traditional customers from the zinc electrolysis sector, such as Asturiana de Zinc and Umicore.

Befesa Zinc Sondika recycled 11,800 tons of different zinc wastes, most of which came from the galvanizing industry; this figure is a 2 percent increase on the previous year.

The increase in treated volume is due to agreements reached with large national producers of this type of waste, which have enabled the supply of zinc mattes for the manufacturing of ZnO to be increased by 30 percent on the previous year. Of the mattes acquired in 2006, some 1,491 tons were supplied by Befesa Zinc Amorebieta and the rest were supplied directly by galvanizers or intermediaries.



The production of zinc oxide (ZnO) reached 11,600 tons, a quantity similar to that registered the previous year, and 2,800 tons of by-products were obtained.

Throughout 2006, Befesa Zinc Sondika strengthened its position in the market with its current customers and with the inclusion of new customers, with great growth potential, in its portfolio. Product sales were 11,023 tons.

In 2006, Befesa Zinc Amorebieta recycled 11,500 tons of zinc wastes, of note among which are 2,412 tons of cast zinc ashes and 2,800 tons of zinc scrap, which represents a 35 percent increase on the previous year; thanks to the penetration in new raw material supply markets abroad.

The total volume of product and by-product manufacturing was 11,300 tons. Of note were the 3,346 tons of cast zinc ingots and 159 tons of electrolytic zinc ingots. The production of fine zinc ashes rose to 2,778 tons.

Befesa Zinc Amorebieta's overall sales rose to 12,600 tons, of which 9,450 tons were finished products.



Befesa desulfuración processed 105,000 tons of sulfur from desulphurization wastes to obtain a production of 321,600 tons of acid equivalent, with an associated generation of electric energy of 82,000 MWh which, following deductions for self-consumption resulted in the sale of 54,000 MWh surplus energy.

As regards the origin of the sulfur, the supply from Repsol Derivados increased from 65 percent in 2005 to the current 77 percent, to the detriment of the supply from France. The supply of sulfur in liquid state also increased to 22 percent of the total.

In 2006, Befesa Zinc Aser successfully concluded the Upgrading and Environmental Enhancement Project for its Asua-Erandio facility that commenced back in 2004. Over this period, the company has invested more than 22 million euro. The most significant activities include the substitution of the old Waelz kiln by another larger-sized and more technologically advanced one, the installation of a new cleaning system for the gases from the Waelz plant with activated carbon injection for the retaining of dioxins and mercury, and the replacement of the Waelz Oxide drying kiln by a radiant product drying system by infrared. The remaining investments were used for relocating and redimensioning the plant's production units to be able to meet the increase in capacity due to the functioning of the new Waelz kiln. This project was developed in harmony with the Company's environmental strategy, the main priorities of which include fulfillment of the Voluntary Agreements signed with the Basque Government's Department of Territorial Planning and Environment and with the main companies from the Ferrous Casting, Non-Ferrous Casting and Non-Ferrous Metallurgy sectors, prior to the coming into force of Act 16/2002, of July 1, on Integrated Pollution Prevention and Control (IPPC).

The investments made by Befesa Desulfuración, in 2006, focused especially on the conditioning of the process and turbo-generator control systems, the reactive power regulation systems for optimizing

electricity billing, and the purchase of spare parts for the process equipment

On December 4, Befesa acquired BUS Group AB, once the German competency authorities gave their authorization for the transaction. This went ahead following the valorization of BUS in 330 million euro.

The BUS Group conducts two activities: recycling of steel powders from electric arc kilns and smelting processes, and recycling of steel powders from the stainless steel industry. The first of these activities coincides with that conducted by Befesa Zinc Aser and consists of the valorization of steel powders from electric arc kilns and the obtaining of a zinc oxide known as Waelz Oxide with from 55 to 65 percent zinc content. Its treatment capacity is 450,000 tons at its three facilities; two of which are in Germany, in Duisburg and Freiburg, and the other in France, in Fouqui re-lez-Lens.

The recycling of steel powders from stainless steel processes is done, basically, under a fee regime with the producers of stainless steel. By treating the stainless steel powders different materials such as nickel are obtained, and these are returned to the steel producers for use in the process. Its treatment capacity is 125,000 tons at two plants, one in Garvelines (France), and the other in Landskrona (Sweden).

BUS's operations were incorporated in Befesa during the course of the last month of the 2006 trading year and, therefore, the contribution in treated tons is not yet significant compared to the Company's total, although, in the 2006 trading year, BUS group treated more than 400,000 tons of steel powders and more than 125,000 tons of steel powders from the stainless steel industry.

With this acquisition, Befesa is now Europe's leader in the treatment of steel powders from electric arc kilns, which allows it to reduce costs and jointly develop new technologies in this field, while also opening up the possibility of new business opportunities in Eastern Europe.



Industrial Waste Management

In September, the cleaning and waste units were merged and this gave rise to a single company, Befesa Gestión de Residuos Industriales. With this merger a more complete integral service is provided for industry with the objective being to recycle and valorize, and the goal – customer satisfaction while respecting the environment.

Wastes Division

This Division's activities are related to the treatment of hazardous and non-hazardous wastes, their transportation and treatment, as well as environmental assessment. It works with public and private customers and provides services for both the small and large producer.

Bgri maintained its noteworthy position as a final manager during the year. Its Nerva, Palos, and Cartagena centers managed more than 400,000 tons. The non-hazardous activity was reinforced with urban solid wastes and industrial wastes integral treatment plants in Torija (Guadalajara), Utrera (Seville), Gador (Almeria), and Cevico de la Torre (Palencia), and with the Ajalvir (Madrid) and Alcala de Guadaira sorting plants.

As regards contaminated lands, in 2006, Bgri treated more than 100,000 m³ with the following operations: Plastificantes de Luchana (Bilbao), Former Tussam Bus Depots (Seville), lands in Cartagena for the construction of a hospital, and the former Fertiberia facilities in Seville Port.

Another noteworthy activity is the integral management services. This year, the confidence in, and the "made to measure" service provided by Befesa for its customers resulted in an increase in the number of integral management services.

This year, the Lucena (Cordoba) hazardous waste transfer center, specialized in timber and sister wastes came into operation, and complements the existing Ajalvir (Madrid), Alovera (Guadalajara), Paterna (Valencia) and Puebla de Alfinden (Zaragoza) transfer centers. The Deba (Guipuzcoa) center will provide services for companies in the north of Spain as of from next year.



Following the acquisition of 100 percent of the shares of Albega, the center is now called Palos Center. It is here that the conditioning of organic and inorganic wastes is conducted for the subsequent valorization thereof.

In 2006, Bgri experienced a 24 percent increase in management activities, and reached the figure of 766,000 tons of industrial wastes due to the contribution from the urban solid wastes and non-hazardous industrial wastes integral treatment plants, and to the consolidation and loyalty of its customers.

Cleaning Division

The Industrial Cleaning Division conducts its activities in the industrial services sector for public and private sector customers, through a wide-ranging offer that includes solids, liquids and sludge suction and blowing operations, high pressure cleaning works, the utilization of water at very high pressures for demolition, cutting and specialized cleaning operations, changing of catalyst beds, tank and pipe cleaning, management and treatment of wastes at the customers' own facilities, and tank cleaning services in refineries and large oil facilities.

The company's customer portfolio includes large companies such as oil companies and multinationals from the chemical and electric sectors, and small companies, individuals and municipalities.

The situation in the company's objective market is characterized by the tendency of companies to





outsource services that are not directly related to production, a stricter legislative and statutory environment, and a production model that seeks to be more agile and flexible. Thus, the Cleaning Division continued to develop a strategy designed to consolidate an enterprise model capable of providing specialized industrial services and of adapting to the needs of the market.

During the past two years the company structuring and operation organization processes were concluded, technical and human resources brought in, and contracting ratios were improved. The position of the company in the market has been consolidated and the company participated in the main stoppage processes in the petrochemical sector in Spain and has established a dynamic organization to satisfy the needs of large customers from the petrochemical, paper, cement, energy and siderurgy sectors. In addition, the bases have been laid to undertake gradual international development which will capitalize on the experience gained on projects executed at home.

Of note, in 2006, was the growth in the mechanical cleaning, tank cleaning, mobile plant, special cutting and chemical cleaning fields of activity.

Plastics

Befesa Plásticos specializes in the manufacturing of special low density polyethylene pellets by recycling plastic sheeting that has been used as greenhouse covering. The marketed pellets are utilized in different applications, of note among which are the manufacturing of sheeting for the construction sector (waterproofing and protection), large-sized sacks and rubbish bags, signal meshes, irrigation pipes, electric

and telecommunication conduits, articles such as flower pots, large baskets and decanter cases, and to obtain modified asphalts. Its production capacity, together with the constant and homogeneous quality of its pellets, has made the company the leading supplier of recycled pellets in Spain and the European Union, where 80 percent of its total production is exported to.

Befesa has brought a service called Integral Management of Plastic Agricultural Wastes (Girpa, in Spanish) into operation. This provides the company with the raw material required for its production process and an extremely attractive and rigorous integral waste management service (guarantee of traceability, issuing of waste management certificates, organization, etc.) for potential customers.

This service has been implemented in the "Costa Tropical" Association of Towns and Villages, in Granada, in the "Bajo Guadalquivir" Association (Seville), in the Union of Cooperatives of Extremadura "Unexca", in "Axarquía", in Malaga, as well as in certain agricultural companies.

Throughout 2006, Befesa Plásticos recycled 12,780 tons of sheeting and used irrigation pipes, and produced 9,100 tons.

PCB

Befesa Gestión de PCB, S.A. is specialized in providing efficient collection, transportation and disposal services for PCB-contaminated materials while recovering all the reusable materials and disposing of the contaminated ones, utilizing the most advanced technology.

In 2006, Befesa Gestión de PCB treated more than 2,900 tons of PCB-contaminated devices and materials, an increase on the 2005 figure.

Befesa Gestión de PCB is the reference company in PCB treatment in the electric sector. During the year, it continued operations for its main customers; Iberdrola Distribución Eléctrica, with whom it has renewed the PCBs management contract; and Endesa. Furthermore, HC Energía chose Befesa to manage its contaminated transformers. In addition,



equipment from companies and institutions involved in a wide range of production sectors and from all the Autonomous Regions was treated.

The importing of PCB-contaminated equipment from Argentina was reactivated, an activity that was being carried out in collaboration with Befesa Argentina since the year 2000. During the year, imports from Portugal commenced with the collaboration of Befesa Gestión de Residuos Industriales.

Environmental Engineering

The Environmental Engineering activities focus on the construction and operation of infrastructures and the providing of services for integral water cycle and waste management.

Activities and Positioning

The Environmental Engineering unit conducts two lines of activities:

Construction, in which Befesa Construcción y Tecnología Ambiental, Befesa Fluidos and Codesa are integrated.

Befesa Construcción y Tecnología Ambiental covers the international market and the construction of the larger scope hydraulic infrastructures in Spain.

In addition to the contracts awarded on the home market in 2006, Befesa commenced the setting up of international offices and permanent premises, the first phase of which is scheduled for completion in 2007 with a stable presence in the United States, Mexico, Nicaragua, Ecuador, China, India, Algeria and Morocco.

During the year, Befesa consolidated its leading position in the global market, at home and internationally, in the desalination sector, thanks to the contracts that were awarded over the last few years for large desalination plants with reverse osmosis technology.

In the irrigation sector, the different projects executed and new contracts awarded during the year under the National Irrigation Plan confirmed its leadership

in this field. The rest of its activity was conducted in its other lines of operation: hydraulic works and large pipeline systems, water supply and purification, hydroelectric plants, water treatment, automatic data and control systems, and waste plants.

On the other hand, its R&D&I activity was consolidated in the Desalination field with six projects underway and its launching in the wastewater treatment sector commenced.

Codesa is a company that specializes in water treatment, supply, purification, hydraulic and environmental measures activities, mainly for the public administration sector. Of note during the year was the strengthening of its collaboration activities with different Regional Government of Andalusia environmental management companies.

Befesa Fluidos specializes in industrial water treatment for the private sector, input as well as process and wastewaters, and it complements this activity with others such as powder capturing, and the handling of fly-ash and slags in Thermal Power Plants.

Operation. In the water sector, the activity is conducted through Befesa's participation in the company Agua y Gestión, S.A. The companies



Iniciativas Hidroeléctricas, S.A., concessionaire of the operation of the Cerrato (Palencia) fall, and Procesos Ecológicos Vilches, S.A., proprietor of the pig slurry treatment plant in the locality of the same name in Jaen province, also operate in this line of activity.

Construction. Main Activities in 2006

A significant event in 2006 was Befesa's consolidation in the international market, which had commenced in previous years, especially in the Desalination sector. The signing of the financing agreement for the second of the three desalination plants contracted for execution in Algeria through the Spanish consortium Geida, the enlargement of the capacity initially foreseen for two of these plants up to a total capacity of 500,000 m³/day in the country, together with another project in Morocco – a seawater lead line for industrial use, and the recently awarded contract for Qingdao desalination plant in China, are a clear reflection of the company's aforementioned consolidation and set the foundations for its expected solid sustained growth.

Once the three desalination plants are operating in Algeria, which represent an overall investment of 460 million dollars, the Spanish consortium will be capable of providing drinking water to a population of more than 2,500,000, and expectations are for revenues in excess of 2,850 million dollars for water sales over their 25 years of operation.

Desalination

Capacity enlargement and financing agreements for desalination plants in Algeria. The 150,000 m³/day Beni Saf project was awarded to the Spanish consortium Geida in 2004. In 2006, negotiations were completed with the Algerian Government to enlarge said plant's capacity to 200,000 m³/day and the project contracts and financing agreements for the operation were also signed. In addition, the consortium was also awarded the enlargement contract for the Tlemcen-Hounaine desalination plant, the capacity of which will be increased from 150,000 m³/day to 200,000 m³/day.



Bajo Almanzora (Almeria) desalination plant. The contract includes its construction, operation and maintenance for 15 years. The plant's desalination process will be reverse osmosis and it will be provided with the most efficient energy recovery technology currently available: isobar chambers. A total of 15 municipalities and more than 12,031 hectares of agricultural land will benefit from the plant's 60,000 cubic meter per day production capacity.

Qingdao (China) desalination plant: During the fourth quarter of 2006, Befesa established a joint venture with Qingdao City Council for the design, construction and operation of a desalination plant to be located in said city. The desalination plant, with reverse osmosis technology, will be capable of producing, in a first phase, 30,000 cubic meters of industrial and drinking water per day. This could be enlarged to 100,000 cubic meters/day in a second phase. Befesa will be solely responsible for the construction and 25-year operation of the plant.

New Cartagena Canal desalination plant: In 2006, with the commissioning of all the reverse osmosis modules following completion of the brine discharge outlet works, the plant reached its 65,000 m³/day nominal capacity and it can now contribute to the hydraulic system of the Canales del Taibilla Association, responsible for the primary network water supply to 77 municipalities in Murcia, Alicante and Albacete, a water volume equivalent to the consumption of a population of more than 250,000.



Irrigation Systems

Canal de Navarra Irrigation Area. Canal de Navarra chose the consortium formed by, among other companies, Caja de Navarra and Befesa, for the construction and operation of the first phase infrastructures of the Navarra canal irrigation area, that is to say, up to the river Aragon, a tributary of the Ebro.

Upgrading of Carlet (Valencia) Irrigation Area. In October 2006, the Ministry of Agriculture inaugurated the upgrading works of the El Carlet irrigation systems constructed by Befesa. These works allowed 714.21 hectares to be changed from traditional irrigation to drop irrigation, from which 1,200 irrigation subscribers are benefiting, and up to 40 percent water saving is being achieved.

Hydraulic Works and Large Pipelines Jorf Lasfar Lead Line (Morocco). The company Maroc Phosphore awarded Befesa the contract for the seawater lead line to feed the cooling system and the rest of the services of the new phosphoric acid production lines at its manufacturing complex in Jorf Lasfar, a locality on the Atlantic coast of Morocco. The work will comprise a canal to transport 75,000 m³/h of seawater, connection between tanks, a pumping station with three 7,500 m³/h capacity motor pumps (enlargeable to double) and the plate lined concrete pipeline network to distribute 45,000 m³/h from the pumping station to the production lines.

Retortillo-Ecija (Seville) pipeline. These works will guarantee the supply to the municipalities of the Ecija Consortium, with 200,000 inhabitants. They consist of the replacement of 34 kilometers of pipeline, mostly 1,200 millimeter diameter, two pumping stations for water circulation and the corresponding offtake. The works were awarded to Befesa in 2006 by Egmasa, a Regional Government of Andalusia company.

Drive pipeline for Segriá Sud (Lerida) irrigation system. In 2006, works were completed on the two flow pumping stations and the drive pipeline for Regs de Catalunya, a public company under the Regional Government of Catalonia. Overall, a flow of 3.2 cubic meters per second is raised to a height of 297 meters.



Ugarte-Kareaga (Biscay) Collector. Aguas de Bilbao Consortium awarded Befesa the construction of the Ugarte-Kareaga wastewater collector and the array of interceptors required to collect the district's wastewaters. It is the first hydraulic works contract for the public water sector to have been awarded to Befesa in this Autonomous Community.

Hydroelectric plants for the Negratin-Almanzora Connection (Almeria). In the last quarter of 2006, Tijol and Los Manueles hydroelectric power plants included within the scope of the Negratin-Almanzora Connection works, which by means of a 120 km pipeline transport up to 50 Hm³ per year between both basins, were brought into operation.

New Security Reservoir and Elevating Station for Torrealta (Murcia-Alicante) DWTP (Drinking Water Treatment Plant). Towards the end of 2006, the Canales de Taibilla Association, a body under the Ministry of the Environment, awarded Befesa the contract for these works. The objective is to expand the facilities that supply raw water to Torrealta DWTP, so that there is sufficient storage capacity to guarantee the supply of drinking water in the event of 126 to 171-hour maximum duration cut-offs from the supply canal Valmayor and Pedrezuela (Madrid) hydroelectric power plants. Befesa was awarded the contract for these two power plants for Canal de Isabel II de Pedrezuela and Valmayor, to be constructed at their respective dam toes. They are designed for a three cubic meter per second flow with a maximum fall of



36.47 meters for Pedrezuela and 31.40 meters for Valmayor.

Supply and potabilization

Enlargement of the El Conquero (Huelva) Drinking Water Treatment Plant (DWTP). With these works, awarded to Befesa by the state-owned company Hidroguadiana, the plant will increase its current treatment capacity from 45,000 m³/day to 90,000 m³/day. The scope includes, among others, an ozonization and remineralization treatment process. The works respond to the need to meet the demand from the city of Huelva's increasing population and the treatment plant will be conditioned to meet the quality parameters established in current legislation.

Supply to the Ojá-Tirón (La Rioja) system. Befesa will construct the infrastructures required to solve the water supply problems in this area, which will include the water capturing system, drinking water treatment plant, more than 200 kilometers of distribution pipeline network (145 kilometers of which will require new pipes), four pumping stations and all the complementary installations to guarantee system operation to supply a population that is expected to be around 76,000 by the year 2025.

Supply to Sallent, Avinyó and other Barcelona municipalities. Befesa was awarded this contract by the Regional Government of Catalonia's company Agencia Catalana del Agua. The objective is to solve the water supply problems of the Barcelona municipalities of Sallent, Avinyó, Artés and Calders and the rural nuclei of the Morisco mountain range, providing a supply service for a population of more than 11,000. The works include water capturing from the river Llobregat, its potabilization and subsequent distribution, with four pumping stations and two reservoirs.

Treatment and Reutilization

Tertiary treatment at Alcoy (Alicante) wastewater treatment plant (WWTP). With these works, awarded in 2006 by Entidad Pública de Saneamiento de Aguas Residuales de la Comunidad Valenciana, local industries will be able to reutilize the water treated in this WWTP, some 15,000 m³/day, for their production processes.

Almonte, Rociana del Condado and Bollullos (Huelva) WWTPs. The construction of the collectors and treatment plants of Almonte, Rociana del Condado and Bollullos Par del Condado, localities situated in the surrounding areas of Doñana National Park, will guarantee the treatment levels of the discharge waters required for environmentally sensitive areas, from a population that is expected to grow to more than 40,000.

