

INTEGRATED REPORT

2013



Paving the way to the integrated reporting

About this Report

For the second year running, ACCIONA has prepared this report in accordance with the guidelines of the International Integrated Reporting Council (*the IIRC*, www.theiirc.org), the final version of which was published in December 2013.

Following the principles set out in these guidelines, this Report describes the Company and its prospects using transparent, comprehensive and relevant information, addressing the internal and external elements that enable ACCIONA to create and distribute value in the short, medium and long term.

The Report is organized to enable the reader to examine key aspects of ACCIONA's business, drilling down from a global overview to the details of each unit. In addition to describing the Company, we also discuss the future trends, challenges and risks it faces. ACCIONA is implementing a new strategy to achieve fresh growth that, together with its traditional value creation model, is essential for the Company's future, which is therefore also described in this report.

ACCIONA's businesses are the key to its success, and we therefore examine their background and performance in detail, employing a comprehensive approach consistent with the integrated vision we are seeking to achieve. Finally, we also discuss the most significant aspects of ACCIONA's corporate governance model, which guarantee its strategy and value creation.

The content set out herein can be enhanced by referring to the corporate reports used in preparing the 2013 Integrated Report, namely the 2013 Annual Report, the 2013 Financial Statements (audited by Deloitte), the 2013 Corporate Governance Report and the 2013 Sustainability Report (under the GRI G4 standard, and verified by KPMG). The relevance of the issues addressed in this report was identified and assessed as part of the preparation of the 2013 Sustainability Report.

Please send any comments or suggestions relating to this Report to:
responsabilidadcorporativa@accion.es

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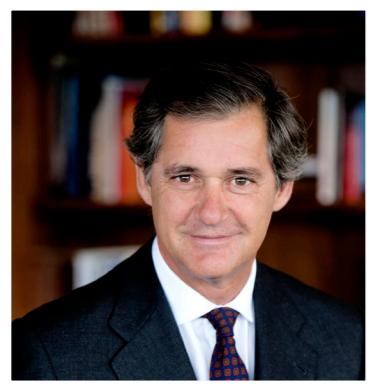
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ACCIONA's 2013 Integrated Report is available online. Access it by scanning the QR code using any of various devices.



JOSÉ MANUEL ENTRECANALES
Chairman of ACCIONA

Letter from the Chairman

I am happy to offer you this Report, which has been prepared in accordance with the principles of the new integrated reporting framework. We believe this guide is a step forward in terms of corporate transparency and provides a useful business communication tool that brings together information that was previously scattered across various reports. This will help us to explain how ACCIONA creates and distributes value.

One of our main challenges in 2013 was the reform of Spain's electricity market and its impact on ACCIONA. Taken as a whole, the various regulatory changes wiped around 257 million euros from our 2013 EBITDA, and around 370 million euros of recurrent earnings from a standard year. This has led us to review the value of our renewable energy assets and their related goodwill. Excluding this regulatory impact, our EBITDA would have increased by 4% and ordinary pre-tax profit by 17%.

Repositioning and reinventing ACCIONA for new growth

In the short term, we are focusing on strengthening our balance sheet. We need to reduce our credit risk and strengthen our liquidity; this has come at a heavy price in terms of dividends, investment and asset valuations.

We are applying tight investment policies, except for projects that are already underway. Planned investment for 2014 totals 450 million euros, particularly in energy and focusing on completing projects to which we are

already committed. We have accelerated the rotation of certain assets and implemented cost-cutting plans for development and procurement, which are already bearing fruit.

As part of the strengthening of our balance sheet, we have issued our first convertible bonds. This milestone has diversified our funding sources, enabling us to extend the maturity profile of our debt and enhance our short-term liquidity.

Opportunities in our international markets remain strong

The market consensus, with optimistic growth forecasts for infrastructure and renewable energy capacity, reinforces our commitment to developing more sustainable societies.

We are firmly committed to projects that improve the lives of people. Our future growth will be based on our technical capabilities and our skills in leading our growth markets, such as Mexico where we have grown to become the largest producer of wind power, in just a few

years. In order to ensure we achieve our objectives, we have beefed up our Sustainability Master Plan with more ambitious targets, focusing on shrinking our environmental footprint and optimizing the social impact of our projects.

We are clearly focused on managing our social impact. We have made significant progress over recent years in increasing our positive social impact on local communities from the start of operations; this includes specific analysis of the risks involved in these impacts from the earliest stages of project tenders. Widening the scope of our approach has brought us competitive advantages in more demanding and higher added-value projects, as our clients increasingly value working with a responsible and reliable company as a key to the success and profitability of their projects.

New, more tightly integrated, structure

We are reinventing ACCIONA and have rearranged our internal structure. This reorganization includes the creation of

We are reinventing ACCIONA and have rearranged our internal structure. This has resulted in the creation of an Infrastructure division, comprising our construction, water and services businesses

an Infrastructure division, comprising our construction, water and services businesses. This combination of businesses will give us a more integrated international structure, with a comprehensive product offering that enhances our development and efficiency, opening up new synergies at the Group level.

As a result, ACCIONA's strategic businesses are now divided into two large divisions: ACCIONA Energy and ACCIONA Infrastructure, both of which are global leaders in their area and well positioned in markets with significant growth potential. This new structure enables the Group to focus on our core businesses, while we continue rationalizing our other activities.

ACCIONA is facing one of the greatest challenges of its almost 100-year history, however we can assure you that we are not only able to overcome this, but also in a position to offer our employees, clients, shareholders and partners a promising and bright future.

ACCIONA and its context

1. ACCIONA is commitment
2. 2013 in figures
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 - a. Anticipating the future
 - b. Management in turbulent conditions
 - c. A strategy adapted to new challenges
 - d. Global presence

Growing means surpassing yourself. ACCIONA believes in economic growth, social commitment and respect for the environment, because the Company is concerned about the world today, and the people who will live here in the future

ACCIONA is commitment

ACCIONA is one of the leading Spanish companies, a global leader in the development and management of renewable energies, infrastructures, water and services.

The Company is included in the select Ibex 35 stock market index, and is a benchmark reference in the market.

With a history stretching back over 100 years, ACCIONA currently has over 30,000 employees and is active in more than 30 countries on five continents. The Company's strong presence in domestic and international markets enables it to develop projects that generate value but are rooted in the future: international expansion, promotion of comprehensive solutions and an integrated service offering, all based on a sustainable approach.

ACCIONA is committed to economic growth, environmental balance and social progress as the cornerstones of its business model, as it seeks to expand its portfolio, improve operating efficiency and ensure that its business is robust and profitable in the long term.

Together with its commitment to profitability, ACCIONA is aiming to reduce gradually its climate footprint and lead the transition to a low-carbon economy. The Company is involved in environmentally and socially responsible projects: it is involved in 100% renewable energy projects and assets on five continents; it is developing its water business to counter the scarcity of this resource, serving millions of people; and it is constructing efficient infrastructure, always using the latest technology.

ACCIONA is convinced that innovation is the main driver of development, and this is one of the other keys to its growth. ACCIONA's business model is based on reinforcing the competitive advantages of its strategic divisions.

Vision, mission and values...



VISION

To meet the challenge of achieving sustainable development in all our business areas, so that the generations of today and the future will have a better life.

MISSION

ACCIONA's mission is to be a leader in the creation, development and management of infrastructure, energy, water and services; actively contributing to social wellbeing, sustainable development and the creation of value for our stakeholder groups.

VALUES

- Honesty
- Leadership
- Excellence
- Concern for the environment
- Social responsibility
- Long-term approach
- Financial strength
- Customer focus
- Innovation
- Caring for people

... values that are a reality

...made real in our activities

HONESTY	The 2 nd best company for the transparency of its information, according to the <i>Reporta 2013</i> report on the Madrid Stock Exchange index produced by the DEVA consultancy.
LEADERSHIP	Flagship projects: Legacy Way (Australia), Copiapó desalination plant (Chile), Mundaring DWTP (Australia), Atotonilco water treatment plant (Mexico), Adelaide desalination plant (Australia) and Fouka desalination plant (Algeria); Historic Parks of Madrid (Spain), Frankfurt Airport (Germany); Oaxacas wind farm (Mexico); Amareleja photovoltaic plant (Portugal), and the Renewable Energy Control Center, Spain.
EXCELLENCE	ACCIONA is the only Spanish company on the annual list of the <i>Global 100 Most Sustainable Corporations in the World 2014</i> .
CONCERN FOR THE ENVIRONMENT	518.5 million euros of environmental expenditure and investment.
SOCIAL RESPONSIBILITY	Recognized yet again in the main sustainability indexes: Dow Jones Sustainability World Index, FTSE4Good, CDP Climate Performance Leaders and CDP Climate Disclosure Leaders, CDP Supplier Climate Performance Leadership Index, MSCI World ESG Index, MSCI Europe ESG and STOXX ESG Leaders indexes.
LONG-TERM APPROACH	The remaining average lifespan of ACCIONA's international renewable energy portfolio is over 20 years. Its concessions currently have an average duration of 31 years.
FINANCIAL STRENGTH	Stock market capitalization of 2,391 million euros (as of 31 December 2013).
CUSTOMER FOCUS	86.4% customer satisfaction index in 2013.
INNOVATION	R&D and innovation in 2013: 173.2 million euros, 14.1% of EBITDA.
CARING FOR PEOPLE	Accidents: zero fatal accidents among our employees in 2013.

Renewable energies

ACCIONA is a global renewable energies operator with a unique presence throughout the entire value chain. It is involved in wind, solar, hydro and biomass energy projects, focusing on wind technology. It is one of the largest developers and operators in the world, also designing wind turbines using its own technology. (<http://www.accionaenergia.com>)

Infrastructure

ACCIONA is involved in all aspects of construction and provides its customers with its experience in design, engineering and execution of all manner of projects and their management and subsequent maintenance. (<http://www.accionainfrastructure.com>)

Water

ACCIONA is the leader in the water treatment sector with the ability to design, construct and operate drinking water treatment plants, residual water purification plants, tertiary treatment plants for re-use and reverse-osmosis desalination plants. ACCIONA also offers management of drinking water supply (capture, drinking water treatment, distribution and subscriber management) and sewage services. (<http://www.accionagua.com>)

Services

ACCIONA is a flagship service provider, offering comprehensive personalized services to public and private customers, designing, managing and operating a wide range of services. (<http://www.accionaservice.com>)

Logistics and transport

ACCIONA owns the largest Spanish passenger and freight shipping line, ACCIONA Trasmediterranea, and is the only logistics operator to provide an integrated loading, refrigeration and storage service, through ACCIONA Logistics. (<http://www.accionatrasmediterranea.es/en>)

Real estate

ACCIONA Real Estate is at the forefront of residential housing construction, working in two main business areas: residential real estate and properties. (<http://www.accionainmobiliaria.com>)

Financial

ACCIONA provides financial services, such as asset management using mutual funds, pension funds and SICAVs via Bestinver. In addition, it also offers stock market brokerage services. (<http://www.bestinver.com/>)

Wine

ACCIONA is also involved in wine production, owning one of Spain's traditional wineries, Hijos de Antonio Barceló, which is active in five of the most prestigious wine-growing areas of Spain. (<http://www.habarcelo.com>)

2013 was a difficult year, with relentless efforts that, on occasions, did not produce the expected results. Nevertheless, ACCIONA remains convinced of the future of its sustainable vision because of its business model

2013 in figures



Financial capital

- 381 million euros of ordinary net investment.
- 6,607 million euros in sales.
- 198% financial leverage.
- 1,228 million euros in EBITDA.
- -2,174 million euros* in pre-tax profit.
- -1,972 million euros* in net profit.



Intellectual capital

- 23.6% of the workforce is highly qualified.
- A total of 111 **patents** awarded or applied for.
- Innovation figure 4.2% up on the previous year.





Manufactured capital

- **Three technology centers** in Madrid, Pamplona and Barcelona for innovation in the infrastructure, renewable energy and water sectors.
- 314 MW of solar thermal technology with **six operating plants**.
- **49 MW_p** in photovoltaic plants
- 912 MW installed capacity at **80 hydro plants**.
- 57 MW installed capacity at **three biomass plants**.
- ACCIONA Windpower has **three nacelle assembly plants** in Spain and the USA, a **blade manufacturing plant** in Spain and a manufacturing plant for other components in Brazil.
- **90 earth-moving machines**.
- **14 tunnel boring machines** of various diameters working on international road, civil engineering and subway projects.
- More than **20 water treatment plants**.
- More than **220 water purifiers**.
- More than **25 desalination plants**.



Human capital

- **18.03%** of women in management posts.
- **100%** of the workforce in Spain covered by equality plans.
- **Average 13.16 hours** of training per employee.
- **Accident frequency index of 4.2**.
- **3.65%** employee rotation.
- **0 fatal accidents** involving employees.



Social and relational capital

- **982 suppliers** registered for ACCIONA's four training initiatives.
- Audits and verification of the CR and sustainability questionnaire for more than **300 suppliers** of all divisions.
- **99.57%** of orders include a Global Compact clause.
- **547 volunteers** in corporate volunteering initiatives.
- **1,700** home photovoltaic systems installed in Peru by the ACCIONA Microenergy Foundation.
- **180** small home photovoltaic systems supplied in Mexico by the ACCIONA Microenergy Foundation.
- **More than 16,000** direct client surveys.



Natural capital

- **21%** reduction in CO₂ emissions compared to 2012.
- **15%** reduction in energy consumption compared to 2012.
- Water footprint: Net positive contribution of **562 hm³**.
- **30%** of total water consumption is reused and recycled water.
- **87%** of activity certified under ISO 14001.

