Consolidated Directors' Report for the Year 2001

(Free translation from the original in Spanish)

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1.- Introduction.

1.1. The present Directors' Report is formulated in accordance with articles 171 and 202 of the Revised Text of the Limited Liability Companies Law, article 49 of the Commercial Code and the Seventh European Council Directive of June 13, 1983 (83/349/EEC).

Abengoa, S.A. is an industrial and technological company that, at the end of the year 2001, held a group formed by the following companies: the parent company itself, 175 subsidiaries and 28 associated companies. Likewise, it held direct or indirect interests in 177 Temporary Consortiums. In addition, the Group companies owns shareholdings of less than 20% in other companies.

Apart from this legal corporate structure, for operating management and administration purposes, Abengoa acts through the organizational structures, described in point 2.1. below.

1.2. In order to accurately measure and evaluate the business and the results achieved by Abengoa, the basis used must be the consolidated figures, which reflect the evolution of the business.

In addition to the accounting information provided in the Consolidated Annual Accounts and in the present Directors' Report, Abengoa is publishing an "Annual Report" describing the most important achievements in the year 2001. This Report is available in Spanish, English and French. Said Annual Report, which is printed before the General Shareholders' Meeting at which the Annual Accounts for 2001 are to be approved, includes both the consolidated financial statements of Abengoa and a description of the business strategy objectives and the most relevant accomplishments of the four Business Groups into which Abengoa was structured at December 31, 2001.

In addition to the printed edition, an abridged version of the Annual Report will be available in Internet, at the address http://www.abengoa.com. It is also possible to request a printed copy of the Annual Report from the aforementioned Internet address.

Furthermore, this web page also provides the regular information (quarterly or six-monthly) or significant events that it is compulsory for Abengoa to notify to the Stock Market National Commission under stock market rules.

1.3. The shares of Abengoa, S.A. have been listed on the stock exchange since November 29, 1996 and the Company files the legally required quarterly and six-monthly information.

All the shares of Abengoa, S.A. were first quoted on the Madrid and Barcelona Stock Exchange Markets and in the Stock Exchange Interconnection System on November 29, 1996. Simultaneously, a public offering was made by their shareholders Inversión Corporativa I.C., S.A. and its subsidiary Finarpisa, S.A., together with other shareholders.

For the two processes (listing and public offering), Abengoa published an Admission Prospectus and, together with their shareholders, the Initial Public Offering Prospectus. Both Prospectus were duly approved and registered by the Stock Market National Commission on November 12, 1996 and November 21, 1996, respectively.

The volume of shares included in the Public Offering was finally established at 33.03% of the share capital of Abengoa, S.A. and the offer concluded on November 29, 1996, the date on which the stock market operation was carried out.

Abengoa, S.A. had 5,559 shareholders as at June 24, 2001 according to the information provided by "Servicio de Compensación y Liquidación de Valores, S.A." on the occasion of the last General Shareholders' Meeting held on June 24, 2001. Leaving aside the interests held by the shareholders Inversión Corporativa I.C., S.A. and its subsidiary Finarpisa and Ibisa (52.02%), according to these data, the Company considers that Abengoa, S.A.'s free float capital at said date, leaving the reference shareholder's interest aside, was 47.98% at said date.

According to the data provided to the Company by Sociedad Rectora de la Bolsa de Valores de Madrid (governing body of the Madrid Stock Exchange), 27,507,941 shares were traded during 2001. The average daily volume traded in the year was 110,031 shares, in comparison with 53,207 in 2000 (106% higher). The minimum, maximum and average prices per share in the year 2001 were Euros 6.00, Euros 9.28 and Euros 7.75 respectively (the foregoing takes into account the split in the nominal value of Euro 1 per share to Euros 0.25 per share that took place in July 2001). The last price for the Abengoa shares in 2001 was Euros 6.91, 18.6% lower than on 31 December 2000 and 285% higher than the share price established for the public offering of shares on 29 November 1996.

1.4. In the year 2001, actions resulting from the objectives set by the strategic plan produced in 1996, when it was first listed on the stock exchange, were consolidated. In recent years, corporate management has sought to use returns on Abengoa's traditional activity as a springboard to develop businesses with greater value added, at the same time as the diversification of activities and geographical diversification has been structured.

