

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



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

Leader in Spain and Latin America

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

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

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

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

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

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



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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



Energy

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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



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

Abener Energía

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

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

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



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

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

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

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

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

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

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

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



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

245 MI Bioethanol Production Facility in Lacq (France)

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

200 thousand ton biodiesel facility in Algeciras (Spain)

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

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

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

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

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

Operation and Maintenance

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

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

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

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



Hynergreen

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

Some examples are provided here-below:

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

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

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

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



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

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

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

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

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

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

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

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

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

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

ZeroEmissions Technologies

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

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

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

Installations

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

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

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

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

Inabensa

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

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



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

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

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

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

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

Electric Installations

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

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



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

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

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

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



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

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

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

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

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

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

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

Railways

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



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

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

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

Mechanical Installations

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

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

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

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



Refractory / Insulation / Passive Fire Protection

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

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

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

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

Maintenance and Instrumentation

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



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

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

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

Service Concessions

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

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



Manufacturing

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

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

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

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

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

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

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

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

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

Abroad

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

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

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

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

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

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

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

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

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



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

Inabensa Maroc

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

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

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

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

Inabensa France

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



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

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

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

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

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

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

Inabensa Bharat

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

Inabensa Portugal

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

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

Telecommunications

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

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

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

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

Abentel

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

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



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

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

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

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

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

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

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

Inabensa's Communications Division

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

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

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

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



Marketing and Ancillary Manufacturing

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

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

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

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

Nicsa

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

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

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

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



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

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

As regards international projects:

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

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

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

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

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

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

Abencor

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

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

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

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

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

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

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

Eucomsa

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

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



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

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

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

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

Latin America

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



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

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

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

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

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



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

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

Teyma Abengoa

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

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

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

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

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

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

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

Befesa Argentina

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

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

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

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

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

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



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

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

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

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

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

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

Abengoa Chile

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

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

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

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

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

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



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

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

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

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

Befesa Chile

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



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

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

Teyma Uruguay

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



Abengoa México

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

In 2006, works on the following Project were completed:

For the Federal Electricity Commission:

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

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

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

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



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

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

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

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



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

Comemsa

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

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

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

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

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

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

Befesa México

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

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

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

Abengoa Perú

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

The most important works carried out in 2006 were:

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



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

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

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

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

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

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

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

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

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

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

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

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

La Pampilla Refinery: Foundations for new HVGO tanks.

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

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

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

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

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

Befesa Perú

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



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

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

Bargoa

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

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

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

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

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

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

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



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

Abengoa Brasil

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

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

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

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

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



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

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

Expansion

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

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

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

NTE

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

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

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

STE

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

There is one 30 Mvar manobavel reactor in Maçambará substation.

ETIM

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

There is one 100 Mvar manobavel reactor in Marimbondo substation.

ATE

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

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

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

ATE II

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

This line was brought into operation in December 2006.

ATE III

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

**New projects**

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

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

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