Corral de Almaguer and Cabezas de San Juan (Toledo) WWTPs. These two treatment plants, that will serve a population of 21,000, will be constructed for the Council of Communities of Castilla-La Mancha, through the entity "Aguas de Castilla-La Mancha". The towns involved are characterized by the differences in population in summer and winter seasons, and this conditions the process that is to be developed.

Bornos (Cadiz) WWTP and Durcal y Nigüelas (Granada) WWTP. In 2006, the Regional Government of Andalusia, through Egmasa, awarded Befesa the contract for these two projects. Overall, they will serve a population of around 15,000.

Industrial water

Treatment of Leachate at Montalbán (Córdoba) Waste Plant. In 2006, Epremasa, the Provincial Company for Wastes and the Environment, awarded Befesa the construction contract for a leachate treatment plant for the Montalbán Plant, where the wastes produced in 52 municipalities with a population of more than 450,000 are treated. The capacity of the leachate plant will be 29,000 m³/year (11,000 generated in Montalbán and the rest in other centers) by means of MBR (Membrane Bio Reactor) aerobic biological process, ultrafiltration and, finally, a reverse osmosis phase that enables the reutilization of the treated leachate in other activities.



La Paloma (Madrid) leachate plant. Also contracted in 2006, it will be located at the La Paloma biomethanization facility in Valdemingomez Environmental Complex, the Autonomous Community of Madrid's current dump. This plant will treat a daily flow of 110 cubic meters.

Leachate plant for the waste sorting plant in Zaragoza. It will treat a daily flow of 200 cubic meters utilizing the same process as indicated above.

Arcelor (Asturias) wastewater treatment plant. Befesa was awarded the works to reform the wastewater treatment plant at the Arcelor complex in Gijón. Befesa will construct a physicochemical type facility that will allow treatment of the different flows from the different steel production processes.

Operation. Main activities in 2006

Since the 2003 trading year, Befesa holds a more than 35 percent stake in the company Agua y Gestión de Servicios Ambientales, S.A. Throughout this period, Aguas y Gestión has managed the Municipal Services of El Ejido (Elsur), Almería, and the services of Aguas de Baena, in Córdoba, San José del Valle, Barbate and Vejer, in Cadiz, Herrera, in Seville, and Puebla de D. Fadrique and Ugíjar, in Granada.

In addition, in 2006, the company was awarded a 73 million euro contract to manage the supply and treatment services for the 17,000 inhabitants of the Extremaduran municipality of Zafra for 20 years. This contract, which is a giant step in Agua y Gestión's strategy, a company whose presence is ever-increasing inside and outside Andalusia and which is now providing services, including this municipality, for a population of more than 200,000. Furthermore, the pig slurry treatment activity continues through the operation of Vilches Treatment Plant (Jaén).

Latin America

Befesa is present in the following countries: Argentina, Chile, Peru and Mexico, where it is dedicated to industrial waste management and environmental engineering.

Befesa Argentina

Most significant works:

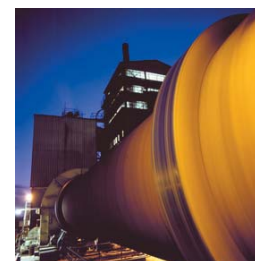
Conditioning, exportation and final disposal of transformers contaminated with polychlorate biphenyls (PCBs): In 2006, Befesa Argentina managed to reinstate the exportation of PCB-contaminated transformers, with a first shipment of 22 tons that was sent to Befesa Gestión de PCB's facilities in Cartagena, to be suitably treated.

Works in progress:

Oil Company Sector:

1. - Operation of the Alfa Laval Plant and US Filter Plant in Repsol YPF's La Plata Refinery: two horizontal centrifuges owned by Befesa Argentina and installed in the effluent treatment plant (US Filter) are operating, and operation of the Alfa Laval Plant, owned by Repsol YPF, is being conducted. These plants operate 24 hours a day, 365 days a year.

2. - Slop Oil Unit, Tank 265, Repsol YPF's La Plata Refinery: Work continues on the plant installed by Befesa Argentina for the recovery of hydrocarbons by means of the separation into three phases of the product contained in tank 265. This 100,000 m³ capacity tank functions as a receiver of the slops from the Refinery's other tanks. In the 28 months it has been operating, Befesa has processed 70,034 m³ of product, and has delivered to Repsol YPF, as by-products, 79 percent of the treated volume as clean water, four percent as solids and the remaining 17 percent as HC leachate under specification. This plant comprises two Horizontal Decanter centrifuges and two vertical centrifugation modules, Alfa Laval make, an Analysis Laboratory and Workshop modules, store, canteen and dressing rooms. 20 people are involved in this project that operates 24 hours a day, 365 days a year.



Transportation, incineration, inerting and final disposal: as regards the transportation and treatment of special wastes, the main customers are:

- Automobile Industry: Daimler Chrysler, Ford, Peugeot-Citroen, Toyota Argentina and Volkswagen, for whom transportation and final disposal services by security dump back landfill of maintenance wastes, paint slurry, cataphoresis sludge, oils, empty containers, etc., are provided.
- Oil Industry: Esso, Repsol YPF and Shell CAPSA, for whom transportation, incineration and final disposal services by security dump back landfill of maintenance wastes, coke carbon, insulators, spent catalysts, contaminated land, etc., are provided.
- Pharmaceutical Laboratories: Bayer Argentina SA, Lanxess SA, Raffo, GlaxoSmithKline Argentina and Cardinal Health, for whom transportation, incineration and final disposal services by security dump back landfill of out-of-date medicines, products outside specification, raw material packings, etc., are provided.
- Chemical Industry: Rohm & Haas, TFL, Procter & Gamble, for whom transportation, incineration and final disposal services by security dump back landfill of maintenance wastes, effluent plant slurry, raw materials outside specification, etc., are provided.

Contracted Works

Transportation, treatment and final disposal of foundry waste from the company Acebrag. The contract includes treatment of an important volume of passive and of the uninterrupted generation process slag from the filters.

Enlargement of Facilities

During 2006, investments were made in enlarging Befesa Argentina's facilities, mainly its Security Dump, situated in the locality of Campana. Works commenced in June on the enlargement of the second phase of the Security Dump and the same are scheduled for completion prior to the end of the year. On the other hand, the new offices at the Campana facility were inaugurated in November. These improve working conditions with the commodities and equipment required owing to the growth thereof.

Befesa Chile

The activities of Befesa Chile can be divided into two fields. The first is the providing of Environmental Engineering services, and the development of several projects commenced, of note among which are:

- Elaboration of detailed engineering, economic assessment and profiling of technical specifications for BHP Billiton's Minera Escondida and for Sanitary Backfill and non-hazardous industrial wastes dump.
- Elaboration and presentation to the environmental authorities of the Environmental Impact Statement study for the Minera Escondida Sanitary Backfill and Industrial Wastes Dump project, to obtain the necessary construction and operation permits for the same.
- For BHP Billiton's Cerro Colorado mining company, the basic Engineering Study and elaboration of the Hazardous Waste Treatment Plan pursuant to the new legislation, was carried out.
- The detailed engineering for the Sanitary Backfill and the preparation of the Operating Manual for suitable handling was also done for the same mining company.

The second field of activity focused on General Coordination of activities dedicated to bringing about the execution of Proyecto Soluciones Ambientales del Norte (Northern Region Environmental Solutions Project), the objective of which is the treatment and disposal of hazardous and non-hazardous industrial wastes. The following activities are of note: management of land purchasing with Chile State, consolidation of mining properties, elaboration of terms of reference, tendering, and coordination of the project construction detailed engineering, and development of commercial outlook and deed of incorporation.



Befesa Peru

Having completed its third year in operation, Befesa Peru continues to increase its customer portfolio, this time by a 40 percent on 2005, and it now carries out operations for 190 customers. This has been reflected in the 37 percent increase in sales for treatment and final disposal of industrial wastes.

Befesa also commenced operations in the field of direct waste collection and transportation services, with the purchase of its first truck – 15 ton capacity – which is being utilized on the La Pampilla Refinery Waste Management project (Repsol). In addition, the intention is, with a view to enhancing the efficiency of this service, to purchase a six-ton trailer to partially free the truck to provide services for other customers.

This year, pursuant to the company's development plan, a conditioning service commenced for PCB-contaminated electric equipment with a view to commencing exportation thereof early in 2007.

The company's main customers include: Repsol, Hunt Oil, Newmont, Xstrata, BHP Billiton, Pluspetrol, Goodyear, Petroperú, Basf and Endesa.

In 2006, the company dedicated more than one percent of its annual billing to an integral support program for the communities in the vicinity of the deposit, focusing mainly on assistance activities, of note among which is the electrification of the water pump for the well of the Papa Leon XIII community.

Befesa México

Since 2001, Befesa México is promoting the implementation of the industrial waste management activities Befesa carries out in other countries, with the exception of those conducted by Befesa Construcción y Tecnología Ambiental. The reference project is the promotion, construction and operation of a treatment and final disposal center for hazardous industrial wastes and, as complementary activities, the remediation of environmental passives and industrial cleaning operations.



In 2006, Befesa México managed to meet three objectives in the construction project for a hazardous industrial wastes treatment and disposal center in Mexico (called "Sustainable Development Systems"), which were: the obtaining of all the permits required for the construction of the same, the closure of non-recourse financing under the "Project Finance" scheme, and commencement of construction of the center. These position Befesa as a reference company for forthcoming years in industrial waste management in the Republic of Mexico.

2006 saw the company enter the fields of remediation and industrial cleaning with the presentation of several bids to Pemex.

In parallel to the aforementioned activities, work commenced on advance studies for the development of a social responsibility project focused on the communities in the vicinity of our project.



Telvent, the holding company of Abengoa's businesses in the Information Technology sector, provides high value-added solutions in four industrial sectors (Energy, Traffic, Transport, and the Environment). Its technology allows companies to make real-time business decisions utilizing data control and acquisition systems, as well as leading-edge operational applications that provide companies with secure and efficient information.



With Information Technology... we transform data into knowledge, providing effective operational and business real-time decision making for traffic, transport, energy and environment

International leader in the energy, traffic, transport and environment sectors

Energy

Oil and Gas

In 2006, the energy markets worldwide were spending at extremely high levels to keep up with increasing consumer demand. This demand has subsequently driven the price of energy products to record levels. This trend, which is expected to carry forward and increase momentum, has resulted in a significant increase in capital budgets for energy sector participants in 2007. This factor, combined with the anticipated continuing rapid pace of mergers and acquisitions has created new opportunities for technology solution providers such as Telvent.

During the past year, energy companies have been targeting infrastructure growth, given the high energy prices. This rapid growth has placed a focus on cost reduction and better decision making, enabling companies to better cope with growth and ongoing business changes. Given the need for cost management, combined with a shrinking experienced work pool and increased regulatory pressures, energy companies have come to realize that automation and information management technology is the most efficient way of achieving these goals. Based on product and services demand, and customer feedback, Telvent's solutions have clearly demonstrated their ability to meet those customer requirements.

In 2006, Telvent continued to focus on transitioning from a data acquisition and control application supplier into an enterprise level integrated solution provider of business applications and IT infrastructure, a focus which has been highly supported by our Energy customers. This in turn has enabled Telvent's oil, gas and electric utility customers to transition their operations into a secure, truly RealTime IT enabled business. This strategic shift was made possible not only through continuous improvements in Telvent's products and services, but also the added strength and flexibility contributed by the strategic alliances that Telvent has developed with SAP, ESRI, Symantec, OSIsoft and other technology partners.



It is quite evident that the global energy industry continues to look at the direction, initiatives and projects of the North American energy sector as a blueprint for their future investments and success. Telvent's strong performance in North America and abroad during 2006 signifies an increasingly important role for this company in terms of leveraging the energy infrastructure investments for existing and new customers.

Electricity

In 2006, Telvent achieved exceptional results in the Spanish electric sector, as we continued to capitalize on the ongoing investments being made by the main electric utilities in both distribution and transmission. Renewable energy also took on considerable importance during the year, with special emphasis on biomass plants and solar power stations.

Focusing on the rest of Europe, attention should be drawn to the major progress made on the Automated Meter Reading (AMR) project, commissioned by Vattenfall (Sweden) in 2005. The start-up, pilot tests and initial results from the system's deployment all met the client's expectations. Vattenfall's high level of satisfaction with Telvent's efforts resulted in a year-end signing of two new extensions of the contract for an additional 200,000 meters. This will result in the total number of residential consumers using Telvent technology to increase to 500,000 by early 2008.



In Latin America, we maintained our market share in both Mexico and Brazil, winning major contracts, particularly in the transmission sector. Our success in new sectors of the Mexican energy market, including hydroelectric power and traction, which are projected to experience significant growth in coming years, was particularly noteworthy. In the rest of Latin America, we remained active with new projects in Chile, Bolivia, Costa Rica and Venezuela, where the project to modernize the state utility Cadafé's distribution network is already underway. This particular project is especially important, as it will include use of our Electric Suite of applications, which unifies and integrates all Telvent products for the electrical power distribution sector: ArcFM, Responder, Telvent DMS and OASyS DNA.

In North America, the Telvent SAGE 3030 substation automation platform has gained rapid acceptance in the electric utility community. The SAGE 3030 is designed to facilitate the integration of (Intelligent Electronic Devices) IEDs within the substation, while providing a robust platform for the development of operational applications within the substation environment. As an indication of the increasing popularity of the SAGE 3030, sales in the North American substation automation sector during 2006 have increased 20% over the previous year. The client base for the ArcFM Solution continued to grow as well with an addition of 44 new accounts during this past year, with the majority of these coming from the international market, resulting from the combined efforts of Telvent's distributor network and Telvent's global office network.

Most Relevant Projects

Within the Energy segment, the most significant project awards during 2006 include the following:

In Europe:

- Project for Adif, in Spain, for the supply, installation and commissioning of the telecontrol equipment for the substations that supply electricity for the Madrid-Segovia high-speed rail line. This equipment was developed entirely with Telvent technology, based on more than 20 years of experience in the railway transport business.



- Project for REE, for the design, engineering, supply, installation and commissioning of the Integrated Control System for the Benejama Substation. This system was developed entirely with Telvent technology in accordance with the demanding functional and electromagnetic compatibility standards that were mandated for this system implementation.
- Project for Endesa in Spain for the supply, installation and commissioning of the integrated control and protection systems included in the Tramontana Plan. This plan entails the modernization and construction of over 40 substations in the distribution zone administrated by Fecsa Endesa.
- Contract with Sodean (the Energy Agency of Andalusia) in Spain for the implementation of the SINEA (Andalusian Energy Information System) installation. This project will be carried out as a joint venture with Sadiel and Isotrol and includes the tools necessary for the Andalusian provincial government to manage its regional energy resources.
- Contract with Abener for the supply, installation and commissioning of a distributed control system for the bioethanol facility that Abener is constructing in Lacq, France.
- Contract with Abener for the supply, installation and commissioning of a distributed control system for managing the electric energy generated from a biomass production plant in the province of Salamanca, Spain.
- Contract with Abeinsa, in Spain, for the supply of a delegated dispatch for the Abengoa-





owned Generating Plants. With this system, the management of these plants is guaranteed pursuant to the recently published legislation. The contract is financed by Telvent and will be repaid by system operational revenues produced over a ten year period.

- Telvent was awarded a contract with CEZ in the Czech Republic for ArcFM licenses to support their electric distribution system. CEZ has 7 million customers and serves the majority of the country.
- Telvent's ArcFM product was selected by several large gas distribution utilities in the United Kingdom, including Wales and West Utilities, Ltd., Scotia Gas Networks Ltd., and Northern Gas Networks. Thames Water also selected ArcFM to help manage their water distribution network.

In North America:

- Contract with EPCOR Transmission Inc. to upgrade its existing SCADA system from OASyS 6.0UX to OASyS DNA.
- Contract with Southern California Gas Company (SoCal), in Los Angeles, California, to upgrade the SCADA system at the utility's transmission control center.
- Enterprise agreement with Pembina Pipeline Corporation to deploy SimSuite Pipeline for three natural gas liquids pipelines and up to five additional crude lines.
- Contract with Buckeye Partners, LP to upgrade their OASyS 5.2.2 system, commissioned in 1997, to OASyS DNA.
- Contract with Hydro Ottawa to upgrade their existing SCADA system to OASyS DNA.
- Consumers Energy, a utility in Michigan serving 1.8 million customers, awarded Telvent a contract for the implementation of Responder OMS to support their outage management operations. The project will interface with various systems including SAP, SCADA, and workforce management.
- Georgia Power, the largest of five electric utilities that make up Southern Company, selected Designer, a GIS-based design application from Telvent. The implementation of Designer, which includes embedded ArcFM tools for asset and facilities management, will assist the investor-owned utility in more efficiently providing electricity to their 2.1 million customers in the state of Georgia.
- Public Service Company of New Mexico (PNM) and Texas-New Mexico Power (TNMP), both wholly owned subsidiaries of PNM Resources, Inc., selected Telvent's ArcFM Solution for their Texas and New Mexico operations. The companies chose ArcFM and Designer to replace their existing GIS systems for facilities management and graphic work design.
- Pepco Holdings, Inc, chose to standardize their graphic design solution on Designer and implement it for Atlantic City Electric (ACE) and Delmarva who, combined, serve over 1 million customers in the New Jersey and Delaware area.
- Contact with TXU Energy to provide SAGE RTUs for substations in the Greater Dallas / Fort Worth Texas Area. This is part of an ongoing plan for TXU to upgrade their existing substation infrastructure.
- Contract with Conectiv to replace their existing CDC remotes with Telvent SAGE RTUs. Conectiv provides electricity and telecommunications to southern New Jersey, Delaware, Maryland, and Virginia, as well as natural gas to northern Delaware.
- Contract with National Grid to provide SAGE RTUs as part of a multi-year initiative to upgrade and retrofit old Landis and Gyr RTU installations. National Grid provides electricity to 3.4 million customers in a four state area of the northeastern US.
- Contract with Grand River Dam Authority (GRDA) to provide SAGE RTU retrofits of existing Harris and Westronics M3 RTUs. GRDA maintains approximately 2,000 miles of electric transmission lines and 200 electric substations across its service

area, which includes 24 counties in Northeast Oklahoma.

- Contract with CenterPoint Energy to provide a large quantity of SAGE RTUs for pole-mounted feeder automation installations in the greater Houston, TX area, which will result in improved overall reliability of the distribution system. CenterPoint Energy is the nation's third largest combined electricity and natural gas delivery company, with more than 5 million metered electric and natural gas customers.

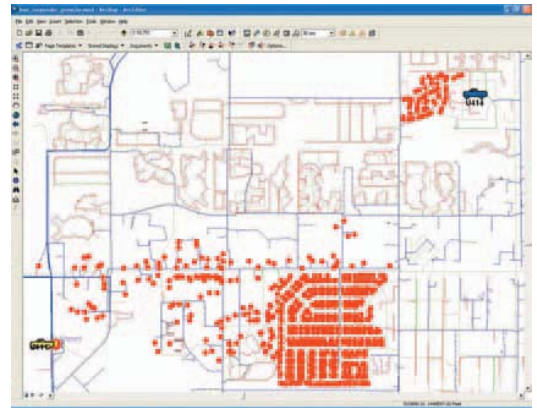
In Latin America:

- Contract with Trinidad & Tobago Electric (T&TEC) to upgrade their existing SCADA system to OASyS 6.3UX. The project includes upgrading T&TEC's LAN speed and the eventual installation of an off-site back-up system.
- Contract with the Grand Bahama Power Company to upgrade their existing SCADA system to OASyS DNA and their current RTUs to SAGE 2300 and SAGE 1350 models.
- Contract with Cadafe, in Venezuela, for the supply, installation and commissioning of an integrated operation system for the national electricity distribution network of Venezuela, including the functions of incident management and electricity grid management.
- Contract with CAF for the data telecontrol and management applications integration project for the suburban metro section between Buenavista and Cautitlan, in Mexico FD, to be constructed by a consortium of Spanish companies, of which CAF is a member.
- Contract with Abengoa Chile for the supply of control and protection systems for the San Luis substation belonging to Endesa in Chile. The project scope includes engineering, panel construction, system configuration and commissioning.
- Contract with Inabensa for the telecommand project for the new suburban metro section between Buenavista and Cautitlan, Mexico. The project includes the supply, integration and testing of the system, which provides coverage from the control center to the catenary remotes.
- Contract with Abener México to supply the Distributed Control System (DCS) for the Baja California Sur II Power Plant. This project, the

end-customer for which is the Comisión Federal de Electricidad (CFE), includes the control engineering, supply, testing and commissioning of the system that will control the power plant's different subsystems, which will help ensure dependable and efficient overall operations.