The actions culminated in the year 2000 (mainly the acquisition of Befesa and the coming into operation of the first bioethanol production plant) were complemented in the year 2001 by other strategic operations, which allow Abengoa to form a technological enterprise, with an important presence in the environment sector, though environmental services (Befesa) and the production of fuels from renewable sources (bioethanol).

Among the strategic operations that took place in the year 2001, the following may be highlighted:

- Abengoa's Environment Division (specialized in hydraulic works and environmental engineering) was integrated into Befesa, through a capital increase of Euros 12,287,418.99 in Befesa by means of the contribution of Abengoa Servicios Urbanos, S.A.

- Divestment in the wind power activity. On September 14 and October 30, 2001, the sale of the assets forming Abengoa's wind power activity, including both the shareholdings in Desarrollos Eólicos, S.A. and its wind park promotion subsidiaries and the rights to develop other parks under promotion, was formalized between Asa Environment & Energy Holding AG, a 100%-held subsidiary of Abengoa, and NV Nuon. The sale transaction is being processed for approval by the authorities and this procedure is expected to conclude satisfactorily in the first six months of 2002. The result of this transaction, which will not finalize until the required approval is obtained from the authorities, is not accounted for in the year 2001. (See Notes 19.3 and 21 to the Annual Accounts.)

- Increase in the bioethanol production capacity by investment in Bioenergy activity. Acquisition of the United States company High Plains Corporation (HIPC), the fifth largest bioethanol producer in the United States. This last transaction was completed in the year 2002 (Relevant fact dated December 18, 2001). The investment was made by presenting a Tender Offer through Asa Environment and Energy Holding AG on November 1, 2001, whereby control of a majority of the capital of High Plains Corporation (HIPC), a company listed on the Nasdaq Stock Market, was acquired. HIPC owns three plants in operation, with a total production capacity of 85 million gallons (332 million litres) a year. Sales for the fiscal year 2001 (ended in June) were 150.5 M.USD. The period of the tender offer was officially extended until January 16, 2002. At December 31, 2001, the percentage shareholding obtained was 86.32%, which rose to 94.13% at the end of the additional period on January 16, 2002. Subsequently, after requesting the exclusion of HIPC from the Nasdaq, Asa Environment & Energy Holding AG has obtained control of 100% of High Plains Corporation, representing a total investment of 100 M.USD.

The result of these operations performed in the year 2001 structures Abengoa as an industrial and technological company, which acts through four business units:

- Bioenergy
- Environmental Services
- Systems and Networks
- Engineering and Industrial Construction

1.5. In the year 2001, Abengoa's total net turnover was Mill.Euros 1,379.9, representing an increase of 14,6% on the prior year.

The increase in sales in the year 2001 was basically due to the increase in the Bioenergy Business Group (formerly Bioethanol), which rose from Mill.Euros 41.7 in 2000 to Mill.Euros 108.5 in 2001 and the Environmental Services Business Group (formerly Environment), which increased from Mill.Euros 193.6 in 2000 (when only 6 months of Befesa was consolidated) to Mill.Euros 369.9 in 2001.

The earnings before interest, taxes, depreciation and amortization (Ebitda) was Mill.Euros 166.5, an increase of Mill.Euros 40.2 on 2000 (31.8% up).

The net profit attributed is Mill.Euros 41.5, which represents an increase of Mill.Euros 5.4 (15%) on the profit after tax of Mill.Euros 36.1 attributed in the preceding year.

The net cash flow generated in the year was Mill.Euros 107 and represents an increase of Mill.Euros 18.2 on the year 2000, a rise of 20.5%.

The Board of Directors proposes to the General Meeting of Shareholders the distribution of a dividend of Euros 0.14 per share against the profit for the year 2001 (a 15% increase on the preceding year), representing a total pay-out of Mill.Euros 12,666 for the 90,469,680 outstanding shares.

