

AnnualReport02



acciona

DEVELOPMENT AND
MANAGEMENT OF
INFRASTRUCTURE
AND SERVICES

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Letter from the President



Dear shareholder:

Once again I have the pleasure of introducing our Annual Report, making contact with you and commenting on the events and data that I believe fundamentally shaped 2002—in particular with reference to Acciona's performance—and on the future prospects for our Company.

The year 2002 will be remembered for the preparation of the latest armed conflict in the world's most unstable region; we all nurture the hope that a stable democracy will be established and commence the normalization of that region, whose culture, location and great natural wealth make it so influential.

The year was also marked by the economic climate, with great market instability, very high volatility, the lowest share prices in recent years and historically low interest rates; this was obviously not unrelated to the aforementioned conflict.

The year 2002 also witnessed a series of financial scandals, mainly in the US, due to fraud and bad accounting practices, which have wiped out major companies and generated a climate of great mistrust among investors. This has resulted in copious legislation and the creation of various commissions mainly in the largest economies—Spain participated actively through the Aldama Commission—which have advocated the return to greater financial orthodoxy, maximum transparency, and the creation

or strengthening of internal bodies at Board level with responsibility for overseeing the correct preparation of information on companies' performance.

Spain continued to outperform the world's leading economies, despite the crisis in Latin America, a region of particular significance to Spain. GDP grew 2% in Spain; this was less than in 2001 but clearly above the euro zone average, a trend that looks set to continue in 2003.

In 2002, Spain succeeded in creating net employment—the unemployment rate fell to 11.2%—and maintaining a balanced budget; these are both notable achievements given the difficulties experienced by what have traditionally been Europe's powerhouse economies. Our Achilles heel clearly continues to be the high inflation rate—4% in 2002.

In any case, we are part of the global economy, and the very slack economy in the US and, to a greater extent, in the euro zone has had negative repercussions on our performance and greatly tempered the pace of growth.

Acciona has handled this complex situation well and presented good results this year. Revenues rose 13% to 3,415 million euros. Ordinary profit also rose 13%, to 219 million euros. ROE was 25.9%, exceeding the already superb 25.4% attained last year.

This performance was due to the fact that the construction sector—which continues to provide the bulk of our profit—has generally performed very positively in Spain, in terms of both residential building and civil engineering, greatly boosted by the impressive pace of infrastructure construction. However, it seems likely that the construction sector's exceptional performance in recent years will soon be followed by a period of more moderate growth, or even a decline.

Faced with this outlook, Acciona continues to move into lines of business which, while remaining within the group's core activities, will contribute to minimizing the effects of the construction industry's sharp cyclical.

Accordingly, during 2002 we continued to invest in all areas in which we feel especially competent due to our knowledge of the field and our experienced personnel, and which offer significant synergies with other group activities.

We have made sizeable investments in energy, logistics and airport services, transport infrastructure concessions, real estate, and other urban and environmental services.

However, it is even more significant that the foundations have been laid to attain cruising speed in investments in the coming years, either as a result of being awarded projects whose scope or long duration demand multi-year investments, or of having consolidated our position in specific sectors which will generate new investment opportunities in the future.

Specifically, Acciona was awarded contracts for major wind energy projects in the regions of Valencia, Castilla-La Mancha and Castilla y León. Taken together, these projects represent over 600 MW in installed capacity; therefore, they will require significant investment. They also consolidate Acciona's position as one of Spain's key players in renewable energies; this will lead to new opportunities in the future.

In the logistics area, a consortium headed by Acciona bid successfully for *Compañía Trasmediterránea*. This provided a considerable boost to our logistics activity and, together with the companies integrated in previous years and the acquisition of a majority interest in *Transportes Olloquiegui* and *Frigoscandia*, gave rise to one of Spain's largest intermodal logistics groups.

We were awarded concessions in 2002 for two new transport infrastructure projects (one highway and one urban railway) which will require high levels of investment during construction but, once operational, will represent a constant, predictable and stable flow of revenues and profit for the group.

We have continued to increase our portfolio of rented buildings, while attaining a sizeable increase in new home sales and consolidating a sound portfolio of land and ongoing projects which will require further investments and contribute considerable profits to the balance sheet in the coming years.

In short, 2002 paved the way for sustainable growth at Acciona due to the consolidation of projects that

will create new investment opportunities, and to the contribution that these projects will make to our bottom line in future years, when other more cyclical activities may experience less favorable times.

This is, and will be, possible due largely to the funds derived from the sale of 6.2% of Vodafone Spain, which took place in January 2003 by exercising the option signed in 2000, which I have mentioned on other occasions. This represented an influx of 2,018 million euros, which will lead to very high net profit in 2003 and a major increase in equity.

I would like now to turn to shareholder remuneration. I am referring to the dividend since, although our share has performed well in 2003 so far, it would not be prudent to venture a prediction for the rest of the year because of the market's volatility. The dividend has risen from €0.33 per share to €1.20 per share in five years (an increase of over 260%) and from €0.70 per share in 2001 to €1.20 per share in 2002 (a 71% increase). In this way, our shareholders share the benefits of the great increase in Acciona's net worth (which, in the final instance, is what ensures the revaluation of your investment), as well as the excellent performance of the business and the extraordinary gains from the Vodafone transaction.

Finally, I would like to mention our company's progress in the area of corporate governance, seeking to obtain and publish the best information, constantly improve transparency and establish and consolidate oversight bodies to guarantee good governance. This annual report contains ample material on this subject, but I would like to stress

that we firmly believe it is timely and important, and that our drive towards better governance is not the result of any specific requirements arising from a given situation; rather, it is because full and true disclosure is the best way to demonstrate our respect for and acknowledgement of our shareholders, who share with us the risks and benefits of our activities.

The Company's good governance and management's constant desire to excel, by amply surpassing the obligatory disclosures, are essential to meeting our targets.

This is the greatest promise and guarantee I can give you: to employ the best people and use the best systems. This will enable us to repeat past successes in a world which will offer greater and better opportunities for all of us.

I would like to express my affection and gratitude to those who work in our group for their dedication and results, and to thank you, our shareholders, for your support and trust.

José María Entrecanales
President of ACCIONA

Significant data [CONSOLIDATED FIGURES]

■ Key financial aggregates

	1997	1998	1999	2000	2001	2002	Δ 02/01	TACC 97/02*
Revenues (€Mn)	2,253.5	2,460.3	2,557.5	2,873.0	3,025.9	3,414.7	12.9%	8.7%
Gross operating profit (€Mn)	128.6	176.0	213.1	287.6	244.3	288.3	18.0%	17.5%
Ordinary profit (€Mn)	74.2	94.9	130.2	161.2	193.8	218.8	12.9%	24.1%
Earnings per share (€)	1.04	1.38	1.45	1.80	2.16	2.51	16.2%	19.3%
Dividend per share (€)	0.33	0.38	0.51	0.60	0.70	1.20	71.4%	29.5%

(*) Compound Annual Growth Rate

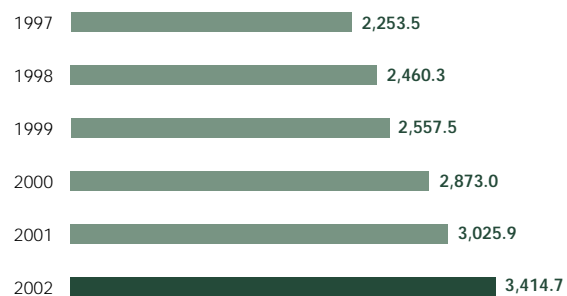
■ Profit by division

(€Mn. Before tax)

	1999	2000	2001	2002	Δ 02/01
Construction and real estate	58.4	75.5	90.2	104.8	16.2%
Urban and environmental services	10.1	5.0	8.6	19.4	125.1%
Infrastructure concessions	-0.2	-6.4	3.4	4.8	41.2%
Energy	6.0	2.8	3.0	7.6	157.6%
Logistics and airport services	17.7	24.9	18.1	21.9	21.4%
Other businesses	38.1	56.2	57.6	60.9	5.7%
TOTAL	130.0	158.0	180.9	219.5	21.4%

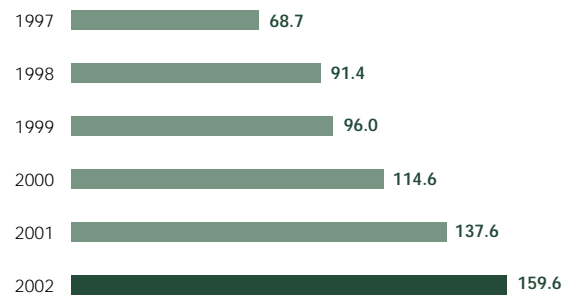
■ Revenues

millions of euros



■ Earnings after tax

millions of euros

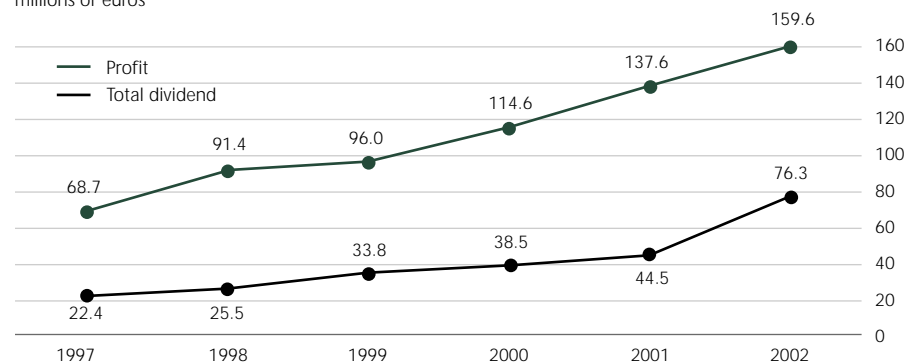


■ Key financial ratios

	1997	1998	1999	2000	2001	2002
ROE (%)	14.7	18.1	16.9	18.3	25.4	25.9
Gross margin (%)	5.71	7.15	8.33	10.01	8.08	8.44
Pay-out	31.7	27.5	35.2	33.3	32.4	47.8

■ Profit and total dividend

millions of euros



Construction and support services

ACCIONA focuses mainly on infrastructure and services activities, in which it has accumulated over 100 years' experience. Year after year, the group's subsidiaries head the ranking in each sub-sector due to a combination of their strong development throughout those years and the process of liberalizing public services in numerous countries.

The activities in this business area, particularly construction, have enabled ACCIONA to become one of Spain's largest groups, with a strong presence throughout Spain and a substantial presence at international level.

The worldwide economic deceleration that commenced in 2001 continued in 2002, despite the projections for a recovery. The financial markets were worried throughout 2002, and concern peaked several times in the year due to specific geopolitical instabilities (the Argentinean crisis, the war in Afghanistan, and the pre-war climate in Iraq and its direct influence on oil prices).

In Spain, the gross domestic product (GDP) increased by 2%, substantially less than in 2001 (+2.7%), although still above the euro zone average.

However, inflation in Spain amounted to 4% in 2002, considerably higher than the euro zone average. Meanwhile, unemployment in Spain fell from 13.1% in 2001 to 11.2% in 2002. Even though the deceleration that began in 2001 continued in 2002, the Spanish construction sector continued to grow substantially: it increased by 4.6% with respect to 2001, 2.6 percentage points faster than the Spanish economy, and was the most dynamic of the economy's key industries.

Again, Spain's convergence and the possibility of using part of the EU's structural funds to invest in infrastructure boosted construction in Spain. Consequently, Spanish construction companies' competitiveness enabled them to win a larger share of Spanish and international projects.

Spain consolidated its position as Europe's fifth-largest market, with 12% of total production. The sector's activity remained intense in Spain in 2002, with total production of 116,000 million euros (16.7% of GDP), of which 22% was in public works (+9% vs. 2001) and the other 78% was for the private sector (+3% vs. 2001).

In general, all sub-sectors performed well. The best performer was home building, which represented 31% of the total and grew 2% with respect to 2001. For the fourth consecutive year, in 2002 the number of new home starts exceeded half a million (574,029), 3.5% more than in 2001.

Civil engineering (26% of total production) increased 9%, evidencing the growing demand from the public sector in order to implement the Infrastructure Plans. Refurbishments and facility maintenance (25% of production) increased 5%, in line with previous years. Non-residential building grew 3% and represented 18% of total production.

Employment in the construction sector, one of the main performance indicators, grew 5.6%. According to EPA (Spain's employment survey), one out of every five jobs created in Spain in 2002 was in the construction sector.

In its now traditional Spring Report, the Organisation for Economic Development and Cooperation (OECD) projects 2.1% growth in Spain in 2003, and 3.3% growth in the construction sector.

Construction and real estate continue to be ACCIONA's main revenue source: revenues amounted to 2,921.5 million euros, 10.9% more than in 2001. The construction backlog amounted to 3,979.1 million euros at 2002 year-end, practically the same as in 2001.

Commissioned construction

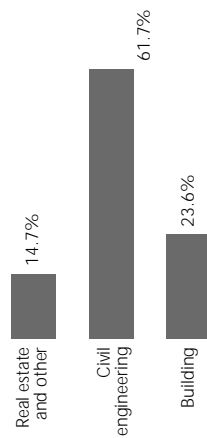
In 2002, through subsidiary NECSO, Acciona bid for contracts worth over 20,000 million euros (5.2% more than in 2001) and obtained contracts totaling 2,550 million euros (+3.5% vs. 2001).

Civil engineering accounted for 49% of total new contracts in 2002 (slightly lower than in 2001); new contracts in Spain grew by a noteworthy 50.4%.

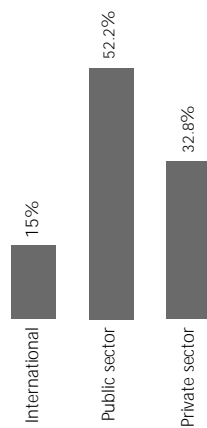
As in previous years, the main civil engineering contracts were in railways, roads and building, areas in which the company has significant experience.

The main road contracts obtained by NECSO in 2002 were: three sections of the La Plata highway (Cáceres), two sections of the Cantábrico highway (Vegarrozadas-Soto

Projects executed by type of work



Projects executed by customer



del Barco and Villalegre-Vegarrozadas, both in Asturias) and resurfacing of a section of the Northwest Highway in León.

In railways, NECSO obtained the following contracts in 2002: construction of a section of the Zaragoza-Huesca-Canfranc high-speed railway spanning several provinces of Aragón; construction of the Prados-Arroyo de las Cañas section of the Córdoba-Málaga high-speed railway line; construction of the Muel-Zaragoza section of the Teruel-Zaragoza high-speed railway; improvement of two sections of the Lleida-Plan de Picamoixons-Roda de Barà line; the Alcover-Villafranca del Penedés section on the Madrid-Zaragoza-France high-speed railway; and improvement of the Medina del Campo-Salamanca-Fuentes de Oñoro (Salamanca) line.

In airports, the main contract obtained was the construction of a new terminal at Madrid-Barajas airport. In maritime works, NECSO obtained the following contracts: construction of a dock at Algeciras port (Cádiz), extension of Cabezuela pier (Cádiz), extension of La Estada port (Hierro, Canary Islands) and environmental recovery of the lower reaches of the Besós river (Barcelona).

The most significant building contracts obtained were: reconstruction of the Madrid Region Sports Center; finishing of several pavilions and construction of car parks at the new installations of the Bilbao International Tradeshow (Vizcaya) and site development for a logistics platform in Zaragoza.

The main refurbishment contracts were the new San Juan de la Peña monastery in Jaca (Huesca) and the refurbishment and extension of San Pedro hospital in Logroño.

In international projects, NECSO decided to focus on countries where it already has an established business base.

NECSO obtained its first contract in Canada, to build the air conditioning distribution network for major office buildings in downtown Toronto.

NECSO also obtained all the contracts for the foundations and construction of the access road to the new Disney theme park in Hong Kong, where it has had a significant presence over the last eight years and where it has built large civil engineering projects.

Work performed

NECSO's production activity was intense in 2002, growing by about 4.7% with respect to 2001.

In Spain, the main railway work performed was: the Fuenlabrada-Getafe section and section III in Móstoles of Metrosur, and extension of Line 8 of Madrid Metro between Mar de Cristal and Nuevos Ministerios (all in Madrid); the second tram line in Barcelona, for the Trammet consortium; and the construction of Line 5 of Valencia Metro between Alameda and Parque Ayora. In high-speed railway, the main work was in the VI-Reus, Zuera-Tardienta and VIII-B subsections of the Madrid-Barcelona line and section III-A of the Córdoba-Málaga line. The company also modernized the Santiago-Oroso line in Galicia. In Madrid, the company built the railway line to San Martín de la Vega and the adjacent Warner Bros. theme park.

NECSO also performed significant work in the area of roads. It continued with the Radial-2 toll road in Madrid, which will be opened in 2003; the Lieres-Villaviciosa and Villaviciosa-Venta del Pobre sections of the

Cantábrico highway; the Reinosa section of the Cantabria highway; the Somport tunnel (Huesca), which has already been completed; the Guadarrama tunnel (Madrid-Segovia); the Éibar-Vitoria highway in Bergara; the Nueva Paterna-San Cristóbal highway (Gran Canaria); the Villafranca del Bierzo-Ambasmestas section of the Madrid-A Coruña highway; the north section of the M-45 (Madrid); the A6 highway in Segovia; the Osorno-Melgar section of the León-Burgos highway; the fourth beltway in Zaragoza; the Hinojal-Cáceres section of the A-66 La Plata highway; and the Los Pantanos road (Madrid). NECSO refurbished the following streets: Paseo de la Independencia (Zaragoza) and Avenida de San Luis and neighboring streets (Madrid). NECSO also performed work at the Ensanche de Vallecas district.

In non-residential building, NECSO's main projects were Madrid-Barajas airport, the completed work at Menorca airport, the Málaga exhibition center, and the Valencia Arts and Science Complex. NECSO performed work on shopping malls: Erosmer (Elche, Alicante) and Gran Vía 2 Hospitalet (Barcelona). The company also performed works on the Río Hortega hospital

(Valladolid), the new hospital in Fuenlabrada and Segovia hospital. NECSO also performed works on the contemporary arts museum in Vigo, renovated the former Can Fabra factory in Barcelona and the Serrano Galvache and Iris office buildings in Madrid, and it developed a high-tech office block in Julián Camarillo street in Madrid.

In hydraulic works, NECSO's main projects in 2002 were: sewage installation at the Acequia Real on the river Júcar and water supply to Lleida city. In maritime works, the main project was the extension of the Escombreras dock in Murcia.

Outside Spain, NECSO focused on countries where it already has a consolidated presence. In Asia, the company's main base is Hong Kong. In 2002, NECSO built Kowloon railway station (the world's largest urban terminal), Fo Tan station on the Kowloon-Canton railway; 18 kilometers of viaducts and eight overground stations in the same region; and two sections of viaduct between Tung Chung and Hong Kong.

In Puerto Rico, another country where NECSO is firmly established, work continued on ten stations plus the civil engineering

necessary to lay track for the urban train railway.

In Portugal, NECSO performed work on the Alqueva dam, which will create Europe's largest reservoir, on the river Guadiana and completed the Infante Don Henrique bridge on the river Douro in Porto in late 2002.

In Chile, NECSO continued to perform works on roads, namely the Américo Vespucio highway and the Litoral-Central highway network.

In Africa, work continued on the Gilgel-Gibe hydroelectric complex in Ethiopia, one of Africa's fastest-growing countries. This project involves the construction of a dam that is 50 meters high and 1,600 meters long.

Mostostal Warszawa

Our subsidiary Mostostal Warszawa had a positive 2002, despite the on-going structural problems in Poland's construction sector (market fragmentation, small size and very low capitalization of construction companies, unreal prices, etc.). Our investee was one of the few construction companies to obtain a

profit; revenues increased by 11.4% and operating cash flow by over 30%.

Mostostal Warszawa completed the Siekierkowski truss bridge in Warsaw, which immediately became a symbol of the city's development. The company also repaired and modernized a viaduct on Jerozolimskie avenue Warsaw's in a record six months.

Mostostal Warszawa, together with NECSO, has become one of Poland's largest road construction companies and obtained the following contracts: a new beltway and bridge in Wolin, construction of a section of toll road and modernization of a bridge measuring over 1 kilometer in Kiezmark (near Gdansk), the border crossing at Dorohusk, and the bridge over the river Dziwna. The company also collaborated in the construction of the bridge over the river Vistula in Plock. In the industrial area, Mostostal Warszawa landed the contract to build a biofuel plant in Wroclaw and to modernize and build thermal power plants in France, Germany and Estonia. Mostostal Warszawa also commenced construction of the new Melanina III factory in Pulawy and a copper plant in Glogów in 2002.

Construction support services

ACCIONA has a number of subsidiaries in areas related or complementary to construction that enable it to provide highly specialized technical work in the company's projects and in projects for third parties.

In prestressing, the most significant work in 2002 was as follows: viaducts on the Las Palmas beltway, floors at the new Barajas airport terminal, viaducts on the Lleida-Martorell section of the high-speed railway and floors at the new Eroski shopping mall in Elche (Alicante).

In repair works, the main projects were: renovation of the Ingleses bridge over the river Ter in San Vicente del Perelló (Barcelona), repairs of the bridge over the river Corb in Tarragona, renovation of the 16th century tower at the Palau de la Generalitat in Valencia and renovation of roofing and façades of the Santiago church in Montalbán (Teruel).

In 2002, the company also manufactured vaults and prefabricated cut-and-cover tunnels for the Estepona-Guadiaro toll road, beltways 2 and 3 in Las Palmas de Gran Canaria, the

prefabricated beam bridges for the A-6 toll road between Madrid and Segovia, the Southern arc of Beltway Five in Zaragoza, and reinforced earth walls on the Western arc in Córdoba, on the Coastal arc in Barcelona and on Radial roads II, III and IV in Madrid.

In Portugal, the company manufactured vaults for the underpasses on the Norte Interior and Algarve shadow toll roads, prestressing of the

Infante Don Enrique bridge in Porto, the bridges over the rivers Corgo and Arade, and the stays for the new Sporting Lisbon stadium.

In the area of special foundations, the company also rebuilt and repurposed the Madrid Region Sports Center.

In metallic structures, the company's main work in 2002, because of its technical

complexity, was the metallic structure over the Tenerife Opera House, designed by Santiago Calatrava. The company also manufactured the metallic structure, designed by Javier Rui-Wamba, for roofing the Málaga Exhibition Center, which is relatively simple to assemble but is very difficult to execute from the workshop plans since all the arch beams are differently shaped.

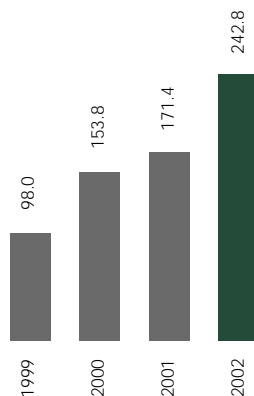
Real estate

The real estate division's activity and earnings in 2002 were positive in absolute and relative terms, especially considering that the general economic situation was weaker than in 2001.

In the residential sector, low interest rates and poor stock market performance triggered a shift in investments from securities to home-buying, since consumers perceived the latter as a safe investment with significant upside potential in the short and medium term. This shift, combined with other factors such as ready access to credit, boosted home prices by over 15%—very similar to the growth attained in recent years and far exceeding projections made early in 2002.

Although some analysts are talking about a property bubble, the fact is that, at the date of this report, activity and sales are progressing at a reasonable pace and prices increased faster than inflation in the first months of 2003. Nevertheless, there is the possibility of government action on housing in 2003 and subsequent years in response to society's demand for affordable homes, which could have a considerable impact on the market.

Real estate revenues
Millions of euros



As expected, the office market deteriorated in 2002 compared to previous years as a result of the increased supply of offices—from both new construction and divestments by large companies and banks—and to the unfavorable economic climate. Consequently, demand fell, leading to stagnation in rental and sale prices, triggering demand for smaller offices and, in short, reducing occupancy. However, low interest rates have also attracted institutional investors to this type of asset. The market's recovery will be determined largely by that of the economy, particularly in the area of new technologies.

NECSO Inmobiliaria continued to perform well in its two recurring business areas in 2002.

