

Directors' Report 2012

Key figures

- Sales amounted to EUR 7,016 million, up 5.6% on 2011.
- EBITDA amounted to EUR 1,431 million, up 9.0% on 2011.
- Profit before tax stood at EUR 246 million, up 9.7% on 2011. Excluding the effect of the gains obtained in 2011, profit from ordinary activities would have increased by 15.2%.
- Net attributable profit stood at EUR 189 million, 6.3% higher than in 2011.
- The net ordinary investments of ACCIONA's various businesses in the period totalled EUR 854 million in 2012, a reduction of 13.6% with respect to 2011.
- Net financial debt increased from EUR 6,991 million at 31 December 2011 to EUR 7,482 million at 31 December 2012.

Income statement aggregates

(Millions of euros)	Jan-Dec 11	Jan-Dec 12	Change (%)
Revenue	6,646	7,016	5.6
EBITDA	1,312	1,431	9.0
Profit from operations (EBIT)	632	646	2.3
Profit before tax (EBT)	224	246	9.7
Attributable profit	202	189	(6.3)

Balance sheet aggregates

(Millions of euros)	31/12/11	31/12/12	Change (%)
Equity	5,645	5,508	(2.4)
Net debt	6,991	7,482	7.0
Leverage ratio	124%	136%	12pp
Net investment	989	854	(13.6)

Operating aggregates

	Jan-Dec 11	Jan-Dec 12	Change (%)
Infrastructure portfolio (millions of euros)	6,497	6,766	4.1
Water services portfolio (millions of euros)	4,783	11,326	136.8
Total installed wind capacity (MW)	6,921	7,096	2.5
Total installed capacity (MW)	8,211	8,437	2.7
Total output (GWh) (Jan-Dec)	17,749	20,379	14.8
Passengers handled	2,643,497	2,496,489	(5.6)
Cargo handled (linear meters)	5,361,484	5,083,858	(5.2)
Average number of employees	31,857	32,905	3.3

Earnings are presented in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

ACCIONA's financial reporting is based on its corporate organization, which is structured into six divisions:

- **Energy:** including the various industrial and commercial activities of the electricity business, ranging from the construction of wind farms to the generation, distribution and retailing of various energy sources.
- **Infrastructure:** including construction and engineering activities and transport and hospital concessions.
- **Real Estate:** real estate portfolio and property development.
- **Logistics and Transport Services:** passenger and cargo transportation services (land, sea and air).
- **Water and Environment:** activities relating to urban services and environmental protection, and the performance of all kinds of activities, work and services, specific or related to the water cycle.

- **Other Businesses and Financial Activities:** businesses relating to fund management and stock market brokerage, wine production and other investments.

EBITDA in 2012 was up 9.0% on 2011, mainly due to the positive performance of the Energy division, owing to:

- The higher wind power load factor both in Spain and abroad.
- The contribution in the period of 224 MW installed during the last 12 months.

The Group's EBITDA margin stood at 20.4%, slightly above the figure for 2011, due mainly to the greater weight of the Energy division.

As regards the contribution of the various divisions, the principal contribution to EBITDA came from Energy (78.5%), followed by Infrastructure (11.4%), Water and Environment (3.8%) and Logistics and Transport (2.5%). The other divisions contributed 3.9%.

% EBITDA	Jan-Dec 11	Jan-Dec 12
Energy	72.6%	78.5%
Infrastructure	16.3%	11.4%
Real Estate	0.9%	0.1%
Logistics and Transport Services	1.9%	2.5%
Urban and Environmental Services	4.1%	3.7%
Other Businesses	4.2%	3.8%

Net ordinary investments in the period amounted to EUR 854 million, which include EUR 440 million allocated to organic growth of the ACCIONA Energy businesses and EUR 343 million allocated to the Infrastructure division (primarily to concessions).

The Group's balance sheet at December 2012 shows a notable increase in the leverage ratio, to 136%, with respect to 2011. The increase in net financial debt at December 2012 (EUR 7,482 million) compared to December 2011 (EUR 6,991 million) was due mainly to the investment undertaken in 2012, the payment of the dividend, and the mark to market of the hedging derivatives.

Consolidated income statement

(Millions of euros)	Jan-Dec 11		Jan-Dec 12		Change (%)
	Amount	% sales	Amount	% sales	
Revenue	6,646	100.0	7,016	100.0	5.6
Other income	752	11.3	500	7.1	(33.5)
Changes in inventories of finished goods and work in progress	(33)	(0.5)	(7)	(0.1)	(78.8)
Total production value	7,366	110.8	7,509	107.0	1.9
Procurements	(1,677)	(25.2)	(1,656)	(23.6)	(1.3)
Staff costs	(1,274)	(19.2)	(1,325)	(18.9)	4.0
Other expenses	(3,102)	(46.7)	(3,097)	(44.1)	(0.2)
Gross profit from operations (EBITDA)	1,312	19.7	1,431	20.4	9.0
Depreciation and amortisation charge	(648)	(9.7)	(716)	(10.2)	10.5
Period provisions	(70)	(1.1)	(25)	(0.4)	(63.7)
Impairment losses on assets	(253)	(3.8)	(56)	(0.8)	(77.7)
Net gains on non-current assets	287	4.3	11	0.2	(96.3)
Other gains or losses	3	0.1	2	0.0	(27.2)
Profit from operations (EBIT)	632	9.5	646	9.2	2.3
Finance income	57	0.9	75	1.1	30.6
Finance costs	(467)	(7.0)	(517)	(7.4)	10.6
Exchange differences (net)	2	0.0	29	0.4	N/A
Change in allowances for financial assets	0	0.0	15	0.2	N/A
Share of results of associates	5	0.1	1	0.0	(83.8)
Financial instruments at fair value through profit or loss	(5)	(0.1)	(3)	0.0	(40.0)
Profit before tax from continuing operations (EBT)	224	3.4	246	3.5	9.7
Income tax expense	(53)	(0.8)	(61)	(0.9)	14.7
Profit from continuing operations	170	2.6	184	2.6	8.1
Profit after tax from discontinued operations	--	-	-	-	-
Profit for the year	170	2.6	184	2.6	8.1
Non-controlling interests	32	0.5	5	0.1	(83.5)
Attributable net profit	202	3.0	189	2.7	(6.3)

REVENUE

Consolidated revenue increased by 5.6% to EUR 7,016 million, due mainly to:

- The positive performance of the revenue of ACCIONA Energy (+27.7%), resulting from the increase in the wind power load factor in Spain and abroad and the contribution in the period of 224 MW installed during the last 12 months.
- The increase in the revenue of the Water and Environment division (+16.9%), driven by the sound performance of the Water and Facility Services business.
- The decrease in the revenue of the Infrastructure division (-5.6%) due to the fall-off of the construction business in Spain.
- The reduction in the revenue of the Real Estate division (-35.0%), basically as a result of the lower development business and property asset sales in 2011.