In Asia-Pacific:

- Contract with the PetroChina Pipeline Company (PetroChina) to upgrade the existing SCADA system, controlling the Shanshan-Lanzhou oil pipeline, to OASyS DNA. The 1,500 km pipeline runs from the city of Shanshan in the western region of China, to the city of Lanzhou in the northwest.
- Contract with Taiwan Power Company to enlarge the Lungmen Nuclear Power Plant.



Transport

Telvent has continued to strengthen its leading position in national and international markets for the traffic and transportation sectors, providing a large offering of products, applications and services for the Intelligent Traffic Systems (ITS), both in urban and interurban settings. In addition, the company is providing global solutions for urban traffic management, as well as the control, surveillance and management of highways, aimed at maximizing traffic flow efficiency, increasing vehicular safety, and optimizing bus and train transit management.

During 2006, Telvent increased its presence in key strategic areas in China and the USA, through the acquisition of two leading companies in the traffic market. In addition, a third company, located in Spain and possessing extensive expertise in bus ticketing systems, was also purchased.

- Beijing Blue Shield, in China, was acquired in March 2006, providing Telvent with a significant presence in that market, as well as a highly skilled group of traffic and software engineers focused on urban traffic systems.
- PB Farradyne, in the USA, was acquired in July 2006, providing Telvent with extensive expertise in consultancy, systems development and projects in the U.S. and Canada, with a local presence in 23 states.
- Maexbic, in Spain, was acquired in November 2006, providing Telvent with significant expertise in equipment and solutions for bus ticketing management systems, along with important references in the Spanish market.

With the integration of these three companies, Telvent strengthens its leadership in products and geographies, consolidating itself as a global market leader.

In the international traffic sector, the year 2006 has included contracting and execution of a high number of projects, strengthening Telvent's presence in North American and European areas, and also including the updating and extension of systems previously installed in Latin America, China and south-east Asia.

The Spanish market has maintained its consolidation with a number of recurring projects, based on operational and maintenance services, as well as important projects in new road infrastructures.

In public transport and ticketing systems, 2006 saw the consolidation of Telvent solutions, applications and equipment, for which extensive investments in technology have been made during previous years. It also confirmed Telvent's road to future growth established for this business area.

Telvent has put in action the "e-trans" platform, as the payment platform for transport systems, providing the market with products such as Mobifast and Web.Park, positioning them as the leading solutions for the Spanish and international markets.

In Spain, the sales volume with recurring customers such as Metro de Madrid, Metro de Bilbao, FEVE, Adif and Cintra has increased through new products and solutions for station and railway signaling control systems, access control systems and automatic transport ticket vending machines, and parking lot control systems.



In the railway control and signposting industry, the development of a new applications line for the automatic regulation of trains (SAREF Project) continues in collaboration with specific strategic customers. This is in addition to, and complements, the current line of products for Railway Traffic Control Centers and Telecontrol of equipment and stations.

In the international market, the completion of passenger information systems and fixed equipment management provides new opportunities and additional references for future projects. Also, the successful inauguration of ticketing systems for Tianjin Metro and the new railway from Caracas to Cua positions Telvent as a leader in TSC technology.

The previously mentioned acquisition of Maexbic consolidates and complements the available products and services for the on-board ticketing for bus and light-train applications, allowing the development of a complete product line for tariff integration in multimodal transit, which has become a requirement for this marketplace.

Most Relevant Projects

Within the Transport segment, the most significant project awards during 2006 include the following:

In Europe:

- Completion, for Oresund concessionaire, of the upgrade for the SCADA system controlling the



tunnel and bridge, between Sweden and Denmark, using OASyS-DNA technology.

- Contracts with the Spanish Traffic Authority for:
 - New equipment and system adaptation for the Spanish Speed Limit Violation Network, complementing the system provided in 2005.
 - Technical services and maintenance of systems and equipment for the Traffic Control Centre in Seville.
 - The migration of system hardware and software and the installation of the new Madrid Traffic Control Centre.
 - The maintenance of mobile traffic counting equipment.
- Completion, for the Madrid City Council, of the SICTRAM project, including the integration of traffic data and a top-level GIS-based information system.
- Completion, for the Catalan Government, of the Tunnel Control Center in Vic, and the upgrading of the tunnel control systems
- Completion, for the Tabasa-Cadi concessionaire, of the new Tunnel control system in Tabasa.
- Inauguration, for Metro de Madrid, of the security and control center for lines 3 and 5, together with the extension of ticket vending machines.
- Contract, with MINTRA, for the supply and installation of 57 new ticket vending machines, 20 of which, featuring electronic payment.
- Contract, with MINTRA, for the supply and installation of vending machines and toll access control to be used in light-trains in Colonia Jardin-Pozuelo and Colonia Jardin-Boadilla.
- Contract, with RENFE Cercanías, for the supply and installation of access control solution in the Recoletos, Parla and Las Rozas stations, including combined use of magnetic and contact-free technologies.
- Completion, with FEVE, of the updated Railway CTC system in Santander, based on TR3000 solutions.
- Contract, with Inabensa, for the supply of a Passenger Information System and a Trains Identification System to be implemented in the new Metro Norte of Metro de Madrid, including 57 message signs and 15 beacons.
- Contract, with Electrans, for the supply and installation of fixed equipment control system for the new light-train of Alicante.

- Contract, with Cobra Instalaciones y Servicios S.A., for the supply and installation of the parklot management system in Santiago de Compostela Airport.
- Completion, for the Guipuzcoan Interurban Bus consortium, of the ticketing and tariff integration center, using contact-free and 'ultralight' cards.

In North America:

- Contract with the Chicago Skyway Concession, in the United States, for the implementation of the latest generation technological solution for integral toll management (SmartTOLL), which will enable real-time monitoring of traffic flow and traffic incidents.
- Contract with the Traffic Department of the State of Virginia to provide operation and consultancy services for the Smart Traffic Control Center in northern Virginia, for a five year period.
- Contract with the Department of Transport for the State of Missouri, United States, to provide operation management support for its traffic control system, known as "Gateway Guide", in Saint Louis, Missouri, United States. Over a maximum of four years, Telvent will provide system operation and monitoring personnel, and continuous training on incident management techniques, basic procedures and advanced operational techniques to enhance the techniques employed in the Traffic Control Center.
- Completion of the San Francisco Bay Area's Metropolitan Transportation Commission's TravInfo® 511 traveler information system, and a two-year extension of the contract to operate and enhance the system. The system features travel information, including drive times, via a public website and a 511 interactive voice response telephone system.
- Delivery of a regional traveller information sharing system for the New York City metropolitan region through the TRANSCOM organization. This system features use of Telvent's SmartNET software platform. It also serves a 16 state region through the I-95 Corridor Coalition.
- Delivery of a fog warning system for the Pennsylvania Turnpike Commission. This system features Telvent's MIST® software platform, and received the Best New Product or Service



award at the 2006 ITS America Annual Meeting.

- In a key subcontracting role, awarded the development of enhancements to the Maryland State Highway Administration's CHART Software, continuing Telvent's relationship with this client and support of this system, which began in 1997.
- Awarded contracts to operate traffic management centers in Hudson Valley, NY; Northern Virginia; and St. Louis, Missouri. Telvent is now providing traffic management system operations services in 10 locations across the US.
- Awarded a contract by the Michigan Department of Transportation to install a traffic management system in eastern Michigan. This project extends the array of services that Telvent offers its clients to include field installation and integration.

In Latin America:

- Contract, with the Transport Secretariat of Sao Paulo, in Brazil, for the upgrade of the traffic control system in zones CET3 and CET4, including management of 300 critical intersections, based on ITACA traffic control system.
- Completion, for the Rosario City Council, in Argentina, of the red-light and speed enforcement system, together with the urban traffic control maintenance contract.
- Completion, for the City Council of Belo-Horizonte, in Brazil, of the new ITACA traffic control system, with 270 intersection, cameras and message signs.
- Contract, with Centrovias, in Brazil, for Phase II of the Traffic Management System, including new equipment and facilities.
- Contract, with Rodovia das Colinas, in Brazil, for Phase II of the Traffic Management System, including new equipment and facilities.
- Operational start-up of the ticketing system, with contact-free technology, and implementation of the passenger information system for the railway line Caracas-Cua, in Venezuela.
- Inauguration of the TR3000-STA system for Metro de Valencia, in Venezuela, allowing lift/escalator control, energy, ventilation and video-monitoring in stations, based on Telvent's OASyS DNA software solution.
- Contract, with Siemens AG, in Mexico, for the supply and installation of a complete ticketing solution in the Metro of Monterrey L2, and

implementation of contact-free solutions for the L1 and L2 zones.

- Contract, with Metro de Sao-Paulo, Brazil, for the supply and installation of a complete digital communications solution in Line C, including, access control, telephony, and radio.

In Asia – Pacific:

- Contract, with the JinCheng City Council, in China, for the new urban traffic control system, based on the ITACA adaptive solution.
- Completion, for the Fushun City Council, in China, of the new ITACA adaptive urban control center, and camera monitoring and red-light enforcement system.
- Extension of the access control, video-monitoring and inspection systems for the Shenzhen International Airport, in China.
- Contract with Nava Thai Kruang Sanam Co. Ltd, of Thailand, for the implementation of a latest-generation system for detecting red traffic light infractions, in Bangkok.
- Completion, in Kuala-Lumpur, Malaysia, of the Integrated Traffic Control System, based on the ITACA solution.
- Contract, with Bayannur City Council, for the provision of an ITACA adaptive traffic control system, video-monitoring, red-light enforcement and GPS monitoring.
- Inauguration, for Tianjin Metro L1, in China, of the ticketing management system, with contact-free cards, including tariff integration for intermodal transport companies (bus, light-train, metro and taxis).

Environment

In 2006, in the Environmental Area, Telvent managed to consolidate its international presence, strengthen its position in new markets and ensure the loyalty of its main Spanish clients.



Accumulated sales were up 50% from the previous year.

Among the most important projects awarded in the area of aeronautical meteorology were the modernization of the Spanish and Moroccan weather radar networks and the contracts for the supply of weather observation systems for eleven of the largest airports in Venezuela and five of the largest airports in Argentina. Attention must likewise be called to the supply of a weather data extraction system in the Netherlands, as it is the first reference of its kind for Telvent.

Another flagship project awarded in 2006 was the contract for the supply of an information system to manage and guarantee the drinking water supply in the Turkish city of Bursa. In the same vein, the Catalan Water Agency awarded Telvent a contract for maintenance of the regional water control system it manages, which marks Telvent's entrance into the Catalan water market.

With regard to environmental protection, attention should be called to the major contract awarded for maintenance of the Andalusian environmental quality monitoring networks, both for its scope and economic importance.

Finally, as regards the integration of the company Almos Systems, acquired in 2005, it should be noted that Telvent rose to the challenge, transforming the company into one of its main competitive advantages in the aeronautics sector. It was thus able to enlarge its market both geographically and strategically, increasing its presence in Europe and penetrating such attractive emerging markets as Asia.

Most Relevant Projects

Within the Environmental sector, the most important project awards in 2006 include:

In Europe:

- Contract with the General Directorate of the Bursa Water and Sewerage Administration (BUSKI) in Turkey to provide an information system that will manage and guarantee the supply of drinking

water to the city. Telvent will install, operate and maintain an information and communications system for the water supply network that serves the metropolitan area of Bursa, an important agricultural and industrial city located 100 kilometers from Istanbul. The project will significantly improve the quality of drinking water in Bursa.

- Contract with the Spanish National Meteorological Institute (INM) to modernize its radar observation system. The project involves the supply, installation and commissioning of the hardware and software systems for the control and processing of data from INM's fifteen weather radar sites in Spain. The project moreover includes the supply of a National Center to concentrate the data from all radars and other information sources (satellites, etc.) and generate enhanced meteorological products. It is the most important project and largest outlay made by the INM in its Observation Network in recent decades and consolidates Telvent's position as leader in Weather Information Systems.
- Contract with the Government of Andalusia's Department of the Environment in Spain for maintenance of the Andalusian Environmental Quality Monitoring and Control Network (2006-2008). Telvent was awarded the contract for Andalusia's Air and Water Quality Monitoring Network (RVCAH), the largest and best-equipped environmental quality monitoring network in Spain. In strategic terms, the contract affords Telvent the key reference of overseeing the maintenance of the country's foremost RVCAH.
- Contract with LVNL (the Dutch ATC) for the implementation of a weather data extraction system. The system will receive data through the meteorological information channel, process them and deliver the information to a PC. This is the first time Telvent has provided such a system, and the reference thus opens up a new array of opportunities for similar projects.
- Contract with the Catalan Water Agency in Spain for maintenance of the Muga, Fluvià and Bajo Ter river basin water control systems. The services include preventive, corrective and evolutionary maintenance of the comprehensive stations used to measure water levels, flow rates and other water management data. The contract marks



the start of work on a new service model for hydrometeorological networks. This SLA-based outsourcing model, which Telvent has used with other projects in the past, is geared toward the purchase of quality-certified data rather than payment for the infrastructure and related maintenance services.

- Contract with the Spanish National Meteorological Institute for the installation of two weather information systems at Madrid-Barajas Airport. The new equipment, which incorporates the latest technological advances and meets all World Meteorological Organization (WMO) and International Civil Aviation Organization (ICAO) operating recommendations, will optimize aircraft landing and take-off maneuvers even in conditions of extremely low visibility. It moreover enables the display of information in the control towers. The project is one of the largest investments ever in such a system in Spain and makes Madrid-Barajas one of the best equipped airports in Europe.
- Contract with Systems Interface Ltd. for the supply and installation of the double-base RVR systems for Robin Hood Airport in Doncaster-Sheffield and John Lennon Airport in Liverpool, England. Both airports will be equipped with systems comprised of one server and 2 clients to show the data supplied by the RVR. Telvent will provide the systems, see to the commissioning, hold training courses and conduct acceptance testing. This is a major contract, as it is one of the first references for Revolver in Western Europe.
- Contract with AENA for the supply, installation and commissioning of an air quality control center and three emission monitoring stations at Barcelona airport. The control center's management system will provide information on air quality in the airport's proximity directly to the Catalan government's Directorate General for Environmental Quality.
- Contract with Aeropuertos Españoles y Navegación Aérea (AENA) in Spain for the supply and turnkey installation of an automatic VOLMET (Meteorological Information for Aircraft in Flight) system. The system collects the meteorological data from airfields and generates voice messages that are broadcast automatically by radio to aircraft en route within the air space controlled by the Air Traffic Services.
- Extension of the contract for maintenance of the Spanish National Meteorological Institute's (INM's) weather radar network until December 31, 2006. Telvent has been providing this service continuously since 1997. The service includes maintenance of the fifteen radar sites that comprise the INM's current network, as well as the radar information systems at the regional meteorological centers and national headquarters in Madrid.
- Contract with the Spanish National Meteorological Institute (INM) for the supply and installation of aeronautical meteorology equipment for the replacement and enhancement of airfield weather observation systems. With this project, INM will standardize and upgrade the instruments and weather observation systems at all forty airfields.
- Contract with the U.K.-based System Interface Ltd. for the installation of an AWOS at the American Al Rasheed Air Force Base in Iraq. Al Rasheed Air Force Base is eleven kilometers southeast of Baghdad and 8,300 feet long. The AWOS supplied by Telvent will be comprised of a weather station, basic sensors and a combined server/client system.
- Contract with the Swedish Meteorological and Hydrological Institute (SMHI) for the supply of the new central data acquisition software (Project Nemo).
- Contract with the Dutch Air Force in Holland for the supply, installation and commissioning of an airport information system (ATIS) at Eindhoven airport, used for both civilian and military traffic. The contract includes the provision of maintenance services for 15 years and hardware upgrades at 7 and 12 years.

In North America:

- S331 Pumping Plant for South Florida Water District, through the Corps of Engineers. This job will see Telvent work with the Corps of Engineers to design, build and install the first of several pumping plant control systems for the water district. The system will be used as a prototype for the future plants and will integrate with the present OASyS system while providing new functionality.
- City of Calgary upgrade for the water control system. Telvent continues its long relationship with the City of Calgary by being awarded a contract



to upgrade the distribution system for the new treatment plant distribution system. This system is being installed in the new plant to handle the expanding distribution system and also be available for back-up emergency operations of the other Telvent control system should there be a major power failure.

In Latin America:

- Contract with the Ministry of the Environment and Natural Resources of the Bolivarian Republic of Venezuela within the framework of the National Hydrometeorology Forecasting System Modernization Program (Project Venehmnet) for the supply of weather observation systems to eleven of the country's largest airports. The systems will be installed at Barcelona, Barquisimeto, Maracaibo, Porlamar, Puerto Ordaz, Maiquetía, Valencia, El Vigía, Charallave and San Cristóbal airports, as well as at Libertador Air Force Base (Palo Negro–Maracay, Aragua State). For Telvent, this project, along with the recent opening of Telvent Venezuela, reaffirms its commitment to growth and reinforces its South American presence.
- Contract with the International Civil Aviation Organization (ICAO) in Argentina for the supply of automated weather observation systems (AWOS), with visibility and runway visual range (RVR) measuring, to the Argentine Aeronautics Authority. Under this contract, Telvent will equip Argentina's five largest airports (Mar del Plata, Mendoza, Córdoba, Resistencia and Eizeiza) with state-of-the-art weather observation systems. The contract allows Telvent to enter the Argentine meteorology sector and reaffirms its position as the sector's leading provider.
- Contract with Furnas Centrais Eléctricas S.A. in Brazil for the supply, operation and maintenance of an air quality and weather data monitoring station. This is the first contract awarded to Telvent in the Brazilian air quality sector and is thus a major opportunity for growth in a market that has yet to be tapped.

In Asia-Pacific:

- Contract with FESA (Fire Emergency Services Authority) in Australia for the one-year renewal of the service outsourcing contract. Telvent Australia

and FESA have once again renewed, for one year, the contract for maintenance and enlargement of the SCADA fire alarm system deployed throughout the state of Western Australia, as well as for the related administrative management and customer billing. This service began in 1998 with a 5-year contract that has been renewed for three additional, consecutive years, offering proof of the trust placed by clients in Telvent Australia and allowing us to retain a major reference for our service outsourcing strategy.

- Contract with Melbourne International Airport in Australia for the supply, maintenance and guarantee of six Revolver transmissometers for its installations.
- Contract with the India Meteorological Department (IMD) in India for the supply of an automated weather observation system (AWOS), a terminal information system (ATIS) and three RVR systems at Mumbai airport. This contract forms a part of a major project for the installation of AWOS systems at seven Indian airports.

Middle East and Africa:

- Contract with the Directorate General of Civil Aviation (DGCA) in Kuwait to extend the current contract for the supply of a meteorological data-processing (MDP) system. The contract signed by Telvent Australia with the DGCA for the supply of an MDP system was extended to include the provision of specialized training for DGCA personnel in order to familiarize them further with the settings and technical design of the solution we are developing.
- Contract with the Directorate General of Civil Aviation (DGCA) in Kuwait to provide operation and maintenance services for the low-level wind-shear alert system (LLWAS) at Kuwait City International Airport for one year.
- Contract with the Border Guard's Department of Aviation Affairs in Saudi Arabia for the supply of four automated weather observation systems (AWOS) and the RVR system at four Saudi Arabian airports: Batha, Shabitah, Ardah and Thabaloten.
- Contract with the Direction de la Météorologie Nationale (National Meteorology Office) in Morocco for the modernization of its weather radar network. The contract includes the supply,



installation and commissioning of the control and data-processing hardware and software systems for the five weather radar sites comprising the Moroccan National Radar Network, equipping them with the latest technology on the market. This project is one of the largest contracts to be awarded to Telvent at international level for the upgrade of a full weather radar network.