In the area of property development, it delivered 950 homes, including 120 in "El Soto del Real" in Jerez de la Frontera, 52 in "La Rosaleda del Parque F2" in Villaverde (Madrid), 86 in "Dr. Fleming" in Aldaia (Valencia), 28 in "Parc Nou Domeny" in Gerona, 66 in "Mirador de Peñarredonda" in Orense, 92 in "Residencial Castali" in Castellón and 81 in Adeje (Tenerife).

NECSO Inmobiliaria expects to deliver 1,100 homes in 2003, including 134 in

"Villamarina" in Benidorm, 128 in "El Mirador de 'Nueva Almería'", 66 in Adeje (Tenerife) and 50 in Castellar de Vallés (Barcelona).

The home building backlog at 2002 year-end, plus the developments expected to commence in 2003, will enable around 1,800 homes to be delivered in the future. The Company also has a land bank for the development of around 3,000 additional homes.

In the Rental area, an agreement reached with Vincci Hoteles covers joint development and management of five 4 and 5-star hotels at several locations in Spain as part of the diversification process. The development of turnkey office blocks also continues in the innovative "sector 22@" in Barcelona and the "NECSOhenar" business park in Madrid.

ACCIONA is continuing to invest in the real estate area in 2003, as evidenced by the recent acquisition of residential land in the metropolitan areas of Madrid, Tenerife, Gerona and Almería, before the date of this report. We continue to seek new business opportunities in areas related or complementary to our real estate activity.

Concessions

In 2002, ACCIONA continued to develop and consolidate infrastructure concessions, an area classified as strategic for future growth. A new company, ACCIONA Concesiones, S.L., was formed to strengthen the Group's position in the concessions market and maintain its outstanding global position, in terms of both quality and the number of projects undertaken.

ACCIONA has shown its clear, firm commitment to concessions in a climate where governments are increasingly handing infrastructure development over to private initiative, in order to contain costs, speed up development and more effectively increase the service offering. The concession model is steadily being extended to more diverse projects related to social needs, the environment, infrastructures, energy production and services in general.

Participation in major projects poses a sizeable technological challenge for concession companies because of the breadth and complexity of the factors and features involved and because the size of the investments means that very few companies have the necessary financial resources.

ACCIONA is one of the privileged few companies which have managed to operate

dynamically and efficiently in this sector and it is currently a world leader in terms of the number and quality of the projects it has undertaken. In the league table of transport concession companies published by Public Works Financing (PWF) magazine in 2002, ACCIONA is ranked sixth in terms of the number of concessions.

The development of new concession formulas by the Administration advanced considerably in 2002, enabling new concession modes to be established to meet the challenge posed by Spain's 2001-2007 Infrastructure Plan. The new Concession Law was approved and ACCIONA proceeded with the development of concession projects; the new forms of concession aroused considerable interest, as evidenced by the debates and seminars held during the year, in which ACCIONA played a very active role. In the seven years between 2001 and 2007, the private sector will be called upon to invest approximately 21,600 million euros, representing about 19% of the total required investment in infrastructure.

As is now habitual in the EU, regional and local governments are joining national governments in their interest in using concession formulas.

The main project awarded to ACCIONA in 2002 was the Viñedos toll road (Consuegra-Tomelloso section), requiring an investment of over 200 million euros and representing the company's first concession project in Castilla-La Mancha.

ACCIONA Concesiones successfully made bids for several projects in Spain, Ireland and Greece, and is shortlisted in other tenders. In Ireland, ACCIONA's consortium has been selected to offer its Best And Final Offer (BAFO), which will involve contract negotiations with the Irish Development Agency in parallel with a rival consortium.

ACCIONA's participation in concession projects is summarized by the list below of its main infrastructure projects to date, which represent a combined investment of about 2,200 million euros.

Spain

Roads

Madrid-Guadalajara Radial 2 toll road. Awarded in October 2000, this toll road is an alternative for traffic into Madrid on the N-II, from Guadalajara, and on the N-I, from 22

kilometers out. The operating concession is for 24 years and requires the construction of 80.30 kilometers of toll road, including 18 kilometers of the north-east section of the M-50 beltway. The road is scheduled to open late in 2003.

Madrid concessions. The N-II-O'Donnell stretch of the M-45 road in Madrid (3 lanes each way) was opened on 14 March 2000 and was the first shadow toll concession awarded by the Madrid regional government. Awarded in September 1998, the 25-year concession includes upkeep and operation of 14.5 kilometers of road.

Pantanos shadow toll road. The Madrid towns of Brunete, Villaviciosa de Odón and Boadilla del Monte are now linked to the M-40 beltway by two stretches of toll road, the M-501 and the M-511, with a combined length of 24 kilometers.

This 25-year shadow toll concession was awarded in 1999 and the roads are now operational.

Viñedos shadow toll road, Consuegra-Tomelloso section. The concession covers the construction, upkeep and operation of the

74.5-kilometer CM-400 "Viñedos Toll road: Consuegra-Tomelloso section". Awarded in 2002, this 30-year shadow toll concession will involve an investment of over 200 million euros.

Railway

Madrid-TFM rail transport. This is a 30-year concession to operate a 23-kilometer extension of the Madrid underground line 9 between Vicálvaro station and the town of Arganda del Rey. Awarded in 1997 and operational in 1999, it currently carries over 18,000 passengers per day.

Baix Llobregat tramway in Barcelona. This urban railway will link the Francesc Macià square with the towns of L'Hospitalet de Llobregat, Cornellá, Esplugues, Sant Joan Despí, San Just Desvern and Sant Feliú de Llobregat. The system involves 3 lines, with thirty stops distributed over 15.8 kilometers of line; the 25-year concession was awarded in April 2000 and involves a total investment of 280 million euros. It can carry 5-10 thousand passengers per hour and is expected to carry 65,000 passengers per day in 2003.

Glories-Besós tramway (TRAMBESOS), Barcelona. TRAMBESOS will serve the south-east area of Barcelona, linking the University area and Forum 2004 to the rest of the city through connections to several stations on Metro lines 1, 4 and future line 2, overground rail stations and bus stops.

The tramway is planned as a separate but fully-integrated urban system with twenty-nine stops over approximately 14 kilometers of line; the 27-year concession will involve a total investment of 200 million euros.

International

Roads

Litoral Central toll road network in Chile. This 87.47 kilometer concession forms a triangle and links the cities of Cartagena and Algarrobo. Awarded in July 2000 for 30 years, the road is under construction and it enjoys a minimum revenue guarantee from the Chilean government. It is scheduled to enter into partial service in 2003 and full service in 2004.

Américo Vespucio Sur. This is a 23-kilometer bypass around Santiago de Chile, between Route 78 and Avenida Grecia. The road has three lanes each way plus a central area reserved for a future mass transit system. The concession runs for 30 years and dynamic teletoll systems will be used.

Econorte, Empresa Concessionária de Rodovias do Norte. This 275 kilometer toll road between the cities of Warta and Cambé, in the Brazilian state of Paraná, came into service in 1997 under a 25-year concession. A tripartite commission of users, concession companies and government agencies named Econorte as the best road operator in the state (out of a field of 32).

Envalira tunnel. This is the largest and safest road link between Andorra and France. In addition to 2,800 meters of tunnel, the project includes a viaduct measuring almost 500 meters, plus 4 kilometers of access roads. The concession runs for 50 years and the tunnel was opened to traffic in September 2002.

Engineering

The high expectations for the civil engineering sector generated in previous years in view of the 2000-2006 Infrastructure Plan were not confirmed in 2002; rather, it was a relatively slack year for the sector.

Government tenders for combined surveys and design work amounted to 1,055 million euros in 2002; this represents a 15% fall on 2001 (1,241.5 million euros) and, in absolute terms, a return to the figures attained in 2000.

Although contracts from the autonomous regional governments grew by 14%, those from other administrations fell substantially in 2002.

The Ministry of Development—the sector's major growth engine—cut the volume of new contracts by 32% (to 391.5 million euros); this decline was greatest in ports (-57%), Aena (-54%), roads (-33%) and railways (-32%).

Environmental contracts amounted to 122 million euros, 28% less than in 2001 (168.3 million euros).

Autonomous regional government contracts for studies and projects were worth 375.3

million euros (up 14.39% on 2001), while the amount of local administration contracts was similar to the previous year (132.1 million euros).

The decline in the number of contracts occurred in the second half of the year; half-way through the year, the overall number of public administration contracts was only 1% lower than at the same point in 2001.

Despite the slowdown in government tenders in 2002, the Major Infrastructure Plan remained on schedule; therefore, in a somewhat optimistic scenario, the volume of tenders can be expected to pick up in the coming years, although more moderately than in previous years.

Within the overall sector, ACCIONA's engineering companies performed very favorably in terms of both revenues and earnings, and they accumulated a sizeable order book, ensuring positive performance in 2003, with the opening of new international markets and the Spanish consulting market.

International activity increased on the previous year and was extended to Eastern Europe,

most notably through the contract with the Bulgarian government to design and supervise construction of a new international bridge over the river Danube to link Bulgaria and Romania by road and rail.

A major maritime engineering contract was won in a new market in Spain: the development of several projects to improve port facilities within the Spanish Navy's bases at Rota and Cartagena, which are shared with NATO. This contract opens up a new field of work for ACCIONA's engineering arm, which has been qualified by NATO to work on projects at facilities under its control, enabling us to bid for additional engineering work in the coming years.

ACCIONA won two major environmental contracts in 2002, placing us in a leading position in Spain's environment market.

The first contract involves working for AENA, the national airports authority, on the environmental surveillance of all the work involved in the expansion of Barcelona airport in the coming years. The second and most important contract, signed with state-owned company TRASAGUA, is to coordinate and draft the Environmental

Impact Survey of the work on the Ebro water transfer, as defined by the NATIONAL WATER PLAN.

The year 2002 was, perhaps, the best ever for our engineers in the area of water works. Several contracts were signed with the Ministry of the Environment to design the Valdepatao and Valles Alaveses dams, participate in monitoring the work to increase the height of the Yesa dam and in modernizing the Ontiñena Canal. In October 2002, we obtained the contract to develop and define all the work on the infrastructure of the Ebro water transfer at the basic design level; this is the largest project in the NATIONAL WATER PLAN and involves planning a 900 kilometer pipe or canal to connect the river Ebro with all the Mediterranean river basins to the north and south of the Ebro estuary.

In industry, several ACCIONA companies won the contract to develop the La Rioja Ecopark, which will treat all municipal solid waste produced in that region; the construction plans are currently being drafted. Work has commenced on the third phase of the Xistral wind farm in Galicia, with the participation of the ACCIONA

engineering division, and design work is continuing on the wind farms in Castilla-La Mancha, Valencia and Aragón.

ACCIONA won several contracts from the Ministry of Development in the area of project control and surveillance. These include the Navia bypass road in Asturias, the Villaester-Toro section of toll road in Zamora and the Tevilla and Gibralmora tunnels on the Córdoba-Málaga high speed line being developed by GIF. Several projects were also carried out for the Madrid Regional Government in relation to underground rail, particularly Metrosur.

The company was also awarded a contract by the Ministry of the Environment to provide technical assistance on the work to enlarge the Yesa dam in Navarra and modernize the Ontiñena canal in Huesca.

Contracts signed with the Ministry of Development in the area of motorways include the project to extend the A-II highway in the section from Torrejón to the Madrid provincial limit and widen the Luarca Bypass in Asturias, and the project for the new motorway route in Vera de Bidasoa in the Navarra region. Work was

also executed on the R-2 Madrid-Guadalajara toll road.

Notable rail projects include the design of high-speed track from Jerez de la Frontera to the airport, the new commuter rail connection between Nuevos Ministerios and Chamartín in Madrid and the survey of the Burgos-Vitoria line, with the design of the new high-speed railway station in Miranda de Ebro, which is at the basic design stage.

Energy

ALABE, ACCIONA's energy services subsidiary, continued to develop its activities in 2002, focusing on wind power and developing new wind farms which will provide significant growth in this area in the next few years. Installed wind power capacity at 2002 year-end (138 MW) was in line with 2001.

ALABE also continued construction on previous cogeneration project commitments as well as optimizing operation of installations which were in service at the end of 2001. At 2002 year-end, installed capacity in cogeneration was 218 MW.

In 2002, ACCIONA's total electricity production exceeded the thousand million kWh mark for the first time thanks to wind power and cogeneration, both environmentally-friendly technologies, which gave a combined total of 1,231.6 million kWh.

In industrial cogeneration, the 16 plants in service (2 more than in 2001) generated 862.2 million kWh, 77% more than in 2001.

The introduction of Royal Decree 841 in 2002, which encouraged participation in the electricity pool by special regime production plants, once again showed the government's

support for cogeneration by setting an economic incentive linked to the price of fuel. This restored the profitability of this mode of electricity production, which had been affected by the high price of natural gas over the last two years.

As regards wind power, production from ALABE's seven wind farms increased significantly to 369.4 million kWh in 2002, 95.4 million kWh more than in 2001.

Following the administrative procedures implemented in 2002 concerning the final two phases of the Galicia wind farm project, work began in February on the third phase to construct four new wind farms in Lugo province, with a capacity of 69 MW.

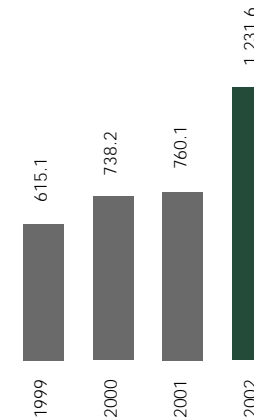
The fourth phase, due to begin construction in 2004, will complete the Galicia wind farm plan, giving a total installed capacity of 250 MW from 13 wind farms located in the Xistral hills in northern Lugo.

In the Castilla-La Mancha region, proceedings continued on ALABE's wind farm projects, given priority by the regional government ("priority 1"). The first four wind farms in Albacete (181.5 MW) are scheduled to enter in service in 2005 and will be connected to the 400 kV transmission network at the Pinilla substation.

GUADALAVIAR, Consorcio Eólico ÁLABE-ENERFÍN, S.A., ACCIONA's 50%-owned subsidiary, was confirmed by the Valencia regional government as the company chosen to develop 19 wind farms in Castellón, Valencia and Alicante, with a total capacity of 770 MW. GUADALAVIAR will use 2 MW wind turbine generators at its wind farms following its agreement with German manufacturer ENERCON, a world leader in this technology.

Work also continued on developing wind farms in Aragón (22 MW in Zaragoza) and in Castilla y León (wind farms in Soria and Burgos, with a capacity of 94.5 MW).

Electricity output
in millions of kWh



Urban and Environmental Services

The urban services sector has been experiencing considerable growth in recent years as a result of society's demands for more and, above all, better quality services. This trend will foreseeably continue in the long term. There is growing demand for public car parks, more selectivity in waste collection, greater awareness about respect for the environment and strong demand in water treatment.

In this favorable scenario, ACCIONA has been investing in the future growth of this strategic business division.

Car parks

ACCIONA's car park business continued the same trend in 2002 as in previous years, as its projects became more established in their respective areas of influence.

Last year, ACCIONA brought two new car parks into operation (Plaza del Berbés in Vigo with 147 parking spaces and Cinelandia in Rio de Janeiro, Brazil, with 985 parking spaces), raising the number of car parks under management up to 16 (9,282 parking spaces) in comparison with 14 at the end of 2001 (8,150 parking

spaces). The car parks in operation and their location are as follows:

Catalonia	Borne (Barcelona), Can Vidalet (Esplugues de Llobregat), Bellvitge (Hospitalet)
Valencia	Doctor Waksman, San Agustín (Valencia)
La Rioja	Gran Vía (Logroño)
Balearic Islands	Avenidas (Palma de Mallorca)
Galicia	San Clemente, Hórreo and San Cayetano (Santiago), Plaza del Berbés (Vigo)
Navarra	Plaza de Toros (Pamplona)
Granada	Alhambra (Granada)
Segovia	Acueducto (Segovia)
Canary Islands	O'Shanahan (Las Palmas)
Brazil	Cinelandia (Rio de Janeiro)

Last year, a total of 2,689,247 vehicles used ACCIONA's car parks on a rotating basis, which is 2.5% up on the previous year's figure of 2,623,718 as a result of the Plaza del Berbés car park in Vigo coming into operation and the stabilization of occupancy at other car parks. The Hórreo car park continued the downward trend observed in 2001, whereas occupancy at the Plaza de Toros, Gran Vía, Can Vidalet and Alhambra car parks increased notably.

Highlights for the year were the commencement of construction of the Plaza de San Cayetano car park in Madrid, under a concession awarded in October 2001, and La Carihuela car park in Torremolinos (Málaga). Work also continued on the Vega de San José car park in Las Palmas de Gran Canaria.

Construction of the Paseo de la Independencia car park in Zaragoza has been cancelled due to the discovery of archaeological remains. Construction of the Marqués d'Argentera car park is pending a decision from the Barcelona City Government for the same reason.

ACCIONA was awarded two new car park projects: the Miradero car park in Toledo and the Faculty of Medicine car park in Albacete. Once car parks have been built by NECSO, they are operated by TAU, ACCIONA's car park management company.

ACCIONA will shortly manage more than 13,600 parking spaces as a result of car parks under construction and recently awarded projects, in addition to car parks already in operation.

Funeral services

In 2002, Inversiones Técnicas Urbanas (INTUR), which is 50%-owned by ACCIONA and whose main line of business is the provision of funeral services, acquired 100% of Eurostewart Spain and Eurostewart Portugal (ranked fourth and second in their respective countries) from Eurostewart Enterprises Inc.

As a result of these acquisitions and the acquisition of SCI in 2001, Inversiones Técnicas Urbanas is the leading funeral services company in both Spain and Portugal. The group operates mainly in the following cities in Spain: Barcelona, Zaragoza, Logroño, Tudela, Calahorra, Soria, Alcañiz, Guadalajara, Ourense, Girona, Manresa, Castellón, Valencia, Sevilla, Cádiz, Las Palmas de Gran Canaria and Santa Cruz de Tenerife. In Portugal it mainly provides services in Lisbon and its metropolitan area, Cascais and in the Algarve region.

INTUR's strategic objectives currently focus on the integration of the investments it has made, without ruling out possible selective acquisitions in areas of the Iberian Peninsula where it does not have a presence. In 2003, INTUR made a successful bid in the tender for

the privatization of funeral services in León and, consequently, it has considerably strengthened its position in the Castilla and León region.

It is also investing heavily in funeral installations, which will enable it to improve its competitive position. New funeral homes are under construction in Calahorra (La Rioja) and Puzol (Valencia).

Urban cleaning

Urban cleaning experienced sizeable growth and significant changes were made in order to provide better services to citizens. Far-reaching changes are expected in waste collection when the Waste Law comes into full effect and selective collection is implemented throughout Spain.

ACCIONA's urban cleaning services experienced controlled growth last year, its position was consolidated in municipalities where it already had a presence, existing contracts were expanded with new services and it was awarded new concessions alongside existing ones, with the result that concessions as a whole became more profitable.

Among last year's highlights was the renewal of the contract to clean the city of Valencia for the next four years. Also, three new concessions were included in the Sierra Norte municipalities (Madrid) contract: the collection of Municipal Solid Waste (MSW), packaging waste and plant waste in Miraflores de la Sierra, the collection of MSW and packaging in the Federation of Municipalities of La Cabrera, Valdemanco and Bustarviejo and the collection of paper and cardboard in all the Sierra Norte municipalities. This contract was awarded by Gedesma, a company owned by the Environmental Department of the Madrid Regional Government.

In 2002, a new contract was gained in the province of Málaga, as an annex to the existing Estepona contract, which comprises the MSW collection, street cleaning and the maintenance of green areas in La Zagaleta in the municipality of Benahavis (Málaga).

Solid waste

The year 2002 was very favorable for ACCIONA's solid waste business insofar as it was awarded the concession to build La Rioja's Ecopark and operate it for twelve years, which

comprises management of the classification, recycling and recovery for energy purposes of the municipal waste in La Rioja.

Its projected processing capacity is 130,000 tonnes/year of unsorted household waste and 10,000 tonnes/year of source-separated packaging waste (yellow bag). In addition to that capacity, it will foreseeably process 35,000 tonnes/year of dehydrated sewage sludge as well as 5,000 tonnes/year of plant waste from pruning. Energy will be recovered from the waste through biomethanization.

Also, ACCIONA's subsidiary STU together with GEDESMA (from the Canal de Isabel II group) created a new company called BIOGÁS GESTIÓN MADRID, S.A. whose corporate purpose is to recover energy from landfills. Its initial operations were undertaken at the Alcalá de Henares and Nueva Rendija landfills, where its new facilities are due to be opened in spring 2003. The Alcalá landfill was also equipped with an environmental classroom.

ACCIONA opened the Abajas regional landfill in Burgos. Its main purpose is to store the unrecyclable waste from the Burgos Treatment Plant as well as from other neighboring

towns. ACCIONA holds the concession for this service for the next ten years.

Finally, ACCIONA entered into several agreements with the US firm SOLENA to include the latest waste processing technology, which provides a comprehensive solution to waste disposal, in its environmental projects. The technology chosen was plasma gasification, which permits more energy to be recovered from waste than in the technologies currently in use without generating any type of unrecyclable waste which must be taken to a landfill. ACCIONA submitted its first bid with this innovative technology for a waste treatment facility in the Valencia region.

Comprehensive water management

ACCIONA's subsidiary INFILCO handles engineering, construction, manufacture, purchase management, assembly, start-up and operation of water treatment plants and sea and brackish water desalination plants, a sector in which it is a major player.

In 2002, the construction and start-up of the sewage treatment plants in Béjar (Salamanca)

and Villaviciosa de Odón (Madrid) was completed and the construction of the desalination plant in Alicante, which is one of the largest in Spain, was near completion. Last year, ACCIONA was also awarded the concession to enlarge and improve the sewage treatment plants in Fuengirola (Málaga) and L'Alcudia (Valencia). In the international arena, INFILCO was awarded the concession for a new sewage treatment plant in Andorra.

Work continued in 2002 on the sewage treatment plants in Fajardo (Puerto Rico), stage IV (Tajuña basin) in Madrid and in Guía in Gran Canaria.

INFILCO has a large market share in the plant operation business, most notably in the maintenance and operation of water treatment plants in Albacete and Talavera.

ACCIONA's subsidiary GESBA manages the drinking water concessions in the municipalities of Andratx, Deiá and Paguera in the Balearic Islands. Construction of the distribution grid was completed last year which enabled new customers to link up to the system, bringing the expected financial results, although 2002 was a particularly wet year in the islands.

The environment

ACCIONA's other activities, conducted through its subsidiary Viveros José Dalmau, S.A., which specializes in gardening, contribute to the environment preservation.

The most significant forestation projects undertaken in 2002 include the forestry work in Córdoba and Huelva and reforestation of the areas around the Iznajar reservoir in Córdoba and the Paredón reservoir in Badajoz.

Highlights in the environmental division were the environmental impact corrective work on the Jarama river banks in Madrid and the reconditioning of the Torio and Bernesga river banks in León.

Noteworthy maintenance projects in 2002 included road verges in the Madrid region, at Granada and Valencia airports and at the Warner Bros. theme park in San Martín de la Vega (Madrid).

Noteworthy gardening projects were undertaken at the Rambleta park in Valencia, the Warner Bros. theme park in San Martín de la Vega (Madrid), the Abelardo Sánchez park in Albacete and the Hotel Caribe in the Port Aventura theme park in Salou (Tarragona).

Logistics Services

The year 2002 was a key one for the Logistics Services business at ACCIONA, since it laid the foundations for the future development of this area, which will enable us to continue making inroads into a sector with huge growth potential in Spain and Europe.

The major highlight of the year was the award of Compañía Trasmediterránea, S.A. by SEPI (the Spanish state industrial holding company) to the consortium led by ACCIONA. Trasmediterránea is Spain's undisputed leader in maritime passenger transport and roll on-roll off cargo sector. The company, which has twenty-five ships, operates mainly in the Straits of Gibraltar and the Canary and Balearic Islands, connecting mainland Spain with Ceuta, Melilla and Tangiers and with both archipelagos, as well as providing links between the islands. Our experience in handling at airports will undoubtedly offer scope for future collaboration in passenger transport. As for freight, the possibilities for cooperation with other divisions of Acciona Logística are obvious.