7,139

MW INSTALLED CAPACITY AT 232 WIND FARMS

34,108

AVERAGE WORKFORCE

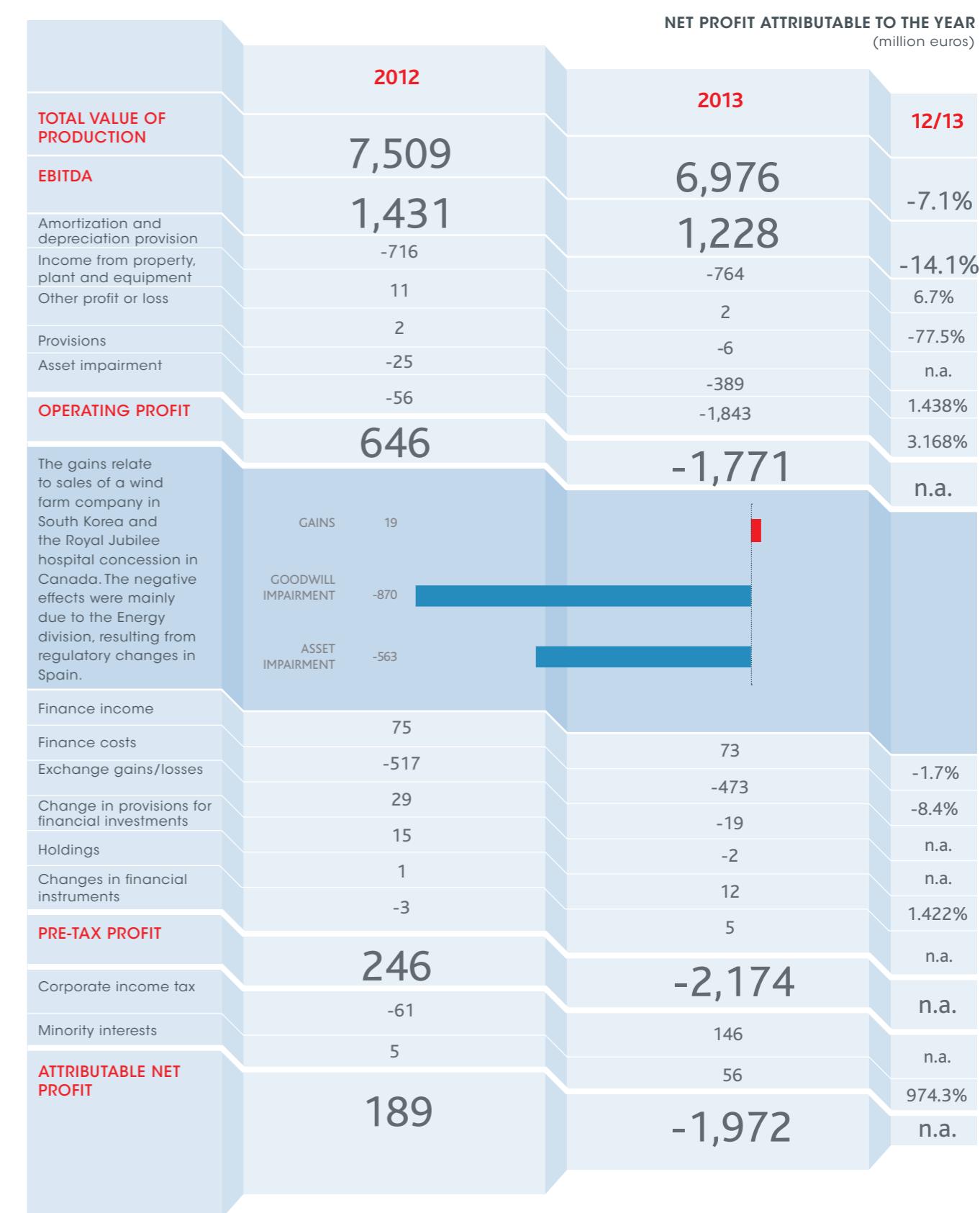
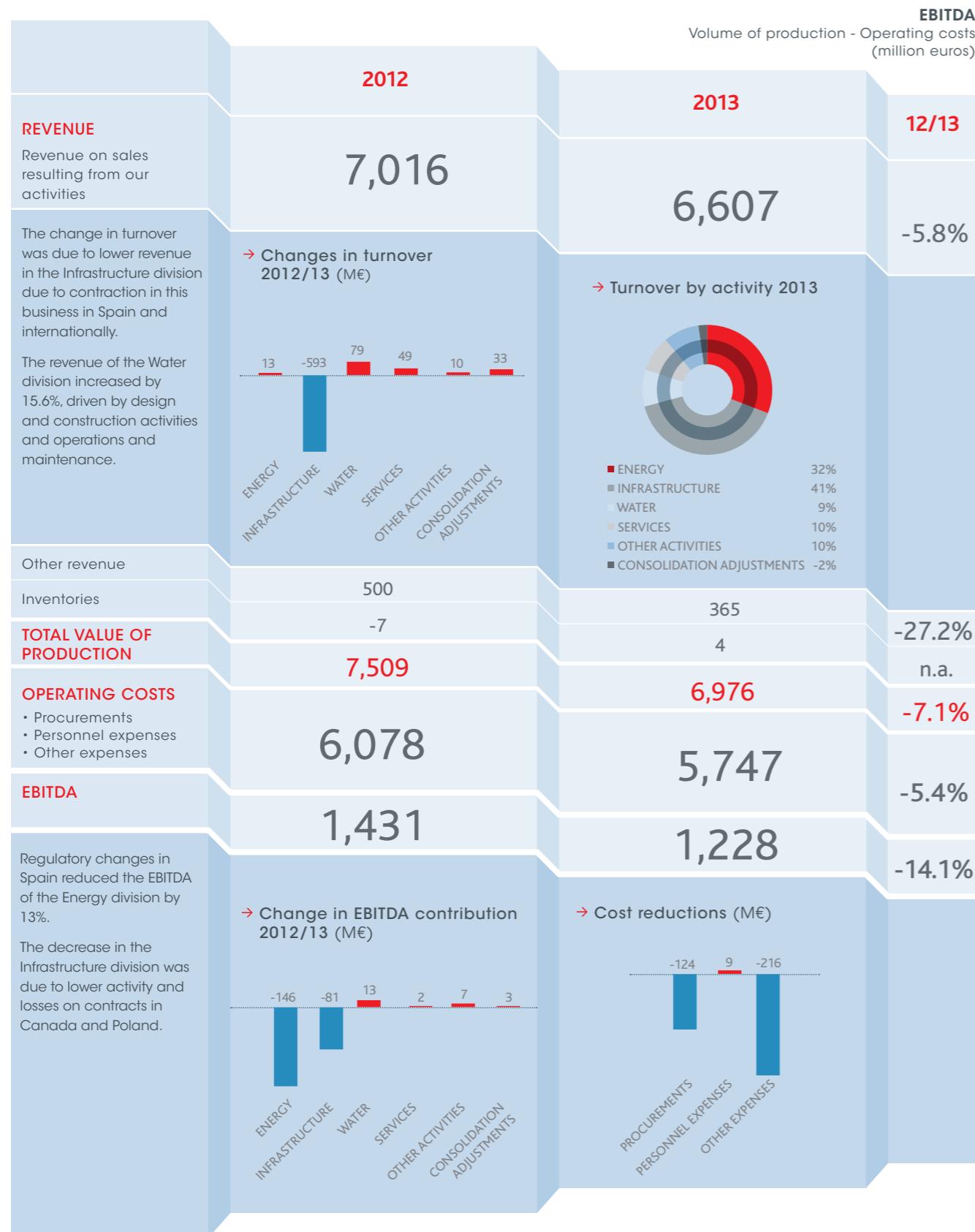
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MILLION EUROS IN SOCIAL CONTRIBUTIONS

15.1

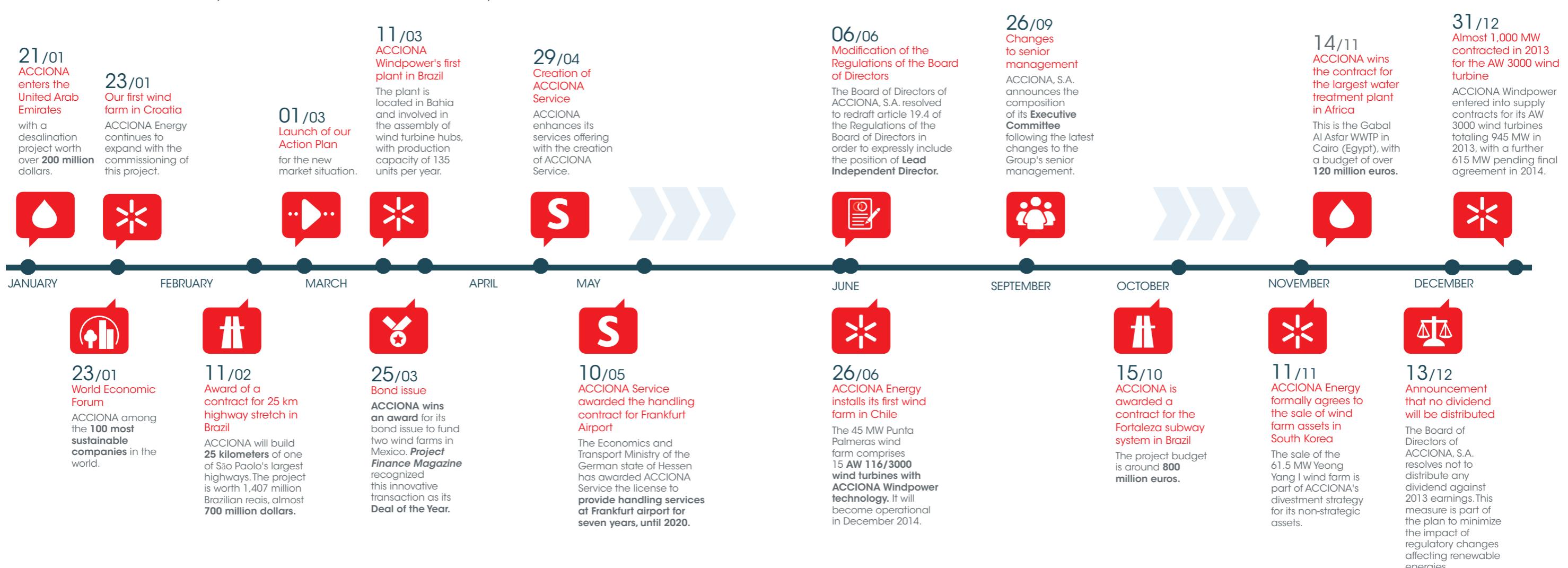
MILLION TONNES OF CO₂ AVOIDED, 8% MORE THAN THE PREVIOUS YEAR

2013 results in detail



2013 milestones

ACCIONA's year in summary



Internationally recognized

CORPORATE RECOGNITION

- ACCIONA in the **100 Most Sustainable Corporations in the World 2013**.
- ACCIONA in the **FTSE4Good sustainability index**.
- ACCIONA included in the **STOXX Global ESG Leaders index**.
- ACCIONA in the **Dow Jones Sustainability Index (DJSI World)** for the **Electric Utilities sector**.
- ACCIONA in the global top 25 of the **SMI-Wizness Social Media Sustainability Index**.
- ACCIONA recognized by the CDP for its performance in the **Iberia 125 Climate Performance Leadership index**.
- ACCIONA in second place in the global **ranking of most sustainable utilities**, produced by the publishing group **Corporate Knights**.
- ACCIONA has the best reputation of any infrastructure company in Spain, according to the **Merco ranking**.
- ACCIONA is the second best Spanish company in terms of quality of accountability information, according to the **Reporta 2013 report**.
- ACCIONA had the largest increase in R&D and innovation of any Spanish company, and is the 3rd largest Spanish investor in R&D, according to **The Global Innovation 1000** index prepared by the **Booz&Company consultancy**.

RECOGNITION FOR OUR BUSINESS LINES

- ACCIONA Energy receives the **Deal of the Year** award from **Project Finance Magazine** for its bond issue to fund two wind farms in Mexico.
- ACCIONA Agua was ranked as the best water company of the year worldwide, according to **Global Water Intelligence**.
- Two events designed by ACCIONA Producciones y Diseño receive **Eventoplus awards**.
- **World Finance magazine 2013 award of the year for the Atotonilco waste water treatment plant**.
- ACCIONA receives the **Safety and the Environment award from Arval Maroc** for the Ouarzazate project in Morocco.
- ACCIONA receives an award from the **Vancouver Regional Construction Association (VRCA)** for the Fort St. John Hospital.
- **Tunneling Project of the Year, International Tunneling Awards 2013**.
- ACCIONA Producciones y Diseño receives the Golden Elephant award for the best sustainable event in the **European Best Event Awards**, for design and management of the Day of Music Festival.
- Various awards for the Adelaide desalination plant: the **Water Industry Alliance Smart Water Awards**, the **Australian Project of the Year, Awards for Excellence – Technological Innovation**, the **IMPA Project Excellence Award** and the **2013 GPM Global Sustainability Project of the Year award**.
- ACCIONA Infrastructure receives the **Infrastructure and distinction award from Association Québécoise du Transport (AQTR)** in collaboration with the **Société de l'Assurance Automobile du Québec (SAAQ)**.

A strategy for the future

The company always has its eye on tomorrow, which conditions everything that it does today

Anticipating the future

A robust business responsive to long-term trends.

ACCIONA has been anticipating global trends for years, developing solutions to help society transition to sustainable development. Based on its extensive experience and global presence, the Company has created a business model that has enabled it to position itself as a pioneer in the sectors in which it operates.

Its long-term vision has put ACCIONA in a position to respond to the challenges that arise, with robust assets, innovation, talent and the most suitable solutions for key areas such as energy, infrastructure, water and services.



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The world's population is set to continue growing until the mid-21st century, particularly in developing countries. Global economic growth will lead to an increase in the purchasing power and standard of living of the populations of emerging economies. And as economic growth continues, urbanization will also continue apace.

Today, 1,600 million people have no electricity; 884 million do not have safe drinking water; and 2,500 million lack adequate sanitation. Infrastructure construction and supply currently accounts for 3.8% of global GDP, worth 2.7 trillion dollars. And infrastructure demand has been calculated at 3.7 trillion dollars per year, 5.2% of global GDP, according to *Strategic Infrastructure. Steps to Prepare and Accelerate Public-Private Partnerships*, World Economic Forum, 2013.

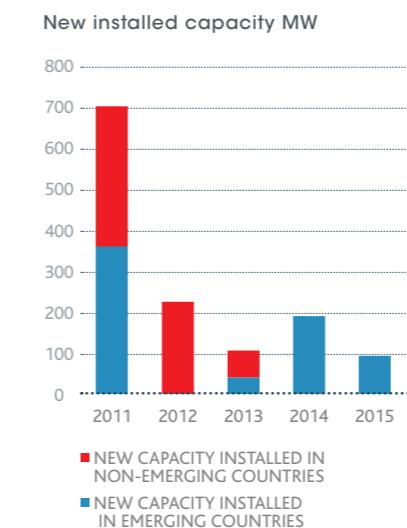
The OECD has stated that over 50 trillion dollars of infrastructure investment is required to 2030, including investment in water, telecommunications, roads and electricity.

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Infrastructure demand accounts for 5.2% of global GDP

ACCIONA's response today

→ ACCIONA Energy



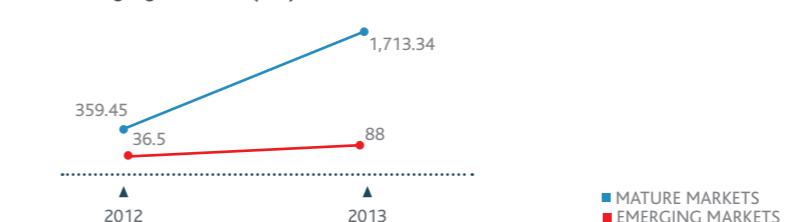
52% of the new installed capacity of ACCIONA Energy from 2011 to 2015 will be in emerging countries. Furthermore, based on projected growth in demand in these countries, 100% of the Company's projects under development that will come on stream in 2014-2015 are in emerging countries, where we are opening up new markets.

We are building 232 MW in South Africa, with 94 MWp at the Sishen photovoltaic plant and 138 MW at the Gouda wind farm. In Chile, work has started on construction of the 45 MW Palmeras wind farm, which will become operational in late 2014; in Costa Rica the 49.5 MW Chirripa wind farm will also come on stream in 2014.

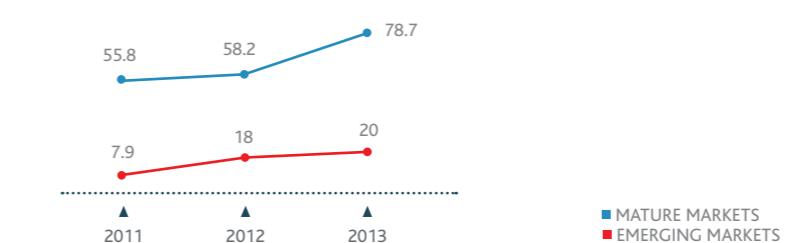
ACCIONA Windpower is also increasing its activity in Brazil, Mexico, South Africa, Turkey and Chile, with 543 MW contracted in 2013 and 615 MW pending formal agreement in 2014.

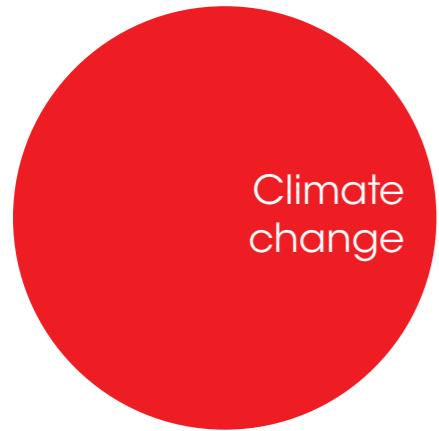
→ ACCIONA Infrastructure, Agua and Services

Construction of roads and rail lines, etc. in mature vs. emerging markets (km)



Drinking water production (desalinated) (hm³)





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The scientific consensus is that climate change is one of the major challenges facing humanity. Mitigating this threat requires, among other things, a new energy model that is less reliant on fossil fuels, and the development of technologies that can reduce CO₂ emissions.

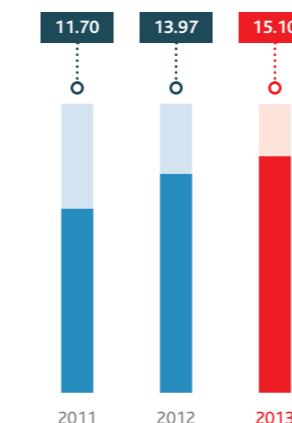
According to the United Nations Environment Program (UNEP), a green economy offers the best chance of improving human welfare and social equality, while significantly reducing environmental risks and ecological scarcity. UNEP estimates that the sustainable transformation of the global economy will require 2% of global GDP over the next 40 years. In the medium to longer term, the green economy could overtake the traditional economy in terms of jobs and growth, producing significantly more environmental and social benefits, and reducing the risks of global climate change through trade in environmental goods and services.

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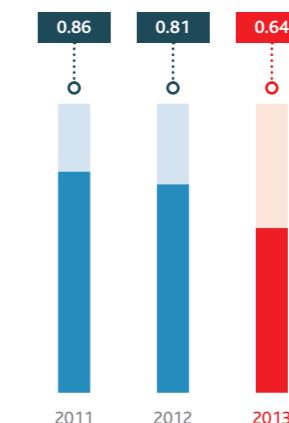
The green economy generates economic and social wellbeing, and reduces environmental risks

ACCIONA's response today

→ Emissions avoided (million tonnes of CO₂)



→ Emissions generated - scope 1 and 2 (million tonnes of CO₂)



The fight against climate change is a strategic priority for ACCIONA; its business model is based on developing activities that are less carbon intensive, and promoting energy efficiency. In developing its improvement systems and plans in relation to cutting greenhouse gas emissions and optimizing energy efficiency, the Company carries out detailed monitoring of the various sources of emissions in its business activities.