Public Administrations

Through its projects in the field of e-Government, Telvent carved out a strategic position for itself in 2006 in relation to the technological evolution and development initiatives being undertaken by the different Spanish public authorities. These are major projects with high social impact and entail a decisive step forward for these institutions. The transition from the traditional model of government to an e-Government model will allow them to enhance the efficiency of their relationships both among themselves and with citizens.

With projects such as the development and implementation of the corporate e-signature and authentication system for the Central Administration (currently the only platform able to authenticate the electronic version of the Spanish ID document (DNI)) and "Avanza Padrón" (Advance Census—a single integrated information system covering all functions involved in local census management), Telvent has consolidated its position as a leading technology provider for Public Administration in the development of comprehensive solutions tailored to current needs—that is, closer, more agile and more efficient services for citizens and other administrations.

In 2006, Telvent also entered several new market niches. One such niche is that of information systems relating to statistics management. Through the large-scale project for the replication of statistical data deemed critical by the Spanish National Institute of Statistics (INE), the doors have been opened to similar implementations in the future with high potential for diversification overseas.

Telvent likewise improved its positioning in the market for information systems applied to citizen

security and defense, specifically in the border checkpoint sector. The project for the Spanish Directorate General of Police, entitled "Document Authentication System," will be submitted to the European Union by the Directorate itself. Its current deployment means Spain will spearhead the European Union in this field, making it leader in a border-control systems applicable to all of Europe.

With regard to Health, thanks to its TiCares product strategy, Telvent has strengthened its presence in the Spanish market. In 2006, Telvent developed projects to provide internationally acclaimed, high-level, global solutions in the sphere of healthcare information and management systems, and it continues its work in this field today. The company has likewise built up the hospital applications park in Andalusia through the Andalusian Health Service (SAS), thereby consolidating a line of infrastructure in which it is already the regional leader. Through its PACS Radiology Imaging system, Telvent will make it possible for the SAS to manage the medical imaging of over seven million people, making it one of the largest such systems in terms of storage volume worldwide. Finally, mention must be made of the Cantabrian Health System, where TiCares will be used to manage regional residents' complete medical records, from check-ups to surgery, in addition to all multimedia records (sound, graphics, images and video) contained in their clinical history.

Through these and other projects designed in keeping with the new philosophy of e-Government, Telvent positioned itself in 2006 as a reliable technological partner for the Public Administration's digital processes.

Most Relevant Projects

Within the Public Administration sector, the most important project awards in 2006 include:

In Europe:

- Contract with Curia Bética de la Orden Hospitalaria de San Juan de Dios (Hospital Order of St. John, Bética Curia) in Spain for the upgrade of the Hospital Management Systems at 14 hospitals in Andalusia. This project marks the first comprehensive implementation of Telvent's TiCares solution for integral hospital management.



- Contract with the Andalusian Health Service (SAS) in Spain to provide support to Telvent hospital applications through the global TiCares suite at 16 Andalusian hospitals. Among the systems to be maintained, three key areas stand out: PAS, the Patient Administration System; CIS, the Clinical Information System; and DIS, the Departmental Administration System. The project further establishes Telvent's hospital applications park in Andalusia.
- Contract with Virgen del Rocío Teaching Hospital to supply the new center with information and communication technologies, wiring and backbone. This contract entails the complete renovation of the hospital's technological infrastructure, affecting all current services and enhancing the communications network and data-processing center, which will become Andalusia's largest communications network and data-processing center at the hospital-wide level.
- Contract with the Cantabrian Health Service for the development of an Outpatient Management System in Cantabria, Spain. Through this project, which entails the provision of global healthcare information system solutions in the Autonomous Community of Cantabria, Cantabria seeks to become a national and international leader in the implementation of healthcare information and management systems.
- Contract with the Guadalquivir River Basin Authority (CHG) in Spain for enlargement of the online public regional information system: "Geoportal al Ciudadano." The contract includes the design and commissioning of CHG's spatial information infrastructure and the development of a geo-portal to facilitate access by citizens and other public and private bodies to the basin's regional and geo-spatial data and applications. This contract extends and consolidates Telvent's first major reference in the area of Geographical Information Systems for the Spanish River Basin Authorities.
- Contract with the Spanish Ministry of Public Administration for the creation of a nationwide corporate e-signature platform for future implementation in all Autonomous Communities. The leap to the European Union is expected to be made in 2007. The platform is the result of an agreement signed between the Andalusian

Government and the Ministry of Public Administration (MAP). Telvent's e-signature platform is already in place at the corporate level in the Andalusian Government. In light of its success, it will begin to be implemented in the MAP and may be extended to the Central Administration and the rest of the Autonomous Communities. Currently, it is the only platform capable of authenticating the electronic version of the Spanish national ID document (DNI).

- Contract with the Innovation and Employment Agency of Seville in Spain to develop a joint Geographical Information System for those of the city's municipal companies that participate in the provision of municipal services to citizens (EMASESA, EMVISESA, LIPASAM and TUSSAM). The development of specific geographical information solutions for each member company of the Seville Economic Interest Grouping will likewise be sought.
- Contract with the Spanish National Institute of Statistics (INE) for replication of those statistical data deemed critical for the INE. This project opens the door for similar implementations in the future and has high potential for diversification in the foreign market.
- Contract with the Ministry of Industry, Technology and Science in Spain for the study, design and development of the "Avanza Padrón" (Advance Census) project. This project includes the development of a single database to allow the Spanish National Institute of Statistics (INE) to manage the census at the national level, as well as a local census application.



Outsourcing

One of the most important acts of 2006 was the integration of all outsourcing services into an outsourcing and consultancy only business. In this way, a strategic segment for Telvent was concentrated, consolidated and promoted as a single unit.

Telvent has now a more fully-developed outsourcing services structure that will enable the company to provide better services and a fully integrated technology outsourcing experience over the whole life cycle of the service. This is possible due to the full development of the consulting and technology integration services, which are now central in Telvent's portfolio.

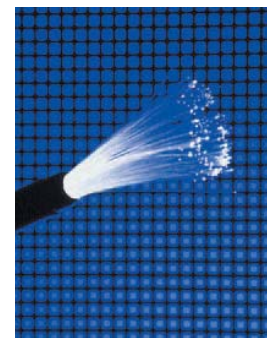


Most Relevant Projects

Within the Outsourcing segment, the most significant project awards during 2006 include the following:

In Europe:

- Contract with Ferrovial, in Spain, for the outsourcing of its computer systems. The project lies in moving one part of the computer systems from Ferrovial to the facilities that Telvent has in Madrid so that the customer can perform his usual activities using bigger and better quality systems than currently. This contract allows Telvent to continue its introduction into the building market with Ferrovial being one of the main infrastructure groups in the world, due to profitability and stock-market compounding.
- Contract with ING Group, S.A. in <, for platform accommodation to offer contingency services and in this way be able to provide continuity to the systems' business and jobs contingency. This project is dependent on Telvent having one of the main banks in its installations, once again proving the confidence that the financial sector is putting in Telvent.
- Contract with Rabobank in M2 for platform accommodation to give contingency services and in this way be able to provide continuity to the systems business and jobs contingency.
- Contract with Electronic Trade Transactions in Internet (TICE, S.A.) to offer a global outsourcing service of the technologic architecture that gives support to "entradas.com" business. The project necessitates that the customer switch from its current supplier and represents an example of the kind of global outsourcing projects that Telvent is doing.
- Contract with University Cooperation Office, in Spain, to install the computing platforms of the Polytechnic University of Madrid, Alcalá de Henares, Juan Carlos King, Carlos III and Pablo Olavide in Valgandre centre.
- Contract with Huawei Technologies Spain, in Spain, for the accommodation of a laboratory and a technical centre.
- Contract with Seville City Council in Spain for the Support and Continuity Centre BRS to house Seville City Council computer teams and technical assistance.
- Contract with Business Public Organization Red.es in Madrid for operation and management services for the systems that allow Red.es to optimize and improve the quality of the services rendered to the citizens. These services along with others that Telvent renders to this organization prove the confidence that Red.es has in Telvent for the outsourcing of its operation.
- To these projects we can add the ones carried out with Skandia STC AIE, Autonomous IT Entity of the Regional Government of Madrid, Randstad, The National Energy Commission, National Security Commission, Maroc Connect and Minister of Interior.



Abeinsa is Abengoa's holding company for this Business Unit, whose activity focuses on engineering, construction and maintenance of electric, mechanical and instrumentation infrastructures for the energy, industry, transport and services sectors: Promotion, construction and operation of industrial and conventional (cogeneration and combined cycle) power plants, and renewable energy (bioethanol, biodiesel, biomass, wind, solar and geothermal) power plants. Turnkey telecommunication networks and projects.



With engineering... we construct and operate conventional and renewable energy power plants, power transmission systems and industrial infrastructures

Leader in Spain and Latin America

In Abeinsa we base our growth on the correct complete development of the energy integrated product and the construction of Bioenergy facilities, as well as strong sustained growth in the infrastructure, concessions, singular projects and installations activities with higher value-add and a high degree of internationalization, offering our customers integral solutions in the Energy, Transport, Telecommunications, Industry, Services and Environment sectors.

Part of the success achieved by this Business Unit in consolidating its growth is fundamentally due to the basic foundations of the strategic plan, such as: customer satisfaction, internationalization, profitability, innovation, human resource development, and social involvement.

This all ensures that our customers are provided with the best possible service, and the company maintains, at all times, a voluntary commitment to all the groups of interest with whom it operates, thereby maintaining its current growth and profitability levels.

Throughout 2006, and as part of our commitment to the environment, we continued to develop a wide range of research activities in the hydrogen and fuel cell sectors and in CO₂ capturing and, through our subsidiary Hynergreen Technologies, we are represented on the Advisory Council of the European Hydrogen and Fuel Cell Technological Platform, while also Chairing its analogue Spanish Platform.

In addition, we participate in the Spanish Technological Platform for CO₂ Reduction, Capture, Transport and Storage, by means of an active presence in different work groups.

On the other hand, through the constitution of the company ZeroEmissions Technologies, S.A., the intention is to conduct activities focused on the fight against Climate Change, such as R&D&I in eliminating high-capacity greenhouse effect gases, R&D&I in CO₂ sequestration and capture, and CDM/JI projects.



This strategic development has positioned us as a leading group at world level in the activity sectors in which we operate. In fact, according to the latest information published in Engineering News Records, Abeinsa is the world's number three in international contracts related to the construction of energy infrastructures.

Overall, this important internationalization process resulted in Abeinsa being awarded the 2006 Alas Prize by the Regional Government of Andalusia (Spain) for its international implantation.

As regards construction, in 2006, Abeinsa marked many milestones, of note among which are the following:

Completion of the construction of the 459 km power transmission line linking Colinas and Sobradinho, in Brazil, and the commencement of construction of the 937 km power transmission line linking Maraba, Itacaiunas and Colinas, as well as Itacaiunas and Carajas, in Brazil.

Start-up of the world's largest tower technology power plant, with total installed output of 11 MW, located in Sanlucar la Mayor (Seville, Spain). This project is the first of its kind to be constructed on our continent for commercial operation. Construction also commenced on a second 20 MW solar thermal power plant with the same technology at the same site.



Completion of the construction of the bioethanol facility in Babilafuente (Salamanca, Spain) which, with an annual production capacity of 200 million liters, is currently the largest in Europe in operation.

Completion of the turnkey construction of the 37.5 MW internal combustion power plant in Baja California (Mexico).

Completion of the remodeling of the 187.5 MW Emilio Portes Gil thermal power plant, in Mexico.

Completion of the construction of Palmar, Cobanos, and Cahuitas 230-138 kV substations in Costa Rica, for Instituto Costarricense de Electricidad.

The fulfillment of these commitments, together with many others, means that we gained our customers' confidence in the execution thereof and in the integrated solutions we provided, which are suited to their needs. This allowed us to increase the development of the enterprise with new contracts, of note among which are:

The construction and operation of a 150 MW hybrid-solar combined cycle power plant in Hassi R'mel (Algeria), where one of the world's main natural gas reserves is located.

Construction of the second tower technology solar thermal power plant, 20 MW output at the Sanlúcar la Mayor Solar Platform, which will eventually have a total installed output of more than 300 MW, and the construction of a 50 MW parabolic trough technology power plant, the same being said Platform's third solar thermal power plant.

Execution of Package 2 of the SIEPAC project, Central America Countries Power Interconnection System, comprising a 230 kV s/c power transmission line. The package awarded will interconnect Panama, Nicaragua, and Costa Rica with Honduras, El Salvador, and Guatemala. It is of approximately 900 kilometers.

Construction of a 245 million liter capacity bioethanol production facility, in Lacq (France).

Construction of a 200 thousand ton capacity biodiesel production facility in Algeciras (Spain).

Construction of the 88 kilometer, 525 kV Bateias-Curitiba transmission line in the state of Parana, Bateias substation with 525/230 kV transformation, and Curitiba substation with 525/230 kV transformation, as well as the 48 kilometer, 230 kV Canoïhas-Sao Mateus transmission line in the states of Santa Catarina and Parana, in Brazil.

Construction of the 88 kilometer, 230 kV Londrina-Maringa transmission line in the state of Parana, Londrina substation with 525/230 kV transformation, as well as the 44 kilometer, 230 kV Jaguaraiva-Itarare II transmission line, in the states of Parana and Sao Paulo, and Itarare substation with 230/138 kV transformation, in Brazil.

Construction of the 68 kilometer, 230 kV Campos Novo-Videira transmission line in the state of Santa Catarina, Videira substation with 230/138 kV transformation, as well as the 62 kilometer, 230 kV Dona Francisca-Santa Maria 3 transmission line, in the state of Rio Grande do Sul, in Brazil.

Execution of the generation, transformation, transmission and/or sub-transmission and distribution project for Guapi 16 MW hydraulic power plant, in Colombia.

Award of the new 2006-2008 framework contract for works, modifications and dismantling of overhead high voltage lines for RTE EDF Transport, S.A., in France.

Here-below, a more detailed description is given of the achievements during the year in the fields of activity in which we operate: Energy, Installations, Telecommunications, Marketing and Ancillary Manufacturing, and Latin America.



Energy

Activity in the energy sector focuses, mainly, on the promotion, construction and operation of industrial plants and conventional (cogeneration and combined cycle) and renewable (bioethanol, biodiesel, biomass, solar and geothermal) energy power plants, and the conducting of businesses and activities related to the production of electric energy utilizing fuel cells and the sustainable use of hydrogen as an energy vector.

This field of activity is led by the company Abener Energía, S.A. which, in 2006, consolidated its lines of products in the biofuels and solar areas and also completed emblematic projects that utilize the aforementioned technologies and established a demanding expansion program for forthcoming years.

In the solar thermal power plant sector, Europe's largest tower technology plant located in Sanlúcar la Mayor (Seville, Spain), with a total installed output of 11 MW, was brought into operation. This project is the first of its kind to be constructed on our continent for commercial operation, and work has also commenced on the construction, at the same site, of a second solar thermal power plant, 20 MW installed output with the same technology, scheduled to be brought into operation in 2008.

By the year 2013, upon completion of the project, the Sanlúcar la Mayor Solar Platform, with an installed output of more than 300 MW and an overall investment of more than 1,200 million euro, will be the largest solar platform anywhere in the world dedicated to the production of solar energy for supply to the public grid. This line of solar thermal projects is backed by Abengoa's strategic plan for this technology utilizing in-house promotion for new facilities and a new export market. In this respect, it has been awarded the project for the promotion, construction and operation of the 150 MW Hassi R'mel (Algeria) solar hybrid combined cycle power plant which will be a world reference for its technology, while consolidating Abener as the world's first constructor to possess references in all the solar thermal technologies under development.



In the industrial sector, work was completed on the construction of the bioethanol (alcohol produced by fermentation of grains and subsequent distillation to be utilized as fuel) facility in Babilafuente (Salamanca, Spain) which, with an annual production of 200 million liters, is currently the largest in operation in Europe and the third Abener has constructed in Spain. Moreover, work continued on the construction of the 5 million liters per year biomass to bioethanol production facility adjacent to the aforementioned facility in Babilafuente. Finally, construction commenced on the 180 million liters per year bioethanol facility for Abengoa Bioenergy, in Lacq, France.

As regards new developments in the biodiesel facility sector, construction commenced on a 200 million kilo facility at Cepsa's Refinery in Algeciras, jointly promoted with Abengoa Bioenergy.

In Mexico, construction works continued on the two projects underway for the Federal Electricity Commission; the construction of the 37.5 MW Baja California Sur II (Baja California Sur, Mexico) internal combustion power plant and the remodeling of the 187.5 MW Emilio Portes Gil (Tamaulipas, Mexico) thermal power plant.

Finally, Abener consolidated its presence in Europe with the acquisition of the Polish engineering company Energoprojekt Gliwice, the country's third largest company in its sector which, due to its geographic location and potential, will greatly strengthen Abener's execution capacity with a view to the growth challenges it has to face.

Early 2007 will also see Abener undertake the execution of new large-sized projects.

During the course of the first quarter, Abener's portfolio will include projects underway for three corn-based bioethanol facilities in Europe, in Holland, England, and Germany, each with an annual capacity of 400 million liters.

An important milestone in Abener's history will be its entry in the United States' market with the construction of a bioethanol facility during the first quarter of the year.

In the solar thermal power plant sector, work will also commence during the first quarter of 2007 on a 50 MW parabolic trough technology power plant. It will be the Sanlúcar la Mayor Solar Platform's third solar thermal power plant.

In the hydrogen sector, of note is Hynergreen technologies, S.A., a company dedicated to hydrogen as a fuel vector, and fuel cells as an electric energy production system. Committed to the Environment and sustainable development, it offers solutions based on these technologies for different sectors thanks to its continuous R&D&I operations.

It has developed, and continues to develop, projects that are especially focused on demonstrating the economic and technical feasibility of hydrogen and fuel cells as a sustainable and Environmentally-friendly binomial. To this end, the company's facilities in Seville include a Fuel Cell Testing and Characterization and Advanced Hydrogen Technologies Laboratory.

In the CO₂ field, of note is ZeroEmissions Technologies, S.A., a company constituted to cover



the new economy "Zero Emissions of CO₂," the development of the Kyoto protocol and the growing concern that scientific studies on global warming are arousing internationally.

Abener Energía

The main projects executed by Abener Energía in 2006 are detailed here-below:

11 MW tower technology Solar Thermal Power Plant in Seville (Spain)

Abener completed the turnkey construction of an 11 MW installed output tower technology solar thermal power plant that was brought into commercial operation towards year-end 2006. This power plant is the first of its kind in Europe to be constructed for commercial operation. The power plant comprises 624 heliostats, each with 121 m² surface area, that are suitably arranged on a site known as a "solar field" and which automatically track the sun's position and concentrate its rays on an acutubular receiver located on top of a 114 meter tower, where steam is generated and conveyed to a turboalternator, where it expands and 11 MW of electricity is thus delivered to the grid.



20 MW tower technology Solar Thermal Power Plant in Seville (Spain)

Around mid-year 2006, construction commenced on a 20 MW solar thermal power plant on a site adjacent to that currently occupied by the 11 MW solar thermal power plant. The power plant will consist of a 1,255 unit heliostat field, each with 121 m² surface area. The field will cover 80 hectares and estimates are for the plant to generate 45,000 MWh of electricity per year.

150 MW Solar Thermal Hybrid Power Plant in Hassi R'mel (Algeria)

The power plant will have a 25 MW parabolic trough solar field and will deliver complementary thermal energy to a 130 MW combined cycle. The solar field's reflective surface area will exceed 180,000 m², with the novelty of the project being the electric harnessing of the heat generated in the steam turbine itself which, in turn, exploits the residual heat from the gas turbine. Commercial operation of the plant is scheduled for 2009.