EBITDA

EBITDA at December 2012 stood at EUR 1,431 million, an increase of 9.0%, due largely to the sound performance of the Energy division (+17.8%), which contributed close to 78.5% of the Group's EBITDA.

The EBITDA margin increased by 70 basis points, rising from 19.7% in 2011 to 20.4% in 2012.

NET PROFIT FROM OPERATIONS (EBIT)

EBIT increased by 2.3% to stand at EUR 646 million, having taken into account provisions of EUR 25 million mainly in relation to property assets and impairment losses on assets amounting to EUR 56 million. This impairment relates mainly to:

- The write-down of the costs in energy development projects in the US that will no longer be executed (EUR 18 million)
- Recognition of impairment losses on certain US wind farms (EUR 31 million)

PROFIT BEFORE TAX FROM CONTINUING OPERATIONS (EBT)

EBT amounted to EUR 246 million, representing year-on-year growth of 9.7%.

Finance income includes most notably EUR 19 million as a result of the early repayment of borrowings at the Real Estate division.

Attributable net profit

(Millions of euros)	Jan-Dec 11		Jan-Dec 12		Change (%)
	Amount	% sales	Amount	% sales	
Revenue	6,646	100.0	7,016	100.0	5.6
Energy	1,650	24.8	2,107	30.0	27.7
Infrastructure	3,522	53.0	3,326	47.4	(5.6)
Real Estate	104	1.6	68	1.0	(35.0)
Logistics and Transport Services	714	10.7	706	10.1	(1.1)
Urban and Environmental Services	697	10.5	815	11.6	16.9
Other Businesses	135	2.0	140	2.0	3.2
Consolidation adjustments	(177)	(2.7)	(146)	(2.1)	(17.4)
EBITDA	1,312	19.7	1,431	20.4	9.0
Energy	956	57.9	1,125	53.4	17.8
Infrastructure	215	6.1	163	4.9	(24.2)
Real Estate	12	11.2	1	1.8	(91.7)
Logistics and Transport Services	25	3.4	36	5.1	46.0
Urban and Environmental Services	55	7.8	54	6.6	(0.8)
Other Businesses	55	40.7	54	38.7	(1.8)
Consolidation adjustments	(5)	2.6	(3)	2.2	(50.0)
EBT					
Energy	101	6.1	166	7.9	64.6
Infrastructure	123	3.5	70	2.1	(43.1)
Real Estate	(51)	(48.6)	(54)	(79.6)	6.6
Logistics and Transport Services	(34)	(4.7)	(18)	(2.5)	(47.8)
Urban and Environmental Services	18	2.5	26	3.2	44.4
Other Businesses	58	42.6	55	39.6	(4.2)
Consolidation adjustments	(3)	1.5	(1)	0.8	(66.7)
Ordinary EBT	212	3.2	245	3.5	15.2
Extraordinary items	12	0.2	1	0.0	(92.6)
Total EBT	224	3.4	246	3.5	9.7

The extraordinary EBT of EUR 1 million is the result of the following effects:

- Impairment of property assets (EUR -23 million)
- Gain on the sale of the Universidad San Luis de Potosí concession in Mexico (EUR 5 million)
- Finance income due to early repayment of borrowings at the Real Estate division (EUR 19 million).

ACCIONA Energy

(Millions of euros)	Jan-Dec 11	Jan-Dec 12	Change (%)
Generation	1,522	1,857	22.0
Industrial, development and other	128	250	95.7
Revenue	1,650	2,107	27.7
Generation	1,059	1,217	15.0
Industrial, development and other	(103)	(92)	(11.1)
EBITDA	956	1,125	17.8
Margin (%)	57.9%	53.4%	
EBT	101	166	64.6
Margin (%)	6.1%	7.9%	

ACCIONA Energy's revenue increased by 27.7% in 2012 to EUR 2,107 million.

Of particular note was the performance of generation revenue, which increased by 22.0% as a result of the increase in total installed capacity in the last 12 months (3.0%) and the higher wind power load factor both in Spain and abroad, which offset the adverse effects of the lower rainfall and the drop in the pool price compared with the average price in 2011 (-6.8%).

EBITDA at the Energy division increased by 17.8% to stand at EUR 1,125 million in 2012. The fall in the EBITDA margin to 53.4% was due mainly to the lower generation margin arising from:

- Increase in energy retailing, a business with lower margins.
- Lower rainfall in 2012 compared with 2011.

The division's EBT stood at EUR 166 million, 64.6% up on 2011.

In 2012 ACCIONA Energy installed 224 MW: 174 MW wind power (74 MW in Spain, 64 MW in Italy, 30 MW in Croatia and 6 MW in the US) in addition to 50 MW of thermal solar power in Spain.

(Installed MW)	31/12/12		(GWh produced)	31/12/12	
	Total	Attributable		(GWh produced)	Attributable
Wind power in Spain	4,713	4,043	Wind power in Spain	10,344	8,752
Wind power abroad	2,383	2,185	Wind power abroad	7,032	6,413
US	627	552	US	1,959	1,686
Mexico	556	557	Mexico	2,180	2,180
Australia	305	272	Australia	984	896
Canada	181	103	Canada	538	307
Germany	150	150	Germany	269	269
Italy	156	156	Italy	188	188
Portugal	120	120	Portugal	278	278
India	86	86	India	208	208
South Korea	62	62	South Korea	196	196
Greece	48	48	Greece	111	111
Poland	38	38	Poland	67	67
Croatia	30	30	Croatia	0	0
Hungary	24	11	Hungary	54	27
Total wind power	7,096	6,228	Total wind power	17,376	15,165
Hydro under the special regime	232	232	Hydro under the special regime	635	635
Conventional hydro	680	680	Conventional hydro	1,192	1,192
Biomass	57	57	Biomass	450	450
Solar PV	49	33	Solar PV	101	67
Solar thermal	314	314	Solar thermal	596	596
Combined heat and power	9	9	Combined heat and power	29	28
Total other technologies	1,341	1,325	Total other technologies	3,003	2,968
Total energy	8,437	7,553	Total energy	20,379	18,133

ACCIONA Infrastructure

(Millions of euros)	Jan-Dec 11	Jan-Dec 12	Change (%)
Construction and engineering	3,410	3,211	(5.8)
Concessions	112	116	2.8
Revenue	3,522	3,326	(5.6)
Construction and engineering	162	103	(36.7)
Concessions	53	60	14.1
EBITDA	215	163	(24.2)
Margin (%)	6.1%	4.9%	
EBT	123	70	(43.1)
Margin (%)	3.5%	2.1%	

Revenue amounted to EUR 3,326 million, down 5.6% on December 2011, whereas EBITDA stood at EUR 163 million, with a margin of 4.9%.