In 2013, ACCIONA avoided the atmospheric emission of 15.1 million tonnes of CO₂, mainly as a result of its renewable energy activities. The Company's other businesses in turn indirectly contribute to avoiding emissions. This is the case for wind turbines manufactured for third parties, biofuels, eco-efficient buildings and employees commutes to work.

In 2013, ACCIONA avoided 24 times the CO₂ that it generates in its production activities.



Projections for the coming decades point to rising pressure on water resources in a large part of the world, with the attendant impact on economic and industrial activities. This offers opportunities to companies that market innovative approaches for managing the water cycle and are committed to innovation in water efficiency.

Meanwhile, increased production and consumption will also increase pressure on the planet's resources. Efficient solutions, recycling and reuse will be key factors in the sustainability of many industries.

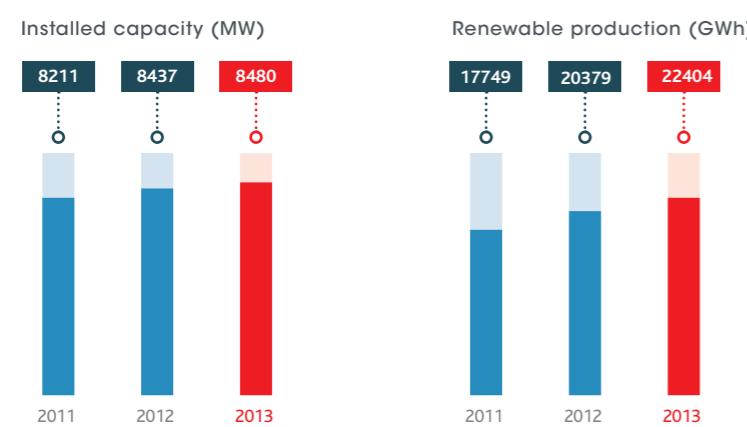
Finally, forecasts of economic and population growth also point to increased energy demand globally, which must be met by considering: economic growth and development, environmental sustainability and security of supply.



ACCIONA's response today

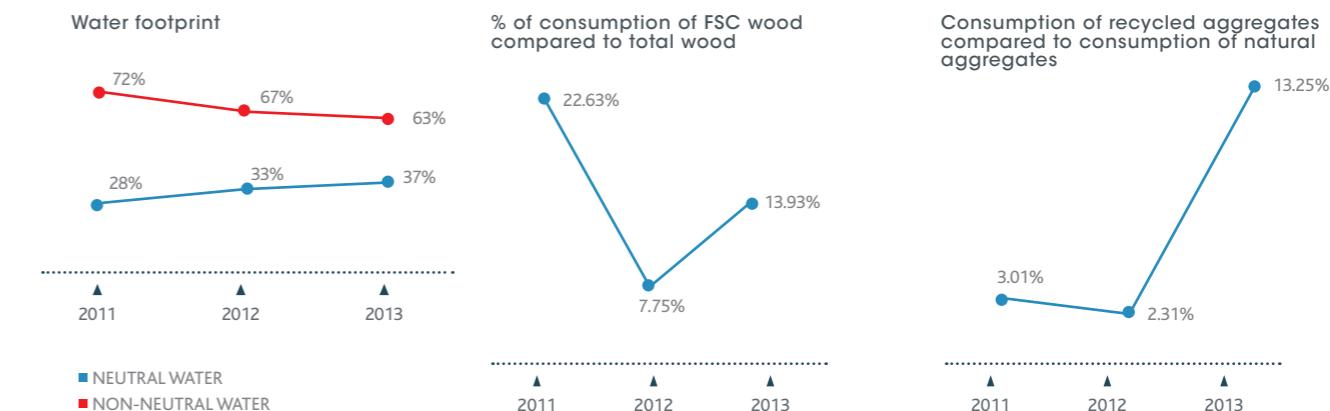
→ ACCIONA Energy

Installed renewable energy capacity and total production (GWh)



→ ACCIONA Infrastructure, Agua and Services

Infrastructure



In assessing the water footprint of ACCIONA Infrastructure, it is important to focus on the increased use of neutral water (water from tertiary treatment plants, recycled and reused water, and collected rainwater) rather than non-neutral water (municipal, underground and surface water).

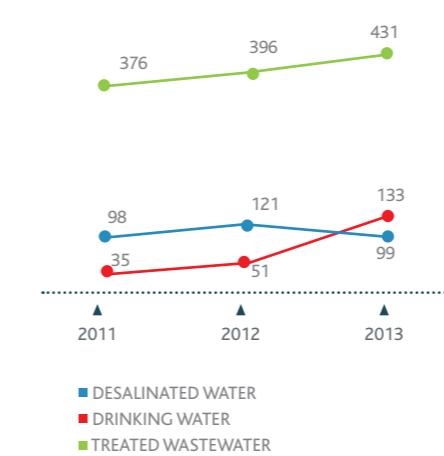
There has been a positive trend in consumption of wood with *Forest Stewardship Council* certification (wood from sustainably managed sources) as a proportion of total wood consumption. ACCIONA Infrastructure proposes the use

of such wood in its tender bids, with the contractor being responsible for the ultimate choice of this type of material.

The increased use of recycled aggregates rather than natural aggregates in ACCIONA Infrastructure projects in 2013 is also worth noting.

Water

Volume of water managed (hm³)



Services

Waste managed (tonnes)



■ WASTE SENT TO LANDFILLS
■ WASTE SENT FOR RECYCLING



New forms of funding

Whilst global infrastructure requirements are enormous, government budgets are becoming ever tighter as a result of the 2008 world financial crisis.

Public sector infrastructure development has also often been slow and inefficient. As a result, Public-Private Partnerships (PPPs) have become an important form of infrastructure development, as they can speed up the process using private sector funding and skills in delivering infrastructure efficiently.



Innovation in a globalized world



Connectivity is continuing to increase, creating an ever more globalized world, making it more difficult to keep ahead. Today, it is easy to keep up to date with the latest technological advances, making it difficult to maintain leadership for any length of time.

Companies in all sectors have to continuously increase their investment in innovation and knowledge management to ensure they stand out in this ever more interconnected and informed world.



ACCIONA's response today

Diversification of its sources of funding is one of the keys to the ACCIONA Group's financial policy. This diversification strategy includes:

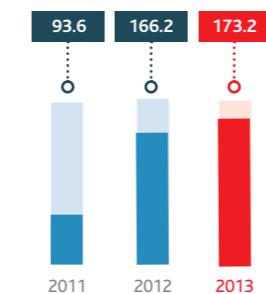
- (i) prioritizing local sources of bank and non-bank funding in countries where ACCIONA undertakes investment projects. This has resulted in ACCIONA's main sources of funding in many of its strategic markets, such as Canada, Australia, Poland, Chile, Peru, Brazil and South Africa, being mostly or completely local;
- (ii) prioritizing funding from capital markets, whenever this is competitive. Projects have been funded through bond issues in Canada and Mexico over

recent years. Continuing this strategy, the focus in 2014 is on corporate funding from the capital markets; and

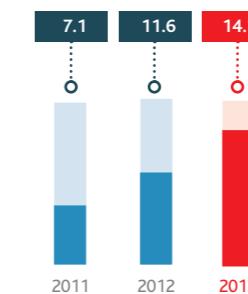
- (iii) actively seeking the involvement of bilateral and multilateral entities in funding our projects. Over recent years, we have financed projects in coordination with multilateral entities such as the IFC (World Bank), the IDB; the EIB, CAF and the EBRD; local development banks, such as Banobras, NAFIN, Bancomext and BNDES; and bilateral entities such as the ICO, DEG, Proparco and KfW.

ACCIONA's response today

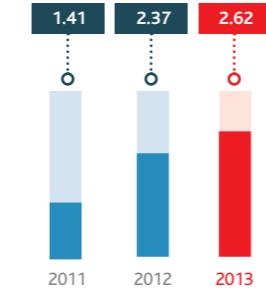
Total innovation (M€)



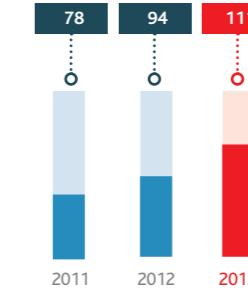
Total R&D/EBITDA (%)



Total R&D/Sales (%)



Total number of patents granted or applied for



We recognize that we are facing major challenges, but we are ready to tackle them

Management in turbulent conditions

Our main risks

Regulatory risk

The businesses in which ACCIONA is involved are all strategic for human development and progress, meaning they are always subject to regulation. Moreover, geographic diversification means we need to be prepared for differing regulations in the markets in which we operate. This is particularly critical in the case of energy, as investing in renewable sources requires a stable framework. Recent and planned regulatory changes in Spain put a brake on renewable energy strategies, increasing investor uncertainty.

Financing risk

The availability of funding may be a limiting factor on achieving growth objectives in the sectors in which ACCIONA is involved. At a time of contracting public-sector budgets and funding through the banking system, the search for appropriate financing mechanisms, combining public and private capital, is particularly important.

Competition risk and stagnation of traditional markets

The maturity of our traditional markets could lead to shrinking opportunities in ACCIONA's strategic businesses. The economic slowdowns in these economies could lead to stagnation. This could also be the case because demand for energy, infrastructure and water is already covered in developed countries, and populations are not increasing at a rate requiring increased supply. This obliges us to seek new value-added solutions.

RISK MANAGEMENT IN ACCIONA

ACCIONA has put in place a comprehensive Risk Management System. Each business line identifies, assesses and mitigates the risks it faces, and these are then coordinated by a single team that sets out the acceptable level of risk tolerance, in accordance with our corporate culture, strategy and structure. All activities are coordinated so as to remain in-line with the Group's comprehensive risk policy, facilitating on-going monitoring of our risk exposure.

ACCIONA is active in various businesses and markets, all of which have their own social, political and regulatory realities, resulting in the risks we face being very diverse. For this reason, in 2013 we developed an individualized risk mitigation system for the most significant risks in each area. We have prepared independent risk maps for our main divisions and a consolidated map for the ACCIONA Group, analyzing and assessing risks at the country level for areas representing a significant level of turnover.

The Finance and Risks area is responsible for identifying, assessing and dealing with the risks faced by the divisions. The Internal Audit Department is responsible for planning and carrying out audit activity for the risks identified, and assesses the effectiveness of internal control systems. The Audit Committee supports the Board of Directors in all matters relating to risk management, regularly reviewing the systems in place and monitoring their effectiveness. The Board of Directors is ultimately responsible for approving the risk management and control policy.

Risk categorization



ECONOMIC-FINANCIAL
Directly impacts the Company's income statement



STRATEGIC
Resulting in failure to achieve the Company's objectives and stunted growth



OPERATIONAL
Related to processes, people, products and regulatory and contractual compliance, the supply chain, information systems and loss of key personnel



UNFORESEEABLE
Damage to the Company's assets and people that affects its performance

The Company is seeking to grow and take on ever greater challenges

A strategy adapted to new challenges

Recent significant changes in the global situation pose new challenges for ACCIONA.

The foresight, responsibility and leadership that the Company has built up over more than a century of activity mean that it is ready and has the capabilities needed to adapt and continue generating value over the long term.

As can be seen from global trends, emerging markets have significant needs for the infrastructure and services that ACCIONA offers. Over the last year, the liquidity and investment capacity of investment, infrastructure and pension funds has increased compared to previous years. Lower interest rates and risk premiums for Spain have also contributed to a positive change in investor interest in the country.

As with opportunities, major challenges — regulatory changes and the need for a new funding model— require a decisive response and a robust strategy. ACCIONA has put

in place a strategic plan that will keep the Company one step ahead of the future.

MITIGATING THE IMPACT OF THE REGULATORY REFORM IN SPAIN

ACCIONA has reflected deeply on the scenarios likely to arise as a result of regulatory changes in the energy sector, applying a criteria of business responsibility.

This has resulted in the Company implementing various measures to deal with the new market situation and to offset the loss of profit resulting from the energy reform in Spain, seeking to reestablish its profitability and credit profile. The implementation of the Plan began in 2013 and continues in 2014, with measures including:

■ Reduction of short-term investment.

The Company will only undertake the

ordinary net investment it is already committed to. Investment in 2013 was down by 55% compared to 2012, at 381 million euros.

■ Cancellation of the 2013 dividend.

This decision is unprecedented in the Company's recent history and reflects its financial prudence.

■ Other efficiency measures.

ACCIONA has implemented significant measures to cut costs in its Energy, Infrastructure and Trasmediterranea activities.

REDUCING DEBT AND SEEKING NEW SOURCES OF FUNDING

ACCIONA is undertaking a deleveraging and asset-rotation exercise, aiming to achieve between 500 and 1,000 million euros in 2013 and 2014. The Company sold assets worth 370 million euros in 2013, including:

■ Germany: renewable assets worth 157 million euros (150 MW).

■ **South Korea:** renewable assets worth 114 million euros (62 MW).

■ **Canada:** sale of the Royal Jubilee Hospital concession (although ACCIONA Service will be responsible for its services).

■ **Spain:** sale of real-estate leasing assets.

The Company reduced its total net debt by 10% in 2013 through divestments, from 7,482 million euros to 6,715 million euros.

In addition, in 2014 ACCIONA issued bonds convertible into shares with a value of 342 million euros.

This issue is part of the search for new sources of capital. ACCIONA is seeking to incorporate new financial partners into its key businesses to accelerate its growth. ACCIONA has remained faithful to its conservative profile, always seeking to maintain value through the measures that it takes, making its assets attractive to investors in today's global situation.

TRANSFORMING THE GROWTH MODEL

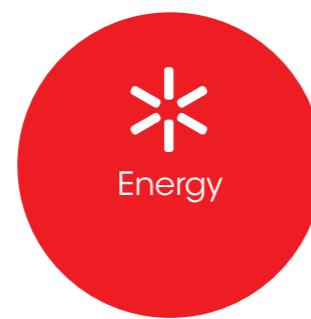
ACCIONA's growth model was traditionally based on its own balance sheet. The Company's new strategy involves modifying this model to facilitate the entry of new partners and increase penetration of capital markets, thereby reducing excessive dependence on the banking system, which, as a result of the global financial crisis, has changed its own financing strategy narrowing the margins for company debt.

ACCIONA is continuing to respond to the challenges it faces by constantly seeking opportunities in major emerging markets, without overlooking the possibilities in mature markets, based on efficiency, sustainability and innovation. As a result, it continuously assesses which markets offer the best growth and profitability opportunities for the future: the Company's comprehensive, integrated business model gives it significant capacity to adapt.

WITH A NEW STRUCTURE FOR GROWTH...



Infrastructure,
Water
and Services



Energy



Other
businesses

ACCIONA is working on an integration process enabling synergies between businesses

As part of its transformation, ACCIONA is carrying out an integration process to enable greater synergies among its businesses, increasing efficiency, benefiting growth and facilitating cost savings and better risk control. The Infrastructure, Water and Service divisions have therefore been combined into a single business line under common management.

The public sector is the main stakeholder in the infrastructure, water and services businesses, as most such projects are awarded as concessions or depend on public funding. This means that they also share the main risks, in terms of project funding and development, delays in project implementation, poor asset assignment and inaccurate cost estimates.

Therefore, this integration enables us to unify the tender process through a common framework or procedure, ensuring greater internal consistency, facilitating more efficient cost control and enabling integrated management of associated risks.

This also enables us to exploit ACCIONA's advantages in key areas, such as specialization, technology and international development, taking on a global leadership that exploits our credentials in these three areas while extending the scope of our offering and facilitating our management of the Company's best talent.

The new structure is expected to result in significant benefits in terms of revenue, cost efficiency and improved margins, through our differentiation in the market based on the following characteristics of our new business model:

- A shared and integrated international structure supporting business development.
- Global scope and consistent offer of products and services.
- New opportunities resulting from the synergies created.
- A more efficient international organizational structure.
- Focusing on establishing clear responsibilities and strict risk control.

This unification process will be challenging and will require significant reflection in each unit to guide the steps required. But the result will help us send a clear and confident message about our business development strategy, which will then be based on two robust pillars: ACCIONA Energy and ACCIONA Infrastructure, Agua and Services.

CLEAR COMMITMENT TO SUSTAINABILITY

The Company is developing its sustainability strategy through its 2015 Sustainability Master Plan (SMP 2015), which combines all initiatives related to sustainability, setting objectives for innovation, the environment, society, people, our value circle, good governance, stakeholder engagement, dissemination and leadership, and accountability.