Cereal-based 200 MI annual capacity Bioethanol Production Facility in Salamanca (Spain)

Abener completed the Salamanca construction project. This is the third bioethanol facility Abener has constructed in Spain under the turnkey modality and is Europe's largest capacity facility with 200,000 m³/year, following the completion of the previous projects for Ecocarburantes Españoles (Murcia, 100,000 m³/year) and Bioetanol Galicia (La Coruña, 126,000 m³/year) which are in operation since 1999 and 2002, respectively.

5 MI Biomass to Bioethanol Production Facility in Salamanca (Spain)

As part of the bioethanol project for Salamanca, the novelty of this facility, and which makes it a first in the world at industrial scale, lies in the bioethanol production process, which utilizes lignocellulosic biomass to produce the fuel. The biomass to bioethanol conversion process is achieved by means of dilute sulfuric acid pretreatment and high-



pressure steam, followed by enzymatic hydrolysis with celluloses and subsequent fermentation of the sugars liberated with commercially available yeasts. Plant production capacity is 5 million liters per year of bioethanol.

245 MI Bioethanol Production Facility in Lacq (France)

A corn-based bioethanol production facility project, with a 400,000 t/year capacity to produce 200 million liters of bioethanol from corn and a further 45 million liters from wine alcohol. The project represents Abener's first incursion into the French marketplace with a product for which Abener possesses the main references for facilities constructed in Europe.

200 thousand ton biodiesel facility in Algeciras (Spain)

In the second half of 2006, work commenced on the 200,000 t/year production capacity (possible increase to 400,000 t/year) crude oils to biodiesel production facility Project. The project consolidates Abener as the leading constructor of renewable fuels facilities. The facility is scheduled to be brought into operation during the first half of 2008.

37.5 MW Internal Combustion Engine Power Plant in Baja California Sur (Mexico)

This project was contracted with the Federal Electricity Commission (FEC) of Mexico and comprises the design, supply, installation, tests and commissioning of a 37.5 MW ($\pm 15\%$) net total capacity internal combustion engine power plant, including the 230 kV substation and fuel and water supply systems. The process will consist of the burning of liquid fuel in an internal combustion engine, generating exhaust gases that will be delivered to a heat recovery boiler where they will generate steam to heat the fuel system. The power plant will be fitted with a seawater evaporation system to produce distilled water to feed the heat recovery boilers and closed cooling water circuits, fire fighting and general services systems.

Remodeling of the 187.5 MW Emilio Portes Gil Thermal Power Plant (Mexico)

The upgrading of the Emilio Portes Gil Thermal Power Plant was the first power plant remodeling project to be undertaken by Abener for the Federal Electricity Commission (FEC). The project comprises the upgrading, supply, installation and construction of a heat recovery system and its integration into the combined cycle together with its equipment and ancillary systems, and all the necessary conditioning works to the existing installations and systems to allow integral and reliable combined cycle operation of the power plant's existing 150 MW gas turbine and 37.5 MW steam turbine.

Operation and Maintenance

The Operation and Maintenance (O&M) line of activity applied to generating plants includes preventive, programmed and corrective maintenance of equipment and systems as well as their operation to achieve reliability of the performance of the facility and assure design service levels in terms of power, availability and load factor.

The O&M Division conducts this activity at seven different plants (four cogeneration plants and three generating plants in operation at gas fields). It also provides technical assistance for O&M operations at another cogeneration plant.

Of note is that three of these plants sell their surplus energy in the electric energy production market (the so-called electric "pool"). The management of the sale of this energy to maximize operating revenues in accordance with market regulations has been incorporated as a further task to be carried out by the O&M Division. The Division also provides these same services for two plants belonging to the Bioenergy business unit. The annual volume of energy managed for these five facilities is 1,225 GWh.

In 2006, a team from Abener's Operation and Maintenance Division participated in the start-up works of the PS10 Tower Technology Solar Thermal Power Plant and the Sevilla PV Power plant, both of which are part of the Sanlúcar la Mayor Solar Platform. This was done with a view to future operation and maintenance contracts for both facilities. Given its vast experience and recognized success at the plants it already operates, this new challenge will not cause any difficulty for this Division.



Hynergreen

Throughout 2006, Hynergreen expanded its laboratory activity, thereby increasing its resources and dedication to Research and Development activities in a novel and revolutionary sector, and the company now occupies a leading position on the home and international fields in which it operates.

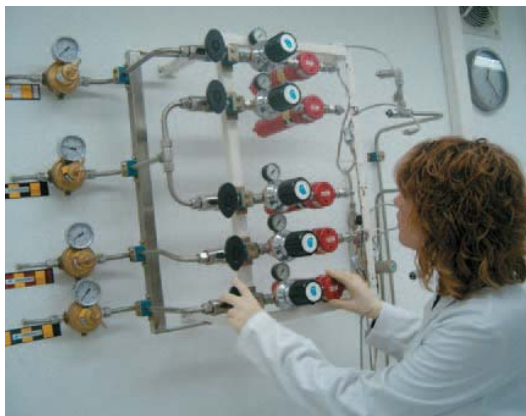
Some examples are provided here-below:

Project Aquila. The aim is to analyze the different possibilities of distributed electric energy generation on-board planes utilizing different technology fuel cells, and also to study the possibility of storing the hydrogen on-board or of producing it while the plane itself is consuming it, utilizing different alternatives for this purpose. The project is supported by the CTA.

Project EpiCo. The main objective of Project EpiCo is to coordinate the research efforts of the main Spanish companies involved in the development of polymer membrane fuel cells (PEM). A total of 5 partners are participating: Ajusa, Cegasa, Cidetec, INTA and Hynergreen. The project is supported by the Ministry of Education and Science.

Project PlasmaGen. It pursues the perfecting of a reforming process based on plasma technologies for the production of hydrogen in a cleaner and more efficient manner. The project is supported by the Andalusia Innovation and Development Agency (IDEA).

Project Hercules. The objective is to establish a renewable hydrogen service station in Sanlúcar la Mayor (Seville), where the hydrogen will be produced utilizing solar energy; in addition, a fuel cell powered electric vehicle that will use the hydrogen supplied by said service station is being developed.



The overall budget for the same exceeds 9 million euro, and the project is supported by the Andalusia Innovation and Development Agency (IDEA), and the Ministry of Education and Science, which has catalogued it as a Singular Project of a Strategic Nature.

Project Hercules is an Andalusian initiative globally coordinated by Hynergreen and promoted by a total of 8 partners. Five companies, a public agency and two research centers are collaborating on it: Solucar R&D, Santana Motor, Carbueros Metálicos, GreenPower, Andalusia Energy Agency, INTA and AICIA.

Hynergreen has an individual and institutional commitment to the Environment and is currently developing works and projects focused on the production of renewable hydrogen, the efficient use of fuel cells, the promotion of clean hydrogen as an alternative fuel, the dissemination of results through conferences and seminars and, in short, the development of more environmentally friendly systems that improve the current local, national and international energy situation.

With a view to collaborating on the rapid development of the technologies it focuses on, Hynergreen participates in associations and platforms that promote the standardization, dissemination and implementation of fuel cells and hydrogen as an

energy vector. The following are some noteworthy examples for the year:

Active participation on the Technical Subcommittee for Fuel Cell Standardization, answerable to AENOR's Technical Committee for Electric Energy Production Standardization (AEN/CTN206/SC 105).

Participation in the Spanish Hydrogen Association (AeH2) where it is the Management Board's Spokesperson on Engineering. In addition, it currently holds the Vice-chairmanship of Appice, the Spanish Fuel Cell Association.

Chairmanship of the Spanish Hydrogen and Fuel Cell Technology Platform which is supported by the Ministry of Education and Science. The platform's objective is to facilitate and accelerate the development and utilization, in Spain, of fuel cell and hydrogen based systems, with different technologies, for their application in the transport, stationary and portable sectors, taking the entire R&D&I chain into consideration.

Participation on the Advisory Council and Implementation Panel of the European Hydrogen and Fuel Cell Platform, promoted by the European Commission.

Participation, as a member with full rights, in Raitec (Andalusia Innovation and Technology Network), participating in said network as a Technological Agent, in the Technology Based Company category.

ZeroEmissions Technologies

As part of the range of solutions provided by Abengoa for Sustainable Development, the company ZeroEmissions Technologies, S.A. has been constituted to carry out activities in the fight against Climate Change.

The objective is to cover the new economy "Zero Emissions of CO₂" the development of the Kyoto protocol and the growing concern that scientific studies on global warming are arousing internationally.

The activities to be carried out are: R&D&I in eliminating high-capacity greenhouse effect gases; R&D&I in CO₂ sequestration and capture, and CDM/JI projects.

Installations

This line of activity is led by the company Instalaciones Inabensa, S.A. and includes the activities related to electric, mechanical and instrumentation installations, large HV lines, railways, maintenance, communications, and the manufacturing of cabinets and boards, the leading activities in Abengoa since 1941.

It is also dedicated to the installation of insulation, refractory and passive fire protection materials.

As regards strategic markets, in 2006, operations were intensified in Central America, the Maghreb region and northern Africa, and the subsidiary companies in France and India made important advances.

In addition to the rational growth of activities in the electric transportation and distribution sectors, there was also an important increase in the communications, ancillary manufacturing and service concession activities.

Inabensa

The word that defines Inabensa's activity in 2006 is strategy. The development of the actions defined in the strategic plan has allowed the company to not only meet the objectives established in the annual program but to also lay down the bases required to successfully undertake the important growth challenge foreseen for forthcoming years.

The contracting figure reached the 500 million euro threshold, with a year-end portfolio of 426.6 million euro, with sales exceeding the 363 million euro mark and results having increased 12 percent on the previous year's figure.



During the year, operations were intensified in Central America, the Maghreb region and northern Africa, and the subsidiary companies in France and India made important advances.

Moreover, there was a progressive increase in the electricity transportation and distribution sectors, and significant development in communications, ancillary manufacturing and service concessions activities.

Work continued on the Management Excellence process, the commitment to which, and the level achieved, are clearly demonstrated by the recognition obtained as first finalist of the 7th edition of the Andalusia Business Excellence Awards, in the Large Company category.

Activities also continued on the promotion of the professional training program for management, technical experts and assistants, with more than 40,000 hours having been dedicated thereto during the year to provide personnel with the know-how required to increase productivity as a key growth element.

Among the works initiated, continued or completed by Inabensa in 2006 in its different activity sectors, the following are of note:

Electric Installations

The installations activity, in the electric sector, was, once again, a basic foundation stone of the company's growth. In said sector, in addition to the continuity of the electric energy distribution works for Fecsa (Catalonia), Iberdrola (North and Levant regions), and Gesa (Balearic Isles), of note are the turnkey construction works on H.V. subterranean lines (Majorca), the installation of equipment in the 220/66 kV Ca's Tresorer substation, for ABB, and the reforming of the 66/15 kV Calvia substation, for Endesa Distribución Eléctrica.

Also noteworthy are the predictive analysis of M.V. cables, the laying of the 220 kV Mata R.S. – Sant Adria R.S. subterranean line, for Fecsa-Endesa; the stringing of the 220 kV Motores R.S. – Hospitalet



R.S. line; and the works carried out by the L.V. line maintenance brigade in Constante (Tarragona) and Peñafior (Zaragoza), for REE.

In addition, also worthy of mention are the works for Adif at the 66/3.3 kV, 2 x 6.6 MVA Majorabique traction substation, the 30/3.3 kV, 2 x 1.3 MVA Salomo traction substation, the 3.3 kV Tudel-Veguín paralleling center, and the 66/10/0.420 kV, 2 x 25 MVA substation, for the Rnh plant in Huelva, for Cepsa.

Furthermore, works of special relevance were carried out in the overhead high voltage line field of activity, such as the completion of the raising of supports and the stringing of section II of the 400 kV Cabra-La Roda line, the composition of which, pursuant to Red Eléctrica de España's new standards, is double circuit triplex. Likewise, different works were executed on existing lines, also for REE, of note being the alternative arrangement of the 400 kV Mequinenza-Rubi line on its route through Castellbisbal; the changing of duplex conductors on the Nueva Escombreros-Rocamora line and the substitution of grounding cable for a cable comprising ground-optics with the installation being carried out under live conditions on the 220 kV Pinar-Costasol and Pinar-Tarifa lines. Collaboration on this type of very specialized works was thus continued.

In the industrial sector, the year 2006 saw significant activities, of note being the installations for the new handling and measurement center and new transformation center for Mallorca Estudios de Producción, S.A., for Construcciones JMJ Olivers. Also of note is the fact that the execution of electric



installations continued at the El Pozo slaughterhouse, owned by Industrias Fuertes, in Alhama, Murcia, and on the affected services at Llobregat substation, for Corsan-Corvian.

The installations executed in the automobile industry for Renault and Peugeot-Citroen at their factories in Seville, Valladolid, Palencia, Vigo, and Mangualde (Portugal), and for the ancillary automobile industry at the Sogama, Faurecia, GKN Driveline, Gestamp, Valeo, Begano, and Gonvarri factories, the automation for PSA Vigo, PSA Mangualde, Mitsubishi, in Tramagal, Gestamp, in Averio (Portugal), and Faurecia, in Vigo, and the renovation and enlargement of the installations at Disa factories on the Canary Islands and electric installations for the cold system of the Emicela industrial complex, on Gran Canaria, are also noteworthy.

Of note in the services sector are the city of Barcelona public space Integral Enhancement Plan for 2004-2007; new In the services sector, we would mention the new salesroom and repairs shop for Concesur, in Seville; installation of public lighting and traffic light systems under a JV with Telvent, and the illumination of the Arona municipal stadium, on Tenerife; the new administrative building for Konecta, in Bollullos de la Mitacion (Seville); enlargement of the electric and air-conditioning systems in the Fan-Cowls warehouse of Centro Bahia Cadiz, for Eads-Casa; H.V. and L.V. electric installations, air-conditioning, firefighting, telecommunications, plumbing and compressed air systems for CIL Torrecuellar, in Seville; H.V. and L.V. electric installations for the Campus de la Salud hospital complex, in Granada. Likewise of note are the L.V. installations, for Siemens, at Sagunto (Valencia) cogeneration plant; the H.V. and L.V. installations for IFEBA, in Badajoz, the new furnace in Financiera y Minera's cement factory in Malaga;; the installations for the new post sorting center in Merida (Badajoz); the H.V. and L.V. installations in Heineken España's new Cruzcampo brewery, in Seville, and the H.V. installations, T.C. generating sets at the new Eads-Casa plant, in Seville, for the FAL A-400 M Project.

As regards singular buildings for public administrations, of note were the construction of the indoor municipal swimming pool and spa

complex for La Nucia Town Council, and the cultural equipment program for the Cavalry Section – Human Evolution Museum, for the Regional Government of Castilla and Leon (Department of Culture), and the JV construction of a children's educational school for Huesca Town Council.

Works continued on the Campus de la Salud hospital (Granada); the Malaga City of Justice for the Regional Government of Andalusia; the Almanjayar (Granada) administrative building; the new center for the Badajoz Fair Institute (IFEBA); the new faculty of Law, in Seville; remodeling of offices for the Department of Justice, in Seville; remodeling of Puerta Navarra building, in Plaza España; remodeling of the New Zealand pavilion, in Isla de La Cartuja, and the new Emasesa building, in Seville.

In the airport sector, of note were the installation works for the south platform, aircraft parking area in Barcelona airport, as well as the emergency generating station for the new area terminal at the same airport.

Railways

The important references in 2006 include the electrification works for the Adif High Speed O.C.W. and associated systems project for the Segovia – Valdestillas section of the new railway access to Spain's north and northwestern regions, Madrid – Valladolid line; the upgrading of the Brinkola – Beasain O.C.W on the Madrid – Hendaya line; the conditioning of catenary in station point section areas on the 2nd Phase of the Palencia – Leon section: Sahagun-Leon section of the Palencia-La Coruña line; the catenary upgrading works on the Montcada-



Bifurcación-Vic section of the Montcada Bifurcación line; the replacement of C.W., critical elements and partial rehabilitation of catenary on the El Escorial-Avila-Villalba-Segovia line; integral maintenance of the overhead contact wire on the Madrid-Lleida section of the Madrid-Zaragoza-Barcelona-French Border high speed line; and the conditioning of critical catenary elements and upgrading of the grounding network and installation of electric shockproof fences on the Ariza-Casetas section of the Madrid-Barcelona line, A-1 Network.

For Metro de Madrid, S.A., the important works executed were the 1,500 V electrification on the remodeling of line 3 and the 600 V electrification and energy distribution works in the Hortaleza coach sheds for lines 1 and 4, and the installation of section 3 of the 1,500 V electrification in the Canillejas coach sheds, on line 7.

Of note for TUSSEM were the electric installation works for Phase 1 of the city of Seville light train metro system, Prado de San Sebastian-Plaza Nueva.

Mechanical Installations

Works were completed on the construction and corresponding assembly of the process and ancillary piping systems for bioethanol production at the facility Abener has constructed in Babilafuentes, for BCL.

Likewise, construction and assembly was completed, with positive results, of the 1.2 MW rated Sevilla PV photovoltaic power plant, for Solucar.

Also of note is the construction and assembly project for the radar tower, for Aena, at Malaga airport, and the completion of phases II A and II B for the new gas bottle filling facility Cepsa has built in San Roque.

In addition, Work commenced for Petroleum & Oil Gas' swampland project on the new installations at wellheads C5 and C7, and on the construction of an interconnection gas pipeline.



Refractory / Insulation / Passive Fire Protection

As regards refractory lining activities, works were executed on the repair and maintenance of the furnaces, boilers and conduits at the Dow Chemical plant, in Tarragona, and on the furnaces and boilers of RSU Tera's plant, in San Afria del Besos (Barcelona).

As regards thermal insulation, lagging works were carried out on the equipment and pipes at Castelnuovo combined cycle power plant, and insulation material was supplied and installed for the emission capacity enlargement to 1,350,000 N/m³/h at Enagas' facility in Palos de la Frontera (Huelva).

Acoustic insulation is an activity to which special efforts were dedicated during 2006, with the result being the successful completion of, among others, the acoustic conditioning works at the Sniace cogeneration plant, in Torrelavega.

We would especially mention, within the passive fire protection activity, the fireproofing works carried out on metallic structures, equipment skirts and bearer plates, cable trays and valve actuator boxes at the Fenol III plant, for Ertisa, in Palos de la Frontera (Huelva).

Maintenance and Instrumentation

In the electric sector, electric and instrumentation maintenance works continued at Almaraz and Trillo nuclear power plants; as did maintenance under live conditions at substations for Gesa Endesa; maintenance of H.V. lines for Fecsa Endesa, in



Catalonia; cleaning, under live conditions, of insulation on 40 kV lines, for REE; and maintenance of substations in the Andalusia region, for REE.

In the industrial sector, maintenance works continued for General Electric Plastics at its Lexan 1 and Lexan 2 Compounding plants, in Cartagena; at Cepsa's refinery facilities, in La Rabida; integral maintenance at Enagas' plant, in Huelva; maintenance of Bioetanol Galicia's facility, in Teixeira (La Coruña); data network at GKN Driveline, Faurecia, Vigo; and lighting and power at Cepsa's refinery, in Algeciras.

As regards instrumentation installations, of note were the electric and instrumentation installation works at the RNL plant, for Cepsa, in Huelva; pumping capacity enlargement at Huelva pumping station for the Rota-Zaragoza oil pipeline, for CLH; commissioning of the instrumentation at the Escombreras combined cycle plant, for AES; the electric and instrumentation installation works for the C5 and C7 gas wellheads; the enclosure for Petroleum, the installation for the new granulation line in Sabiñanigo; and the new PVC dryer in Monzon, for Ercros-Aragonesas.

Service Concessions

Works continued on the Tajo Hospital complex, in Aranjuez, and on the Olot, Cerdanyol del Valles, and Santa Coloma de Gramanet courthouses, in Barcelona, for the Infrastructure Management Department of the Regional Government of Catalonia. Both projects are being executed according to the planned schedule and will be completed within the established time schedules during the course of 2007, at which time they will be brought into service.