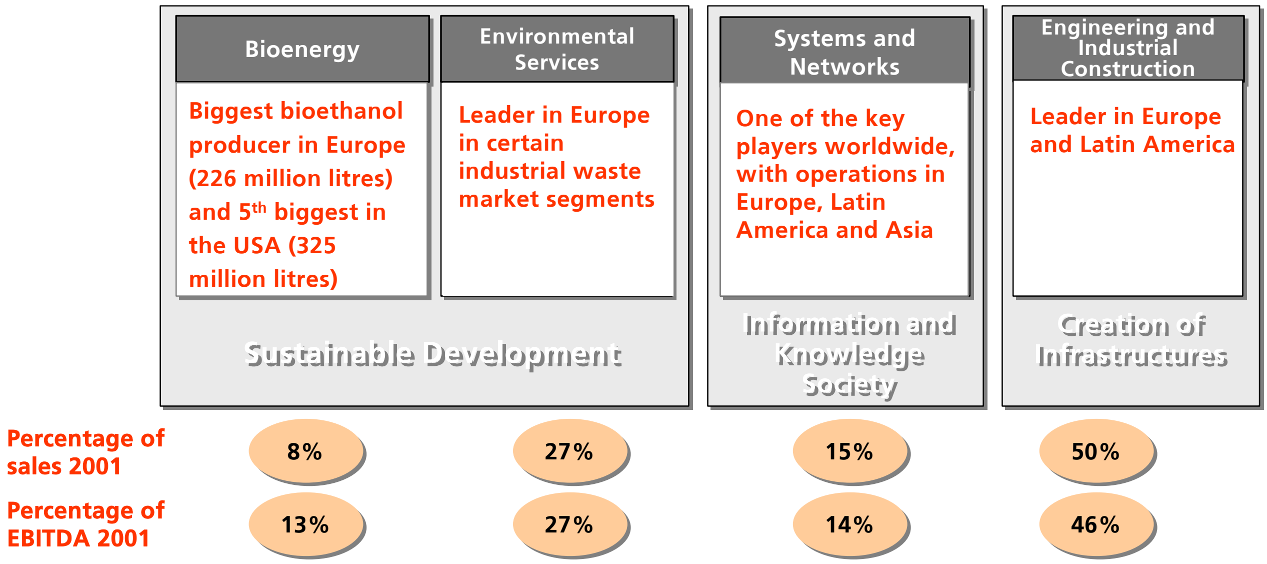
2.- Comments on the Evolution of the Business and Overall Situation of the Companies Included in the Consolidation.

2.1. General description and organization.

Abengoa was formed in Seville in 1941. Until 1996 it operated as an Engineering Company undertaking a range of activities. It is now an industrial and technological Company that provides solutions for sustainable development, the information and knowledge society and the creation of infrastructures.

At the 2001 year end, Abengoa's stock market capitalization was 625 million euros, it was present in 38 countries and its sales in the year were 1,379.8 million euros, with an Ebitda of 166.5 million euros.

Abengoa operates in four areas of activity:



The activities of the four Business Groups are as follows:

<u>Bioenergy</u>

Production of ethyl alcohol from vegetable products (cereals, biomass). The alcohol (bioethanol) is used to manufacture ETBE (petrol component) or is blended directly with petrol and gasoil. As it is a renewable energy, net CO_2 emissions are reduced (greenhouse effect).

<u>Environmental Services</u>

Aluminium waste recycling, salt slag recycling, zinc waste recycling, industrial waste recycling, industrial cleaning and environmental engineering services (engineering and construction for water treatment and waste management).

<u>Systems and Networks</u>

Control and information systems integration and private network and infrastructure integration for the vertical Energy, Environment, Traffic, Transport and Telecommunications markets, providing the market with a range of products based on an innovative combination of technology, infrastructure and contents.

Technology: by using solutions based on both products developed in-house and third-party products.

- Infrastructure: with the use of spaces specially adapted for the housing and running of computer and telecommunications equipment.

- Contents: through the development of management and information systems and systems for control in real time for the target markets.

Engineering and Industrial Construction

Engineering, construction and maintenance of electrical, mechanical and instrumentation infrastructures for the energy, industrial, transport and service sectors. Development, construction and operation of industrial plants and conventional power plants (cogeneration and combined-cycle) and renewable energy facilities (bioethanol, biomass, wind, solar and geothermal). Turnkey telecommunications networks and projects.