Concession business EBITDA increased by 14.1%, despite the sale of two mature concessions in Chile in the second quarter of 2011 and the sale of the Universidad de San Luis de Potosí concession in Mexico in the third quarter of 2012. Disregarding these effects, concession EBITDA would have increased by 54%.

Profit before tax (EBT) amounted to EUR 70 million, 43.1% lower than in 2011, with a margin of 2.1%.

At 31 December 2012, the construction backlog amounted to EUR 6,766 million, up 4% on December 2011. The relative weighting of the international backlog reached 52% compared to 41% 12 months earlier.

Breakdown of the construction backlog

(Millions of euros)	31/12/11	31/12/12	% change	Percentage of total (%)
Civil engineering work in Spain	2,581	2,405	(7)	36
Civil engineering work abroad	2,106	2,910	38	43
Total civil engineering work	4,687	5,315	13	79
Non-residential building construction in Spain	800	535	(33)	8
Non-residential building construction abroad	414	434	5	6
Total non-residential building construction	1,214	969	(20)	14
Residential building construction in Spain	88	57	(35)	1
Residential building construction abroad	80	72	(10)	1
Total residential building construction	169	129	(23)	2
Own development projects in Spain	0	0	(2)	0
Own development projects abroad	17	24	41	0
Total own development projects	17	24	41	0
Other*	411	329	(20)	5
TOTAL	6,497	6,766	4	100

* "Other" includes auxiliary construction and engineering.

ACCIONA Real Estate

(Millions of euros)	Jan-Dec 11	Jan-Dec 12	Change (%)
Property development	52	36	(30.9)
Real estate assets	42	32	(24.8)
Car parks	10	0	N/A
Revenue	104	68	(35.0)
Property development	(15)	(15)	(0.1)
Real estate assets	21	16	(23.8)
Car parks	5	0	N/A
EBITDA	12	1	(91.7)
Margin (%)	11.2%	1.8%	
EBT	(51)	(54)	6.6
Margin (%)	(48.6%)	(79.6%)	

ACCIONA Real Estate achieved revenue of EUR 68 million, down 35.0% on 2011. This change was the result of less business in residential property development, the sale of the car park assets in July 2011 and the sale of the Splau! shopping center in

October 2011; these two assets contributed revenue in part of 2011 but none in 2012. These assets contributed EUR 11.8 million of EBITDA in 2011.

	Jan-Dec 11	Jan-Dec 12	Change (%)
Housing stock	961	912	(5.1)

In 2012 ACCIONA handed over 123 housing units and began the construction of 64 premium units in Mexico. Mainly as a result of these two changes, the housing stock fell by 49 units in 2012 from 961 in December 2011 to 912 in December 2012.

ACCIONA Logistics and Transport Services

(Millions of euros)	Jan-Dec 11	Jan-Dec 12	Change (%)
Trasmediterranea	457	437	(4.5)
Handling	144	141	(2.1)
Other	113	128	13.3
Revenue	714	707	(0.9)
Trasmediterranea	9	28	211.1
Handling	11	9	(18.2)
Other	4	(1)	N/A
EBITDA	25	36	44.0
Margin (%)	3.4%	5.1%	
EBT	(34)	(18)	(47.8)
Margin (%)	(4.7%)	(2.5%)	

In 2012 sales of ACCIONA Logistics and Transport Services remained virtually unaltered at EUR 706 million.

EBITDA amounted to EUR 36 million, up 46.0% on 2011, driven by Trasmediterranea, the EBITDA of which increased threefold to EUR 28 million, thereby offsetting the more negative performance of the division's other businesses.

In 2012 the volumes of passengers, vehicles and linear meters of cargo handled decreased by 5.6%, 4.3% and 5.2%, respectively, compared with 2011. The cost of fuel per mile sailed increased by 7.0%.

	Jan-Dec 11	Jan-Dec 12	Change (%)
No. of passengers	2,643,497	2,496,489	(5.6)
Cargo handled (linear meters)	5,361,484	5,083,858	(5.2)
Vehicles	621,193	594,502	(4.3)

ACCIONA Urban and Environmental Services

(Millions of euros)	Jan-Dec 11	Jan-Dec 12	Change (%)
Water	413	506	22.7
Other	285	309	8.6
Revenue	697	815	16.9
Water	42	43	2.7
Other	13	11	(15.4)
EBITDA	55	54	(1.8)
Margin (%)	7.8%	6.6%	
EBT	18	26	49.1
Margin (%)	2.5%	3.2%	

The Water business performed well in 2012, posting increased sales of 22.7% and achieving EBITDA of EUR 43 million.

The division's other businesses were affected by shrinking margins.

The Water services portfolio at December 2012 amounted to EUR 11,326 million, up 137% on that of December 2011 due to the addition of the O&M agreement with ATLL.

Other Businesses

(Millions of euros)	Jan-Dec 11	Jan-Dec 12	Change (%)
Revenue	135	140	3.2
EBITDA	55	54	(1.8)
Margin (%)	40.7%	38.7%	
EBT	58	55	(5.2)
Margin (%)	42.6%	39.6%	

The fund manager Bestinver achieved a total of EUR 5,916 million managed funds at 31 December 2012, compared with EUR 5,241 million at December 2011 (+13%).

Despite the instability of the markets in recent months, Bestinver boosted the division's revenue, which increased by 3.2%.