In addition, this Division commenced the turnkey construction of different power rated photovoltaic power plants, which includes the locating and identification of optimal lands for this purpose, management of the required administrative permits and licenses processes, construction of the plant in question and subsequent operation and maintenance thereof.



Manufacturing

As the most important works, we mention, for REE substations, the supplies of relay racks; ancillary services boards which in 2006 number more than 600 for the PIA project; and for other substations such as Morvedre, Quintos, Sentmenat, Escatrón, Eriste, Sesué, La Fortunada, Gausa, Boimente, Eliana, Rocamora and Grijota.

In the generation sector, for Endesa, the delivery of 6 kV cabinets was completed for Tirajana, Castresoror and As-Pontes combined cycle power plants, as well as the motor control centers (MCCs) for Salinas, Ibiza, Los Guinchos, Melilla, and Punta Grande diesel-fired power plants; for Union Fenosa, the 6 kV cabinets for the desulphurization area of Sabon thermal power plant; and the delivery of the cabinets for Plana de Vent combined cycle power plant was also completed, for Gas Natural.

In the chemical and refineries sector, MCCs and cabinets were delivered for the bioethanol facilities in Babilafuente, Galicia, and Lacq, in France; for Cepsa, in Huelva, 6 and 12 kV cabinets and transformation centers, as well as the MCCs for the Aromax and Morphilain projects; power centers for Repsol, in Puertollano; and for CLH, the MCCs for Loeches and for storage in Huelva.

Of note in the services sector are the ancillary services boards for line 5 of Metro de Madrid; at Heineken's brewery, we completed the supply of power boards, command stations, protection and control racks; and for Renault, 25 kV cells.

Activities continued in the nuclear power plant sector with support being provided for reloading processes, participation in retrofitting, enlargements and new equipment supplies for Almaraz, Trillo, Vandellos, and Asco nuclear power plants; heliostat control boxes were supplied for solar photovoltaic and solar thermal power plants. At the Alcala de Henares electronics factory, for the urban traffic control and regulation sector, numerous units were manufactured for the home and international markets. As regards the national market, manufacturing commenced on a new generation of traffic regulators, of 16 and 32 unit systems. As a novel product, we mention the TAC (access control equipment, or bollards).

In the transport sector, ticketing and access control equipment was supplied for important projects such as the payment and passenger information system for IAFE Caracas, Madrid and Palma de Majorca metro systems, Adif, Bilbao metro system, and Euskotren.

In other fields of activity, remote stations were manufactured for phase II of the Cordoba-Malaga AVE (high speed line), as were different control, centralization and interconnection systems for REE and Endesa, as well as equipment related to data management systems for the energy and environment sectors.

In the defense sector, for GDSBS, work continued on the manufacturing of control electronics for both the turret and body of the Leopard combat vehicle, and participation in the manufacturing of prototypes of the new Pizarro armored vehicle and on the control electronics for the 150 mm howitzer feeder.

Activities continued in the electromedicine field with the supply of electrocardiogram recording equipment.

Abroad

The activities developed abroad resulted in the expansion and consolidation of the company's presence in new markets in accordance with the objectives established in its strategic plan. The

following are of note among the most important works on the international scene, commenced, continued or completed in 2006:

In the energy transportation sector, of note were the awarding of package 2 of the SIEPAC project (Electric Interconnection System for Central America Countries), consisting of a 900 kilometer, 230 kV s/c power transmission line that will interconnect Panama, Nicaragua, and Costa Rica with Honduras, El Salvador and Guatemala; the construction of Palmar, Cobanos, and Cahuitas 230-138 kV substations, in Costa Rica, for Instituto Costarricense de Electricidad; and the awarding, by FONADE, of the Guapi hydraulic power plant project, in Colombia.

In Morocco, the 225 kV Chichaoua-Agadir transmission line was handed over to ONE, and the 400 kV Mediouna-Qualili transmission line is under construction.

In Libya, work continued, for Gecol, on the construction of the 500 kilometer, 400 kV Misurata-Sirte-Ras Lanouf-Adjabiya line that runs along the Gulf of Sidra.

In Algeria, work continued on the 400 kV Hadjerat Ennou-el Affroun II transmission line, and works commenced on the 230 kV Naama Poste-Naama Centrale 1 and 2 transmission lines, for Sonelgaz.

Finally, in India, works were completed on the construction project of the 800 kV Sipat-Seoni line, and works commenced on the 400 kV Raichur-Gooty line, both for Power Grid.

As regards mechanical assemblies, installation maintenance works were completed at the 60,000 m³ capacity oil product storage depot in the port of Nouakchott, Mauritania.

In the railway sector, of note are the construction works and machinery supply works carried out for railway operations for Tianjin Binhai Mass Transit Development, in China, and the continuation of maintenance works on the Basmane-Menemen-Aliaga and Alzancak-Cumaovasi lines, for TCDD, in Turkey.



The ancillary manufacturing works for abroad also continued at an excellent pace throughout 2006, with the manufacturing of traffic regulators for the Nanning, Chan Chung, Xin Ziang, and Urumqui projects, in China, and for the project for Beirut, Lebanon, being of note. Gas turbine and generator excitation and control equipment was manufactured for export to China and Nigeria, and M.V. cabinets, MCCs, power and ancillary services boards were manufactured for Sonatrach's PC3 compression station, in Algeria.

Inabensa Maroc

Within the framework of the global rural electrification program (PERG), several contracts with the Office National de l'Electricité (ONE), were completed, and these, together with those executed previously, have resulted in the electrification of an overall total of 1,459 towns and villages throughout Morocco, with Inabensa Maroc currently being one of the leading companies at national level in this sector.

As regards the development of the mobile telephone network for Meditecom, the 2004-2006 program for the construction of rural and urban mobile telephone GSM sites was completed, with the construction of 209 turnkey sites (between Greenfield, Rooftop and Outdoor), which is 20% of the entire GSM network.

In addition, works commenced on the installation of the urban fiber optic loops for Meditel, in Casablanca and Rabat.

As part of Inabensa Maroc's diversification strategy, works were executed on the installations for the Casablanca Call Center for the Spanish company Konecta. It has been designed to house more than 350 operators.

Inabensa France

2006 was a year in which our activity in the French market was clearly consolidated by our subsidiary Inabensa France. A notable contribution in this sense was the signing of the framework construction and maintenance contract for RTE's electric system for 2006-2008.



As regards execution, works of very different natures were executed during the year, of note among which is the heightening of a stay portico on the 400 kV Dambron-Verger line, which was done in the presence of a large number of technical experts from RTE to their complete satisfaction, and the company was congratulated on the works by the customer.

Another important project is the construction of the 400 kV Chafford-Grand Ile line, in the TERAA region, Lyon, which is currently at the civil work and support raising stages, and we also mention different works carried out on the 225 kV Beautor-La Capelle line, TENE region, Lille, which required the deployment of a large workforce to meet the customer's requirements.

In addition, works of a lesser entity were also carried out such as the installation of new supports, the strengthening of bars, retightening of cables, etc. on different lines of the French grid.

The company also participated in the Rose-6 program for RTE with the installation of 36 kilometers of OPGW on the 400 kV Boismorand-Gauglin 1 line, 85 kilometers on the 400 kV Bayet-Sant Eloi 2 line, and 19 kilometers on the 400 kV Tabarderie-Chesnoy line, all of them with one of their two circuits live.

Finally, of note once again was Inabensa France's participation as an invited company in RTE's internal prevention and safety conferences that were held in

Lyon, where it presented, upon request by RTE, an improvement action focused on the conducting of OPGW stringing works.

Inabensa Bharat

Within Inabensa's strategy, Inabensa Bharat continued to handle the business activities in India and nearby countries. In this sense, of note was the assistance provided for the study and presentation of the first bid Abengoa and Inabensa, as a consortium, presented for an electric energy transportation line concession contract, in India. The civil work on the support foundations, the armoring and raising and stringing of a four conductor per phase circuit with the corresponding grounding cable of the 800 kV Sipat-Seoni line Power Grid awarded to Inabensa in 2004 was completed. As part of the same line construction activity, Inabensa Bharat is also executing the civil works, raising and stringing of two-circuit conductors, with four conductors per phase, on the 400 kV Raichur-Gooty line, for Power Grid.

Inabensa Portugal

Throughout 2006, Inabensa Portugal participated in an Aplein Ingenieros pilot project for EDP, and installed and assembled a transformer explosion prevention system (Transformer Protector) at Queluz substation.

In addition, works continued on the PLC technology deployment project for ONI, and communications equipment was installed and EDP's M.V. and L.V. distribution network development works were executed, and maintenance of the same installations is being carried out.

Telecommunications

Activity in the telecommunication sector focuses, mainly, on the integration of networks and turkey projects.

Throughout 2006, the classic activity of external plant construction and maintenance continued, as did the provision and maintenance of loops and customer equipment. Within the latter activity,

there was a large increase in the provision and maintenance of Broad Band ADSL and its entire range of associated products, mainly Imaging (TV through ADSL).

In addition, work was carried out on the integration of telecommunications networks and the development of new products, such as the implantation of the PLC system on electricity distribution networks.

Abentel

In the development of the global contract (for 2002 to 2006) with Telefónica de España S.A.U., the volume of works carried out for this customer was higher than the previous year, which consolidated our leading position as regards contracted volume and implementation works in provinces, as we carried out activities in a total of 10 provinces (Alicante, Badajoz, Barcelona, Cadiz, Las Palmas, Jaen, Madrid, Seville, Tenerife, and Valencia). Several of these works were the most important at national level as regards volume of activity.

In addition, we remained among the leaders in terms of quality levels throughout the year, with scores above the average for the global contract. This was a result of the policy employed in the previous four years and which was further developed and expanded this year in relation to achieving high customer satisfaction quality levels.



Among the activities carried out in this sense, the following are of note:

Continuation and consolidation of the enhancement teams formed by personnel from different levels and specialties, where improvement actions are analyzed, objectives are established and the results thereof are monitored. As a consequence of these projects, several improvement actions were proposed.

Centralization and globalization of the breakdown center, with a single work distribution office (DCA) for all the activities and the entire national territory. The DCA has been given responsibility for monitoring and diagnosing the tests carried out on the works performed by the technical experts. With the collaboration of our Information Systems Department we have provided the DCA with important improvements in computerized tools, for both dispatching and filling in the work orders.

Collaboration with Telefónica on the analysis, testing and implementation of the ODISEA tool. Said integral management tool for maintenance and provision activities will replace the existing GIA tool, and will allow integral management of the work reception activity, the dispatching thereof to the field technical experts and the closure of the activity. At year-end, the tool was at the implementation phase and had been brought into operation in a Branch Office.

Development of new computerized management applications for the activity and upgrading of the existing ones. Of note among all the applications is the Simpa application which obtains a control panel of the Customer Vision quality indexes at any level, including the technical level. Said tool is operational for the entire Provision and Maintenance activity and has been greatly strengthened with a view to execution and productivity reports.

The number of in-house technical experts and management personnel was increased. For this purpose, a great effort was made in training, for technical experts, employees, and management personnel. In addition, the number of programmed training hours for the year was quintupled, with almost 20,000 hours having been dedicated thereto.

Furthermore, in 2006, the cable operators' department conducted supply operations for Auna, in Madrid and Barcelona, by supplying active and passive materials for the customer.

Inabensa's Communications Division

Activities continued on the construction of infrastructures for telephone operators, with an important participation in the e-GSM project focused on the upgrading of rural telephone systems in towns with a population of less than 250.

The projects for the upgrading of the communications and control installations for line 3 of Madrid's metro system and the provision of an equivalent system for Metronorte's new line were of note.

In the radio installations sector, GSM and UMTS coverage was provided for singular buildings and locations such as Barajas airport's new T4 terminal, Renfe's suburban railway line tunnels and those of the new M30 roadway (Madrid-Príncipe Pio) subterranean node.

Of note in the sector abroad was the deployment of PLC systems (Power Line Communication System) on the distribution networks of AWEA, emirate of Abu Dhabi, and for ONI, in Portugal



Marketing and Ancillary Manufacturing

Our leadership in Spain was maintained and our international presence consolidated as suppliers of electric, instrumentation and communications material for the chemical and petrochemical industries, refineries, combined cycle, nuclear and thermal power plants, and the heavy industry in general.

Moreover, our outsourcing activity increased in volume by accessing new locations and products.

In addition, work continued on the manufacturing of reticulate steel structures such as pylons for power lines, telecommunication towers, and substations, and with the manufacturing of fine plate derived products such as panels, signposts and telephone kiosks.

On the other hand, work is being carried out on the design of future structures for solar power plant collector systems.

Nicsa

The results for the 2006 financial year have been most satisfactory, and this success is due to the implementation of a growth strategy based on three fundamental aspects: maintain and expand traditional businesses, internationalization of the activity, and execution of engineering and turnkey projects.

Of note among the most important references for the year in Spain, are:

Repsol Ypf: Maintenance of the framework agreement for the supply of medium and low voltage power cables, as well as the annual orders for the supply of lighting and grounding systems.

Cepsa: Framework agreement for the supply of electric material and instrumentation for all its production centers. The materials within the scope of this agreement are: low and medium voltage power cables, instrumentation cables, lighting, control stations, current collectors, cable trays, junction boxes, glands, and manhole plates.



Plana del Vent JV (Ferrovial-Técnicas Reunidas), Endesa's Plana del Vent C.C.TPP, in Tarragona. Supply of grounding systems, instrumentation and fiber optic cables, low voltage cables, conduits, trays, glands, lighting system (engineering and supply), distribution boards, CCTV, mechanical workshop.

Fenol Cumeno II JV (Intecsa Uhde-Ecolaire), Ertisa, Huelva. Supply of grounding system, medium and low voltage cables, trays, conduits, junction boxes and glands, handling stations, current collectors, intercommunication and public address system (turnkey).

As regards international projects:

Retarded coking at the Aconcagua refinery in Chile, where the JV formed by Foster Wheeler Iberia and Initec has awarded us orders for low voltage cables, lighting systems, and cable trays.

Técnicas Reunidas group projects in Saudi Arabia; Ju'aymah, enlargement of the gas fractioning plant and Petrorabigh, new refinery, both for Aramco, where the company has been awarded orders for lighting panels, lighting systems, junction boxes, handling stations, glands, current collectors, alarm panels, stack beaconing systems.

Técnicas Reunidas, upgrading of Tupras' Kirikkale refinery, in Turkey, where orders were forthcoming for lighting systems, glands, junction boxes, lighting panels, handling stations, current collectors, fiber optic cable.

As regards the activity of subsidiaries, of note is that, in Mexico, Nicsamex SA de CV concluded the supply, for Construcciones Mecánicas de Monclova, of electric, instrumentation, industrial safety material and packages of equipment for the construction project Pemex has underway for three oil platforms.

Also of note is the important participation in the project Dragados Industrial is executing to reconfigure Pemex' Minatitlan refinery, where we were awarded orders for low and medium voltage cables, trays, conduits and accessories, electrical assembly material, lighting systems, push-button panels, current collectors, and intercommunication and public address system.

As regards the US subsidiary, Nicsa Industrial Supplies, the office transfer process to Houston, Texas was completed and a new structure to allow the company to successfully exploit the business opportunities it will have at this new location has been established.

Abencor

In general, the Market in 2006 evolved favorably and, therein, Abencor's activity. We can say that, in relative terms, it was the year with the best result over the last decade. The market sectors in which the activity was carried out were the energy sector, from a traditional and renewable energies point of view, the transportation sector and the large industries sector. The volume of outsourcing activities increased through the accessing of new locations and products.

Thus, the following electric material supplies were made or are in progress for: Endesa, power transformers for Marcén and Pitarco substations, 150 MVA autotransformers for Sabiñánigo and Los Leones, different power transformers for the Tramontana Plan and for distribution in the Catalonia region, HV cables and MV terminals; Hidrocantábrico, transformers for Cansacaballos substation; Iberdrola, meters; Asco Vandellos, special cables; Elecnor, MV cables for lines 1, 4, 5, 11 and 66 kV cable for the Jerez de la Frontera Speed Festival; Semi, dry transformers for line 3 of Madrid metro system; Semelcosur joint venture, contact wire for

the Cordoba-Malaga AVE (high speed line); Cobra, MV cable for light Metro distribution; and Inabensa, contact wire for Maxico suburban train network.

On the other hand, Store outsourcing works continued for the following customers: Endesa, for its Generation, Transportation and Distribution materials for the Andalusia and Canary Islands regions, REE, Inabensa and Eucomsa.

Endesa is developing a radio-frequency materials tracking control system, the pilot plan of which is being utilized in Abencor's store in Seville.

Abencor's Organization Chart was modified in 2004 and remains in force. There are four Sales Divisions; the first dedicated to the traditional energy sector, the second to the Installer sector, the third to alternative energies, and the fourth to store outsourcing. These Divisions are supported by the General Administration and general services departments, and by the Environmental Quality Control and Occupational Risk Prevention Department.

On October 7, Abencor celebrated sixty years in the Spanish market. Throughout this time it has been supplying the market, without interruption, with the products related with its activities. The same shareholding structure has also been maintained.

Eucomsa

Eucomsa's activity in 2006 continued along the lines of products manufactured by its two Divisions, Structures and Plate, with sales for the year similar to those of 2005. Nonetheless, there were significant facts within the budgetary estimates.

In the Structures the fabrication of towers for mobile telephone networks was undertaken and there are important prospects for next year in this sector.



There were two relevant events in the Plate Division during the year. Large orders for telephone kiosks from Telefónica were filled and there was an important increase in the supply of fiber optic distribution cabinets.

The most important works executed were: 400 kV pylons for REE's Tordesillas-Segovia line; 220 kV pylons for Endesa's Cartuja-Pto. de Sta. Mª line; 220 kV pylons for Endesa's D.Rodrigo-Santiponce line; pylons for the Penamacor-Ferro line, for CME, in Portugal; pylons for different lines in Ireland for the ESB; mobile telephone towers for Inabensa/Telefónica; mobile telephone towers for Inabensa Maroc; 400 kV Cabra substation for REE, 400 kV Brovales substation for REE; testing of towers for different customers such as RTE, Made, Gam-E-Arak, Tecgra, Andel, Jovir, etc.; supply of various standardized towers; supply of telephone kiosks for Telefónica; supply of fiber optic distribution cabinets for Telefónica and other customers; supply and installation of signposts for different customers, including the Regional Government of Andalusia, Egmasa, construction companies, town councils, etc.

Eucomsa participates in a work group established by Abengoa to optimize the design of future structures for solar energy power plants by the collector system. This product is strategic for the Company in the near future and should signify an advance for the growth of the structures activity.

The Plate Division is also working on the creation of new products that could likewise result in sustained growth of the activity.

Latin America

In this strategic market in which our presence has been stable for more than 30 years now through local companies in Argentina, Brazil, Chile, Mexico, Peru, and Uruguay, we have consolidated our position as leaders in the construction sector, mainly in energy and infrastructure related activities. In the prestigious Engineering News Record magazine, Abeinsa is listed as the sixth largest construction company in Latin America, in spite of the fact that our activity focuses mainly on the energy sector.



Among our main operations, of note is the activity conducted in Brazil on the construction and operation of power transmission lines, which consolidated us as one of the country's leading companies. With an investment of almost 3,000 million Brazilian reales, more than 3,000 km of lines have been constructed.

During the year, the construction of the 937 kilometer power transmission line between Colinas and Sabradinho was completed, and construction works commenced on the 459 kilometer power transmission line that connects Maraba, Itacaiunas and Colinas, as well as Itacaiunas and Carajas, in Brazil.

Moreover, the awarding towards year-end of the construction contract for three new concession lines with an overall length of approximately 1,033 kilometers was also noteworthy.

Also of note is the execution of the fiber optic works for Project Sur in Mexico, the objective of which is the removal of guard cable and the supply and installation of fiber optic guard cable on 1,706 kilometers of power transmission lines, and the supply, installation and commissioning of optical equipment, management systems, synchronization systems, peripheral electronic equipment on 21 optical links.