ACCIONA places great importance on incorporating sustainability into its business strategies, as sustainable development is a significant source of opportunities in the sectors where the Company is active.

The 2015 Sustainability Master Plan sets out specific objectives for various areas.

The Board of Directors' Sustainability Committee has the main responsibility of



approving, supervising and achieving the objectives set out in the SMP 2015. Through its divisional sustainability committees, ACCIONA builds this intangible element into its businesses, driving and monitoring specific initiatives within the SMP 2015 framework.

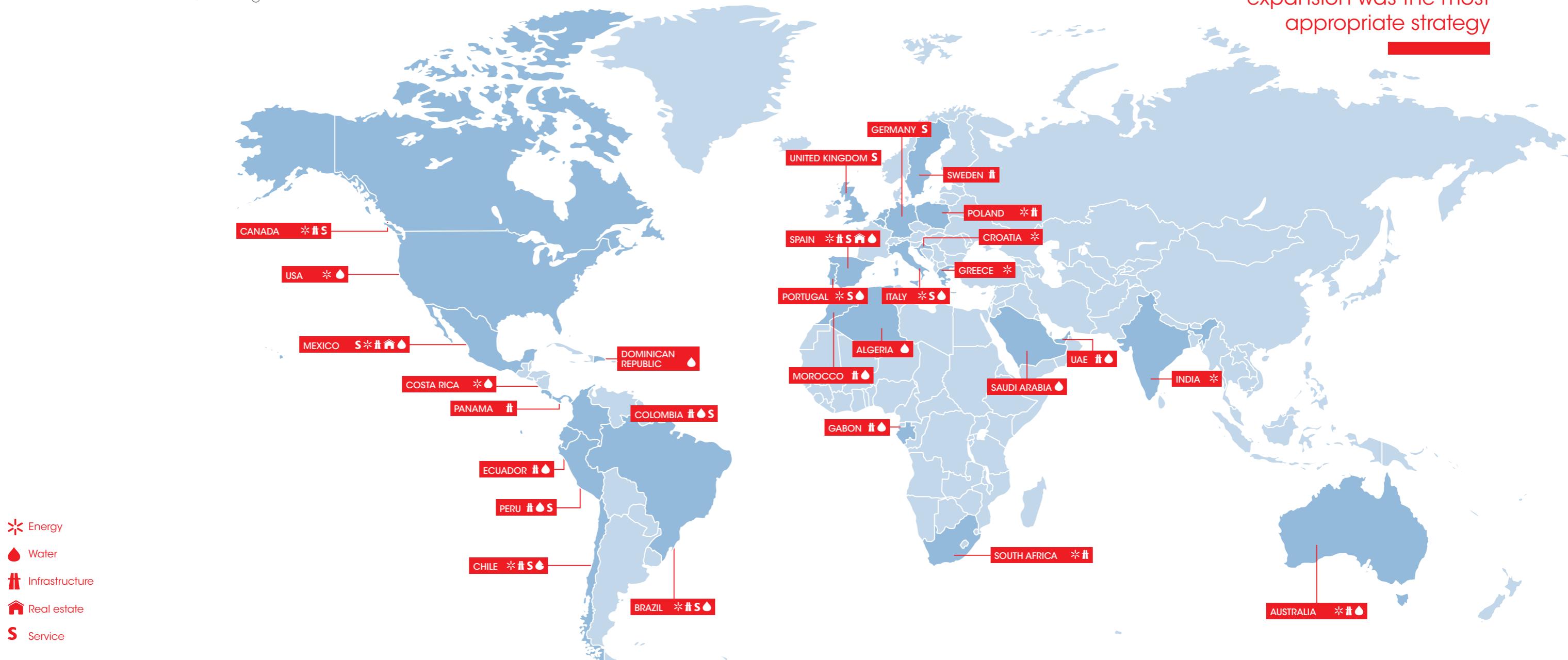
ACCIONA'S 2013 SUSTAINABILITY MILESTONES

- The Board of Directors' Sustainability Committee has approved the Policy Book, which updated the existing policies and added new policies reflecting our economic, social and environmental principles.
- With regard to employees, ACCIONA has extended its variable remuneration program, linking pay to achieving sustainability objectives.
- The Company has reinforced its commitment to assessing and managing the social impact of its projects, initiating implementation of the methodology in various projects of its main divisions in Brazil, Chile, Costa Rica, Morocco, Mexico and South Africa.
- ACCIONA has further developed its ACCIONA Microenergy Foundation project to facilitate basic access to sustainable electricity in isolated rural areas of Peru and Mexico.
- In terms of its supply chain, the Company is continuing its commitment to training its suppliers and contractors, encouraging responsible procurement by identifying and including new sustainable products and services in its catalogue.
- ACCIONA avoids 24 times the CO₂ generated in its production activities.
- Through ACCIONA Infrastructure, ACCIONA is the first company in the world to achieve EPD (*Environmental Product Declaration*) certification for a civil engineering project. This project involved a railway viaduct on the Madrid-Galicia AVE route in Spain.
- ACCIONA has conducted consultations on relevant sustainability topics with the Company's internal stakeholders (through the Sustainability Committees of its businesses) and external ones (representatives of international organizations, analysts and investors, the academic world, NGOs, etc.).
- ACCIONA is actively involved in various Spanish and international forums promoting sustainable development, including the Global Compact, WBCSD and EUCLG.
- For the second year in a row, ACCIONA submitted its Sustainability Report for review and approval to the General Shareholders' Meeting, receiving a favorable vote from 99.97% of the capital represented at the 2013 Meeting.

ACCIONA in the world, a global presence

ACCIONA adapts its offering to growth rates in the markets where it is active, seeking the best returns.

ACCIONA's activity abroad accounted for 41% of total turnover in 2013. The adverse conditions in Spain demonstrate that international expansion was the most appropriate strategy



Including countries with turnover in excess of three million euros.

Sustainable value creation

ACCIONA's business model and competitive advantages generate a double dividend: economic profitability and social development

ACCIONA creates value through its capacity for integration. Most of its projects are greenfield ones—developed from zero—which entail significant risks. ACCIONA's competitive advantages include its experience, technological capabilities, leadership in engineering and talent, enabling it to handle these risks and generate high returns.

Following initial development and construction, the asset begins to mature. Once projects are operating, their risk profile decreases considerably, as their economic model is well developed, proven and profitable. At this stage, ACCIONA invites others to invest in the project, as the project now has a proven operating history, even though the returns are lower than those in the initial stages of development. The robustness of these assets and their growth potential make them an attractive option for investors seeking flagship companies with conservative profiles.

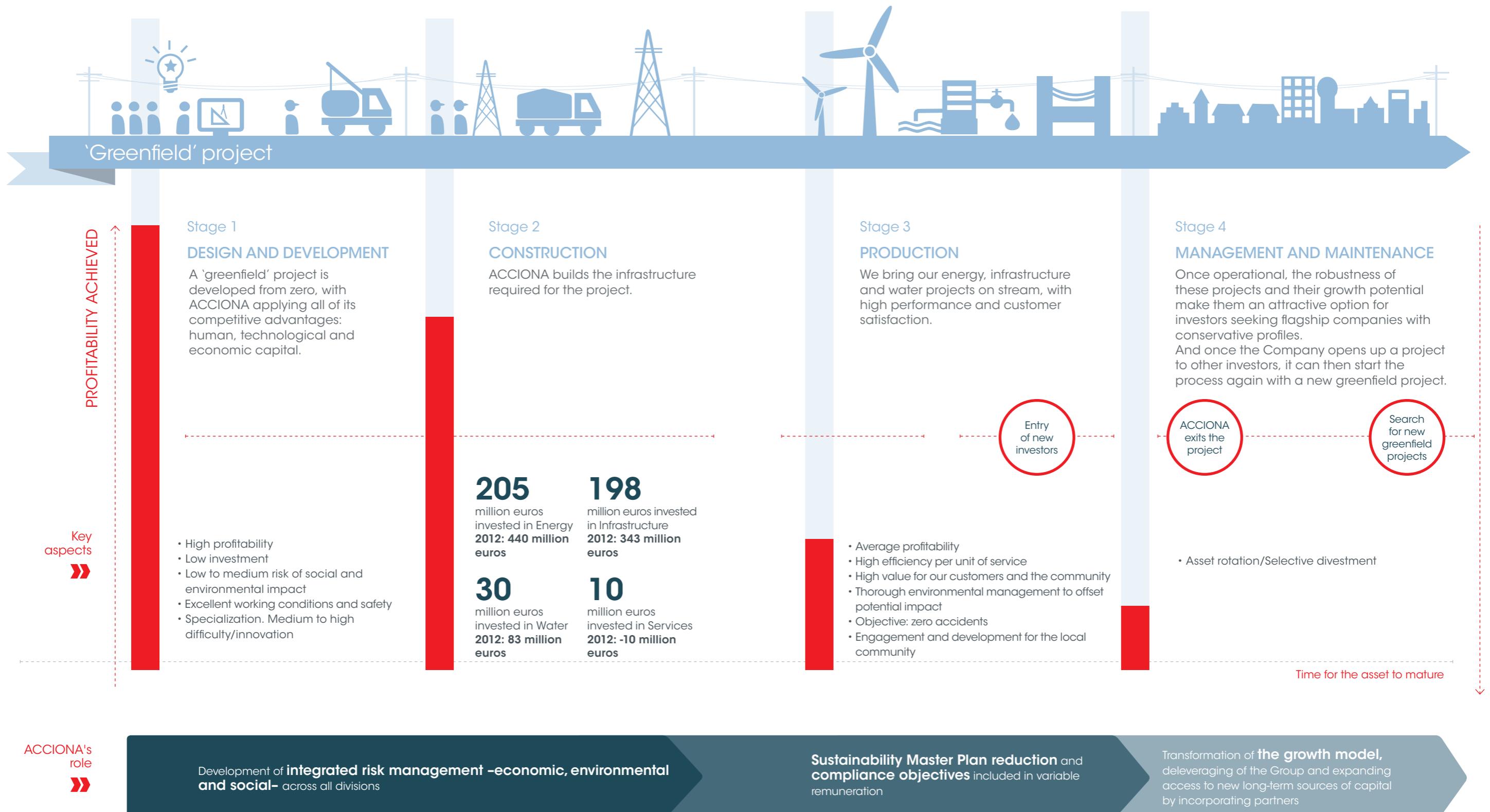
This is how ACCIONA generates value in all three of its strategic sectors: Energy, Infrastructure and Water. And once the Company opens up a project to other investors, it can then start the process again with a new *greenfield* project.

Furthermore, our projects generate shared value, as the facilities designed, built and managed by ACCIONA contribute to the development and well-being of the societies where they are built, as well as generating profits for the Company and its shareholders and investors.

This gives ACCIONA a pivotal role between the needs of government bodies and local communities, which can enjoy the basic infrastructure needed for its development—Energy, Infrastructure and Water—and investors looking for long-term investments with reasonable returns.

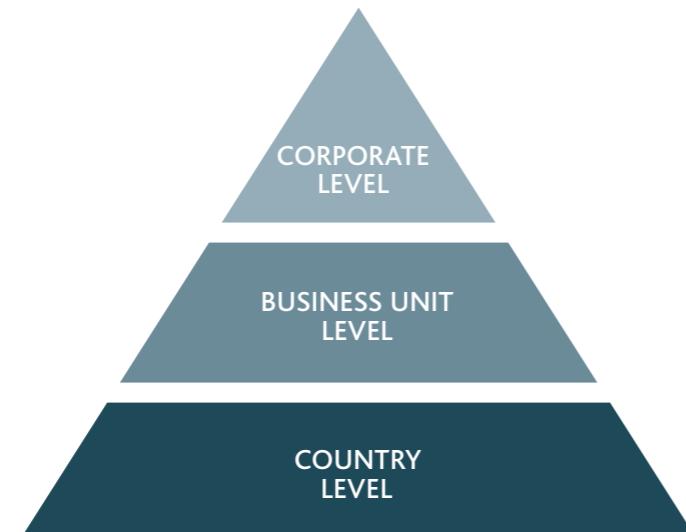
Business model

We seek out locations for profitable and sustainable infrastructure.



ACCIONA stakeholders

ACCIONA maintains an ongoing dialogue with its stakeholders, listening and responding to their expectations



- Shareholders and investors
- Employees

- Customers
- Suppliers
- Partners
- Regulators
- Public administration
- Local communities
- Third sector
- Media

ACCIONA plans its business activity to generate shared value. Identifying all of stakeholders becomes essential for designing appropriate action plans and contributing to shared value.

The economic, social and environmental impact of ACCIONA's projects on the communities where it is active involves managing different expectations and interests, which are not always compatible. The Company manages expectations based on criteria of fairness and equality for all concerned parties.

The ACCIONA 2015 Sustainability Master Plan sets out general management objectives for stakeholders, including regular consultation to review and update material issues.

We carried out a range of initiatives with some of our priority *stakeholders* in 2013, including analysts and investors, employees, suppliers and local communities. These activities helped us achieve our objective of increasing our engagement with these groups, meeting their expectations and bringing them into line with the culture and values of ACCIONA.

In 2013, ACCIONA maintained ongoing and open communications with **analysts and investors** in order to keep them up-to-date with the Group's results and strategy and to answer their questions, always with a view to providing the information needed for decisions on investing in the Company.

- 11 road shows.
- 9 conferences.
- 5 reverse road shows.
- Visits to leading financial centers: London, Paris, Milan, Frankfurt, Zurich, Geneva, Brussels, Amsterdam, Rotterdam, The Hague, New York, Chicago, Minneapolis, Toronto and Montreal, and Madrid, Barcelona and Zaragoza.
- Meetings and conference calls.

Issues of interest to investors in 2013 included ACCIONA's estimates of the impact of the regulatory changes in the electricity sector on the Company's results, financial structure and the value of its assets, and plans to mitigate this impact.

This led to the presentation of a detailed Action Plan including actions such as: cost

reductions, cutbacks in investment, asset sales, cancellation of interim dividends, diversification of sources of financing (issue of first convertible bond) and an internal reorganization accompanied by changes in senior management.

ACCIONA's leverage at a time of budget cuts raised questions about ACCIONA's strategy to reduce this, its expected leverage objectives and the schedule for achieving these targets. The Company's investment plans were also a recurring theme.

In 2013, ACCIONA's Investor Relations team launched a group on the Unience.com social network for investors to make communications with the market more open and direct. This is an open group through which investors can monitor the share price and interact with each other and the Company. This platform provides information that may be of interest to the investment community and analysts (significant events, presentations, results, press releases, etc.).

In 2013, the Company launched an open group for investors on Unience.com social network

STAKEHOLDERS	2013 PROGRESS	STAKEHOLDERS	2013 PROGRESS
EMPLOYEES	<p>Fostering health and safety</p> <ul style="list-style-type: none"> Reduction of accident frequency indices for both own employees (from 4.7 in 2012 to 4.2 in 2013) and those of contractors (from 3.1 in 2012 to 2.4 in 2013). <p>Commitment to diversity</p> <ul style="list-style-type: none"> ACCIONA contracted 206 people from groups at risk of exclusion in 2013, 43% more than in 2012. 3.08% of Spain workforce consisted of differently-abled people (equivalent). ACCIONA Infrastructure contracted 31 people with disabilities, following an agreement with Brazil's Ministry of Employment. The Company also signed an agreement with the Down's Syndrome Foundation to promote inclusive employment. <p>Development of human capital</p> <ul style="list-style-type: none"> 88% coverage of workforce subject to performance evaluation. The ACCIONA Bonus has been extended to employees in Brazil, Australia, Mexico, Chile, Gabon, Sweden, South Africa and the USA (launched in Spain in 2012). Training and development programs, including sustainability issues, launched in Australia, Brazil, Canada, Chile, Italy and Mexico. 	LOCAL COMMUNITIES	<ul style="list-style-type: none"> ACCIONA has developed its own methodology based on international standards for managing the social impact of its projects. This is standard to all businesses and geographic areas. <p>An internal procedure has been developed for implementing the methodology, which begins with an assessment of social risks when identifying business opportunities and submitting offers.</p> <p>Once a project has been awarded, a detailed study of the region and local populations is carried out, addressing socioeconomic indicators such as ethnic diversity, economic activities, access to basic services, poverty indices, employment ratios, education, etc. Once this information has been collected, the impact of the project on these communities is assessed and measured in terms of severity and duration.</p> <p>Meetings are also held with stakeholders to find out first-hand about their needs and opinions, and their assessments of the impact and proposals for offsetting measures.</p> <p>Based on this information, the Company designs a plan of social measures to minimize adverse effects and maximize the positive impacts of its activity.</p> <p>In parallel to this procedure, the Company has developed a range of tools and guidelines to enhance understanding of the management process; these are aimed at different internal and external stakeholders, such as customers, employees and partners.</p> <p>This methodology is subject to continuous improvement and has been in use in various ACCIONA Infrastructure, ACCIONA Agua and ACCIONA Energy projects since 2012:</p> <ul style="list-style-type: none"> Brazil: ring road and marina. Chile: construction of a desalination plant. Costa Rica: wind farm. Morocco: construction of a solar thermal plant. Mexico: electricity production equipment for a dam. South Africa: photovoltaic plant and wind farm. <p>As part of its 2015 Sustainability Master Plan, ACCIONA has set itself the objective of identifying, measuring and managing the social impact of 100% of the projects of its main divisions that meet the required criteria.</p>
	<ul style="list-style-type: none"> ACCIONA focused on mass communication of its Ethical Principles to suppliers, contractors and collaborators, with more than 130,000 communications to suppliers through orders, contracts, bidding terms and conditions and newsletters. 		
	<ul style="list-style-type: none"> Audits and verification of corporate responsibility and sustainability questionnaires were carried out for more than 300 suppliers across all divisions. 		
	<ul style="list-style-type: none"> ACCIONA carried out four training initiatives for those suppliers who participated in the self-assessment questionnaire. 		
	<ul style="list-style-type: none"> We have consolidated the distribution of best practices through delivery of our quarterly Occupational Health and Safety Newsletter for suppliers of all divisions, in Spanish and English. 		