2.2. Recent evolution.

2.2.1. The evolution of the main balance sheet and profit and loss account figures over the last years is shown below:

Description	2001	∆%	2000	∆%	1999	∆%	1998	1997	1996
	M.Euros		M.Euros		M.Euros		M.Euros	M.Euros	M.Euros
Equity	316.9	+4.9	302.0	+50.4	200.6	+8.7	185.18	181	160
Total Assets	2,100.6	+11.4	1,885.4	+57.4	1,197.9	+21.7	984.61	763	542

Description	2001	∆%	2000	∆%	1999	∆%	1998	1997	1996
	M.Euros		M.Euros		M.Euros		M.Euros	M.Euros	M.Euros
Sales	1,379.9	+14.6	1,204.6	+39.0	866.2	+10.3	785.20	693	579
EBITDA (1)	166.5	+31.8	126.3	+43.0	88.3	+17.7	75.03	64	51
Pr. Attrib. to Parent Comp.	41.5	+15.0	36.1	+64.9	21.9	+10.1	19.90	18	16
Net cash flow	107.0	+20.5	88.8	+59.8	55.6	+15.5	48.10	37	29

(1) Earnings before interest, taxes, depreciation and amortization.

2.2.2. On the balance sheet, the most significant aspect is the variation in the fixed assets between 1998 and 1997 with respect to 1996 due to the full consolidation of "Sociedad Inversora en Energía y Medio Ambiente, S.A." (Siema) from 1997 onwards. This is shown under the caption "Fixed Assets in Projects", which rose from Mill.Euros 21.3 in 1996 to Mill.Euros 178.2 in 1997, to Mill.Euros 245.0 in 1998, to Mill.Euros 306.5 in 1999, to Mill.Euros 337.4 in 2000 and to Mill.Euros 305.6 in 2001, basically as a result of tangible fixed assets representing the investments in the projects of Siema. These investments are located in the activities of water and environmental management and in energy-producing plants and installations belonging to the different Project promotion companies in which interests are held either by Siema or directly by Abengoa.

The investments in these promotion companies are generally made through Project Finance, a financing formula agreed with the financial institution whereby the latter recovers the financing through the funds generated by the project. This type of funding is, therefore, without recourse to the shareholders.

The balancing item of these investments appears in the balance sheet liabilities under the caption "Financing without Recourse Applied to Projects", which, at the 2001 year end totals Mill.Euros 139.6 under the long-term caption and Mill.Euros 62.0 at short-term, in comparison with Mill.Euros 188.5 and Mill.Euros 45.9 respectively in 2000.

The change in the size and structure of Abengoa's balance sheet in the last two years relates to certain actions, of which the final effect on the balance sheet may be seen in the following variations:

a) The full consolidation of the holding in Befesa at the year end 2000 (91.00%). For purposes of the profit and loss account, however, said consolidation affected only the contribution relating to the six-month period at the year end 2000, since the tender offer concluded in June 2000, and to a full year for the first time in 2001, which closed with a shareholding of 92.05%.

b) Capital increase in Abengoa in the year 2000, which allowed Abengoa's shareholders' equity to be increased by Mill.Euros 75.1 and was concluded with the full support of the investors in the month of August 2000. The increase in the shareholders' equity represents approximately a third of that which already existed, which was increased to Mill.Euros 302.0.

c) Signature of a syndicated loan in 2001 for an amount of Mill.Euros 340 maturing at 6 years, signed with 38 financial institutions and structured to reinforce the company's financial resources after the acquisition of Befesa through the tender offer subsequently launched on the stock market.

d) Divestment in the wind power activity in October 2001, representing a net reduction on the balance sheet of Mill.Euros 83.9 in Fixed Assets in Projects and Mill.Euros 64.9 in Financing without Recourse Applied to Projects

e) Acquisition of the United States company High Plains Corporation, with an investment of 100 million US dollars. The whole investment was made using the Abengoa's available treasury resources and is shown on the balance sheet for 2001.

2.2.3. The contribution of the Business Groups to the Sales and the Ebitda shows the recent contribution of Bioenergy and Environmental Services, the weight of which, particularly the contribution to the Ebitda, has already become very significant (42% overall).