In addition, we also mention the civil work activity carried out in Uruguay and the diversification in forest services and urban wastes, with which good profitability levels have been achieved.



Noteworthy in Argentina was the construction of the 181 km, 500 kV Mendoza-San Juan HV line.

Also of note is the completion of the Palmucho Project which basically comprises a 32 MW hydroelectric power plant that exploits the ecological flow discharged at the foot of the Ralco dam, and the electric link that connects it to the Central Interconnected System.

Teyma Abengoa

The main works executed, or in progress, were for the following customers:

Línea Minera "500 kV Mendoza – San Juan HVTL" for Fondo Fiduciario para el Transporte de la Energía Eléctrica. The work comprises the electric interconnection by 500 kV HVTL that will connect the localities of Barriales, in the Province of Mendoza (Gran Mendoza T.S.) and Villa Krause, in the Province of San Juan (future San Juan T.S.), with the construction of approximately 181 kilometers of line.

The work also includes the connection section to the San Miguel transformer station by means of a 220 kV high voltage line with double circuit structures, with only one circuit being fitted at first, and the connection section to the Gran Mendoza substation by means of a 220 kV high voltage line.

In addition to the 220 kV enlargements in Gran Mendoza transformer station, belonging to Transener S.A. and in the San Miguel transformer station, belonging to Distrocuyo S.A., the work also includes the supply and installation of an integrated telecommunications system by HVPL and between the aforementioned transformer stations, and all the civil and services work required for the construction and correct functioning of the interconnection.

Construction of the 500 kV Colonia Elia transformer station for Comisión Técnica Mixta de Salto Grande. It includes the design, supply, construction and shipping of the material required to execute the civil works, porticos, support structure and 500 and 132 kV connection for the execution of

the enlargement works for the third section of the Colonia Elia substation.

Laying of 132 kV subterranean cable for Aluar Aluminio Argentino. Design, manufacturing, engineering, tests, packing, shipping of conductors, laying, sundry installations including connections, construction of associated civil works, commissioning, etc., corresponding to the supply of unipolar dry insulation type XLPE 132, 34.5 and 6.6 kV subterranean cables, including all their terminals, construction of channels and conduits (only where necessary), supports, trays, hangers, made of galvanized steel for internal and external use and, in general, all the associated equipment required for correct functioning and operation.

Befesa Argentina

In 2006, the most important project executed was the conditioning, exportation and final disposal of transformers contaminated with Polychlorate Biphenyls (PCBs).

Befesa Argentina reinitiated the exportation of PCB contaminated transformers with a first shipment of 22 tons to Befesa Gestión de PCB's facilities, in Cartagena, for suitable treatment thereof.

In the oil company services sector the following projects are in progress:

Operation of the Alfa Laval Plant and the US Filter Plant at Repsol YPF's La Plata Refinery

Two Befesa Argentina owned horizontal centrifuge units that are installed in the discharge treatment plant (US Filter) are being operated and the Repsol YPF owned Alfa Laval Plant is also being operated.

Slop Oil Unit, Tank 265, Repsol YPF's La Plata Refinery. Operation continues on the equipment Befesa Argentina has installed for recovering hydrocarbons, through a three-phase separation of the content in Tank 265. This 10,000 m³ capacity tank functions as a receiver of the slops from the refinery's other tanks.



In the collection, incineration, inerting and final disposal sector, the following are in progress for:

Automotive Industry. Collection, incineration and final disposal at a safety backfill depot of maintenance wastes, paint slurry, cataphoresis sludge, oils, empty containers etc., for customers such as Daimler Chrysler, Ford, Peugeot – Citroen, Toyota Argentina, and Volkswagen.

Oil Industry. Collection, incineration and final disposal at a safety backfill depot of maintenance wastes, coke carbon, insulators, spent catalysts, contaminated soil, etc., for Esso, Repsol YPF and Shell CAPSA.

Pharmaceutical Laboratories. Collection, incineration and final disposal at a safety backfill depot of out-of-date medicines, products outside specification, raw material packing, etc., for customers such as Bayer Argentina, S.A., Lanxess, S.A., Raffo, GlaxoSmithKline Argentina, and Cardinal Health.

Chemical Industry. Collection, incineration and final disposal at a safety backfill depot of maintenance wastes, effluent plant sludge, raw materials outside specification, etc., for Rohm & Haas, TFL, and Procter & Gamble.

On the other hand, in 2006, the collection, treatment and final disposal of foundry waste was contracted with the company Acerbrag. The contract includes the treatment of an important volume of passive, as well as the uninterrupted generation process slag from the filters.

Abengoa Chile

The most important works executed in 2006 were: the construction of the Wastewater Treatment Plant in Coelemu, for Empresa de Servicios Sanitarios del Bío Bío, ESSBÍO S.A; the construction of the Wastewater Treatment Plant in Chimbarango, for Empresa de Servicios Sanitarios del Bío Bío, ESSBÍO S.A; MCC 023 Project El Mauro, 220/23 kV Substations, 220 kV and 23 kV lines for Minera Los Pelambres; the relocating of 220 kV and 110 kV feeders, Botadero Sector 85 for Codelco

Chile División Norte; the supply, construction and installation of the 1 x 220 kV Charrua – Chillan line, for Hqi Transelec Chile S.A.; CPL-70 Palmucho, 13,2/66/220 kV substation, Caida area, 220 kV interconnection line with SIC and 66 kV line for Endesa Chile, S.A.; the construction and installation of the Reactive Static Compensation (RSC) in Puerto Montt substation, in consortium with Abb Chile, for Hqi Transelec Chile S.A.; and high voltage maintenance and line works in the Metropolitan Region, for Chilectra S.A.

Moreover, the following projects were contracted and are in progress:

Supply and Construction Modification at San Luis substation, and changing of the interrupter and current transformer at Quillota substation, for Endesa Chile S.A. The scope of the contract includes the works required to change the single bar San Luis substation to an interrupter and half configuration to ensure greater dependability given the increase in power that results from the arrival, at this substation, of the supply from the two units at San Isidro II. In addition, the aforementioned increase in power means that the existing interrupters and current transformers of the San Luis – Quillota have to be changed for new higher capacity interrupters and current transformers in Quillota substation.

Enlargement of the 154 kV Itahue – San Fernando Lines, to strengthen the Central Interconnected System, for Hqi Transelec Chile S.A. The work consists, basically, of the changing of the existing copper 400 MCM conductor for another Greeley make, aluminum alloy 972.2 MCM, which involves the replacing of four structures with higher capacity ones, and also the strengthening of eight towers and some other modifications. With this change, the energy transfer from the aforementioned line sector is increased from 128 MVA to 198 MVA per circuit.

Construction of the Alternative Electric Arrangement for the High Voltage Itahue – San Fernando line, for Constructora Nilahue S.A. Project



for the supply of materials (structures, mountings and insulation), construction and assembly of structures and dismounting of the existing installations for replacement by a 154 kV double circuit line that will be the variant of the actual Itahue – San Fernando line in the sector where the future Convento Viejo reservoir is to be located.

Construction and Assembly of reinforcements and conductors to increase the transmission capacity of the 2 x 220 kV San Luis – Quillota Line, for Endesa Chile S.A. The objective of the project is to modify the existing 220 kV line between San Luis substation and Quillota substation to allow the transmission line power to be increased.

Contract 193/06-IOV Improvement of Drinking Water, Héroes del Mar, Area «A» Blocks 1-2-3-4» for Empresa Sanitaria de Valparaíso, Esval S.A. Construction project contract to improve the Valparaíso Drinking Water System, including the supply and installation of pipelines and the construction of two reinforced concrete reservoirs, completing works that were executed by Abengoa Chile in a first phase.

Civil Works, Electric Works and Minor Equipment for the Florida, El Carmen and Ninhue Wastewater Treatment Plants, for Empresa de Servicios Sanitarios del Bío Bío, ESSBÍO S.A. The works at the three plants are basically: the construction of a pretreatment system, lining of the aeration lagoon and the settlement ponds, operating and chlorination areas, a contact chamber and the supply of chlorination, elevation and flow metering equipment, and the electric habilitation works for the new systems.

Befesa Chile

In Antofagasta, Befesa is currently developing the construction and operation project for the North Hazardous Waste Treatment Center to be located in the municipality of Sierra Gorda. It will be the first hazardous and non-hazardous solid waste management company to respond to the needs of the mining industry, other industries and, in general, the companies in Segunda Región del Norte, while favoring environmental protection. Its processing capacity is approximately 53,700 tons per year, of which 43,200 tons/year are hazardous wastes and



10,500 tons/year non-hazardous wastes. The foreseen useful life of the Center is 45 years.

This is a project that is included within the concept of Integral Management as, in addition to confining the hazardous wastes in a safety backfill dump, the aim is also to market the waste materials which, due to their characteristics, could be used by third industries as raw materials. For this purpose, management of the minimization stages, such as waste valuation and recovery, will be provided.

Teyma Uruguay

2006 was a very good year for Teyma. It achieved the maximum levels of activity ever in its history - consolidating the leading position it has held in the Construction market in Uruguay for more than 20 years now – and established a human team and management model that allows it to now look towards new growth and profitability horizons for the future.

The construction activity increased billing to 65% above the company's maximum historic figure, and this was also backed by profitability levels above the average. Good levels of activity and profitability were also achieved in the diversification activities in forestry and urban waste services and the expected development for forthcoming years in these activities was consolidated.



Worthy of special mention, in the second half of the year, is the fact that the company began its participation in the management of construction projects for new Biofuel Plants for Abengoa Bioenergía, the first of which will be Lacq (France) and San Roque (Cadiz). Expectations for 2007 are for new plants in other European countries and the US to be added to these.

Of note among the works executed in 2006 or currently in progress are:

Execution of the electric and instrumentation works for the Fiber Line, Evaporation Plant, Heat Recovery Boiler and Lime Kiln sectors at Botnia's Cellulose Plant in Fray Bentos, for Andritz/Botnia

The supply and installation of metallic structures, towers, poles, masts for telephone antennae, and the installation as well as the dismantling of Antel-owned structures.

The installation of a Rehabilitation, Physical Therapy and Sports Medicine Center for Asociación Española Primera de Socorros Mutuos (AEPSM).

For Botnia's Cellulose Plant in the city of Fray Bentos: the civil works for the drying, packing and storage sector, including the foundation bases for prefabricated buildings, machinery foundation bases, construction of industrial roads, tunnel and drainage piping works, as well as the works for the Effluent Treatment Plant.

Construction of the Le Parc buildings in Punta del Este, a 24-storey apartment tower with a surface area of 850 m² per floor, plus a 7,000 m² services area; Marina 12 in Punta del Este and Torre de la Bahía for Banco Hipotecario de Uruguay.

Execution of the earthmoving works for the construction of the Cellulose Plant Ence intends to construct in M'boipicua, Fray Bentos. Upon completion of the initial phase, which was also

executed by the Company, Ence awarded us the second phase that includes all the excavation, backfilling and compacting works for the entire 70 hectares the plant is to be located on.

Enlargement of approximately 2,300 m² split into two wings, each with five levels and the enlargement of two levels of the existing Hogar Español building, in Montevideo.

Works were completed on the new building for the Pasteur Institute of Montevideo, its only headquarters in Latin America. It is a three-storey building with an overall surface area of 8,000 m².

For Administración de las Obras Sanitarias del Estado (O.S.E.). Civil Work and Electromechanical Installations for Enlargement and Rehabilitation of the Aguas Corrientes Drinking Water Treatment Plant; Execution and Construction Project for the Wastewater Treatment Plant of the city of Canelones.

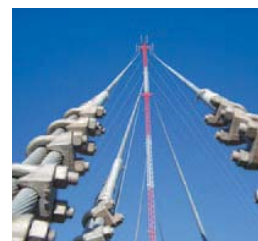
Rehabilitation of the Arteaga Sewage System for the Municipal Administration of Montevideo.

Turnkey supply and installation of an ASTM no. 2 Draw-off System, on three sections, from La Tablada Fuel Distribution Depot.

Design and installation of polyethylene conduits, operative assistance and associated works in the city of Montevideo, for Gaseba.

As regards electricity distribution works we were awarded two contracts for; "Execution of Distribution, Supply and Enhancement Works in the Geographical Area of Central Management – Atlantida and Pando District", and "Remodeling and Extension Works for the Distribution Network in the Geographical Area of East Management – Works 1 – Maldonado District".

Enlargement of the Solis Theater for the Municipal Administration of Montevideo.



Abengoa México

In the year in which Abengoa celebrated the 25th Anniversary of its presence in Mexico, the company Abengoa Mexico maintained its leading position as one of the main integration companies of Transmission Lines, Electric Substations and Electromechanical Works for the Federal Electricity Commission, Petróleos Mexicanos, National Water Commission (through its operating bodies) and Private Initiative, maintaining a high degree of competence, quality and customer satisfaction.

In 2006, works on the following Project were completed:

For the Federal Electricity Commission:

The construction and installation of a 115 kV Transmission Line, of approximately 2.96 kilometers and 2 distribution substations, 115 and 13.8 kV, with an overall capacity of 30 MVA, 1.8 Mvar, and 7 feeders located in the State of Quintana Roo.

The construction and installation of a 230 kV Transmission Line, of approximately 0.8 kilometers, and 9 Transformation Substations with voltages of 230, 161, 115, 34.5 and 13.8 kV and an overall capacity of 300 MVA, 18.0 Mvar, and 47 High and Medium Voltage feeders to be located in the States of Baja California, Sinaloa and Sonora.

The construction and installation of 4 Transmission Lines, voltages 400 and 115 kV, and an overall length of approximately 37.8 km, and three 400 and 115 kV Transformation Substations, total capacity 225 MVA, and 6 High and Medium Voltage feeders to be located in the State of Mexico.

The removal of the guard wire and supply and installation of fiber optic guard cable on 1,706 kilometers of transmission lines, and the supply, installation and start-up of optical equipment, management systems, synchronization systems and peripheral electronic equipment on 21 optic links to be located in the State of Quintana Roo.



In addition, Abengoa México will execute, jointly with other companies, with a 30% share, two contracts related to the removal of guard wire and the supply and installation of fiber optic guard cable on transmission lines, total length in excess of 3,000 km and the supply installation and start-up of peripheral optic equipment, management systems, synchronization systems, and peripheral electronic equipment, on the FON North Project and FON Center Project.

The construction and installation of six 400 kV Electric Substations, total capacity 1,150 Mvar, inductive reactive compensation, to be located in the State of Mexico.

The construction and installation of two 115 kV sub-transmission lines, overall length approximately 60.3 km, and one distribution substation with voltages of 115 and 13.8 kV, overall capacity 30 MVA, 1.8 Mvar medium voltage compensation; 7 high and medium voltage feeders to be located in the State of Oaxaca.

For Pemex, A project for the supply and construction of the Light Crude Oil Heating System at Dos Bocas Maritime Terminal on the premises of Pemex Exploración y Producción, in Paraíso, in the State of Tabasco. The objective of the project is the design, manufacturing and start-up of a light crude oil heating system, itsmo type that extracts from the sea bed, with the use of thermal plate exchangers which is a unit that heats the product directly. The heating system will be designed to be installed and operate with maximum flexibility pursuant to the condition ranges provided by the customer.



In addition, Abengoa México, together with Inabensa, has been selected by the Spanish company Construcciones y Auxiliar de Ferrocarriles (CAF) to execute the construction of the electric energy system and the installation of catenary on the first 27 kilometers of the Suburban Rail Line, the first stage of which will commence with the Cautitlan–Buenavista section; first segment under development with private investment. It will have 2 terminals (Buenavista in the heart of Mexico City and Cautitlan in the municipality of the same name in the State of Mexico), and 5 intermediate stations (Fortuna, Tlalnepantla, San Rafael, Lecheria, and Tultitlan). There will be a connection with 2 lines of the City of Mexico metro system.

Comemsa

Activities in 2006 continued to focus on the Mexican market for lattice towers for transmission lines, which continues to be the main contracting source.

Activities continued with a view to penetration in the US and Central America markets.

In the US, two orders were received from Southern California Edison, a Los Angeles, California, based utility, for 300 and 900 tons.

In Central America, contacts have been established in all countries and a booth was organized at the IEEE's annual conference for Central America and Panama, in San Salvador, Salvador.

Of note among the most important supplies filled in 2006 were: TLS 801, Altiplano (Phase 1) and substation 811 Northwest, supplied to Areva T&D, for a total of 3,600 tons; TLS 703 Northeast, supply to Sadeven, for a total of 1,550 tons; TL 806 Bajio (Phase 2), supplied to Cobra, a total of 3,100 tons; TLS 701 West (Phase 2), supplied to Isolux, a total of 1,150 tons; Replacing of pylons damaged by hurricanes Emily, Wilma and Lane, for FEC, a total of 3,600 tons; TLS 1001 RT Baja Nogales, supplied to Edemtec, a total of 1,100 tons; 400 kV Rancho Vista TL, contracted with Southern California Edison, for a total of 880 tons; TLS 801 Altiplano (Phase 2), contracted with Abengoa México, for a total of

700 tons; and TLS 702 Southeast Peninsular (Phase 2), contracted with Abengoa México, for a total of 400 tons.

Befesa México

Since 2001, Befesa México is promoting the implementation of the industrial waste management activities Befesa carries out in other countries.

In 2006, Befesa México managed to meet three objectives in the construction project for a hazardous industrial wastes treatment and disposal center in Mexico (called "Sustainable Development Systems"), which were: The obtaining of all the permits required for the construction of the same, the closure of non-recourse financing under the "Project Finance" scheme, and commencement of construction of the center.

In parallel to the aforementioned activities, work commenced on advance studies for the development of a social responsibility project focused on the communities in the vicinity of our project.

Abengoa Perú

In an election year, Abengoa Perú maintained its level of activity in eletromechanical, civil and hydraulic works in the Energy, Mining, Industry, Oil & Gas, and Services sectors. Of note in 2006 was the successful completion of the civil works on the Atocongo - Conchan Transporter Belt project, a work that has led to the Company's consolidation as a civil works contractor; the contracting of the Water Treatment Plant for EMAPA Huancavelica, which opened up an activity with a great future ahead of it in the country.

The most important works carried out in 2006 were:

Cementos Lima: Execution of civil works on the Atocongo – Conchan Transporter Belt Ecological Project, which comprises the installation of 6.5 km



of tunnel utilizing prefabricated concrete and the construction of 8.5 km of track.

Banco de Materiales: Edification of 1,512 single family houses, sewage and paving works for the Mirador de Pachacutec pilot project.

Edegel: Alternative arranging of 60 kV lines – 2nd Stage.

Electrocentro S.A.: Remodeling of Valle del Mantaro MV and LV networks.

Electrocentro S.A.: Remodeling of MV and LV networks in the Historic Area of the city of Huamanga; conditioning of the AP System to the NTCS sector type II – Part II and Quality Enhancement (Osinerg Observations) Part I.

Electronoroeste S.A.: Remodeling and Extension of Piura and Tumbes Networks.

Empresa Térmica de Ventanilla S.A.: Supply and construction of the raw water pressure pipeline, electric conduits and related works; these works are part of the of the Ventanilla Combined Cycle Thermal Power Plant construction works.

Praxair Perú: Construction of an oxygen plant in the city of Pisco.

Electronoroeste S.A.: Remodeling of Piura and Tumbes networks, Stage II.

Empresa Municipal de Agua Potable y Alcantarillado de Huancavelica: rehabilitation and enlargement works on collectors, pipelines, water treatment plants, storage and conduction; the project comprises the river Ichu beheading works, rehabilitation of the Callqui behead, a new 11.5 km, 355 mm pipeline from the Ichu behead to the new treatment plant, rehabilitation of the pipeline from the Callqui behead to the existing treatment plant, the construction of a new 50 l/s treatment plant, construction of a 1,000 m³ support

reservoir, optimization of the existing plant, rehabilitation of the 400 mm diameter pipeline from the existing treatment plant to the existing 1,700 m³ reservoir, and conduction pipeline from the 1,000 m³ reservoir to the distribution network..