Business model

1. ACCIONA Infrastructure, Agua and Services
2. ACCIONA Energy
3. Other businesses

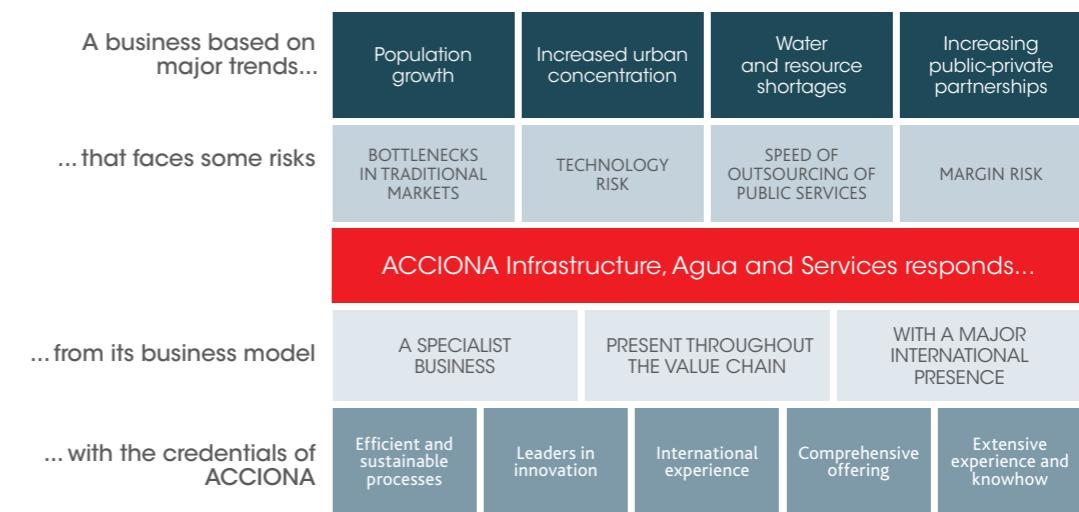
ACCIONA
Infrastructure,
ACCIONA Agua
and ACCIONA
Service have
combined to
take advantage
of opportunities
relating to human
wellbeing

ACCIONA Infrastructure, Agua and Services, a new structure

The unification of ACCIONA's Infrastructure, Water and Service units will enable the company to grow by exploiting synergies and identifying the best opportunities. This

new structure will promote specialization, technology and international development, resulting in ACCIONA being strongly supported by two robust pillars.

Business context



RESTRUCTURING BASED ON FOUR CORNERSTONES

... and a strategy that keeps us ahead of changes



... setting credible medium and long-term objectives



A business based on major trends...

<h3>Population growth</h3> <p>Population growth, particularly in emerging economies, continues to be the main driver of demand for the infrastructure and services provided by ACCIONA.</p> <p>The OECD estimates that the global population will swell to 8.4 billion people in 2030.</p>	<h3>Increased urban concentration</h3> <p>A significant part of the rural population has migrated to urban areas over the last 50 years, a trend which is expected to continue to 2030.</p> <p>This rapid increase calls for major investment in services to improve urban living conditions.</p> <p>The United Nations estimates that the global urban population will reach 4.9 billion in 2030.</p>	<h3>...that faces some risks</h3>								
<h3>Water and resource shortages</h3> <p>Scarcity of resources will become the main driver of innovation in the infrastructure and water sectors. Meeting demand while respecting resources will become an over-arching global need.</p> <p>The OECD estimates that investment of 72 billion dollars per year is required to achieve the Millennium Development Goal for the water sector in developing countries (halving the proportion of the population without access to drinking water and basic sanitation by 2015).</p>	<h3>Increasing public-private partnerships</h3> <p>The importance of public-private partnerships is expected to continue increasing as the main form of financing the infrastructure, water and services sectors over the medium and long term. This will require the private sector to be ready to work with the public sector and to anticipate its needs and adapt. These partnerships can contribute to efficient development of infrastructure projects, exploiting the private sector's integrated management, design, construction and operations skills. Public-private partnerships also encourage productive use of infrastructure assets through innovations to optimize the capacity and use of such assets, thereby increasing revenue.</p> <p>While the volume of public-private partnerships has remained constant in many developed countries over the last decade, they have increased substantially in developing countries over the last two decades. (Source: <i>World Economic Forum</i>).</p>	<table border="1" data-bbox="1848 581 2902 1087"> <tr> <td data-bbox="1848 581 2153 925"> <h3>Bottlenecks in traditional markets</h3> </td><td data-bbox="2166 581 2902 925"> <p>The combination of supply exceeding demand and the effects of the economic crisis afflicting certain mature economies is a major risk to the funding and contracting of new projects.</p> <p>The growth of infrastructure and services in these markets will require greater creativity for differentiation in technology, efficiency and added value.</p> </td></tr> <tr> <td data-bbox="1848 934 2153 1349"> <h3>Technology risk</h3> </td><td data-bbox="2166 934 2902 1349"> <p>The risk related to the speed of adopting new technology is particularly keen in the infrastructure sector, and is directly related to competition risk. 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ACCIONA tackles risks relating to its infrastructure activities at the corporate level and by activity and project



ACCIONA applies a global approach in its risk management, ensuring the independence of the process and its involvement in all stages of the project (from planning to monitoring and control),

with a proactive approach to anticipating problems that might arise. The global nature of the process provides essential information for decision making.



ACCIONA applies its risk management system at all stages of a project to ensure prevention and control

01

Offer and contracting

02

Implementation: Design/
Construction/O&M

03

Project completion

ACCIONA analyzes risks during the bidding stage for projects:

- With a budget of more than 75 million euros.
- Of particular interest (the first project in a country, new customers, unusual types of contracts, activities in which we have less experience, etc.).
- Due to customer requirements.

The risk and opportunity management system during implementation (currently only in ACCIONA Infrastructure) applies to the following projects:

- International projects awarded since 2012 where ACCIONA Infrastructure can control implementation.

The risk-management lessons learnt at each stage are analyzed at the end of the project.

ACCIONA plans to extend the system to its Water and Services activities.

ACCIONA Infrastructure, Agua and Services meets challenges...

...through its business model...

A SPECIALIST BUSINESS...

Infrastructure

With the economy gradually recovering from long recession, we expect an increasing number of infrastructure projects to be given the green light. Emerging markets need to invest in every type of infrastructure to keep pace with

their economic growth. This is exactly where ACCIONA Infrastructure can apply all of the technology and knowhow it has accumulated in over 100 years of projects worldwide.

Engineering	Civil engineering	Building	Concessions	Other and auxiliary
305 projects	232 projects	115 projects	22 concessions	217 M€ in project portfolio
232 M€ in project portfolio	4,405 M€ in project portfolio	870 M€ in project portfolio	135 M€ in sales	143 M€ in sales
85 M€ in sales	1,825 M€ in sales	545 M€ in sales		

* 2013 figures.

ACCIONA has the innovation capacity to keep pace with these needs and take advantage of opportunities. It carries out every part of the construction process, from engineering to the building work itself and subsequent maintenance; it also manages public-sector concessions, particularly in the transport and construction sectors, applying the most appropriate technology for each particular case.

Water

There will be significant opportunities in the water sector, as a result of forecast

shortages, increasing urbanization in emerging economies and ageing infrastructure in mature markets.

Because of its horizontal integration in the sector and its pioneering desalination, purification and drinking water-treatment technology, ACCIONA is one of the leading players in the water business. With over 30 years of experience, it is serving over 50 million people in more than 20 countries worldwide.

Design and construction	Desalination	Water purification	Drinking water treatment	Services
Operation and maintenance	113 M€ portfolio	275 M€ portfolio	97 M€ portfolio	48 contracts
	85 M€ in sales	134 M€ in sales	59 M€ in sales	8,971 M€ portfolio
	713 M€ portfolio	226 M€ portfolio	334 M€ portfolio	148 M€ in sales
	33 M€ in sales	56 M€ in sales	3 M€ in sales	

* 2013 figures.

Services

ACCIONA can provide its service solutions to a huge number of customers through its diversified and integrated business model across a range of sectors: cleaning, auxiliary services (*help desk, telephone service, concierge, reception, etc.*), technical services (maintenance of buildings, facilities and energy equipment, pest control, etc.), energy services (energy efficiency audits, energy consumption optimization solutions,

etc.), environmental services (maintenance of green spaces, sports facilities, gardens and irrigation facilities, environmental monitoring, etc.), urban services (waste management, landfill management, street cleaning), handling (passenger services, cargo, ticket sales, walkways, etc.), production and design, hospitality and safety.

ACCIONA's range of services is the sum of its efforts in all of these areas and its commitment to a multi-service model, through coordination and management of all activities involved. One of the key's to ACCIONA's growth in the sector is the simplification of its management and the economies of scale resulting from its integrated offering.

Facility services	Environmental services	Airport services	Event management	Urban services	Forwarding and other services
717 contracts	60 contracts	167 contracts	6 contracts	17 contracts	
487 M€ portfolio	19 M€ portfolio		46 M€ portfolio	133 M€ portfolio	
306 M€ in sales	24 M€ in sales	139 M€ in sales	22 M€ in sales	34 M€ in sales	115 M€ in sales

* 2013 figures.

...present throughout the value chain...

Infrastructure

ACCIONA's business model covers the entire value chain, enabling it to control and manage infrastructure projects during

every stage in their life cycle: design, financing, construction, and operation and maintenance. This facilitates value creation

and enhances the Company's knowledge and experience.

**Design**

- Projects contracted for over 2,500 M€.

Financing

- 20 concessions financed in the last 10 years.

Construction

- Over 76 M€ in R&D and innovation in 2013.

Operation and maintenance

- More than 100 projects involving O&M activities contracted in the last five years.

Water

Vertical integration of this activity is a major differentiating factor for ACCIONA, enabling it to maximize its competitive advantages. Its involvement in all stages of the value

chain gives the Company the opportunity to develop expertise throughout the entire water cycle, from the start of the process to when it reaches each home.

**Design and engineering****Construction****Operation and maintenance****Work concessions (BOT)****Water and integral services concessions**

- Investment in O&M activities: 82.2% satisfaction with water treatment O&M services.
- 190 successful O&M bids in the last five years.

- 5 BOT projects awarded in the last five years.

- 30 projects won in the last five years.

Services

ACCIONA aims to provide service solutions that more than meet the needs of its public and private-sector customers, exploiting the synergies that arise in its activities.

Its commitment to integration and spirit of service enables the Company to add more value for its customers, while maintaining its defining commitment to innovation and sustainability.

**Re-engineering****Operation and maintenance**

- ISO 9001 and 14001 certification: 100% of environmental, urban and facility services.

- Over 10 years average time in the contracts.

100% of handling activities, walkway maneuvering and services for people with limited mobility in Spain.

Through this new structure, ACCIONA forecasts that the revenue and EBITDA of its Infrastructure and Service business lines will increase in 2014, with the Water division remaining stable. The largest investments will be in the Infrastructure

division (around 60-70 million euros), with international business gaining ground. In the Water division, concessions and operation and maintenance contracts will become more important.

...generating real value...

ACCIONA INFRASTRUCTURE, AGUA AND SERVICES	2013	IN COMPARISON WITH 2012
INFRASTRUCTURE		
Number of concessions	22	23
Construction portfolio outside Spain (M€)	3,078	3,494
WATER		
Volume of water managed (hm ³)	663	568
SERVICES		
Number of private contracts	924	858
Number of public contracts	43	69

...for the business

INFRASTRUCTURE	WATER	SERVICES
2,733 M€ in sales	585 M€ in sales	641 M€ in sales
82 M€ in EBITDA	54 M€ in EBITDA	20 M€ in EBITDA
5,723 M€ Infrastructure backlog	10,714 M€ Water backlog	

...for society as a whole

INFRASTRUCTURE	WATER	SERVICES
■ 2,387 hospital beds managed.	■ Management services for the integral water cycle in over 180 towns in Spain.	■ Average workforce of 15,000 with 4,200 work places.
■ 22 concessions in 2013 and more than 35 concessions over the last ten years.	■ More than 300 water treatment plants built, with a total capacity in excess of 11.8 million m ³ /d of water, benefiting over 53 million people.	■ Serving over 6 million passengers on over 118,000 flights.
■ Over 5,000 km of roads and rail lines built for transport of people and freight.	■ 115 drinking water treatment plants with total capacity of more than 7 m ³ /d supplying more than 26 million people.	■ Cleaning of 5,300 trains and busses, with a total of 1,815,090 cleaning services performed.
	■ More than 70 desalination plants, with total production of drinking water greater than 2.2 million m ³ /d, supplying over 10.5 million people.	■ We manage waste for more than 300,000 people.

...with the shared potential of three businesses for the future



Flagship ACCIONA Infrastructure, Agua and Services projects

Infrastructure	<ul style="list-style-type: none"> ■ Fortaleza subway line (Fortaleza, Brazil). Construction of the Eastern line of the Fortaleza subway system, in a project worth 2,300 million Brazilian reais (800 million euros), with a local business partner. This involves a 12.4 km extension with 12 stations for electric trains that will carry some 400,000 people per day, helping relieve traffic congestion in the fifth largest city in Brazil. ■ Legacy Way (Brisbane, Australia). A 4.6 kilometer tunnel connecting the Western Freeway at Toowong with the Inner City Bypass at Kelvin Grove in Brisbane. This will provide a direct, high-speed connection between the expanding residential areas to the west of Brisbane and the airport to the east of the city. <p>RECORDS: The Joyce tunnel boring machine has set records for daily progress, at 48 meters; weekly progress, at 239.9 meters; and monthly progress, at 841.9 meters.</p>
Aqua	<ul style="list-style-type: none"> ■ Award of the tender for the extension, design, construction, commissioning and maintenance contract for the Gabal Al Asfar WWTP in Egypt for 2 years. The plant will have a capacity of 500,000 cubic meters per day, meeting the needs of the eastern part of Egypt's capital, equivalent to a population of 2 million people. ■ Copiapó desalination plant (Atacama, Chile). Contract for the design, construction, commissioning and operation of the Copiapó desalination plant for the next twenty years. This will be based on reverse osmosis, with a production capacity of 200 l/s, which can be increased to 750 l/s. The work consists of: sea water inlet, underground brine discharge outlet, supply of sea water to the desalination plant, the desalination plant and associated works, and supply and installation of related equipment.
Services	<ul style="list-style-type: none"> ■ Maintenance for the Historic Parks of Madrid: 95 million euros over 8 years. Maintenance of the Historic Parks of Madrid involves gardening and cleaning eight of the city's most important parks: the Buen Retiro park, the Parque del Oeste, the Plaza de Oriente gardens, the Sabatini gardens, the Dehesa de la Villa park, the Quinta de la Fuente del Berro, the Quinta de los Molinos and the El Capricho gardens of Alameda de Osuna. One of our main responsibilities is to plan and perform 100 action programs. ■ Cleaning of the busses, terminals and workshops of Alsa for 3 years. ACCIONA Service is responsible for the cleaning contract for ALSA's bus fleet, and its offices and other employee facilities. The contract covers more than 140 locations throughout Spain, with a fleet of more than 2,800 vehicles; over the last year, we carried out more than 450,000 cleaning services. <p>ACCIONA Service offers more than thirty types of cleaning, providing the client with a wide-ranging menu of services that can adjust to meet its needs, flexibly and rapidly.</p>

ACCIONA is convinced that its commitment to renewable energies is the right strategy, offering significant potential for growth

ACCIONA Energy, for a sustainable future

ACCIONA Energy is committed to renewable energies for the present and the future.