Consolidated balance sheet

(Millions of euros)	31/12/11		31/12/12	
	Amount	% total	Amount	% total
Property, plant and equipment, intangible assets and investment property	11,512	56.6	11,285	56.9
Non-current financial assets	222	1.1	279	1.4
Goodwill	1,049	5.2	1,048	5.3
Other non-current assets	1,237	6.1	1,359	6.9
NON-CURRENT ASSETS	14,020	56.6	13,971	70.5
Inventories	1,211	6.0	1,183	6.0
Trade and other receivables	2,474	12.2	2,371	12.0
Other current assets	267	1.3	300	1.5
Current financial assets	421	2.1	370	1.9
Cash and cash equivalents	1,542	7.6	1,196	6.0
Assets classified as held for sale	392	1.9	428	2.2
CURRENT ASSETS	6,307	31.0	5,848	29.5
TOTAL ASSETS	20,327	100.0	19,819	100.0
Share capital	64	0.3	57	0.3
Reserves	5,490	27.0	4,987	25.2
Profit attributable to the Parent	202	1.0	189	1.0
Treasury shares	(411)	(2.0)	(4)	0.0
ATTRIBUTABLE EQUITY	5,344	26.3	5,230	26.4
NON-CONTROLLING INTERESTS	301	1.5	279	1.4
EQUITY	5,645	27.8	5,508	27.8
Bank borrowings, debentures and other marketable securities	6,737	33.1	6,939	35.0
Other non-current liabilities	2,048	10.1	1,932	9.7
NON-CURRENT LIABILITIES	8,785	43.2	8,871	44.8
Bank borrowings, debentures and other marketable securities	2,217	10.9	2,109	10.6
Trade payables	2,493	12.3	2,335	11.8
Other current liabilities	970	4.8	689	3.5
Liabilities associated with assets classified as held for sale	218	1.1	308	1.6
CURRENT LIABILITIES	5,897	29.0	5,440	27.5
TOTAL EQUITY AND LIABILITIES	20,327	100.0	19,819	100.0

ATTRIBUTABLE EQUITY

The attributable equity of ACCIONA at 31 December 2012 amounted to EUR 5,230 million, a reduction of 2.1% on December 2011, due mainly to the effect of the dividend payment, the negative affect of the derivatives and the purchase of treasury shares.

NET FINANCIAL DEBT

Net financial debt increased from EUR 6,991 million at 31 December 2011 to EUR 7,482 at 31 December 2012. This increase was due mainly to the investment undertaken in 2012, the payment of the dividend, and the mark to market of the hedging derivatives.

(Millions of euros)	31-Dec-11		31-Dec-12		Change (%)
	Amount	% total	Amount	% total	
Cash + current financial assets	1,963	N/A	1,566	N/A	(20.2)
Non-recourse financial debt	6,061	67.7	6,086	67.3	0.4
Recourse financial debt	2,893	32.3	2,962	32.7	2.3
Total financial debt*	8,954	100.0	9,048	100.0	1.0
Net financial debt	6,991		7,482		7.0

(*): Financial debt includes debentures and bonds.

The quarterly changes in the leverage ratio in 2012 were as follows:

	31/12/11	31/03/12	30/06/12	30/09/12	31/12/12
Net debt (millions of euros)	6,991	7,281	7,460	7,689	7,482
Leverage ratio (net debt/equity) (%)	124%	130%	137%	141%	136%

INVESTMENTS

The net ordinary investments of ACCIONA's various businesses in the period totalled EUR 854 million in 2012, 54% of which were made outside Spain. Notable were ACCIONA Energy's investments, totalling EUR 440 million and the EUR 343 million investment in infrastructure, made principally in the concessions business.

It should be noted that in 2012 ACCIONA sold its ownership interest in the Universidad Politécnica San Luis de Potosí concession (Mexico). The detail of the investments by division is as follows:

(Millions of euros)	Investments	Investments
	Jan-Dec 11	Jan-Dec 12
Energy	802	440
Infrastructure	275	343
Real Estate	(182)	3
Logistics and Transport Services	8	(16)
Urban and Environmental Services	84	87
Other Businesses	2	(3)
Total net investment of divisions	989	854
Extraordinary divestments	(425)	(24)
Total net investment	564	831

Salient events in the year

12 JANUARY 2012: INTERIM DIVIDEND

- On 12 January 2012, the Board of Directors of ACCIONA declared an interim dividend of EUR 1.026 per share out of the 2011 profit to be approved at the next Annual General Meeting. The interim dividend payable in this connection totalled EUR 65,202,300. It was paid on 20 January 2012.

23 FEBRUARY 2012: AUTHORIZATION FOR ISSUE OF THE FINANCIAL STATEMENTS AND THE DIRECTORS' REPORT AND THE DIVIDEND PROPOSAL FOR 2011

- On 23 February 2012, the Board of Directors of ACCIONA authorized the 2011 financial statements and directors' report (separate and consolidated of the Group) for issue, and proposed the distribution of a dividend totalling EUR 190,650,000, of which EUR 65,202,300 had already been paid at 20 January 2012.

23 FEBRUARY 2012: ANNUAL CORPORATE GOVERNANCE REPORT

- On 23 February 2012, the Company submitted its Annual Corporate Governance Report for 2011.

23 APRIL 2012: CALL OF THE ANNUAL GENERAL MEETING AND PROPOSED RESOLUTIONS OF THE SHAREHOLDERS THEREAT

- On 23 April 2012, the Parent notified the CNMV of the call of the Annual General Meeting scheduled for 23 May 2012 at first call and for 24 May 2012 at second call and of the resolutions proposed.

- The agenda included most notably the proposal to reduce share capital through the retirement of treasury shares with exclusion of the creditors' right to opposition.

24 MAY 2012: ANNUAL GENERAL MEETING RESOLUTIONS

- On 24 May 2012, the shareholders at the Annual General Meeting adopted, inter alia, the following resolutions:

- To approve a final dividend of EUR 1.974 per share paid on 4 June 2012.

- To approve the amendment of certain Articles of the Bylaws and General Meeting Regulations in order to adapt them to the content of recent legal provisions.

- To appoint Javier Entrecanales Franco as non-executive proprietary director and re-elect José Manuel Entrecanales Domecq, Juan Ignacio Entrecanales Franco, Valentín Montoya Moya, Fernando Rodés Vila, Daniel Entrecanales Domecq and Jaime Castellanos Borrego.

- To approve the grant of shares and purchase option rights thereon to the senior executives of ACCIONA and its Group, including the executive directors, as payment of part of their variable remuneration for 2011, in implementation of the "2009-2011 share and share option grant plan for the senior executives of the ACCIONA Group". This plan will also be in force in 2013.

- To reduce share capital of ACCIONA, S.A. by EUR 6,290,450 through the retirement of 6,290,450 treasury shares. Therefore, once the resolution has been implemented by the Board of Directors, the share capital will amount to EUR 57,259,550, divided into 57,259,550 shares of EUR 1 each.

- To approve the 2011 Sustainability Report.

24 MAY 2012: ACCIONA ANNOUNCES THE COMPOSITION OF THE COMPANY'S MANAGEMENT COMMITTEE RESULTING FROM THE RESOLUTIONS ADOPTED BY THE BOARD OF DIRECTORS

- The Board of Directors of ACCIONA approved the inclusion in the management committee of Fidel Andueza Retegui as general manager of global business development.