There were other strategic acquisitions in the logistics and transport sector in 2002. ACCIONA bought 51% of Transportes

Olloquiegui, S.A., one of Spain's leading full truck load international road freight companies, which has a strong foothold in France, Germany, Belgium and the United Kingdom and a modern fleet of 733 trucks. Furthermore, ACCIONA holds an option to increase its stake in the company in the next few years.

Frigoscandia's subsidiaries in Spain and Italy were also acquired in 2002. Frigoscandia, which changed its brand name in Spain to Interfrisa, owns and manages temperature-controlled warehouses, basically for perishables, in Cataluña, Eastern Spain and Northern Italy. Interfrisa provides logistics services of storage, transport and distribution for the major food companies. The company has more than 200,000 cubic metres at temperatures of -20°C (+/- 2°C) for the freezer business and from 0°C to 5°C for the refrigeration business. The company has a market share of around

12% in Spain and is studying a major expansion plan.

The creation of ACCIONA Logística, S.A. was another of last year's highlights. This company heads ACCIONA's logistics business and was created to integrate the different areas, take advantage of existing synergies, rationalise resources and offer integrated logistics services to customers. In fact, recent trends in the logistics sector indicate the need for concentration among companies to form big groups which are capable of offering a broad range of intermodal services on a large scale.

In 2002, ACCIONA also acquired the 25% of PressCargo which was still owned by minority interests, as a result of which it became a wholly-owned subsidiary of ACCIONA. PressCargo is destined to be a highly important instrument in marketing the transport services of other companies in the

division and reaping potential commercial synergies.

As for port services, good progress continued with the work to start up the Algeciras Container Terminal at the Isla Verde dock in Algeciras, Spain's largest cargo port. The Algeciras terminal will foreseeably start operating in July 2003 and, with the two Super Post-Panamax gantry cranes that have been installed, it is forecast to reach a capacity of 150,000 TEUs per year in the first phase.

Finally, La Luz container terminal in the port of Las Palmas doubled service capacity by adding two gantry cranes, thus providing the terminal with suitable mechanical resources for when it will foreseeably be enlarged at the end of 2004.

Accordingly, Trasmediterránea's presence at Spain's major public ports and its participation in the freight transport business will strengthen the business of our port terminals.

Airport Services

The impact of the September, 11th terrorist attacks was felt in 2002, as in 2001. Air traffic fell in the first half of 2002, which logically had a negative impact on the Handling business. However, throughout 2002, this trend was reversed and passenger figures and aircraft operations were practically stable compared to the previous year.

The slowdown was especially apparent in the Balearic Islands due largely to the fall in the number of German tourists, undoubtedly a result of the recent stagnation in Germany's economy. This decline in tourism was practically unprecedented in Spain and will almost certainly trigger necessary changes in supply and a review of the strategic position that Spain and, more specifically, the Balearic Islands seek in the tourism market in the future.

The slowdown in air traffic has had a very severe impact on the solvency of several airlines, leading to a reduction in capacity and the disappearance of flag carriers. This phenomenon is almost unprecedented in the European market, which is now poised to embark on a necessary consolidation process as the only way to maintain competitiveness.

This situation has forced handling agents to revise their expectations of future growth since the financial community now perceives greater risk in this activity, which was previously considered to have extraordinary potential due to historical growth rates and the process of market opening and liberalization, which represented an incentive for airlines and airports to outsource. However, experience shows that, in declining markets, it is still possible to obtain sufficient growth to maintain gross margins through enhanced quality and good customer service.

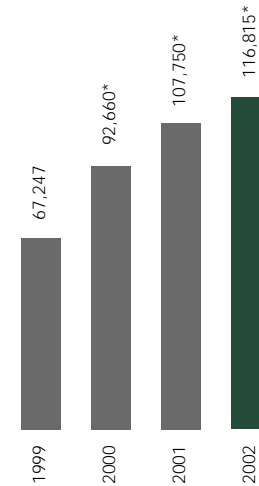
Our ISO 9001 quality assurance certificates were renewed in all our Spanish airports in 2002. We also obtained ISO 14001 certification for our environmental management system, making us Spain's first

handling operator to possess both quality certificates.

In 2002, ACCIONA's handling operations increased by 8% as the number of flights rose in all airports at which ACCIONA operates, with the aforementioned exception of the Balearic Islands. Activity in Germany increased by 30%, making it possible to earn a return on past investments.

The sector's projections for 2003 are affected by the impact of the war in Iraq on air traffic. However, they also present opportunities for growth that ACCIONA expects to seize, supported by its solid customer base and the efficient organization created in recent years which is capable of facing the challenges faced by the sector.

Airport Services
flights handled
* in Spain and Germany



Other activities

For many years, ACCIONA has invested in businesses which are unrelated to the development and management of infrastructures and services. Some of those investments are wholly-owned subsidiaries, whereas others are companies in which ACCIONA holds a minority stake while lending its full cooperation. The common objective in all cases is to obtain high returns in the long term.

Vodafone

Noteworthy is the recent sale of our stake in Airtel Móvil (now Vodafone Spain). On January 21, 2003, ACCIONA announced that it was exercising its option to sell its 6.2% stake in that company to Vodafone Group Plc for approximately 2,018 million euros. The sale originates from the put option contracts signed on January 22, 2000. This operation concludes one of ACCIONA's most successful investments and, possibly, one of the most outstanding in Spain in recent years.

However, ACCIONA has a significant stake in Vodafone Group Plc which it has hedged in order to guarantee a fixed realization value.

Hijos de A. Barceló

In the food industry, ACCIONA owns stakes in the wine and frozen food sectors. In wine, its subsidiary Hijos de Antonio Barceló, S.A. makes and markets quality wines in several wine regions.

It owns the well-established Viña Mayor winery in the Ribera del Duero wine region, which produces premium wines and has strong growth potential, making it one of the strategic lines of this business.

In the Álava area of the Rioja wine region, Bodegas Palacio, S.A. makes and commercializes several upmarket red wines under brands such as Glorioso and Cosme Palacio, both of which have high growth potential.

Bodegas Peñascal, which makes the leading brand of rosé wine in Spain, is also popular in foreign markets.

The new lines under development in the Toro and Rueda wine regions, where we have our own vineyards, represent the strategy for future growth.

In 2002, revenues reached 39 million euros, favored by the strong performance of strategic business lines, although the situation in foreign markets was more difficult.

The highlight of 2002 was the plantation of vineyards covering 350 of the 500 hectares of land owned in Toro and Rueda-Villaverde de Medina, in keeping with the company's strategic focus on quality through vertical integration.

Bestinver

Bestinver, S.A., a wholly-owned subsidiary of ACCIONA, provides brokerage services through Bestinver S.V.B., S.A., a member of the Madrid Stock Exchange, and asset management services through Bestinver Gestión, S.A. which manages mutual funds, pension funds and other asset management products.

In asset management, Bestinver Gestión's equity and mixed funds were ranked among the most profitable funds for yet another year according to the report produced by newspaper *Expansión* and *Standard & Poor's*.

In the category of Spanish equities, Bestinver's two funds were ranked first (Bestinver Bolsa

and second (Bestinfond) with yields in 2002 of 8.25% and 8.17%, respectively, in comparison with a loss in value of 28.1% by the IBEX and 23.1% by the Madrid Stock Exchange General Index. They were the only Spanish equity funds with positive yields in 2002.

In the category of Spanish mixed fixed-income funds, Bestinver Renta achieved second place with a cumulative yield of 5.91% in the year. Finally, Bestinver Mixto was awarded second place in the category of Spanish mixed equity funds with a yield of 6.92%.

The league table of three-year performance included:

- Bestinfond, ranked first in Spanish equity funds.
- Bestinver Bolsa, ranked second in Spanish equity funds.
- Bestinver Mixto, ranked second in Spanish mixed equity funds.
- Bestinver Renta, ranked third in Spanish mixed fixed-income funds.
- Bestinver Internacional, ranked second in global equity funds.

Grupo Correo Prensa Española

ACCIONA continues to back the media industry and holds a 5% stake in Grupo Correo de Comunicación, S.A. following the merger of Bilbao Editorial and Grupo Prensa Española. Grupo Correo de Comunicación is Spain's leading communications group: it ranks first in print media and operates in all areas of the media such as daily newspapers, supplements, television, audiovisual content production, digital media and new technology. In addition to the ABC newspaper and 16 regional dailies, the Correo Group owns a 13% stake in television channel Telecinco.

General de Producciones y Diseño (GPD)

Through its subsidiary GPD (General de Producciones y Diseño, S.A.), ACCIONA is involved in preparing and assembling exhibits for fairs, museums and theme parks and, broadly, in general services for culture and entertainment. The company organizes its operations in four divisions: theme parks, museums and exhibits, stage shows and events.

The most significant projects of the theme park division included the completion of several areas at the Warner Bros. theme park in San Martín de la Vega in Madrid (Wild Wild West, Cartoon Village and Hollywood) and several themed hotels at the Port Aventura theme park in Salou (Tarragona).

Highlights of the museums and exhibits division's work during the year were the Library of the Archaeological Museum in Alicante, the History Museum in Valencia and the Sherry Museum in Jerez de la Frontera.

Noteworthy in the stage shows division is the production of the "Maremágnun" television program for Canal Sur de Televisión, the *son et lumière* show in Plaza del Obradoiro in Santiago de Compostela, the night show for the Swiss National Exhibition in Neuchâtel and Real Madrid's Centenary show.

A major project by the events division, on account of its scale and public impact, was setting up the headquarters and press center of the European Council meeting in Seville during Spain's presidency of the European Union.

Human Resources

ACCIONA's human resources policy is firmly based on the growing value of our staff, the importance of correct selection, motivation by managing knowledge and talent, and appropriate career planning to attain responsible performance. ACCIONA believes that people are its most important asset and has developed a strategic human resources plan in recent years aimed at making its professionals the company's main competitive advantage.

Personnel selection is one of the mainstays of the human resources policy and Acciona's strategy is not just to hire the best individuals but also to make the company attractive to top-level professionals. ACCIONA continues to work in collaboration with various engineering schools, university departments and professional training centers; this strategy not only increases recognition of the ACCIONA name but also enables us to attract the best young professionals. This collaboration operates at both professional and academic levels.

ACCIONA is committed to recruiting disadvantaged people and works in partnership with many social organizations and institutions. A notable example is the

agreement signed between ACCIONA and the ADECCO Foundation in 2000 with the aim of helping people with disabilities to find employment.

Actions to improve knowledge about our company included visits to projects of particular importance, distribution of videos on special construction projects and various publications such as the Construction Dictionary.

At December 31, 2002, there were 24,184 employees, an average annual increase of over 11% since 1998, highlighting ACCIONA's good performance and social commitment to creating employment. The process of workforce rejuvenation continued and at 2002 year-end the average employee age was thirty-eight, compared to forty-six in 1998. This clearly reflects the importance ACCIONA places on hiring young professionals who will become managers in the future.

Demand for newly qualified professionals was maintained in all business areas; civil engineers, technical architects, and graduates in business studies and economics are the qualifications most in demand.

Training is another pillar of human resources policy. In 2002, various training schemes were undertaken, with special emphasis on workplace risk prevention, quality and the environment, as well as a large number of technical courses in the workplace. Other training activities involved courses in improved management techniques for department and zone heads and the wide range of courses available to employees includes languages, IT, accounting and finance.

Another important aspect of the human resources policy is workplace risk prevention and ACCIONA's established reputation in this area was reflected in the awards received from various organizations and

institutions. The safety management system, already in force and externally audited, is an integral part of business management and is complemented by specific on-site training for all employees. ACCIONA's annual Workplace Health and Safety award is now well established and plays an important role in raising awareness of our safety policy and highlighting management's commitment to this area. The award is granted with the institutional cooperation of the National Commission for Health and Safety at Work.

The workplace risk prevention strategy does not consist only of preventing accidents in the workplace, as is often assumed. It also covers precautionary measures and monitoring systems to ensure the good health of all employees. ACCIONA's preventive and monitoring systems place particular emphasis on the special characteristics and potential risks of every individual post.

Environment & Quality

Environmental and quality strategy and policy

Companies can see environmental issues as restrictions (legal, administrative, public opinion, etc.) or as a way of improving management. At ACCIONA, we have adopted a pro-active approach: we believe the restrictions can serve to improve operational efficiency and to identify business opportunities arising from improvement projects.

Our commitment to quality and, therefore, to the environment is a fundamental principle in our activities, an indispensable requirement for guaranteeing consistent results as a distinguishing factor vis-à-vis competitors.

This commitment is not due exclusively to the need to comply with environmental legislation at local, regional, state and EU level—it also springs from a special commitment to society and the environment in which we operate.

Consequently, our environmental approach is a natural extension of our quality policy—with a capital Q—and one of the most important features of what is termed social responsibility.

At ACCIONA, we decidedly chose a pro-active view based on the following three factors:

a) Strategic orientation:

- The concept of sustainability forms part of our values since our stated aim is to sustain profitability; hence, we have an unavoidable responsibility for the conservation and rational use of natural resources and for environmental protection.
- We believe more in maintaining and disseminating our deeply-held values and success factors than in trying to anticipate the future. We know there will be changes, so it is more important to be prepared to face them than to guess at their trend and magnitude.
- Environmental issues are one of the R&D+I Department's largest areas, with biotechnology research being applied to land recovery, recycling of road surfaces, and other issues.

b) Business lines:

- Since environmental conservation and improvement require, inter alia, sizeable investments, we have companies specializing in environmental impact studies, drinking and waste water treatment, urban waste treatment and management, etc.
- Because of the growing importance of alternative energy, we have companies specializing in cogeneration and wind power.
- Through Necso, Iberinsa and Aepe, we are involved in the design and construction of large public works.

c) Good environmental practices:

- We have implemented standards-compliant environmental management systems and integrated them with the quality and business management systems.
- Environmental variables are integrated into the company's general management systems: environmental issues are not incidental—they are essential factors in the corporate activity.
- We provide our human resources with environmental training and awareness-raising as part of an ambitious Integral Training Plan which covers nearly 100% of our workforce.

Standardized certified systems

Our commitment to quality and the environment is evidenced by the fact that all the group companies have or will shortly have ISO 9001-quality management systems and ISO 14001-compliant environmental management systems.

The current situation is as follows:

	ISO 9001	ISO 14001
NECSO Entrecanales Cubiertas	x	x
Iberinsa	x	x
Aepe	x	x
Infilco	x	x
Dalmau	x	x
Emisa	x	x
Freysenet	x	
Ineuropa Handling	x	x
Tierra Armada	x	
Terratest	x	
NECSO Servicios Urbanos	x	x
Talleres Torrejón	x	x

Environmental factors in management

In 2002, NECSO drafted its first annual report with environmental content, which included several indicators to assess the company's management systems (among the most widely acknowledged tools for this type of assessment), and to summarize important information in the form of concise illustrative statements to support decision-making and guide process improvements.

These operational and management indicators provide the company with quantifiable comparable data on our environmental management from 2000 onwards, the year when the Quality and Environment Department started to collect environmental data at construction sites and permanent premises (offices and machinery depots).

The main indicators are as follows:

- Number of internal environmental and quality audits, and their scores.
- Internal training with environmental content.
- Information about legislation, legal requirements, technical procedures, etc., available through different means.
- Environmental complaints received.

- Non-hazardous waste for recycling (metal, wood, plastic, debris, etc.)
- Hazardous waste shipped to authorized waste managers.
- Use of recycled products.
- Use of water, electricity and fuel.

The environmental report was well received, as evidenced by the over 1,800 downloads since its publication on the web site. This report has become a yardstick in the sector and provides operational and management indicators that show our commitment and corporate good citizenship. In 2003, we will continue to implement indicators so as to publish this report every two years.

As an advance of the forthcoming publication of the 2003 environmental report, we can state that the company has substantially reduced the amount of non-hazardous waste for recycling or re-use, it increased the use of products that do not generate hazardous waste and of recycled products in construction sites and permanent premises; there were numerous proposals for environmental improvement at construction sites. These results evidence an improvement in environmental performance in our activities.

We performed other actions that show our commitment to the environment and good practices:

- Development of a specific quality and environment portal in our corporate intranet, which can be accessed by all employees and contains all the important information about several issues, such as good environmental practices, materials and products, etc.
- Creation of a specific forum in order to stimulate information exchange among all employees and maximize knowledge among the organization's members.
- Creation of a specific section in the corporate magazine (*Acciona Noticias*) to show good environmental practices.
- Expansion of the corporate web site content by adding a specific section on environmental management.
- Sponsorship of the VI National Environmental Congress, where leading managers of ACCIONA group companies participated in plenary sessions, round tables and lectures, presenting the company's most important activities and projects and their innovation, efficiency and profitability features. We also had a major presence at the I Civil Engineering and Environmental Congress, where we

presented our technical skills and good environmental practices.

- Renewal of NECSO's membership of Red Entorno, a network of companies committed to the environment, promoted by Fundación Entorno.

Environmental accounting

This is the first year that NECSO's financial statements include information about environmental issues: expenses, assets, provisions and contingencies, compensation to third parties and long-term obligations in environmental restoration, as stated in this year's management report.

Expenses directly allocated to environmental activities in the income statement, mainly in the construction business, amounted to 1,661 million euros in 2002.

Quality and environmental audits

For some years, an index has been used to measure systems used for risk control in order to attain the required quality, in terms of both meeting the requirements and reducing the costs of non-quality while respecting the environment.

This index is obtained from the periodic audits at all project sites and, in addition to other factors, it is considered in employee performance reviews.

In 2002, there were 433 internal quality and environmental audits. Comparing those assessments between years provides us with information about company performance, and enables us to set annual targets and analyze possible improvements to the system.

Process improvements

New databases and IT tools were developed in order to facilitate the application of management systems in matters related to environmental legislation, technical procedures, etc.

The company implemented a customer satisfaction measurement process which provides valuable information and enables us to focus on actions to improve what customers believe is most important, thereby increasing their loyalty and our market share and profit.

In 2002, in order to identify and recognize best practices in quality and environmental

management, we introduced the NECSO annual Quality Management award.

In 2002, the company renewed its quality management certifications, it changed and adapted the quality system to the new ISO 9001:2000 standard at most group companies, oriented towards processes, and it established procedures with an integrated overall approach, to cover all aspects of management: financial, technical, administrative, safety, quality and environment.

Our future

Management systems are tending to enable the company to perform its actions with higher quality, which will contribute to sustained profit and increase value for all interested parties (the company, its shareholders and society at large) through an all-embracing view of management.

In this line, the actions planned for the coming years are aimed at consolidating the use of indicators to facilitate decision-making and assessment of company actions from the standpoint of sustainability,

considering financial, environmental and social factors and with a permanent focus on continuous improvements in all processes.

Technological innovation and R&D

Through its Engineering, Technical Innovation and R&D Department, ACCIONA has for many years used research and innovation as a growth strategy and as a way of improving competitiveness. This policy can be seen in the yearly increases in the R&D+I budget and in the value of R&D projects in which ACCIONA is a partner. In 2002, investment in this area amounted to 4.7 million euros, 35% more than in 2001.

At the moment, ACCIONA has over 16 R&D projects in diverse fields such as new structural materials, biomaterials, processes, solar and wind power, the environment and quality.

ACCIONA is also intensively involved in Spanish and international R&D programs, especially the following:

Spanish programs

ATYCA-PROFIT:

- Software to optimize the period for removing formwork on concrete structures. 1998-2002.
- Methodology for disseminating innovation. 1998-2002.

CDTI:

- Systems to optimize building execution and supervision times. 1998-2002.
- Automated sliding slab system for bridge construction. 1999-2002.
- Optimization of systems to execute floating caissons with sliding formwork. 2002-2003.
- Advanced concrete technology. 2003-2005.

International programs

EUREKA:

- COMPREHAB EUROCORE EU 140- Rehabilitation and protection of heritage structures using low intrusive LTM composites. 1998-2002.

- EUREKA 2698 - EUROCORE MULTISOLAR ROOFTILE- Building-Integrated Multi Pv/T/A Solar System. 2002-2004.

IBEROEKA:

- IBEROCOBRA- Automated dynamic management system for construction sites. 2002-2005.
- BACEST (FIT-0300002002-71)- Application of calcifying bacteria in land stabilization. 2002-2006.

EU 5th FRAMEWORK PROGRAMME:

- EVK5-CONTRACT-2000-0052-SAFEFLOR.- Low risk and totally recyclable structural buildings. 2001-2004.
- ENK5-CONTRACT-2000-00328-MEGAWIND.- Development of a MW-scale wind turbine for high wind complex terrain sites. 2001-2004.
- GRD1-2001-40075-SGIM-2001.- Development of two new measurement and inspection methods to improve the quality and maintainability of large concrete structures. 2002-2005.
- CON REP NET: Thematic network on performance-based rehabilitation of reinforced concrete structures. 2002-2005.

Acciona S.A. 2002 Corporate Governance Report

On June 24, 2000, the Company's Board of Directors approved its internal regulation, broadly adopting the principles and recommendations set out in the Code of Good Governance drafted by the Special Commission for the study of a Code of Ethics for Listed Companies.

The regulation defines the main principles of action for the Board of Directors, regulates its organization and operation, and establishes rules of conduct for its members with a view to maximizing effectiveness.

On March 26, 2003, the Board of Directors resolved to amend the regulation to take account of considerations published in the Special Commission Report concerning Transparency and Security in the Financial Markets and in Listed Companies (Aldama Commission Report) by approving a completely rewritten regulation, in force since April 1, 2003.

A) Compliance with Corporate Governance recommendations

ACCIONA has adopted the fundamental recommendations and generally-

accepted code of conduct for listed companies as established by the Olivencia Commission and, more recently, by the Aldama Commission.

ACCIONA has a Board of Directors' Code of Conduct and a Code of Conduct in connection with the Securities Market.

In implementing the Code of Good Governance, ACCIONA has kept its ownership structure at the fore, adapting the general guidelines to the company's specific circumstances. The involvement of ACCIONA's majority shareholder in the management of the company helped to reinforce assurances of control and shifted the focus of governance practices to operations between the company and the majority shareholder.

B) Significant stakes

Grupo Entrecanales	59.769%
Highfields Capital Management LP	5.016%

C) Board of Directors' structure

Functions of the Board of Directors

The Board of Directors is an instrument of supervision and control; ordinary business management tasks are delegated to the company's executive bodies and to the management team.

The Board of Directors' guiding principle is the maximization of the company's value, strictly in accordance with ethical values and principles, which ensure responsible conduct in all business matters.

Composition of the Board of Directors

In 2002, the Board of Directors was (and currently is) composed of eleven members, in accordance with the recommendations of the Olivencia Commission. The number of directors is adequate for effective and participatory operation.

There are five external directors, who are persons of professional prestige not linked to the management team or to the significant shareholders. The four domanial directors are

also executive directors. There are two executive non-domanial directors. This distribution accommodates a significant majority shareholder, with a stake of over 50%, through the presence of independent directors with top-level professionals and entrepreneurs who outnumber the domanial directors.

Domanial (Grupo Entrecanales representatives) and executive directors

José María Entrecanales de Azcárate
 Juan Entrecanales de Azcárate
 José Manuel Entrecanales Domecq
 Juan Ignacio Entrecanales Franco

Independent directors

Juan Manuel Urgoiti y López-Ocaña
 Alejandro Echevarría Busquets
 Carlos Espinosa de los Monteros y Bernaldo de Quirós
 Germán Gamazo y Hohenlohe
 Lord Garel-Jones

Executive directors

Vicente Soto Ibañez
 Valentín Montoya Moya

Director functions and duties. Other duties within the Group

The principal functions of each director are detailed below, notwithstanding their participation in the various commissions created by the Board of Directors.

President
José María Entrecanales de Azcárate

First Vice-President and President of NECSO
Juan Entrecanales de Azcárate

Second Vice-President
Juan Manuel Urgoiti y López-Ocaña

Director
Carlos Espinosa de los Monteros

Director
Alejandro Echevarría Busquet

Director
Germán Gamazo y Hohenlohe

Director and Chief Financial Officer
José Manuel Entrecanales Domecq

Director and Executive Vice-President of NECSO
Juan Ignacio Entrecanales Franco

Director and Vice-President & General Manager of NECSO
Vicente Soto Ibáñez

Director
Lord Garel-Jones

Director and General Manager, Economic Control
Valentín Montoya Moya

In 2002, the four domanial executive directors representing the majority shareholder reached the end of their term and were reappointed with the approval of the Shareholder's Meeting, after the procedural formalities established in the Regulation for the selection and re-election of director, were completed.