	Sales 2001			Sales 2000		Sales 1999	
Business Group	**M.Euros**	**% over total**	**∆ 01/00**	**M.Euros**	**% over total**	**M.Euros**	**% over total**
Bioenergy	108.5	7.9	+160%	41.7	3.5	2.5	0.3
Environmental Services	369.9	26.8	+91%	193.6	16.1	58.6	6.8
Systems and Networks	208.9	15.1	-15%	247.3	20.5	177.5	20.5
Engineering and Industrial Construction	692.5	50.2	-4%	722.0	59.9	627.6	72.4
Total	**1,379.8**	**100.0**	**+15.0%**	**1,204.6**	**100.0**	**866.2**	**100.0**

	Ebitda 2001			Ebitda 2000		Ebitda 1999	
Business Group	**M.Euros**	**% over total**	**∆ 01/00**	**M.Euros**	**% over total**	**M.Euros**	**% over total**
Bioenergy	21.2	12.7	+221%	6.6	5.2	0.4	0.4
Environmental Services	44.4	26.7	+65%	26.9	21.3	7.4	8.4
Systems and Networks	24.0	14.4	-36%	37.4	29.6	26.2	29.7
Engineering and Industrial Construction	76.9	46.2	+39%	55.4	43.9	54.3	61.5
Total	**166.5**	**100.0**	**+31.8%**	**126.3**	**100.0**	**88.3**	**100.0**

2.2.4. The year 2001 also presented significant variations in the weight of Abengoa's operations abroad, which were still very significant. Specifically, sales abroad accounted for Mill.Euros 500.6 (36%) of the Mill.Euros 1,379.8 turnover registered in 2001. Sales in Spain amounted to Mill.Euros 879.2 (64%) compared with Mill.Euros 748.2 in 2000 (62%).

Local operations, that is, sales by local companies based in other countries, amounted to Mill.Euros 298.3, accounting for 21.7% of the total sales figure for 2001, while exports from companies based in Spain totalled Mill.Euros 202.3 (14.6%). In 2000 sales by local companies abroad accounted for 21.0% of the total figure and exports 16.8%.

Exports and Local Company Sales	2001 M.Euros	%	2000 M.Euros	%	1999 M.Euros	%	1998 M.Euros	%	1997 M.Euros	%	1996 M.Euros	%
USA	5.8	0.4	2.8	0.2	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Latin America	336.7	24.4	352.3	29.2	346.3	40.0	349.9	44.6	294.3	42.5	152.4	26.3
Europe (rest)	125.8	9.1	76.5	6.3	41.8	4.9	24	3.1	27.5	4	16.4	2.8
Africa	9.4	0.7	14.2	1.2	12.4	1.4	6.9	0.9	4.7	0.6	5.2	0.9
Asia	22.9	1.7	10.6	0.9	4.7	0.5	21	2.7	32.2	4.7	24.4	4.2
Total Foreign	**500.6**	**36.3**	**456.4**	**37.8**	**405.5**	**46.8**	**401.8**	**51.1**	**358.7**	**51.8**	**198.4**	**34.2**
Local	298.3	21.7	253.5	21.0	272.2	31.4	267.1	34	251.6	36.3	122.2	21.1
Exports	202.3	14.6	202.9	16.8	133.3	15.4	134.7	17.1	107.1	15.5	76.2	13.1
Total Foreign	**500.6**	**36.3**	**456.4**	**37.8**	**405.5**	**46.8**	**401.8**	**51.1**	**358.7**	**51.8**	**198.4**	**34.2**
Total Spain	**879.2**	**63.7**	**748.2**	**62.2**	**460.7**	**53.2**	**383.3**	**48.9**	**333.9**	**48.2**	**380.4**	**65.8**
Consolidated Total	**1,379.8**	**100.0**	**1,204.6**	**100.0**	**866.2**	**100.0**	**785.1**	**100.0**	**692.6**	**100.0**	**578.8**	**100.0**

The distribution of activities abroad is as follows:

	2001 M.Euros	%	2000 M.Euros	%	1999 M.Euros	%	1998 M.Euros	%	1997 M.Euros	%	1996 M.Euros	%
USA	5.8	1.2	2.8	0.6	0.3	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Latin America	336.6	67.2	352.3	77.2	346.3	85.4	349.9	87.1	294.3	82.0	152.4	76.8
Europe (rest)	125.8	25.1	76.5	16.8	41.8	10.3	24.0	6.0	27.5	7.7	16.4	8.3
Africa	9.4	1.9	14.2	3.1	12.4	3.1	6.9	1.7	4.7	1.3	5.2	2.6
Asia	22.9	4.6	10.6	2.3	4.7	1.1	21.0	5.2	32.2	9.0	24.4	12.3
Total Foreign	**500.6**	**100.0**	**456.4**	**100.0**	**405.5**	**100.0**	**401.8**	**100.0**	**358.7**	**100.0**	**198.4**	**100.0**

2.2.5. With regard to the average number of employees, the comparative figures are as follows:

Average Number of Employees	2001	%	2000	1999	1998	1997	1996
Spain	5,539	58%	5,562	4,659	3,973	4,068	4,115
Abroad	3,999	42%	4,028	2,833	4,718	4,820	3,335
Total	**9,538**	**100%**	**9,590**	**7,492**	**8,691**	**8,888**	**7,450**

2.3. Other comments on the evolution of activities in 2001.

Bioenergy

- The bioethanol manufacturing activity, which commenced by constructing and running the Cartagena plant (Ecocarburantes Españoles, S.A.) is the objective of the new Bioenergy Business Group, which was strengthened in the year 2001 by the acquisition of the United States company High Plains Corporation.

- USA market: High Plains in the fifth bioethanol producer in the USA, with a total capacity of 325 million litres distributed between three plants: York (Nebraska), Colwich (Kansas) and Portales (New Mexico). The acquisition of High Plains means entering a market like that of the United States, which is regulated to favour the use of biofuels due to the combination of an exemption from the tax on hydrocarbons, established long-term, and the requirement to use oxygenated additives in urban areas where the alternative using MTBE is in the process of prohibition (the first State will be California, which has fixed the prohibition on MTBE for January 1, 2003). Likewise, the purchase of High Plains implies that Abengoa has acquired differential competences in relation to the running of ethanol plants and R&D, given the unique experience of its management team.

- Spanish market: Regarding the Spanish market, the Bioenergy activity already has a production capacity of 100 million litres at the Ecocarburantes Españoles, S.A. plant in Cartagena, to which the capacity of the plant under construction in Teixeiro (Bioetanol Galicia, S.A.) should be added, with an additional 126 million litres. Furthermore, Abengoa has been granted exemption from the tax on hydrocarbons for the ethanol produced in a third plant of 200 million litres in Balbilafuente (Salamanca). This plant will be run by Biocarburantes de Castilla y León, S.A., a company incorporated by Abengoa y Ebro Puleva, S.A. with 50% each.

- R&D: Abengoa's bet on the biofuel market is complemented by the R&D activity aimed at:

  - Increasing the efficiency of the plants in operation and developing new production processes using biomass as the raw material.

  - Developing additives that allow the field of application of ethanol to be extended to diesel fuel (E-Diesel).

  - Obtaining value for the production process by-products (DDGS, Distillers' Dry Grains and Solubles).

  In order to do this, Abengoa has its own R&D structure which is, furthermore, based on a series of agreements with and/or shareholdings in companies.

<u>Environmental Services</u>.

- The most significant event is the integration of all the environmental activities that were carried on through Abensur Servicios Urbanos, S.A. (Abensur) into Befesa. For this reason, there was a capital increase in Befesa in July, which was fully subscribed by Abengoa, allowing the non-monetary contribution of the assets of Abensur. Abensur, engaged in the engineering and construction of hydraulic works and water treatment, completes Befesa’s range of activities and resources perfectly and substantially reinforces Befesa’s Environmental Engineering activity.

- After the integration, Befesa had a payroll of 1,214 people at the 2001 year end and currently operates through more than fifty companies in the following business areas:

    - Aluminium waste recycling
    - Salt slag recycling
    - Zinc waste recycling
    - Industrial waste management
    - Hydrocarbons and industrial cleaning
    - Environmental engineering

- Befesa’s year end has been adjusted to coincide with the calendar year and, consequently, with the year end of all Abengoa’s operations.