25 MAY 2012: ACCIONA SUBMITTED THE NEW WORDING OF THE GENERAL MEETING REGULATIONS RESULTING FROM THE AMENDMENTS AGREED UPON BY THE SHAREHOLDERS AT THE ANNUAL GENERAL MEETING

- On 25 May 2012, ACCIONA submitted the full text of the General Meeting Regulations incorporating the amendments approved by the shareholders at the Annual General Meeting held on 24 May 2012, adapting them to the recent legislative changes applicable to ACCIONA.

25 MAY 2012: ACCIONA ANNOUNCES THE AMENDMENTS AGREED UPON IN RELATION TO THE BOARD OF DIRECTORS REGULATIONS AND SUBMITS THE NEW WORDING THEREOF IN ORDER TO ADAPT THEM TO THE BYLAWS AND RECENT LEGISLATIVE PROVISIONS

6 JUNE 2012: ACCIONA ANNOUNCES THAT THE RESOLUTION TO REDUCE SHARE CAPITAL THROUGH THE RETIREMENT OF TREASURY SHARES HAS BEEN EXECUTED

- Effective 6 June 2012, ACCIONA implements the resolution to reduce share capital by EUR 6,290,450 through the retirement of 6,290,450 treasury shares. As a result of the reduction of share capital through the retirement of treasury shares, the share capital amounts to EUR 57,259,550, divided into 57,259,550 shares of EUR 1 each. This capital reduction was registered at the Mercantile Registry on 22 June 2012.

31 JULY 2012: ACCIONA ANNOUNCES THAT IT HAS ENTERED INTO AN AGREEMENT WITH THE MACQUARIE MEXICAN INFRASTRUCTURE FUND TO SELL THE OWNERSHIP INTEREST HELD BY IT IN "CONCESIONARIA UNIVERSIDAD POLITÉCNICA DE SAN LUIS POTOSÍ"

- The projected amount of the transaction (subject to adjustment) totals MXP 619 million (EUR 38 million). At 30 June 2012, the net financial debt of the concession amounted to MXP 226 million (EUR 14 million) and was accounted for as available for sale. ACCIONA will remain involved with the university under a long-term O&M agreement.

25 SEPTEMBER 2012: EPC AGREEMENT IN RELATION TO A 160 MW THERMAL SOLAR PLANT IN MOROCCO

- ACCIONA announces that it will have an interest in the UTE commissioned with the performance of the EPC agreement in relation to a 160 MW thermal solar plant awarded by the Moroccan Agency for Solar Energy to ACWA Power, in which ACCIONA holds an ownership interest of 37.5%. The EPC agreement totals EUR 500 million.

6 NOVEMBER 2012: ACCIONA IS THE SUCCESSFUL BIDDER IN THE AIGÜES TER LLOBREGAT PUBLIC TENDER PROCESS

- The Catalonia Autonomous Community Government awarded to the consortium comprising ACCIONA Agua (39%) and the Brazilian investment bank BTG Pactual (39%) the 50-year concession for the construction, improvement, management and operation of the facilities that constitute the Ter-Llobregat supply network, including the treatment, storage and delivery of water.
- The fee envisaged in the administrative contract is EUR 995,506,100, equal to the carrying amount of the assets assigned for use, less the grants and economic aid from other public authorities, which will be paid as follows: (i) EUR 298,651,830 as a first payment when the contract is signed; and (ii) the remainder in 50 annual instalments, the present value of which amounts to EUR 696,854,270.

The following significant event communications have been published since the end of the reporting period:

10 JANUARY 2013: INTERIM DIVIDEND

- On 10 January 2013, the Board of Directors of ACCIONA declared an interim dividend of EUR 0.90 per share out of the 2012 profit to be approved at the next Annual General Meeting. The interim dividend payable in this connection totalled EUR 51,533,595. The interim dividend was paid on 21 January 2013.

17 JANUARY 2013: EURO COMMERCIAL PAPER PROGRAM

- ACCIONA formally executed a Euro Commercial Paper program (ECP) for a maximum of EUR 500 million, which was registered on the Irish Stock Exchange.

Dividend

At the Annual General Meeting held on 24 May 2012, the shareholders of ACCIONA, S.A. approved the distribution of a final dividend of EUR 1.974 per share out of the profit for 2011.

This dividend, together with the interim dividend of EUR 1.026 per share paid by the Parent in January 2012, takes the total dividend paid out of 2011 profit to EUR 3.00 per share. The total dividend paid out of 2011 profit was EUR 191 million.

Stock market data

Price at 31 December 2012 (EUR/share)	56.21
Price at 1 January 2012 (EUR/share)	66.73
Low in FY12 (24/07/12)	30.47
High in FY12 (02/01/12)	68.14
Average daily trading volume (no. of shares)	231,190
Average daily trading volume (euros)	11,293,648
Number of shares	57,259,550
Market capitalization at 31 December 2012 (millions of euros)	3,219

Share capital

At 31 December 2012, the share capital of ACCIONA amounted to EUR 57,259,550, represented by 57,259,550 ordinary shares of EUR 1 par value each.

At 31 December 2012, the Group held 108,781 treasury shares representing 0.19% of the share capital.

Main risks associated with the ACCIONA Group's business activities

ACCIONA's presence in various business areas and in different countries with varying regulatory, political and social frameworks gives rise to very diverse risks to be identified and managed.

The Risk Management System is designed to identify potential events that might affect the organization; to manage its risks through the establishment of internal treatment and control systems that enable the probability and impact of these events occurring to be kept within the established tolerance levels; and to provide reasonable assurance in relation to the achievement of strategic business objectives.

The main risks that might affect the achievement of ACCIONA's objectives are:

ECONOMIC AND FINANCIAL RISKS

Should they materialize, these risks would have a direct impact on Company earnings. They relate mainly to: foreign currency risk; interest rate and financial market risk; the risk of fluctuations in the price of raw materials; liquidity risk, cash flow risk; default risk; and the risk of loss of customers.

ACCIONA is immersed in a process of growing internationalization which gives rise

to exposure to foreign currency risk involving transactions in the currencies of the countries in which it invests and operates.

Interest rate risk is particularly important in relation to the financing of infrastructure projects, concession contracts, the construction of wind farms or solar facilities and other projects that have a long maturation period in which changes in interest rates have a significant impact on project profitability.

ACCIONA is exposed to the risk of fluctuations in the price of the construction materials used in its infrastructure, water and power generating facility construction activities, and in fuel prices in its road and sea transport business.