ACCIONA Energy is a world leader in renewable energy, offering solutions using the most innovative technology, and helping to demonstrate the technical and economic viability of a new sustainability-based approach to energy. We are involved in renewable energy activities on all five continents.

Renewable energies are economically competitive, available now, easy and quick to install and produce no emissions; and they have greater accessibility to funding. They have lower risks than traditional energies, as they are unlimited, free and local, reducing

risks associated with fuel price volatility and demand issues. This means that their positive impact also extends to the balance sheet, while they also generate employment and promote energy independence and development.

ACCIONA is convinced that its commitment to renewable energies is the right strategy, offering significant potential for growth.

Business context

A business based on major trends...

...that faces some risks

...through the business model

...with the credentials of ACCIONA

... and a strategy that keeps us ahead of changes



PROFITABILITY AND DEBT REDUCTION



... setting credible medium and long term objectives

RATIONALIZATION OF COSTS	INVESTMENT SLOWDOWN	INCORPORATION OF PARTNERS IN STRATEGIC MARKETS	EPICS AND OTHER ACTIVITIES FOR THIRD PARTIES, LEVERAGING OUR DEVELOPMENT, CONSTRUCTION AND O&M CAPABILITIES
OBJECTIVE: 35-40 M€ PER YEAR	OBJECTIVE: 550-630 M€ IN 2013-2014 (50% REDUCTION VS. INITIAL BUDGET) SELECTIVE DIVESTMENTS	OBJECTIVE: INCORPORATION OF PARTNERS AT THE INTERNATIONAL LEVEL	OBJECTIVE: 400 MW 126 MW UNDER CONSTRUCTION + 299 MW AWARDED

A business based on major trends...

Economic growth in emerging economies

Economic growth in emerging markets is generating an increase in demand for energy, which is not being met. Renewable energy sources are an ideal energy-supply solution for these countries, with advantages including competitive costs, unlimited nature and decentralized location.

Mature markets have already solved their supply problem, but are facing issues related to energy dependency, reducing the carbon footprint of their energy supplies and increasing energy-price competitiveness. In these regions, growth in renewable energy usually replaces obsolete conventional technologies.

Demand for primary energy is expected to increase by 33%, with a 77% increase in renewable energy, by 2035. (Source: IEA, WEO 2013).

Energy dependency

The increasing and volatile costs of fossil fuels and the risks of instability of supply in some parts of the planet warn us that we should reduce our dependency on this source of energy.

Renewable energy consumption will double from 78 MTEP in 2013 to 195 MTEP in 2020. (Source: *The Economist Intelligence Unit*).

Climate change

Unless mitigation measures -in which renewable energies have an important role to play- are put in place, climate change represents an enormous threat to the prosperity and development of many parts of our planet.

The European Commission estimates that global CO₂ emissions in 2030 will be double their 1990 level.

Increasing cost competitiveness

As the renewable energy sector matures, technologies are being developed that are ever more competitive, with lower production costs compared to the upward trend in fossil fuel prices.

Globally, wind power is now competitive with other conventional technologies, especially in areas with no fossil fuel reserves. The cost of wind energy is currently 15% lower than in 2009, and photovoltaic energy is 50% cheaper (Source: *Bloomberg New Energy Finance*).

...that faces some risks

Regulatory risk

There is currently a greater risk of instability in countries with more mature energy regulations as a result of inconsistency between various aspects of energy policy, resulting in higher end-user prices or tariff deficits.

In Spain, for example, factors such as the fall in demand caused by the crisis, the lack of control over entrance to the photovoltaic technology market and the parallel increase in support for coal-fired generation, together with an investment bubble for combined-cycle plants, have combined to create an over-sized and expensive system. This has now resulted in an adjustment policy for the sector.

However, even so, expectations of renewable energy growth remain strong, to meet demand requirements in emerging countries and to replace obsolete conventional technologies in mature markets.

Pressure from the traditional sector

Pressures from the conventional energy sector may pose a threat to renewable energy companies.

The influencing capacity of large global energy companies, and their absence from the renewable energy sector, could impact the growth of these technologies.

Regulatory instability for the energy sector in Spain



ACCIONA Energy has been, and will be, affected by regulatory changes in Spain.

The measures and regulations already implemented by, and currently expected from, the Government to enhance the financial stability of the electricity system have hit the profitability of the renewable-energy sector hard. This instability leads to uncertainty in the market, which in turn makes it difficult to make decisions on the measures to adopt in response while their actual impact remains unclear.

Wind power has been one of the sectors most affected, bearing over 50% of the cuts. The average cut in wind incentives in Spain is almost 50%, resulting in revenue being down almost 25%.

Assets dating from prior to 2005 (approximately 40% of the 23 GW installed in Spain) will now receive no incentives whatsoever, cutting their total revenue by around 50%. Approximately 40% of ACCIONA's wind-power assets predate 2005.

The combined effect of the regulatory changes implemented by Law 15/2012 and Royal Decree-Law 2/2013, approved and in effect since 1 January 2013, and Royal Decree-Law 9/2013 and the draft Ministerial Order effective from 14 July 2013, amount to a negative hit for the Energy division of 1,675 million euros, mainly due to impaired goodwill (870 million euros) and impairment to renewable assets in Spain (563 million euros). The impact on 2013 EBITDA is 257 million euros, obliging ACCIONA to make provisions of around 2,000 million euros for 2014.

However, the Company is mounting an effective response to this regulatory impact, through its geographic diversification, putting a brake on investment and implementation of an ambitious efficiency plan.



ACCIONA Energy meets challenges...

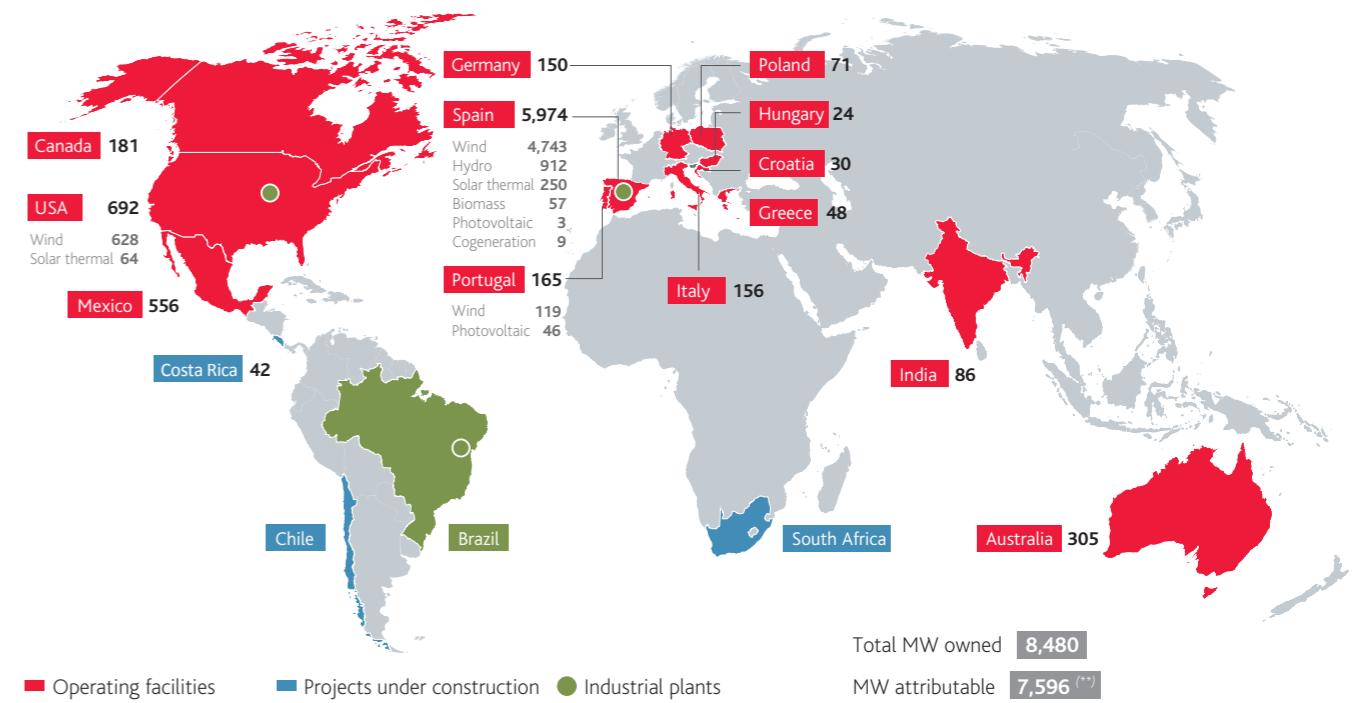
...through its business model...

WITH A MAJOR INTERNATIONAL PRESENCE...

The geographic diversification of ACCIONA Energy, with experience in 22 countries on all five continents, together with its technology and partners worldwide, enables

it to incorporate and react to the latest developments, enabling it to confront the risks that might affect the Company.

→ ACCIONA Energy by country Total MW, at 31/12/2013



With a significant presence in five technologies, the Company is a global leader in the renewable energy sector. The variety of technology available to the Company enables it to adapt its business model to the

context in which it is operating, diversifying its risks, exploiting new production opportunities and generating economies of scale.

Wind	Solar Thermal	Solar Photovoltaic	Hydro	Biomass
7,139 MW capacity	314 MW capacity	49 MW capacity	912 MW capacity	57 MW capacity
18,399 Total GWh produced	546 Total GWh produced	95 Total GWh produced	2,883 Total GWh produced	454 Total GWh produced
1,291 M€ in sales	141 M€ in sales	34 M€ in sales	169 M€ in sales	57 M€ in sales

* 2013 figures.

...with the credentials of ACCIONA...

ACCIONA Energy's advantages are based on competitive factors that set it apart as a global operator in the sector.

A UNIQUE COMPETITIVE PROFILE	ACCIONA Energy is only involved in renewable energy, with demonstrated capabilities in five technologies, and a unique presence throughout the value chain, offering a wide range of customer-focused services. This exhaustive knowledge and proven reliability enables us to offer our customers and partners a tailor-made service.
GLOBAL SCALE	Active in more than 22 countries —with operational facilities in 15 of these— ACCIONA Energy has a presence in rapidly growing markets. The success of its projects over recent years has put ACCIONA into a leading position with strong credibility, having established itself as a main player in key markets, focusing particularly on emerging economies and capturing <i>first mover advantage</i> in the new markets it enters. This enables it to remain one step ahead as it seeks to offset risks and offer new solutions.
VAST EXPERIENCE AND THE STRONGEST TEAM	After 20 as pioneers anticipating solutions in the sector, ACCIONA has extensive knowledge of every link in the value chain (regulatory, resource analysis, engineering and construction, operating efficiency, O&M, network integration, etc.), with very valuable experience in a range of markets. ACCIONA Energy's team of over 2,000 highly qualified professionals has accumulated priceless knowhow in a rapidly growing sector attracting many new players, with the added competitive advantage of offering its own technology. ACCIONA Energy's team is multi-disciplinary and highly responsive and adaptable, successfully achieving its sustainable development objectives.

...PRESENT THROUGHOUT THE VALUE CHAIN...

ACCIONA Energy provides solutions throughout all stages of the energy value chain. The comprehensive knowledge

it has acquired enables it to adapt its solutions and exploit the largest number of opportunities.



Project development

- Commercial activity and development in 20 countries.
- Over 1,600 MW supplied to third parties.
- 423 MW contracted by third parties in 2013.

Engineering and construction

- 327.5 MW in projects under construction.
- In 4 countries on 3 continents.
- 354 MW portfolio for third party projects in 2014-2015.

Manufacture of wind turbines

- 945 MW contracted in 2013
- 1,560 MW total portfolio.

Output

- 8,480 MW of operational capacity.
- 22,404 GWh of energy generated.
- More than 9,652 MW managed.

Energy management and sales

- 22,474 GWh of energy invoiced.
- 5,153 GWh of energy marketed.

With recurrent EBITDA of around 1,000 million euros, its solvency, reliability, experience and global scale makes ACCIONA Energy a major player as a developer, partner and provider of renewable energy worldwide.

* 2013 figures.

...and a strategy that keeps us ahead of changes...

ACCIONA Energy's medium and longer term strategy focuses on generating cash flow and less capital-intensive growth.

Firstly, efforts have focused on improving the Company's operating efficiency, with a reduction in costs in 2013 of 39 million euros (much higher than the target of 31 million) and a 21% improvement in efficiency in terms of MWh/employee.

Secondly, leveraging our partners plays a very important role in the growth of this business. In order to address opportunities in the international market, the Company has started looking for a minority partner (up to 49%) for its international portfolio. In future, we will also need to establish relationships with partners at the project level in strategic countries.

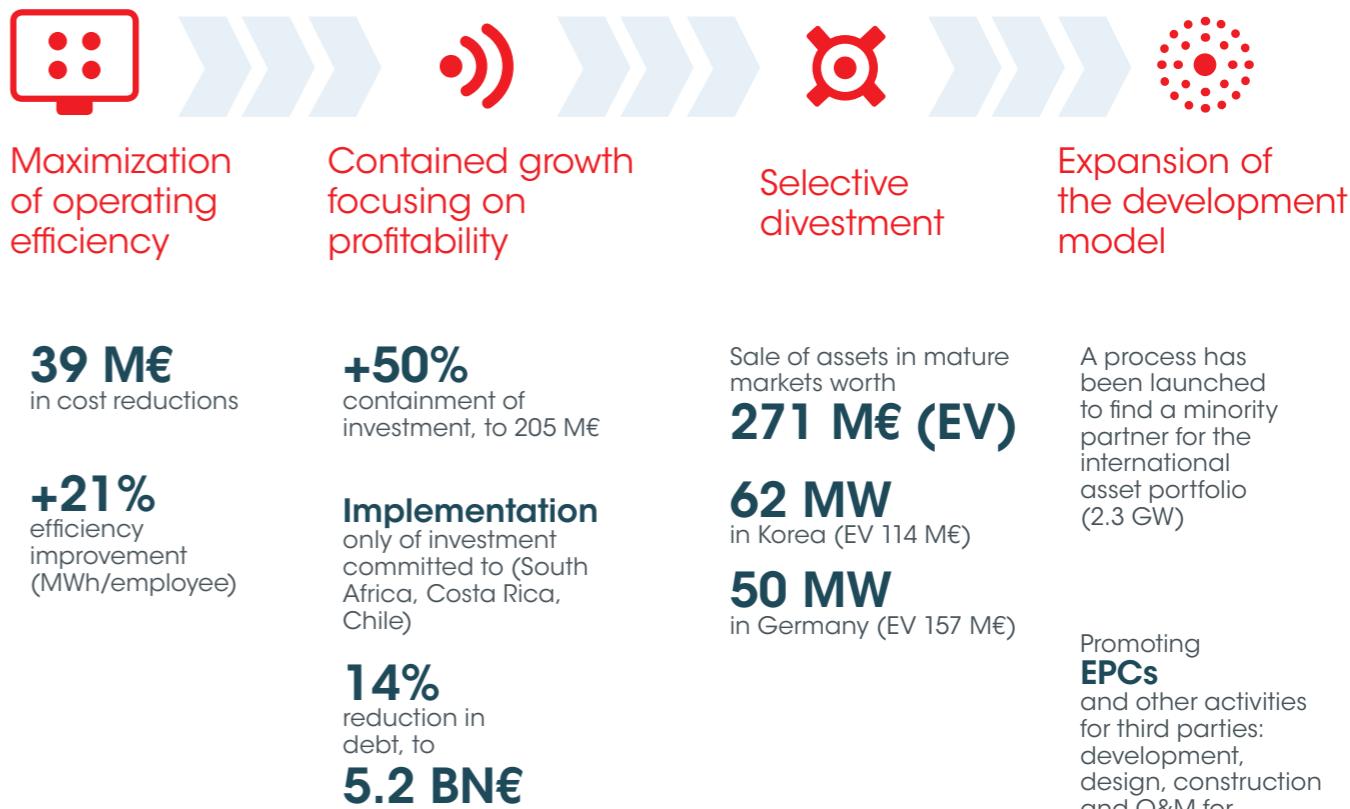
Moreover, in order to make fullest use of the Energy division's experience and knowhow, our strategy involves continuing with the development, design and construction of renewable assets. Our ability to provide integrated services enables us to take on *Engineering Procurement and Construction* (EPC) projects and similar activities for other companies, leveraging our development, construction and operations and maintenance capabilities.