- In a market, which is still characterized by consolidation, Befesa has been able to strengthen its market position even further, through new services for its clients and the inclusion of new companies. Befesa has designed a new commercial organisation that acts by geographical areas, with nation-wide task coordination and a “multiproduct” approach in the commercial tasks, reinforcing its “unique” image, in order to provide the waste producer with an integral service.

<u>Systems and Networks</u>.

- Telvent Sistemas y Redes, S.A. was incorporated in the year 2000 as the Company heading Abengoa's Systems and Networks business segment. This process culminated in January 2001 with the integration of Sainco and the companies it controls as a subsidiary of Telvent Sistemas y Redes, S.A.

- The process of Telvent Sistemas y Redes, S.A. also involved a rearrangement of the activities carried out by the various companies: Thus, Abentel, which operates as a telecommunication network integration and engineering company serving the operators' market, was transfered by Telvent to the Engineering and Industrial Construction Business Group in 2001, while Sainco focuses its activities on system integration for the energy and environment market, including the integration of private communication networks for clients in this sector.

- The main feature of the year 2001 was the crises of many of the companies in the technological and telecommunications sectors. This factor affected some of the Telvent companies, since the plans for investment and the creation of infrastructures for many of the companies were, in most cases, delayed, if not cancelled. However, this market situation served to confirm the business model adopted and the meticulousness employed in managing it.

Engineering and Industrial Construction.

The activity of infrastructure for telecommunications operators (Abentel) was assigned to this Business Group in the year. Today, it is structured so that all Abengoa's capacity in Mechanical Installations and Assemblies and Instrumentation and Engineering for thermal, natural gas, combined cycle and other plants can operate from the same business group, together with operations in the telecommunications field as a provider of multidisciplinary services for the operators in the sector.

3.- Information on Significant Events after the Year End.

Asa Environment and Energy Holding AG, a 100%-held subsidiary of Abengoa, S.A., presented a tender offer for 100% of the capital of the United States company High Plains Corporation (HIPC), a company officially listed on the Nasdaq Stock Market, on November 1, 2001, at a price of 5.63$ per HIPC share. The initial term of this tender offer expired on December 17, 2001, when 86.32% of the capital had accepted the offer. The term of the tender offer was extended until January 16, 2002, at which date 94.13% of the capital had accepted the offer and been fully accepted by Asa Environment & Energy Holding AG, representing a total disbursement of 106 million USA dollars. On February 14, 2002, the Stock Market National Commission and the SEC were informed of Abengoa's intention to merge its subsidiaries High Plains Corporation and Abengoa Biofuels Corporation. As a consequence of the foregoing, Abengoa likewise requested that HIPC no longer be listed on the Nasdaq. After the merger, Asa Environment & Energy Holding AG obtained control of 100% of High Plains Corporation, the company resulting from the aforementioned merger, and the minority shareholders are entitled to receive an amount equal to the price per share quoted in the tender offer.

No further events have occurred that could have a significant influence on the information contained in the Consolidated Annual Accounts formulated by the Directors as of today's date or that should be highlighted as significant for the different companies or the Group as a whole.

4.- Information on the Forecast Evolution of the Group.

4.1. In order to forecast the Group's prospects, it is necessary to take into account its evolution and development over recent years, from which it may be deduced that, in the medium term, there are prospects for growth. The strategy for the Group in the medium term is based on the growing contribution of the activities related to the Environmental markets, renewable fuels (bioenergy), together with continuity in the development of the Systems and Networks and Engineering and Industrial Construction activities.

4.2. In addition, as stated above, the reinforcement of Abengoa's capacity in the Environment market through Befesa Medio Ambiente, S.A. and the increased bioethanol production capacity will also help to boost long-term prospects. To the extent to which current forecasts are met, Abengoa has a new base for its operations, which may remain stable and continuous over forthcoming years.

4.3. With the reservations appropriate to present circumstances, bearing in mind the increased flexibility in the organisational structure, the specialisation and the diversification of activities, within the investment possibilities forecast in the national market and the competitive capacity in the international market, the Group is expected to be in a position to continue to progress favourably in the future.