Credit risk is mitigated by negotiating transactions with solvent third parties, using criteria generally accepted by the market (ratings, history of commercial relations with the counterparty in question, etc.). Also, depending on the type of transaction or type of counterparty, ACCIONA negotiates the obtainment of sufficient guarantees to mitigate the risk of financial losses in the event of default.

These risks are adequately managed by seeking natural hedges between income and expenses and assets and liabilities. When this is not possible, hedging transactions are carried out and derivatives are arranged with the aim of avoiding high earnings volatility. However, these transactions do not guarantee fully effective hedging in terms of the total elimination of exposure to changes in interest rates and foreign currency exchange rates, and such changes could adversely affect the Group's financial position and results.

Also, a system of hedging exposure to material risks is established in the form of complementary insurance policies that reduce the possibility of situations, in which general risks arise, jeopardizing the Group's financial solvency.

STRATEGIC RISKS

The consequences of strategic risks are that the Company's objectives are not met and its growth is reduced. These risks include organizational changes, investments and divestments, threats posed by competitors, economic, political and regulatory changes, the effect of new technologies and research and development.

ACCIONA minimizes risks of this nature through its own strategy and business model; through the industry and geographical diversification of its business; through the performance of exhaustive studies of the market, competitors and the countries in which it carries on its business activities; and through a firm commitment to research and development.

As regards regulatory and legislative changes, the Group establishes certain investment criteria in countries that provide reasonable assurance in relation to the achievement of the strategic business objectives.

Before a decision is made to invest in or sell a business, there is a preventative control and an assessment of the associated risks based on the projected economic information of the business; this information must be approved by the investment committee on the basis of certain business volume and profitability parameters based on the associated risk.

OPERATIONAL RISKS

These are risks associated with processes, persons and products related to legislative, legal, regulatory and contractual compliance, control systems and procedures, the supply chain, auxiliary services, information systems, employee productivity and loss of key personnel.

In each business area specific systems are established that encompass business, process systematization and documentation, quality and environmental management, operating, occupational risk prevention, planning and economic control requirements.

The risk of failing to comply with current legislation, or the risks arising from changes in the regulatory framework, mainly that governing the electricity industry, are analyzed jointly by the regulation and economic and financial departments, which monitor these risks on an ongoing basis.

Conduct of the Group's business sometimes requires the obtainment of permits, licences

and authorizations. Delays in obtaining these authorizations and adverse changes in the political or regulatory frameworks in the countries in which the Group operates may give rise to delays in the start-up of operations or deficiencies in the performance of projects and the rendering of services.

Environmental risks are controlled by ACCIONA through its environmental and quality management systems. These systems comply with the requirements of the international ISO 9001 and ISO 14001 standards for quality and the environment, respectively, as well as other legal and internal corporate requirements, and are submitted to an ongoing monitoring and review process.

Occupational risks are taken into account in all the business divisions, particularly in the Infrastructure division. These risks are managed using the occupational risk prevention systems.

ACCIONA has a revised and updated Code of Conduct that sets forth the basic principles and obligations that all the executives and employees of the divisions and suppliers and third parties in contact with the Company must comply with and observe in the performance of their activities.

This Code - dissemination of which takes place in a specific course - must be accepted by all new Group hires.

RISK OF ACCIDENT

These are risks associated with damage caused to the Company's assets and people, which could have a detrimental effect on the Company's performance, and include fire, explosion, natural disasters, environmental pollution, damage to third parties and occupational risks.

ACCIONA's senior executives attach major importance to occupational risk factors in their conduct of business, particularly in the Infrastructure business. All the required preventative measures have been put in place in this connection.

In order to improve the management of these risks should they arise, in 2011 the documentation of the crisis management system was reviewed and subsequently a communication and internal training plan was approved.

Sustainability

ACCIONA promotes a business model that is strengthened by pre-empting and responsibly managing the risks and challenges originating from sustainable development, and by successfully responding to the new opportunities that arise from them, against a backdrop of economic, social and environmental transformation.

ACCIONA's sustainability strategy is implemented through its Sustainability Master Plan to 2015 (SMP 2015). This is a route map that brings together the Parent's sustainability-related initiatives, and sets goals in the areas of innovation, environment, society, people, value circle, corporate governance, dialogue with stakeholders, dissemination and leadership, and accountability. The plan also has a principle of greater proximity to and identification with the business and the creation of competencies and capabilities focused on sustainable development.

Since 2009 the actions and commitments in sustainability matters have been promoted by the Board of Directors' sustainability committee, which is the body responsible for supervising and approving the goals of the Sustainability Master Plan.

The objectives of the SMP 2015 in the various areas include, inter alia:

- In innovation, the SMP envisages investment of EUR 500 million in R&D&I over the period 2010-2015.
- In the environment area, the Company sets quantitative commitments up to 2015 such as reducing the ratio of CO₂ emitted to sales (base year 2009) by 15% or increasing environmental efficiency by 15% in terms of the ratio of energy consumed to sales and by 7% in terms of the ratio of water consumed to sales.
- In the people area, one of the Company's objectives is to tie a percentage of the executives' variable remuneration to the achievement of sustainability objectives.
- In society, the objective is to implement a methodology for the evaluation of the social impact of all the international projects of the Water, Infrastructure and Energy divisions.
- In the value circle area, the Company endeavors to extend the commitment to sustainability to the supply chain, to which end it proposes to train suppliers and contractors in issues relating to the environment, human rights and occupational risk prevention.

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- One of the key good corporate governance commitments is to train the entire workforce in their obligations in accordance with the Code of Conduct.
- Consolidate ACCIONA's position as a sustainability benchmark is the overriding objective of the dissemination and leadership area.
- As regards dialogue with stakeholders, the SMP envisages the review and updating of relevant sustainability matters based on periodic consultation.
- Accountability objectives include presenting the Sustainability Report for approval by the shareholders at the Annual General Meeting.

In 2012 ACCIONA continued to make headway with the achievement of its objectives through the various actions taken, which are described in further detail in the 2012 Sustainability Report and on the corporate website (<http://www.accionaes.com/sostenibilidad>). Set forth below is a summary of some of the milestones reached in 2012.

Various internal and external Sustainability Master Plan dissemination campaigns were carried out, placing particular emphasis on increasing awareness of the commitments and objectives of the SMP among Company employees, with a view to involving them in their achievement.

Of particular note was the launch of the ACCIONA 2012 bond which links a percentage of the variable remuneration of executives and managers to the achievement of the sustainability objectives set at the beginning of the year. Specific objectives were established for each line of business, focused on the fulfilment of the commitments acquired in the various areas of the Sustainability Master Plan.