The Board of Directors' secretariat continues to play an important role within the company; this function is performed independently via an external consultant. Its mission is to ensure the good working of the Board, to oversee the formal and material legality of its actions and to guarantee that governance procedures and regulation are respected, as well as to duly reflect the Board proceedings and resolutions in the minutes.

Board of Directors' Rules of Operation

The Board of Directors is guided by the general rules established by the Spanish Corporations Law and the operating guidelines in the Board of Directors' Regulation.

The working of the Board

In 2002, the Board of Directors held six ordinary meetings.

At Board meetings, directors receive updated information about the company's and group's economic and financial position, with a breakdown by division, and discuss major investment and divestment decisions as well as all important aspects of the company's performance. Day-to-day management decisions are taken by the executive directors, both domanial and non-domanial. In addition to information received during Board meetings, the Regulation grants directors the power to gather all the information they deem necessary or appropriate at any time to discharge their duties, and external directors have the right to hire legal, accounting and financial consultants and other experts at the company's expense.

Board of Directors' Commissions

In 2002, there were four commissions which are not classified as corporate bodies but seen as instruments at the service of the Board of Directors.

Strategy Commission

This commission is responsible for informing and advising the Board of Directors about:

- Investments and divestments which, due to their size, might affect the company's strategy.
- Significant financial and corporate operations.
- Development of new business lines, both in Spain and abroad.
- Strategic agreements with third parties.

This commission met practically every month.

Audit and Compliance Commission

This commission is responsible for:

- Proposing the appointment of the auditor, the terms of the mandate and, if

appropriate, the revocation or extension of the mandate.

- Overseeing the internal auditing procedures and ensuring that internal control systems are adequate.
- Reviewing the external auditor's processes and conclusions with the auditor.
- Monitoring the correct application of generally accepted accounting principles.
- Ensuring compliance with the Regulation itself and, in general, with the company's Code of Governance, and making proposals for improvements to them.

This commission held four meetings in 2002. In the first quarter of 2003, the commission held two meetings to review the financial statements prepared by management, first the commission alone and subsequently with the auditor.

The commission submitted a report to the Board of Directors concerning the company's governance in 2002 which contains various proposals aimed mainly at adopting the principal suggestions of the Aldama Commission. The commission also proposed a review of the Board of Directors' Regulation and the Code of Conduct in connection with the Securities Market.

Appointments and Remuneration Commission

This commission is responsible for intervening in the process of selection of directors and senior executives and for aiding the Board in setting and monitoring their remuneration.

The commission met once in 2002 and again in the first quarter of 2003 to make a pronouncement regarding the matters under its responsibility in advance of the Board of Directors' meeting to review the financial statements.

Management Committee

This committee focuses mainly on the day-to-day management of company business.

Composition of Commissions

The Strategy Commission consists of eight members: four domanian executive directors, three independent directors (Mr. Urgoiti, Mr. Espinosa de los Monteros and Lord Garell-Jones) and an executive director (Mr. Montoya).

The Audit and Compliance Commission and the Appointments and Remuneration

Commission are made up of three independent directors each.

The Management Committee consists of four directors: two domanial executive directors (Mr. José Manuel Entrecañales Domecq and Mr. Juan Ignacio Entrecañales Franco), two non-domanial directors (Mr. Vicente Soto and Mr. Valentin Montoya) and an executive who is not a director (Mr. Juan Sáez)

The composition of all commissions is published in the Annual Report.

Directors' remuneration

The second section of Article 28 of the Corporate Bylaws establishes that Board of Directors' annual remuneration shall be 5% of profits, net of the items referred to in paragraph 1 (legal reserve), paragraph 2 (bylaw reserve) and paragraph 3 (dividend) of Article 42.2 of the Corporate Bylaws, except where the Shareholder's Meeting, at the proposal of the Board, establishes a lesser percentage when approving the financial statements.

Articles 40 and 41 of the Board of Directors' Regulation complement the aforementioned bylaw provisions, directly establishing the compatibility of Directors' fees with other professional fees or salary for performing other executive or consultancy roles within the company.

Directors received the following remunerations during the 2002 financial year:

- a) Each director received a fixed annual sum of 36,060.74 euros in return for discharging their duties as members of the Board of Directors.
- b) The three independent non-domanial executive directors on the Strategy Commission received an additional fixed annual sum of 72,121.44 euros each in return for fulfilling their duties as members of the aforementioned commission.
- c) The two executive directors who form part of the Board of Directors of Group subsidiaries (Mr. Vicente Soto Ibañez and Mr. Juan Ignacio Entrecañales Franco) received 9,616.19 euros and 6,310.60 euros, respectively.

Directors forming part of the Audit and Compliance Commission and the Appointments and Remuneration Commission did not receive any additional remuneration for membership of these commissions.

The total remuneration received by members of the Board for membership of the governing bodies of the company and its subsidiaries amounted to 628,959.25 euros.

This amount is similar to that of last year and, as in 2001, was much lower than that permitted by the Corporate Bylaws, which authorize a Board of Directors' remuneration proportional to profit.

The individual breakdown of remunerations by director is as follows:

	Remuneration for membership of Board of Directors	Remuneration for membership of Strategy Commission	Remuneration for membership of subsidiary Boards of Directors	Total remuneration for directors' duties
José María Entrecanales de Azcárate	€ 36,060.74			€ 36,060.74
Juan Entrecanales de Azcárate	€ 36,060.74			€ 36,060.74
Juan Manuel Urgoiti López-Ocaña	€ 36,060.74	€ 72,121.44		€ 108,182.18
Carlos Espinosa de los Monteros	€ 36,060.74	€ 72,121.44		€ 108,182.18
Germán Gamazo Hohenlohe	€ 36,060.74			€ 36,060.74
Alejandro Echevarría Busquets	€ 36,060.74			€ 36,060.74
José Manuel Entrecanales Domecq	€ 36,060.74			€ 36,060.74
Juan Ignacio Entrecanales Franco	€ 36,060.74		€ 6,310.60	€ 42,371.34
Vicente Soto Ibáñez	€ 36,060.74		€ 9,616.19	€ 45,676.93
Lord Garel-Jones	€ 36,060.74	€ 72,121.44		€ 108,182.18
Valentín Montoya Moya	€ 36,060.74			€ 36,060.74
Total	€ 396,668.14	€ 216,364.32	€ 15,926.79	€ 628,959.25

Executive directors, including the four domanial executive directors (Mr. José María Entrecanales de Azcárate, Mr. Juan Entrecanales de Azcárate, Mr. José Manuel Entrecanales Domecq and Mr. Juan Ignacio Entrecanales Franco) and the two non-domanial executive directors (Mr. Vicente Soto Ibáñez and Mr. Valentín Montoya) received a total remuneration of 1,904,896.94 euros in 2002.

Directors' obligations

The Board of Directors' Regulation regulates conflicts of interest, the use of corporate assets, the use of undisclosed information, directors' use for their own personal gain of business opportunities of which they became aware in their role as director, and transactions with directors or significant shareholders. There were no incidents regarding these matters in 2002.

D) Operations concerning significant shareholders, directors or other supervised activities

In 2002, NECSO managed construction projects for companies belonging to two directors.

In construction management, NECSO's mission is to select the most appropriate companies to carry out the work in each case, acting as single point of contact with the customer, billing for work carried out by third parties and receiving 10% of the total billed amount by way of remuneration. In 2002, NECSO collected 153,134 euros in management fees.

NECSO's real estate division signed the sale deed for a house and a private contract for another house currently under construction, generating payments worth 373,047 euros (ex VAT) in the year. The buyer was a company belonging to one of the directors. The sales were effected in accordance with the current price lists, less the standard discount for current employees.

ACCIONA's Board of Directors authorized the acquisition by NECSO's real estate

division of several plots of land for the construction of 147 homes in the Quinta Roja subdivision, within the municipality of Santa Úrsula (Tenerife) after 2002 year-end, following a favorable report from the Appointments and Remuneration Commission and taking into account the appraisals obtained by Tinsa and Tecnicasa. Some of the plots will be acquired from the Entrecanales family for 4,748,091 euros and others from third parties.

The Board of Directors authorized the President to carry out production and marketing of exclusive wines produced in the province of Toledo on the grounds that this did not constitute significant competition with the wines produced and marketed by Hijos de Antonio Barceló, S.A., and did not compromise the President's independence.

E) Risk control systems

The Strategy Commission periodically (monthly or bi-monthly) reviews the general market situation and the group's position and strategy in order to identify economic or business risks and adapt the company's strategy accordingly.

An Investment Committee has been set up within ACCIONA, consisting of one director and various executives, to evaluate the main investment alternatives and their viability by identifying and evaluating associated risks.

In order to better carry out its actions, the Group's policy is to delegate powers on a joint basis so as to ensure better control over the use of its proxies.

In construction, the main risk is associated with the difficulties in correctly recognizing expenses and revenues of projects and real estate developments under construction. The Group applies a specific control and accounting system to these items, which was submitted to the Audit and Compliance Commission and the external auditors for analysis; a favorable opinion was obtained regarding the reliability of the data obtained and subsequently used in Group financial statements.

F) Transparency with regard to shareholders, markets and auditors

The company has a specific department dedicated to relations with shareholders and institutional investors.

The company's transparency policy focuses especially on providing full information to shareholders on the motions submitted for approval by the Shareholders' Meeting, in order to facilitate the exercise of their voting rights.

In its relations with the markets, the Board takes special care to ensure that they receive accurate, reliable information about the company by disclosing significant events, releasing news and information to the media and holding periodic informative meetings with financial analysts.

All the financial information that the company provides to the markets is prepared in accordance with the same principles and criteria as the financial statements.

With respect to relations with auditors, the Audit and Compliance Commission has verified that there is no situation that might jeopardize the auditors' independence.

Board of Directors

President

José María Entrecanales de Azcárate

Vice-president

Juan Entrecanales de Azcárate

Vice-president

Juan Manuel Urgoiti y López-Ocaña

Directors

Alejandro Echevarría Busquet

José Manuel Entrecanales Domecq

Juan Ignacio Entrecanales Franco

Carlos Espinosa de los Monteros

Germán Gamazo y Hohenlohe

Lord Garel-Jones

Vicente Soto Ibáñez

Valentín Montoya Moya

* Board secretary and legal counsel

Juan Miguel Goenechea Domínguez

* Not a director

Board commissions and other bodies

Strategy Commission

José María Entrecanales de Azcárate
Juan Entrecanales de Azcárate
José Manuel Entrecanales Domecq
Juan Ignacio Entrecanales Franco
Carlos Espinosa de los Monteros
Lord Garel-Jones
Juan Manuel Urgoiti y López-Ocaña
Valentín Montoya Moya

Audit and Compliance Commission

Juan Manuel Urgoiti y López-Ocaña
Germán Gamazo y Hohenlohe
Lord Garel-Jones

Appointments and Remuneration Commission

Carlos Espinosa de los Monteros
Alejandro Echevarría Busquet
Juan Manuel Urgoiti y López-Ocaña

Management Committee

José Manuel Entrecanales Domecq
Juan Ignacio Entrecanales Franco
Juan Sáez Elegido
Valentín Montoya Moya
Vicente Soto Ibáñez

AnnualReport02

Consolidated Financial Statements and Management Report



acciona

DEVELOPMENT AND
MANAGEMENT OF
INFRASTRUCTURE
AND SERVICES

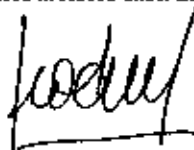
Translation of a consolidated report originally issued in Spanish based on our work performed in accordance with generally accepted auditing standards in Spain.
In the event of a discrepancy, the Spanish-language version prevails.

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
Acciona, S.A.:

1. We have audited the consolidated financial statements of ACCIONA, S.A. AND SUBSIDIARIES, comprising the consolidated balance sheet as of December 31, 2002, and the related consolidated statement of income and notes to consolidated financial statements for the year then ended. The preparation of these consolidated financial statements is the responsibility of the Parent Company's directors. Our responsibility is to express an opinion on the consolidated financial statements taken as a whole, based on our audit work performed in accordance with generally accepted auditing standards, which require examination, by means of selective tests, of the documentation supporting the consolidated financial statements and evaluation of their presentation, of the accounting principles applied and of the estimates made. Our work did not include an examination of the financial statements for 2002 of certain subsidiaries and associated companies whose net aggregate assets and results represented 59% and 83%, respectively, of the related consolidated totals. The financial statements of these companies were audited by other auditors (see Exhibits I, II and III to the notes to consolidated financial statements). Our opinion expressed in this report on the consolidated financial statements of Acciona, S.A. and Subsidiaries is based, with respect to these companies, on the reports of the other auditors.
2. As required by Spanish corporate law, for comparison purposes the Parent Company's directors present, in addition to the 2002 figures for each item in the consolidated balance sheet and consolidated statement of income, the figures for 2001. Our opinion refers only to the 2002 consolidated financial statements. Our auditors' report dated March 27, 2002, on the 2001 financial statements contained a qualified opinion.
3. In our opinion, based on our audit and on the reports of the other auditors (see Exhibits I, II and III), the consolidated financial statements for 2002 referred to above present, in all material respects, a true and fair view of the net worth and financial position of Acciona, S.A. and Subsidiaries as of December 31, 2002, and of the results of their operations in the year then ended, and contain the required information, sufficient for their proper interpretation and comprehension, in conformity with generally accepted accounting principles and standards applied on a basis consistent with that of the preceding year.
4. The accompanying management report for 2002 contains the explanations which the directors consider appropriate about the Group companies' situation, the evolution of their businesses and other matters, but is not an integral part of the consolidated financial statements. We have checked that the accounting information in the management report is consistent with that contained in the consolidated financial statements for 2002. Our work as auditors was confined to checking the management report with the aforementioned scope, and did not include a review of any information other than that drawn from the companies' accounting records.

DELOITTE & TOUCHE ESPAÑA, S.L.
Registered in ROAC under no. S0692



José A. Rodríguez Gil

April 2, 2003

Consolidated Balance Sheet as of December 31, 2002 and 2001

ASSETS	Thousands of euros 12/31/02	Thousands of euros 12/31/01
A) DUE FROM SHAREHOLDERS FOR UNCALLED CAPITAL	35	374
B) FIXED AND OTHER NONCURRENT ASSETS	1,519,794	1,387,206
I. Start-up expenses (Note 7)	1,931	2,215
II. Intangible assets (Note 8)	123,965	97,564
1. Intangible assets and rights	155,366	117,006
2. Allowances and accumulated amortization	(31,401)	(19,442)
III. Tangible fixed assets (Note 9)	801,753	709,110
1. Land and structures	294,247	264,904
2. Plant and machinery	592,826	539,772
3. Advances and construction in progress	157,725	150,723
4. Other tangible fixed assets	147,881	89,739
5. Allowances and accumulated depreciation	(390,926)	(336,028)
IV. Long-term investments (Note 10)	513,196	479,629
1. Investments accounted for by the equity method (Note 4)	480,066	451,176
2. Long-term investment securities	25,328	28,544
3. Other loans	20,440	20,177
4. Allowances	(12,638)	(20,268)
VI. Long-term operating receivables	78,949	98,688
C) CONSOLIDATION GOODWILL (Note 5)	73,325	49,085
1. Fully or proportionally consolidated companies	65,448	40,761
2. Companies accounted for by the equity method	7,877	8,324
D) DEFERRED CHARGES	23,440	13,093
E) CURRENT ASSETS	4,222,449	2,953,867
II. Inventories (Note 11)	597,285	498,739
III. Accounts receivable	1,720,976	1,508,823
1. Trade receivables for sales and services	1,524,072	1,256,089
2. Receivable from associated companies	24,961	30,790
3. Sundry accounts receivable	220,834	260,386
4. Allowances	(48,891)	(38,442)
IV. Short-term investments (Note 10)	1,635,263	745,060
1. Short-term investment securities	1,702,028	803,214
2. Other loans	47,869	9,674
3. Allowances	(114,634)	(67,828)
V. Short-term Parent Company shares	22,714	15,174
VI. Cash	177,602	142,948
VII. Accrual accounts	68,609	43,123
TOTAL ASSETS (A+B+C+D+E)	5,839,043	4,403,625

Consolidated Balance Sheet as of December 31, 2002 and 2001

SHAREHOLDERS' EQUITY AND LIABILITIES	Thousands of euros 12/31/02	Thousands of euros 12/31/01
A) SHAREHOLDERS' EQUITY (Note 12)	776,573	679,245
I. Capital stock	63,550	63,550
II. Additional paid-in capital	170,110	170,110
III. Revaluation reserve	428	428
IV. Other reserves of the Parent Company	104,427	83,468
1. Unrestricted reserves	56,725	43,306
2. Restricted reserves	47,702	40,162
V. Reserves at fully or proportionally consolidated companies	238,704	197,907
VI. Reserves at companies accounted for by the equity method	51,484	21,396
VII. Translation differences	(11,755)	4,826
1. Of fully or proportionally consolidated companies	(11,543)	4,983
2. Of companies accounted for by the equity method	(212)	(157)
VIII. Income attributable to the Parent Company	159,625	137,560
1. Consolidated income	168,216	139,194
2. Loss attributed to minority interests	(8,591)	(1,634)
IX. Interim dividend	—	—
B) MINORITY INTERESTS (Note 13)	100,357	86,910
C) NEGATIVE CONSOLIDATION DIFFERENCES (Note 6)	22,369	5,480
1. Fully or proportionally consolidated companies	22,369	4,299
2. Companies accounted for by the equity method	—	1,181
D) DEFERRED REVENUES	25,656	23,583
1. Capital subsidies	17,026	16,573
2. Other deferred revenues	8,630	7,010
E) PROVISIONS FOR CONTINGENCIES AND EXPENSES (Note 14)	29,609	45,202
F) LONG-TERM DEBT	1,070,191	1,101,260
II. Payable to credit institutions (Note 15)	950,997	967,579
IV. Other payables	119,194	133,681
G) CURRENT LIABILITIES	3,814,288	2,461,945
II. Payable to credit institutions (Note 15)	1,587,442	273,816
III. Payable to associated companies	22,357	10,519
IV. Trade accounts payable	1,743,545	1,559,343
V. Other nontrade payables (Note 15)	333,063	510,163
VI. Operating allowances	93,909	74,226
VII. Accrual accounts	33,972	33,878
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES (A+B+C+D+E+F+G)	5,839,043	4,403,625

Consolidated Statements of Income as of December 31, 2002 and 2001 (Note 18)

A) EXPENSES	Thousands of euros 12/31/02	Thousands of euros 12/31/01
1. Decrease in inventories and variation in work-in-process	28,232	11,860
2. Cost of materials used and other external expenses	2,327,772	2,071,870
3. Personnel expenses	547,732	502,925
a) Wages, salaries and similar expenses	447,056	409,230
b) Employee welfare expenses	100,676	93,695
4. Depreciation and amortization expenses	73,983	66,001
5. Variation in operating allowances	25,213	9,341
6. Other operating expenses	449,228	419,221
I. OPERATING INCOME	188,753	169,003
7. Financial and similar expenses	77,103	71,332
8. Losses on investments	419	64
9. Variation in investment valuation allowances	53,824	(26)
10. Exchange losses	12,295	5,927
II. FINANCIAL INCOME	—	—
11. Share in losses of companies accounted for by the equity method	1,330	—
11. Amortization of goodwill	4,836	2,548
III. INCOME FROM ORDINARY ACTIVITIES	218,814	193,769
12. Losses on fixed assets	4,046	2,780
13. Variation in intangible asset and tangible fixed asset allowances	(3,974)	13,555
14. Extraordinary expenses and losses	17,380	15,563
IV. EXTRAORDINARY INCOME	663	—
V. CONSOLIDATED INCOME BEFORE TAXES	219,477	180,862
15. Corporate income tax	51,261	41,668
VI. CONSOLIDATED INCOME FOR THE YEAR	168,216	139,194
16. Income attributed to minority interests	(8,591)	(1,634)
VII. INCOME FOR THE YEAR ATTRIBUTED TO THE PARENT COMPANY	159,625	137,560

B) REVENUES	Thousands of euros 12/31/02	Thousands of euros 12/31/01
1. Net sales	3,414,734	3,025,889
2. Increase in inventories and variation in work-in-process	84,969	33,239
3. Capitalized expenses of Group work on fixed assets	37,873	81,870
4. Other operating revenues	103,337	109,223
5. Revenues from equity investments	3,628	1,889
6. Other financial revenues	42,228	41,810
7. Income from short-term investments	51,696	3,029
8. Exchange gains	12,374	8,347
II. FINANCIAL LOSS	33,715	22,222
9. Share in the income of companies accounted for by the equity method	68,437	48,923
10. Reversal of negative consolidation differences	1,505	613
11. Gains on fixed assets	9,964	10,238
12. Gains on disposals of investments in companies accounted for by the equity method	—	—
13. Capital subsidies transferred to income for the year	574	650
14. Gains on transactions involving treasury stock	—	—
15. Extraordinary revenues and income	7,577	8,103
IV. EXTRAORDINARY LOSS	—	12,907

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002
OF ACCIONA, S.A. AND SUBSIDIARIES
(Consolidated Group)**

1. Group Description

The companies of the ACCIONA, S.A. Group operate in several industries, including most notably the construction industry, all areas of civil engineering and building construction, the real estate industry, the logistics and airport services industry, and the telecommunications, media and technology industry.

2. Basis of Presentation of the Consolidated Financial Statements

A) True and fair view

The consolidated financial statements, which are expressed in thousands of euros, were prepared from the accounting records of ACCIONA, S.A. and of the consolidated companies (detailed in Exhibits I, II and III), whose respective individual financial statements were prepared by their directors in accordance with the Spanish National Chart of Accounts and, in general, with current Spanish mercantile legislation and, accordingly, give a true and fair view of the companies' net worth, financial position and results. The 2002 financial statements of ACCIONA, S.A. and of its subsidiaries will be submitted for approval by the respective Shareholders' Meetings, and the directors of the companies considers that they will be approved without any changes. The 2001 individual and consolidated financial statements of ACCIONA, S.A. were approved on May 25, 2002.

The joint ventures, groupings and consortia in which the consolidated companies participate were included in the 2002 financial statements of the consolidated companies by the proportional consolidation method, i.e. by inclusion of the proportional part corresponding to each company's share in the income and balance sheet of those entities, after the appropriate eliminations of asset and liability balances and transactions in the year.

B) Consolidation Principles

The companies over which effective control is exercised by virtue of ownership of a majority of the voting rights in their representation and decision-making bodies were fully consolidated (see Exhibit I), and the companies over which significant influence is exercised but at which there is not ownership of a majority of the voting rights or joint management with third parties were proportionally consolidated (see Exhibit II) or accounted for by the equity method (see Exhibit III). The equity of minority interests in the net worth and results of the companies fully consolidated is presented under the "Minority Interests" and "Income Attributed to Minority

Interests" captions in the consolidated balance sheet and consolidated statement of income, respectively.

In 2002, in order to present the results uniformly, the income obtained before and after taxes at the companies accounted for by the equity method was disclosed separately in the consolidated statement of income.

All material accounts and transactions between the consolidated companies were eliminated in consolidation.

C) Comparative Information

The 2002 information is comparable with the 2001 information.

The effect of changes in the scope of consolidation on the Group's net worth, income and financial position is described in the related notes to consolidated financial statements.

D) Changes in the Consolidated Group

The changes in 2002 in the consolidated Group are listed in Exhibit IV.

3. Valuation standards

The main valuation methods applied in preparing the consolidated financial statements were in accordance with the Spanish National Chart of Accounts, the regulations adapting the Spanish National Chart of Accounts for the industries in which the consolidated companies operate, and the regulations applicable to consolidation. However, in view of the diversity of the companies composing the Group, the breakdowns required by the industry-specific charts of accounts were only included in the financial statements of the companies belonging to these industries.

The valuation methods applied were as follows:

A) Consolidation Goodwill

Goodwill was calculated as the positive difference between the investment in each of the consolidated companies and their underlying book values per the available balance sheets as of the closest date to the purchase date and is being amortized on a straight-line basis over the estimated period in which the investment will be recovered, which is generally 20 years.