ACCIONA Windpower's ability to manufacture wind turbines plays a key role in ACCIONA Energy's integrated business model. With our confidence in the AW-3000 wind turbine as a proven and competitive product in our main markets, ACCIONA Windpower (AWP) launched an energy-cost reduction program in 2013 associated with each turbine, integrating the total cost of the investment and the operating and maintenance expenses of the machine throughout its useful life. The Company achieved a 13% reduction in this cost in 2013 alone; this is expected to reach 25% by late 2014.

The economic and regulatory conditions in which ACCIONA Energy operates oblige it to keep a permanent tight rein on its cost efficiency, reducing and optimizing its debt.

ACCIONA's international portfolio

This currently consists of a net capacity of 2,791 MW (2,506 MW in operation and 285 MW under construction), net production of 7.2 TWh and an average remaining life of 20 years. With consolidated debt of approximately 1,400 million euros, the portfolio generates revenue of approximately 500 million euros and EBITDA of 350 million euros. 98% of the dividend comes from PPAs (*Power Purchase Agreements*) and regulatory coverage.



...generating real value...

ACCIONA ENERGY	2013	IN COMPARISON WITH 2012
INSTALLED MW		
Aggregate wind installation	7,139	7,096
Total other technologies	1,341	1,341
Total energy	8,480	8,437
GWh GENERATED		
Wind energy production	18,399	15,165
Total other energies	4,005	2,968
Total energy	22,404	20,379

...for the business

2,120 M€
in sales

979 M€
in EBITDA

5.1%
increase in
operating
revenue

22,404 GWh
produced by ACCIONA
Energy plants

...and for society as a whole

2,368
employees

84.65%
of suppliers are
local

Clean energy,
equivalent to the
consumption of

6 million
homes

Emissions
avoided
equivalent to

15.08 million
tonnes of CO₂

Flagship ACCIONA Energy projects 2013

2013: a very successful year for ACCIONA Windpower

The contracts signed by ACCIONA Windpower in 2013, or to be signed in the first half of 2014, for sales of its 3MW wind turbines totaled 1,560 MW of capacity. This commercial success was based on the reliability and competitiveness of our wind turbines, and the wide range of options we offer to suit different wind conditions.

AWP also improved the competitiveness of its turbines by reducing their Cost of Energy (COE) by 13% in 2013 (25% in 2014).

The Division has also commissioned a hub factor in Brazil, and has agreed to the construction of a new factory for nacelles in Brazil, which will come into operation in 2014.

Own investment projects under way

In 2013, ACCIONA Energy continued developing assets on its own behalf that will come on stream in 2014 and the first quarter of 2015.

We began construction of assets in three new countries in 2013: South Africa (232 MW, divided between 138 MW wind power and 94 MWp photovoltaic), Costa Rica (49.5 MW wind power) and Chile (45 MW wind power).

The Chile project —the Punta Palmeras wind farm— is 100% owned by ACCIONA, and was awarded by the electricity company Colbún through a long-term energy supply contract. The wind farm will be operational in 2014 and generate around 124 GWh per year.

This project reinforces ACCIONA Energy's internationalization strategy; in addition to its assets in Spain, it now has renewable assets operating or about to come on-stream on all five continents.

EPCs. Wind power and photovoltaic contracts for customers

In 2013, ACCIONA Energy beefed up its service sales activities with its customers, combining this with completion of its own facilities.

In the year, ACCIONA Energy signed its first photovoltaic *Engineering, Procurement and Construction* contract in Australia, for the 24 MWp Royalla facility, together with contracts for the 102 MW South Canoe wind farm in Canada and two photovoltaic plants in Chile with 49 MWp capacity.

ACCIONA seeks to dilute the risks of its activity through a diversified portfolio

Other businesses, a commitment to diversification

Diversification is the key to maintaining our guarantees of success in new sectors, while in turn diluting risks with a larger portfolio.

ACCIONA's diversification strategy has two objectives. Firstly, the Company's proven business track record enables it to extend its strategies to new sectors, while

providing the guarantees of success required by shareholders and investors. Secondly, ACCIONA is seeking to dilute the risks of its activity across a diversified portfolio.

ACCIONA Trasmediterranea A strategy for the future...

ACCIONA Trasmediterranea is the leading shipping line for Spanish sea transport, connecting the Peninsula to the Canary and Balearic Islands and North Africa. The Company has an extensive presence and experience in the sea transport of vehicles and passengers dating back to 1916.

It is currently the leader in this sector in Spain, with a business model based on:

- A multi-market strategy with extensive geographic spread, including sea connections to the Balearic and Canary Islands, and Morocco and Algeria in North Africa.
- Vertical integration across all links in the value chain for vehicle and passenger transport: land and sea transport and port operations. This enables it to offer integrated, multi-mode 'port-to-port' logistics services, which are highly valued by freight customers.

ACCIONA Trasmediterranea is a renowned, flagship brand with unique positioning and recognized leadership in the sector. Its business model offers comprehensive solutions to exacting business and environmental standards, with a commitment to service excellence for its customers. This guarantees its success in the markets where it is active.

Based on these competitive advantages, ACCIONA Trasmediterranea has put in place a medium and longer-term strategy based on:

Adequate asset scale: only producing what is demanded, when there is demand for it.

Differentiation of its products and customer communications: meeting the needs of its customers, setting itself apart and informing the market of this. The Company considers the introduction of new on-board services related to technological accessibility, facilitation of search engines and travel guides and specialist food and

drink to be a key part of its strategy. Other significant priorities for Trasmediterranea include enhanced use of social networks, support in emergencies such as fires and rescues, and involvement in tourism roadshows.

Maximizing sales on all fronts: transforming into points of sale, not just 'transport vessels', aiming always for 100% occupation.

Operational excellence: continuously controlling costs and driving them down.

The volumes of passengers and vehicles transported by Trasmediterranea were up 5.6% and 6%, respectively, in 2013, due mainly to increased cross-Straits traffic. Freight volumes were up 1.54%, mainly due to the new Valencia-Ibiza ferry line.

Trasmediterranea is seeking to generate value in the areas where it operates by identifying new commercial and tourist routes and connections.

...with solid foundations ...that generates confidence

419

M€ IN REVENUE

13

M€ IN EBITDA

1.3

M€ INVESTED IN INNOVATION

1,400

EMPLOYEES

2,635,721

PASSENGERS

5,161,963

LINEAR METERS OF FREIGHT HANDLED

630,212

VEHICLES

ACCIONA Real Estate

A strategy for the future...

ACCIONA Real Estate has a global vision, focusing on developing sustainable space solutions for people and companies with high technological value.

Its team has extensive experience in all aspects of the Spanish and international real estate markets (residential, hotel, commercial, rental properties, etc.).

The improving domestic economic outlook is attracting investors and increasing the expectations of sellers. Recently, there has been increasing interest among foreign investors in entering Spain's real estate market through a robust local partner. In the short to medium term, the Division will continue applying a discounting policy across all of its developments in Spain to turn over

its stock of completed developments, so as to reduce debt and increase liquidity.

The Company's criteria of prudence and minimum risk generates confidence in the markets where ACCIONA Real Estate is well established (Poland and Mexico). Through its Parque Reforma Santa Fe subsidiary in Mexico, ACCIONA Real Estate is committing itself to the Mexican market. The excellent banking conditions in Mexico make it an ideal destination for pursuing the Division's growth strategy.

In the medium term, the priority for ACCIONA Real Estate is to position itself in a sector that is ready to be rebuilt. The Division is seeking to pursue residential developments and to manage its asset

portfolio through a strategic alliance with an international investor.

The Division is committed to promoting sustainability. This is demonstrated by its deep involvement in the *Clear up* project, which is examining and implementing solutions for creating clean buildings with comfortable, healthy and non-polluting internal spaces.

Hijos de Antonio Barceló

A strategy for the future...

Hijos de Antonio Barceló owns a number of wineries in Spain's main wine producing regions, producing quality wine brands that are sold throughout Spain and abroad. This activity contributes value to the Company through a commitment to shareholder value and respect for the environment.

The wine industry and its stakeholders make a priceless economic, social, agricultural and environmental contribution. Consumers are currently choosing higher quality wines, as part of a healthy, sustainable and modern lifestyle. The Company contributes to this with sales of over 16 million bottles of wine each year to all five continents.

The wine market is rapidly becoming much more international. There are a number of challenges in developing this business. These

include the concentration of distribution in the hands of organizations that are becoming ever larger, at a time when consumers are demanding higher quality wines with recognized brands at competitive prices, and products with attributes and values suitable for today's new lifestyles.

In order to meet this demand, our business model features a wide portfolio of high-quality prestigious products, focusing on premium and super-premium wines and building volume with the major purchasers in the market. We are pursuing international development and leadership in the market, and over delivering on service, exceeding customer expectations.

The value of world trade will increase over the coming years as a result of consumption

migrating from traditional producer countries to countries that do not produce enough to meet demand. Exports will also become more valuable due to the increasing quality and prices of the wines sold.

The international development of ACCIONA's wine business will make our position more stable given current conditions in the domestic market. Our international sales are concentrated in South America (19.6%), Europe (12.2%) and the rest of the Americas (8.5%), with a presence in more than 35 countries.

In 2013, Hijos de Antonio Barceló signed an agreement with Bronco Wines, the fourth largest importer in the United States, giving us a positive outlook for that market.

...with solid foundations..that generates confidence*

66

M€ IN REVENUE

954

INVENTORY

3

M€ IN EBITDA

421

INVESTMENT PROPERTIES

1,401

M€ IN GROSS ASSETS, 85% IN SPAIN
AND 15% INTERNATIONAL

26

FIXED ASSETS

...with solid foundations

38

M€ IN REVENUE

5

M€ IN EBITDA

16

MILLION BOTTLES SOLD

...that generates confidence

5

WINERIES IN
OF SPAIN'S MOST
PRESTIGIOUS WINE
GROWING REGIONS

42%

OF TURNOVER FROM
INTERNATIONAL MARKETS

ISO

CERTIFICATION: ISO
9001, ISO 14001 AND
ISO 22000

* Valued by various independent assessors: the market value of real estate assets (GAV), developments, investment properties and fixed assets at 2013 prices is 1,401 million euros, broken down as follows:

Bestinver

A strategy for the future...

Bestinver searches for value in all of its investments, through in-depth understanding of all the businesses and companies in its portfolio.

The Company believes the most reliable way to achieve sustainable returns for its clients is to invest in well managed and comprehensible businesses that are currently undervalued and have strong long-term revaluation potential. Committed to its *value-investing* philosophy, Bestinver bases its business on valuing companies, to which its management team dedicates 95% of its time.

Bestinver's objective is to achieve 'reasonable' long-term average returns, through responsible management that avoids speculative investments.

Bestinver seeks out companies with one or more of the following signs that they are undervalued:

■ **Valuations that imply attractive ratios**

(Price/Earnings, Enterprise Value/Sales, Enterprise Value/EBITDA, Price/Book value, earnings per share, etc.) in absolute terms in comparison to competitors.

■ **Low levels of debt.** It is sometimes possible to find companies with no debt and cash levels similar to, or even exceeding, their market capitalizations.

■ **Recent share purchases by owners and senior managers**, and share buybacks by the Company, implying that the people who know the company best are confident about its future.

■ **Market prices that are lower than or close to the cash price paid in mergers and acquisitions in the sector** (if the transaction is paid for in shares, this price will be reliable if the shares are reasonably valued).

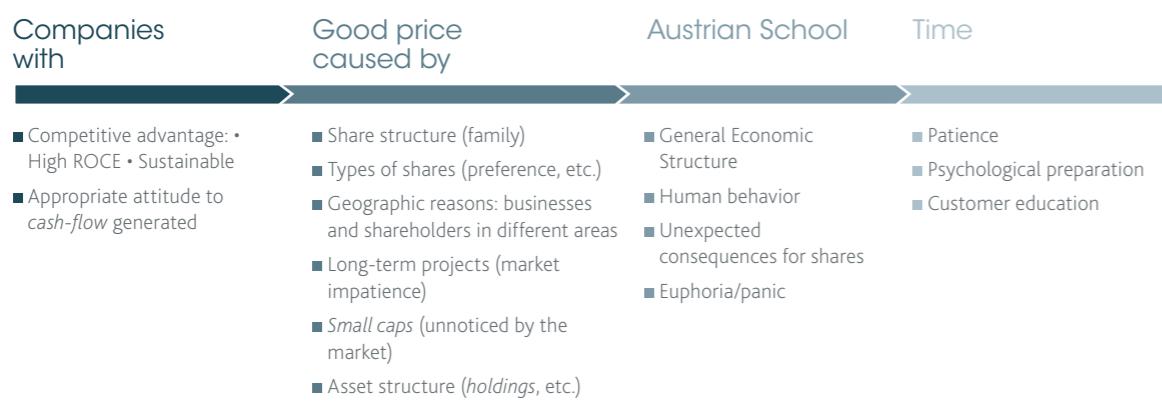
By investing in companies with some of these characteristics, Bestinver minimizes risk while reaping very interesting long-term returns. The success of this strategy is demonstrated by the performance of its actively-managed funds (Bestinfond, Bestinver Bolsa, Bestinver Internacional, Bestinver Mixto, Bestinver Mixto Internacional and Bestinver Renta).

The assets under management by Bestinver increased by 51% in 2013, to 8,930 million euros at 31 December 2013. Bestinver

always takes a long-term approach, exploiting short-term weaknesses in the market to rotate its portfolio, increasing or decreasing positions in response to share price movements for the companies in its portfolio.

Bestinver's model portfolio, as in its Bestinfond mutual fund, achieved returns of 31.82% in 2013 compared to 19.35% for its reference index (70% MSCI, 20% IGBM and 10% PSI).

→ Investment selection process



...with solid foundations

114

M€ IN REVENUE

78

M€ IN EBITDA

8,930

M€ IN FUNDS UNDER MANAGEMENT

...that generates confidence

45,500

CUSTOMERS

107

AWARDS FOR ITS MANAGEMENT OVER THE LAST 20 YEARS

1,059

M€ IN NET CAPITAL INFLOW

8%

GROWTH IN THE HEADCOUNT, TO 55 EMPLOYEES

Corporate Governance

The Board of Directors concentrates its attention on the Company's strategic approach and monitoring performance of its business objectives

A governance model based on value creation

The Company's corporate governance practices are based on both internal and external guidelines and recommendations.

ACCIONA's corporate governance rules, procedures and controls aim to assure investors and other stakeholders that

the Company's decisions are designed to maximize long-term value creation for its owners and society as a whole.

The Company's governing bodies

The General Shareholders' Meeting	The sovereign decision-making body of the owners of the Company, and the highest level decision-making body in ACCIONA. Its responsibilities include approving the composition of the Company's Board of Directors, decisions on remuneration policy and allocation of profits.
The Board of Directors	Guides, supervises and controls issues affecting the Company on behalf of its owners. Its members are chosen by the General Shareholders' Meeting. Its responsibilities include determining the Company's strategic approach, and oversight of compliance with objectives. It also ensures that the Company has the policies, processes and controls in place for compliance with applicable internal and external regulations.
Board of Directors' Committees	Monitor certain key issues for the Company and its owners on behalf of the Company's Board of Directors. Their work includes monitoring the effectiveness of internal risk management and control systems. They also ensure that the Board of Directors has the capabilities and competences needed, and aligns remuneration policy to balance the long-term interests of management and owners.
Senior management	Responsible for day-to-day management of the Company under the supervision of the Board of Directors, which sets objectives and regularly monitors performance. The chief executive and senior management report to the Board regularly on compliance with the objectives. The heads of each business and unit are responsible for ensuring their areas function efficiently and in accordance with the policies and procedures established by the governance bodies.

The Board of Directors ensures that it is informed of, and deliberates on and supervises the Company's main risks, challenges and decisions. It also exercises control over the most significant short, medium and long-term financial and non-financial issues affecting ACCIONA. The Directors therefore dedicate their time to the questions that are most relevant to creating value: strategy, risk management, developing the management model and regulatory and compliance questions.

A focus on strategy, risks and compliance

The Board of Directors pays particular attention to the Company's strategic approach and monitoring its business objectives. The last meeting of the year is dedicated to analyzing, refining and determining the following year's strategy. Once the strategy has been defined, it is used in preparing business plans for the Company's divisions. The Board monitors performance of the objectives under these plans every month. The Board also carries out an in-depth quarterly assessment of the objectives in the Company's business plan as part of the process of preparing the financial statements.

The senior managers report regularly and formally on the business plan performance to the Board.

ACCIONA's Board of Directors meets monthly to assess the business units in detail, and is in regular contact with the Company's senior managers. The Chairmen of the Board Committees undertake this task independently. The regular work of the governance team includes assessing markets, strategies and risks, requesting the documentation required for such activities from the units.