The Company continues to foster diversity and socially responsible employment, hiring a total of 144 people at risk of social exclusion in 2012 (2011: 72), as a result of the close working ties with undertakings from the third sector.

In 2012 pilot schemes were set in motion to implement social impact gauging projects in Costa Rica, Chile, Brazil and South Africa. These schemes include: a study of the project, region and stakeholders and consultations with local communities. The conclusions drawn will be used to check and

verify the methodology and to implement measures to mitigate the social impacts identified.

In June 2012 the first edition of the ACCIONA Volunteer Day was held, in which 300 employees in Spain, Mexico and Chile gave talks to around 5,000 pupils at sustainability workshops held in various schools. Sustainability continued to be promoted through the Sustainability Workshop, extending its scope in Spain with actions in Extremadura, Galicia, Castile and Leon, and Madrid, which must be added to the initiatives in Navarre, Catalonia and Oaxaca (Mexico).

Progress was also made in the consolidation of Fundación ACCIONA's microenergy project in Peru with the installation of 700 additional home PV systems and a social microenterprise was created, ACCIONA Microenergía México, the objective of which is to deliver electricity to 25,000 people in Mexico over the next four years.

In the area of corporate governance, after the amendments to the Code of Conduct made in November 2011, and throughout 2012, multimedia campaigns were conducted to disseminate the code and an online course was launched in relation to the code for Company employees.

Ethical principles for suppliers, contractors and external partners and the ethical channel were also disseminated among more than 12,000 of ACCIONA's suppliers and contractors. A supplier audit plan has been initiated which, based on the verification of sustainability questionnaires, has led to suppliers being assigned a corporate responsibility rating and a risk map was drawn up covering the supply chain.

In an exercise of transparency that responds to the expectations of the Company's stakeholders, at the Annual General Meeting of 24 May 2012, the 2011 Sustainability Report was presented for approval by the shareholders for the first time (99.95% votes in favor).

Materiality study in aspects of sustainability

In order to remain abreast of new market trends and challenges in matters of sustainability, and to gain a deeper insight of the aspects of sustainability that are relevant to the business, ACCIONA performs a materiality study.

The most recent study, prepared at the beginning of 2012, is based on an analysis of various key sustainability information sources: stock market indexes constructed around sustainability criteria, proposals for resolutions of an environmental, ethical and social nature submitted at the Annual General Meetings of leading companies, latest trends in integrating sustainability in the business models launched by international organizations, specific requirements in the public procurement tender specifications worldwide and, lastly, the impacts in the press of key questions in these matters.

The matters identified were categorized on the basis of the commitments defined in the 2015 Sustainability Master Plan for their review and ongoing updating. In addition, a specific analysis was

performed of the relevant matters in relation to sustainability for the Company's main lines of business: Infrastructure, Energy and Water.

Based on this information, the Company identifies elements that define the material aspects through a relevance-maturity evaluation and defines the materiality of priority sustainability issues.

Certain of the most relevant matters identified in the materiality analysis, by areas in the Sustainability Master Plan, are related to issues such as the following:

- Preparation and publication of an innovation route map.
- Global scope of the environmental management policies and systems, as well as the definition of short, medium and long term objectives.
- Alignment of social action with the Company's growth strategies.

- Promotion of equality and diversity, structured around a formal policy that furthers, in particular, the employability of groups at risk from social exclusion.

- Definition of social, environmental, occupational human rights and ethical standards in the supply chain.

- Measures to ensure the safeguarding of shareholder rights.

With respect to the key matters identified for ACCIONA's main lines of business, Infrastructure requires the inclusion of sustainability criteria in each phase of project execution, through life-cycle analysis and the teaching of good practices. In Energy it is important to develop renewable energy projects, involving and informing local communities at all stages of the project. Lastly, in Water, a corporate policy of ensuring access to water is of particular importance for the industry.

Quality and the environment

In 2012 ACCIONA promoted the implementation of initiatives aimed at reducing and offsetting its planetary footprint, steadfastly maintaining its objective of being a benchmark for environmental protection, fulfilling its objectives and commitments in this area and remaining fully committed to ongoing improvement in environmental performance.

In 2012 ACCIONA avoided 14.01¹ million tonnes of CO₂, equal to the CO₂ emissions produced by six million cars.

In addition to the fight against climate change, the cornerstones of the Company's environmental strategy are the sustainable use of natural resources and protection of biodiversity.

In 2012 specific environmental and climate change² policies were defined which, together with the biodiversity policy, go to make up the Company's environmental principles.

The SMP includes annual CO₂ emission reduction and environmental efficiency improvement targets.

For the fifth successive year ACCIONA reduced its figure for emissions produced in its business activity. In 2012 the Company emitted 0.8 million tonnes of CO₂, representing a decrease of 6% with respect to 2011, and close to 27.5% with respect to 2009 (SMP base year).

Moreover, the environmental commitments included in the objectives for 2012 were fulfilled:

- the establishment of methodologies for the calculation of our suppliers' carbon footprint;
- the development of a specific instrument for environmental offsetting; and
- the promotion of a sustainable mobility plan centered on business trips, employee journeys and the logistics chain.

ACCIONA's environmental strategy inherently includes an integral treatment of the impacts produced, based on the premise of prevention of the occurrence thereof, and correction of those that have unavoidably arisen and, where necessary, offsetting the related residual effects.

To this end in 2012 endeavors were made to give a notable fillip to the mechanism for environmental offsetting, through the implementation of initiatives that go beyond the administrative environmental requirements relating to the offsetting of impacts generated by the normal activities of the business. These initiatives are enabling the Company to position itself differentially and recognize its effective commitment to the environment. In 2012 actions were taken to offset CO₂ emissions through carbon-neutral events at the Company itself and at customers, and a specific offset and biodiversity improvement program was implemented.

2012 also saw continuing progress made in the implementation and certification of quality and environmental management systems across all ACCIONA's divisions. These systems, which comply with the ISO 9001 and ISO 14001 international standards, respectively, enable ACCIONA to conduct management by processes, considering all the environmental aspects related to our activity throughout all phases of its development, with a focus based on continuous improvement.

¹ Awaiting obtainment of the final figure in a report by the International Energy Agency, which is to publish the data on the energy mix of various countries in the coming weeks.

² Awaiting approval by ACCIONA's sustainability committee.

Energy management systems were also implemented (certified under the ISO 50001 international standard) in all the O&M and service management areas of ACCIONA Water and at the R&D Technological Center, identifying significant opportunities for energy saving.

All these management systems constitute a tool to control operating and environmental risks.