In certain cases, a portion of the positive difference is allocated to the assets of the related subsidiary whose market value differs from their net book value per the reference balance sheet. If this company is accounted for by the equity method, the amount allocated is reflected as an addition to the value of the company accounted for by the equity method.

B) Negative Consolidation Difference

This account relates to the negative difference between the investment in each of the consolidated companies and their respective underlying book values per the available balance sheets at the closest date to the purchase date.

C) Uniformity of Presentation

In order to present the items in the accompanying consolidated financial statements on a uniform basis, the following basic criteria were applied with respect to the presentation of the Group companies' individual financial statements:

- Uniformity of timing.
 - Uniformity in valuation, if required.
 - Uniformity in internal transactions.
 - Uniformity in grouping and presentation.
- Intergroup transactions and intercompany balances were also eliminated.

D) Translation Methods

The financial statements of those of the Group's foreign companies to which the year-end exchange rate applies were translated to euros at the exchange rates ruling at year-end (December 31), except for capital and reserves, which were translated at historical exchange rates, and income statement accounts, which were translated at the average exchange rate for the year. The translation differences are included under the "Shareholders' Equity - Translation Differences" caption in the accompanying consolidated balance sheet.

For foreign consolidated companies where the monetary/nonmonetary method was applied, monetary items were translated at the exchange rate prevailing at the closing date. Nonmonetary items were translated at historical exchange rates. Income statement items were translated at the average exchange rate for the year. The difference arising from the application of this translation method is allocated to income.

E) Start-up Expenses

Start-up expenses, which consist of incorporation, new market preopening and capital increase expenses, are recorded at the costs incurred and are amortized over a maximum period of five years.

F) Intangible assets

Financial lease contracts in which there are no reasonable doubts as to the exercise of the purchase option are recorded as intangible assets at the cost of the related assets, excluding

the financial costs, and are amortized by the same method as that used to depreciate tangible fixed assets.

The remaining intangible assets are recorded at the acquisition cost incurred by the companies. Assets assigned to concessions are amortized over their useful life or the concession term and goodwill is amortized over a maximum period of 20 years.

G) Tangible Fixed Assets

Tangible fixed assets are carried at cost revalued pursuant to the applicable enabling legislation.

The costs of expansion, modernization or improvements leading to increased productivity, capacity or efficiency or to a lengthening of the useful lives of the assets are capitalized. The balances of assets retired as a result of modernization or for any other reason are relieved from the related cost and accumulated depreciation accounts.

In-house work on fixed assets is recorded at accumulated cost (external costs, internal costs calculated on the basis of in-house consumption of warehouse materials, and manufacturing costs incurred).

Period upkeep and maintenance expenses are expensed currently.

The companies depreciate their tangible fixed assets over the years of estimated useful life of the assets, giving rise in 2002 to the following annual depreciation rates:

Annual Depreciation Rate	
Structures	2-10%
Special plant	2-25%
Machinery	7-35%
Furniture	2-33%
Computer hardware	7-50%
Transport equipment	5-25%
Other tangible fixed assets	5-15%

The Group operates certain administrative concessions and permits.

For operations in which, upon expiry of the stipulated term, the tangible fixed assets have to revert to the related entities, a reversion reserve is recorded so that the accumulated amount sufficiently covers the estimated net book value of the revertible asset at the time of reversion plus the expenses incurred in this connection. This reversion reserve is recorded under the "Provisions for Contingencies and Expenses" caption on the liability side of the consolidated balance sheet.

H) Accounts Receivable

The companies' transactions relating to the assignment without recourse of construction certificates are deducted from the trade receivables balance with a charge to cash and the

related financial cost is allocated to income on an accrual basis. Possible debts arising from the discounting of notes or drafts are recorded on the liability side of the balance sheet and the financial cost is accrued up to the due date of the note or draft.

I) Marketable Securities and Other Similar Financial Investments

Marketable fixed-income and equity securities are carried at cost, including the expenses involved in the acquisition and, if appropriate, the cost of subscription rights. The acquisition cost does not include the unmatured accrued dividends and explicit interest at the date of the purchase.

Allowances for the decline in value of marketable securities are recorded as follows:

a) Listed fixed-income or equity securities. An allowance is recorded if the market value is lower than cost, except as indicated in the next paragraph. The market value is taken to be the lower of average market price in the last quarter or market price at year-end.

b) Unlisted securities. An allowance is recorded for the amount by which cost exceeds the underlying book value of the holdings, adjusted by the amount of the unrealized gains disclosed at the time of acquisition and still existing at year-end. This method is applied to Group or associated companies even in the case of marketable securities listed in a secondary market.

An exception is made when the performance of the companies indicates that the goodwill is unlikely to be recovered by the usual methods, in which cases early amortization is taken in accordance with the circumstances of each case.

Unrealized losses (cost higher than market or book value at year-end) are recorded under the "Long-Term Investments - Allowances" or "Short-Term Investments - Allowances" captions in the accompanying consolidated balance sheet.

J) Nontrade Loans

Loans to associated companies and other nontrade loans are recorded on the asset side of the balance sheet at their repayment value.

K) Inventories

The companies value their inventories as follows:

1. Supplies, consisting basically of construction materials at the sites of the various construction projects in progress, are carried at cost. Semi-finished goods or work-in-process to be included in the value of the construction projects are recorded at production cost.

2. Completed real estate developments for sale and those in progress are carried at internal production cost, or at assignment value if they result from the collection of debts, net, where appropriate, of the allowance for decline in value required to reduce them to their market value.

The financial expenses accrued in connection with outside funding obtained specifically for real estate developments are included at cost during the project execution period.

3. Merchandise is carried at the lower of cost or market.

L) Treasury Stock

As of December 31, 2002, Acciona, S.A, the Controlling Company, held 551,825 shares of treasury stock representing 0.87% of capital stock at that date, acquired at a cost of €22,714 thousand. These shares are valued at the lower of average cost or consolidated underlying book value, plus the guaranteed unrealized gains existing at the date of valuation.

M) Subsidies

Operating subsidies are allocated to income when collected. Capital subsidies are allocated to income in proportion to the period depreciation on the subsidized assets.

N) Deferred Revenues

This caption includes the possible exchange gains arising from the year-end adjustment of balances or from special accruals of gains or losses on specific transactions. The companies which have received capital subsidies record under this caption the portion that is not allocable to income.

O) Provisions for Contingencies and Expenses

These provisions are intended to cover expenses, losses or possible debts arising in the year or in prior years, the nature of which is clearly specified and which are probable or certain at year-end, but whose exact amount cannot yet be determined or whose date of payment is uncertain.

These provisions are recorded on the basis of the best available estimates of the annual accrual or when the liability or obligation giving rise to the indemnity or payment arises.

P) Debts

Debts are recorded at face value. Debts maturing in under 12 months from the balance-sheet date are classified as current liabilities and those maturing at over 12 months as long-term debt. The interest incurred on these debts is expensed currently.

Q) Joint Ventures

The accompanying consolidated financial statements include the effect of proportionally consolidating joint ventures in which the Group companies were participating at year-end, by inclusion of their share in the joint ventures' income and balance sheets based on their

ownership interests therein. The income from projects carried out by joint ventures with other companies is recorded by the same method as that used by the Group companies for their own projects.

R) Corporate Income Tax

The expense for corporate income tax of each year of the fully or proportionally consolidated companies is calculated on the basis of book income before taxes, increased or decreased, as appropriate, by the permanent differences from taxable income, net of the tax credits permitted by tax legislation. However, the group of companies has been granted consolidated taxation status by the competent authorities, applicable in 2002 at the companies meeting the requirements stipulated in corporate income tax legislation.

S) Foreign Currency Transactions

Receivables and payables denominated in foreign currencies are translated to euros at the exchange rates ruling at the transaction date and adjusted at year-end to the exchange rates then prevailing.

The exchange gains, if any, arising from the adjustment at year-end of foreign currency payables and receivables are recorded under the "Deferred Revenues" caption on the liability side of the consolidated balance sheet and are cleared on collection or payment of the receivable or payable. Exchange losses, if any, are expensed currently.

T) Recognition of Revenues and Expenses

Revenues and expenses are recognized on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises.

Asset or liability cost accruals relating to construction work or to financing transactions and assignments of receivables are recorded to reflect the costs allocable to construction work and services based on the percentage of completion and to properly accrue interest or costs relating to assignments of receivables.

However, in accordance with the accounting principle of prudence, the Group companies only record realized income at year-end, whereas foreseeable contingencies and losses, including possible losses, are recorded as soon as they become known.

Revenues and expenses are recognized as follows:

a) Construction

For most of its construction projects, the Company has the means and checks necessary to make reliable estimates of its contract budgets and, consequently, can accrue its costs and margins reasonably, based on the progress of the work. Consequently, the income recognized each year for these projects is based on the percentage of completion of the work at year-end.

The construction work completed by the companies during the year (valued at the sale price) is credited to income, provided that the work is specified in the main contract with the owners or in approved addenda or amendments thereto, or, where these have not been formally approved by the customer, if there is reasonable certainty of their final acceptance. The difference between the amount of work completed from inception, valued at the sale price, on each of the projects and the amount certified by the customer through the date of the financial statements, is recorded under the "Accounts Receivable - Trade Receivables for Sales and Services" caption in the accompanying consolidated balance sheet or under the "Trade Accounts Payable" caption.

b) Real Estate Activities

The income or loss on real estate activities is recognized for the difference between the sale price of the property and the total cost allocable to it. Therefore, until the property is delivered and prepayments are collected under the contractual commitments, these amounts are recorded under the "Trade Accounts Payable" caption on the liability side of the consolidated balance sheet for the amount received, which includes the cash received and accepted unmatured drafts (acceptances).

Pursuant to industry regulations, the companies recognize sales and the cost of sales at the time of delivery of the keys or when the buildings have been substantially completed (i.e. at least 80% of the construction cost has been realized or included), and records a provision for the estimated future costs of completing the buildings.

c) Services

Revenues and expenses relating to services are recognized as the services are provided to the customer, in accordance with the accrual method.

U) Operating Allowances

These allowances include the costs not yet materialized or incurred and, in the specific case of real estate activities, the cost of completing substantially completed property developments which have already been recognized in the income statement.

V) Provisions for Pensions and Similar Obligations

The companies have no pension plans to supplement social security benefits. They record the appropriate provisions for terminations of permanent site personnel.

4. Investments in Companies Accounted for by the Equity Method

The variations in 2002 in the balance of this caption in the accompanying consolidated balance sheet were as follows (in thousands of euros):

	Balance at	Equity in Income	Dividends	Tax	Period	Balance at
	01/01/02	(Loss) before	and Other	Effect	Variations	12/31/02
Direct Investments Held by Parent Company		Taxes	Items	and Other		
Grupo Correo de Comunicación, S.A.	10,131	2,282	(953)	389	(83)	11,766
Concesiones de Madrid, S.A.	4,574	1,024	—	(358)	—	5,240
Empresa Concesionaria de Rodovias do Norte, S.A.	359	(364)	—	—	385	380
Subgrupo Infraestructuras y Radiales, S.A	15,418	1,003	—	559	—	16,980
KW Tarifa, S.A.	1,987	16	—	(6)	—	1,997
Tranvía Metropolitana, S.A.	3,087	—	—	—	466	3,553
Ruta de los Pantanos, S.A.	2,770	421	—	(147)	—	3,044
Airtel, S.A.	333,483	56,333	—	(20,662)	—	369,154
Transportes Ferroviarios de Madrid, S.A.	3,507	20	—	—	—	3,527
Total direct investments	375,316	60,735	(953)	(20,225)	768	415,641

	Balance at	Equity in Income	Dividends	Tax	Period	Balance at
	01/01/02	(Loss) before	and Other	Effect	Variations	12/31/02
Direct Investments Held by Parent Company		Taxes	Items	and Other		
Ambigal AIE	(51)	—	—	—	—	(51)
Build2Build, S.A.	1,034	—	—	—	(1,034)	—
Centro de Transportes de Valencia, S.A.	361	(73)	—	—	—	288
Bat Map, S.A.	56	(418)	—	—	—	144
Locubsa	667	91	—	—	—	758
Nexotel Adeje, S.A.	6,001	(8)	—	—	(1,006)	4,987
Neg Micon Eólica, S.A.	1,076	147	—	(19)	—	1,204
Portal Golf de Fomento, S.A. 2,	137	(331)	—	—	—	1,806
Residencial Serrerías, S.A.	190	3	(6)	—	—	187
Serveis Funeraris de Barcelona, S.A	57,008	6,910	(4,321)	(3,238)	(1,256)	55,103
Other	6,875	51	1	—	(6,928)	(1)
Total indirect investments	75,860	6,372	(4,326)	(3,257)	(10,224)	64,425
Total investments accounted for by the equity method	451,176	67,107	(5,279)	(23,482)	(9,456)	480,066

5. Consolidation goodwill

The variations in 2002 in the balance of this caption in the accompanying consolidated balance sheet were as follows (thousands of euros):

	Balance at 01/01/02	Additions	Provisions	Other Variations	Balance at 12/31/02
Alabe Sociedad de Cogeneración, S.A.	1,852	—	(108)	—	1,744
Grupo Correo de Comunicación, S.A.	881	—	(44)	—	837
Terminal de Contenedores Algeciras, S.A.	3	—	—	—	3
Mostostal Warszawa Subgroup	2,854	—	(272)	(693)	1,889
Tictres Subgroup	7,443	—	(403)	—	7,040
Acciona Logística Subgroup	12,698	25,016	(1,372)	(658)	35,684
MDC Subgroup	1,060	—	(62)	—	998
Terminal de Contenedores Mid Atlantic Subgroup	2,027	—	(104)	—	1,923
Servicios Técnicos Urbanos Subgroup	20,267	4,189	(1,249)	—	23,207
Necso Subgroup	—	1,222	(1,222)	—	—
Total	49,085	30,427	(4,836)	(1,351)	73,325

The consolidated statement of income includes a consolidation goodwill amortization expense of €4,836 thousand, which relates to the amount shown in the foregoing table.

6. Negative Consolidation Differences

The variations in 2002 in the balance of this caption in the accompanying consolidated balance sheet were as follows (in thousands of euros):

	Balance at 01/01/02	Additions	Reversals	Other Variations	Balance at 12/31/02
Mostostal Warszawa Subgroup	1,819	—	(665)	14	1,168
Servicios Técnicos Urbanos Subgroup	2,623	17,392	(748)	—	19,267
Bestinver Subgroup	1,016	—	—	—	1,016
Acciona Logística Subgroup	22	896	—	—	918
Necso Subgroup	—	92	(92)	—	—
Total	5,480	18,380	(1,505)	14	22,369

7. Start-up Expenses

The variations in 2002 in this caption in the consolidated balance sheet were as follows (in thousands of euros):

Balance at 01/01/02	Additions	Variations	Retirements	Provisions Other	Balance at 12/31/02
2,215	450	(76)	(936)	278	1,931

8. Intangible Assets

The variations in 2002 in intangible asset accounts were as follows (in thousands of euros):

Intangible Asset Cost	Balance at 01/01/02	Additions	Retirements	Transfers	Other Variations	Balance at 12/31/02
Concessions and other	50,073	1,110	(8,290)	4,761	(6,263)	41,391
Goodwill	36,419	—	(20)	(4)	32,278	68,673
Research and development	1,256	64	(61)	205	94	1,558
Computer software	5,915	781	(336)	500	757	7,617
Rights on leased assets	18,248	9,135	(181)	(3,989)	4,193	27,406
Advances	713	751	—	(53)	69	1,480
Other intangible assets	4,382	6,731	(1,988)	(1,884)	—	7,241
Total	117,006	18,572	(10,876)	(464)	31,128	155,366

Accumulated Amortization	Balance at 01/01/02	Additions	Retirements	Transfers	Other Variations	Balance at 12/31/02
Concessions and other.	(4,220)	(1,140)	2,456	(776)	(77)	(3,757)
Goodwill	(7,543)	(3,120)	—	(7)	(7,869)	(18,539)
Research and development	(730)	(285)	62	(67)	(94)	(1,114)
Computer software	(3,585)	(1,313)	236	98	(315)	(4,879)
Rights on leased assets	(1,979)	(1,191)	46	844	(588)	(2,868)
Other intangible assets	(1,385)	—	953	188	—	(244)
Total	(19,442)	(7,049)	3,753	280	(8,943)	(31,401)
Total intangible assets, net	97,564	11,523	(7,123)	(184)	22,185	123,965

The leased assets had a cost of €27,406 thousand as of December 31, 2002, and the lease contracts had terms from one to seven years. In 2002 €3,595 thousand of lease payments were paid and €27,292 thousand of lease payments were outstanding.

9. Tangible Fixed Assets

The variations in 2002 in the cost and accumulated depreciation of tangible fixed asset accounts were as follows (in thousands of euros):

	Balance at				Other	Balance at
Tangible Fixed Asset Cost	01/01/02	Additions	Retirements	Transfers	Variations	12/31/02
Land and structures	264,904	15,611	(3,537)	3,313	13,956	294,247
Plant and machinery	539,772	48,993	(36,752)	25,793	15,020	592,826
Advances and construction in progress	150,723	70,438	(3,944)	(63,635)	4,143	157,725
Other tangible fixed assets	89,739	14,763	(9,224)	24,742	27,861	147,881
Total	1,045,138	149,805	(53,457)	(9,787)	60,980	1,192,679

	Balance at				Other	Balance at
Accumulated Depreciation	01/01/02	Additions	Retirements	Transfers	Variations	12/31/02
Land and structures	(31,018)	(5,773)	(120)	729	(4,126)	(40,308)
Plant and machinery	(254,594)	(50,583)	23,531	23,902	(8,599)	(266,343)
Advances and construction in progress	—	—	—	—	—	—
Other tangible fixed assets	(45,809)	(9,642)	6,491	(12,637)	(18,190)	(79,787)
Total	(331,421)	(65,998)	29,902	11,994	(30,915)	(386,438)
Allowances	(4,607)	(474)	593	—	—	(4,488)
Total tangible fixed assets, net	709,110	83,333	(22,962)	2,207	30,065	801,753

The depreciation rates used in 2002 are indicated in Note 3-G.

10. Financial Investments. Marketable Securities and Nontrade Loans.

A) Financial Investments

The variations in 2002 in the "Long-Term Investments" and "Short-Term Investments" accounts, and in the related allowances, were as follows (in thousands of euros):

	Balance at		Due to			Other	Balance at
Long-Term Investments	01/01/02	Additions	Consolidation	Retirements	Transfers	Variations	12/31/02
Investments accounted for by the equity Method	451,176	43,625	—	—	(2,053)	(12,682)	480,066
Long-term investment securities	28,544	5,212	—	(11,377)	2,008	941	25,328
Other loans	20,177	5,757	—	(5,305)	46	(235)	20,440
Allowances	(20,268)	(1,856)	—	10,656	(1)	(1,169)	(12,638)
Total long-term investments, net	479,629	52,738	—	(6,026)	—	(13,145)	513,196

The variations in the balances of the "Short-Term Investments" accounts were as follows (in thousands of euros):

Short-Term Investments	Balance at				Other Variations	Balance at
	01/01/02	Additions	Retirements	Transfers		
Short-term investment securities	803,214	1,037,530	(138,716)	—	—	1,702,028
Other loans	9,674	45,823	(7,628)	—	—	47,869
Allowances	(67,828)	(54,915)	8,109	—	—	(114,634)
Total short-term investments	745,060	1,028,438	(138,235)	—	—	1,635,263

The "Short-Term Investment Securities" caption basically includes Elektrim's exchangeable bonds, which earn the corresponding interest, the cost of the investments in the Vodafone Group and Avanzit, S.A and investments relating to the Group's cash surpluses. A portion of the shares of the Vodafone Group has been hedged to guarantee a minimum realizable value.

The Parent Company, in accordance with the accounting principle of prudence in valuation as regards the recognition of any probable or certain material loss, adjusted the book value of its 21.76% holding in Avanzit, S.A. to its market value as of December 31, 2002 and recorded for this purpose a provision of €53,898 thousand, charged to income for the year.

The investments earned interest at market rates.

B) Other Information on Investees

Prior to the preparation of these notes to consolidated financial statements, all the investees directly or indirectly more than 10% owned by the Parent Company ACCIONA, S.A. at 2002 year-end were explicitly or implicitly notified by it in compliance with Article 86 of the revised Corporations Law, as were the companies controlled by the subsidiaries, when so required.

The detail of the balances with investees and associated companies included under the "Accounts Receivable" and "Current Liabilities" captions in the accompanying consolidated balance sheet as of December 31, 2002, is as follows (in thousands of euros):

	Accounts	Receivable Current Liabilities
Associated companies	24,961	22,357

11. Inventories

The breakdown of the balance of the Group's "Inventories" caption as of December 31, 2002, is as follows (in thousands of euros):

Raw materials, other supplies and merchandise	82,881
Work-in-process and semifinished goods	26,557
Finished goods	7,412
Assets received in payment of loans	1,394
Construction materials, storable items and other	489
Property developments in progress	416,920
Completed property developments	36,423
Advances paid	27,781
Allowances	(2,572)
Total inventories	597,285

The availability of the inventories is unrestricted and there are no unrecorded firm purchase or sale commitments. As indicated in Note 3-T, the Group recognizes the income from its real estate activities on delivery of the assets or when such assets are substantially completed. Accordingly, the net advances received from various customers in connection with the sale of real estate products were included under the "Trade Accounts Payable" caption on the liability side of the balance sheet.

The net value of the inventories mortgaged as of December 31, 2002, was €159,579 thousand.

12. Shareholders' Equity

A) Analysis of Variations in Equity

The detail of the consolidated Group's equity accounts and of the variations therein in 2002 were as follows (in thousands of euros):

Shareholders' Equity	Balance at 01/01/02	Distr. of 2001 Income	2002 Income	Interim Dividend	Capital Increase (Reduction)	Variations in Consol.		Balance at 12/31/02
						Adjust. and Other	Other Variations	
Capital stock	63,550	—	—	—	—	—	—	63,550
Additional paid-in capital	170,110	—	—	—	—	—	—	170,110
Legal reserve	13,248	—	—	—	—	—	—	13,248
Revaluation reserve	428	—	—	—	—	—	—	428
Reserves for retired capital	4,408	—	—	—	—	—	—	4,408
Reserve for treasury stock	15,174	—	—	—	7,540	—	—	22,714
Voluntary reserves	43,306	20,959	—	—	(7,540)	—	—	56,725
Reserves for investments in the Canary Islands	7,332	—	—	—	—	—	—	7,332
Reserves at fully or proportionally consolidated companies	197,907	37,148	—	—	—	5,188	(1,539)	238,704
Reserves at companies accounted for by the equity method	21,396	34,968	—	—	—	(3,836)	(1,044)	51,484
Translation difference	4,826	—	—	—	—	(1,352)	(15,229)	(11,755)
Income for the year	137,560	(137,560)	159,625	—	—	—	—	159,625
Interim dividend	—	—	—	—	—	—	—	—
Total shareholders' equity	679,245	(44,485)	159,625	—	—	—	(17,812)	776,573

B) Treasury Stock

The variations in 2002 in the treasury stock accounts were as follows:

Treasury stock	Number of Shares of Treasury Stock at 01/01/02		Additions	Retirements	Number of Shares of Treasury Stock at 12/31/02	
Treasury stock	358,041		193,784	—		551,825

In accordance with current legislation a restricted reserve was recorded for the cost of treasury stock as of December 31, 2002.

C) Other Information

a) Subscribed and Authorized Capital Stock

The Parent Company's capital stock consists of 63,550,000 fully paid common shares of €1 per value each, all with the same rights, and traded by the book-entry system. There are no bylaw restrictions on the transfer of the shares, all of which are listed on the stock exchange.

As of December 31, 2002, per the notifications received by the Company, Grupo Entrecanales, S.A. had direct or indirect investments totaling 59.415% of the capital stock.

b) Legal Reserve

The balance of the legal reserve, which must be recorded until it amounts to 20% of capital stock, can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased capital stock amount. Otherwise, until the legal reserve exceeds 20% of capital stock, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

c) Additional Paid-in Capital

The balance of the "Additional Paid-in Capital" account arose as a result of several capital increases carried out, with issue premiums, on various dates. The revised Corporations Law expressly permits the use of the additional paid-in capital balance to increase capital and establishes no specific restrictions as to its use.

d) Information on Consolidated Companies:

The detail, by business division, of the reserves at fully and proportionally consolidated companies and companies accounted for by the equity method, and of the translation differences as of December 31, 2002, is as follows (in thousands of euros):

Company	Consolidated Reserves	Translation Differences
Infrastructure	106,150	(11,763)
Logistics and airport services	(14,708)	(64)
Telecommunications, media and technology	53,743	—
Corporate services	145,003	72
Total	290,188	(11,755)

A detail, by company, of the reserves at fully and proportionally consolidated companies and companies accounted for by the equity method and of the translation differences, in thousands of euros, is provided in Exhibit V.