La Pampilla Refinery: Construction of the On-shore installations for the New Multiboyas No. 03 Port Terminal Project.

La Pampilla Refinery: Foundations for new HVGO tanks.

Red de Energía del Perú: Supply and execution of variants and assembly of Line L2208; the project comprises the supply of materials, construction of the variants and installation of the second circuit of the almost 49 km long, 220 kV San Juan – Chilca L2208 Line, constructed with vertical configuration double circuit self-supporting metallic towers.

Cementos Pacasmayo: Complementary works in the Rotating Kiln and Powder Collection Area – Project Bongara.

Cementos Pacasmayo: Civil works in Area No. 3 Spalling, Pelletization and Storage – Project Bongara.

Duke Energy: Detailed Engineering, Complementary Supply, Transportation, Works, Assembly, Testing and Start-up of San Carlos Hydroelectric Power Plant.

Minera Milpo: Construction of the Desalinated Water Lead Line for the Minero Cerro Lindo Project. This project will be the first desalinated water line to be constructed in Peru for a mining project.

Befesa Perú

Having completed its third year in operation, Befesa Peru continues to increase its customer portfolio, this time by a 40 percent on 2005, and it now carries out operations for 190 customers. This has been reflected in the 37 percent increase in sales for treatment and final disposal of industrial wastes.



Befesa also commenced operations in the field of direct waste collection and transportation services, with the purchase of its first truck – 15 ton capacity – which is being utilized on the La Pampilla Refinery Waste Management project (Repsol). In addition, the intention is, with a view to enhancing the efficiency of this service, to purchase a six-ton trailer to partially free the truck to provide services for other customers.

This year, pursuant to the company's development plan, a conditioning service commenced for PCB-contaminated electric equipment with a view to commencing exportation thereof early in 2007.

Bargoa

In 2006, Bargoa's sales increased 19% on the previous year, thereby ratifying its continuous growth over the last four years, with an accumulated rate of 573%.

In the local market, the most active customers were Telemar and Telefónica de Sao Paulo. In addition, there was significant growth with Brasil Telecom and Embratel.

As regards the foreign market, in spite of the unfavorable currency exchange rate, of note are Telefónica de Argentina, Telecom Argentina and its traditional customers from Korea and Japan.

Homologation was obtained with Telefónica de España for the suite of Sealed Overhead Jointing Closures and work continues on the homologation process for other products.

With a view to meeting the demands of the North America and Canada markets, the UL certification Body is in the process of certifying products.

Of note is the improvement in productivity, up 13% on the previous year.

The enlargement and improvement works were completed at both Lagoas Plant and Camorin Plant,



which resulted in a great improvement in office, storage, medical care, and canteen and staff dressing room facilities.

Abengoa Brasil

During 2006, Abengoa Brasil continued its Power Transmission Line Construction and Operation activity, and consolidated its position as one of the country's leading companies.

In March, the ATE III contract was signed, the objective of which is 594 km of lines and four substations in the States of Tocantin and Para in the country's northern region.

This project is currently in progress and is scheduled to be brought into operation early in 2008.

As regards the ATE II project, the works were completed in 2006 and it is expected to be brought into operation three months prior to the contractual date.

A summary of Abengoa's activity in the Electricity Transmission sector in Brazil is provided in the following table.



Project	Length	Investment (R\$)	Stake	Situation
Expansion	575 km	366 million	25 %	Operation Dec/02
ETIM	212 km	192 "	25 %	" Jun/04
NTE	386 km	386 "	50 %	" Jan/04
STE	389 km	221 "	50 %	" Jul/04
ATE	370 km	560 "	100 %	" Oct/05
ATE II	937 km	1,094 "	100 %	Construction
ATE III	459 km	628 "	100 %	Construction
Sao Mateus	85 km	114 "	100 %	Awarded
Londrina	132 km	97 "	100 %	Awarded
Campos Novos	131 Km	81 "	100 %	Awarded
Total	3,676 km	3,739 million		

In addition, In December 2006, 3 new construction contracts were awarded, which will allow us to maintain our position as one of the main electric energy operators in Brazil.

Expansion

Expansion, Abengoa's first line project in Brazil, with a 25% stake, comprised the 295 km, 500 kV Samambaia – Itumbiara and the 280 km, 500 kV Samambaia – Emborcação lines.

Samambaia substation is the main substation in the vicinity of the Federal Capital, Brasília and is also one of the main substations on Brazil's energy backbone, the North – South system; these two lines connect Emborcação and Itumbiara hydroelectric power plants to this substation. There are two reactor benches in Samambaia substation and one bench in Itumbiara to facilitate voltage regulation.

The two lines were brought into commercial operation on 23/12/2002.

NTE

The second line was NTE, a company in which Abengoa has a 50% stake. It consisted of the 200 km, 500 kV Xingó – Angelim line and the 186 km, 230 kV Angelim - Campina Grande line.

In Angelim substation, we have two 500/230 kV transformers and also a 50 Mvar reactor bench.

In the center of the Chesf system, this line reinforces the Angelim substation system with the energy from Xingo hydroelectric power plant

STE

Abengoa's third investment in Brazil, also with a 50% stake, was STE, in the south of the country, which consisted of the 386 km, 230 kV Uruguaiana - Maçarambá - Santo Angelo - Santa Rosa line that connects Uruguaiana thermoelectric power plant to Santo Angelo substation, where Brazil has a connection to Argentina's electric system via the CIEN project.

There is one 30 Mvar manobavel reactor in Maçambará substation.

ETIM

This was followed by ETIM, in which Abengoa has a 25% stake, consisting of the 212 km, 500 kV Itumbiara – Marimbondo line, representing the connection of Marimbondo hydroelectric power plant on the North – South system.

There is one 100 Mvar manobavel reactor in Marimbondo substation.

ATE

In 2004, Abengoa alone was awarded the contract for the 364 kilometer, 500 kV Londrina – Assis, and Assis – Araraquara lines, where we have a 525 kV/440 kV transformer bench interconnecting Itaipu hydroelectric system with the 440 kV system, one of Brazil's main electric energy systems, responsible for supplying Sao Paulo.

We still have two reactor benches in Assis and Araraquara substations, connected to the two lines, to facilitate voltage regulation.

This line was brought into commercial operation on 27/10/2005.

ATE II

In 2005, the concession contract for the 500 kV North-Northeast electric interconnection project was signed. The project comprises a 937 km line between Colinas substation in the state of Tocantis and that of Sobradinho in the state of Bahia. Its route takes it through the new Ribeiro Gonzalez substation in the state of Piaui, and the existing Sao Joao de Piaui substation, in the same state.

This line was brought into operation in December 2006.

ATE III

During the course of 2006, construction commenced on the North-South, Section I, interconnection line. The project includes the construction of three 500 and 230 kV lines, overall length 459 kilometers, plus a new 500 kV substation in Itacaiunas, state of Para y Tocantins, to the north of the country.

**New projects**

Construction of the 37 kilometer, 525 kV Bateias-Curutiba transmission line in the state of Parana, the 525/230 kV Bateias transformation substation, as well as the 48 kilometer, 230 kV Canoias-Sao Mateus transmission line in the states of Santa Catarina and Parana. .

Construction of the 88 kilometer, 230 kV Londrina-Maringa transmission line in the state of Parana, the 525/230 kV Londrina transformation substation, as well as the 44 kilometer, 230 kV Jaguaraiva-Itarare II transmission line, in the states of Parana and Sao Paulo, and the 230/138 kV Itarare transformation substation.

Construction of the 68 kilometer, 230 kV Campos Novo-Videira transmission line in the state of Santa Catarina, the 230/138 kV Videira transformation substation, as well as the 62 kilometer, 230 kV Dona Francisca-Santa Maria 3 transmission line, in the state of Rio Grande do Sul.



Management Structure

Management Structure

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Management Structure

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Befesa Medio Ambiente, S.A. - Chairman - Vice-Chairman Corporate Services - Legal Counsel - Consolidation & Audit - Finance - Human Resources - Communication Aluminum Waste Recycling Aluminum Waste Recycling - Aluminum - Salt Slags - Marketing - Production - Technology & Machinery Sales - Economic-Finance - Quality, Safety & the Environment Befesa Aluminio Bilbao, S.L. Befesa Aluminio Valladolid, S.A. Deydesa, 2000, S.L. Intersplav Donsplav Befesa Escorias Salinas, S.A. Befesa Salt Slags, Ltd. Zinc Waste Recycling Zinc Waste Recycling	Javier Molina Montes Manuel Barrenechea Guimón Antonio Marín Hita Juan Albizu Etxebarria Ignacio García Hernández Elías de los Ríos Mora Patricia Malo de Molina Meléndez Federico Barredo del Arenal Manuel Barrenechea del Arenal Carlos Ruiz de Veye Fernando Zufía Sustacha José Ángel Corral Ruiz Francisco Sáez de Tejada Picornell Juan Carlos Torres Romero Oskar de Diego Rodríguez Federico Barredo Ardanza Pablo Núñez Ortega Ion Olaeta Bolinaga Víctor Ivanovich Boldenkov Alexander Shevelev Carlos Ruiz de Veye Adrian Platt Manuel Barrenechea Guimón Asier Zarrakonandia Ayo		48903 Luchana-Baracaldo (Biscay) 28046 -Madrid Ctra. Luchana-Asúa,13 Ctra. de Cabezón, s/n Pol. Ind. Gojain San Antolín, 6 Luganskaya Oblast Yugosslavkaya Str.Nº 28 Ctra. de Cabezón, s/n Fenns Bank Whitcurch Buen Pastor s/n Ctra. Bilbao-Plencia,21	94 497 05 33 befesa@befesa. abengoa.com 91 308 40 44 befesa@befesa. abengoa.com 94 453 02 00 aluminio.bilbao@befesa. abengoa.com 983 25 06 00 aluminio. valladolid@befesa. abengoa.com 945 46 54 12 olaeta@deydesa2000.com 380 643 47 53 55 is@intersplav.vom.ua 380 622 53 47 69 donsplav@donsplav.dn.ua 983 26 40 08 escorias.salinas@befesa. abengoa.com 44 1948 78 04 41 enquiries@remetaltrp.com 94 497 00 66 befesa@befesa. abengoa.com 94 453 50 30 zinc.aser@befesa. abengoa.com	94 497 02 40 91 310 50 39 97 453 00 97 94 453 00 97 983 25 64 99 945 46 54 55 380 642 50 13 40 380 622 53 37 42 983 26 40 77 44 1948 78 05 09 94 497 02 40 94 453 33 80

Management Structure

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BUS Group A.B. - Economic-Finance - Marketing - Logistics	Oliver Jäger Jürgen Sübe Uwe Lüke Dirk Witte	26123 Landskrona (Sweden) 47249 Duisburg (Germany)	Box 204 Albert-Hahn-Strasse 1	(46)418 448 598 (49) 203 80 93-0	(46) 418 448 598 (49) 203 80 93-219
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BUS Metall GmbH	Eckhard von Billerbeck	47249 Duisburg (Germany)	Richard-Seiffert-Strasse 1	(49) 203 75 816-0	(49) 203 75 816 15
BUS Zinkrecycling Freiberg GmbH	Uwe Hasche	09599 Freiberg (Germany)	Alfred-Lange-Strasse 10	(49)3731 38 99-0	(49) 3731 38 99 12
BUS Valera SAS	Marc Wauters	59820 Gravelines (France)	Route Duvigneau Z.I.P. des Huttes	(33) 3 28 51 91 91	(33) 3 28 51 91 74
BUS Scandust AB	Ulf Helgesson	26123 Landskrona (Sweden)	P.O. Box 204	(46) 418 437 800	(46) 418 437 812
Recytech S.A.	Xabier Mareschal de Charentenay	62740 Fouquierés-lez- Lens (France)	43, Route de Noyelles	(33) 3 21 79 13-0	(33) 3 21 79 13-59
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Industrial Waste Management Business General Manager - Hazardous Wastes Representative - Industrial Hazardous Wastes - Non-Hazardous Wastes - Industrial Cleaning - Industrial Cleaning Assist. - Quality & the Environment - Economic - Finance - Environmental Initiatives	Santiago Ortiz Domínguez Antonio Rodríguez Mendiola Leopoldo Sánchez del Río Castiello Álvaro de Rojas Marín Sergio Nusimovich Kolodny Apolinar Abascal Montes Carmen Gordillo Marín Íñigo Molina Montes Juan Contreras Casas	41005- Seville 28046 Madrid	Benito Mas y Prat, 5 Paseo de la Castellana, 31 3ª planta	95 493 70 00 bgri@befesa.abengoa.com 91 308 40 44 bgri@befesa.abengoa.com	95 493 70 24 91 310 50 39

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- Land Management	Miguel Maíz Ramírez				
- R&D&I	José Manuel Benítez Fernández				
- Financial Management	David Carbajosa Fernández	30840- Alhama de Murcia (Murcia)	Parque Ind. Las Salinas c/ Las Salinas, s/n	968 32 06 21 befesaplasticos@ befesa.abengoa.com	968 63 22 33
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Environmental Engineering	Guillermo Bravo Mancheño	41018 Seville	Avda. de la Buhaira, 2	954 93 71 11 Befesa.cta@befesa. abengoa.com	954 93 70 18
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National Market	Salvador Soler Salcedo				
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- Bids	Ramón Rubio Vicente				
- Technical Office	Jesús Vega Escudero				
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Northern Region Rep.	Rafael González García	08015 Barcelona	Entenza, 95, 6ª planta	93 289 07 15	93 423 23 65
Catalonia-Aragon Rep.	Lluís Homdedeu Pérez	46002 Valencia	Játiva, 15-Pta. 20	96 352 61 45	96 352 61 45
Valencia Rep.	Luis Francisco García Poveda	30007 Murcia	Molina del Segura, 5 bloq.3-1ªC	968 24 86 94	968 27 11 69
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- Marketing & Business Development	Joaquín Fernández de Piérola				
- Administration	José Ramón Alcántara Fernández				
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Latin America	Juan Abaurre Llorente	41018 Seville	Avda. de la Buhaira, 2	95 493 71 11	954 93 70 18
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Befesa Peru, S.A.	Jorge Carlos León León	San Isidro- Lima (Peru)	Canaval y Moreyra, 654, piso 7	511 224 54 89 befesa@ abengoaperu.com.pe	511 224 54 89 Anexo 415
	Percy Andrés Irribarren Ibañez				

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Management Structure

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Business Group Managers • Director of Engineering and Industrial Construction • Director of Latin America • Consolidation and Auditing Director	Alfonso González Domínguez Enrique Barreiro Nogaledo José Fernando Giráldez Ortiz				
Engineering and Industrial Construction • Energy					
Abener • General Director - Assistant General Director. Solar Division Director - Industrial Division 1 Director - Industrial Division 2 Director - Poland Division - USA Division - Singular Projects Bioetanol Holanda Bioetanol UK Bioetanol Germany - Project Control Department Director - Financial Department Director - Legal Department Director - Operations Dep. Director - Project Design and Tenders Department Director - Quality, Environment and OPR Department Director	Manuel J.Valverde Delgado José Luis Burgos de la Maza José Luis Gómez Expósito Javier Reina Salguero Francisco Pérez Olmo Florencio Ferrera Saldaña Pedro Rodríguez Ramos Víctor J. Hidalgo Vega Pablo Infante Cossio Antonio González Casas Natalia Cebolla Zarzuela Armando Zuluaga Zimmerman Javier Pariente López Ana Cristina González de Uña Maribel Torres Castro	41018-Seville	Avda. de la Buhaira, 2	95.493.71.11	95.493.70.09
Partner Companies • Director	Juan Antonio Gutiérrez del Pozo	41018-Seville	Avda. de la Buhaira, 2	95.493.71.11 abener@abengoa.com	95.493.73.67
Aprovechamientos Energéticos Furesa					
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Abroad						
Abener Mexico						
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• General Director	Florencio Ferrera Saldaña					
Abener Energo ProjektGliwice						
• Chairman	Artur Mermon	▶	44-100 Gliwice (Poland)	Ul. Zygmunta Starego 11	48. 322.319.211 epg@epg.abengoa.com	48.322.317.616
• CEO	Francisco J. Pérez Olmo					
Hynergreen Technologies						
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Zero Emissions Techonologies						
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• Installations						
Inabensa						
• General Director	Eduardo Duque García	▶	41007 Seville	Manuel Velasco Pando, 7	95.493.61.11 inabensa@abengoa.com	95.493.60.06
- Assistant General Manager	Jorge Santamaría Mifsut					95.493.60.06
- Comercial/Tender Manager	José Javier González Solano					95.493.60.16
- Exports Manager	José Antonio Amigueti Tosso					95.493.60.16
- Operations and Logistics Manager	Mª José Esteruelas Aguirre					95.493.60.07
- Strategic Development Manager	Isidro Montoro Mantilla					95.493.60.10
- Economic-Financial Manager	Juan Carlos Deán García Adámez					95.493.60.09
- Studies and Development Manager	Javier Valerio Palacio					95.493.60.16
Installations 1						
• Director	Francisco Galván Gómez	▶	41007 Seville	Manuel Velasco Pando, 7	95.493.61.11	95.493.60.14
- Maintenance, Electricity and Instrumentation Manager	Juan Carlos Torres Torres					
- Southem Regional Manager	Antonio Núñez García					
- Mechanical Assembles Manager	Francisco Martínez Gómez					
- Manager Protisa	Isaac Criado Montero		28010 Madrid	Gral. Martínez Campos, 15-6º y 7º	91.448.31.50 protisa@abengoa.com	91.593.27.20
- Central Regional Manager	Vicente Castiñeira García		28029 Madrid	Marqués de Encinares, 5	91.315.01.43 91.315.01.45	91.315.87.18
- Regional Manager Galicia	José Macías Camacho		36330 Corujo (Vigo)	Bajada a la Gándara, nave 8	98.629.94.51 98.629.94.53	98.629.80.14
- Regional Manager Canary Islands	Fernando Celis Bautista		35001 Las Palmas	Castillo,7	92.832.31.15 92.832.31.16	92.831.66.06
- Railways Manager	José Luis Álvarez Sancho		28029 Madrid	Marqués de Encinares, 5	91.315.01.43	91.315.32.89
Installations 2						
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- Regional Manager Levante	José Ignacio Muñoz Donat		46020 Valencia	Poeta Altet, 18 -bajo	96.360.28.00	96.361.86.08
- Regional Manager Catalonia	Pedro Clares del Moral		08020 Barcelona	Peru, 214-226	93.303.45.40	93.307.00.94
- Regional Manager Balearic Isles	Francisco Pérez-Roldán Oller		07009 Palma de Majorca	Gremio Zapateros, 51-1º Polg. Son Castello	97.120.51.12	97.175.83.34
- Grid Manager	Alberto Pizá Granados		41007 Seville	Manuel Velasco Pando, 7	95.493.61.11	95.493.60.13
- Northern Rigiional Manager	Íñigo Astigarraga Aguirre		48450 Etxebarri (Biscay)	Santa Ana, 26 - Polg. Barrondo	94.440.05.00	94.440.02.52
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- Alcalá de Henares Workshop Manager	Felipe Collado Yoldi					
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• Director	Francisco Manuel Luque Ramirez	Abu Dhabi (United Arab Emirates)	Al Falah street (passport road) Saeed Hilal - Al Dhahiri the Building no 160 mezzanine Floor flat nº 2	(971)263.51.010	(971)263.51.015
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CT Palmas Altas, S.A.					
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- Regional Manager Andalusia I, Extremadura and Levante	Diego Leal del Ojo González				
- Regional Manager Central Spain and Catalonia	Eduardo González Pinelo				
- Regional Manager Andalusia II and Canary Islands	Manuel Torres Moral				

Management Structure

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Latin America Teyma Abengoa (Argentina) • Director - Operations Director - Administration and Financial Director	Alejandro Conget Inchausti Emilio Manuel Dopacio Pablo Maximiliano Verdile	C1063ACU Buenos Aires (Argentina)	Paseo de Colón, 728 piso 10	(5411) 4000 79 00 info@teyma abengoa.com.ar	(54 11) 4000 79 77
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