ACCIONA's environmental risk management in 2012 was particularly focused on the preliminary identification in the Company's activities of the risks associated with climate change, and the drawing up of the map of the risks in the supply chain arising from the main suppliers (commercial relationship exceeding EUR 100,000/year), in relation to which the environmental risk of the activity that they carry on for ACCIONA has been assessed.

Lastly, of particular note in 2012 were the initiatives to delve deeper into the analysis of what is known as Plan 10+, designed in 2011. The objective of the Plan is to identify, analyze and seek out solutions to the ten principal environmental problems, as a basic tool for managing them.

2012 environmental aggregates:

The environmental expenses incurred and investments made by the ACCIONA Group in 2012 covered the following items:

- Environmental studies and surveillance, in the various project phases
- Waste management
- Water quality
- Resource efficiency: water, energy and materials

- Air quality
- Biodiversity and landscape
- Noise
- Soil protection
- Environmental research
- Other.

In 2012 environmental expenses and investments amounted to EUR 70.2 million and EUR 1.1 million, respectively (2011: EUR 66.2 million and EUR 3.6 million, respectively). The greatest efforts focused on environmental protection, emission reduction and biodiversity.

Innovation

2012 was a year in which internationalization was promoted and innovation was applied to the business. ACCIONA's innovation initiatives focused on providing new answers and solutions to the problems faced by the business on a daily basis, thereby obtaining unquestionable competitive advantages.

In this context, the continued efforts of the R&D teams, together with the business innovation teams, made it possible to

increase overall investment in R&D&I in 2012 to EUR 166.2 million, with a notable increase over the EUR 93.6 million spent in 2011. Investment in R&D - developed internationally - totaled EUR 49.3 million, representing 30% of total investment, a percentage that is likely to increase in coming years.

Work took place on a portfolio of 247 projects under development, both at

ACCIONA's three Technological Centers in Madrid, Barcelona and Pamplona, and at the R&D&I units of the various organizations. These projects are divided into 12 strategic areas of research.

Outlook

The world economy ended 2012 with a growth rate of 3.2% according to the IMF. The prospects for growth for 2013 have been slightly more optimistic in recent months due to the policies implemented in key economies such as the eurozone and the US.

In Europe the tensions in the financial markets have been reduced considerably thanks to the response of the ECB and other institutions, as well as the structural reforms that various governments are undertaking.

The markets appear to rule out extreme scenarios such as the breakup of the euro, which has resulted in a significant narrowing of risk spreads in peripheral economies and improving liquidity in the interbank market. Also evident is a greater appetite for risk in the equity markets.

In the US the agreement to avoid the so-called fiscal cliff makes it possible to rule out a scenario of deep cuts in public spending and tax increases that could push the US

economy into a new recession, with negative consequences for global growth that this would bring with it.

The increase in economic activity in the emerging economies also contributed to improved expectations.

Therefore, global growth in 2013 is expected to be slightly higher than the levels seen in 2012, with an overall growth rate of 3.5% according to IMF estimates.

The recovery will be gradual, as the factors underlying the weak global economy abate and the appropriate responses by governments and institutions continue to be made.

Further work is required in the efforts towards fiscal consolidation and reform of the financial system that are being made by the most developed economies, strengthening the foundations of recovery.

To avoid jeopardizing this recovery, in the US constructive dialogue is required that avoids excessive fiscal consolidation in the long term and gives rise to a reasonable path towards restoring balance in the accounts in the medium term.

In the absence of the materialization of the risks that the fiscal cliff would have brought with it, the US is expected to grow by around 2% in 2013 due to the recovery of the housing market and the financial markets which, together with the improvement in the labor market, should strengthen domestic consumption and business demand. This growth is still below the levels experienced at this point in the cycle in previous periods and is not without political risk, although a lasting fiscal reform could accelerate growth in the second half of the year.

In the eurozone stability risks remain, and it is therefore vital to continue with the structural reforms and deleveraging in the peripheral countries, coupled with the support of the central economies to growth and greater banking and fiscal integration. All of this would help to clear up definitively any doubts as to the viability of the euro.

It is estimated that the eurozone will continue with slightly negative growth rates despite the greater stability of the financial markets which is taking its time to be translated into better credit conditions for the private sector. The recovery in external demand, the need to undertake less drastic fiscal consolidation efforts, the greater flow of credit and structural reforms make it possible to be more optimistic about the second half of the year.

In Spain, the major reduction in the deficit of public authorities, the clean-up and recapitalization of the banking system and the balance of payments surplus - all against a backdrop of more stable financial markets - made possible a -1.4% drop in activity, more moderate than initially expected. In 2013 the economy should bottom out, with an expected fall of between -1% and -1.5% which appears hard to avoid given the fiscal consolidation that should continue and private sector deleveraging. With

these efforts and the continuing structural reform program, in 2013 the foundations for moderate growth in the economy in 2014 will foreseeably be laid.

With respect to Japan, moderate recovery is expected to result in growth above 1%, supported by fiscal stimuli, expansionary monetary policy, the depreciation of the yen and the improvement in global demand. To underpin growth, structural reforms and a long-term fiscal strategy to offset the risks of the stimuli in the short term are necessary.

The emerging economies will grow by 5.5% in 2013, supported by constructive economic policies and greater stability in the developed economies, although this growth will be below the rates witnessed in the last two years.

China is expected to continue to grow at around 8% and should continue its endeavors to expand domestic demand and implement structural reforms to boost the market economy. Both India and China depend less on foreign demand than other Asian countries. India could grow at around 6% compared to 4.5% in 2012 thanks to robust domestic consumption and potential interest rate cuts during the year if inflation is held in check.

Latin America is expected to continue to demonstrate the overall strength of its regional economies and relative protection from the destabilizing factors that have been affecting other more developed regions. Except for Brazil - where 1% growth in 2012 is clearly disappointing and will be subject to policies that stimulate the economy - it is expected that most major economies in the region will continue to implement relatively neutral fiscal and monetary policies. Mexico will continue to experience satisfactory levels of growth of around 3.5%, although slightly lower than in recent years.

In brief, 2013 should be a year of moderate growth in global economic activity, due in part to the decisions of governments and institutions that have managed to clear away significant risk scenarios both in Europe and in America. This moderate growth is not without threats and it is therefore crucial to avoid disagreements with respect to the US fiscal cliff and strengthen the fragile truce reigning in eurozone markets that continue to be in recession and with structural problems that are difficult to solve in the short term. The stability of these two major economic zones will enable the emerging countries to continue to lead global growth.

The so-called currency war could be another risk factor, although the G-20 has shown its commitment to ensuring that no dysfunctions persist in exchange rates and to refraining from implementing competitive devaluations and resisting protectionism.