In addition to the Parent Company, the Group's investee Mostostal Warszawa, S.A. is also listed on the stock exchange. This company's average market price in the last quarter was PLN 8.9287 and its year-end market price was PLN 9.40.

13. Minority Interests

The balance of the "Minority Interests" caption in the accompanying consolidated balance sheet reflects the equity of the minority shareholders in the consolidated companies. The balance of the "Income Attributed to Minority Interests" caption in the accompanying consolidated statement of income reflects the equity of minority interests in the income for the year.

The variations in 2002 in the "Minority Interests" caption were as follows (in thousands of euros):

Company	Balance at 01/01/02	Additions and Changes in Percentage of Ownership	Diffs. Prior Years and Other	2002 Income (Loss)	Balance at 12/31/02
Acciona Airport Services Frankfurt, GmbH	(1,116)	—	1	(106)	(1,221)
Acciona Eólica de Galicia, S.A.	664	—	—	317	981
Alabe Mengibar, S.A.	2	—	—	8	10
Alabe Salas, S.A.	1	—	—	—	1
Asfaltats de Mallorca, S.A.	(3)	—	—	—	(3)
Biogás Gestión Madrid, S.A.	—	24	—	—	24
Compañía Energética para el Tablero, S.A.	1,101	—	—	116	1,217
Consortio Constructor Araucaria Ltd.	459	—	(883)	3,040	2,616
Erre y Ce, S.A.	(249)	—	—	—	(249)
Estudios y Construcciones de Obras, S.A. de CV	5	—	(1)	—	4
Freyssinet Subgroup	1,171	—	(431)	116	856
Grupo Terratest Cimyson, ICOS Subgroup	228	—	(7)	244	465
Inversiones Técnicas Urbanas Subgroup	47,655	—	(490)	3,954	51,119
La Luz Terminal de Contenedores, S.A.	720	—	41	(221)	540
Mostostal Warszawa Subgroup	32,958	—	(2,721)	1,550	31,787
Interurbano de Prensa, S.A.	329	(357)	—	28	—
Necso Triunfo Construções Ltda.	144	—	(24)	(149)	(29)
Necsoren, S.A.	399	(180)	(110)	(34)	75
Olloquiegui Subgroup	—	11,846	—	(432)	11,414
Packtivity, S.A.	34	(28)	—	(6)	—
Press Cargo Belgium NV	(49)	49	—	—	—
Press Cargo Subgroup	979	(1,065)	—	99	13
Route & Press, S.L.	182	(258)	—	76	—
Terminal Polivalente del Ferrol, S.L.	24	—	—	—	24
Terminal de Contenedores Algeciras, S.A.	612	—	—	—	612
Sala Amat, S.A.	4	—	(1)	—	3
Transurme, S.A.	406	(549)	—	143	—
Viveros J. Dalmau, S.A.	250	—	—	(152)	98
Total minority interests	86,910	9,482	(4,626)	8,591	100,357

The breakdown of the balances of the "Minority Interests" caption in the accompanying consolidated balance sheet as of December 31, 2002, is as follows (in thousands of euros):

Company	Capital	Reserves	Income (Loss)	Total
Acciona Airport Services Frankfurt, GmbH	1,157	(2,272)	(106)	(1,221)
Acciona Eólica de Galicia, S.A.	300	364	317	981
Asfaltats de Mallorca, S.A.	150	(153)	—	(3)
Alabe Mengibar A.I.E.	2	—	8	10
Alabe Salas, S.A.	1	—	—	1
Biogas Gestión Madrid, S.A.	24	—	—	24
Compañía Energética para el Tablero, S.A.	1,067	34	116	1,217
Consortio Constructor Araucaria Ltd.	2	(426)	3,040	2,616
Erre y Ce, S.A.	45	(294)	—	(249)
Estudios Y Construcciones de Obras, S.A. de CV	8	(4)	—	4
Freyssinet Subgroup	35	705	116	856
Grupo Terratest Cimyson, ICOS, Subgroup	203	18	244	465
Interurbano de Prensa, S.A.	—	(28)	28	—
Inversiones Técnicas Urbanas, Subgroup	42,437	4,728	3,954	51,119
La Luz Terminal de Contenedores, S.A.	723	38	(221)	540
Mostostal Warszawa, Subgroup	5,580	24,657	1,550	31,787
Necso Triunfo Construções Ltda.	155	(35)	(149)	(29)
Necsoren, S.A.	60	49	(34)	75
Olloquiegui Subgroup	412	11,434	(432)	11,414
Packivity, S.A.	—	6	(6)	—
Press Cargo Belgium NV	—	—	—	—
Press Cargo Subgroup	1	(87)	99	13
Route & Press, S.L.	—	(76)	76	—
Sala Amat, S.A.	30	(27)	—	3
Terminal Polivalente del Ferrol, S.L.	24	—	—	24
Terminal de Contenedores Algeciras, S.A.	615	(3)	—	612
Transurme, S.A.	—	(143)	143	—
Viveros J. Dalmau, S.A.	240	10	(152)	98
Total minority interests	53,271	38,495	8,591	100,357

14. Provisions for Contingencies and Expenses

The detail of the balance of this liability account as of December 31, 2002, and of the variations therein is as follows (in thousands of euros):

	Provision for Contingencies	Provision for Third-Party Liability	Provision for Major Repairs	Reversion Reserve	Total
Balance at 01/01/02	31,278	11,210	50	2,664	45,202
Additions and period provisions	457	427	17	187	1,088
Retirements	(17,287)	—	—	(322)	(17,609)
Other variations	11	420	14	483	928
Balance at 12/31/02	14,459	12,057	81	3,012	29,609

15. Nontrade Payables

The detail of the balance of this caption on the liability side of the consolidated balance sheet as of December 31, 2002, is as follows (in thousands of euros):

	Short-Term	Long-Term
Payable to credit institutions	1,587,442	950,997
Other nontrade payables	333,063	11,485
Total	1,920,505	962,482

A) Payable to Credit Institutions

The detail of the balance of this account as of December 31, 2002, is as follows (in thousands of euros):

	Short-Term	Long-Term
Mortgage loans for fixed asset financing	4,971	37,103
Mortgage loans for property development	5,469	46,235
Project financing	21,071	147,059
Unmatured discounted notes and drafts	45,207	—
Working capital and foreign project financing	54,851	—
Other bank loans and credit facilities	235,513	499,610
Other debts with limited recourse	1,220,360	220,990
Total payable to credit institutions	1,587,442	950,997

These debts bear interest at market rates tied to Euribor.

The "Other Bank Loans and Credits" caption includes mainly a syndicated credit facility arranged by Acciona, S.A for up to €438 million, the full amount of which had been drawn down at 2002 year-end. The repayments on this credit facility are due in 2003, 2004 and 2005 and bear interest at market rates.

The "Other Debts with Limited Recourse" caption includes mainly a loan arranged by Acciona, S.A. for €1,670 million, which can be increased to €1,815 million. This loan matures in 2003, bears interest at market rates and was assigned with limited recourse to the sale option on the shares of Airtel Móvil, S.A. (see Note 21). At year-end €1,205 million had been drawn down against this loan, which was arranged mainly to secure the amount of the aforementioned sale option.

The detail at the balance-sheet date of the maturities over the next five years of the aforementioned amounts, taking into account the foreseeable subrogations due to sale expectations in the case of the mortgage loans for property developments, is as follows (in thousands of euros):

Through 2004	2005	2006	2007	Subsequent Years	Total
348,234	365,022	92,539	31,070	114,132	950,997

The interest payable relates to unmatured accrued interest.

B) Other Nontrade Payables

This short-term balance of €333,063 thousand relates mainly to payables to public authorities not yet due, pro rata accruals for extra payrolls of the companies' employees and other accounts payable not directly relating to regular business activities.

16. Tax matters

As indicated in Note 3-R, the Parent Company has opted to file consolidated tax returns with certain companies which meet the requirements stipulated in the tax regulations.

The corporate income tax recorded in the accompanying consolidated statement of income is calculated on the basis of income per books determined by application of generally accepted accounting principles, which does not necessarily coincide with taxable income, defined as the aggregate amount of the tax bases of the companies composing the consolidated Group.

The reconciliation of the income for the year per books to the taxable income for corporate income tax purposes at the date of preparation of these consolidated financial statements is as follows (in thousands of euros):

Net income for the year	168,216
Corporate income tax	51,261
Permanent differences:	
Individual companies	(115,211)
Consolidation adjustments	37,015
Timing differences:	
Positive	58,439
Negative	(51,696)
Offset of prior years' tax losses	(2,396)
Taxable income	145,628

Current corporate income tax regulations provide tax incentives to encourage certain investments. The companies have availed themselves of the tax benefits provided by these regulations.

The Group, through its Parent Company and certain subsidiaries, is required to fulfill the commitments acquired in connection with tax incentives, namely meeting the requirements as to the period during which the assets for which the investment or reinvestment tax credits are taken must be owned. Additionally, the Parent Company had recorded a reserve for investments in the Canary Islands amounting to €7,332 thousand as of December 31, 2002.

The Parent Company and certain of the Group companies availed themselves of the tax deferral for reinvestment of extraordinary income as provided for by the Corporate Income Tax Law.

The Parent Company and certain of the Group companies, pursuant to Transitional Provision Three of Law 24/2001 on Tax, Administrative, Labor and Social Security Measures, increased 2001 taxable income by €90,660 thousand, since their reinvestments had been made prior to January 1, 2002 and, accordingly, availed themselves of the tax credit provided under Article 36 ter of Law 43/1995.

The companies of the consolidated tax Group have 1998, 1999, 2000, 2001 and 2002 open for inspection by the tax authorities for corporate income tax and the last four years open for other taxes. Management of the Parent Company considers that any liabilities arising in this connection would not alter the true and fair view of the Group's net worth.

17. Guarantee Commitments to Third Parties and Other Contingent Liabilities

The companies have provided guarantees of €1,837,620 thousand for third parties to customers, public agencies and financial institutions.

Most of the guarantees provided were construction project performance bonds. The companies consider that the liabilities that might arise from the guarantees provided would not be material.

18. Revenues and Expenses

A) Production

The detail, by division, of the Group companies' total production is as follows (in thousands of euros):

Infrastructure	3,133,715
Logistics and airport services	297,160
Telecommunications, media and technology	21,821
Corporate services	66,896
Consolidation adjustments	(104,858)
Total Production	3,414,734

B) Employees

The average number of employees in 2002, by professional category, was as follows:

	2002	2001	Variation
Executives and university graduates	1,811	1,128	683
Junior college graduates and non graduate line personnel	2,318	4,352	(2,034)
Clerical staff	2,294	2,293	1
Other employees	14,275	11,363	2,912
Total average employees	20,698	19,136	1,562

The breakdown of the Group's employees, by business division, is as follows:

	2002	2001	Variation
Infrastructure	17,742	16,387	1,355
Logistics and airport services	2,275	2,057	218
Telecommunications, media and technology	143	179	(36)
Corporate services	538	513	25
Total average employees	20,698	19,136	1,562

The foregoing figures also include the average number of employees in foreign consortia. Of the total headcount, 1,108 employees are personnel of the Parent Company and the remainder of Group subsidiaries.

C) Extraordinary Revenues and Expenses

The detail of the extraordinary revenues and expenses recorded in 2002 is as follows (in thousands of euros):

	Extraordinary Revenues	Extraordinary Expenses
Disposals of tangible fixed assets and control portfolio	9,964	4,046
Disposals of investments accounted for by the equity method	—	—
Variations in tangible fixed asset and intangible asset allowances	—	(3,974)
Arising in prior years	2,388	4,405
Other items	5,763	12,975
Total extraordinary expenses and revenues	18,115	17,452

D) Contribution to Income by Group and Associated Companies

The contribution of Group and associated companies to the consolidated net income was as follows (in thousands of euros):

Breakdown of Group income by activity	
Infrastructure Division	136,640
Logistics and Airport Services Division	21,945
Telecommunications, Media and Technology Division	49,230
Corporate Services Division	11,662
Group companies' corporate income tax	(51,261)
Minority interests	(8,591)
Net income attributed to the Parent Company	159,625

19. Compensation and Other Benefits

A) Directors

The detail of the compensation earned in 2002 by the Parent Company's Board members for services to all the Group companies of which they are directors is as follows (in thousands of euros):

* *Fees received for attendance at Board and Committee Meetings.*

The itemized breakdown of the fees received by each of the Board members is as follows:

	Acciona, S.A. Board Meetings	Committee Meetings	Group Companies' Board Meetings	Total Fees
Mr. José María Entrecanales de Azcárate	36,060.74	—	—	36,060.74
Mr. Juan C. Entrecanales de Azcárate	36,060.74	—	—	36,060.74
Mr. José Manuel Entrecanales Domecq	36,060.74	—	—	36,060.74
Mr. Juan Ignacio Entrecanales Franco	36,060.74	—	6,310.60	42,371.34
Mr. Vicente Soto Ibáñez	36,060.74	—	9,616.19	45,676.93
Mr. Valentín Montoya Moya	36,060.74	—	—	36,060.74
Mr. Carlos Espinosa de los Monteros	36,060.74	72,121.44	—	108,182.18
Mr. Alejandro Echevarria Busquets	36,060.74	—	—	36,060.74
Mr. Germán Gamazo y Hohenlohe	36,060.74	—	—	36,060.74
Mr. Juan Manuel Urgoiti y López-Ocaña	36,060.74	72,121.44	—	108,182.18
Lord Tristan Garel-Jones	36,060.74	72,121.44	—	108,182.18
Total	396,668.14	216,364.32	15,926.79	628,959.25

* Fees received by the Board members with executive functions.

The itemized breakdown of the total fees received by the Board members with executive functions is as follows:

Concepts	Euros
Salaries in cash	1,573,463
Salaries in kind	30,927
Variable compensation	300,507
Total	1,904,897

The Parent Company had no pension or life insurance commitments to its directors and has granted no loans or advances to them since their appointment; it had, however, previously granted a loan, the outstanding balance of which was €43 thousand as of December 31, 2002.

B) Fees paid to auditors

In 2002 the fees for financial audit services provided to the Group companies by the various auditors and by other entities related to the auditors totaled €1,167 thousand. The fees for other professional services provided to the Group companies by the auditors and by entities related to them amounted to €722 thousand in 2002.

20. Environmental information

The Group's business activities are not significantly affected by current environmental legislation, since it has no environmental liability, expenses, revenues, subsidies, assets, provisions or contingencies that might be material with respect to its net worth, financial position and results of operations. Accordingly, these notes to consolidated financial statements do not contain any specific disclosures relating to environmental issues.

21. Events Subsequent to Year-End

On January 9, 2003, the Board of Directors of the Parent Company resolved to distribute an interim dividend totaling €31,775 thousand, payable from January 15, 2003.

On January 22, 2000, Acciona, S.A. reached an agreement with Vodafone Group plc relating to its investment in Airtel Móvil, S.A. The agreement basically consisted of a put option on 5.41% of its investment in Airtel Móvil, S.A.

In 2001, the subsidiary Tibest Cuatro acquired 0.8% of the capital stock of Airtel Móvil, S.A. This investment is included in the aforementioned put option.

On January 21, 2003, Acciona, S.A. notified Vodafone Group plc of the exercise of its put option on 489,909 shares of Airtel Móvil, S.A. owned by it and its subsidiary Tibest Cuatro, representing 6.2% of the capital stock.

On January 27, 2003, Vodafone Group plc acquired the Airtel Movil, S.A. shares for €2,018,061 thousand. On the same day, Acciona, S.A. canceled the bank credit line related to the put option from which it had drawn down €1,205,000 thousand.

In 2002 a consortium 55% owned by Acciona, S.A.'s wholly-owned investee Acciona Logística, S.A., was awarded the privatization of Compañía Trasmediterránea at a price of €45 per share.

On December 26, 2002, the aforementioned consortium requested authorization from the Spanish National Securities Market Commission (CNMV) to launch a tender offer for the purchase of all 6,043,149 shares of capital stock of Compañía Trasmediterránea, S.A. This tender offer was authorized by the CNMV on February 25, 2003.

22. Cost Accounting Statement of Income of the Consolidated Group

	2002	%	2001	%
Net sales	3,414,734	100.00	3,025,889	100.00
Variation in work-in-process and finished goods inventories	84,969	2.49	33,239	1.10
Capitalized expenses of in-house work on fixed assets	37,873	1.11	81,870	2.71
Other operating revenues	103,337	3.03	109,223	3.61
Value of production	3,640,913	106.62	3,250,221	107.41
Net purchases	(715,829)	(20.96)	(652,517)	(21.56)
Variation in raw materials and other inventories	(28,232)	(0.83)	(11,860)	(0.39)
External and operating expenses	(2,060,841)	(60.35)	(1,838,574)	(60.76)
Value added	836,011	24.48	747,270	24.70
Personnel expenses	(547,732)	(16.04)	(502,925)	(16.62)
Gross operating income	288,279	8.44	244,345	8.08
Depreciation and amortization expense	(73,983)	(2.17)	(66,001)	(2.18)
Provisions to the reversion reserve	(330)	(0.01)	—	—
Allowance for bad debts and variation in operating allowances	(25,213)	(0.74)	(9,341)	(0.31)
Net operating income	188,753	5.53	169,003	5.59
Financial revenues	109,926	3.22	55,075	1.82
Financial expenses	(89,817)	(2.63)	(77,323)	(2.56)
Investment valuation allowances	(53,824)	(1.58)	26	0.00
Income of companies accounted for by the equity method	67,107	1.97	48,923	1.62
Amortization of goodwill	(4,836)	0.14	(2,548)	(0.08)
Reversal of negative consolidation difference	1,505	0.04	613	0.02
Income from ordinary activities	218,814	6.41	193,769	6.40
Gains on fixed assets and extraordinary revenues	18,115	0.53	18,991	0.63
Losses on fixed assets and extraordinary expenses	(21,426)	(0.63)	(18,343)	(0.61)
Variation in fixed asset and investment valuation allowances	3,974	0.12	(13,555)	(0.45)
Consolidated income before taxes	219,477	6.43	180,862	5.98
Corporate income tax	(51,261)	(1.50)	(41,668)	(1.38)
Consolidated income after taxes	168,216	4.93	139,194	4.60
Income attributed to minority interests	(8,591)	(0.25)	(1,634)	(0.05)
Net income attributed to the parent company	159,625	4.67	137,560	4.55

23. Explanation added for translation into English

These consolidated financial statements are presented on the basis of accounting principles generally accepted in Spain. Certain accounting practices applied by the Group that conform with generally accepted accounting principles in Spain may not conform with generally accepted accounting principles in other countries.

EXHIBIT I
GROUP COMPANIES

The subsidiaries of ACCIONA, S.A. included in the consolidated Group were considered to be Group companies pursuant to Article 2 of Royal Decree 1815/1991.

As of December 31, 2002, the companies fully consolidated during the year and information thereon are as follows:

Company	Auditor (*)	Location	Main Line of Business	% of Owner-ship	Shareholder	Net Book Value
Necso Entrecanales Cubiertas, S.A.	(B)	Madrid	Construction	100.00%	Acciona	326,691
Acciona Airport Services Berlin GmbH	(D)	Germany	Services	100.00%	Acciona	—
Acciona Airport Services Frankfurt GmbH	(D)	Germany	Services	75.00%	Acciona	—
Acciona Airport Services, S.A.	—	Madrid	Services	100.00%	Acciona	46
Acciona Concesiones, S.A.	—	Madrid	Concession operation	100.00%	Acciona	3
Acciona do Brasil, Ltda.	(D)	Brazil	Sundry Activities	100.00%	Acciona and Necso Subgroup	698
Biogas Gestión Madrid, S.A.	—	Madrid	Energy	60.00%	STU Subgroup	36
Acciona Eólica de Galicia, S.A.	(A)	Lugo	Energy	95.00%	Ineuropa de Cogeneración Subgroup	4,517
Aepo, S.A.	(B)	Madrid	Engineering	100.00%	Necso Subgroup	1,180
Alabe Cuadramón, S.A.	—	Lugo	Energy	100.00%	Ineuropa de Cogeneración Subgroup	3,606
Alabe Labrada, S.A.	—	Lugo	Energy	100.00%	Ineuropa de Cogeneración Subgroup	61
Alabe Leste, S.A.	—	Lugo	Energy	100.00%	Ineuropa de Cogeneración Subgroup	61
Alabe Lomba, S.A.	—	Lugo	Energy	100.00%	Ineuropa de Cogeneración Subgroup	61
Alabe Mareiro, S.A.	—	Lugo	Energy	100.00%	Ineuropa de Cogeneración Subgroup	61
Alabe Montemayor Norte, S.A.	—	Lugo	Energy	100.00%	Ineuropa de Cogeneración Subgroup	61
Alabe Montemayor Sur, S.A.	—	Lugo	Energy	100.00%	Ineuropa de Cogeneración Subgroup	61
Alabe Nordés, S.A.	—	Lugo	Energy	100.00%	Ineuropa de Cogeneración Subgroup	3,606
Alabe Refachón, S.A.	—	Lugo	Energy	100.00%	Ineuropa de Cogeneración Subgroup	61
Alabe Soan, S.A.	—	Lugo	Energy	100.00%	Ineuropa de Cogeneración Subgroup	3,606
Alabe Sociedad de Cogeneración, S.A.	(A)	Madrid	Energy	100.00%	Acciona	2,602
Alabe Térral, S.A.	—	Lugo	Energy	100.00%	Ineuropa de Cogeneración Subgroup	61
Alabe Mengibar, A.I.E.	—	Madrid	Energy	96.25%	Ineuropa de Cogeneración Subgroup and Alabe Soc. de Cogeneración	59
Alabe Salas, S.A.	—	Zaragoza	Energy	98.00%	Ineuropa de Cogeneración Subgroup	59
Alabe Ventoada, S.A.	—	Lugo	Energy	100.00%	Ineuropa de Cogeneración Subgroup	61
Ampliación Alabe Soán, S.A.	—	Lugo	Energy	100.00%	Ineuropa de Cogeneración Subgroup	61
Antigua Bodega de D. Cosme Palacio, S.L.	(C)	Álava	Food	100.00%	H. A. Barceló Subgroup	30
Asfaltats de Mallorca, S.A.	—	Palma de Mallorca	Construction	84.85%	Necso Subgroup	—
Badalport, S.L.	—	Barcelona	Real Estate	100.00%	Necso Subgroup	1,784
Barcelona 2 Residencial, S.A.	—	Barcelona	Real Estate	100.00%	Necso Subgroup	1,672
Bestinver Gestion S.G.I.I.C., S.A.	(C)	Madrid	Finance	100.00%	Bestinver Subgroup	331

EXHIBIT I (cont.)