The Board's main responsibilities also include overseeing the adequacy of the Company's risk control and management systems. The Audit Committee carries out an in-depth review of the key risks facing the Company's management and across its businesses. This work includes annual guidance and supervision of risk maps and the risk mitigation plans put in place. The Sustainability Committee monitors the

Company's non-financial risks, ensuring that ACCIONA has in place the policies, processes and controls needed to handle these risks.

One of the Board of Director's main tasks is to contribute to an appropriate ethical attitude and compliance throughout the organization. In this regard, the Board has the ultimate responsibility for the Company having in place an effective ethical model, and for ensuring that both the letter and the spirit of all internal and external regulations applicable to the Company and its employees are complied with in full. The Board leads work to ensure the Company's compliance. In April 2013, the Board of Directors' Sustainability Committee approved the Corporate Policies Book, which covers issues such as sustainability, anticorruption, risk management, biodiversity and human rights.

A structure that ensures incentives are aligned...

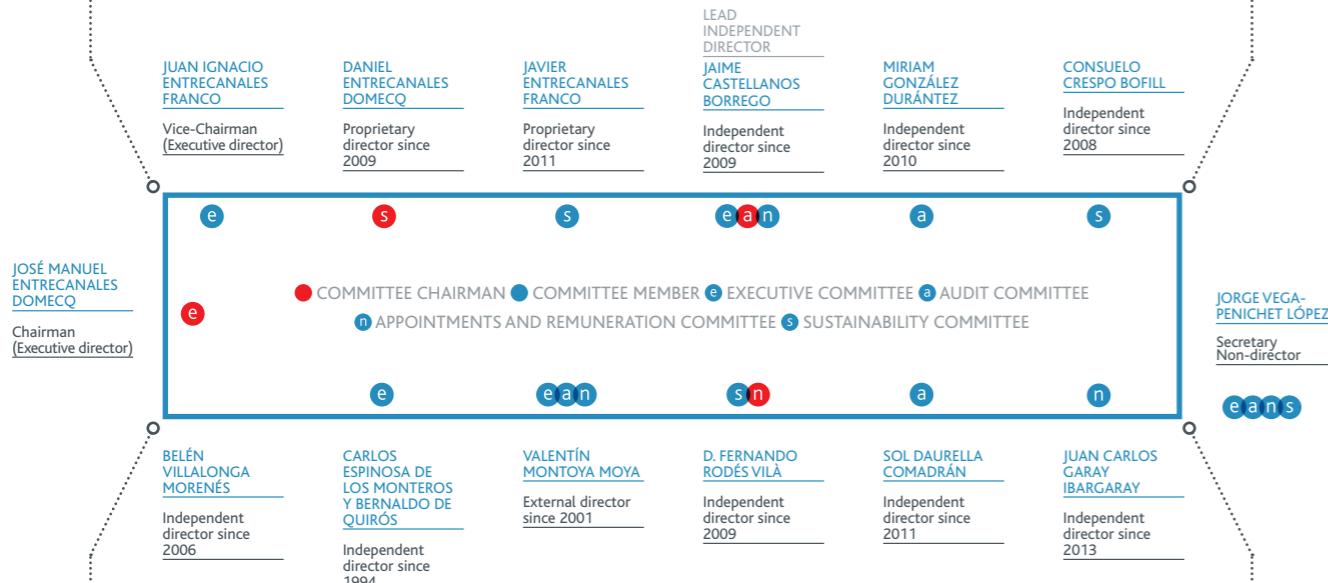
The purpose of corporate governance best practices is to ensure that companies are managed as efficiently as possible in the interests of their owners and other stakeholders.

The Company's Board of Directors has chosen the current structure to safeguard the interests of its owners and other stakeholders and to generate market confidence. This structure is based on criteria of complementarity, balance, professionalism and diversity, seeking to ensure that the interests of all owners are upheld.

The Board is currently comprised of 13 members, of whom nine are external to ensure that free-float interests are protected (eight of these being independent directors with the other being classified as an external director); two others are proprietary directors representing significant shareholders, with the remaining two directors being the Chairman and the Vice Chairman in their executive capacities.

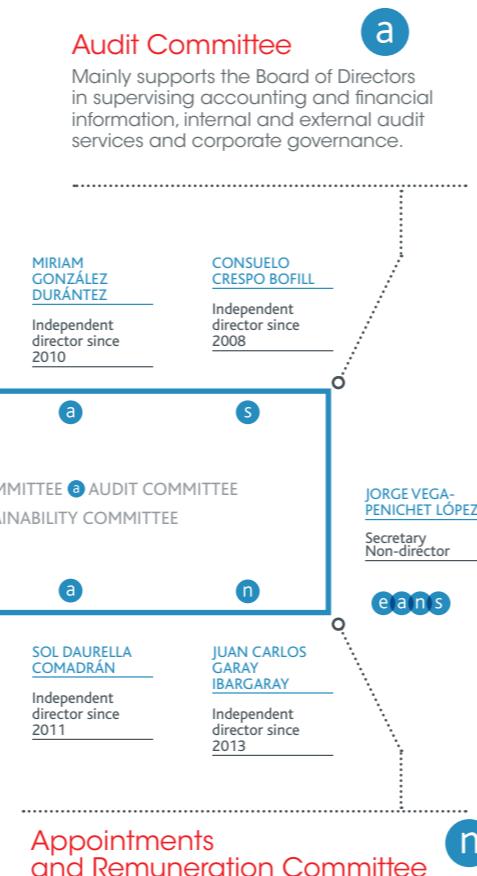
Executive Committee

Delegated all of the powers of the Board of Directors, with the exception of those that cannot be delegated by law.



Sustainability Committee

Its main function is to assess compliance with the sustainability and corporate social responsibility policies approved by the Board of Directors.



Appointments and Remuneration Committee

Its main function is to assess the competences, knowledge and experience of the Board, thus defining the functions and skills required in candidates for Board vacancies, and assessing the time and dedication required to perform such roles.

...and facilitates performance of the responsibilities assigned

The Board Committees facilitate the guidance, supervision and control responsibilities of the Company's Board of Directors.

There are currently three Committees and one delegated commission. The

Committees determine the schedule for their own meetings and their annual work programs, collecting the reports they deem appropriate for their deliberations and for decisions on issues submitted to them for consideration. They meet six times a year, on average.

As an additional guarantee for the owners, the Company has now designated a Lead Independent Director. This person is an independent director who is empowered, among other things, to call Board meetings.

Executive Committee	Delegated all the powers of the Board of Directors in exceptional circumstances.
Appointments and Remuneration Committee	Its main functions include assessing the competences, knowledge and experience of the Board and Senior Management; selecting candidates for the Board of Directors; proposing the appointment of independent directors; considering and organizing the Chairman's succession; and assessing the remuneration system and payments to directors and senior managers, and ensuring the transparency of this system. It is chaired by an independent director and comprised exclusively of non-executive directors.
Audit Committee	Supports the Board of Directors in supervising accounting and financial information, internal and external audit services and corporate governance. It is chaired by an independent director and comprised exclusively of non-executive directors
Sustainability Committee	Responsible for identifying and guiding the Group's corporate social responsibility and sustainability policies, objectives, best practices and programs; assessing, monitoring and reviewing implementation plans for these policies and submitting budgets to the Board of Directors, as necessary; and for preparing the annual Sustainability Report for approval by the Board. It is chaired by a non-executive director and comprised exclusively of non-executive directors.

LEAD INDEPENDENT DIRECTOR

It was agreed on 6 June 2013 to modify Article 19.4 of the Regulations of the Board of Directors to read as follows:

"The Board of Directors, at the proposal of the Appointments and Remuneration Committee, will designate one of the Independent Directors as the *Lead Independent Director*, who will:

- Coordinate the work of external directors appointed by the Company in defense of the interests of all Company shareholders, and serve as the spokesperson for the concerns of such directors;
- Request that the Chairman of the Board of Directors call a meeting of the Board, and the inclusion of items on the Agenda when appropriate under the standards of good governance; and
- Direct the evaluation by the Board of Directors of its Chairman."

Composition of the Board of Directors

The professional profiles and experience of the members of the Company's Board of Directors combine the competences

and skills required for the responsibilities entrusted to them.

CHAIRMAN				INDEPENDENT DIRECTORS	
VICE-CHAIRMAN		GENERAL SECRETARY		EXTERNAL DIRECTORS	
INDEPENDENT DIRECTORS				PROPRIETARY DIRECTORS	
José Manuel Entrecanales Domecq	Mr. Entrecanales Domecq began his professional career with Merrill Lynch in London and New York in 1985. In 1991 he joined ACCIONA, where he was Corporate Development Director and Finance Director before being named Chairman in 2004. From 1994 to 2000 he was a Board Member of Vodafone España, and from 2000 to 2007 he was Chairman of Vodafone España and its Foundation. From 2007 to 2009 he was Executive Chairman of Endesa, as a result of ACCIONA's stake in its capital. He is an active member of some of the main corporate organizations promoting sustainable development and the fight against climate change. In 2013 he was elected to the Advisory Council of the UN and World Bank Sustainable Energy For All initiative. He is a member of the Executive Committee of the World Business Council for Sustainable Development (WBCSD), and a member of the UN Global Compact and the Corporate Leaders Group on Climate Change (EUCLG).	Jorge Vega-Penichet López	Mr. Vega-Penichet López holds a degree in Law from Madrid's Complutense University, 1980; Visiting Scholar, Yale Law School, 1981; Graduate of the Academy of American and International Law, The Southwestern Legal Foundation, 1983. Since 2006 he has been the General Counsel and Secretary of the Board of Directors; Chairman of ACCIONA Trasmediterranea since 2008; Chairman of Bestinver since 2007. Chambers of M. Vega-Penichet; 1983-2006: Co-Managing Partner and Managing Partner of the M&A Department; 1980-1983: Corporate Department. Other: Former Secretary and member of the Board of Directors of Avanzit S.A. (2005). Member of the Board of Directors of Endesa (2009).	Jaime Castellanos Borrego	Chairman and CEO of the Recoletos Communication Group from 1991 until its sale in 2007. Currently Chairman of Willis Iberia and Lazard Asesores Financieros. He is also on the Board of Directors of Vocento and is the Vice Chairman of the Seres Foundation.
Juan Ignacio Entrecanales Franco	Mr. Juan Ignacio Entrecanales holds an Industrial Engineering Degree from Tufts University (1990) and an Executive MBA from the Instituto de Empresa business school (1996). He began his professional career at Arthur Andersen in 1991 and joined ACCIONA in 1993. He was Deputy Director of Construction from 1995 until his appointment as Executive Vice Chairman of ACCIONA Infrastructure in 1997. In 2004 he was appointed as Vice Chairman of ACCIONA and Chairman of ACCIONA Infrastructure. His international responsibilities have included being the Chairman of Mostostal Warsawa from 2001 to 2007, leading the expansion of ACCIONA Infrastructure in Poland.			Sol Daurella Comadrán	Degree in Business Studies and MBA from ESADE. Executive chairman of Coca-Cola Iberian Partners, S.A. She is also an External Independent Director and member of the audit and control committee of Banco de Sabadell, S.A. She is an External Independent Director and Chairperson of the audit and control committee, and a member of the appointments and remuneration committee of Ebro Foods, S.A. She is Co-Chair of the Cacaolat, S.L. group and a trustee of various foundations (ESADE, FERO-VHIO, Science Health and Education, and Friends of the Prado).
Belén Villalonga Morenés	Professor at Harvard Business School where she has been teaching finance and business assessment to MBA and PhD students, and programs for business executives since July 2001. She holds a PhD in Business Management and a Masters Degree in Economics from the University of California (Los Angeles). She graduated and later earned her PhD in Economic and Business Science from the Complutense University of Madrid, where she was also a professor. Her areas of specialization include corporate finance, corporate management and business strategy.			Juan Carlos Garay Ibargaray	Studied at the University of Southern California's Marshall School of Business, MBA. Studied at Duke University. Fuqua School of Business. Senior Executive Program. His career includes time at Citibank (1980 – 1989) where he was the Chairman, and as chief executive for Citicorp for Spain and Portugal. In 2000 he was appointed CEO of Deutsche Bank for the Iberian Peninsula, and was responsible for the Personal Banking division for the whole of Europe, except Germany. From 2005 to 2008 he was Chairman of Deutsche Bank in Spain.
Carlos Espinosa de los Monteros y Bernaldo de Quirós	Lawyer, graduate in Business Science (ICADE) and Commercial Expert and State Economist. Former Vice Chairman of the state industrial holding company INI; Chairman of Iberia and Aviaco; Chairman of the Businessmen's Circle and Chairman and Managing Director of Mercedes-Benz España, S.A. He is currently Chairman and Managing Director of Fraternidad Muprespa (a mutual benefit association for accidents in the workplace), and a member of the Inditex Board of Directors.			Miriam González Durández	Graduate in Law from the University of Valladolid, Master's degree from the College of Europe and Senior Associate Member, St. Anthony's College at Oxford University. She has advised the Foreign and Commonwealth Office and the European Union on the Middle East, and was a member of the cabinet of two EU foreign affairs commissioners from 1999 to 2004. At present, she is a partner and heads the international trade and European government relations departments of the law firm Dechert LLP and is Vice President of Canning House in London.
Consuelo Crespo Bofill	A trustee of the Mirada Solidaria Foundation, a member of Advisory Council of the Esplai Foundation and a member of the governing board of Deusto University. Chairperson of UNICEF España, an independent member of the Board of Directors of Tubacex, S.A. Lecturer on the masters program on international cooperation at universities of the Basque Country and Barcelona and at Madrid's Complutense University.			Valentín Montoya Moya	Graduate in Business Studies from Madrid's Complutense University, he has been with the Group since the start of his career. From 1986 to 1992 he was the Head of the Audit Department for the Entrecanales Group, following which he became the Deputy Executive Director of Finance. In 1997 he became the Director of Financial Control for ACCIONA, S.A., and became a director in 2001, becoming the Chief Financial Officer and a board member in 2004. He has also been a director of Endesa, S.A., Airtel Móvil, S.A. and Hidroeléctrica de Navarra, S.A. (EHN). He has been an External Director of ACCIONA, S.A. since 2009.
Fernando Rodés Vilà	Vice Chairman of the Paris-based Havas Group. He began his career in 1985 in the capital markets department of the Manufacturers Hanover Trust Bank. He was appointed CEO of Media Planning, S.A. in 1994. In 2006 he became the CEO of the Havas Group, the fifth largest communications, marketing and advertising group in the world, which is listed on the Paris stock exchange (HAV); he held this position until March 2012. He is the Chairman of Neometrics, a director of other companies in his family-owned group, a trustee of the Natura/Acciónatura Foundation and Chairman of the Advisory Council for Sustainable Development of Catalonia.			Daniel Entrecanales Domecq	Mr. Entrecanales holds a degree in Economics from the Carroll School of Management of Boston College. He joined the Anglo-Dutch multinational Unilever in Madrid in 1993. Two years later he moved to Milan in Italy as the Project Manager for the Company's International R&D Center, developing its global products and strategies. In 1998 he returned to Madrid as Director of Marketing and Communication for Loewe (LVMH Group) with worldwide responsibilities for marketing, communication, merchandising and architecture, and as a member of the Management Committee. From 2001 to 2004 he was the General Manager of Grupo Cinnabar, S.A., a retail textile company, focusing on reorientation of the Group's strategies. In 2003, he simultaneously founded and chaired the Revolution advertising and communication agency with a group of executives from the sector. He has also been involved in and a director of various companies in several sectors.
				Javier Entrecanales Franco	Holds a degree in Business and Economics from the Colegio Universitario de Estudios Financieros (CUNEF) with an Executive MBA from the Instituto de Empresa business school. He began his career in 1997 as an Audit Analyst for Price Waterhouse Coopers Madrid. In 2000 he moved to New York to work as an associate in the Corporate Finance Department of BBVA Securities Inc, and was responsible for advising Latin American companies on mergers and acquisitions and takeover bids. In 2004 he returned to Spain as the Vice President of the Leveraged Finance Department of Banco Bilbao Vizcaya Argentaria, S.A., working in close collaboration with the Bank's risk management area. In 2005 he moved to BNP Paribas as head of its Acquisitions Financing Department for Spain and Portugal, and was responsible for structuring and executing acquisitions for corporate clients. He has also undertaken teaching activities for the new generation of Master's courses at the BBVA School of Finance.



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Avda. de Europa, 18. Parque Empresarial La Moraleja. 28108 Alcobendas. Madrid. Spain

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Avda. de Europa, 18
Parque Empresarial La Moraleja
28108 Alcobendas
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