5.- Information on Research and Development Activities.

5.1. The program established for this type of activities have been substantially met. Abengoa, through the people responsible for this strategy in each business area, making a day-to-day effort regarding the increased degree of innovation in its technologies, as required by the characteristics of the activities carried out, essentially concentrating on the following objectives:

- Constant monitoring of the technologies which may affect each business area.
- Selection of the technologies portfolio which provides the Group companies with the maximum competitive advantage.
- Assimilation and implementation of the technology available from Transfer Agreements.
- Selection of the optimal channels to accede to technological development.
- Determination of the commercialization programmes for the technology developed.
- Use of institutional support for innovation and technology.

5.2. From among all this joint effort, attention should be drawn to the fact that, in 2001, the Research and Development activity was carried out in each Group Company in accordance with the needs arising from its respective market. Most of the projects fell within the scope of the R&D promoted by the Spanish authorities (actions taken by the Ministry of Industry and Energy) and the European authorities (Framework R&D Programs).

Abengoa performs its R&D either directly or through contracts with third parties, usually public bodies for innovation, university departments or other public and private entities. In addition, during the year, Abengoa made strategic investments in countries like the USA in pioneer companies that develop and own technologies in sectors defined as high priority, such as Biofuels and electronic business, in order to facilitate the internalization and implementation of these technologies in these important emerging markets.

Research and Development is a strategic activity for Abengoa in order to plan its future. It is carried out in the Business Groups in accordance with the requirements of their respective markets in order to make the necessary competitive capacity permanently available.

5.3. In the year 2001, investment in R&D totalled Mill.Euros 35.6 in comparison with Mill.Euros 17.5 in 2000; Mill.Euros 11.8 in 1999; Mill.Euros 13.0 in 1998 and Mill.Euros 6.1 in 1997, increasing the effort to update the Group's technological capacity, which totalled Mill.Euros 76.4 at December 31, 2001, being approximately Mill.Euros 40.9 at December 2000.

6. Quality Management.

In the year 2001, the Quality and Environmental Management Systems were further consolidated in the companies Abengoa and Befesa Medio Ambiente, S.A. The number of companies obtaining certificates increased and thirty-four (34) companies are now certified under the standard ISO 9000 and fifteen (15) under ISO 14001.

In the year, a Computer Application for Problem Management and Resolution and Actions for Improvement, developed in the preceding year, was implemented in all the companies. This has been modified so that Prevention of Risks at Work issues can be included.

All the incidents and needs that have appeared in the year in which the Application has been in use have been checked and a modification to the Application is under development, including the enhancements resulting from experience. This will be implemented in the year 2002.

The objective established in the preceding year continued, i.e. to use the Application for Problem Management and Resolution and Actions for Improvement to help to adequately manage all problems, including the identification, valuation and best solution thereof, so that a statistical study of the data provided by the application can be used to minimise deficiencies and costs.

7. Information on the Acquisition of Own Shares.

7.1. Abengoa, S.A., together with its subsidiaries and associated companies, met the legal requirements on trading in own shares and does not currently hold any own shares on its portfolio and did not do so in 2001.

7.2. The parent Company did not accept any of its own shares as pledges or in any kind of mercantile deal or legal transaction.

7.3. Neither are there any shares of Abengoa, S.A., which are held by third parties that are able to act in their own name, but on behalf of companies belonging to the Group.

7.4. In the year 2001, incentive programs for management personnel and employees were introduced in Befesa Medio Ambiente, S.A. and Telvent Sistemas y Redes, S.A. These programs are based on the management personnel and employees' acquiring 401,946 shares in Befesa (1.48% of the share capital) and 5,443 shares in Telvent Sistemas y Redes, S.A. (5.4% of the share capital) through personnel loans granted to the purchasers by financial institutions. These loans bear a variable interest rate and mature at five years, being secured by the pledge of the shares acquired and, subsidiarily, by Abengoa. The holding of the shares by the management personnel and employees is linked to meeting a management objectives program over the next five years.

7.5. Finally, it is stated that any reciprocal holdings that have been established with companies in which shares are held are transitional and are within the limits of the Spanish Limited Liability Companies Act.