Company	Auditor (*)	Location	Main Line of Business	% of Owner-ship	Shareholder	Net Book Value
Bestinver Pensiones G.F.P., S.A.	(C)	Madrid	Finance	100.00%	Bestinver Subgroup	601
Bestinver Sociedad de Valores y Bolsa, S.A.	(C)	Madrid	Finance	100.00%	Bestinver Subgroup	5,267
Bestinver, S.A.	(C)	Madrid	Finance	100.00%	Acciona	6,113
Bodegas Palacio, S.A.	(C)	Álava	Food	100.00%	H. A. Barceló Subgroup	1,526
Caserío de Dueñas, S.A.	(C)	Valladolid	Food	100.00%	H. A. Barceló Subgroup	2,903
Capev Venezuela	(D)	Venezuela	Construction	100.00%	Necso Subgroup	1,298
Coefisa, S.A.	(D)	Switzerland	Finance	100.00%	Acciona	711
Combuslebor, S.L.	(A)	Murcia	Services	100.00%	Acciona Logística Subgroup	401
Compañía de Aguas Paguera, S.L.	(A)	Palma de Mallorca	Urban Services	100.00%	Servicios Técnicos Urbanos Subgroup	1,346
Compañía Energética para el Tablero, S.A.	—	Madrid	Energy	90.00%	Ineuropa de Cogeneración Subgroup	9,601
Compañía Internacional de Construcciones, S.A.	—	Panama	Finance	100.00%	Acciona	1,353
Copane Valores, S.L.	—	Madrid	Portfolio company	100.00%	Acciona	55,779
Corporación de Explotaciones y Servicios, S.A.	—	Madrid	Portfolio company	100.00%	Acciona	1,712
Covinal, Ltda.	(D)	Colombia	Food	100.00%	Dren and H. A. Barceló Subgroup	396
Construcciones Gumi, S.L.	—	Madrid	Construction	100.00%	Necso Subgroup	7,803
Consorcio Constructor Araucaria Ltd.	(B)	Chile	Construction	60.00%	Necso Subgroup	3
Cubiertas General Construction Co. Ltd.	(D)	Gibraltar	Construction	100.00%	Necso Subgroup	3,184
Cubiertas Gibraltar, Ltd.	—	Gibraltar	Real estate 1	00.00%	Necso Subgroup	—
Checkpoint Jet Service GmbH	(D)	Germany	Services	100.00%	MDC Airport Consult GmbH Subgroup	307
Deutsche Necso Entrecanales Cubiertas GmbH	—	Germany	Construction	100.00%	Necso Subgroup	1,015
Dren, S.A.	—	Madrid	Real estate	100.00%	Acciona	1,115
Empresa de Diseño Constr. y Cons. de Jardines y Zonas Verdes, S.A.	—	Malaga	Landscaping	100.00%	Necso Subgroup	144
Enalia, Ltda.	(D)	Colombia	Food	100.00%	Dren and H. A. Barceló Subgroup	1,741
Entidad Efinen, S.A.	—	Madrid	Instrumentality company	100.00%	Acciona	211
Entrecanales y Tavora Gibraltar, Ltd.	(B)	Gibraltar	Construction	100.00%	Necso Subgroup	532
Erre y Ce, S.A.	—	Seville	Quarry exploitation	50.00%	Necso Subgroup	—
Estudios y Construcc. de Obras, S.A. de C.V.	—	Mexico	Construction	50.00%	Necso Subgroup	—
Estudios y Mantenimientos de Infraestructuras, S.A.	(B)	Madrid	Maintenance	100.00%	Necso Subgroup	278
Etime Seguridad, S.A.	—	Madrid	Engineering	100.00%	Acciona	120
Etime Facilities, S.A.	—	Madrid	Technology	100.00%	Acciona	60
Eurostewart Portugal, LTDA.	(A)	Portugal	Funeral services	100.00%	STU Subgroup	2,308
Exvinter, Inc.	—	Panama	Food	100.00%	H.A. Barceló Subgroup	31
Finanzas Dos, S.A.	—	Madrid	Instrumentality company	100.00%	Acciona and H.A. Barceló Subgroup	91
Finanzas Nec, S.A.	—	Madrid	Finance	100.00%	Necso Subgroup	61
Frigoriferi di Tavazzano, S.P.A.	—	Italy	Services	100.00%	Acciona Logística Subgroup	3,361
Frigoríficos Caravaca, S.L.	(A)	Murcia	Services	100.00%	Acciona Logística Subgroup	3,083

EXHIBIT I (cont.)

Company	Auditor (*)	Location	Main Line of Business	% of Owner-ship	Shareholder	Net Book Value
General de Producciones y Diseño, S.A.	(A)	Seville	Services	100.00%	Necso Subgroup	1,268
General de Servicios Integrales, S.A.	(A)	Seville	Services	100.00%	Necso Subgroup	904
Genérica de Construcciones y Mantenimiento Industrial, S.A.	—	Zaragoza	Industrial maintenance	100.00%	Acciona	30
Gestión de Servicios Urbanos Baleares, S.A.	(A)	Palma de Mallorca	Urban services	100.00%	Servicios Técnicos Urbanos Subgroup	—
Gestión de Servicios y Conservación de Infraestructuras, S.A.	—	Madrid	Maintenance	100.00%	Necso Subgroup	1,116
Grupo Transportes Frigoríficos Murcianos, S.L.	(A)	Murcia	Services	100.00%	Acciona Logística Subgroup	780
Hijos de Antonio Barceló, S.A.	(C)	Madrid	Food	100.00%	Acciona	31,710
Ibergel, S.A.	(C)	Zamora	Food	100.00%	Acciona	5,126
Ibérica de Estudios e Ingeniería, S.A.	(A)	Madrid	Engineering	100.00%	Acciona	142
Inantic, S.A.	—	Madrid	Instrumentality company	100.00%	Acciona and Necso Subgroup	495
Inetime, S.A.	—	Madrid	Engineering	100.00%	Acciona	—
Ineuropa de Cogeneración, S.A.	(A)	Madrid	Energy	100.00%	Acciona	—
Infilco Española, S.A.	(A)	Madrid	Water treatment	100.00%	Acciona	101
Infilco Necso Ingeniería Chile Ltda.	—	Chile	Construction	100.00%	Infilco Española and Necso Subgroup	4
Interlogística del Frío, S.A.	(A)	Barcelona	Services	100.00%	Acciona Logística Subgroup	16,819
Interurbano de Prensa, S.A.	(A)	Madrid	Services	100.00%	Acciona Logística Subgroup	2,675
Inversiones Técnicas Urbanas, S.L.	(A)	Madrid	Funeral services	50.00%	STU Subgroup	29,693
Jumpers Gibraltar, Ltd.	—	Gibraltar	Construction	100.00%	Necso Subgroup	—
La Luz, S.A. Terminal de Contenedores	(A)	Las Palmas	Services	82.28%	MID Atlantic, S.A. Subgroup	2,524
Logística del Transporte, S.L.B.	(A)	Murcia	Services	100.00%	Acciona Logística Subgroup	832
Lusonecso Promoçao Imobiliaria, S.U., Lda.	—	Portugal	Real estate	100.00%	Necso Subgroup	—
MDC Airport Consult GMBH	(D)	Germany	Services	100.00%	Acciona	—
Mostostal Warszawa, S.A.	(D)	Poland	Construction	49.00%	Acciona	20,962
Metrología y Comunicaciones, S.A.	—	Madrid	Construction	100.00%	Necso Subgroup	130
Montaña Residencial, S.A.	—	Barcelona	Real estate	100.00%	Necso Subgroup	334
Mufitrans, S.L.	(A)	Murcia	Services	100.00%	Acciona Logística Subgroup	184
Valgrand ó, S.A.	—	Madrid	Real estate	100.00%	Necso Subgroup	366
Necso Canadá Inc.	(C)	Canada	Construction	100.00%	Necso Subgroup	1,099
Necso Entrecanales Cubiertas Chile, S.A.	(B)	Chile	Construction	100.00%	Necso Subgroup	8,969
Necso Entrecanales Cubiertas México, S.A de CV	(D)	Mexico	Construction	100.00%	Necso Subgroup	543
Necso Gabón, S.A.	—	Gabon	Construction	100.00%	Necso Subgroup	15
Necso Hong Kong Ltd.	(C)	Hong Kong	Construction	100.00%	Necso Subgroup	1,630
Necso Triunfo Construções Ltda.	(D)	Brazil	Construction	50.00%	Necso Subgroup	108
Necsogal, Empresa Imobiliaria Unip. LDA	—	Portugal	Real estate	100.00%	Necso Subgroup	—
Necsoren, S.A.	(A)	Seville	Real estate	60.00%	Necso Subgroup	90

EXHIBIT I (cont.)

Company	Auditor (*)	Location	Main Line of Business	% of Owner-ship	Shareholder	Net Book Value
Olloquiegui Benelux B.V.B.A.	—	Belgium	Services	100.00%	Acciona Logística Subgroup	19
Olloquiegui France, E.U.R.L	—	France	Services	100.00%	Acciona Logística Subgroup	8
Olloquiegui UK, LTD	—	U.K.	Services	100.00%	Acciona Logística Subgroup	1
Packtivity, S.A.	—	Madrid	Services	100.00%	Acciona and Acciona Logística Subgroup	253
Paris Aquitaine Transports, S.A.	(D)	France	Services	100.00%	Acciona Logística Subgroup	1,236
Press Cargo Argentina, S.A.	—	Argentina	Services	100.00%	Acciona Logística Subgroup	7
Press Cargo Canarias, S.A.	—	Canary Islands	Services	80.00%	Acciona Logística Subgroup	331
Press Cargo, S.A.	(A)	Madrid	Services	100.00%	Acciona Logística Subgroup	14,649
Rendos, S.A.	—	Barcelona	Finance	100.00%	Acciona	8,101
Route & Press, S.L.	(A)	Madrid	Services	100.00%	Acciona Logística Subgroup	339
Sala Amat, S.A.	—	Barcelona	Construction	50.00%	Necso Subgroup	3
Grupo Service Corporation International Spain, S.L.	(A)	Zaragoza	Funeral services	85.00%	STU Subgroup	79,133
Grupo SCI Service Corporation International (Portugal)-Agencias Funerarias, S.A.	(A)	Portugal	Funeral services	85.00%	STU Subgroup	8,537
Grupo Inversiones Funerarias Reunidas, S.L.	(A)	Zaragoza	Funeral services	100.00%	STU Subgroup	15,992
Sefinco, Ltd.	—	Bermudas	Finance	100.00%	Acciona	17,268
Servicios Técnicos Urbanos, S.A.	(A)	Madrid	Urban services	100.00%	Acciona	4,082
Sileno, S.A.	(C)	Álava	Food	100.00%	H.A. Barceló Subgroup	7,593
Stadford	(C)	Canada	Construction	100.00%	Necso Subgroup	—
Acciona Logística, S.A	—	Madrid	Portfolio company	100.00%	Acciona and Dren	19,965
Sociedad Levantina de Obras y Servicios, S.A.	(B)	Valencia	Construction	100.00%	Acciona	75
Técnica de Aparcamientos Urbanos, S.A.	(A)	Madrid	Parking lots	100.00%	Acciona	26,392
Terminal de Contenedores Algeciras, S.A.	(A)	Murcia	Services	80.00%	Acciona	2,445
Terminal de Contenedores MID Atlantic, S.A.	—	Las Palmas	Services	100.00%	Acciona	—
Terminal Polivalente de Ferrol, S.L.	—	La Coruña	Services	51.00%	Acciona	25
Técnica y Conservación para la Mejora del Medio Ambiente, S.L.	—	Badajoz	Landscaping services	100.00%	Necso Subgroup	14
Transportes Frigoríficos Murcianos S.L.	(A)	Murcia	Services	100.00%	Acciona Logística Subgroup	996
Transportes Olloquiegui, S.A.	(A)	Navarra	Services	51.00%	Acciona Logística Subgroup	27,049
Tibest Cuatro, S.A.	—	Madrid	Instrumentality company	100.00%	Acciona	13,523
Tictres, S.A.	—	Madrid	Instrumentality company	100.00%	Acciona	—
Transurme, S.A.	(A)	Barcelona	Services	100.00%	Acciona Logística Subgroup	1,450
V 30 Estación de Servicios, S.A.	—	Valencia	Services	100.00%	Necso Subgroup	240
Viveros J. Dalmau, S.A.	(D)	Valencia	Landscaping services	92.86%	Necso Subgroup	4,177

(*) Companies whose financial statements are audited by: (A) Deloitte & Touche; (B) PricewaterhouseCoopers; (C) KPMG (D) Other.

**EXHIBIT II
MULTIGROUP COMPANIES**

The multigroup companies proportionally consolidated in 2002 pursuant to Article 4 of Royal Decree 1815/1991, and information thereon are as follows:

Company	Auditor (*)	Location	Main Line of Business	% of Owner-ship	Shareholder	Net Book Value
Aparcamientos Cinelandia, S.A.	(D)	Brazil	Parking lots	60.00%	Técnica Aparc.Urbanos Subgroup	4,619
Altai Hoteles, S.A.	—	Madrid	Services	50.00%	Necso Subgroup	30
Constructora Necso Sacyr Chile, S.A.	(B)	Chile	Construction	50.00%	Acciona and Necso Subgroup	9
Constructora Sacyr Necso Chile, S.A.	(B)	Chile	Construction	50.00%	Acciona and Necso Subgroup	9
Desarrollos y Construcciones, S.A. de CV	(A)	Mexico	Construction	50.00%	Necso Subgroup	2,723
Guadalaviar Consorcio Eólico Alabe Enerfin, S.A.	—	Madrid	Energy	50.00%	IDC Subgroup and Alabe	30
Inmobiliaria Parque Reforma, S.A. de CV	(D)	Mexico	Real estate	50.00%	Necso Subgroup	224
Necsoargaz, S.L.	—	Madrid	Construction	50.00%	Necso Subgroup	2,659
Concesionaria de Autopistas Metropolitanas, S.A	(B)	Chile	Concession operation	50.00%	Acciona and Necso Subgroup	36,841
Grupo Freyssinet	(D)	Bilbao	Construction	50.00%	Necso Subgroup	5,261
Grupo Terratest Cimyson, Icos	(B)	Madrid	Construction	45.14%	Necso Subgroup	450
Necsohenar, S.A.	—	Madrid	Construction	50.00%	Necso Subgroup	6,959
P & S Logística Integral El Salvador	—	El Salvador	Services	50.00%	Acciona Logística Subgroup	—
P & S Logística Integral Perú	—	Peru	Services	50.00%	Acciona Logística Subgroup	15
Tractament i Revalorizació de Residus del Maresme, S.A.	(D)	Barcelona	Waste treatment	45.00%	Corporac. de Explot y Servicios Subgroup	1,623
Polígono Romica, S.A.	(D)	Albacete	Real estate	50.00%	Necso Subgroup	2,737
Sociedad Concesionaria Litoral Central, S.A	(B)	Chile	Concession operation	50.00%	Acciona and Necso Subgroup	11,605
Tunel d'Envalira, S.A.	(C)	Andorra	Concession operation	40.00%	Acciona	3,360

(*) Companies whose financial statements are audited by: (A) Deloitte & Touche; (B) PricewaterhouseCoopers; (C) KPMG; (D) Other.

EXHIBIT III
COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD

The associated companies accounted for by the equity method pursuant to Article 5 of Royal Decree 1815/1991, and information thereon are as follows:

Company	Auditor (*)	Location	Main Line of Business	% of Owner-ship	Shareholder	Net Book Value
Airtel Móvil, S.A.	(A)	Madrid	Technology	6.22%	Acciona and Tibest Cuatro, S.A.	279,521
Ambigal A.I.E.	—	Portugal	Construction	49.75%	Necso Subgroup	—
Grupo Correo de Comunicación, S.A.	(A)	Bilbao	Press	5.00%	Acciona	10,694
Centro de Transportes de Valencia, S.A.	—	Valencia	Real estate	30.00%	Necso Subgroup	290
Concesiones de Madrid, S.A.	(A)	Madrid	Concession operation	25.00%	Acciona and Necso Subgroup	4,574
Empresa Concesionaria de Rodovías do Norte, S.A.	(A)	Brazil	Concession operation	25.00%	Acciona and Necso Subgroup	807
Bat Map, S.A.	—	Madrid	Technology	15.21%	Tictres Subgroup	2,864
KW Tarifa, S.A.	(A)	Madrid	Energy	23.40%	Acciona	1,541
Locubsa	—	Andorra	Construction	33.00%	Necso Subgroup	20
Nexotel Adeje, S.A.	—	Canary Islands	Services	33.30%	Necso Subgroup	4,992
Neg Micon Eólica, S.A.	(C)	Lugo	Energy	25.00%	Ineuropa de Cogeneración Subgroup	150
Portal Golf Fomento, S.A.	—	Madrid	Technology	33.33%	Tictres Subgroup	7,127
Residencial Serrerías, S.A.	—	Bilbao	Real estate	45.00%	Necso Subgroup	151
Ruta de los Pantanos, S.A.	(A)	Madrid	Concession operation	25.00%	Acciona and Necso Subgroup	2,770
Tranvía Metropolitá, S.A.	—	Barcelona	Concession operation	11.65%	Acciona and Necso Subgroup	3,553
Infraestructuras y Radiales, S.A	(C)	Madrid	Infrastructure	25.00%	Acciona and Necso Subgroup	14,497
Autopista del Henares, S.A concesionaria del Estado	(C)	Madrid	Concession operation	25.00%	Infraestructuras Radiales Subgroup	133,617
Erredosa Infraestructuras, S.A	(C)	Madrid	Concession operation	25.00%	Infraestructuras Radiales Subgroup	60
Transportes Ferroviarios de Madrid, S.A.	(A)	Madrid	Concession operation	12.19%	Acciona and Necso Subgroup	3,528

(*) Companies whose financial statements are audited by: (A) Deloitte & Touche; (B) Price WaterhouseCoopers; (C) KPMG; (D) Other.

EXHIBIT IV
CHANGES IN THE CONSOLIDATED GROUP

Company	Location	Main Line of Business	Change	2002 Consolidation Method
Altai Hoteles, S.A.	Madrid	Services	Included in consolidation	Proportional consolidation
Necso Gabón, S.A.	Gabon	Construction	Included in consolidation	Full consolidation
Lusonecso Promoção Imobiliária, S.U., Lda.	Portugal	Real estate	Included in consolidation	Full consolidation
Constructora Necso Sacyr Chile, S.A.	Chile	Construction	Included in consolidation	Proportional consolidation
Constructora Sacyr Necso Chile, S.A.	Chile	Construction	Included in consolidation	Proportional consolidation
Interlogística del Frio, S.A.	Barcelona	Services	Included in consolidation	Full consolidation
Frigoriferi di Tavazzano, S.P.A.	Italy	Services	Included in consolidation	Full consolidation
Combuslebor, S.L.	Murcia	Services	Included in consolidation	Full consolidation
Frigoríficos Caravaca, S.L.	Murcia	Services	Included in consolidation	Full consolidation
Grupo Transportes Frigoríficos Murcianos, S.L.	Murcia	Services	Included in consolidation	Full consolidation
Logística del Transporte SLB, S.A.	Murcia	Services	Included in consolidation	Full consolidation
Murfitrans, S.L.	Murcia	Services	Included in consolidation	Full consolidation
Oloquegui Benelux, BVBA	Belgium	Services	Included in consolidation	Full consolidation
Oloquegui France, EURL	France	Services	Included in consolidation	Full consolidation
Oloquegui UK, Ltd.	U.K.	Services	Included in consolidation	Full consolidation
Paris Aquitaine Transports, S.A.	France	Services	Included in consolidation	Full consolidation
Transportes Frigoríficos Murcianos, S.L.	Murcia	Services	Included in consolidation	Full consolidation
Transportes Oloquegui, S.A.	Navarra	Services	Included in consolidation	Full consolidation
Alabe Labrada, S.A.	Lugo	Energy	Included in consolidation	Full consolidation
Alabe Leste, S.A.	Lugo	Energy	Included in consolidation	Full consolidation
Alabe Montemayor Norte, S.A.	Lugo	Energy	Included in consolidation	Full consolidation
Alabe Montemayor Sur, S.A.	Lugo	Energy	Included in consolidation	Full consolidation
Ampliación Alabe Soán, S.A.	Lugo	Energy	Included in consolidation	Full consolidation
Alabe Terral, S.A.	Lugo	Energy	Included in consolidation	Full consolidation
Alabe Mareiro, S.A.	Lugo	Energy	Included in consolidation	Full consolidation
Acciona Concesiones, S.A.	Madrid	Concession operation	Included in consolidation	Full consolidation
Biogás Gestión Madrid, S.A.	Madrid	Energy	Included in consolidation	Full consolidation
Grupo Inversiones Funerarias Reunidas	Zaragoza	Funeral services	Included in consolidation	Full consolidation
Eurostewart Portugal, Ltda..	Portugal	Funeral services	Included in consolidation	Full consolidation
Albatross Reinsurance, Ltd.	Ireland	Finance	Excluded from consolidation	—
Dublon Finance Ltd.	Ireland	Finance	Excluded from consolidation	—
Build2Build, S.A.	Madrid	Technology	Excluded from consolidation	—
Press Cargo Belgium NV	Belgium	Services	Excluded from consolidation	—

EXHIBIT V
DETAIL OF CONSOLIDATED RESERVES AND TRANSLATION DIFFERENCES

Company	Consolidated Reserves	Translation Differences
Acciona Airport Services, S.A.	(3)	—
Acciona Airport Services Frankfurt GmbH	(7,092)	—
Acciona Airport Services Berlin GmbH	(3,222)	—
Acciona do Brasil, Ltda.	(68)	(958)
Alabe Sociedad de Cogeneración, S.A.	3,220	—
Airtel Móvil, S.A.	56,449	—
Grupo Correo de Comunicación, S.A.	(718)	—
Coefisa, S.A.	204	477
Compañía Internacional de Construcciones	2,449	1,931
Copane Valores, S.L.	22,505	—
Dren, S.A.	1,102	—
Entidad Efinen, S.A.	(4,334)	—
Etime Seguridad, S.A.	19	—
Etime Facilities, S.A.	383	—
Finanzas dos, S.A.	(4,122)	—
Genérica de Construcciones y Mantenimiento Industrial, S.A.	523	—
Ibergel, S.A.	1,234	—
Ibérica de Estudios e Ingeniería, S.A.	9,692	—
Inantic, S.A.	(26)	—
Inetime, S.A.	(845)	—
Packivity, S.A.	(2,393)	—
Infraestructuras Radiales Subgroup	(38)	—
Rendos, S.A.	(12,233)	—
Sefinco, Ltd.	33,182	—
Sociedad Levantina de Obras y Servicios, S.A.	3,512	—
Acciona Logística Subgroup	3,066	(64)
Bestinver Subgroup	10,322	—
Corporación de Explotaciones y Servicios Subgroup	1,860	—
Hijos de Antonio Barceló Subgroup	19,588	(1,378)
Ineuropa de Cogeneración Subgroup	3,551	—
Infilco Española Subgroup	5,223	(10)
Necso Entrecanales Cubiertas Subgroup	86,120	(8,670)
Servicios Técnicos Urbanos Subgroup	(1,291)	—
Tictres Subgroup	(6,882)	—
MDC Airport Consult GmbH Subgroup	(4,157)	—
Terminal de Contenedores Mid Atlantic Subgroup	(902)	—
Técnica de Aparcamientos Urbanos Subgroup	4,509	(2,566)
Terminal de Contenedores Algeciras, S.A.	(4)	—
Tibest Cuatro, S.A.	1,133	—
KW Tarifa, S.A.	446	—
Empresa Concesionaria de Rodovias do Norte, S.A.	(554)	(212)
Mostostal Warszawa, S.A.	(3,670)	(305)
Transportes Ferroviarios de Madrid, S.A.	(1,615)	—
Consolidation adjustments	74,065	—
Total	290,188	(11,755)

ACCIONA, S.A. AND SUBSIDIARIES
(CONSOLIDATED GROUP)
2002 MANAGEMENT REPORT

2002 was a satisfactory year for Acciona, S.A. and its subsidiaries, far exceeding the projections made at the beginning of 2002, despite the weaker economic situation of our business environment with respect to 2001.

Consolidated Earnings and Business Performance

In 2002, Acciona and its consolidated Group recorded net sales of €3,414.7 million, an improvement of 12.85% on 2001.

Gross operating income totaled €288.3 million (up 18% from 2001) and represented a margin of 8.44%.

Income from ordinary activities rose by 12.9% compared with 2001, to reach €218.8 million.

Income before taxes amounted to €219.5 million and net income after taxes attributable to the Group totaled €159.6 million, representing increases of 21.4% and 16%, respectively, compared with 2001.

The Infrastructure Division continued to be the Company's main source of revenues, with recorded production of €3,133.7 million, up 12.9% on 2001. This Division's pre-tax income amounted to €136.6 million, representing an increase of 29.9% compared with 2001.

In 2002 contracts in Spain once again involved a higher percentage of civil engineering and nonresidential building construction, with higher margins. This change in the breakdown of the order book should continue to boost construction margins.

In this context, mention should be made of a number of important contracts awarded in 2002 for roads, such as the Viñedos freeway; railroads, with new projects on the Madrid-Zaragoza high-speed (AVE) line; urban transport, with the project for Line 9 of the Barcelona subway and the Besós tram; airports, with the Barajas airport satellite platform; building construction, notably the reconstruction of the Palacio de Deportes (sports stadium) in Madrid, and environmental projects such as the La Rioja ecological park. Among our international projects, noteworthy was the award of the Deep Lake Water Cooling project in Canada.

In the transport concessions area, 2002 saw the launch of certain significant projects in which Acciona participates, such as the M-45 and Ruta de los Pantanos (lakeside route) in the Madrid Autonomous Community, or the D'Envalira tunnel in Andorra. Also, the consortium in which Acciona participates was awarded the new urban tram line in the Barcelona metropolitan area (Tranvía Metropolitá del Besós).

In the Energy Division, by year-end there were 218 MW of power at cogeneration plants and 138 MW of wind power in operation. 2002 was another difficult year for the cogeneration business, due to high gas prices and progressive rate reductions.

In the wind energy business, operating capacity remained stable at the 138 MW reached at 2001 year-end. Construction has commenced of four new wind farms in Galicia with an associated capacity of 69 MW, which will be boosted by an additional 73 MW in a new phase over the next two years.

At the beginning of 2003 we received a firm contract for the development of 17 wind farms in the Valencia Community, which will involve an installed capacity of 242 MW. All of this, combined with the 217 MW projected in

the Castilla-La Mancha wind energy plan, will make Acciona a leader in the Spanish wind power business within the next few years.

As part of its Urban Services and Environment activities, in 2002 the Group decided to expand its position in the funeral services business and, for this purpose, it acquired the company Eurostewart in Spain and Portugal, to add to its acquisition of SCI in 2001. These investments were made through Inversiones Técnicas Urbanas, which is 50% owned by Acciona.

The Logistics and Airport Services Division recorded sales of €297.2 million, up 44.5% from 2001. This strong increase was due to the sound business performance of the companies involved, in addition to the contribution of the two companies acquired during the year: Interfrisa, which is wholly owned and Olloquegui, which is 51% owned. Income before taxes in this division was €21.9 million, representing an increase of 21.35%. Noteworthy too, was the improvement in our handling business in Germany, which has been obtaining income since the last quarter of 2002.

Despite a weaker economic environment, Acciona's handling business, measured in terms of the number of flights serviced, recorded a total figure of 116,815, representing an increase of 8.4% with respect to 2001.

In the Telecommunications, Media and Technology Division, a provision of €53.9 million was recorded for the loss in value of our investment in Avanzit. This provision was offset by the considerable gain obtained on the sale of a block of shares of the Vodafone Group. We have arranged hedges on our remaining investment in the Vodafone Group, to guarantee a minimum realizable value.

The Corporate Services Division's sales of €66.9 million and pre-tax income of €11.7 million represented an increase of 5.45% with respect to 2001.

Balance Sheet

Net fixed assets amounted to €1,520 million in December 2002, exceeding the 2001 figure by 9.6%.

Net cash at year-end showed a net deficit of €725.5 million, compared with the €353.3 million of 2001, mainly due to the substantial investments made during the year in energy, infrastructure concessions, real estate assets and logistics services.

Shareholders' equity in 2002 amounted to €776.6 million, 14.3% higher than the 2001 figure, and represented 13.3% of total assets.

Despite all this, after the sale of the investment in Airtel at the end of January 2003, Acciona's financial position shows a very significant positive net cash position and equity representing almost three times the figure recorded as of December 31, 2002.

Salient Events in 2002

Inversiones Técnicas Urbanas (INTUR), which is 50% owned by Acciona, acquired all the shares of capital stock of Eurostewart España and Eurostewart Portugal.

In the Logistics Services area, Acciona acquired all the shares of Frigoscandia (renamed Interfrisa) and 51% of the capital stock of Transportes Olloquegui, S.A.

Also in 2002, a consortium led by Acciona won the contract for the privatization of Trasmediterránea. The process involved in purchasing this company will foreseeably be completed in the first half of 2003, after the launch of a public offering for the purchase of all its shares of capital stock.

On November 15, 2002, the Bondholders' Meeting approved the terms and conditions for the reconstruction of the Elektrim bonds, 30.6% of which are held by Acciona.

Quality, the Environment and Research

Sustainability criteria: quality and environmental aspects

2002 marked a significant advance in Acciona's strategy for sustainability, a concept which has been integrated in our values to ensure sustained profitability.

In this context we are in the process of completing the integration of the companies' management systems so that environmental, social and economic issues can be addressed jointly, thereby ensuring that all our projects have the hallmark of quality guaranteeing consistent results and distinguishing us from our competitors.

Noteworthy in 2002 was the publication of an environmental report by NECSO which became a reference document for the industry, providing operating and management indicators which demonstrate environmental commitment and correct procedures in construction projects, with environmental protection becoming a feature of management.

Acciona participated as a sponsor of the Sixth Spanish Conference on the Environment, where prominent managers of the Group companies took part in plenary sessions, round tables, technical seminars and group dynamics, reporting on the main activities and projects implemented and how these have resulted in innovation, efficiency and profitability.

The projects planned for the coming years are geared towards enhancing processes and establishing the indicators as tools to simplify the decision-making process and the assessment of our initiatives with sustainability parameters.

Research and development

In 2002 our corporate group, through its R&D Department, continued to develop new technologies which enhanced the productivity of our resources and the quality of our products, with customer satisfaction as a constant goal.

In the Construction area, 2002 was the tenth anniversary of NECSO's R&D Department, confirming the importance of its research and technological development activities in the industry. To celebrate this anniversary, we held public seminars in December in order to provide information on the results obtained to the scientific community.

Priority research areas are materials, production processes, energy, the environment and quality. These projects are backed by our participation in European and Spanish Research Programs.

Other areas in which we conduct intensive research and development are energy, the new information technologies and infrastructure maintenance.

Outlook

Projections for the Spanish economy in 2003 point to a slight slowdown in growth, although rates are expected to be above the European average.

Nevertheless, the outlook for the consolidated Group in 2003 is favorable, given its substantial backlog of construction work, the increase in installed capacity in energy projects, the entry into operation of new concessions and its plans for large-scale development of the logistics business line during the year, especially with the inclusion of Trasmediterránea.

Moreover, 2003 looks set to be a year full of opportunities for the future growth of Acciona, especially after the sale of our holding in Airtel (now Vodafone Spain) at the end of January 2003. This divestment was a major source of funds for the Company and has left the way open for the future expansion of our strategic business lines.

Treasury Stock

In 2002 the Company continued with its strategy of purchasing treasury stock, due to the sluggishness of the stock markets and because the Company considers that the current share price is well below the actual value, based on business and income projections.

As of December 31, 2002, the Parent Company held 551,825 shares of treasury stock, representing 0.868% of capital stock.

Events Subsequent to Year-End

On January 9, 2003, the Board of Directors of the Parent Company resolved to distribute an interim dividend totaling €31,775 thousand, payable from January 15, 2003.

On January 22, 2000, Acciona, S.A. reached an agreement with Vodafone Group plc relating to its investment in Airtel Móvil, S.A. The agreement basically consisted of a put option on 5.41% of its investment in Airtel Móvil, S.A.

In 2001, the subsidiary Tibest Cuatro acquired 0.8% of the capital stock of Airtel Móvil, S.A. This investment is included in the aforementioned put option.

On January 21, 2003, Acciona, S.A. notified Vodafone Group plc of the exercise of its put option on 489,909 shares of Airtel Móvil, S.A. owned by it and its subsidiary Tibest Cuatro, representing 6.2% of the capital stock.

On January 27, 2003, Vodafone Group plc acquired the Airtel Movil, S.A. shares for €2,018,061 thousand. On the same day, Acciona, S.A. canceled the bank credit line related to the put option from which it had drawn down €1,205,000 thousand.

In 2002 a consortium 55% owned by Acciona, S.A.'s wholly-owned investee Acciona Logística, S.A., was awarded the privatization of Compañía Trasmediterránea at a price of €45 per share.

On December 26, 2002, the aforementioned consortium requested authorization from the Spanish National Securities Market Commission (CNMV) to launch a tender offer for the purchase of all 6,043,149 shares of capital stock of Compañía Trasmediterránea, S.A. This tender offer was authorized by the CNMV on February 25, 2003.

Proposed resolutions



acciona

DEVELOPMENT AND
MANAGEMENT OF
INFRASTRUCTURE
AND SERVICES

RESOLUTIONS PROPOSED BY THE BOARD OF DIRECTORS TO THE SHAREHOLDERS' MEETING
TO BE HELD ON MAY 23, 2003, AT FIRST CALL, OR ON MAY 24, 2003, AT SECOND CALL, CONCERNING
THE ITEMS ON THE AGENDA

ITEM ONE: review and approval, if appropriate, of the 2002 individual financial statements of ACCIONA, S.A. and of the 2002 consolidated financial statements of the group of which ACCIONA, S.A. is the parent company

Approval of ACCIONA, S.A.'s 2002 individual financial statements (balance sheet, statement of income and notes to financial statements) prepared by the Board of Directors.

Approval of the 2002 consolidated financial statements (consolidated balance sheet, consolidated statement of income and notes to consolidated financial statements) of the group of companies of which Acciona, S.A. is the parent company, as prepared by the Board of Directors.

ITEM TWO: review of ACCIONA, S.A.'s 2002 individual management report and of the 2002 consolidated management report of the group of which it is the parent company; and approval, if appropriate, of the management of the business

Approval of the management of the business by the Company's Board of Directors, executives and authorized representatives in 2002, and of the individual and consolidated management reports prepared by the Board of Directors.

ITEM THREE: distribution of 2002 income

Approval of the following distribution of 2002 income, as reflected in the approved financial statements.

	Euros
Income:	60,215,400.06
Distribution to:	
— legal reserve:	0
— bylaw reserve	6,021,540.01
— voluntary reserves:	176,360.05
— dividends	54,017,500
a) interim dividend paid in January, 2003 (gross amount per share: € 0.50)	31,775,000
b) supplementary dividend (gross amount per share: € 0.35)	22,242,500

The supplementary dividend of € 22,242,500 (or such higher amount as may be established by the Board of Directors or its empowered members in the event of directly-owned treasury stock) will be payable from July 1, 2003. This supplementary dividend will be paid through such banks as the Board of Directors or company management may designate and through the company's own cash department.

ITEM FOUR: distribution of dividend with a charge to reserves

Approval of the payment of an extraordinary dividend of € 0.35 per share amounting to € 22,242,500 (or such higher amount as may be established by the Board of Directors or its empowered members in the event of directly-owned treasury stock) with a

charge to the unrestricted reserves recorded in the balance sheet of Acciona, S.A. as of December 31, 2002. This dividend will be paid together with the supplementary dividend.

ITEM FIVE: appointment of directors

In view of the imminent expiration of their respective terms of office, approval of the removal and subsequent reelection of the following directors:

- Juan Manuel Urgoiti y López Ocaña, of Spanish nationality, born on November 16, 1939, resident in Madrid and with Taxpayer Identification Number 606.391-L.
- Germán Gamazo y Hohenlohe, of Spanish nationality, born on June 11, 1951, resident in Madrid and with Taxpayer Identification Number 50.278.845-V.
- Carlos Espinosa de los Monteros y Bernaldo de Quirós, of Spanish nationality, born on March 18, 1944, resident in Madrid and with Taxpayer Identification Number 779.437-J.

ITEM SIX: appointment or reelection, as appropriate, of the auditors of ACCIONA, S.A. and its group

Reelection as auditors of Acciona, S.A., for the purpose of reviewing its 2003 individual financial statements and the 2003 consolidated financial statements of the Group of which it is the parent company, of Deloitte & Touche España, S.L. (formerly Arthur Andersen y Cía., S.Com., the statutory auditors for 2002), registered in the Ministry of Economy and Finance's Auditors' Register under number 39 and with Taxpayer Identification Number D-79104469.

ITEM SEVEN: Amendment of ACCIONA, S.A.'s bylaws through the addition of a new article 35b (regulating the formation, number of members, powers and operating rules of the audit committee)

Amendment of the Bylaws through the inclusion of a new Article 35B for the purpose of regulating the composition, operation and powers of the Audit Committee in accordance with the terms provided for in Article 47 of Law 44/2002 on Measures Reforming the Financial System, whereby Additional Provision Eighteen was added to Securities Market Law 24/1988.

“Article 35B- Audit Committee and other Board of Directors’ Committees.

In order to better discharge its functions, the Board of Directors may set up such committees as it may deem necessary to assist it on any matters pertaining to it.

In any case, there will be an Audit Committee, which shall comprise a minimum of three and a maximum of five Directors appointed by the Board of Directors, and on which there must be a majority of non-executive Directors. The Board shall also appoint the Chairman of the Committee from among the non-executive Directors. The Chairman must be replaced every four years and may be reelected after one year has elapsed from the date of his removal from office.

The Secretary of the Audit Committee shall be the Secretary of the Board of Directors and, in his/her absence, the Deputy Secretary thereof.

The Audit Committee shall meet periodically as needed when convened by its Chairman, either on his/her own initiative or at the request of any of its members. If the Chairman is absent or unable to call such meeting, the Secretary shall do so at the request of any of the Committee's members.

The Committee shall be deemed to be validly convened when at least half of its members or their representatives are in attendance and it shall adopt resolutions by majority vote of those attending, with the Chairman having a casting vote. The Audit Committee may require the presence at its meetings of such Directors as it may consider necessary and of the external auditor of any Group company. It may also seek expert outside counsel.

The Audit Committee shall have the following powers, without prejudice to such others as the Board of Directors may assign to it:

- a) To report to the Shareholders' Meeting on all matters raised at the meetings by the shareholders which relate to the Committee's area of responsibility.*
- b) To propose to the Board of Directors for approval by the Shareholders' Meeting the appointment of the external auditors referred to in Article 204 of the Spanish Corporations Law, the terms under which they will be engaged, the scope of their professional mandate and the revocation or extension thereof.*
- c) To supervise internal audit services.*
- d) To be apprised of the financial reporting and internal control systems process and to monitor compliance with legal requirements and the proper application of generally accepted accounting principles.*
- e) To maintain a relationship with the external auditors in order to receive information on any matters which may jeopardize the independence of the latter or of any other parties involved in the accurate conduct of the audit, and on any other disclosures required by audit law and by technical auditing standards.*
- f) To report and provide advice to the Board of Directors in connection with compliance with the corporate governance rules and standards of conduct required of the Company and its Group."*

ITEM EIGHT: authorization for the derivative acquisition of treasury stock by the company or by the group companies, rendering null and void the authorization granted by the 2002 shareholders' meeting

Authorize the derivative acquisition of Company shares by the Company itself and by Group companies, both directly and indirectly through the acquisition of capital stock of companies holding shares of Acciona, S.A., in compliance with the legal limits and requirements and the conditions set forth below, rendering null and void the authorization approved by the Shareholders' Meeting on May 25, 2002:

- a) Type: purchase, swap, loan or dation en paiement.
- b) Maximum number of shares to be acquired: up to 5% of the capital stock.
- c) Maximum and minimum prices: the latest stock market closing price, with a 15% margin above and below this price.
- d) Duration of the authorization: eighteen (18) months from the date of this agreement.

POINT NINE: empowerment of the board of directors for the development, interpretation, correction and execution of the resolutions of the shareholders' meeting

Delegation of the broadest powers to the Board of Directors for the purpose of developing, interpreting, correcting and executing the resolutions adopted by the Shareholders' Meeting, with express authorization for these powers to be exercised by the Directors or the Secretary in whom the Board of Directors may vest such powers.

Officers and management

PRESIDENT	José María Entrecanales de Azcárate	Avda. de Europa, 18 (28108)	Alcobendas (Madrid)	91 663 31 31
FIRST VICE-PRESIDENT	Juan Entrecanales de Azcárate	Avda. de Europa, 18 (28108)	Alcobendas (Madrid)	91 663 28 06
SECOND VICE-PRESIDENT	Juan Manuel Urgoiti y López-Ocaña	Avda. de Europa, 18 (28108)	Alcobendas (Madrid)	91 663 31 31
DIRECTOR AND CHIEF FINANCIAL OFFICER	José Manuel Entrecanales Domecq	Avda. de Europa, 18 (28108)	Alcobendas (Madrid)	91 663 28 07
CORPORATE STAFF				
ECONOMIC CONTROL				
General Manager	Valentín Montoya Moya	Avda. de Europa, 18 (28108)	Alcobendas (Madrid)	91 663 23 60
Deputy Manager	Juan Gallardo Cruces	Avda. de Europa, 18 (28108)	Alcobendas (Madrid)	91 663 23 60
Institutional Relations	Antonio Velázquez-Gaztelu Azpitarte	Avda. de Europa, 18 (28108)	Alcobendas (Madrid)	91 663 06 63
FINANCE				
General Manager	Gloria Alonso Martínez	Avda. de Europa, 18 (28108)	Alcobendas (Madrid)	91 663 23 60
ORGANIZATION AND METHODS				
Manager	Manuel Nuevo Galeazo	Avda. de Europa, 18 (28108)	Alcobendas (Madrid)	91 663 31 09
HUMAN RESOURCES				
Manager	Antonio Sánchez Álvarez	Avda. de Europa, 18 (28108)	Alcobendas (Madrid)	91 663 31 32
LEGAL DEPARTMENT				
Manager	Vicente Santamaría de Paredes	Avda. de Europa, 18 (28108)	Alcobendas (Madrid)	91 663 06 90

CONSTRUCTION

NECSO ENTRECANALES Y CUBIERTAS, S.A.

President	Juan Entrecanales de Azcárate	Avda. de Europa, 18 (28108)	Alcobendas (Madrid)	91 663 28 06
Vice-President and G. Manager	Vicente Soto Ibáñez	Avda. de Europa, 18 (28108)	Alcobendas (Madrid)	91 663 30 84
Executive Vice-President	Juan Ignacio Entrecanales Franco	Avda. de Europa, 18 (28108)	Alcobendas (Madrid)	91 663 28 08
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Western Spain				
Manager	Javier Pérez-Villaamil Moreno	Avda. de Europa, 18 (28108)	Alcobendas (Madrid)	91 663 31 16
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Central Spain				
Manager	Enrique Alonso Ferrer	Avda. de Europa, 18 (28108)	Alcobendas (Madrid)	91 663 06 50
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Eastern Spain				
Manager	José Luis Pérez Maeso	Avda. de Europa, 18 (28108)	Alcobendas (Madrid)	91 663 31 10
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International				
Manager	Domingo Vegas Fernández	Avda. de Europa, 18 (28108)	Alcobendas (Madrid)	91 663 23 33
Construction Manager	Jaime Moretó Rabasa	Avda. de Europa, 18 (28108)	Alcobendas (Madrid)	91 663 06 57
Construction Manager	Mariano Cano Capdevila	Avda. de Europa, 18 (28108)	Alcobendas (Madrid)	91 663 23 33
DECOSA (Mexico)	MOSTOSTAL WARSZAWA, S.A. (Poland)	NECSO CHILE	NECSO ITALY	
CAPEV (Venezuela)	NECSO BRAZIL	NECSO HONG KONG	NECSO PORTUGAL	
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Studies and Contracting				
Manager	Joaquín Eduardo Gómez Díaz	Avda. de Europa, 18 (28108)	Alcobendas (Madrid)	91 663 30 00
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Technical Services				
Manager	Enrique García del Real	Avda. de Europa, 18 (28108)	Alcobendas (Madrid)	91 663 29 31
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Engineering, Technological Innovation and R&D				
Manager	José Manuel Guinea Pérez	Avda. de Europa, 18 (28108)	Alcobendas (Madrid)	91 663 29 00
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Economic and Financial				
Manager	Javier Ducay Real	Avda. de Europa, 18 (28108)	Alcobendas (Madrid)	91 663 31 70

HUMAN RESOURCES				
Manager	Ángel Aledo Linos	Avda. de Europa, 12 (28108)	Alcobendas (Madrid)	91 663 30 92
LEGAL DEPARTMENT				
Manager	Ángel Ledesma Calicós	Avda. de Europa, 12 (28108)	Alcobendas (Madrid)	91 663 31 00
COMMUNICATIONS & INSTITUTIONAL RELATIONS				
Manager	José Luis Díaz de Rojas	Avda. de Europa, 12 (28108)	Alcobendas (Madrid)	91 663 30 90
QUALITY AND ENVIRONMENT				
Manager	Gracia Corrales Díaz	Avda. de Europa, 12 (28108)	Alcobendas (Madrid)	91 663 31 39
CONSTRUCTION SUBSIDIARIES				
Manager	José Ramos de Prada	Avda. de Europa, 18 (28108)	Alcobendas (Madrid)	91 663 30 04
GRUPO TERRATEST, S.A.	FREYSSINET, S.A.	G.P.D.	VIVEROS DALMAU	G.S.I.
REAL ESTATE				
NECSO INMOBILIARIA				
Manager	Luis Cuevas Puerta	Avda. de Europa, 18 (28108)	Alcobendas (Madrid)	91 663 30 05
CONCESSIONS				
INFRASTRUCTURE CONCESSIONS				
Manager	Juan José Clavería	Avda. de Europa, 18 (28108)	Alcobendas (Madrid)	91 663 23 51
ENGINEERING				
AEPO, S.A.				
Manager	David Ortega Vidal	Bascones, 22 (28029)	Madrid	91 378 96 61
IBERINSA, S.A.				
Manager	Jesús Contreras Olmedo	Avda. de Burgos, 25 (28036)	Madrid	91 383 48 09
ENERGY				
ALABE, S.A.				
Manager	INEUROPA DE COGENERACIÓN, S.A.	PARQUE EÓLICO DEL XISTRAL, S.A.	KW TARIFA, S.A.	
	Diego Contreras Olmedo	Avda. de Europa, 18 (28108)	Alcobendas (Madrid)	91 663 29 71

URBAN AND ENVIRONMENTAL SERVICES

General Manager	Santiago de la Fuente Ramírez	Avda. de Europa, 18 (28108)	Alcobendas (Madrid)	91 663 06 66
TAU, S.A. APARCAMIENTOS				
Manager	Gregorio Zotes Calabozo	Avda. de Europa, 18 (28108)	Alcobendas (Madrid)	91 663 06 71
NECSO SERVICIOS URBANOS, S.A.				
Manager	José Luis Pérez Maeso	Cirilo Amorós, 32 (46004)	Valencia	96 337 94 03
SERVICIOS TÉCNICOS URBANOS, S.A.				
Manager	Ricardo Molina Oltra	Avda. de Europa, 18 (28108)	Alcobendas (Madrid)	91 663 06 69
INFILCO, S.A.				
Manager	José Luis March Arbos	Avda. de Burgos, 29 (28036)	Madrid	91 766 07 58
T.R.M.				
Manager	Joan Balagué Pons	Riera d'Argentona, s/n	Mataró (Barcelona)	93 741 15 15

LOGISTICS AND AIRPORT SERVICES

General Manager	Juan Sáez Elegido	Avda. de Europa, 18 (28108)	Alcobendas (Madrid)	91 663 06 67
AIRPORT MANAGEMENT				
INEUROPA HANDLING				
Manager	ACCIONA AIRPORT SERVICES, S.A. Carlos Navas García	Avda. de Europa, 18 (28108)	Alcobendas (Madrid)	91 663 06 70
LOGISTICS SERVICES				
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Joan Fontcuberta, Barcelona 1955

Joan Fontcuberta's photography reflects his very diverse profile as creator, teacher, critic and exhibition organizer. His personal work, which is characterized by delicately tailored images, tell us about imagination as an art form and about the paradoxical nature of truth. His universe falls between reality and fiction, in the poetic shadowlands.

In 1989, Fontcuberta presented a personal exhibition at New York's MOMA. Since then, numerous US and European museums have exhibited his work. Permanent collections in Spain, including MNCARS in Madrid, MACBA in Barcelona, IVAM in Valencia and ARTIUM in Vitoria, house Fontcuberta works.

In 1998, Fontcuberta won the National Photography Prize.

The photographs produced expressly by Joan Fontcuberta for ACCIONA's 2002 Annual Report combined digital modeling procedures with traditional analogue photography techniques. The photographs show some of ACCIONA's projects and symbolize the primary elements (light, air, water, fire, earth, etc.) and the human and technological resources that can overcome nature and enhance progress and wellbeing.

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